

Adnane Maâlaoui *Editor*

# Handbook of Research on Elderly Entrepreneurship

 Springer

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*To my wife Nadia and my son Ryan, who  
continuously bring me serenity and love.*

*To my colleagues who support me every day  
at the office at IPAG Business School!*

*To those I miss: my grandparents, my uncles  
and my friends who left us too early.*

*“When Grace is joined with wrinkles, it is  
adorable. There is an unspeakable dawn in  
happy old age”*

Victor Hugo

# Foreword

There seems to be something of a paradox. Everyone seems to agree that experience pays off in professional life. The more experience one has gathered, the better one is equipped to handle challenges in one's professional life. At the same time, however, elderly people are often overlooked in hiring or promoting employees, or as potential candidates for starting new businesses. It is as if the benefits of experience suddenly become a liability when we invoke the words 'senior', 'elder' or 'older person'.

It has also been pointed out that both body and brain seem to start to slow down at the age of 40. Is slowing down a bad thing, and is speed all we need to succeed in professional life? Or is it better to take our time to see and feel things around us, giving ourselves time to think things through before acting and making choices? Oscar Wilde said 'With age comes wisdom...'. In this regard, studies have shown that the wisdom of elderly people helps them to outperform younger people in taking the bigger picture into account. In other words, elderly people seem to be better at making choices that have positive long-term effects, rather than going after immediate rewards.

Who would be better equipped to start a new business, or take over an existing business, than a person who has already gathered not only professional experience but also general life experience? Indeed, would you not want to hire a wise person for your team, have a wise superior to whom to report or give your support to a wise entrepreneur starting his/her new business? The answer to these questions seems obvious when you look at the benefits of aging on our capacity to make wise and sound choices. In our dynamic, techno-pushed and fast-paced society we need to start to acknowledge the potential benefits of elderly people in all aspects of our professional life and beyond.

I believe this handbook is an excellent step towards promoting awareness of the potential of elderly people in current society. As is illustrated in the different chapters of this handbook, elderly people are becoming more and more involved in entrepreneurial activities and continue to contribute to our common good even when they are supposed to be slowing down. Furthermore, this handbook is also important because it gives ample evidence that elderly entrepreneurship not only is

important for our societies but can also offer elderly people a way to continue to achieve personal fulfilment. When I quoted Oscar Wilde above, I did not finish his sentence, which ends ‘. . .but sometimes age comes alone’. It is encouraging to think that for those elderly people who engage in entrepreneurship, age does not come alone. Indeed, entrepreneurship can be seen as a means to continue engaging in society, to sustain existing and build new social ties and to continue thriving after an active professional career. For this reason, this handbook nicely brings out the way in which elderly entrepreneurship benefits society, and how, in turn, entrepreneurship benefits elderly people.

While it succeeds in covering the two previous viewpoints about elderly people and entrepreneurship, the handbook is also very important for anyone who wants to carry out research on elderly people and their engagement in entrepreneurship. I personally find it delightful to have several different reviews of the literature about entrepreneurship by elderly people in one volume.

In this regards, the handbook is a gold mine for any prospective researcher on this topic, by giving quick access to the most pressing issues that are waiting for attention from researchers.

The different chapters of this handbook also introduce readers to the different theories used, or proposed, by scholars in studies to understand and better explain the phenomenon of elderly entrepreneurship.

Indeed, there are multiple theories to explain both the psychological/cognitive and the visible behaviour of elderly people with regard to entrepreneurial activities. These theories are introduced and explained in this handbook in a reader-friendly fashion.

The handbook is also very inclusive, being a joint effort between international scholars interested in the contribution of elderly people to our society. The contributors of the different chapters come from Europe, the USA, Africa and Asia and bring with them empirical evidence about elderly entrepreneurship from many different contexts. Being such an international joint effort, this handbook has additional value for academics, policymakers and the public in general.

I congratulate the editors of this volume and all the writers for their excellent job in promoting not only their own research but also the importance of elderly entrepreneurship for our society!

Grenoble École de Management,  
Grenoble, France

Erno Tornikoski

## Preface

The study of seniors is increasingly attracting the attention and curiosity of researchers in fields like sociology, philosophy, anthropology, psychology, psychoanalysis and management sciences. This attraction is becoming more and more important as the demography of Europe and the world is turned upside down, with an inverted pyramid effect that suggests a limitation, an absence or a disappearance of certain skills. This is mainly due to a low birth rate as well as a significant increase in the life expectancy of the elderly. In addition, the number of able-bodied seniors is significantly lower than the total number of those who retire or stop working, whether voluntarily or against their will.

According to Eurostat, ‘On January 1, 2017, the population of the EU-28 was estimated at 511.5 million people’. Young people (aged between 0 and 14 years old) constitute 15.6% of the EU-28 population, while people of working age (aged between 15 and 64 years old) constitute 64.9% of the total population. Seniors (those aged 65 years and over) constitute 19.4% of the population (an increase of 0.2 percentage points from the previous year and an increase of 2.4 percentage points from 10 years ago). These statistics are repeated across the Atlantic, particularly in the USA where seniors are outnumbering those aged under 18. A recent report from the US Census Bureau’s 2017 National Population Projections highlights future trends with a quotation from Jonathan Vespa, a demographer with the Bureau: ‘The aging of baby-boomers means that within just a couple decades [sic], older people are projected to outnumber children for the first time in US history. By 2035, there will be 78.0 million people 65 years and older compared to 76.7 million (previously 76.4 million) under the age of 18.’ In Japan, this trend has been confirmed, since 27.7% of the population (35.15 million people) is over 65 years old, according to the *Statistical Handbook of Japan 2018* published by the Japanese Ministry of Internal Affairs and Communication. In the light of the trends observed around the world, this position is becoming more and more commonly discussed both in the research community and particularly among practitioners. The experience and employability of this segment of the population leaves an important gap that must be filled. This gap is felt and becomes more and more perceptible at a macro level given the



economic and social indicators (unemployment rate, life expectancy, etc.), but also at a micro and individual level. It is in this sense that seniors face issues related to perceived health (Cockerham, Sharp and Wilcox, 1983), generativity, anxiety about death (Fortner, Robert and Neimeyer, 1999), ensuring continuity (Atchley, 1989), socialization (Rahtz, Sirgy and Meadow, 1988) and the fear of exclusion, and many schemes are being put in place for this older audience. To address these issues of social isolation and aging and to transmit their knowledge, skills and social capital, seniors are increasingly moving towards the creation of their own employment and businesses. It is therefore interesting to understand why, how, with whom and in what circumstances seniors create businesses. These different questions are addressed in this book. We have tried to answer them with all the seriousness and importance given to this emergent phenomenon, which is known as seniorpreneurship.

Paris, France

Adnane Maâlaoui

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I would also like to thank Erno Tornikoski, who took the time to read this essay, as well as Myriam Razgallah for her serious work and proofreading.

This book is a tribute to all seniors and all that they have brought or continue to bring to our society. My motivation stems from my first senior heroes, my parents Selma and Ammar, who regularly give me motivation and energy.

# Contents

<b>Introduction: Senior Entrepreneurship: From the Shadows to the Light</b> . . . . .	1
Adnane Maâlaoui and Myriam Razgallah	
<b>Part I Senior Entrepreneurship: Theoretical Consideration and Future Researches</b>	
<b>A Scoping Study of Entrepreneurship Among Seniors: Overview of the Literature and Avenues for Future Research</b> . . . . .	17
Dominique Biron and Étienne St-Jean	
<b>Context, Cognitive Functioning, and Entrepreneurial Intentions in the Elderly</b> . . . . .	43
Malin Brännback and Alan L. Carsrud	
<b>Entrepreneurs' Exit and Paths to Retirement: Theoretical and Empirical Considerations</b> . . . . .	55
Monika E. von Bonsdorff, Jukka Lahtonen, Jan von Bonsdorff, and Elina Varamäki	
<b>Experience of Aging as an Opportunity for Entrepreneurship Among the Elderly</b> . . . . .	79
Judith Partouche-Sebban and Adnane Maâlaoui	
<b>Part II Senior Entrepreneurs: Are They Really Different?</b>	
<b>Heterogeneous Boomer Entrepreneurs</b> . . . . .	93
Ting Zhang	
<b>Technology Adoption and Product Innovation by Third-Age Entrepreneurs: Evidence from GEM Data</b> . . . . .	111
Ana Colovic, Olivier Lamotte, and Manoj Chandra Bayon	

**Senior Entrepreneurship, Gender Diversity and Intersectionality . . . . . 125**  
 Erhan Aydin, Gözde İnal Cavlan, Cynthia Forson, and Mustafa Ozbilgin

**How to Support Women Seniorpreneurs in Europe? . . . . . 139**  
 Nessrine Omrani and Ludivine Martin

**The New Career Starts After Entrepreneurial Life . . . . . 153**  
 Séverine Le Loarne-Lemaire and Tôn Nhân Nguyen

**Part III Elderly Entrepreneur in Different Context**

**Elderly Entrepreneurs in Healthcare: The Case of the European  
 Institute of Oncology (IEO) . . . . . 175**  
 Francesco Schiavone, Luca Dezi, and Daniele Leone

**A Portrait of the Older Entrepreneur: Factors Toward  
 Transformation and Persistence . . . . . 189**  
 Gerry Kerr

**How to Foster Older Adults Entrepreneurial Motivation:  
 The Israeli Case . . . . . 211**  
 Eli Gimmon, Ronit Yitshaki, and Shira Hantman

**Senior Entrepreneurs in China . . . . . 227**  
 Erez Katz Volovelsky and Leo-Paul Dana

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# Introduction: Senior Entrepreneurship: From the Shadows to the Light



Adnane Maâlaoui and Myriam Razgallah

**Abstract** Senior entrepreneurs constitute a real demographic and economic potential. They are considered as individuals starting an entrepreneurial adventure after the age of 45 [Maalaoui et al. (Int J Entrep Small Bus 20(2):148–164, 2013)]. In the current chapter, we firstly propose a review of the literature on senior entrepreneurship to more understand their motivation as well as the antecedents of their entrepreneurial intention (including push and pull factors). In fact, previous studies showed that senior entrepreneurs are mainly motivated by the desire of new experience, the avoidance of inactivity, self-actualization and the fact of providing better life for their family.

Secondly, we discuss and present the 14 chapters of this book organized into three parts. The first part is about theoretical consideration and future research of senior entrepreneurship. The second part “Senior Entrepreneurs: Are They Really Different?” includes chapters discussing the specific aspects of senior entrepreneurs. The final part is about elderly entrepreneur in different contexts.

Seniors have real demographic and economic potential. They represent a category of actors that is important in current debates (on the use of new technologies, health, voting intentions, etc.). However, seniors face various difficulties, including disengagement, social and occupational isolation and concern for future generations. Lately, the strong interest of seniors in entrepreneurship has been described. Maalaoui et al. explain that “the goal of “seniorpreneur” is to extend his professional activity and to face social disengagement, which can be due to activity cessation or dissatisfaction in their career” (Kautonen et al. 2008). The problems raised here are associated with different motivations.

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We can name an insufficient pension as an example of a push motivation (Evans and Leighton 1989; Ritsilä and Tervo 2002) and a new experience that leads to a new desire as an example of a pull motivation (Weller et al. 2016). In order to solve the problems mentioned above, the elderly may start a new business to create a job for themselves. They also aim to transfer their knowledge and expertise to future generations (Botham and Graves 2009; Kautonen et al. 2008; Weber and Schaper 2004). The emergence of senior entrepreneurs or “seniorpreneurs” explains the level of research interest in this area (Cole and Gaeth 1990; Cole and Houston 1987; Greco and Swayne 1992). Maalaoui et al. (2013) and Tornikoski and Maalaoui (2019) have defined a seniorpreneur as “an individual who has begun an entrepreneurial experience after his 45th and who would like to face inactivity, social disengagement and extend his professional activity or retrain”.

Seniors are in “a voluntary or constrained process to create a company related to their socio-economic situation. In other words, depending on their age, they have endogenous or exogenous motivations. So normally, elderly prefer enjoying their time by being with family and doing less stressful activities rather than creating a new business”. In this chapter we aim to explore the reasons behind the engagement of older people in entrepreneurship despite their advanced age.

To investigate this new entrepreneurial phenomenon, we have highlighted some previous studies on psychology, sociology and gerontology. This will help us to understand elderly entrepreneurship and give a clear picture of the past, present and future of research into senior entrepreneurship. In addition, we aim to explore the research issues on continuity (Atchley 1989), the search for balance (Kim and Feldman 2000), socialization and belonging (Rahtz et al. 2015), engagement and death anxiety (terror management theory), as well as health or perceived health. Besides this, we clarify the role of the generativity of seniors (McAdams and de St. Aubin 1992) when they set up an entrepreneurial project.

## 1 Senior Entrepreneurship: What Do We Know About It?

There has been a great deal of interest in senior entrepreneurship in recent decades, given that older entrepreneurs play an important role in social and economic development as they reduce unemployment by creating jobs. Ensuring “active ageing” is considered as one of the strategic priorities of some European countries (e.g. Portugal).

To ensure active ageing and to foster elderly entrepreneurship, the majority of EU member states have raised the retirement age and limited access to early retirement (Kurek and Rachwal 2011).

In fact, senior entrepreneurship has a positive impact on economic and social development, as it creates job opportunities (Kautonen et al. 2008). Some researchers like Pilkova et al. have shown a positive correlation between senior entrepreneurship, economic growth and an increase in social security funds.



In the previous literature, different terms have been used for these entrepreneurs, like silver entrepreneurs (Ahmad et al. 2014), grey (or gray) entrepreneurs (Harms et al. 2014; Weber and Schaper 2004), elder entrepreneurs, older entrepreneurs (Kautonen et al. 2008; Maâlaoui et al. 2013), second-career entrepreneurs (Baucus and Human 1994), third age entrepreneurs (Botham and Graves 2009; Kautonen et al. 2008, 2010) and senior entrepreneurs.

Thus, senior entrepreneurship has different terminologies as well as different definitions. The idea is the same, however. The difference between the various definitions concerns, in general, the age at which the individual starts a business.

In the following part, we will start by presenting some of the different definitions of senior entrepreneurship, for a better understanding of this phenomenon.

Some scholars (e.g. Tornikoski et al. 2012) have defined senior entrepreneurship as the starting of a business by an individual aged between 55 and 64 years. Senior entrepreneurship has also been defined as the starting or restarting of a business by an individual who has retired or retired early. At the same time, Maalaoui et al. said that senior entrepreneurship refers to the starting of a business by an individual who is more than 45 years old and who aims to maintain an active social and professional life and to ensure extra income. Some authors (e.g. Kautonen et al. 2010) have reported that senior entrepreneurs are the entrepreneurs of the “third age” and are aged between 50 and 64 years.

According to other scholars (e.g. Curran and Blackburn 2001; Kautonen et al. 2008, 2011), senior entrepreneurs are individuals starting a business after the age of 50. On the other hand, Say and Patrickson (2012) argued that senior entrepreneurs are aged 30 or above.

According to Ahmad et al. (2014), we can say that there is “senior entrepreneurship” when the entrepreneurship starts after the age of 40, the last stage of life. Harms et al. (2014) considered senior entrepreneurs to be entrepreneurs who become self-employed at a mature age. Bornard and de Chatillon (2016) claimed that senior entrepreneurs are individuals who engage in an entrepreneurial process as a second-career phase after the age of 50.

Previous scholars (e.g. Ahmad et al. 2014) described senior entrepreneurs as silver or mature entrepreneurs. In fact, it has been proved that small businesses run by this category of individuals are more long-lasting and successful (Ahmad et al. 2014), because they are undertaken by mature and experienced individuals who benefit from various advantages related to age like greater financial resources, personal networks and experience. Kurek and Rachwal (2011) claimed that senior entrepreneurs are perceived as potentially successful entrepreneurs as they are more experienced than younger ones.

Moreover, senior entrepreneurs are characterized by a key resource, which is their human capital; this refers to the learning, skills, practice and knowledge acquired during their past experience in other organizations (Ahmad et al. 2014; Weber and Schaper 2004).

Different factors motivate older individuals to launch businesses. Indeed, senior entrepreneurs have a need for self-actualization as well as a strong confidence in their capabilities and their ability to start a business (Ahmad et al. 2014). Some senior

entrepreneurs are motivated by the desire to provide a better environment and life for their family, as well as to expose their children to the entrepreneurial culture (Ahmad et al. 2014).

However, senior entrepreneurs are disadvantaged as the result of age discrimination (Loretto and White 2006). Older people are less likely to engage in entrepreneurial activity than young people, despite their experience, maturity and great ability to start a business (Singh and DeNoble 2003; Weber and Schaper 2004).

In fact, older individuals avoid investing time in risky activities with no immediate rewards, like starting a business (Kauton et al. 2011). According to some scholars (e.g. Baucus and Human 1994; Kautonen et al. 2011; Singh and DeNoble 2003; Walker and Webster 2007; Webster et al. 2005), the number of senior entrepreneurs may increase in the years to come because older individuals will consider entrepreneurship as a way to maintain an active lifestyle as well as to prolong their working life.

In the previous entrepreneurship literature, different scholars addressed senior entrepreneurship from different points of view. For example, some researchers have highlighted the importance of the entrepreneurial context in fostering the entrepreneurial intention of senior entrepreneurs. Other studies (e.g. Kautonen et al. 2010) emphasized the importance, in a senior entrepreneurship context, of the role played by the individual's professional career as well as his work life history.

The impact of an individual's professional career and experience on forming an entrepreneurial intention among seniors has been addressed. In fact, the type of professional career influences the entrepreneurial intention of seniors.

Other studies (e.g. Kautonen et al. 2011) have highlighted the importance of social context and perceived social norms in increasing the entrepreneurial intention of senior entrepreneurs. Other research (e.g. Tornikoski et al. 2012), based on Ajzen's theory of planned behaviour, has investigated the impact of age on entrepreneurial intention among seniors. In fact, for individuals over 45 years old, the age variable is no longer significant in terms of fostering entrepreneurial intention (Tornikoski et al. 2012).

In other words, when an individual reaches the age of 45, age no longer has an impact on the three Ajzen dimensions (attitude, perceived behaviour control and subjective norms) in predicting entrepreneurial intention. Singh and DeNoble (2003) focused on exploring the motivations of senior entrepreneurs for engaging in an entrepreneurial activity. The authors found that the principal motivation for older entrepreneurs in starting a business is the wish to be self-employed.

In fact, Aronson (1991) reported that older individuals engage in entrepreneurial activity in order to avoid unemployment or, in other words, to continue with an active life. In fact, starting a business helps seniors to improve their skills and capabilities, allowing them to continue with an active life (Curr and Blackburn 2001; Kautonen et al. 2008; Singh and DeNoble 2003; Weber and Schaper 2004).

Moreover, some research has shown that age has a negative impact on entrepreneurial intention (Tornikoski et al. 2012) because when an individual gets older, he adopts more conservative and less risky behaviour which is not associated with the personality traits of an entrepreneur. Senior entrepreneurship is affected by the

country and the context. Pilkova et al. investigated the link between entrepreneurship of the elderly and the national entrepreneurial context in European countries. They found that senior entrepreneurship differs depending on the country and therefore on the environment and context. Indeed, senior entrepreneurship is more obvious in highly developed countries where there is a high standard of living and an open market economy, like northern Europe and Luxembourg, but is less apparent in the former Eastern Bloc countries.

However, the previous literature has shown that seniors have fewer chances to engage in entrepreneurial activity than young individuals, because of health problems and for other reasons, but their accumulated human capital, work experience (Botham and Graves 2009) and financial capital are considered as advantages and may be beneficial for older individuals when starting a business. Moreover, seniors have a larger network of contacts than younger individuals. In fact, these advantages could facilitate the starting of a business for seniors.

Entrepreneurial intention among seniors also depends on the work history of the individual (Kautonen et al. 2010). Work history refers to the different professional experiences of an individual as well as the different organizational cultures that he has experienced. In fact, work history has a stronger impact on the entrepreneurial intention of third age individuals than on the intention of prime age (20–49 years old) individuals (Kautonen et al. 2010).

An individual's working experience has an impact on the development of an entrepreneurial intention (Carr and Sequeira 2007), on the desire to adopt entrepreneurial behaviour (Dyer 1994) and on opportunity recognition (Shane 2000). Kautonen et al. (2010) pointed out that seniors who have had a monotonous and nondiversified work experience in the public industrial sector have little likelihood of becoming entrepreneurs. This is explained by the fact that they did not experience diversified professional activities and thus lack self-confidence and self-belief. Therefore, individuals of this kind think that they are not able to engage in an entrepreneurial adventure and start a business.

Moreover, other studies (e.g. Kautonen et al. 2011) have shown that the entrepreneurial intention of third age individuals is influenced by perceived social norms. In fact, if an older individual perceives social norms to permit senior entrepreneurship, his entrepreneurial intention will automatically increase. Further, Kautonen et al. (2011) stipulated that the positive significant relationship between permissive social norms and the entrepreneurial intention of senior entrepreneurs is mediated by a positive attitude towards starting a business, by perceived self-ability to start a business and by support received from friends and family. Opportunity recognition, inspiration and having assistance from friends also have an impact on the decision by senior entrepreneurs to start a business (Ahmad et al. 2014).

To conclude, senior entrepreneurship is a way for older individuals to ensure personal fulfilment even after retirement, as well as a way for them to maintain and develop their networks and skills, and to transfer their knowledge to the next generation. Additionally, society can benefit from senior entrepreneurs, as it employs their know-how, experience and human and social capital to strengthen economic capacity through the starting of innovative businesses (Botham and

Graves 2009; Kautonen et al. 2011). Senior entrepreneurship or the employment of older people, and ensuring an “active ageing”, is very crucial for European Union policy (Kurek and Rachwal 2011). Therefore, it is convenient for EU member states to try to increase the entrepreneurship intention of older and retired people and to employ their experience, knowledge and skills, as the quality of human capital is important for socio-economic development.

We propose in this handbook of research to shed light on all the studies related to senior entrepreneurship in order to suggest future research perspectives. This handbook is divided into three main parts.

## **Part I: Senior Entrepreneurship: Theoretical Considerations and Future Research**

These first chapters set out some of the theoretical background and research perspectives on senior entrepreneurship. The second chapter highlights the specific themes of previous senior entrepreneurship studies and some of the gaps identified in the literature that suggest promising avenues for future research. The third chapter examines the theoretical discussion and research agenda on the potential differences in the cognitions, intentions, motivations and goals between younger and older entrepreneurs. The fourth chapter reviews the current retirement literature from the entrepreneur perspective, as well as discusses entrepreneurs’ exits because of old age. The fifth chapter focuses on the experience of ageing and the perception of the time horizon and its role in understanding entrepreneurial intention among the elderly. A brief discussion of the chapter contents follows.

### **Chapter 1: Introduction: Senior Entrepreneurship: From the Shadows to the Light**

*Adnane Maâlaoui (IPAG Business School, France) and Myriam Razgallah (CERAG, Université Grenoble Alpes, France, and University of Carthage, Tunisia)*

“Senior entrepreneurs constitute a real demographic and economic potential. They are considered as individuals starting an entrepreneurial adventure after the age of 45 (Maalaoui et al. 2013; Tornikoski and Maalaoui 2019). In the current chapter, we firstly propose a review of the literature on senior entrepreneurship to more understand their motivation as well as the antecedents of their entrepreneurial intention (including push and pull factors). In fact, previous studies showed that senior entrepreneurs are mainly motivated by the desire of new experience, the avoidance of inactivity, self-actualization and the fact of providing better life for their family.

Secondly, we discuss and present the 14 chapters of this book organized into three parts. The first part is about theoretical consideration and future research of senior entrepreneurship. The second part ‘senior entrepreneurs: are they really different?’ includes chapters discussing the specific aspects of senior entrepreneurs. The final part is about elderly entrepreneur in different contexts”.

## **Chapter 2: A Scoping Study of Entrepreneurship Among Seniors: Overview of the Literature and Avenues for Future Research**

*Dominique Biron and Étienne St-Jean (UQTR, Canada)*

“In recent years, we have witnessed a new phenomenon associated with longer human life expectancy: senior entrepreneurship. It has become increasingly common to see individuals aged 50 or more decide to become entrepreneurs.

This phenomenon has aroused the interest of researchers. In order to shed light on this theme, we used the scoping study approach, which consists of systematically identifying papers in which the research focus was senior entrepreneurship. We retrieved 99 documents that dealt with this subject, 60% of which were conducted in 2012 or later. Early studies mostly used a quantitative approach, but researchers have eventually migrated to a more qualitative and conceptual approach in more recent years. This article highlights the specific themes of these studies as well as certain gaps that we have identified in the literature that suggest promising avenues for future research”.

## **Chapter 3: Context, Cognitive Functioning and Entrepreneurial Intentions in the Elderly**

*Alan Carsrud and Malin Brännback (Åbo Akademi University, Finland)*

“This chapter looks at the role intentions can play in entrepreneurship in the elderly. It is not so much a review of the existing literature on older entrepreneurs as a discussion of one way to look at intentions in this population”.

## **Chapter 4: Entrepreneurs' Exit and Paths to Retirement: Theoretical and Empirical Considerations**

*Monika von Bonsdorff (University of Jyväskylä, Finland), Jukka Lahtonen (University of Jyväskylä, Finland), Jan von Bonsdorff and Elina Varamäki (Seinäjoki University, Finland)*

“The number of aging entrepreneurs in micro and small companies (i.e. companies employing ten or fewer individuals) is rapidly increasing in Finland and other European Union countries. Over half a million jobs, in over one hundred thousand companies, are lost annually within the EU as a result of unsuccessful, predominantly retirement-related, transfers of businesses. This challenge coincides with EU Grand Challenges and has been flagged in the Entrepreneurship 2020 Action Plan. It has been estimated that, in Finland, some 8000 jobs are lost each year because of the aging of entrepreneurs. Therefore, the aging of an entrepreneur has implications not only for the aging individual himself or herself but also for the company and society at large. As entrepreneurs age, it becomes more essential for them to start planning their exit and transition into retirement. While the entrepreneurial career may include several exits and subsequent re-entries into working life, through buying or starting new companies, exiting because of retirement differs from exits in the individual's earlier career.

Specifically, the timing and method of exit may vary according to the career phase of the entrepreneur. However, there is a lack of studies into the issues associated with an exit resulting from retirement and aging.

In this chapter, we first review the current retirement literature from the entrepreneur perspective, as well as considering the exits of entrepreneurs as the result of old age. Second, we present a conceptual model that combines the entrepreneur retirement process with exit theories. This enables scholars to have a better understanding of the retirement process, including decision making, transitioning and adjustment to retirement, as well as identifying the relevant antecedents of retirement at the individual, company and societal level. Finally, we examine entrepreneurs' exit paths and their antecedents in a sample of aging entrepreneurs.

The data come from national business transfer surveys collected by the Seinäjoki University of Applied Sciences and the Federation of Finnish Enterprises in 2012 and 2015. These surveys targeted entrepreneurs aged 55 years and above”.

### **Chapter 5: Experience of Aging as an Opportunity for Entrepreneurship Among the Elderly**

*Judith Partouche-Sebban (PSB, Paris School of Business, France) and Adnane Maâlaoui (IPAG Business School, France)*

“While aging is normally associated with physical and cognitive declines and disabilities, this process can also be experienced in a positive way. The process of aging can also be an opportunity for self-development and self-fulfilment. From this perspective, the experience of aging lets individuals invest in specific activities that help them to maintain a high level of life satisfaction and well-being, even in old age. As elderly entrepreneurship has grown quickly since the late 1990s, this chapter focuses on its role in the maintenance of well-being. We examine aging-related changes and, more specifically, the perspective of death, which results in goal regulation and reorientations in one's life and creates new needs and motivations. Engaging in an entrepreneurial activity at an advanced age is an opportunity to enhance one's self-esteem, regain one's social role, and find meaning in one's life, and it thus contributes to successful aging”.

### **Part II: Senior Entrepreneurs: Are They Really Different?**

The second part includes five chapters. The sixth chapter focuses on the categorization of boomer entrepreneurs in the context of a less physically demanding US knowledge economy. The seventh chapter explores the innovativeness of third age entrepreneurs. The eighth chapter examines senior entrepreneurship in terms of gender difference and intersectionality. The ninth chapter summarizes the current state of senior entrepreneurship in theory as well as practice and analyses the entrepreneurial activity of seniors in Luxembourg in comparison with other European countries. The final chapter of this part focuses on a specific aspect of senior entrepreneurship, senior entrepreneurship of women, and looks at this within the specific context of women, as they become seniors, deciding to start an entrepreneurial career and take over the responsibility of a company that has been created by their husband or father. A brief presentation of the contents of the chapters follows.

**Chapter 6: Heterogeneous Boomer Entrepreneurs**

*Ting Zhang (University of Baltimore, USA)*

“This chapter categorizes boomer entrepreneurship in the context of a less physically demanding US knowledge economy. The subcategories of boomer entrepreneurs include nascent versus existing boomer entrepreneurs, necessity versus opportunity boomer entrepreneurs, incorporated versus unincorporated boomer entrepreneurs and full-time versus part-time boomer entrepreneurs. This empirical study relies on descriptive statistics and tests the hypothesis that boomer entrepreneurs are not a homogenous group. Monthly data from the Current Population Survey are used. The study also demonstrates a method of categorizing different types of entrepreneurs using monthly employment data”.

**Chapter 7: Technology Adoption and Product Innovation by Third Age Entrepreneurs: Evidence from GEM Data**

*Ana Colovic (NEOMA Business School, France), Olivier Lamotte (PSB, Paris School of Business) and Manoj Chandra Bayon (Pontificia Universidad Javeriana)*

“While innovation remains a focus of policy makers, very little is known about how older entrepreneurs adopt new technology or introduce new products. Similarly, demographic studies of entrepreneurship are mostly interested in demographic influences on entrepreneurial behaviour that are not age-related. In this study we examine how age influences the choice of innovative entrepreneurship by considering both technology adoption and product innovation by those who enter entrepreneurship late in their career (when they are over 50 years old). Our results suggest that, as in other spheres of life, third age entrepreneurs tend to lag behind their younger counterparts in technology adoption and innovation. This is extremely significant and could have serious consequences for the overall development and growth of high impact entrepreneurship, because many countries have an aging population. We suggest some measures to address this issue”.

**Chapter 8: Senior Entrepreneurship, Gender Diversity and Intersectionality**

*Mustafa Ozbilgin (Brunel University, UK), Dr Erhan Aydin (Usak University, Turkey), Dr Gozde Inal Calvan (European University of Lefke, Turkey) and Dr Cynthia Forson (Lancaster University, Ghana)*

“Entrepreneurship, because of its association with risk and dynamic engagement with the world of business, is often considered a domain of economic activity for younger people. This perspective creates a problem that stems from excluding the entrepreneurship of elderly in the field. In this chapter, we examine the entrepreneurship of an understudied group by considering senior entrepreneurship. This is examined in terms of gender difference and intersectionality. We illustrate the fact that senior entrepreneurship cannot be studied as a gender-neutral phenomenon, since women and men experience senior entrepreneurship differently.

We also explore senior entrepreneurship in relation to other demographic categories such as ethnicity, race, sexual orientation, disability, religion and belief as well as other emic categories of difference. Our analyses demonstrate the utility and urgency of considering age diversity in entrepreneurship theory and policy”.

### **Chapter 9: How to Support Women Seniorpreneurs in Europe**

*Nessrine Omrani (France) and Ludivine Martin (LISER, Luxembourg Institute of Socio-Economic Research), Luxembourg*

“There is a growing population of healthy older people with the skills, financial resources and time available to contribute to economic activity in Europe. In Europe, the proportion of people aged over 55 was 30% in 2010, and it is expected to be approximately 37% by 2030. However, few older people, and, in particular, few women, are involved in entrepreneurship.

This chapter aims to summarize the current position regarding senior entrepreneurship in theory as well as practice and to analyse the entrepreneurial activity of seniors in Europe.

The results focus on what policy should do to promote business start-ups by female older people. The results of this study lead us to propose policies that would foster the entrepreneurial activities of senior women in Europe”.

### **Chapter 10: The New Career Starts After the Entrepreneurial Life: Some Thoughts on the Reasons Why There Are More Senior Women Entrepreneurs than Younger Women Entrepreneurs in Formal Networks**

*Séverine Le lorane-Lemaire (Grenoble EM, France) and Tôn Nhân Nguyen, Vietnam*

“This chapter seeks to contribute to the understanding of the behaviour of senior women entrepreneurs by answering the following question: ‘Why do women (senior) entrepreneurs decide to become involved in formal entrepreneurial networks?’ By combining the established literature on the link between networks and performance, especially for senior women entrepreneurs, and the literature on legitimacy with a neo-institutional perspective, and based on a mixed study approach, we establish an explanatory model for how the quest for legitimacy could explain the involvement of senior women entrepreneurs in professional networks”.

### **Part III: Elderly Entrepreneurs in Different Contexts**

The final part of this book includes four chapters. The eleventh chapter reviews the main literature and offers various illustrations of elderly entrepreneurs in the healthcare sector. The twelfth chapter develops a picture of older entrepreneurs, the different life paths that led them to establish new ventures and the various characteristics of their organizations. The thirteenth chapter explores the motivation of older adults to become entrepreneurs and the extent to which a tailor-made training programme can foster their motivation. The last chapter explores the different types of senior entrepreneur in China. A brief presentation of the contents of the chapters follows.

### **Chapter 11: Elderly Entrepreneurs in Healthcare: The Case of IEO**

*Francesco Schiavone (Parthenope University of Naples, Italy), Daniele Leone (University of Naples Federico II, Italy), Luca Dezi (Parthenope University of Naples, Italy)*



“This chapter reviews the main literature and offers various illustrations of elderly entrepreneurs in the healthcare sector. Among the various pieces of empirical evidence, the chapter will describe in detail the case of Professor Umberto Veronesi, a brilliant Italian oncologist who has recently passed away and who, at the age of 69 (in 1994), founded the IEO (European Institute of Oncology), a research and healthcare organization based in Milan. Drawing on this case study, the authors propose a theoretical framework for the antecedents of elderly entrepreneurs working in healthcare”.

### **Chapter 12: A Portrait of the Older Entrepreneur: Factors Affecting Persistence and Transformation**

*Gerry Kerr (Odette School of Business, University of Windsor, Canada)*

“This chapter develops a picture of older entrepreneurs, the different life paths that led them to establish new ventures, and the various characteristics of their organizations.

It synthesizes the author’s previous work and the international literature, to examine the interplay between the older entrepreneur and his or her environment. The aim is for the emerging picture to lead to a clearer understanding of older entrepreneurs, their characteristics, and their businesses”.

### **Chapter 13: How to Foster the Entrepreneurial Motivation of Older Adults: The Israeli Case**

*Eli Gimmon and Shira Hantman (Tel-Hai College, Israel) and Ronit Yitshaki (Ariel University Center, Israel)*

“The motivation for older adults to engage in entrepreneurship has not been fully explored. Previous research points to diverse results relating to the effect of pull and push factors of motivation on older adults’ entrepreneurial intentions. In this chapter, we study older adults’ motives for becoming entrepreneurs and consider the extent to which a tailor-made training programme would enhance their motivation. We interviewed seven older adult entrepreneurs who had participated in our tailor-made training programme. Our findings indicate that the training programme assisted the participants to construct entrepreneurial intentions and leverage their motivations and that it fostered their entrepreneurial activity. Older adults’ motivation to become entrepreneurs is found to be associated with a mixture of pull and push motivations, with a focus on pull factors such as a the desire to fulfil a dream, the desire to be independent, the challenge, the desire to extend their professional capabilities and the wish to stay active. This study both makes a theoretical contribution and records hands-on implications regarding the important benefits of training programmes designed to enhance older adults’ entrepreneurial motivation”.

### **Chapter 14: Senior Entrepreneurs in China**

*Erez Katz Volovelsky (Open University, The Netherlands, and Tel-Hai College, Israel) and Leo-Paul Dana (Montpellier Business School, Montpellier Research in Management, France, and Princeton University, USA)*

“A second career as an entrepreneur is often a viable solution for seniors. In the West, we have long been exposed to free enterprise, and many of us have the social and cultural capital required for success in entrepreneurship. We often see retirees embracing start-ups, with skills acquired over a life-time. In China, where free enterprise was banned during several decades of the twentieth century, the picture for seniorpreneurs is particular—and this is the theme of this chapter”.

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**Part I**  
**Senior Entrepreneurship: Theoretical  
Consideration and Future Researches**

# A Scoping Study of Entrepreneurship Among Seniors: Overview of the Literature and Avenues for Future Research



Dominique Biron and Étienne St-Jean

**Abstract** In recent years, we have witnessed a new phenomenon associated with longer human life expectancy: senior entrepreneurship. It has become increasingly common to see individuals aged 50 or more decide to become entrepreneurs. This phenomenon has aroused the interest of researchers. In order to shed light on this theme, we used the scoping study approach, which consists of systematically identifying papers in which the research focus was senior entrepreneurship. We retrieved 99 documents that dealt with this subject, 60% of which were conducted in 2012 or later. Early studies mostly used a quantitative approach, but researchers have eventually migrated to a more qualitative and conceptual approach in more recent years. This article highlights the specific themes of these studies as well as certain gaps that we have identified in the literature that suggest promising avenues for future research.

## 1 Introduction

The age 60-and-over segment is in constant growth in developed countries and elsewhere (United Nations 2013). By 2036, this age group is expected to represent 30% of the population in the United States, 40% in France and England, and 50% in Japan (United Nations 2013). The reasons for this high growth rate are mainly a result of later life expectancy, the baby gap, which refers to a drop in birth rates seen as early as 1965, and the baby boom, which refers to a sudden increase in birth rates from 1945 to 1965 (Rossi 2009). This phenomenon has a major financial impact on societies, resulting in a significant increase in the number of individuals going into retirement, which in turn puts significant pressure on pension systems, health-care costs, and economic growth. In Canada, according to Echenberg, Gauthier, and Léonard from Employment and Social Development Canada,<sup>1</sup> elderly individuals

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<sup>1</sup><http://www.parl.gc.ca/content/lop/researchpublications/cei-07-f.htm>

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aged 65 and over represented 8% of the population in 1971. This percentage should increase to approximately 25% of the population in 2036.

This accelerated aging of the population raises a number of concerns both in terms of business creation and acquisition, as it could result in an overall decrease in entrepreneurial activity (Cossette et al. 2010). For practical reasons, keeping seniors within the active population could have a positive effect on health and the economy (Heimonen et al. 2012; Weber and Schaper 2007). For seniors, entrepreneurship as a career choice constitutes a particularly interesting economic lever (Maâlaoui et al. 2012) given that SMEs are synonymous with economic growth and job creation (Tal 2004).

The entrepreneurial trend among this age group, as well as with the 50-and-older group, appears to be on the increase, despite some disparity among countries or regions. In England, for example, the percentage of self-employed workers aged 65–69 rose from 6.5% in 2005 to 10% in 2010 (Wöhrmann et al. 2014), and some British researchers estimate that 15% of new businesses will be created by senior entrepreneurs over the age of 50 in the coming years (Barclays Bank 2001). In Canada, between 2001 and 2004, the number of businesses operated by seniors has increased by 30% (Tal 2004). The province of Québec, however, has seen a decrease in the number of businesses owned by entrepreneurs aged 45 or older (Cossette et al. 2010) as well as lower entrepreneurial activity of seniors (55–64 years old) compared to the rest of Canada (5.5% versus 11.2%) and many other developed nations (St-Jean and Duhamel 2017). Maintaining the sustainability of entrepreneurial activity is of capital importance (Cossette et al. 2010). To achieve this, certain measures intended to foster entrepreneurship (creation and acquisition) have been implemented through various programs. In Québec, despite the importance of senior entrepreneurship and the province's delay in this regard, most of these programs only target young people aged 18–39.<sup>2</sup>

Since entrepreneurial creation among seniors appears to be very real phenomenon, the purpose of this presentation is to assess the current state of the body of knowledge about first-time business start-ups by individuals aged 50 or older. This initiative is important, given that current knowledge on this subject is rather fragmented. To conduct this review, we used the scoping study approach, which is a method developed by Arksey and O'Malley (2005). This approach aims to map out the key concepts as well as the main available sources and result types concerning the subject under study. According to Arksey and O'Malley (2005), this process is very useful when the field of research has been the subject of few studies or when the subject is vast and complex. As with a systematic literature review, this method prescribes a well-defined and circumscribed question to which a more restricted number of studies could correspond. One of the benefits of a scoping study, however, is that it also makes it possible to review a higher number of scientific

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<sup>2</sup><http://www2.gouv.qc.ca/entreprises/portail/quebec/infosite?lang=fr&x=2305769183> (in French only).

articles that use various approaches both in terms of research goals and methodology and identify underlying key themes and concepts.

According to Arksey and O'Malley (2005), this type of study helps increase knowledge by analyzing the results that emerge from the existing literature concerning the overall state of research in a particular area. More specifically, it can highlight certain gaps in the literature, and it can also make it possible to summarize and disseminate research results and thus determine the relevance of ultimately conducting a full systematic review within a specific research domain. We present this process in the following section.

## 2 Methodology

As indicated above, we applied the literature review process according to the scoping study method prescribed by Arksey and O'Malley (2005). The following steps were completed, by iteration where necessary, and documented as the process moved forward:

*Step 1: Defining the Research Question* Since entrepreneurship among seniors appears to be an emerging and thus relatively unresearched phenomenon, we defined our research question as follows: **What is the state of the body of knowledge in the current literature about entrepreneurship among seniors?** This question is broad and covers both entrepreneurial intention and creation, and it does not restrict seniors to a particular definition. Worded in this manner, the question should allow us to collect the greatest number of studies dealing with this emerging subject.

*Step 2: Identifying the Relevant Studies* Several data sources were used in an iterative manner to enhance the results of the review process. We initially explored certain databases and periodicals specific to management science, as well as the Google Scholar search engine, using several keywords and combinations thereof. For each study that was selected, we reviewed its bibliography in order to identify other studies that could be relevant to our research question. We applied these steps until we reached a saturation point with new studies. We then visited a few websites that were cited in various studies, which helped generate other sources of studies and information. This combination of research strategies enabled us to reach a point of saturation beyond which we were unable to identify any new studies. A summary of the results is presented in Table 1.

The goal with this type of literature review is to be as inclusive as possible. We considered papers in both French and English going back to early 1990 and up to late 2016, which is when we began this study on entrepreneurship among seniors. To better manage the information collected during this iterative step, we used the bibliography manager EndNote. This software enabled us to categorize the studies based on the various themes they covered and to select those that dealt specifically with our research theme: senior entrepreneurs.



**Table 1** Research log

Electronic sources	Type	Keyword combinations used
ABI/INFORM Dateline	Database	<ul style="list-style-type: none"> <li>• (senior OR elder* OR mature OR old* OR silver OR grey OR gray OR “third age”) AND (age OR ageing) AND (“self employment” OR entrepren*)</li> <li>• (senior OR elder* OR mature OR old* OR silver OR grey OR gray OR “third age”)</li> <li>• (second-career OR “later-life) AND entrepreneurship AND (Self-employment OR “senior entrepreneurship” OR “mature entrepreneur”)</li> <li>• (entrepreneur senior)</li> </ul>
ABI/INFORM Global	Database	
ABI/INFORM Trade & Industry	Database	
EBSCO	Database	
Cairn. info	Database	
Emerald Journals	Database	
Érudit	Database	
ScienceDirect Journal Content (Elsevier API)	Database	
Emerald Insight	Database	
SAGE	Database	
Springer	Database	
ProQuest European Business	Database	
ProQuest Dissertations & Theses Full Text	Database	
Scopus (Elsevier API)	Database	
Oxford University Press	Database	
Google Scholar	Search engine	

Authors own table

*Step 3: Selecting Relevant Studies* In the beginning, database searches generated huge volumes of papers that dealt with entrepreneurship in general, the various problems seniors encounter when they go back to work (discrimination, skills, health, etc.), the retirement process, the labor market, the significance of seniors in the labor market, and retired persons per se. Several studies dealing with the transition period for seniors, which involves the end of their principal employment as a salaried worker and definitive retirement, focus their research either on seniors deciding either to return to work as a salaried worker, to become an entrepreneur, or both. A closer examination of these papers enabled us to eliminate those papers that only dealt with seniors going back to work as a salaried worker.

We also withdrew the demographic investigations whose goal was to assess the state of an aging population in a given region or country. These investigations merely skimmed over the possibility of seniors choosing entrepreneurship or self-employment. We did, however, include a few of these studies that dealt specifically with entrepreneurship among seniors.

In the end, a total of 99 papers were identified as relevant to our research subject: entrepreneurship and seniors. From this number, 13 were drafted in French and the remaining 86 in English.

*Step 4: Categorizing the Recovered Documents* In order to analyze and eventually connect the key themes and concepts in the selected studies, we entered them into a

comparative table. This table includes the following information: the names of the authors and the country(ies) targeted by the paper, the type of paper (article, conference, etc.), the purpose of the study, the theoretical foundations used in the study, research methodology, sample, research approach (qualitative, quantitative, or conceptual), types of measures, and the results.

*Step 5: Integrating and Summarizing the Results* This last step involved collating, summarizing, and transcribing the results in order to draw conclusions but without judging the quality of the papers or determining their relative value. Once again, the purpose of this literature review was to determine the scope of the scientific body of knowledge and to present an overview of the relevant papers in order to provide a descriptive treatment of this body of work (Arksey and O'Malley 2005).

### 3 Results

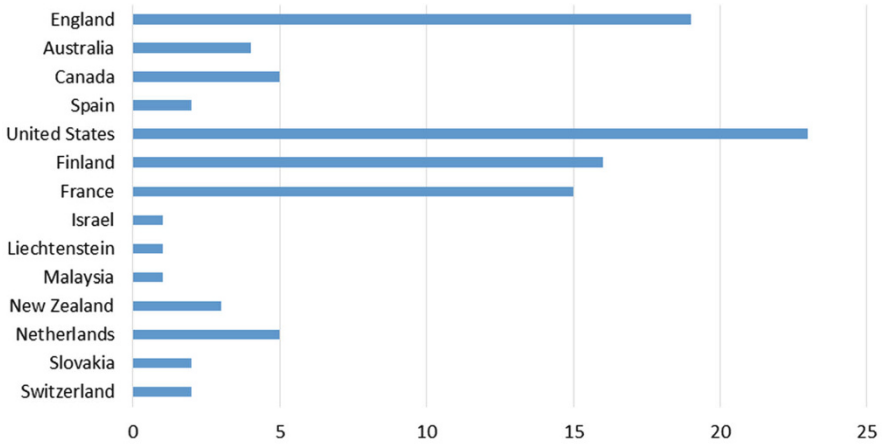
We analyzed the papers from two angles. The first was based on various statistical analyses such as year of publication, geographic distribution, type of intervention or methodology used, types of measures used, or a summary of publications by journal category. This enabled us to highlight the dominant research themes based on intervention type and methodology. The second angle focused on the key themes and concepts in order to organize and structure the diversity and overlap among the papers.

#### 3.1 Statistical Analyses of the Papers

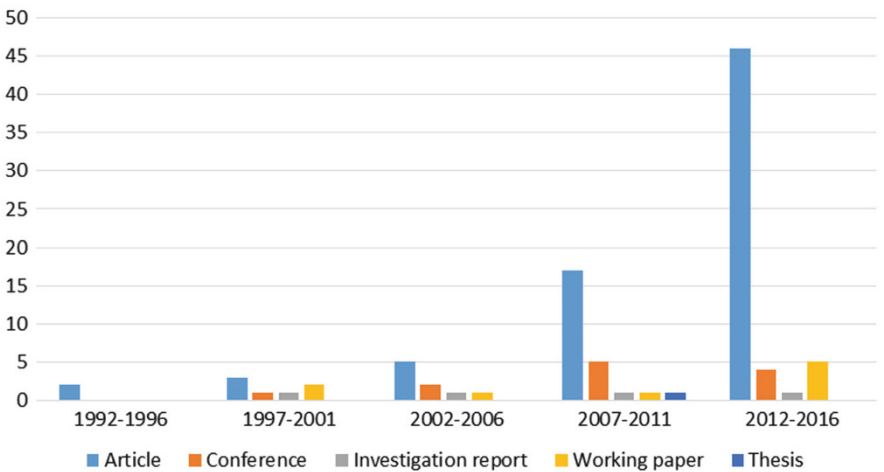
The distribution of papers by date of publication confirms the emergence of and growing interest in this research subject. Out of the 99 papers under review, 56 were published within the last 5 years (between 2012 and 2016), which represents nearly 60% of the selected papers. The geographic regions (Fig. 1) that were studied in regard to this subject were mainly European countries (50%) (among others, England (19%), Finland (16%), and France (15%)) and from the United States (23%).

The categorization of papers by type of publication yielded 73 articles, 12 conferences, 9 scientific working papers, 4 investigation reports, and 1 thesis. By positioning the types of publications in time (Fig. 2), the recent interest in this research subject becomes apparent given the increasing number of articles that have appeared since 2007 and especially since 2012.

The vast majority of the studies used a quantitative approach. We retrieved 52 studies using a quantitative approach versus 35 that used a qualitative method. Furthermore, four studies used a mixed-method approach, four papers are literature reviews, and four studies are conceptual in nature. We analyzed the evolution in

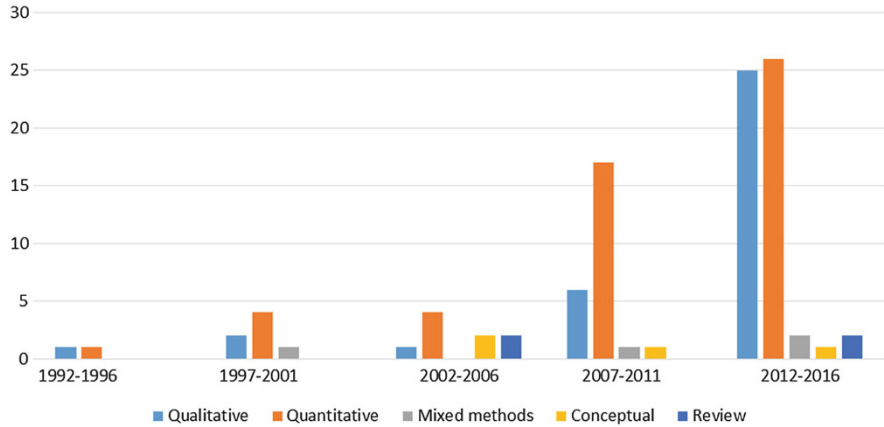


**Fig. 1** Distribution of papers by country. Authors own figure

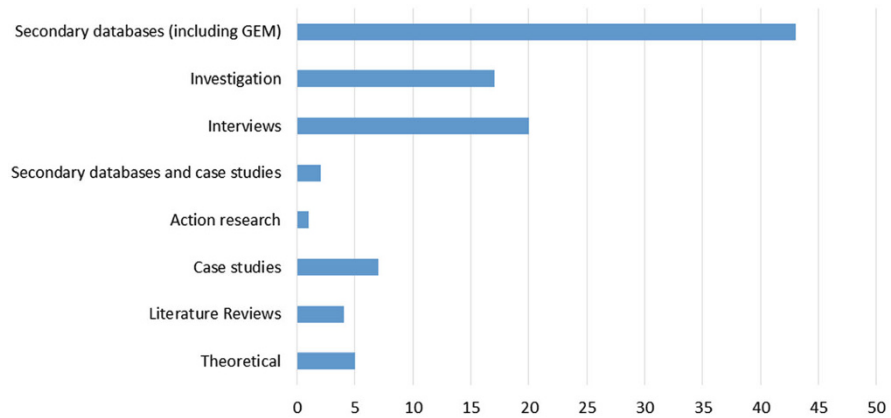


**Fig. 2** Distribution of papers by type of publication per 5-year period. Authors own figure

methodological approaches as the body of knowledge grew in this research field. We see that a higher number of quantitative studies preceded the qualitative studies. Secondary data sources, such as the Global Entrepreneurship Monitor (GEM) and other government investigation databases, were extensively used and helped confirm the existence of an entrepreneurial creation phenomenon among seniors. A qualitative approach was subsequently used in most cases based on case studies or interviews (Fig. 3). It is also interesting to note that the literature reviews and conceptual studies were carried out in the last decade (from 2006 to 2016), once the body of empirical knowledge had progressed to a sufficient degree.



**Fig. 3** Distribution of papers by approach type per 5-year period. Authors own figure



**Fig. 4** Distribution of papers based on methodology. Authors own figure

Figure 4 illustrates the various methodologies used based on approach type. Studies that used a qualitative approach mainly used interviews and case studies, whereas the vast majority of studies that used a quantitative approach used secondary data.

Seniors represent potential at both the social and economic levels (Maâlaoui et al. 2012). Thus, in order to study entrepreneurial intention or creation among seniors, researchers use various research themes whether they be social, economic, psychological, or a combination thereof. Studies in which a social approach is used seek to understand the influence or impact that society may have on entrepreneurial intention or creation among seniors. Studies with an economic focus attempt to demonstrate the potential economic impact of businesses created by seniors or, from another angle, the influence of the macroeconomic environment on the

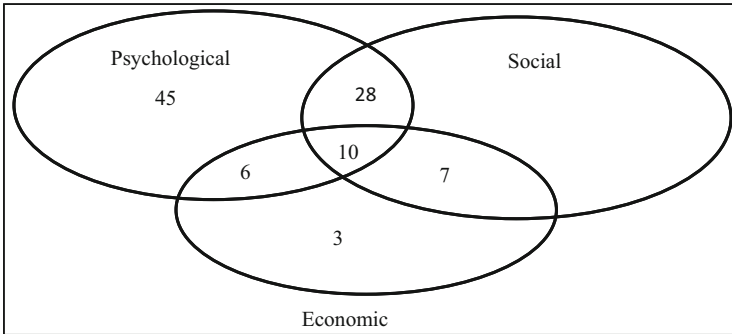


Fig. 5 Distribution of papers by research focus. Authors own figure

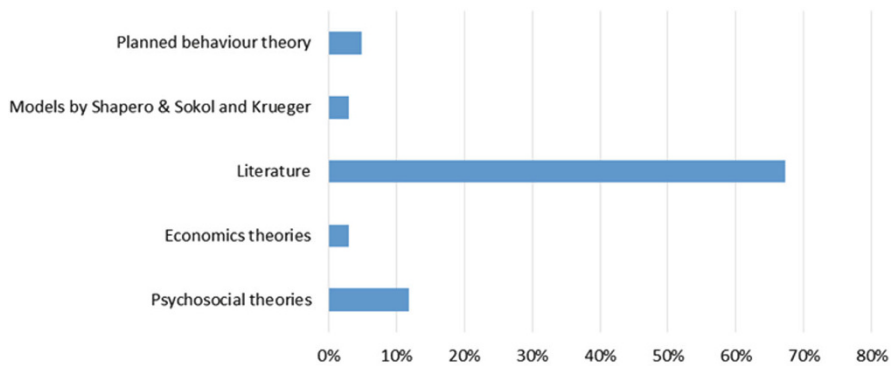


Fig. 6 Theoretical foundations. Authors own figure

entrepreneurial activities of seniors. Lastly, the psychological dimension refers to the human, social, and financial capital seniors have acquired over the years and to their personal lifestyles as well as family considerations (Patel and Gray 2006). Figure 5 illustrates the distribution of papers according to these types of analyses and reveals that more than 51% of the studies use a multidimensional approach and that the vast majority focus on the psychological dimension exclusively or in combination with other dimensions. Thus, nearly 90% of papers that study entrepreneurial intention or creation phenomenon are based on a research approach that is focused, either primarily or partly, on the characteristics of seniors themselves.

The foundations on which the researchers base their studies (Fig. 6) mostly originate from the literature on aging, entrepreneurship, senior entrepreneurship, female entrepreneurship, motivation factors, life transition, or retirement. A total of 67% of the papers are not based on specific theoretical foundations. A few studies use and suggest the use of psychosocial theories (Maâlaoui et al. 2011; Castellano et al. 2016) such as role, disengagement, activity, continuity, socialization, generativity, or human capital theories (12%). Others use economic theories (3%)

such as transaction cost or economic models. Lastly, others use the entrepreneurial intention models (5%) proposed by Shapero and Sokol (1982) and Ajzen (1991).

Exploratory studies (23%) and descriptive studies (57%) are mostly based on research questions that aim to refine the characteristics (64%) of seniors by attempting to highlight motivation factors, assets, barriers, and coaching needs and to categorize these entrepreneurs. Explanatory studies (20%), on the other hand, aim to understand the influence of the environment or perceptions on the entrepreneurial activities of seniors.

## ***3.2 Analysis of the Themes and Concepts Presented in the Papers***

In this section, we analyze the key themes and concepts discussed in the selected papers. We have noted that most of the papers attempt to understand who the senior entrepreneurs are, what are the factors that generate their entrepreneurial intention, and how they go about creating (or acquiring) their businesses. Others attempt to identify the barriers and support needs for this age group. Thus, papers dealing with this subject fall into three main concept categories: the “Who” category, which studies senior entrepreneurs and their characteristics; the “Why” category, which focuses on the motivations and explanatory variables that precede intention; and the “How” category, which looks at the constraints and the entrepreneurial process that lead to creation (or acquisition). This section presents the various aspects that define the framework for these three main concepts.

### **3.2.1 “Who”: Senior Entrepreneurs and Their Characteristics**

The concept of senior entrepreneur is dealt with using two main approaches. The first focuses on terminology, targeted age groups, and senior entrepreneur definitions, whereas the second makes reference to a typological categorization of senior entrepreneurs.

#### **3.2.1.1 Terminology, Age Group, and Definitions**

Since studies on the senior entrepreneur phenomenon are relatively recent, definitions and concepts put forward can lead to confusion. The senior age group varies from one study to another and has often been selected on the basis of the available data (Kautonen 2008). A variety of terms is used to refer to senior entrepreneurs, and there is no consistency in the use of terms among the various authors. There does not appear at first glance to be any consensus regarding the terminology or age group,

although there is a certain tendency to use the term “older entrepreneur” or “third age entrepreneur” in English and *senior entrepreneur* or *entrepreneur senior* in French.

Table 2 lists the majority of terms and target age groups used in the papers selected for this study. Additional terms used include “older worker” (Bruce et al. 2000; Cahill et al. 2006; Kerr and Armstrong-Stassen 2011; van Solinge 2014), “older people” or “older population” (Curran and Blackburn 2001; Heimonen et al. 2012; Lewis and Walker 2011), and “early retirees” (Singh and DeNoble 2003). These terms were used where the studies focused more broadly on the option of going back to work as a salaried worker or as an entrepreneur. Other researchers who focused more specifically on senior women used the terms “female entrepreneur” (Terjesen 2005), “women entrepreneur” (McKay 2001), and “older women entrepreneur” (Walker and Webster 2007).

Whereas most authors (60%) target the 50-and-over group, a few researchers have more recently focused on a potential mid-career entrepreneurial transition and expand the target age group to include anyone aged 30 and older (Say and Patrickson 2012) or 40 and older (Ahmad et al. 2014).

The definitions are diverse and, in the end, do not help specify the concept of senior entrepreneur. Table 3 presents the definitions we have identified in the selected papers. In the vast majority of these papers, senior entrepreneurs are simply defined by their age group which, as we have noted, varies from one researcher to another. Some authors add a few specifications such as the notion of a novice or experienced entrepreneur or characteristics related to generativity theory (Maâlaoui et al. 2012). We have noted, however, that very few researchers (19%) considered the entrepreneurs’ prior activities, making it impossible to truly distinguish experienced entrepreneurs from novice entrepreneurs.

### 3.2.1.2 Typological Categorization of Senior Entrepreneurs

Noting some disparity among senior entrepreneurs (Blackburn et al. 2000), three studies have attempted to categorize them according to profile using various analytical lenses. These lenses examine the motivations, whether it be of the “push/pull” type according to the entrepreneurial event model put forward by Shapero and Sokol (1982) involving notions of feasibility, desirability, or emotions that impact motivation.

The first typology, resulting from an analysis of papers dealing with the issue, was developed by Singh and DeNoble (2003). Based on the motivation factors that influence entrepreneurial intention among individuals nearing retirement, three groups of entrepreneurs were identified: the reluctant, the rational, and the constrained. Reluctant senior entrepreneurs are those who have entrepreneurial leanings, but who never acted on them during their career due to real or perceived constraints. Their motivation is to fulfill their dream, a personal achievement. Rational senior entrepreneurs compare the benefits of holding onto their current job or deciding to go into business. They seek prestige, honor, money, and respect. Lastly, constrained senior entrepreneurs become entrepreneurs out of obligation as a

**Table 2** Terminology and target age groups

Language	Terminology	Authors	Target age group
English	Second-career entrepreneurs	Baucus and Human (1994)	39–60
	Elder entrepreneur	De Bruin and Firkin (2001)	50+
	Elderpreneur	Patel and Gray (2006)	50+
	Encore entrepreneur	Crawford and Naar (2016)	50+
	Grey (gray) entrepreneur	Harms et al. (2014)	50+
		Weber and Schaper (2004, 2007)	50+
	Older entrepreneur	Akola (2008)	Under 65
		Kautonen et al. (2008, 2013)	50+
		Kean et al. (1993)	60+
		Kibler et al. (2011, 2012, 2014)	50+
		Kerr and Armstrong-Stassen (2011)	50+
		Maâlaoui et al. (2013)	50+
		Mallett and Wapshott (2015a, b)	50+
		Singh (2009)	55+
		Small (2012)	55+
		Wainwright et al. (2011, 2015), Wainwright and Kibler (2013)	50+
	Third age entrepreneur	Barclays (2001)	50+
		Blackburn et al. (1998, 2000)	45–74
		Botham and Graves (2009)	50+
		Hart et al. (2004a, b)	50+
		Kautonen (2008, 2013)	50+
		Kautonen et al. (2009, 2010a, b)	50+
		Lewis and Walker (2013)	50+
Mid- or second-career entrepreneurs	Say and Patrickson (2012)	30+	
Senior entrepreneur	Červený et al. (2016)	50+	
	Duhamel et al. (2016)	55+	
	Efrat (2008)	50+	
	Isele and Rogoff (2014)	50+	
	Kautonen (2013)	50+	
	Maritz (2015)	50+	
	Pilkova et al. (2014, 2016)	50–64	
Seniorpreneur	Maâlaoui et al. (2013, 2014)	50+	
Silver entrepreneur	Ahmad et al. (2014)	40+	
French	Entrepreneur senior	Bornard and de Chatillon (2016)	50+
		Brasseur (2012)	50+
		Colovic and Lamotte (2012)	50+
		Rossi (2009)	55–64
		Tornikoski et al. (2012)	55–64

(continued)



**Table 2** (continued)

Language	Terminology	Authors	Target age group
	Senior entrepreneur	Bornard and Fonrouge (2012)	50+
		Maâlaoui et al. (2011, 2012, 2013)	50+
		Safraou et al. (2012)	45+
	Seniorpreneur	Maâlaoui et al. (2013, 2014)	45+

Authors own table

result of a lack of opportunities or steady employment. They are motivated by a search for financial resources that would enable them to maintain their standard of living.

The second typology, developed by Maâlaoui et al. (2013), uses the Shapero and Sokol (1982) entrepreneurial event model as an analytical lens. The results define four senior entrepreneur profiles: natural entrepreneurs, inevitable entrepreneurs, accidental entrepreneurs, and non-entrepreneurs. Inevitable and non-entrepreneurs are both retired, but the former are voluntarily engaged in their entrepreneurial project, whereas the latter are forced into it. Neither natural nor accidental entrepreneurs are retired, but the former are voluntarily engaged in their entrepreneurial project, whereas the latter are forced into it.

The third typology, developed by Wainwright et al. (2015), uses an analytical lens to look at the potential impact of emotions on motivational factors involved in going into business among seniors. They target senior entrepreneurs, both novice and experienced, aged 50 and older. The authors put forward the hypothesis, based on a previous study by Kautonen (2008), that being a novice or experienced senior entrepreneur has no impact on the growth or size of the business. They rather suggest that barriers, prior experience, perception of one's entrepreneurial skills, and a need of support or mentoring determine senior entrepreneur type. Thus, they define three groups: older entrepreneurs, lifestyle entrepreneurs, and entrepreneurs of necessity. The first group is composed of novice or experienced senior entrepreneurs aiming for continuous growth. They are considered by the authors to be true entrepreneurs, unlike the two other groups. Lifestyle entrepreneurs are motivated by positive factors, do not seek growth, work half-time, and remain active throughout their entrepreneurial activity. The third group, entrepreneurs of necessity, is motivated by negative factors and do not seek to grow their businesses.

### 3.2.2 “Why”: Motivations and Explanatory Variables that Precede Intention

Almost 50% of the papers (49 out of 99) reviewed cover the period that precedes entrepreneurial action. We distinguish between three approaches. The first, which includes 78% of the papers, attempts to identify and understand the specificities of senior entrepreneurs and the factors that generate entrepreneurial intention based on a psychological axis—more specifically, based on the social and human capital held

**Table 3** Definitions of a senior entrepreneur from the literature

Authors	Concept of a senior entrepreneur
Akola (2008)	Individuals who started their business at age 50 and 64 (inspired from Kautonen 2008)
Baucus and Human (1994)	Retirees, voluntary or involuntary, who started second-career businesses
Barclays (2001)	Entrepreneurs aged 50 or younger who started a business
Blackburn et al. (2000)	Mature entrepreneurs, especially those who have retired or opted for early retirement, to launch an entrepreneurship career
Bornard and Fonrouge (2012)	Individuals nearing retirement who launched a new business after a career as a salaried worker
Bornard and de Chatillon (2016)	Individual who undertakes an entrepreneurial experience (creating or acquiring) as a second-career phase post age 50
De Bruin and Firkin (2001)	Entrepreneurship or self-employment, 50 and over
Cahill et al. (2006)	Older individuals who leave their career jobs and estimate the extent of intermediate labor force activity (bridge jobs)
Curran and Blackburn (2001)	Older individual
Efrat (2008)	Older individual over 50
Harms et al. (2014)	Entrepreneurs who become self-employed at a mature age
Kautonen (2013)	Individuals aged 50 or above who are planning to start a business, are currently in the process of starting one, or have recently started one
Maâlaoui et al. (2013)	Business creation or acquisition by seniors who are nearing retirement or already retired
Maâlaoui et al. (2014)	Individual who has undertaken an entrepreneurial experience after age 45 and wishes to face inactivity and social disengagement and extend his/her professional activities or reinvent themselves
Maâlaoui et al. (2012)	Individual who has undertaken an entrepreneurial experience after age 45 and wishes to face social disengagement and extend his/her professional activities. This segment of the population is eager to share their knowledge, experience, expertise, and, ultimately, a legacy, to future generations. Senior entrepreneurs also wish to generate income to cover daily expenses or supplement their salary
Patel and Gray (2006)	Elderly person aged 50 or over who owns and operates a business
Rossi (2009)	Individual aged 55–64 who has created a business for the first time
Safraou et al. (2012)	Individual who has undertaken an entrepreneurial experience (creation, acquisition) post age 50
Singh and DeNoble (2003)	Early retirees (under 55), entrepreneur that is constrained, rational, or reluctant
Singh (2009)	Self-employed person or an entrepreneur over 55
Small (2012)	A person aged 55 or over running their business, be that as a company, a partnership, or on a self-employed basis, with a view to generating income or capital value

Authors own table

by seniors or their motivations and perceptions of entrepreneurship or their age. The second approach, which includes 16% of the papers, attempts to understand the impact of certain external variables on entrepreneurial intention among seniors, such as the impact of a recession, the increased demographic weight of this age group, a society that fosters an entrepreneurial culture, or the social acceptability of being a senior entrepreneur. Lastly, the third approach, which only represents 6% of the papers, looks at the entrepreneurial process where the researchers attempt to model the transition toward entrepreneurship.

### 3.2.2.1 Psychological Approach

Studies that use a psychological approach consider the periods just before and after retirement as a development stage where seniors are motivated by factors that may be intrinsic (personal interest) or extrinsic (reward, status) (Gabarret and Vedel 2015). In the vast majority of papers, motivation factors fall into two categories known as “push” and “pull.” The former (push) refers to entrepreneurship born of necessity and motivated by negative factors, and the second (pull) refers to entrepreneurship based on opportunity and motivated by positive factors. Thus, the positive motivation factors translate into the need for independence, a wish to increase one’s income in order to achieve one’s dreams, or the desire to remain active and achieve a higher degree of social inclusion (Heimonen et al. 2012; Wainwright et al. 2015; Weber and Schaper 2004). Negative motivation factors originate from being fired or dissatisfaction with one’s job, which generates conflict between real achievement and the need for achievement (Harms et al. 2014), or from a situation where a career alternative does not provide adequate financial resources. Other factors, such as the individual’s environment (family, friends, etc.), expertise related to the previous employment (Tervo 2014), the possibility of reducing the number of work hours, staying physically active, changing one’s way of doing and seeing things (Fraser et al. 2009), or having a more flexible work schedule (Zissimopoulos and Karoly 2007), may motivate a senior individual to go into business.

Some studies have shown that entrepreneurial intention decreases in a nonlinear fashion with age (Duhamel et al. 2016). Thus, intention decreases more quickly as a person ages. Other studies have shown that psychological age is a better predictor of a senior’s intention to go into business (Kautonen et al. 2015). Thus, seniors with a positive bias in their perception of their psychological age relative to their biological age (see themselves as younger) are more likely to show entrepreneurial intention (Kautonen et al. 2015; Kautonen and Minniti 2014). These researchers raise an interesting limitation in the findings of their study by specifying that the operationalized construct of the perception of age is binary. Individuals either believe they have enough time to go into business or they do not. This binarity masks the possibility that a senior may perceive time as being multidimensional and fluid (Kautonen et al. 2015).

The specificities of senior entrepreneurs mainly lie in their acquired experience (Maritz 2015), capital (Blackburn et al. 1998), and the existence of a vast network (Bornard and Fonrouge 2012; Castellano et al. 2016). Regardless of whether or not they start a business in a related field, these three factors provide them with a stock of legitimacy that will enable them to acquire and develop the necessary resources for their new business to survive and grow (Castellano et al. 2016). This stock also enables them to build confidence in their abilities and, as a result, decreases the need for a positive perception of senior entrepreneurship in their environment (Tornikoski and Kautonen 2009; Tornikoski et al. 2012).

### 3.2.2.2 Impact of External Variables

The second approach aims to understand how entrepreneurial intention among seniors can be influenced by external factors. For example, a persistent recession period (Biehl et al. 2014; Cahill et al. 2013) or a lack of a pension fund (Wainwright and Kibler 2013) have a positive impact on entrepreneurial activity among seniors. Only one study, using role, disengagement, activity, and continuity theories, developed a training program specifically for seniors. This program, delivered to 22 senior adults who had expressed entrepreneurial intention, enabled the participants to develop entrepreneurial motivation, skills, and expertise. Out of the 22 participants, 17 started a business (Hantman and Gimmon 2014). The results of this study show the benefits of entrepreneurial training specifically designed for seniors. Other studies demonstrate the influence of the proximal environment (family, loved ones) or distal environment (society, discrimination, barriers) on intention. Thus, the attractiveness of entrepreneurial activity among seniors may be influenced by societal perceptions and demographic structure (Hart et al. 2004a; Lévesque and Minniti 2011; Pilková et al. 2016).

### 3.2.2.3 The Entrepreneurial Process

The third approach attempts to model the entrepreneurial process specific to seniors. Two models that have emerged from these studies (Baucus and Human 1994; Singh and DeNoble 2003) represent the transition process between the moment seniors leave their employment and choose to go back to work or undertake an entrepreneurial career. Factors that influence this decision include wealth, health, attachment to work, macroeconomic conditions, liquidity constraints, environmental contingencies, individual characteristics, and a network of contacts. The decision to go into business appears to be made by those who have more resources (financial, social, and human), by those who have an entrepreneurial attitude (search for challenges and self-efficacy), and by those who see their retirement as involuntary (van Solinge 2014, 2015).

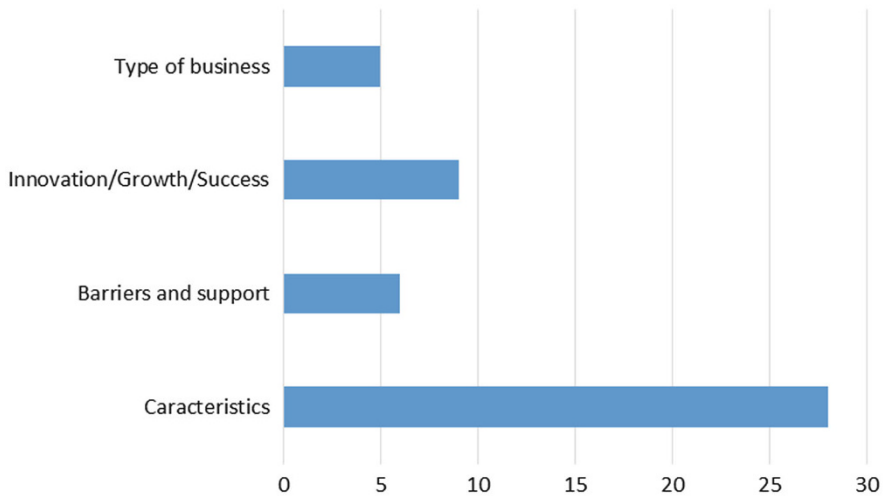


Fig. 7 Number of papers by theme—entrepreneurial action. Authors own figure

### 3.2.3 “How”: Constraints and the Process that Leads to Entrepreneurial Action

Researchers that fall into the “how” category focus their studies on the types of businesses created, the barriers, and the strategies used to overcome them as well as the needs in terms of support and coaching.

The themes mostly cover senior entrepreneurs and their characteristics (58%) (see Fig. 7). These papers attempt to understand the factors that motivated entrepreneurial action or differentiate young entrepreneurs from seniors. Other studies aim to retrospectively identify the various barriers encountered by seniors and the effectiveness of entrepreneurial support programs (13%). The ability of senior entrepreneurs to create innovative and successful businesses is another significant theme that has received attention from researchers (19%). Lastly, five studies (10%) have attempted to define the types of businesses that were founded by seniors. Some researchers have shown that they are mostly drawn to service businesses (Hart et al. 2004a, b), whereas others have demonstrated that entrepreneurial activity increases in an almost linear fashion with age among those who want to work for themselves (self-employed workers) and increases dramatically in the late 40s and then decreases among those who aspire to becoming an owner-manager (businesses with employees). Age appears to have almost no effect on those who become entrepreneurs out of necessity (Kautonen et al. 2013).

The studies that deal with barriers and support seek to identify the various difficulties encountered by seniors and their needs in terms of training and support. The lack of support adapted to seniors is a significant barrier. These training programs should be able to generate a positive feeling about the entrepreneurial option, avoid using incomprehensible jargon, encourage mentoring, and take time into

account (Hantman and Gimmon 2014; Kautonen 2013; Maâlaoui et al. 2014). One study in particular tackles this theme by identifying strategies used by the seniors themselves to overcome the barriers originating from their immediate environment, their network of contacts, or the society (Kibler et al. 2012).

Other researchers investigated seniors' capacity for innovation, the economic benefits of businesses founded by seniors, and the return on investment of assistance programs for seniors. Some studies show that seniors start business that succeed (Isele and Rogoff 2014) to the extent that senior entrepreneurs receive proper coaching (Weller et al. 2014). Other studies show that they are not overrepresented in bankruptcies (Efrat 2008) but that their businesses are less innovative (Colovic and Lamotte 2012).

### 3.3 Discussion

With this scoping study, we have demonstrated the extent to which interest among researchers in the phenomenon of entrepreneurial creation by seniors is recent and emerging. Our findings indicate that the vast majority of this research is being carried out in Europe and more specifically England, Finland, and France. This can be explained by the more significant increase in the 60-and-older demographic segment in those countries than in other developed countries (United Nations 2013). Statistics show, however, that this increase will be very similar across all developed countries in the very near future and, as a result, this subject will undoubtedly spark interest among both decision-makers and researchers (United Nations 2013). In addition, an examination of 31 countries carried out by Kautonen (2013) has revealed certain differences among cultures (Kautonen 2013). According to Kautonen (2013), there is a higher degree of senior entrepreneurial activity in countries such as Iceland, the United States, Romania, and Slovakia and to a lesser degree in Austria, France, Belgium, and China. Studies by Červený et al. (2016) also show a difference in entrepreneurial activity between Eastern and Western Europe. Thus, to gain a better understanding of the reasons behind this situation, other studies would be needed to document just how cultural and structural differences may influence government assistance policies and entrepreneurial development among seniors.

The ability to identify opportunities is easier for individuals who have prior entrepreneurial experience than for novice entrepreneurs (Ucbasaran et al. 2009). Thus, experienced entrepreneurs and novice entrepreneurs have different cognitive styles or ways of viewing opportunities (Baron and Ensley 2006; Dimov 2002; Ucbasaran et al. 2009). Yet, we see that most of the papers reviewed in this study (77%) do not distinguish between experienced (e.g., serial or portfolio) and novice senior entrepreneurs or they use secondary databases that do not make it possible to clearly draw this distinction. We have also noted a high diversity of targeted age groups and a lack of clarity as to the role of certain factors. This is particularly the case with factors such as health (Heimonen et al. 2012), financial resources (Singh and DeNoble 2003), and age (Wainwright et al. 2011), all of which can act both as a

brake and an accelerator on entrepreneurial action. These contradictory results could be explained by the sheer variety of the individuals under study. Thus, there is a knowledge gap with regard to the moderating variables that could reconcile these contradictions. Evidently, the challenges are different for an entrepreneur aged 30, 40, or 45 compared to a senior aged 60 (Blackburn et al. 2000; Bornard and de Chatillon 2016), an individual with prior entrepreneurial experience versus one who does not, and a business acquirer compared to a creator (Baron and Ensley 2006; Hart et al. 2004b). Thus, such a broad spectrum of views of a senior entrepreneur and the disparity of the profiles used indistinctively are a significant hindrance to the development of knowledge and theories about this subject.

We have seen few studies on the phases and characteristics of the entrepreneurial process among seniors. The vast majority of the papers use a research approach based on content rather than process. These studies seek to describe and explain rather than understand how a given variable evolves over time (Van de Ven 1992). Creating a business involves a multitude of activities, including the engagement and creation phases (Fayolle and Degeorge 2012). This is to a certain extent representative of the entrepreneurial process, which is discontinuous and interrupted over time (Bygrave 1989). The older people get, the less they are likely to invest their time in activities that do not provide an immediate return on their investment (Levesque and Minniti 2006). Whereas starting a business involves the notion of investing energy and showing optimism all within a discontinuous process, aging is somewhat incompatible with these terms. Therefore, entrepreneurship would appear to be accessible to seniors who defy age (Ainsworth and Hardy 2004). The concept of aging makes reference to biological, psychological, and societal changes (Kooij et al. 2008). Psychological age, which refers to an individual's perception of his or her age as well as the social perception of age, would be a better predictor of entrepreneurial intention and may influence the manner in which age must be modeled (Tornikoski et al. 2012). From a more general perspective, entrepreneurs' perceptions of how much time they have for their entrepreneurial project and how they see their project over time probably influence how they identify, assess, and seize a given opportunity as well as the strategic choices they must make for their start-up business. These are but a few of many unexplored research subjects that could contribute to a deeper understanding of the subject.

Senior entrepreneurs differ from other entrepreneurs by a set of characteristics related to their age (Castellano et al. 2016) and the notion of time (Kautonen et al. 2015; Levesque and Minniti 2006) rather than motivation factors (Botham and Graves 2009). Entrepreneurs are a heterogeneous group (Hochguertel 2015), and researchers would benefit from better defining the terminology and targeted age range, as well as the career profiles that are likely to influence the entrepreneurial process, such as prior entrepreneurial experience or knowledge of a given industry acquired as a business manager in the past. A second look at previous results through a more clearly understood concept and context of the phenomenon would undoubtedly result in more nuanced findings than those obtained until now.

### **3.4 Limitations**

This study has a few limitations that must be underscored. First, we included papers from proceedings and unpublished investigations that we collected as part of our research efforts. However, we did not conduct a systematic and exhaustive search for all these types of papers that have not been published in academic journals, but we did not exclude them when we came across them in our research. Second, we used the word “retraite” and “retirement,” in both French and English, only in combination with a word that made reference to entrepreneurship. It is therefore possible that some studies dealing mainly with retired people and senior entrepreneurship to a secondary degree may not have been reviewed. Third, we did not identify the journals that were the most likely to publish these papers to then conduct an exhaustive analysis of these journals, which brings us back to the probability of a text being included strictly on the basis of the selected keywords.

### **3.5 Conclusion**

According to the studies reviewed as part of this scoping study, seniors have more experience as well as social, human, and financial capital and face less risk than their younger counterparts (Patel and Gray 2006). However, they are less inclined to start a business than younger people (Kautonen 2008; Hart et al. 2004a, b). The studies indicate that they are less educated and less healthy, and most of those who choose to embark on this adventure do so as a result of necessity rather than opportunity (Barclays Bank 2001). On the other hand, seniors are more likely to assign a nonmonetary value to entrepreneurship as they search for flexibility in their work load in connection with the quality of life they are seeking to achieve (Platman 2003) and seek to share their knowledge. Senior entrepreneurs belong to a different class of entrepreneurs than those considered “typical” (Mallett and Wapshott 2015a, b) but are nevertheless heterogeneous as a group (Hochguertel 2015).

Whereas organizations are faced with massive retirement departures and the resulting significant loss of knowledge and expertise (Lemay et al. 2012), there is some ambivalence within society about seeing individuals aged 50 and older start a business and some resistance to assisting them in anticipation of a project that may be less than ambitious (Patel and Gray 2006). Yet, seniors, and more specifically those with experience as a business executive, have much to offer as they have accumulated considerable social and human capital (Kautonen 2013). This capital, which may be seen as providing an advantage over younger entrepreneurs, includes a more extensive network, greater experience in the labor force, more refined technical and management skills, and a better financial position. Does this capital really provide seniors with entrepreneurial success? There is a need for extensive empirical research on the background and experience of senior entrepreneurs



(Mallett and Wapshott 2015a, b) in order to define and theorize the concept of a senior entrepreneur.

Our scoping study has shed light on the growing interest in the senior entrepreneur phenomenon and the main angles used by researchers until now. This approach has revealed theoretical gaps that constitute avenues for future research. We hope that this will encourage researchers to pursue this investigation in the future, which would provide a deeper understanding of the particularities of senior entrepreneurship and thus make it possible to assist these entrepreneurs in their end-of-career projects.

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# Context, Cognitive Functioning, and Entrepreneurial Intentions in the Elderly



Malin Brännback and Alan L. Carsrud

**Abstract** This chapter looks at the role intentions can play in entrepreneurship in the elderly. It is not a review of the existing literature on older entrepreneurs as much as it is a discussion of a way to look at intentions in this population.

## 1 A Brief Review of Entrepreneurial Intentions

As we and many others have noted in numerous journal articles and book chapters, the most cited theoretical model for studying entrepreneurial intentions is the Theory of Planned Behavior (TPB) (Ajzen 1991) based on the much earlier Theory of Reasoned Action (TRA) (Fishbein and Ajzen 1975). While these two theoretical models assume some degree of rationality in the decision (intention) to pursue venture creation, we also know that at times becoming an entrepreneur may not seem to be a very rational decision at all. We argue that the degree of rationality is context specific. For example, in the case that creating a venture is an act made out of necessity it most certainly is based on rational thought—to get food on the table. In the case of opportunistic venture creation, it is not that clear—in fact it can be a highly emotional decision. Nevertheless, as we have noted frequently in our prior work, TPB is highly robust, as shown across hundreds of studies and in various contextual situations. Additionally, this robustness is there despite the liberties researchers have taken with altering and measuring the variables within the model (Brännback et al. 2007, 2018; Krueger et al. 2000).

Of most importance to this current chapter is the critique concerning volitional control (Bagozzi and Warshaw 1990; Brännback et al. 2007, 2018). In the original model, TRA, it was assumed that intentions to act were under the volitional control of an individual. As a response to this criticism TPB was developed. This model included *perceived behavioral control* to accommodate for situations where the intender was potentially limited in carrying out the intention. We see this as

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particularly important when looking at entrepreneurial intentions in senior citizens, or the elderly, as a population. Perceived behavioral control (PBC) is a measure of the perceived ease or difficulty of performing the intended behavior, which may be significantly impacted by age, physical health, mental agility, financial stability, societal support, and other contextual issues, despite a sincere and strong desire and intention to create a venture. In reality one has to look at the person's perceived actual control to carry out an entrepreneurial behavior when the opportunity arises.

Perceived behavioral control is related to the concept of self-efficacy (Bandura 1986). However, these concepts are clearly different (Ajzen 2002). In particular, perceived self-efficacy is a person's subjective belief in their capability to carry out a task, regardless of desire or motivation. As we have noted in some of our previous work, it is a subjective belief of control over one's own behavior, but not over the outcome. Perceived behavioral control simply denotes a subjective degree of control over the performance of the behavior itself. The distinction here is the same as that between efficacy expectation (i.e., the perceived ability to perform a behavior) and outcome expectation (i.e., the perceived likelihood that performing the behavior will produce a given outcome (Ajzen 2002, p. 668). Ajzen is quick to point out the term really should be *perceived control over performance of behavior*. We think this is of particular importance when discussing entrepreneurial intentions in the elderly. Also, relevant to any discussion on entrepreneurial intentions in older populations is the work of Bagozzi and Warshaw (1990), who argue that TPB only applies to *partially volitional behavior* and argue that before the actual behavior occurs the intention is only a series of attempts or trials; thus we have proposed that a Theory of Trying would be more appropriate as the underlying theoretical model (Brännback et al. 2007).

## 2 Research on the Elderly Entrepreneur So Far

While most research on entrepreneurs in the past two decades has either utilized student populations or groups of existing entrepreneurs mostly below the age of 65, there has been some work on the older or *gray* entrepreneur. That is to say, the older entrepreneur has not been forgotten as a research subject, but rather these people represent a line of research that has yet to capture the interest of mainstream researchers. In fact, the amount of research done has been far more extensive than a search of the leading entrepreneurship journals would suggest. Some of this work appears in public policy journals and organizational behavior journals, as well as in journals looking at career development. For example, Moulton and Scott (2016) examined elderly entrepreneurs through the lens of necessity versus opportunistic entrepreneurship.

Most research since the mid-1990s has focused on the demographic differences between younger and older entrepreneurs (Kautonen 2008), support systems for existing older entrepreneurs (Gray 2007; Kautonen et al. 2008), and coping strategies for older entrepreneurs who find it difficult to be included in mainstream entrepreneurship networks (Kibler et al. 2015). With respect to the focus of this



chapter there has been some attention to cognitive factors; Forbes (2005) found that age, firm decision processes, and external funding impacted an entrepreneur's overconfidence. Interestingly, Forbes (2005) found that cognitive biases are a function of both contextual and individual factors, which is a way to look at PBC.

We do find research in journals that are well known to entrepreneurship researchers. However, much of that research is not very recent. Lorrain and Raymond (1991) found that, except for family situations and work experience, there were no differences between younger and older entrepreneurs. They found both groups had the same motivations and encountered the same growth issues. Cooper and Artz (1995) used discrepancy theory for identifying determinants of satisfaction for entrepreneurs, i.e., non-monetary factors, and found that older entrepreneurs were just as satisfied as younger ones. Weber and Schaper (2004) noted there remains a lack of research on how motivation and cognitive factors impact the intentions of older entrepreneurs. Just a few years later, Parker (2006) found that the cognitive processes of older entrepreneurs are different from younger ones, who tend to respond to new information more than older entrepreneurs do.

Despite these early efforts, little real progress can be found on the cognitive and motivational aspects of older entrepreneurs in the last decade or so. However, Kerr (2017) has recently found that later-life-entering entrepreneurs (read here 'older') are less likely to have been in management in prior careers than those who are career older entrepreneurs (read 'been entrepreneurs a long time') and are looking for independence. Elders becoming entrepreneurs in later life are more focused on intrinsic reward and achieving personal fulfillment.

There remains a largely under-researched area in the entrepreneurship that drives entrepreneurial intentions in older individuals. While elderly entrepreneurs may represent only a third of the group of new entrepreneurs (Kautonen 2008), they remain a significantly sizeable group. Likewise, while some work points to the intrinsic motivation of elderly entrepreneurs, the nature of that motivation and how it impacts actual start-up intentions remains unknown.

### **3 Context, Cognitions, and Entrepreneurial Intentions in the Elderly**

It should be obvious that context plays an important part in understanding the success and failure of any business. However, our understanding of the role of context in its varied forms remains under-researched, especially with respect to entrepreneurial cognitions (Brännback et al. 2018). Context is not only a careful description of a social setting, but spans everything from spatial, institutional, temporal, and even to personal settings. We know from the strategy literature that critical success factors are firm-specific (context) factors enabling a firm to create a competitive advantage in a market (context) which they are serving (Brännback et al. 2018). Only recently has the role of context in entrepreneurship research come into

its own despite numerous discussions about its neglect (Gartner 1985; Welter 2011). We have pointed out on several occasions that context within entrepreneurship becomes everything and therefore it is a mistake to define and describe that specific type of entrepreneurship as *special* and all phenomena within that particular area as *not general*.

Therefore, requirements of generalizability have to be disregarded, or at least treated differently (Brännback and Carsrud 2016). We have shown previously that one such area is biotechnology, where biotechnology is used to distinguish it as a special case of technology entrepreneurship (Brännback et al. 2001, 2004; Carsrud et al. 2008). Another area is female entrepreneurship, where *female* is not just used to signify *gender* but also to state differences from male entrepreneurship. Thus, gender can and should also be seen as *gender context* that exists in other contexts (Welter 2011). To us, social activities occur in multiple contexts, where gender is one such context. Another obvious context is *elderly*. One cannot just assume that the cognitive, motivational, health, or financial states of someone in their seventies are the same as those of someone in their twenties. The experience of living for a long time and through different situational contexts alone suggests that there are going to be differences in PCB and therefore intentions. What we are saying is that there is no one generalizable model for entrepreneurial intentions and cognitions that is not heavily dependent on context, be it technology, gender, or elderly. Dummy coding age in an analysis is not the same as looking at being *elderly as a social context*.

We have previously argued context influences both cognitions and behaviors of male and female entrepreneurs in different ways. This is true not only in the start-up process but in decisions to grow the venture. We believe that the same holds true when looking at young versus elderly entrepreneurs. Research shows that adding social context allows insights to be made into how individuals interact with situations, and likewise how situations influence individuals, which allows one to explain seemingly ‘anomalous’ results (Johns 2006). It is important to remember that context sets limits for theoretical generalization. By including and specifically paying attention to the context we can improve theories in entrepreneurship, especially with regard to unique populations (Whetten 1989). This becomes especially important when looking at elderly entrepreneurs or elderly would-be entrepreneurs. Cognitive embeddedness of context helps us to understand the ‘ways in which the structured regularities of mental processes limit the exercise of economic reasoning’ among founders (Zukin and DiMaggio 1990, pp. 15–16).

As we noted earlier, research on the impact of context on entrepreneurial cognitions and behaviors remains in its infancy (Welter 2011; Brännback and Carsrud 2016). Our greatest concern is that the usual assumption is that the impact of context is the same for both young and elderly. Age as such is not recognized as a context in itself, but is merely reduced to a control variable. However, there are unique contextual factors in female founder experience (Brush et al. 2009) and the experience of ethnic entrepreneurs (Kloosterman et al. 1999). We believe a similar case can be made for elderly entrepreneurs. Taking this contextual approach toward research offers useful theoretical perspectives by proposing multi-layered embeddedness

concepts, which recognize the diverse institutional and socio-spatial contexts in which human agency is embedded.

Context is often overlooked because it is hard to describe and explain. Just as being “Black” in America is hard to explain to someone who is “White” and who has a very different social context by which they judge life and opportunity in the United States. Likewise, many researchers assume context is equal in its impact for all involved (female and male). Women face biases that men do not. That is a social context, just labeled for what it is, bias. Finally, to assume the social context for the elderly is the same as that encountered by those who are young is clearly to assume that the effects of society are the same even at a superficial level; this is naïve. We have seen studies on entrepreneurial passion, where the data was all male, which inherently then assumes that all the entrepreneurs—as well as the investors—were male. The context of passion for male entrepreneurs most likely is very different both physiologically and cognitively from that for female entrepreneurs. Perception of an investment opportunity will differ based on the gender of the investors as well. Thus, different contexts could have differential impacts of passion on the investment decisions of investors (Brännback and Carsrud 2016). Certainly such similar patterns exist for the elderly who wish to undertake an entrepreneurial endeavor.

A subtler reason for ignoring the impact of context is because the empirical research in entrepreneurship uses statistical analysis and quantitative modeling. We admit there are valid reasons for this; it is difficult to translate any complex context into a set of easily measured variables to plug into some structured equation models. Most researchers take the easy way out by controlling for simple demographic factors such as age, firm size, industry, income level, and marital status, as if these variables were not major influences on the behavior in question. Age is not always considered as a factor to control for, but it ought to be. Just to stress the point, do you see research discussions in entrepreneurship about religious beliefs impacting cognitions and behaviors? But obviously they do. At the bare minimum we are suggesting that in order to understand context, researchers should include a section describing the known context, and then in the discussion section take in the implications of context on results. For example, what is the context in which the elderly entrepreneur functions, as this will differ between urban and rural contexts and ethnic groups, where some are very inclusive of the elderly (take, for example, Native American tribes which venerate their elders). Are societal support systems present for elderly entrepreneurs?

In this chapter we take up an argument that we have made concerning the context for being male versus the context for being female, but this time with respect to the elderly versus the young, while being young anywhere in the world has the same context. We believe researchers need to be sensitive to the impact of being in a given group such as the elderly. This is a context that clearly impacts entrepreneurial cognitions. We need to stop assuming they are unimportant, irrelevant, or the same regardless of age (Brännback and Carsrud 2016). As shown in our earlier work (Brännback et al. 2018) there are differences on how males and females perceive behavioral control. We believe the when we look at age groups (young versus older) that part of the explanation can be found in contexts and obviously cognition, and

that indeed cognition is impacted by age as well. Welter (2011, p. 173) argues ‘a first challenge in contextualizing entrepreneurship is to make entrepreneurship theory more context sensitive, that is, to contextualize theory’. Frequently, context is taken for granted, and its impact is underappreciated or it is controlled away (Johns 2006). That said, we propose the following propositions for future research.

## 4 Proposed Research Propositions

In order to foster research on entrepreneurship in the elderly, we provide below some research propositions to be examined. One such variable that may impact entrepreneurial behavior in the elderly is having some family business background. Anecdotal evidence suggests that this impact can be either positive or negative. We also assume that the impact will be gendered; thus, the following hypotheses are based on generalizations from the TPB:

**Proposition 1a** Family business background has a direct positive effect on elderly female entrepreneurial intentions.

**Proposition 1b** Family business background has a direct negative effect on elderly male entrepreneurial intentions.

**Proposition 2** Perceived behavioral control mediates the relationships between family business background and entrepreneurial intentions for both female and male elderly entrepreneurs.

**Proposition 3** Self-efficacy mediates the relationships between family business background and entrepreneurial intentions for female and male elderly entrepreneurs.

To be blunt, context is only rarely considered with respect to how it impacts any number of cognitive processes, including self-efficacy, PCB, social norms, and intentions. This is also an issue when studying actual entrepreneurial behaviors of either males or females, much less the elderly versus younger entrepreneurs. Worse yet, it is often assumed that norms have equal impacts on males and females, as well as being equally important regardless of age.

Those who study social norms are aware that different norms exist for the two genders. For example, in most cultures first-born males inherit the family firm, while girls are expected to marry and have children rather than run the family firm, even in the twenty-first century. Likewise, the norms followed by the elderly are most likely to be different from those followed by younger generations. In addition, personal attitudes toward entrepreneurship are not evenly distributed across populations, be they males and females or various age-related clusters, an area that is often overlooked. Others view environmental factors as context, which, on the surface, may seem to be equal in their impact on each gender, but women are often the ones who have to deal with factors such as gathering firewood or water if in a subsistence

existence. It is the rural grandmother who must take on the child rearing if the parents have left to earn incomes in the city, thus impacting any practice of entrepreneurship in the elderly (Brännback and Carsrud 2016).

**Proposition 4** Social norms have a direct positive effect on entrepreneurial intentions in elderly males and females.

**Proposition 5** Perceived behavioral control mediates the relationships between social norms and entrepreneurial intentions for elderly females and males.

**Proposition 6** Self-efficacy mediates the relationships between social norms and entrepreneurial intentions for elderly females and males.

**Proposition 7** Personal attitude toward entrepreneurship has a direct positive effect on entrepreneurial intentions in elderly males and females.

**Proposition 8** Perceived behavioral control mediates the relationships between personal attitudes toward? and entrepreneurial intentions for elderly male and female entrepreneurs.

**Proposition 9** Self-efficacy mediates the relationships between personal attitudes and entrepreneurial intentions for both male and female elderly entrepreneurs.

It is important to look at the differences between self-efficacy and PBC.

**Proposition 10** Perceived behavioral control has a direct positive effect on entrepreneurial intentions in both elderly females and males.

**Proposition 11** Self-efficacy has a direct positive effect on entrepreneurial intentions in elderly males and females.

Recommended questionnaires to use

Construct	Item/measure	Measure source
Family-business background	Does a member of your family own (greater than 5%) and operate a business	Mathews and Moser (1995), Schröder et al. (2011), Zellweger et al. (2011)
	Have you worked in a business owned by a member of your family?	
	When you graduate, do you intend to work for the family business?	
Perceived behavioral control	To start a firm and keep it working would be easy for me	Liñán and Chen (2009)
	I am prepared to start a viable firm	
	I can control the creation process of a new firm	
	I know the necessary practical details to start a firm	
	I know how to develop an entrepreneurial project	
	If I tried to start a firm, I would have a high probability of succeeding	

(continued)

Construct	Item/measure Seven-point Likert scale, ranging from “strongly disagree (1)” to “strongly agree (7)”, or “unpleasant (1)” to “pleasant (7)”.	Measure source
Social norms	My family would see it as very positive if I would start my own business	Kautonen et al. 2010
	My friends would see it as very positive if I would start my own business	
Self-efficacy	I will be able to achieve most of the goals that I have set for myself	Chen et al. (2001), Wilson et al. (2007)
	When facing difficult tasks, I am certain that I will accomplish them	
	In general, I think that I can obtain outcomes that are important to me.	
	I believe I can succeed at most any endeavor to which I set my mind.	
	I will be able to successfully overcome many challenges	
	I am confident that I can perform effectively on many different tasks	
	Compared to other people, I can do most tasks very well	
	Even when things are tough, I can perform quite well	
Personal attitude	Being an entrepreneur implies more advantages than disadvantages to me	Liñán and Chen (2009)
	A career as entrepreneur is attractive for me	
	If I had the opportunity and resources, I'd like to start a firm	
	Being an entrepreneur would entail great satisfactions for me	
	Among various options, I would rather be an entrepreneur	
Entrepreneurial intention	I am ready to do anything to be an entrepreneur	Liñán and Chen (2009)
	My professional goal is to become an entrepreneur	
	I will make every effort to start and run my own firm	
	I am determined to create a firm in the future	
	I have very seriously thought of starting a firm	
	I have the firm intention to start a firm some day	

## 5 What Might We Find

One might expect a positive relationship between experience in a family firm and entrepreneurial intentions, as family business is an important contextual factor. However, based on other research we have conducted (Brännback et al. 2017), what we most likely will find is a mediating effect of PBC between the family business

background and entrepreneurial intentions for both elderly females and males. It is not experience as much as it is the perception of behavioral control that drives intentions.

Most likely we would find that self-efficacy mediates the relationships between the social norms and entrepreneurial intention, regardless of the gender of the elderly entrepreneur. That is, there is a positive relationship between the PBC and entrepreneurial intention for both females and males, and a direct positive relationship between self-efficacy and entrepreneurial intentions.

We expect to discover that gendered differences are less than expected, but that they do exist. Based on recent work (Brännback et al. 2017), we expect to find that self-efficacy does not mediate the relationship between family business background and entrepreneurial intentions among women, but that it does so for men. This suggests a distinction between self-efficacy and PBC (Ajzen (2002)). And we expect to find a significant mediating role of PBC on entrepreneurial intentions in the elderly. While social norms and personal attitude toward entrepreneurship will have a significant direct impact on intentions, self-efficacy and family business background will not have a direct relationship with entrepreneurial intentions in elderly entrepreneurs; however, working in a family business positively impacts both self-efficacy and PBC in elderly males, but not in elderly females.

## 6 Conclusion

We think experience with a family firm does, to some degree, impact the subjective belief of elderly women of whether they *think* they will become entrepreneurs, but such experience will have a much greater impact on the belief that they will actually succeed. We believe that physical and mental capability can be subsumed with the concept of self-efficacy, which is merely a subjective belief of one's capacity. This belief may be true, or just a fancy fantasy. Elderly females will most likely take their intentions far more seriously than their male counterparts do. Unless they believe in what they intend to do, and they believe they will succeed in what they set out to do, they will most likely not engage in the task. It will become obvious, counter to the TPB, that self-efficacy will fail to impact entrepreneurial intentions. Likewise, family firm experience will have no influence on self-efficacy. Intending to create a venture seems to be a real thing for elderly women and less so for elderly males. We thus expect to find that PBC is a better predictor than self-efficacy of subsequent entrepreneurial activity in the elderly. Once again this will support the idea that PBC and self-efficacy are distinct concepts and their impact is gendered.

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# Entrepreneurs' Exit and Paths to Retirement: Theoretical and Empirical Considerations



Monika E. von Bonsdorff, Jukka Lahtonen, Jan von Bonsdorff,  
and Elina Varamäki

**Abstract** The number of ageing entrepreneurs in micro- and small-sized companies is rapidly increasing in Finland and other European Union countries. Over half a million jobs, in over one hundred thousand companies within the EU, are lost annually due to unsuccessful, predominantly retirement-related transfers of businesses. This challenge coincides with EU Grand Challenges and has been highlighted in the Entrepreneurship 2020 Action Plan (European Commission 2013). It has been estimated that in Finland, some 8000 jobs are lost yearly due to the ageing of entrepreneurs. Therefore, entrepreneur ageing has implications not only for the ageing individual but also for the company and the society at large. As entrepreneurs age it becomes more essential for them to start planning when and how they transition into retirement. While they may experience several exits and subsequent re-entries into working life via buying or starting new companies, exiting ones entrepreneurial career due to old age retirement differs from exits that occur earlier during the career. In this chapter, we provide a short overview of the entrepreneur retirement and exit literature from an age perspective. Furthermore, we present a theoretical conceptualization which combines entrepreneur retirement process with exit theories. This will enable scholars to better understand the retirement process, including decision-making, transitioning, and adjustment to retirement. We also provide empirical evidence using data collected among Finnish entrepreneurs in 2012 and 2015, where we outline the types of exits and assess several factors, including age, in association with exit intentions.

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## 1 Introduction

Age structures are changing and global ageing of the workforce is evident. Consequently, the number of ageing and retiring entrepreneurs in micro- and small-sized companies, i.e. companies employing ten or fewer individuals (European Union 2013), is rapidly increasing in the Western countries. As entrepreneurs age, they need to start planning their exit, i.e. liquidation, sale, or succession (Wennberg et al. 2010). Succeeding in the company exit is important, because over half a million jobs, in over one hundred thousand companies within the EU, are lost annually due to unsuccessful, predominantly retirement-related transfers of businesses. This challenge coincides with EU Grand Challenges and has been flagged in the Entrepreneurship 2020 Action Plan (European Commission 2013). For example, it has been estimated that in Finland, some 8000 jobs are lost yearly due to the ageing of entrepreneurs (Varamäki et al. 2015). Therefore, entrepreneur ageing has implications not only for the ageing individual but also for the company and may even hinder economic growth.

As entrepreneurs age it becomes more essential for them to start planning the transition into retirement. Similar to wage-and-salary employees, their retirement process is likely to gradually unfold over a period of several years (Wang and Shi 2014). Furthermore, it is likely that entrepreneurs start the process by planning retirement as they approach the age of retirement eligibility. Previous studies have theorized that the factors driving entrepreneur retirement may be characteristic for entrepreneurs. Specifically, it was proposed that certain individual identity, such as entrepreneurial personality, psychological ownership, perceived autonomy, and generativity may be associated with retirement intentions (Soleimanof et al. 2015). However, thus far only little empirical evidence exists to back these suggestions up.

In contrast to employees, entrepreneurs are mainly responsible for organizing their pension along with other forms of income in old age. Securing financial well-being in old age is one of the central goals of retiring entrepreneurs. In addition, eventually entrepreneurs need to exit working life and discontinue running their business. While they may experience several exits and subsequent re-entries into working life via buying or starting new companies, exiting ones entrepreneurial career due to old age retirement differs from exits in early career (DeTienne and Wennberg 2014). Furthermore, the exit process may be very different for solo entrepreneurs compared to those who employ several hundred employees. The industry they operate in or the geographical location may also be significant in terms of exit. Along with the individual characteristics of the entrepreneur, these factors may play a significant role in the timing and the means of exit (Chevalier et al. 2018).

Based on the existing literature on entrepreneur retirement and exit, it is likely that in order to transition into retirement and withdraw from working life, entrepreneurs need to retire (i.e. organize their pension) and exit from their company (DeTienne 2010). In many ways, this retirement process is more complicated and contains much more uncertainty compared to employee retirement. For instance,

receiving pension benefits and exiting the company do not necessarily happen simultaneously. Hence, bridge employment, where the retired entrepreneur continues working, is relatively common among entrepreneurs (von Bonsdorff et al. 2017).

Previous studies have reported on the process of becoming self-employed at older ages and the factors that drive the decision to enter self-employment after retiring from wage-and-salary employment (Singh and DeNoble 2003; Zissimopoulos and Karoly 2009; Kerr and Armstrong-Stassen 2011; Kautonen et al. 2012). However, these studies have considered whether or not older individuals entering self-employment have actually retired from a self-employment career (Sappleton and Lourenço 2015; von Bonsdorff et al. 2017).

In this chapter, we will briefly review the current literature regarding entrepreneur retirement and firm exit due to old age. Furthermore, we will present a theoretical conceptualization which combines the entrepreneur retirement process with individual level exit theories. This will enable us to better understand individuals' retirement process, including decision-making, transitioning, and adjustment to retirement, as well as identify relevant antecedents of retirement on the individual, company, and societal level. We use the term "entrepreneur" to describe the individual, regardless of the type of business she/he runs. Using empirical data collected in 2012 and 2015 among Finnish entrepreneurs, we explore the role of age in entrepreneur's exit intentions.

## **2 Ageing Entrepreneurs and the Transition into Retirement**

### ***2.1 Defining and Operationalizing Retirement Among Entrepreneurs***

Retirement has typically been viewed as a natural life course transition that all those who participate in working life face in old age (Elder 1995). However, retirement can be defined in several ways. The most commonly one used in psychological research is defining retirement as "an individual's exit from the workforce, which accompanies decreased psychological commitment to and behavioral withdrawal from work" (Shultz and Wang 2011). As many as eight different operationalizing of retirement have been identified. These include exit from the labour force, reduction in work hours or earnings, work hours or earnings below a minimum cutoff, receipt of retirement pension or other retirement income, exiting one's job from their main employer or career, changing careers or employment in later life, self-assessed retirement, or some combination of the above definitions (Denton and Spencer 2009; Fisher et al. 2016).

Retirement has increasingly become a process that unfolds over time and may include several exits and entries in and out of working life (Wang and Shi 2014). Furthermore, many retirees now stay in the labour force and maintain certain levels

of work engagement in wage-and-salary work or as self-employed as they leave their career jobs and move towards complete work withdrawal. This labour force participation status is defined as bridge employment (Shultz 2003). A recent study based on the Health and Retirement Study data found bridge employment to be relatively common among individuals who retired from an entrepreneurial career (von Bonsdorff et al. 2017).

While the retirement process of those older individuals who retire from an entrepreneurial career has not previously been studied in detail (DeTienne and Wennberg 2014; von Bonsdorff et al. 2017), we start by defining retirement among entrepreneurs and self-employed and how it differs from employee retirement. As described earlier, retirement can be defined in many ways and by using several measures. For instance, while psychologists typically focus on exit from a job career, economists see retirement in terms of receiving a retirement pension or exiting the workforce (Beehr and Bowling 2013). Entrepreneur retirement was defined in a recent study as “the owner of a small business ceasing to be fully employed and no longer owning the business” (Chevalier et al. 2018). Yet in some cases, the entrepreneur may continue to be a shareholder in the company.

In this study, we combine both economic and psychological perspectives by taking into account both official retirement age and receiving pension benefits as well as the cognitive-emotional process of withdrawing from working life through exiting the company. First, much like wage-and-salary employees, entrepreneurs in most industrialized countries today are entitled to a pension and social security. However, social security systems in many OECD countries do not offer disability or unemployment benefits to self-employed. Furthermore, due to short-sightedness and ineffective pension policies, in some countries entrepreneurs and self-employed do not contribute enough to the pension system (OECD 2015a, b). Therefore, in many industrialized countries, entrepreneurs need to take out pension insurance and manage the contributions themselves. In some European countries, such as Finland, the level of pension remains significantly lower for entrepreneurs compared to wage-and-salary employees. In Finland in year 2014, 70% of those individuals who retired under the statutory pension insurance for self-employed workers transitioned into old age pension, while 19% transitioned into disability pension (Finnish Centre for Pensions 2015).

Second, retirement among entrepreneurs may be defined as ceasing to participate in working life and no longer running the company. Hence, in order to exit their entrepreneurial career, entrepreneurs must arrange the exit from their company. These arrangements typically include assessing the company’s value and the status of the employees, identifying possible successors and potential buyers, and planning how the entrepreneur could be replaced in the company (Wennberg et al. 2010; Forster-Holt 2013). Consequently, entrepreneurs are a heterogeneous group in terms of the business they run. Some may be self-employed solo entrepreneurs who do not require significant infrastructure or other resources in order to operate. For these solo entrepreneurs, retirement is likely to be relatively similar compared to employees. In contrast, many entrepreneurs run micro-, small-, and medium-sized businesses with various numbers of employees and large operating facilities. According to the

Structural Business Statistics Database (Eurostat), the majority, nearly 92%, of companies in the EU are micro companies that employ less than ten people. However, these companies provide jobs for nearly 30% of those employees working in the EU private sector companies (European Commission 2016).

When conceptualizing retirement as a decision-making process (Feldman 1994; Wang and Shultz 2010) among employees, researchers typically rely on the informed decision-making process. Nonetheless, the aspect of voluntariness of retirement is highlighted by the nature of entrepreneurship. On the one hand, entrepreneurs might seem have greater freedom of choice; but on the other hand, many of them experience financial restrictions when considering retirement (Forster-Holt 2013). Furthermore, they might have a sense of obligation towards their employees, especially if selling the company and succession are not viable options to secure the future of the company and workplaces.

Parallel to employees, entrepreneurs can also be assumed to make decisions based on their subjective evaluation of their own characteristics and their work and nonwork environments (Wang and Shi 2014). Beyond these evaluations, it is likely that the decision to retire or otherwise withdraw from work is dependent on the possibilities to disengage oneself from the company. While the rational choice theory suggests that the retirement decision among employees is the result of comparing the accumulated financial resources and the financial resources needed in the retirement (Laitner and Sonnega 2013), this might not apply in entrepreneurs. More specifically, the entrepreneurs' financial resources are likely to be intertwined with the company finances. Even if selling the company would ultimately secure sufficient finances for retirement, potential buyers may not be interested in the company if they do not see the possibility of keeping up the profitability of the company. Entrepreneurs may also be forced to give up their business and retire due to economic or health circumstances, despite poor financial prospects (van Solinge and Henkens 2007). Taken together, while entrepreneurs may seem to have greater freedom of choice, the majority of entrepreneurs experience financial restrictions when considering retirement.

## ***2.2 The Retirement Process and Age: Timing of Transition and Antecedents***

The retirement process can be divided into consecutive phases, including planning, decision-making, transitioning, and adjustment to retirement. While the paths to retirement may be very different, the process will ultimately result in complete withdrawal from working life and ultimately adjustment to life in retirement (Beehr 1986; Shultz and Wang 2011).

According to the temporal process model of retirement (Wang and Shi 2014), as individuals age, they start to plan and prepare for retirement. This planning phase includes envisioning what life looks like in retirement and discussing these plans

with family and friends. Preparing for retirement has typically meant securing financial independence in old age. In addition to several personality factors, such as future time perspective and financial risk tolerance, cognitive and motivational factors, as well as income base and general economic conditions, play a role in determining the level of planning and saving for retirement (Hershey et al. 2007). Individuals retire from different types of jobs, some with a sufficient pension, others with low levels of pension and insufficient financial resources. Similar to employees, the focus of retirement planning among entrepreneurs is likely to be in securing financial independence in old age. In addition to income from various pension plans, entrepreneurs are likely to view their company as a source of equity. Therefore, they may plan to harvest the company, i.e. realize the full value of the time, energy, and money they have invested in the company, as they transition into retirement (DeTienne and Wennberg 2014). One of the basic tenants of a business transfer is that the buyer can envision continued growth for the company.

The next phase in the retirement process is the decision-making and transitioning, where the older individual weighs the values of work and leisure over time against their individual circumstances to make the retirement decision (Wang and Shi 2014). Transitioning into retirement is probably one of the most significant changes in late adulthood. For many entrepreneurs this transitioning includes retirement through receiving pension benefits as well as exiting the company. This decision-making process is likely to entail some form of thought-change brought on by the cognitive process that guides the individual through retirement (Feldman and Beehr 2011). The theory of planned behaviour (Ajzen 1991) is frequently used to study entrepreneur retirement (Forster-Holt 2013). This theory states that attitudes towards retirement and work, subjective norms, and perceived control over the retirement transition shape employees' retirement intentions and retirement decisions. Hence, it highlights the importance of employees' retirement attitudes in retirement decision-making. In the context of entrepreneurs, the theory of planned behaviour has been applied in some studies, such as a study of the underlying reasons of French entrepreneurs' decision to terminate their career (Chevalier et al. 2018).

The final stage of the retirement process is adjusting to life in retirement. This phase typically involves significant changes in daily activities, as work responsibilities are replaced with other activities such as leisure activities, formal volunteer work, and other care responsibilities (Adams and Rau 2004; Wang and Shi 2014). During the adjustment process, many retirees have to make the decision whether or not to engage in bridge employment, which has been defined as the transition into some part-time, self-employment, or temporary work after retirement (Feldman 1994; Wang and Shultz 2010). There are several reasons behind the decision to engage in bridge employment, such as maintaining health and well-being and sufficient financial well-being and facilitating the retirement adjustment process. For ageing entrepreneurs the company may or may not have an effect on the adjustment process in terms of the continued time commitment in case of delayed exit. It may also provide financial security in case of a successful exit.

The timing of retirement refers to the point of time when the individual enters retirement via leaving the main job and/or withdrawing from working life altogether.



Timing is typically operationalized using age in relation to some standard definition of “on-time” retirement age, such as eligibility for retirement or mandatory age of retirement (Fisher et al. 2016). Following this logic, we can define retirement as “early” if it occurs before and “late” if it occurs after the individual becomes, e.g. eligible for retirement (Beehr 1986). While the age of eligibility may vary between countries, it is in most European countries and the United States around 65 and 67.

Early retirement has been defined as exiting the workforce before an individual is eligible for receiving social security benefits and/or pension (Feldman 1994; Kim and Feldman 1998; Damman et al. 2011). In many countries, such as the United States, early retirement can be operationalized as retiring before age 62. This is the earliest age one can start receiving social security benefits. In addition to the age defined by the retirement system, it has been argued that one’s status of early retirement is at least partly subjective as well (Feldman 2013). In other words, whether a person retires early also depends on whether retirement happens at an age that is younger than one’s expected retirement age (Potočnik et al. 2010). Late retirement, which is encouraged in many Western countries, can be defined as retiring after age 65 and 67, depending on the age of eligibility (OECD 2015a, b; US Social Security Administration 2017).

The timing of exit and length of work careers is in many ways relevant for the individual and the society in general, due to the economic consequences of population ageing. Therefore, in recent years as many as half of the OECD countries have taken measures to improve the financial sustainability of their pension systems by raising the statutory retirement age, tightening early retirement provisions, and introducing new financial incentives to work longer (OECD 2015a, b).

The multilevel model of retirement can be used to identify factors driving the retirement process on the micro-level (age, gender, health, financial conditions, family network), meso-level (work characteristics, career attitudes), and macro-level (cultural norms, retirement eligibility policies) (Wang and Shultz 2010; Szinovacz 2013). This model allows us to identify factors that drive the retirement process among entrepreneurs. Some of the unconventional factors associated with entrepreneur retirement may include the role of family-related factors in terms of succession and other financial aspects, such as responsibilities of continuing to work after transferring the business (Dyck et al. 2002; Malinen 2004). Furthermore, the role of gender is likely to be significant in entrepreneurs’ retirement processes. The majority, i.e. 66% of Finnish entrepreneurs aged 45 years and older, are men (Statistics Finland 2012). Women typically function in services and retail, while men operate in industry and transportation (Ministry of Employment and Economy 2008). Taken together, these facts may shape the retirement process.

### 2.3 *Entrepreneur Exit: Definition, Theoretical Perspectives, and Relation to Age*

All entrepreneurs will eventually exit their companies, some a great deal before the usual retirement age, others not much before their death. Entrepreneur exit has received less attention compared to the startup phase, entry in the market, growth, and innovation (e.g. DeTienne and Cardon 2012). Furthermore, entrepreneur exit due to old age and retirement has not been thoroughly studied (Wennberg et al. 2010; Forster-Holt 2013). Entrepreneurial exit can be defined as “The process by which the founders of privately held firms leave the firm they helped to create; thereby removing themselves, in varying degree, from the primary ownership and decision-making structure of the firm” (DeTienne and Wennberg 2014).

In order to better understand entrepreneurial exit in the context of retirement, we need to define who or what is exiting and what are the means used to exit the company or market. Here we focus on the exit of small business owners. When studying firm exit, there are at least two dimensions we need to distinguish between. First, the company may exit the markets via various routes. Second, the small business owner may exit the firm for various reasons, one of which is retirement. These exits may be the result of either poor or strong performance (Wennberg et al. 2010). Specifically, poorly performing firms might exit the market through bankruptcy or liquidation due to financial reasons (Balcaen et al. 2012; DeTienne and Wennberg 2014).

There are many ways in which a firm can be acquired. Specifically, strong performing firms might be acquired and subsumed into an existing organization, or they can be broken apart for their valuable properties (DeTienne and Wennberg 2014). Small business owners may also exit through founder succession or harvesting. Harvesting refers to the entrepreneur exiting the firm by realizing the firm in order to cash in on the entrepreneurs’ investment, such as time, money, and energy (Mason and Harrison 2006; Wennberg et al. 2010). Founder succession refers either to planned succession, where the firm is transferred to next of kin, or to forced succession. Depending on the financial situation of the company, the family situation, and the time window of exit, each of these strategies can be used in the retirement situation.

Entrepreneurial exit has been studied in several different fields of science including economics, sociology, organization studies, and entrepreneurship research. Recently, three theoretical perspectives have been used to study entrepreneurial exit, namely, (1) economic career choice theory, (2) strategy and organizational studies, and (3) entrepreneurship research (Wennberg et al. 2010; DeTienne and Wennberg 2016). The *economic career choice theory* focuses on individuals’ occupational choices and conditions under which certain choices are made among several alternatives. The theory indicated that among others, entrepreneurship is one of the possible occupations to employ individuals’ labour. However, this occurs within the range of certain constraints, such as wealth, employment, and age. One of

the most influential examples of this line of theorizing is the self-employment choice model presented by Evans and Jovanovic (1989). According to this theory, those who are wealthier are more inclined to become entrepreneurs and have more opportunities to enter into and exit entrepreneurship.

*Strategy and organizational studies* have focused on the organization instead of the individual. The interest is often in studying the circumstances under which some organizations survive while others do not. A study using strategy and organizational theories found that under-performing, highly persistent firms may partly exist because of how munificent the environment is, how successful the organization has been in the past, the firm's collective efficacy, and the founders' personal investment and commitment to the firm (DeTienne et al. 2008). These findings are of direct relevance to understanding the timing of entrepreneur retirement.

Finally, *entrepreneurial research* is based on the view that there are individuals and opportunities and individuals pursue opportunities to create new ventures. Thus, this approach includes both the individual and firm level at its core. Specifically, according to the theory, exit is dependent on multiple factors, and exit may occur for reasons other than financial failure (DeTienne and Wennberg 2014). Instead, when founding a firm, entrepreneurs' goals and time horizons are likely to diverge: depending on their age, education, experience, and other preferences, some may want a lifestyle business; some are trying to build high-growth firms that they can divest of in a few years; and others desire to avoid unemployment, etc. (Wennberg et al. 2010; DeTienne and Cardon 2012).

The literature regarding the drivers behind entrepreneur exit strategies have recently drawn on theories such as prospect theory and behavioural finance (Wennberg et al. 2010). In the context of exit due to retirement, the prospect theory may be the most relevant one of the theories (Kahneman and Tversky 1979). This theory states that in decision-making under risk, an individual tends to overweight certain outcomes relative to those that are merely probable. Based on controlled experiments, it was concluded that individual's choices in the decision-making situations could be interpreted using a model that "(a) converted the outcomes of gambles into subjective values, i.e., the pleasure the outcome provides and (b) weighted these subjective values by decision weights, i.e. the impact of probabilities on choice" (Holmes et al. 2011, p. 1074).

Much like the factors associated with retirement decision-making, these drivers can be identified on several levels. Specifically, some of these are individual- (entrepreneur age, education, and experience) and others organizational- or societal (company age, size, and field of industry)-level variables. Preliminary evidence regarding the association between human capital factors and entrepreneur exit strategies has been found in recent studies (Wennberg et al. 2010; Van Teeffelen et al. 2011). Furthermore, while the role of older age can in the light of theories be associated with choosing to exit, the empirical evidence has been mixed (Holtz-Eakin et al. 1994; Gimeno et al. 1997; Van Praag 2003). A study based on Swedish data collected among 1735 new ventures and their founders with an 8-year follow-up explored entrepreneur exit and several factors associated with the exit

(Wennberg et al. 2010). While the study did not explicitly focus on exit due to retirement and ageing, it showed that higher entrepreneur age was associated with harvest or distress sale relative to continuation or liquidation. Another study found that the drivers behind entrepreneur exit can be identified both on the individual and organizational level, depending on the financial situation of the company (Van Teeffelen et al. 2011). In firms doing well, human capital factors prevail as key drivers, whereas in those that struggle, the firm characteristics, such as dependency on the owner and/or too few customers predict exit strategy.

## ***2.4 Integrating Entrepreneur Retirement and Exit Processes***

In order to better understand entrepreneur retirement, it is important to explore the role of the company in retirement plans, decision-making, and adjustment in detail. Thus far, the literature has shown that taking on self-employment at older ages may be a viable option to engage in bridge employment (Zissimopoulos and Karoly 2009; Cahill et al. 2013). Studies have also shown that bridge employment is more common among those who have retired from a self-employment career, compared to wage-and-salary employees (von Bonsdorff et al. 2017). The retirement literature has also suggested that company-level variables are typically associated with retirement-related decision-making (Szinovacz 2003; Wang and Shi 2014) and that entrepreneur and wage-and-salary employees' retirement antecedents differ from each other (von Bonsdorff et al. 2017). Previous studies have also focused on entrepreneur exit strategies, both in a situation of financial stress and when the company is prospering (Wennberg et al. 2010; DeTienne and Wennberg 2014). However, previous studies have been concerned with entrepreneurial exit focusing on management succession and business survival (Chevalier et al. 2018) and have not explicitly incorporated the retirement and exit perspectives. By incorporating these perspectives, we mean taking timing and multilevel retirement antecedents into consideration.

In this study, we integrate retirement and entrepreneur exit processes from an age perspective. Specifically, we maintain that parallel to early, on-time, and late retirement (Wang and Shultz 2010; Fisher et al. 2016), entrepreneur exit may be characterized as early, on-time, and late, according to individuals' chronological age. In the retirement context, early exit would mean using any of the exit strategies available in order to decrease work commitment and withdraw from working life before the eligible retirement age. In terms of exit, this would mean age 60–62, while on-time exit would take place anywhere between ages 65 and 67. Those entrepreneurs who are in charge of running their business at age 67 and older can be defined as those who exit late. In terms of exit intentions, it may be good to start considering the options and making the exit plans in advance.

In sum, successful transition into retirement means separating one's own career trajectory from that of the company's.

### 3 Materials and Method

We used data from the National Barometer of Business Transfers collected by the Seinäjoki University of Applied Sciences, Finland. The data was collected in May 2012 and 2015 as a web-based survey. The target group of the surveys was entrepreneurs, who were members of the Federation of Finnish Enterprises aged 55 years or more. That particular age was chosen as a cutoff because the aim of the study was to investigate the future plans of firms owned by ageing entrepreneurs. In Finland, older employees typically retire between ages 60 and 64. Therefore, it is reasonable to assume that the entrepreneurs' plans to exit the company are more credible as retirement age becomes more proximal. This makes entrepreneurs aged 55 and older as a relevant target group.

Our data comprises 4629 responses. In 2012, altogether 2843 responses were obtained, whereas the corresponding number in 2015 was 1786. The response rates of the 2012 and 2015 surveys were 19.8 and 12.9, respectively. Despite the intended target group, some of the respondents revealed to be younger than 55. We excluded them from the analysis, as well as those whose age information was missing. These exclusions left us with a total of 4401 observations.

Descriptive statistics are reported as percentages for categorical values and means, and standard deviations for continuous variables are presented in Table 1. The mean age of the respondents was 61 years ( $SD = 4.5$ , range 55 to 93, 27% women). The respondents reported to have worked as entrepreneurs between 0.3 and 62 years. The average experience is due to the nature of the target group exceptionally high, around 24 years. A further indication of the extensive entrepreneurial experience is the significant proportion of portfolio or serial entrepreneurs (37%) in the sample. Portfolio or serial entrepreneurs have possessed a controlling interest in more than one firm during their entrepreneurship career. Examining the educational background of the respondents revealed that most of them have a vocational degree (45%), but a considerable number also has a higher education degree (33%). The firms are 35% one-person enterprises. 34% have 2–4, 18% have 5–10, 8% have 11–20, and 5% have over 20 employees.

Although not reported in Table 1, the biggest industries of the firms are 37% professional, scientific, technical, or other services, 18% retail trade, 13% construction, and 12% manufacturing.

#### 3.1 Measures

Our dependent variable measured entrepreneur's exit plans from their company. The respondents were asked the question: "What do you think your firm's future will be after you have given up the main responsibility of it?" Please choose the most probable option: (1) succession inside the family, (2) other owner will continue

**Table 1** Data characteristics (Author's own table)

	All participants						Survey 2012						Survey 2015					
	Mean (%)	(SD)	Min	Max	n		Mean (%)	(SD)	Min	Max	n		Mean (%)	(SD)	Min	Max	n	
Age	61.0	(4.5)	55	93	4401		60.9	(4.4)	55	93	2753		61.1	(4.7)	55	81	1648	
Experience	23.7	(11.0)	0.3	62	4345		22.7	(110)	0.3	60	2733		25.4	(10.8)	1	62	1612	
Women	27				4345		27				2732		28				1613	
Portfolio	37				4335		37				2698		37				1637	
Education					4380						2746						1634	
– Primary	18						18						17					
– Matriculation	4						3						5					
– Vocational	45						43						47					
– Higher	33						34						30					
– Else	1						1						1					
Num. of workers					4318						2693						1625	
– 1	35						38						31					
– 2-4	34						33						37					
– 5-10	18						17						20					
– 11-20	8						7						8					
– 21-50	4						4						3					
– 51-250	1						1						1					
– Over 250	0						0						0					

**Table 2** Descriptive statistics of model variables (Author's own table)

	All participants		Survey 2012		Survey 2015	
	%	<i>n</i>	%	<i>n</i>	%	<i>n</i>
Firm future		4368		2743		1625
– Succession inside the family	21		20		23	
– Other owner will continue the company	8		9		7	
– Selling the firm outside the family	39		38		39	
– Closing down the firm	28		28		27	
– Other or missing	4		4		3	
Age categories		4401		2753		1648
– 55–60	52		52		51	
– 61–63	21		22		20	
– Over 63	27		26		28	

the company, (3) selling the firm outside the family, (4) closing down the firm, or (5) others. We named this variable “firm\_future”.

We also measured several factors which have been associated with the exit plans (Wennberg et al. 2010; Ryan and Power 2012). Entrepreneur's age is calculated from respondent's year of birth and time of the interview. The variable was coded into groups for the regression analyses. These groups are aged (1) 55–60 years, (2) 61–63 years, and (3) over 63. Of the respondents 52% belong to the youngest age group and 21% in the middle group, and 27% are 64 or older; see Table 2. In order to exit the firm, the entrepreneur must start planning the exit strategy. In case of succession or selling the company to an outsider, the exit process is likely to take time, sometimes even several years. In this study, we operationalized early exit intentions to take place at age 55–60 and on-time exit intentions at age 60–63 years. Following this logic, we operationalized late exit intentions to take place at age 63 and over.

The level of education, educ, is determined by the question where respondents were asked to indicate the highest educational level they have achieved among the categories: (1) primary, (2) high school/matriculation, (3) vocational, (4) higher, and (5) something else. The variable “entr\_expr” measures entrepreneurs experience in years. Another variable representing the experience of an entrepreneur is the indicator variable portfolio, which gets the value (1) if responder has been or currently is an entrepreneur or majority owner in more than one firm at the same time or (0) otherwise.

The variable “industry” indicates the main industry of the firm. The categories of the variable are (1) agriculture and forestry; (2) manufacturing; (3) construction; (4) transportation; (5) professional, scientific, and technical services; (6) other services; (7) retail; and (8) others. The size of the firm is controlled by the number of employees, including the entrepreneur her-/himself. The variable is categorized as (1) 1, (2) 2–4, and (3) 5 and more.

As indicated in Table 2, almost 40% of the entrepreneurs think their firm will be sold outside of the family when they retire. The second biggest group consists of

those who think their firm will be closed down. Their share is almost 30%. The third major exit option is succession inside the family, which over 20% of the entrepreneurs had planned to execute. We were left with a study sample of 4213 persons, after excluding those who had not reported on their retirement status ( $n = 33$ ) and those who had responded “something else” to the question regarding their exit plans ( $n = 155$ ).

### 3.2 Analytical Strategy

Our main interest was to estimate how changes in age change the probabilities of intended retirement paths, paths being (1) succession inside the family, (2) other owner will continue the company, (3) selling the firm outside the family, and (4) closing down the firm. The model which our empirical analyses build on is the standard multinomial logit (MNL) model; see, e.g. Greene (2008) for general presentation of the model. It is an extension of the binary logit, which uses the linear regression model to explain binary outcome, to more than two response categories. The outcome in the current study contained four response categories.

In MNL, the probabilities of response categories are assumed to be determined by the set of explanatory variables  $x_i$ , where subscript  $i$  refers to the individual. Similar to the linear regression model, the dependence is assumed to be of the linear index form  $x_i' \beta_j$ , where  $\beta_j, j = (1, \dots, 4)$ , is the outcome-specific vector of parameters that are to be estimated. The outcome-specific parameters allow the effect of one explanatory variable to be different for each outcome probability. In addition, since the probabilities must lie between 0 and 1, and add up to unity, MNL uses a specific link function to tie the probabilities of retirement paths and the linear index  $x_i' \beta_j$ .

Given that our dependent variable, FIRM\_FUTURE, contains four unordered outcomes, we can write the model with the link function as the following:

$$P(\text{FIRM\_FUTURE}_i = j | x_i) = \frac{\exp(x_i' \beta_j)}{\sum_{r=1}^4 \exp(x_i' \beta_r)}$$

The left-hand side of the equation denotes the probability that individual  $i$  chooses alternative  $j$  (of the four possibilities) given her characteristics  $x_i$ . The right-hand side specifies the relationship between the probabilities and the vector of individual characteristics. By definition of the exponential function, all probabilities are greater than zero. By construction, they are less than one and add up to unity over all categories.

The unknown beta-parameters can be estimated by maximum likelihood. However, since the interpretation of the parameters of MNL model itself is difficult, we report only marginal effects. That is, we calculate marginal probability effects due to the changes in elements in  $x_i$  by fixing other elements at their means.



## 4 Results

In order to examine the association between entrepreneur age and exit strategy, we estimated several regression models. In Table 3a we report the crude model in which the vector of independent variables consists of age groups 55–60, 61–63, and older than 63. The oldest age group was set as the reference group in the estimations and is omitted from the estimated model to avoid perfect linear collinearity. The results indicated that entrepreneur age was statistically significantly associated with succession plans. Specifically, being aged 55 to 60, rather than over 63, decreases the probability of planning succession by three percentage points. Furthermore, being 61–63 years old decreases the probability of planning to execute succession by 3.5 percentage points. These results are statistically significant at the 10% level. Taken together, the findings indicate that the intention of executing succession inside the family is strongest for those who are planning to exit late, at age 64 and older.

The results also indicated that entrepreneur age was not statistically significantly associated with planning all other exit strategies. We can see that in case of the second alternative “other owner will continue the company”, the changes from the base category aged over 63 do not have statistically significant effects. In addition, the point estimates are rather small, being less than one percentage point. Therefore, the probability of having intentions of other owner to continue the company is not so dependent of entrepreneur age.

The probability of the entrepreneurs' intention to sell the company increases by 0.075 if respondent is aged 55–60 compared to those over 63 and by 0.051 if respondent is 61–63 rather than over 63. This effect is statistically significant at

**Table 3** Average marginal effects age and entrepreneur exit intentions<sup>a</sup> (Author's own table)

	Succession	Other owners	Selling	Closing
(a) Crude model				
Aged 55–60	−0.0279*	0.0	0.0747***	−0.0375**
	(0.061)	(0.361)	(<0.001)	(0.023)
Aged 61–63	−0.0363*	−0.00634	0.0514**	−0.00872
	(0.050)	(0.612)	(0.020)	(0.662)
<i>n</i>	4213	4213	4213	4213
(b) Fully adjusted model				
Aged 55–60	−0.0272*	−0.0283***	0.0631***	0.0007
	(0.088)	(0.010)	(0.001)	(0.638)
Aged 61–63	−0.0323*	−0.0202	0.0389*	0.0136
	(0.088)	(0.111)	(0.084)	(0.459)
Socio-economic control variables	Yes	Yes	Yes	Yes
Industry dummies	Yes	Yes	Yes	Yes
<i>n</i>	3947	3947	3947	3947

Note: *p*-values computed by the delta method in parentheses, \**p* < 0.10, \*\**p* < 0.05, \*\*\**p* < 0.01

<sup>a</sup>Adjusted for entrepreneurial experience, gender, portfolio entrepreneurship, year of survey, number of workers in a firm and industry

the 1% and at the 5% level, respectively. It seems that selling intentions are at the population level more strongly related to the two younger age groups, compared to those who have planned to exit late.

Finally, as can be observed from the last column, being 55–60 decreases the probability of closing down intentions compared to both of the younger age groups. The result is statistically significant at the 5% level.

We present the fully adjusted model in Table 3b. In order to control for the effect of variables that are likely to affect the focal variables, we added several socio-economic explanatory variables into the model. These independent variables were entrepreneurial experience, gender, indicators for portfolio entrepreneur and year of survey, and factor variables for the number of workers in a firm and industry. The regression analyses showed, with the exception of the closing down exit strategy, that adjusting the models did not attenuate the association between entrepreneur age and exit intentions. However, for those who intended to sell the business to other owners of the company, the marginal effects for the age groups 55–60 and 61–63 are now somewhat higher,  $-0.028$  ( $p = .001$ ) and  $0.021$ , respectively.

## 5 Discussion

Previous studies have to the best of our knowledge not conceptualized entrepreneur exit in the context of timing of retirement. This study sat out to explore entrepreneur retirement and exit processes from an age perspective. We used age as the focal variable to tie the two processes together. The current results showed that planning to exit via selling the firm to a nonfamily member was more probable in age categories 55–60 and 61–63 than over 63. Furthermore, the probability of succession inside the family was highest among those aged 64 or more. These findings mean that after adjusting for covariates that typically are associated with entrepreneur exit plans, age seemed to be differently associated with the exit strategies. While previous studies have identified several important factors that are associated with entrepreneur exit (Soleimanof et al. 2015), the role of age has remained unclear (Van Teeffelen et al. 2011). The exit strategies are likely to differ according to firm performance (Wennberg et al. 2010). One reason for the mixed findings regarding age as a determinant of exit may be the financial circumstances the exits take place. Specifically, different types of resources (e.g. owner human capital vs. firm resources), contingent on the situation of the firm, predict exit choice.

The current findings may be understood in the light of transitioning into retirement. It may be that those who plan to exit the company by selling it to a nonfamily member are planning to retire earlier and withdraw from working life altogether. On the other hand, selling the company may not be entirely voluntary, especially the timing of the transition. Those who have plans for succession are likely to continue working longer in the company. In addition to securing the transfer of business to the next generation, an underlying motivation for continuing to work may be generativity intentions (Soleimanof et al. 2015). Generativity can be expressed through nurturing, teaching, leading, and promoting the next generation (McAdams et al. 1993).

## 5.1 *Theoretical Contributions*

The findings of this study help us understand the role of age both in entrepreneur retirement and exit processes. Timing of retirement has typically been tied to individuals' age and, more specifically, age of eligibility (Fisher et al. 2016). Furthermore retirement has been identified as one of the central transitions in life (Elder 1995). While retirement often means decreasing ones work activities, a significant number of individuals continue working after retirement (Wang and Shi 2014). This dynamic process is common especially among entrepreneurs and may also have an effect on entrepreneur exit as well (von Bonsdorff et al. 2017). However, in order to better understand the current findings of retirement among entrepreneurs, we need to define carefully what we mean by "retirement". If retirement is defined as receiving pension, the relationship with entrepreneur exit is very much different compared to defining retirement as decreasing work hours significantly. In terms of timing, receiving any form of pension at younger than 63–65 usually means accepting a permanently lower level of pension (OECD 2015b).

Entrepreneur exit is a process which typically means selling or liquidating the company. Selling the company is likely to benefit employees and economies (Gimeno et al. 1997). Securing the business transfer is therefore essential, as the intention to exit do not necessarily equal exit outcome (Van Teeffelen et al. 2011). The risk of a failed business transfer can be increased by many factors, such as delaying the transfer process because of emotional reasons (Sharma et al. 2001). While not frequently cited in the exit literature, entrepreneur health is a factor that should be considered in retirement-related exit processes. As individuals age they are often faced with a decline in important physical and mental resources (Jex et al. 2007; Wang et al. 2013).

Considering the literature regarding both retirement and entrepreneur exit, we argue that retirement planning and decision-making should not simply be considered as an antecedent of entrepreneur exit. First, retirement may take place independently from exit. While these processes are connected to chronological age, they are not necessarily dependent on each other. For instance, it is common for retired entrepreneurs to enter bridge employment (von Bonsdorff et al. 2017) and continue running their business. On the other hand, the entrepreneur may transfer the business already before retirement age and enter, e.g. wage-and-salary employment. Second, we maintain that parallel to the timing of retirement, entrepreneur near-retirement exit may be defined as early, on-time, and late, based on the entrepreneur's age. Considering the chance of a failed business transaction and entrepreneur's increased health risks associated with late exit, on-time exit is in many ways the preferable alternative. However, many older entrepreneurs could not imagine a life without running their companies (DeTienne 2010). For them, the exit process will become inevitable only when they are faced with, e.g. severe illnesses.

Interestingly, the retirement legislation in most of the Western countries is increasingly concerned with promoting longer work careers (OECD 2015b). Therefore, the retirement eligibility age is being currently raised in many OECD countries.

These changes concern both wage-and-salary workers and entrepreneurs. As for entrepreneur exit, the situation is in many ways the opposite. Entrepreneurs are actively encouraged to start planning their exit already well in advance (Van Teeffelen et al. 2011). Despite these efforts, many transfers do not succeed for reasons such as not finding a successor, delaying the transfer due to emotional reasons, not getting financed, etc.

## **5.2 *Limitations***

As with all studies, there are some limitations to this study that need to be discussed. First, all data used in this study were self-reported. This may lead the study results to be affected by self-report bias. Therefore, future studies should concentrate and rely partly on register data regarding, e.g. transfer of business or company performance indicators. Second, due to the archival data at hand, some relevant variables were not at our disposal. For instance, future studies should include several retirement-related variables, such as retirement and bridge employment intentions. Third, the response rate for the National Barometer of Business Transfers surveys was relatively low (Ryan and Power 2012). Therefore, the current results should be generalized carefully. Fourth, the data included only those entrepreneurs who were 55 years and older in both the 2012 and 2015 surveys. This allows us to focus on retirement-related exits, as the odds for retirement increases in older age. However, it must be noted that we do not know if these individuals withdraw from working life altogether after the intended exit for their current company. It is likely that they continue in some form to be present, especially in the case of succession.

## **5.3 *Practical Implications and Future Research Directions***

The current findings offer several practical implications to the entrepreneur and society. First, based on previous studies, we can conclude that not all business transfer intentions materialize (Wennberg et al. 2010). According to the current findings, older entrepreneurs who are nearing their retirement age are more likely to have plans to sell the company, compared to their older counterparts. However, these plans may not be always realize. One of the main reasons for the failure of selling the company is the unrealistic perceptions regarding the value of their company (Van Teeffelen et al. 2011). In general, the perspective of the buyer should be taken more into consideration when preparing the company for the transfer. These steps may include making oneself redundant to the company. This way, the company is not too dependent on the seller and is therefore able to better attract buyers. One further reason for the larger proportion of younger respondents who are considering to sell the company may be the larger general awareness of the business transfer market.

Preparing for retirement is essential because the age-related health represents a risk factor that increases with age. On the societal level, it is important to understand that the process of retirement and entrepreneur exit is not the same. Conceptualizing entrepreneur exit in terms of age may help them prepare for retirement more effectively.

## 6 Conclusions

As entrepreneurs age, they need to start making plans regarding their retirement and exit from the company and working life altogether. These plans are typically intertwined and may take place within several years. While applying for old age pension is often planned and follows the norms of the pension system, arranging ones exit from the company entails much more elements of uncertainty and surprise. Furthermore, as the entrepreneur ages, she/he is more likely to face health- and personal resource-related challenges. The findings of the current study provide us with preliminary insight on entrepreneur exit from their company in the context of exit at older ages. Of both theoretical and practical significance is the finding that entrepreneur exit may be defined in relation to age and that different exit strategies may differ according to age. Finding the optimal time and strategy to withdraw from working life at older ages is likely to require years of careful planning. This may leave decision-makers faced with challenges. On the one hand, recent developments in the pension systems facilitate longer work careers. On the second hand, it has been acknowledged that entrepreneurs need to plan their exit well in advance so that the future of the company is secured.

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# Experience of Aging as an Opportunity for Entrepreneurship Among the Elderly



Judith Partouche-Sebban and Adnane Maâlaoui

**Abstract** The aging process is associated with physical, cognitive, and social changes in one's life that individuals have to cope with and with a redefinition of one's priorities and objectives in life. Whereas these changes are mainly defined as difficulties to overcome, they may stand also as an opportunity to explore new possibilities of personal development and self-achievement. Entrepreneurship can illustrate this positive process. In this chapter, we focus on the experience of aging and the perception of time horizon and its role in the understanding of the entrepreneurial intention among the elderly. By presenting different theories, such as the socio-emotional selectivity theory, the SOC model (selection, optimization, compensation), the continuity theory, and the psychological development theory, we suggest individual variables related to subjective aging that may explain entrepreneurial intention among the elderly.

## 1 Introduction

Rising life expectancy is one of the major challenges of one's today's societies. In developing countries, the number of people aged 65 and over is projected to grow from 520 million in 2016 to nearly 1.5 billion in 2050 (United Nation report, World Population Prospects, 2016). This phenomenon will result in several economic, political, societal, and medical questions of interest to both public services and managers. Specifically, as aging is primarily associated with dependence, difficul-

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ties, and disabilities (Austad 1997), the question of well-being, good health, social engagement, and productivity in old age is a major concern. These considerations are at the center of the notion of successful aging (Havighurst 1969; Rowe and Kahn 1998; Flood 2005), which refers to the way individuals try to maintain life satisfaction and well-being in old age. Moreover, studies highlight that the levels of psychological well-being, perceived control over one's life, and self-efficacy among retired adults are almost the same as those among young adults (Filipp and Klauer 1986). As older individuals are an important consumer group with high economic potential, significant purchasing power, and a relevant source of knowledge for the next generations, these questions are even more important. The accumulated experiences of older individuals and their resources (such as wisdom, capital, networks, and communication skills) bring possibilities and abilities to help younger generations, to create new businesses, and thus to contribute to an innovative economic market (Botham and Graves 2009).

As people age, they face physical, cognitive, and social changes they must cope with. These changes can arouse both positive and negative emotions, such as excitement and joy or fear and anxiety (Partouche-Sebban et al. 2012). One of these changes is retirement, which results in more free time and in a loss of social roles and engagements. Retirement gives older individuals the opportunity to invest in leisure activities or even in new professional activities related to one's passions, interests, and skills. Several studies have even highlighted that older individuals are generally more capable than younger people at starting and running a business (Singh and Denoble 2003; Weber and Schaper 2004). However, the way older individuals spend their leisure time depends on the age-related difficulties that they must face, as well as how they experience their own aging, either positively or negatively, based on their personal resources. How older individuals perceive themselves and their remaining time (Carstensen 1992) is an example of subjective considerations that may explain behaviors in old age, such as those related to entrepreneurship. For older people who face difficulties related to retirement, entrepreneurship is a valuable and efficient activity that helps them regain social engagements and enhance their self-image.

From the perspective of successful aging, this chapter aims to reconsider the aging process and its physical, psychological, and social manifestations in relation to entrepreneurial activity. On the one hand, the experience of aging offers new possibilities of personal development that lead the individual to invest in entrepreneurial activity. On the other hand, this entrepreneurial engagement contributes to one's successful aging. The first part of this chapter presents the main objective and subjective characteristics of the aging process. The second part introduces entrepreneurship as a manifestation of defense mechanisms related to aging and as a manifestation of goal reorientation and a potential coping strategy in the face of the inevitable death. Finally, the third part focuses on the contribution of entrepreneurship to successful aging in its role in helping the elderly gain personal and social fulfillment and obtain meaning in their lives.

## 2 Senior Entrepreneur: Who Is He?

### 2.1 *Aging Process and Its Characteristics*

During the whole life span, individuals experience different stages of development, and each of them stands as a turning point in one's personal development (Erikson 1963). These stages are all related to family and professional events that have an effect on self-identity. From this perspective, many authors define older age as being upwards of approximately 50 years old (Erikson 1963; Neugarten 1979; McAdams et al. 1997). Major changes appear near 50: individuals are close to retirement and attempt to prepare for it by considering how they will spend their free time positively, children have left home, older individuals become grandparents, and, concerning finances, loans are almost fully reimbursed. These changes lead to a real disruption in one's social environment and create new needs and motivations. For example, the presence and the support of others (family, friends, close relatives), either real or perceived, is an extremely important factor for older individuals (Guiot 2006). They are also ready to help their children and relatives by giving them time and advice, which help them maintain a valuable social role. Moreover, after 50, individuals try to remain active by participating in clubs, associations, or professional activities.

Aging is mainly associated with negative evocations, difficulties, and disabilities. The cognitive psychology of aging specifically highlights losses related to the functions of attention, intellect, and memorizing. However, despite this aging-related decline, older individuals tend to show high levels of well-being and life satisfaction. One explanation is that older individuals display specific psychological resources that help them deal with these cognitive declines. Some authors, such as Bowling and Dieppe (2005), specifically highlight the role of self-worth, self-efficacy, a sense of control over one's life, autonomy, independence, and the use of effective coping strategies in the face of changing circumstances. More specifically, studies that focus on well-being throughout the life span show age differences in different dimensions of well-being. Between 40 and 71, two aspects of well-being increase: autonomy and environmental mastery (Ryff and Singer 2006). Individuals over 40 tend to be more self-centered and independent and to have a sense of mastery and competence in managing their environment. In addition, research has shown that an independent self-view is related to goals of achievement and success (Lee et al. 2000). Also interesting is that older individuals tend to focus on and memorize positive information or stimuli, rather than negative ones. This "positivity effect" leads to a positive appraisal of past choices and decisions, and cognitive resources are focused on the avoidance of negative effects. Finally, some individual variables help us understand how the elderly experience the aging process, either in a positive or in a negative way. Some personality traits, such as extraversion (i.e., higher sociability) or openness to experience (i.e., curiosity toward intellectual tasks and tolerance and imagination), are both positively related to life satisfaction and negatively related to

anxiety in an old age (Staudinger and Fleeson 1996). The internal locus of control, which refers to the feeling of one's responsibility for success and failure, is an antecedent of the physical and psychological health status of the elderly (Baltes and Baltes 1990). These psychological resources, as well as available time and its use, are helpful and useful resources for having faith and engaging in an entrepreneurial activity.

## ***2.2 Perception of Time Flow and Its Consequences***

Among the elderly, aging and its related changes can be experienced in different ways. The literature even shows that older individuals tend to evaluate their physical status more favorably than that of their relatives, as if they were less concerned by the process of aging than are other people. The individual perception of time flow helps to explain these differences. Depending on the object (self or others), individuals tend to perceive time flow differently, which leads them to perceive themselves as different from how they really are. One manifestation of this process is subjective age, which is one of the components of the self (Blau 1956; Moschis 1996; Guiot 2006). Subjective age is defined as a reference age that, according to the individual, better corresponds to his/her social and psychological situation. Hence, the difference between one's subjective age and one's real age is seen in an individual who tends to rejuvenate himself (i.e., aspiration for being younger) or to age himself (i.e., aspiration for being older). Previous research has shown that a significant number of old people consider themselves as younger or only moderately old. This trend reflects the perception of time flow and of resting time. In other words, it reflects a search for balance between an innate desire for immortality and the feeling of finitude related to one's own impending death.

When an older individual perceives a gap between his feelings and beliefs regarding his physical, psychological, and social development and the associations related to his real age, he is likely to define himself as younger or older than he really is. Hence, the rejuvenating trend appears to be a kind of defense mechanism to face time and aging. First, older individuals want to keep a valuable self-image, especially by maintaining the valuable social roles they had in their professional careers. Second, they tend to perceive themselves as being the same person as before: individuals feel younger because they think they have the same mental, physical, and social abilities and skills, despite having aged (Atchley 1993). Hence, the aspiration toward being younger is a valuable resource for older individuals who engage in an entrepreneurial project. Feeling younger may result in a higher propensity to engage in risky and challenging activities and in a higher belief in oneself.

### **3 Entrepreneurship as a Manifestation of Age-Related Defense Mechanisms**

The elderly present differences in the nature of stressful events, the evaluation of these stressors, the emotional and physiological responses facing stress, and the use of defense strategies (Baltes and Baltes 1990). Older individuals use different defense mechanisms to deal with age-related changes and any stressful events (Havighurst 1969). The literature highlights two types of coping strategies: those oriented toward problem-solving (i.e., trying to find solutions to a specific problem) and those oriented toward managing emotions (i.e., trying to reduce negative emotions, such as fear, anxiety, angst, disappointment, etc.). Here, we specifically focus on two mechanisms, goal regulation and reorientation and death-related coping mechanisms, as entrepreneurial activity is a manifestation of these two processes.

#### ***3.1 Aging and Goal Regulation and Reorientation***

During all stages of human development, individuals manage their lives successfully through regulation processes. Baltes and Baltes (1990) introduced the SOC model, which is based on three strategies (selection, optimization, compensation) and enables us to better understand these mechanisms. These strategies are based on the fact that individuals make choices depending on their life goals and their preferences (Atchley 1993). Selection strategy refers to an individual focusing on fewer goals that are important for him/her. The elective selection, based on choices, preferences, and desired states, is the main strategy used among individuals over 60 (Freund and Baltes 1998, 2002a, b). The optimization strategy involves the acquisition and refinement of abilities and skills in a specific domain. The compensation strategy refers to the use of new and compensatory means in order to face the difficulties of aging. It has been shown that these strategies are positively related to life satisfaction and well-being. These strategies also help to maximize one's limited resources and to better adapt to one's environment. Even if this model is not specific to the elderly, it introduces a theoretical framework of goal reorientation and regulation at an advanced age. Baltes and Baltes (1990) specifically suggest that despite the decline of available resources (such as physical, social, cognitive resources), older adults are efficient in using these strategies thanks to accumulated life experiences. In addition, if they succeed in using them, they tend to display better states of functioning and more positive emotions (Freund and Baltes 2002a, b).

Motivations related to these strategies (i.e., maintaining abilities, maximizing one's skills, prioritizing one's activities) are oriented toward self-development and self-fulfillment (Heckhausen and Schulz 1995). Moreover, motivations have several effects on behaviors. For example, older individuals may tend to invest in activities that help them to maintain a level of socialization (Baltes and Baltes 1990) in order to

retain valuable social roles. More specifically, Wiese et al. (2002) showed positive associations between SOC scores and three categories of well-being, i.e., the general, work, and partnership categories. Optimization has a greater association than the other SOC constructs in relation to general and work-related well-being, whereas compensation has a greater association with well-being in the partnership domain.

In this view, entrepreneurial activity is a manifestation of these strategies. First, in line with the elective selection strategy, individuals are more selective in their choice of social partners in order to minimize negative emotional experiences (Dewhurst and Parry 2000). They invest their time and money on a specific activity that is a source of interest, stimulation, and passion. Present-oriented goals related to emotional satisfaction and meaning are prioritized (Carstensen 1992). The stimulation aroused by entrepreneurial activity meets the need for emotion and the search for emotional situations, which are higher among older individuals than in young adults (Safraou 2008). Second, in relation to the optimization strategy, entrepreneurial activity allows the older individual to be in a constant process of self-enhancement in terms of knowledge, know-how (such as in the use of new technologies), professional and communication skills (such as leadership management skills), and personality traits (such as curiosity, openness, or tolerance). Finally, in terms of the compensation strategy, entrepreneurial activity is an opportunity to maintain interpersonal relationships and social continuity, allowing the individual to regain valuable social roles. Leadership remains an effective coping strategy among older individuals and aims at regaining their significant role in society and enhancing their self-esteem and personal satisfaction.

### ***3.2 Perspective of Death and Its Effect on Motivation***

The perspective of death is one the major stressors that older individuals must cope with and that creates specific motivations. Death is an inevitable event that people try to avoid, as they are motivated by an unquestionable desire to stay alive. This specific topic is mainly a source of mystery, fascination, and fear and has long been studied in the field of psychology, notably by Becker (1973), who revealed how individuals face the idea of their own death and how they use their time when facing it. Specifically, Becker argued that in modern-day society, the denial of death is at the core of human motivation. This idea gave birth to the Terror Management Theory (TMT; Greenberg et al. 1986; Solomon et al. 1991), which posits that the juxtaposition of human death awareness with the fundamental instinct to self-preservation creates a potential for existential anxiety. To counter their anxiety about death, people attempt to live their lives in a meaningful and valuable way. More precisely, TMT suggests that in order to manage terror, people invest in two main defense mechanisms: maintaining faith in one's cultural worldview and enhancing one's self-esteem. The cultural worldview mechanism imbues the world with order, control, and meaning and provides a set of standards of values and the promise of immortality (Solomon et al. 1991). According to Becker (1973), a

cultural worldview “is more than merely an outlook on life: it is an immortality formula.” The second mechanism consists of efforts geared toward increasing self-esteem by living up to the cultural standards of value (Rosenblatt et al. 1989). Being valuable in one’s culture makes life more significant and meaningful.

As people age, they are more frequently confronted with the idea of their own death: for instance, time is shrinking, they must face illnesses, the loss of relatives, and disabilities related to aging. Aging people also tend to have less physical, cognitive, and social resources than younger adults, which may make it difficult for them to maintain a comfortable level of high self-esteem and a belief in their cultural model. Thus, they are likely to be more vulnerable than young adults (McCoy et al. 2000). However, after 50, individuals tend to be less defensive when facing death. They come to a better acceptance of death, and death anxiety tends to decline after 60 (Fortner and Neimeyer 1999). Three elements can explain this paradox. First, compared to younger adults, older individuals have specific resources, such as wisdom, which helps them accept the life cycle. Second, they tend to perceive death as an expected and normative event, rather than something to be feared and avoided. Third, they probably use different ways to enhance self-esteem, based on intrinsic rather than extrinsic motivations. For example, self-esteem enhancement may come from taking care of other people and future generations or being useful to society. From this perspective, entrepreneurial activity can be a manifestation of an anxiety-buffer mechanism, as it may help to enhance self-esteem and to regain control over one’s life. Creating one’s own business is an opportunity to demonstrate one’s own skills and abilities despite aging and thus to reduce perceived vulnerability. It also gives order and meaning to one’s life, as the individual has created something that is defined as useful and relevant for his environment. In addition, it contributes something valuable to modern society, as it is associated with courage and tenacity.

#### **4 Entrepreneurship as a Contribution to Successful Aging**

Successful aging refers to a general state of well-being, either physical or spiritual, despite aging (Fisher and Specht 1999). Individuals try to maintain a positive self-image and a high level of life satisfaction in three ways: avoidance of disease and disabilities thanks to physical and cognitive compensation, engagement in social and productive activities, and maintenance of life satisfaction and cognitive function. Hence, lifestyles, behaviors, and environmental and social factors are all crucial in the general health status of the individual (Holstein and Minkler 2003). From this standpoint, entrepreneurship is likely to be an activity that contributes to enhancing self-esteem, providing a positive self-image, and helping individuals to enhance their well-being.



## ***4.1 Personal and Social Fulfillment***

Because entrepreneurial activity is supposed to contribute to society as a whole, entrepreneurship is a means of gaining personal and social fulfillment in three areas: expression of creativity, social relationships, and self-extension beyond one's own physical death.

First, entrepreneurial activity is a means of expressing one's creativity. The enhancement of creativity is one of the most cognitive changes among people over 60. Cohen (2000) defines creativity as the ability to create original and uncommon things that are adapted to a specific task, and its level is higher in old age, when individuals are free from professional activities (Lubart and Georsdottit 2004). Individuals have more time to invest in preferred activities and to apply their creativity to different tasks and leisure pursuits. Creating one's own business implies a sense of creativity and the ability to produce innovative ideas in order to be efficient and successful in the market. Creativity brings positive emotions, such as optimism, life satisfaction, and self-affirmation.

Second, entrepreneurial activity provides an opportunity to maintain and develop social relationships. According to Smith and Moschis (1984), as older individuals lose their social roles, they tend to invest in substitute activities as a compensation-oriented goal. Atchley (1993) also suggests a form of continuity in behaviors among the elderly. More precisely, external continuity is the will to preserve, develop, and maintain valuable social interactions, while internal continuity refers to self-coherence and is the will to maintain the same attitudes, preferences, abilities, beliefs, and judgments, despite aging; it refers to the will to be always the same person (Schiffman and Sherman 1991). Entrepreneurship allows the elderly to ensure this continuity in terms of social interactions and professional abilities and skills.

Third, entrepreneurial activity is a means of extending the self beyond one's own physical death and of attaining a kind of symbolic immortality. From a Psychological Development Theory perspective, Erikson (1963) introduced the concept of generativity, which is specific to older individuals. Based on a desire for self-transcendence, this concept is defined as a concern for establishing and guiding future generations. Generativity consists of the desire to pass on knowledge and experience to future generations, to invest oneself in one's community, and to leave a mark on those future generations (Urien and Kilbourne 2008). When the time horizon is shrinking, individuals are interested in gaining a kind of symbolic immortality, so as not to be forgotten by others beyond one's physical death (Urien and Guiot 2007). Creating a business can be a manifestation of this process for two main reasons. First, it offers the possibility to create and develop something intergenerational and sustainable that endures over time and beyond one's physical death. Second, it is likely to be a useful contribution to society.

## ***4.2 Quest for Spirituality and Meaning in Life***

Entrepreneurship is likely to be a means of expressing one's spirituality and of seeking for meaning in one's life.

Spiritual development is one of the main processes that characterize aging. It is based on two main concerns: self-satisfaction and a concern of others. Spiritual development is considered a chronological and sequential process and reaches its highest level in the latest stages of life (Fowler 1981). Spirituality brings with it an existential structure based on transcendental values that gives meaning and security to one's life. More specifically, older individuals are characterized by what is called a gerotranscendence ability (Tornstam 1997), an acceptance of the self, of others, and of the world. These people tend to express a specific interest in the links between generations, the relationship between life and death, and the different meanings of death. This element is likely to have an effect on behaviors. Because of gerotranscendence, older individuals may look for experiences that are emotionally adapted (search for excitement and elation). One's professional project can illustrate this search for spirituality, as it can be part of something bigger than the self that contributes to society as a whole and to future generations.

Wong (1999) also suggests that individuals try to find meaning in their life in order to face existential anxieties, doubts, regrets, or any other fears. More precisely, this meaning management process includes three intentional processes. Meaning-seeking refers to the need to understand events, the attempt to control or to anticipate them, and the search to find some potential reasons for them. More importantly, meaning must be discovered through one's engagement in active and creative projects that are larger than the self (Frankl 1984), which fully corresponds to entrepreneurship. Meaning-making refers to the active construction and creation of meanings. There are three main possibilities that are likely to lead to positive results: a social construction of meaning that includes making meaning through social behaviors and cultural norms; a goal-striving that involves the pursuit of specific projects; and a personal development that involves the development of one's world-views, values, and belief systems through education, personal, and family experiences. Meaning reconstruction refers to a transformative process that aims at integrating past negative events and tries to overcome them and exploring alternative assumptions. Even if these processes are not specific to older individuals, they help us to understand how meaning in entrepreneurship can contribute to successful aging. From this perspective, creating a business can be a manifestation of these meaning-related processes. Entrepreneurship is a creative and an active challenge that encompasses the self and helps older individuals find meaning for their life and for society generally. It also helps to create meaning in that it is related to the development of social networks and relationships and contributes to one's personal development. Finally, as an entrepreneurial activity is mainly associated with failures or potential negative outcomes that must be overcome, it offers the possibility of processing a meaning reconstruction with courage and tenacity.

## 5 Conclusion

This chapter aimed to connect two different concepts, namely, the process of aging and entrepreneurship. On the one hand, despite the difficulties related to aging, this process can be experienced positively and as an opportunity for entrepreneurial activity. As people age, they tend to develop specific social and psychological resources (such as experiences, knowledge, wisdom, extended networks, autonomy, and environmental mastery) that enable them to deal with time flow. These people also tend to use appropriate defense mechanisms oriented toward a redefinition of goal priorities and an extension of the self from a symbolic immortality perspective. These characteristics create a favorable context for an engagement in entrepreneurial activities. On the other hand, engaging in an entrepreneurial activity contributes to successful aging and to well-being, as it illustrates personal and social fulfillment and a search for meaning in one's life. Whether as a career option or a necessity because of job discrimination, creating one's own business brings order, meaning, and control that enable the individual to face any existential concerns.

As the elderly represent a powerful human and social capital for the economy, it is essential to encourage entrepreneurship initiatives in this target group. From this perspective, this chapter provides insights into an understanding of this process. The chapter may also help define policy programs that can, in turn, help manage and support older entrepreneurs.

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**Part II**  
**Senior Entrepreneurs: Are They Really**  
**Different?**

# Heterogeneous Boomer Entrepreneurs



Ting Zhang

**Abstract** This chapter categorizes boomer entrepreneurship in the context of a less physically demanding US knowledge economy. The subcategories of boomer entrepreneurs include nascent versus existing boomer entrepreneurs, necessity versus opportunity boomer entrepreneurs, incorporated versus unincorporated boomer entrepreneurs, and full-time versus part-time boomer entrepreneurs. This empirical study relies on descriptive statistics and tests the hypothesis that boomer entrepreneurs are not a homogeneous group. Monthly data from the Current Population Survey are used. The study also demonstrates a method of categorizing different types of entrepreneurs using monthly employment data.

## 1 Introduction

Despite the collision of the recent large-scale economic downturn and the entrance of the first baby boomer cohort into wage-and-salary retirement ages, entrepreneurship continues to be an important alternative to boomers (Cahill et al. 2013). The Great Recession has increased boomer workers' incentives to continue working or return to work to compensate for their decimated assets (Munnell et al. 2009) while increasing the challenges they face to do so. However, boomers are often particularly vulnerable in the labor market and thus are "pushed" out of the traditional employees' market, particularly in the recent economic downturn (Lavarreda et al. 2013); those "push" factors include age discriminatory practices in recruitment, promotion and training, a lack of attractive employment options, deteriorating health issues, and care responsibilities that make it harder to continue full-time employment (Porcellato et al. 2010). Older workers are generally perceived to be more vulnerable to skill obsolescence and tend to be at odds with technological innovations that are

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93

associated with increased training needs (Crown and Longino Jr 2000). For older workers who have not looked for a job for a long time, lacking job hunting techniques is another structural disincentive for boomers (Hooymann and Kiyak 2005). Even the “seniority principle” (Thurow 1975) which increases salary with experience tends to discourage hiring seniors.

Entrepreneurship can provide boomer worker with an additional income in retirement while they remain economically active with flexibility and independence (Weber and Schaper 2004; Kautonen et al. 2008; Zhang 2008, 2014, 2015; Zhang and Carr 2014). Also, boomer entrepreneurship contributes to address political, fiscal, economic, and social issues in an aging population (Weber and Schaper 2004; Kautonen et al. 2008; Zhang 2008). Boomer entrepreneurship reduces boomers’ unemployment, mitigates the fiscal pressure (Zhang 2008), increases the social inclusion of boomers (Kautonen et al. 2008, 2011), and enhances the economy’s innovative capacity by employing boomers’ human and social capital (Botham and Graves 2009). Boomer workers often have invaluable unique assets of leadership, mentorship, comfort (Peterson 1999), experience, established business ties, strong work ethic, and loyalty to their company (Collison 2003).

The study of boomer entrepreneurship and its potential regional economic growth impact is of significant importance for the aging America and its shared knowledge economy. On the one hand, aging is expected to result in labor force shortages (Peterson 1999) and Social Security fund exhaustion (Bruce et al. 2000); on the other hand, the shared knowledge-based economy elevates the value of boomers’ human capital because this economy is less physically demanding, more “footloose” than previous ones (Atkinson and Court 1998), and facilitates better knowledge sharing and spillover (Zhang 2008). In addition, compared to previous generation, boomers are much better educated (Zhang 2011).

Compared to younger entrepreneurs, prior studies suggest that older entrepreneurs have certain advantages in entrepreneurship: they tend to have better resources for human or social capital and networks (Peters et al. 1999; Singh and DeNoble 2003; Weber and Schaper 2004), more personal networks for business starting-up process (Robinson and Stubberud 2014; Baucus and Human 1994; De Kok et al. 2010), more time to establish the networks and thus better access to start-up and government support information (De Kok et al. 2010; Maas and Herrington 2006), more life and work experience (De Kok et al. 2010; Weber and Schaper 2004), and more accumulated know-how (Steiner and Solem 1988). From demographic and socioeconomic status, older entrepreneurs tend to be male and have lower educational attainment, compared to the younger ones (Weber and Schaper 2004; Peters et al. 1999).

However, the current literature on boomer entrepreneurship is thin, let alone more nuances on heterogeneity among different types of boomer entrepreneurs. While many people believe most boomer entrepreneurs could be *necessity entrepreneurs* or did not become entrepreneurs at the older ages, boomers who created businesses during older ages largely differ from those existing entrepreneurs who started the entrepreneurial journey in their youth and continue to be business owners at older ages. This study defines the former as *novice boomer entrepreneurs* and the latter as



*existing boomer entrepreneurs*. Also the mechanisms for seniors to become *necessity boomer entrepreneurs* differ from *opportunity boomer entrepreneurs*. There are different motivations for boomers to become *full-time* or *part-time entrepreneurs*. There are probably also behavioral and economic impact difference between *incorporated* and *unincorporated boomer entrepreneurs*, as well as *full-time* and *part-time boomer entrepreneurs*. This research therefore first attempts to define and distinguish different categories of boomer entrepreneurs, investigate the probabilities of each type of boomer entrepreneurs and examining factors driving their entrepreneurial activities, and estimate the economic impact created by those different categories of boomer entrepreneurs.

## 2 Research Questions and Hypotheses

Scholarly work on boomers' entrepreneurship has been limited: the heterogeneity of boomer entrepreneurs has not been much addressed; economic growth models (Solow 1957; Romer 1993; Audretsch and Keilbach 2004) have not yet accounted for boomer entrepreneurship; social aging theories (Hooymann and Kiyak 2005) that treat this subject remain controversial on whether boomers should be entrepreneurs or not, as Zhang (2008, 2015) noted; and in empirical studies, this topic has been under-researched. Detailed categories of boomer entrepreneurs, factors affecting boomers' entrepreneurial propensity in different categories of boomer entrepreneurs, and the potential economic impacts of different categories of boomer entrepreneurship are yet to be examined. Therefore the study examines the following research hypotheses.

*Hypothesis 1* Boomer entrepreneurs are less likely to be novice, incorporated, or full-time entrepreneurs. Among boomer novice entrepreneurs, boomer novice entrepreneurs are more likely to be opportunity entrepreneurs.

Many studies indicate that the elderly tend to be less entrepreneurial than the younger cohorts (Johnson 1978; Miller 1984; GEM 2004); many people do not believe people become entrepreneurs at later life and believe many older entrepreneurs are *existing or non-novice entrepreneurs* or entrepreneurs who started their businesses at younger age. Many boomer entrepreneurs could have been entrepreneurs since younger age or could have been serial entrepreneurs. We hypothesize that majority of boomer entrepreneurs could be *existing or non-novice entrepreneurs* and boomer entrepreneurs are less likely to be *novice entrepreneurs* than *existing or non-novice entrepreneurs*; however, it does not necessarily mean boomer entrepreneurs cannot be novice entrepreneurs or could not become entrepreneurs at older ages. This study therefore investigates on this.

Many older entrepreneurs were pushed into entrepreneurship as *necessity entrepreneurs* because of unemployment or dissatisfaction with the present wage earned (De Kok et al. 2010; Weber and Schaper 2004). As Kautonen (2008) reported, older persons are less likely to find alternate career opportunities; therefore it is expected

that many boomer entrepreneurs are *necessity entrepreneurs*. However, many other older entrepreneurs have been reported to start business as *opportunity entrepreneurs* by an interest in personal or financial success (King 2002; Getz and Carlsen 2000; Weber and Schaper 2004). In the more “footloose” knowledge-based economy where physical constraint becomes less of an issue and with better health and medical conditions, many older workers can continue working and spin off their wage-and-salary jobs into entrepreneurship after or around retirement age for a more flexible schedule and a more control work arrangement (Zhang 2008). From the life course development perspectives, older individuals tend to have less financial pressure to raise children or pay for education and therefore could more freely allocate their financial resources, if they have then, to fulfill the entrepreneurial ambition that they have held for a while. In addition, being in an industry for a long time, familiar with the related network and industrial skills and with more managerial or even executive experience, older individuals are more likely to observe and grasp the opportunity to become an *opportunity entrepreneur*. Therefore, it is worth investigating whether boomer entrepreneurs tend to be opportunity entrepreneurs or necessity entrepreneurs.

Levine and Rubinstein (2013)’s study reveals that there are more *unincorporated entrepreneurs* than *incorporated* ones. Although it is not specifically for boomer entrepreneurs, with the relative ease to be *unincorporated entrepreneurs*, we hypothesize that boomer entrepreneurs are more likely to be *unincorporated* as well.

Since older persons are less likely to find alternate career opportunities (Kautonen 2008), older entrepreneurs have more personal time to run a new business (Weber and Schaper 2004). We thus hypothesize that boomer entrepreneurs are more likely to be *full-time entrepreneurs* rather than *part-time entrepreneurs*.

*Hypothesis 2* Boomer entrepreneurs are not a homogeneous group: in specific, novice boomer entrepreneurs are more likely than existing boomer entrepreneurs to be urban. Among novice boomer entrepreneurs, opportunity boomer entrepreneurs are better attached to the labor market than necessity entrepreneurs. Incorporated boomer entrepreneurs are better educated, have higher earnings, and more likely to be male, white, Asian, and married, have health insurance, and be in suburban areas than unincorporated entrepreneurs. Full-time boomer entrepreneurs work more hours, earn more, and are healthier than part-time boomer entrepreneurs.

Previous literature shed light on a higher self-employment rate among seniors, compared to the younger cohort (Blanchflower et al. 2001; Karoly and Zissimopoulos 2004; Zissimopoulos and Karoly 2007; Zhang 2008; Zhang and Carr 2014), but it is unclear whether the higher self-employment were from *novice* or *existing* boomer entrepreneurs. Similarly unclear is whether they tend to be *necessity entrepreneurs* or *opportunity entrepreneurs*, *incorporated* or *unincorporated entrepreneurs*, or *full-time* or *part-time entrepreneurs*. Categorizing boomer entrepreneurs and exploring their different attributes would help researchers better understand boomer entrepreneurs and further help identify more specific policy approaches to develop entrepreneurship.

Boomer entrepreneurs are in no way a homogeneous group; seniors have various motivations to become entrepreneurs, including being pushed into entrepreneurship (*necessity* versus *opportunity boomer entrepreneurs*) for financial resources, supplementary or not, fulfilling their own ambitions and dreams, staying active at work, treating it as a “bridge job” before full retirement (*part-time* versus *full-time boomer entrepreneurs*), or simply continuing to be entrepreneurs (*existing* versus *novice boomer entrepreneurs*).

*Novice boomer entrepreneurs* are naturally expected to have somewhat behavior discontinuity, changing from other occupations to being an entrepreneur, and therefore are expected to somewhat employment change from the past month to the reference month, while this is not expected for *existing boomer entrepreneurs*. Anokhin et al. (2008) argue that there are differences between serial and novice entrepreneurs in terms of skills, competences, and information level. With relatively limited information and network, *novice boomer entrepreneurs* are expected to be urban to stay closer to information, as they might not have as much mature experience and network that existing boomer entrepreneurs can go free off.

One of the most prominent differences between *opportunity* and *necessity entrepreneurs* is their motivation for starting a business (Block and Wagner 2010; Reynolds et al. 2005; Verheul et al. 2010; Hechavarría and Reynolds 2009). Opportunity entrepreneurs start a venture to realize a new business opportunity, whereas necessity entrepreneurs are pushed to start a business because all other alternatives are not satisfactory (Reynolds et al. 2005; Bergmann and Sternberg 2007; Akola 2008; Kautonen and Palmroos 2010). The terms *opportunity* and *necessity* entrepreneur were presented in 2001, referring respectively to entrepreneurship “reflecting the voluntary pursuit of opportunity” and “reflecting a necessity to engage in entrepreneurship when there is an absence of employment opportunities” (Reynolds et al. 2005, p. xv); they are respectively driven by “pull” and “push” factors (Verheul et al. 2010). Block and Wagner (2010) indicated differences between *opportunity* and *necessity* for entrepreneurs in terms of age, gender, region, and perceived risks and suggest that different policies for entrepreneurship according to the type of entrepreneurs should be adopted. *Opportunity boomer entrepreneurs* are expected to be better attached to the labor market with jobs by definition, compared to *necessity boomer entrepreneurs*; this could further imply an advantage among *opportunity boomer entrepreneurs* in socioeconomic status.

Levine and Rubinstein (2013) indicated that *incorporated entrepreneurs* earn more and work more than the *unincorporated*; *incorporated entrepreneurs* have more of a certain type of healthcare coverage than the unincorporated self-employed. Light and Munk (2015) found people in *incorporated entrepreneurship* have higher level of education, experience, and resources than unincorporated entrepreneurs. Based on census data in 2001, Scott Shane (2013) noted *incorporated entrepreneurs* are more likely to be male and white and Asian and married. *Incorporated boomer entrepreneurs* are expected to have more employees than *unincorporated boomer entrepreneurs* and often require more team coordination and are expected to have more earnings and better education and probably be even

better attached to the labor market. Also the expected smaller business scale among *unincorporated entrepreneurs* could more likely mean an urban setting for the more nimble, smaller scale.

By definition, *full-time boomer entrepreneurs* are expected to work more hours than *part-time boomer entrepreneurs*; they have a stronger commitment and bear more risks than part-time boomer entrepreneurs. Therefore they are expected to have higher earnings and healthier.

### 3 Key Definitions

In this study, the *boomers* are those who were born between the years 1946 and 1964. In order to maximize use of available sample size, our measure for *entrepreneurship* is the unincorporated and incorporated self-employment rate among the labor force. Although relying on self-employment data may ignore those business owners who claim themselves to be employees of their firms, this measure avoids problems of another two often-used measures: the measure R&D expenditures tends to underestimate small business entrepreneurship (Acs and Audretsch 1990), and the measure of startups (Audretsch and Keilbach 2004) does not fully capture firm sustainability issues. Given that high-value entrepreneurship tends to be non-rural pursuits (Low et al. 2005), particularly in shared knowledge-based economy, in our econometric modeling, only metropolitan (or non-rural) self-employment from knowledge-based industries is considered.

With the aforementioned definition of boomer entrepreneur, this study further classifies four sets of different categories of boomer entrepreneurs. Considering the fact that the data we use tracks individuals' monthly employment for up to 8 months, *novice boomer entrepreneurs* in this study refer to those boomers who were an entrepreneur in the reference month, but not in the any of the previous up to 7 months. Please note it does not necessarily mean it was the first time they became an entrepreneur, as we do not have the data to verify that. They could have been an entrepreneur more than up to 8 months ago but then stopped being an entrepreneur in the recent 8 months. Also, this definition differs from what Wagner (2004) has defined in that it does not consider whether the entrepreneurs have been active in trying to start the new firm in the past year or by a positive monthly cash flow measure. This definition is contingent upon the data availability but serves the purpose of distinguishing boomers who were newly became entrepreneurs from those entrepreneurs who have continuously been entrepreneurs since younger ages. In contrast, *existing boomer entrepreneurs* refer to those boomer entrepreneurs who were entrepreneurs in the reference month and in any time period in the past 8 months as well. This study focuses more on the above-defined *novice boomer entrepreneurs* because those are the boomer entrepreneurs that were often doubted and not singled out in the current literature but that could largely different from other boomer entrepreneurs; this further informs on the policy implications of boomers' entrepreneurial activities and occupational choices at older ages.

Among *novice boomer entrepreneurs*, *necessity boomer entrepreneurs* differ from *opportunity boomer entrepreneurs* for their entrepreneurial motivations. Similar to Verheul et al. (2010), in this study *necessity boomer entrepreneurs* refer to those boomer entrepreneurs who were “pushed” to become entrepreneurs, while *opportunity novice boomer entrepreneurs* typically refer to those novice boomer entrepreneurs who were “pulled” to become entrepreneurs. Technically, *necessity novice boomer entrepreneurs* in this study are defined as those novice boomer entrepreneurs who were unemployed experienced workers who lost jobs for involuntary reasons (e.g., layoffs, employment termination, etc.) or who were unable to work and thus not in the labor force in the month before reference month of being an entrepreneur. Please note those who were unemployed but new labor market entrance were not counted as necessity because they were unemployed not due to job loss but could be frictionally unemployed while looking for a job. As noted by Block and Wagner (2006), Robichaud et al. (2006), and Zhang (2014), unemployment seems to be a predominant feature among *necessity entrepreneurs*. Involuntary unemployment further strengthen the “push” factor. Although this measure of necessity entrepreneurs is not yet perfect, it is the best available measure using the Current Population Survey (CPS) data to capture the meaning of *necessity entrepreneur*. On the contrary, the *opportunity novice boomer entrepreneurs* are defined as those novice boomer entrepreneurs who were at work or had a job or job leavers (for voluntary reasons, instead of job losers) in the month before the reference month of being an entrepreneur.

Another contrasting pair of novice boomer entrepreneurs is *incorporated* versus *unincorporated boomer entrepreneurs*. This is particularly necessary when using self-employment data instead of firm creation data to measure entrepreneurship. Incorporated self-employment could differ from unincorporated self-employment in entrepreneurial motivation, ambition, taxation, liability, financing, and job creation. In this study, *incorporated boomer entrepreneurs* refer to boomers who had incorporated self-employment, while *unincorporated boomer entrepreneurs* refer to those who had unincorporated self-employment.

This study also distinguishes *part-time* from *full-time boomer entrepreneurs*. Some seniors run their own business as only a “bridge job” (Bruce et al. 2000; Zhang 2008, 2014, 2015; Zhang and Carr 2014), for supplementary income during retirement, for tax purposes only, or for a phased retirement, and they thus could well possibly be part-time entrepreneurs. Those part-time entrepreneurs would differ from the full-time entrepreneurs for the effort invested, life focus, ambition, etc. In this study, we define *full-time boomer entrepreneurs* as those boomer entrepreneurs who worked full-time hours (35+) during the reference month, no matter whether they were usually full-time or part-time workers previously. We define *part-time boomer entrepreneurs* as those boomer entrepreneurs who worked part-time hours, regardless of whether they usually worked full-time or part-time previously.

## 4 Methodology

This study relies heavily on the longitudinally linked US census Current Population Survey (CPS) monthly data for the years of 2006–2015, compiled by Flood et al. (2015)'s Integrated Public Use Microdata Series (IPUMS). The reason to choose data of 2005–2016 is to have enough years' data for both before and after recession months. In order to measure the nuanced boomer entrepreneur types, monthly employment information becomes a necessity. Considering the limited observations it might be for nuanced boomer entrepreneur types, a larger national dataset is important. Those already make the CPS data a must. Compared to several other major national datasets, some other advantages of this individual-level dataset include its complete age and other demographic and socioeconomic information, flexible geographic identification,<sup>1</sup> detailed employment information using linked longitudinal data, a large nationally covered sample size, and detailed time horizon down to monthly level with a long time coverage to observe the recession impact.

Other data sources that will be used in this study include the monthly unemployment rate from the Bureau of Labor Statistics (BLS), metropolitan employment information from the Bureau of Economic Analysis (BEA), and annual population estimate from the US Census Bureau for all metropolitan areas and nationwide.

The study will use the above *longitudinal panel data* to adopt the following methodologies

*Methodology for Hypothesis 1 descriptive statistics* across the different types of boomer entrepreneurship are conducted to compare the probabilities of each type of boomer entrepreneurs based on the national survey data.

*Methodology for Hypothesis 2 two-sample hypothesis testing* across various pairs of comparisons is conducted. In this study a series of two-sample *t*-tests with unequal variances were conducted because our data have unequal variances.

## 5 Findings

This section explains the findings in the order of the hypotheses.

### 5.1 Findings from Testing Hypothesis 1

Table 1 compares the key statistics for the four pairs of boomer entrepreneur types. As Table 1 shows, boomer entrepreneurs are more likely to be *existing, full-time*,

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<sup>1</sup>CPS's flexible geographic identification (state and metro area) makes it more possible to integrate data from other sources.

**Table 1** Comparing probability among four pairs of boomer entrepreneur types (own table)

Variable	Obs	Mean	Std. dev.	Min	Max
Boomer entrepreneur	3,225,696	0.14	0.35	0	1
Novice boomer entrepreneur	466,503	0.23	0.42	0	1
Full-time boomer entrepreneur	424,103	0.70	0.46	0	1
Incorporated boomer entrepreneur	466,503	0.37	0.48	0	1
Opportunity novice boomer entrepreneur	9010	0.77	0.42	0	1
Full-time novice boomer entrepreneur	93,882	0.68	0.47	0	1
Incorporated novice boomer entrepreneur	105,366	0.34	0.47	0	1

*unincorporated boomer entrepreneurs*, respectively, rather than *novice, part-time, incorporated boomer entrepreneurs*, and more likely to be *opportunity novice boomer entrepreneurs* rather than *necessity novice boomer entrepreneurs*.

In specific, according to the national survey data we extracted, 14% of boomers are entrepreneurs. Among boomer entrepreneurs, a boomer entrepreneur’s probability to become a *novice boomer entrepreneur* is 23%, i.e., 23% of boomer entrepreneurs are *novice boomer entrepreneurs*, and 77% of boomer entrepreneurs are *existing boomer entrepreneurs*. This means boomer entrepreneurs are more than three times likely to be *existing boomer entrepreneurs* than *novice boomer entrepreneurs*.

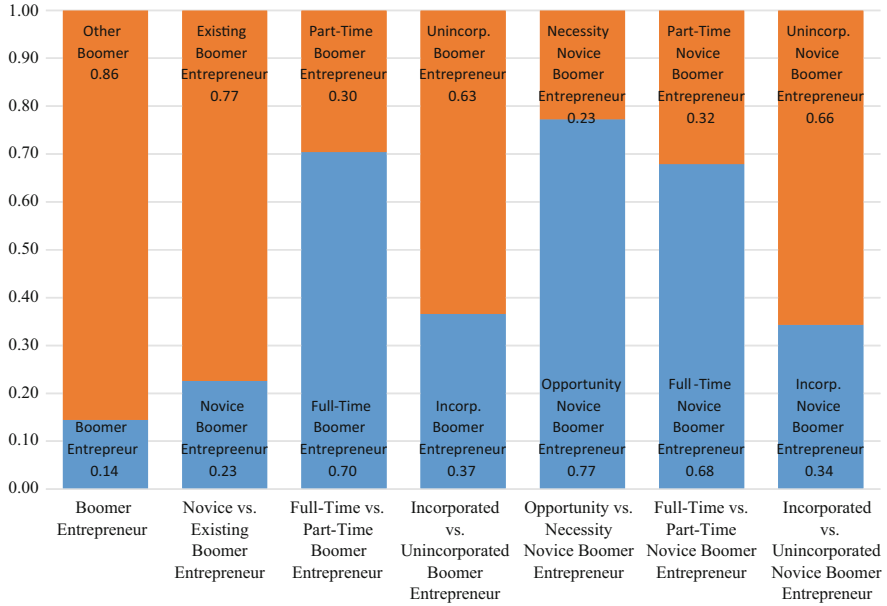
An individual boomer entrepreneur has 70% chance to be a *full-time boomer entrepreneur* and 30% chance to be a *part-time boomer entrepreneur*. The odds to be *full-time boomer entrepreneurs* is more than twofold of *part-time boomer entrepreneurs*.

Boomer entrepreneurs have 37% of probability to be *incorporated boomer entrepreneurs* and 63% of probability to be *unincorporated*. The odds to be *unincorporated boomer entrepreneurs* is 1.7 times of *incorporated boomer entrepreneurs*.

Among *novice boomer entrepreneurs*, 77% of the probability is for *opportunity novice boomer entrepreneurs* and 23% for *necessity novice boomer entrepreneurs*; 68% for *full-time novice boomer entrepreneurs* and 32% for *part-time novice boomer entrepreneurs*; and 34% for *incorporated novice boomer entrepreneurs* and 66% for *unincorporated novice boomer entrepreneurs*. *Part-time* and *unincorporated entrepreneurs* take a slightly higher probability among *novice boomer entrepreneurs* than among boomer entrepreneurs as a whole. Figure 1 further visualizes this contrast.

## 5.2 Findings From Testing Hypothesis 2

Table 2 summarizes our two-sample *t*-test results with unequal variances to test Hypothesis 2 across our linked monthly longitudinal data over 120 months from 2006 to 2015. For the two-sample *t*-test, all tests are conducted in pairs of comparisons.



**Fig. 1** Contrasting probability among novice vs. existing, full-time vs. part time, incorporated vs. unincorporated, and opportunity novice vs. necessity novice boomer entrepreneurs (Own figure)

Compared to younger entrepreneurs, boomer entrepreneurs are more likely to be in rural or suburb areas, household headers or spouses (instead of other household members), male, and white; are married or have been married; are retired, without young children; have had worked longer; have worked for more hours, with physical or any difficulties; have health insurance; and have higher earnings and less likely to have lost jobs in the last 3 years. The rural or suburban bound could be a generation phenomenon among boomers. Also since entrepreneurship offers more flexibility and control and could be potentially more “footloose” than wage-salary employees, this in the knowledge-based economy makes it more possible for suburban or even rural boomers to become entrepreneurs. Many of those could also be agriculture-related self-employment. Please note that our entrepreneurs are defined as self-employed workers. Farmers are typically self-employed and do not necessarily retire early; this is consistent with our findings.

Most workers of the boomer generation are male, and that naturally results more male boomer entrepreneurs. Marriage tends to be more stable among older generation; marriage is also often important and supportive to the family business. Compared to the younger ones, boomer entrepreneurs are unsurprisingly more likely to be retired, without young children, and to have worked longer, and with some difficulties, have higher salaries due to “seniority principle” (Thurow 1975), and have more working experiences. With typically poorer health, boomers are more likely to concern about their health than the younger ones and therefore more likely to have health insurance. Compared to other boomers, boomer entrepreneurs are



**Table 2** Two-sample *t*-test with unequal variances (own table)

Variable	Types of entrepreneurs						Full-time vs. part-time boomer entrepreneurs
	Boomer vs. young entrepreneurs	Boomer entrepreneurs vs. other boomers	Nascent vs. existing boomer entrepreneurs	Opportunity vs. nascent boomer entrepreneurs	Incorporated vs. unincorporated boomer entrepreneurs		
Rural	+ ***	+ ***	- ***	- ***	- ***	+ ***	+ ***
Central city	- ***	- ***	+ ***	- ***	- ***	- ***	- ***
Suburb	+ ***	- ***	- ***	+ ***	+ ***	+ ***	+ ***
HH header	+ ***	+ ***	- ***	- ***	- ***	- ***	- ***
Spouse	+ ***	- ***	- ***	+ ***	+ ***	+ ***	+ ***
Male	+ ***	+ ***	- ***	- ***	+ ***	+ ***	+ ***
White	+ ***	+ ***	- ***	+ ***	+ ***	+ ***	- ***
African American	- ***	- ***	+ ***	+ ***	+ ***	+ ***	+ ***
Asian	- ***	Insig	+ ***	+ ***	+ ***	+ ***	+ ***
Mixed	- ***	- ***	+ ***	- ***	- ***	- ***	- ***
HS	+ **	- ***	+ ***	- ***	- ***	+ ***	+ ***
Some college	- ***	- ***	- ***	- ***	- ***	- ***	- ***
Bachelors	- ***	+ ***	- ***	+ ***	+ ***	+ ***	+ ***
Advanced	+ ***	+ ***	- ***	+ ***	+ ***	- ***	- ***
Married	+ ***	+ ***	- ***	+ ***	+ ***	+ ***	+ ***
Sep div wid	+ ***	- ***	+ ***	- ***	- ***	- ***	- ***
Never married	- ***	- ***	+ ***	- ***	- ***	- ***	- ***
Child under 16	- ***	+ ***	Insig	+ ***	+ ***	+ ***	+ ***
Has job	+ ***	+ ***	- ***	+ ***	+ ***	+ ***	N/a
Unemployed	- ***	- ***	+ ***	- ***	- ***	- ***	N/a
Not in LF	- ***	- ***	+ ***	- ***	- ***	- ***	N/a
Retired	+ ***	- ***	+ ***	+ ***	+ ***	+ ***	N/a

(continued)

**Table 2** (continued)

Variable	Types of entrepreneurs						
	Boomer vs. young entrepreneurs	Boomer entrepreneurs vs. other boomers	Nascent vs. existing boomer entrepreneurs	Opportunity vs. necessity nascent boomer entrepreneurs	Incorporated vs. unincorporated boomer entrepreneurs	Full-time vs. part-time boomer entrepreneurs	
Cont weeks emp	+ ***	+ ***	- ***	+ ***	+ ***	N/a	
Hrs work main job	+ ***	+ ***	+ ***	- ***	- ***	- ***	
Lost left job in last 3 years	- ***	- ***	+ ***	- ***	- ***	- ***	
Hourly wage	+ ***	+ ***	- **	Insig	+ ***	+ ***	
Employed 1 yr ago	+ *	- *	Insig	Insig	+ **	+ ***	
Any diff	+ ***	+ ***	+ ***	- ***	- ***	- ***	
Physical diff	+ ***	Insig	+ ***	- ***	- ***	+ ***	
Health ins	+ ***	Insig	Insig	Insig	+ ***	Insig	

Note: (1) \* indicates statistical significance at 0.1 level, \*\* indicates statistical significance at 0.05 level, and \*\*\* indicates statistical significance at 0.01 level. (2) “+” means first group in each pair has a higher value, and “-” means the second group in each pair has a higher value

more likely to be rural, household header, male, white, better educated, and married, have young children, are employed, worked longer and more, had higher earnings, are not employed 1 year ago but less likely to have lost jobs in the last 3 years, and report difficulties but not physical difficulties. This shows some preliminary attributes for boomer entrepreneurs versus other boomers. Being a household header and holding a more dominant position at home not only bring in a sense of responsibility to be entrepreneurs and be bread winners; it is also consistent with incentive to control, which is often needed to become entrepreneurs. Being male, white, and better educated are often associated with more working experience or more employment options, which could be associated with entrepreneurship versus other occupational choices.

Among boomer entrepreneurs, our data shows that compared to *existing boomer entrepreneurs*, *novice boomer entrepreneurs* are more likely to be in the central city, less likely to be either household header or spouse, less likely to be male or white, less educated, lowered paid, more likely to be not married, unemployed or not in the labor force, and more likely to have physical or any difficulties. *Existing boomer entrepreneurs* have had more entrepreneurial experience, a more mature business ties and network; this could result in more footloose options to them. The *novice boomer entrepreneurs* often have to rely more on the central city to be close to business network and supply and demand chain. *Existing boomer entrepreneurs* are better attached to the current labor market already and can afford being more remote to run business. As inexperienced new comer, *novice boomer entrepreneurs* tend to be worse off when they just started their entrepreneurial journey.

Among *novice boomer entrepreneurs*, *opportunity novice boomer entrepreneurs*, compared to *necessity novice boomer entrepreneurs*, are more likely to be suburban, non-household header, female, minority, better educated, and married, have young children, are employed or retired, have worked longer but not more, and are healthier. *Opportunity novice boomer entrepreneurs*, compared to *necessity novice boomer entrepreneurs*, have more career options and are not pushed into entrepreneurship and therefore better off. Being female and minority often bring in some innovative perspectives that result in seeing and grasping opportunities. Being better educated offers better human capital to prepare for being *opportunity entrepreneurs*.

Our data also show that compared to *unincorporated boomer entrepreneurs*, *incorporated boomer entrepreneurs* are more likely to be suburban; spouse; male, with non-mixed race; better educated; and married, with young children, are employed now and before, have worked longer but not more, and are better paid and healthier, with health insurance; this is consistent with previous literature (e.g., Levine and Rubinstein 2013; Light and Munk 2015; Shane 2013) and our aforementioned expectations. Also, *incorporated entrepreneurs* often have a larger scale of business than unincorporated (Glover and Short 2009); a larger scale of business makes suburban area an optimal choice as it is not too far from the market but also with enough space to accommodate the business site.

Compared to *part-time boomer entrepreneurs*, *full-time boomer entrepreneurs* tend to be rural or suburban, spouse, male, minority, and married, with young children, work fewer hours for the main job (probably the wage-and-salary job

other than the self-employed entrepreneur job), have worked 1 year ago and did not lose jobs in the last 3 years, and are better paid, with more physical difficulty but not any difficulty. Being a *full-time entrepreneur* means more time commitment to work as an entrepreneur, which is naturally often associated with better attached to the labor market, better paid, healthier, and work less for non-entrepreneur wage-and-salary job. Being away from the city center could also result in less opportunities to have multiple part-time jobs and therefore more concentrated on the self-employed business and thus be a full-time entrepreneur. Our data did identify the trend of being minority, married, and more likely to have young children among *full-time boomer entrepreneurs*. Minorities could have fewer alternative occupational choice and therefore become a *full-time entrepreneur*. *Full-time entrepreneurship* exhibits the commitment that is consistent with the marriage concept. Having young children requires more flexible schedule for children, and therefore being *full-time entrepreneurs* versus wage-and-salary workers can accommodate the flexibility better.

## 6 Conclusion

Our national longitudinal data shows that for the past decade, boomer entrepreneurs are more likely to be *existing, full-time, unincorporated boomer entrepreneurs*, respectively, than *novice, part-time, and incorporated boomer entrepreneurs* and more likely to be *opportunity novice boomer entrepreneurs* rather than *necessity novice boomer entrepreneurs*.

While many people doubt boomers can be entrepreneurs at later life, almost a quarter of boomer entrepreneurs are *novice entrepreneurs*. This indicates boomers and workers at later life can be entrepreneurs. While many people believe boomers and older workers are mostly only part-time entrepreneurs, even if they become entrepreneurs. Our data using national sample across 120 months shows that 70% of boomer entrepreneurs are *full time*. There is also a decent percent of boomer entrepreneurs who are *incorporated*. Those numbers help to break the myth that doubts entrepreneurship among older workers. More interestingly, among *novice boomer entrepreneurs*, 77% are *opportunity novice boomer entrepreneurs*, and only 23% are *necessity novice boomer entrepreneurs*. The myth that most novice boomer entrepreneurs are only necessity entrepreneurs is proved to be largely incorrect, according to this 10 years of national data.

Boomer entrepreneurs are not a homogeneous group. There are many demographic, socioeconomic, and labor market differences between different pairs of boomer entrepreneurs. For the location distribution, our data show that over three quarters of boomers, boomer entrepreneur and *novice boomer entrepreneurs* live outside the city center. While *novice boomer entrepreneurs* are more likely to be in city centers than *existing boomer entrepreneurs, opportunity novice boomer entrepreneurs, full-time boomer entrepreneurs, and incorporated boomer entrepreneurs* are less likely to be in the city center, respectively, than *necessity novice boomer*

*entrepreneurs, part-time boomer entrepreneurs, and unincorporated boomer entrepreneurs.*

*Novice, unincorporated, part-time, and necessity novice boomer entrepreneurs* are worse off, respectively, than *existing, incorporated, full-time, and opportunity novice boomer entrepreneurs*, in terms of labor market attachment, prior job experience, and in most cases educational attainment. This makes *novice, unincorporated, part-time boomer entrepreneurs* and *necessity novice boomer entrepreneurs* the ones needing policy attention particularly when other occupation options are not available to them.

As the first study on eight different types of boomer entrepreneurs, we explored the heterogeneities with some initial nuances. Further nuanced research that are interesting to us include industry, occupation, location, and subpopulation effect on the heterogeneities.

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# Technology Adoption and Product Innovation by Third-Age Entrepreneurs: Evidence from GEM Data



Ana Colovic, Olivier Lamotte, and Manoj Chandra Bayon

**Abstract** While innovation remains a focus of policymakers, very little is known about how older entrepreneurs adopt new technology or introduce new products. Similarly, demographic studies of entrepreneurship are mostly interested in non-age-related demographic influences on entrepreneurial behavior. In this study we examine how age influences the choice of innovative entrepreneurship by considering both technology adoption and product innovation by those who enter entrepreneurship late in their career (over 50 years old). Our results suggest that as in other spheres of life, third-age entrepreneurs tend to lag behind their younger counterparts in technology adoption and innovation. This is extremely significant as, due to the aging population in many countries, it could have serious consequences for the overall development and growth of high impact entrepreneurship. We suggest some measures to address this issue.

## 1 Introduction

In recent years, researchers have become increasingly interested in older entrepreneurs (Clegg and Fifer 2014; Halvorsen and Morrow-Howell 2016; Schøtt et al. 2017). With aging populations, policymakers in many western economies are increasingly trying to encourage entrepreneurship among their older populations (Wainwright and Kibler 2014; Schøtt et al. 2017). Data collected from large-scale

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surveys also point toward increasing entrepreneurship by older people. Kelley et al. (2013) found that although in absolute terms entrepreneurship among older people is lower than in younger age groups, if we consider the labor force participation rate,<sup>1</sup> the entrepreneurial activity of older entrepreneurs is much greater. According to the Kauffman index of entrepreneurial activity, while in 1996 14.3% of the 55–64 age group were new entrepreneurs, this figure increased to 23.4% in 2012 (Fairlie 2013). Using data from 35 European countries, Kautonen (2013) found that although the entrepreneurial potential<sup>2</sup> of older people is lower than in other age groups, it is by no means marginal. A significant number of older people are intending to start a business, involved in early-stage entrepreneurial activity, or considering entrepreneurship as a late-career alternative (Kautonen 2013). Similar evidence from the GEM survey across 70 countries suggests that older-age entrepreneurship is no longer an oxymoron (Wainwright et al. 2011; Hudson and Goodwin 2014; Schøtt et al. 2017). Some authors even consider it the new dawn or the new normal (Isele and Rogoff 2014) noting that “fifty is the new thirty” (Kautonen and Minniti 2014).

Also known as third-age entrepreneurship,<sup>3</sup> entrepreneurship by older people has emerged as a promising field of study within entrepreneurship. Studies show that both pull and push factors encourage third-age entrepreneurs (Gimmon et al. 2016; Stirzaker and Galloway 2017). On one hand, young retirees are increasingly attracted toward entrepreneurship to maintain their lifestyle and flexibility (Colovic and Lamotte 2012; Lamotte and Colovic 2013). On the other hand, an increasing number of older people are forced to start their own business as a source of income because they are excluded from the labor market (Kautonen et al. 2011; Stirzaker and Galloway 2017). Recently, Kautonen et al. (2017) identified several research gaps in the study of third-age entrepreneurship. For instance, what type of entrepreneurship do third-age people prefer? In this regard, the study by Bonte et al. (2009) shows that older people are less likely to pursue opportunities in the high-tech sector. While limited in their coverage, these findings raise concerns about the effect of demographic aging on a society’s capacity to produce high impact entrepreneurship, especially involving innovation (Frosch 2011; Lamotte and Colovic 2013). Moreover, as entrepreneurship is the vehicle through which knowledge that leads to innovation is introduced into the economy, it is necessary to understand the propensity to innovate among new entrepreneurs (Acs et al. 2009). As the article by Bonte et al. (2009) mainly focuses on high-tech and a single country, the main objective of our study is to compare the type of entrepreneurship preferred by third-age people and those in other age groups across countries.

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<sup>1</sup>Older people are more likely to be retired and hence less likely to be actively looking for work. Hence, their labor force participation rate will be low.

<sup>2</sup>Entrepreneurial potential is defined as the number of people thinking about starting a business or in early-stage entrepreneurship (Kautonen 2013).

<sup>3</sup>Other terms associated with older-age entrepreneurship are gray entrepreneurship, senior entrepreneurship, or late-career entrepreneurship.

To that aim, we have reviewed the literature in different disciplines and conducted an empirical study on a large data sample. Our research contributes to knowledge on third-age entrepreneurship in two ways. First, we highlight a phenomenon that has rarely been studied. For instance, while innovation remains a focus of policymakers, very little is known about how older entrepreneurs adopt new technology or introduce new products (Schneider and Veugelers 2010; Czarnitzki and Delanote 2012; Maula et al. 2007). Similarly, demographic studies of entrepreneurship mostly investigate non-age-related factors (Low and MacMillan 1988; Arenius and Minniti 2005). To our knowledge, except for Colovic and Lamotte (2012), on which this chapter builds, no other research has specifically investigated this issue, although, due to demographic change in Western societies, the elderly increasingly attract the attention of researchers. Second, our empirical study is based on a large database, thus improving the generalizability of the results.

The rest of this chapter is structured as follows. Sections 2 and 3 review the literature on the influence of age on entrepreneurship and innovation. Section 4 describes the database and the methodology we used. Section 5 tests our hypotheses. Section 6 discusses the main findings, highlights the limitations of the research and future research directions, and offers recommendations for supporting of third-age entrepreneurs.

## 2 Age and Entrepreneurship

The individual level factors that influence entrepreneurial behavior can be categorized as psychological, motivational, cognitive, and demographic. These factors influence entrepreneurship directly, either individually or in combination. However, unlike psychological, motivational, and cognitive factors, which can be context dependent (Welter 2011; Zahra et al. 2014), demographic factors such as gender and age are “inherent factors” of entrepreneurship (Parker 2004). Demographic studies of entrepreneurship mainly focus on gender. Interestingly, age seems to be present in most studies but mainly as a control factor rather than a substantive variable. In other words, although the effect of age is taken into account, it is simply explained away while other factors dominate explanations of entrepreneurial behavior. However, since age affects several of these individual level factors, it becomes an important factor in the decision to become an entrepreneur (Parker 2004; Lévesque and Minniti 2006; Minola et al. 2014). Indeed, recent studies show that age distribution is a key factor in determining the rate of entrepreneurship in a region (Bonte et al. 2009; Lamotte and Colovic 2013). In this regard, previous studies linking age and entrepreneurship suggest an inverted U relationship between age and the decision to start a business (Bonte et al. 2009), with the proportion of people trying to start a business being highest in the 25- to 35-year age group (Lévesque and Minniti 2006; Reynolds 2007). Mueller (2006) finds a positive, curvilinear relationship between age and the desire to start a business, peaking at the age of 41. Most empirical analysis that considers age as a control variable suggests that the probability of creating ones’ own business is highest among the relatively young (Blanchflower 2004; Lévesque and Minniti 2006).

The issue of the influence of age on entrepreneurial behavior can be examined from an employment choice perspective. As an employment choice decision, a long tradition of research highlights the significance of risk attitude in the choice of entrepreneurship over salaried employment. However, most studies do not consider the interplay between risk and age in influencing employment choices over people's entire life. However, it is generally known that risk aptitude decreases as people grow older (Josef et al. 2016). If the same applies to employment choice, it can be surmised that as individuals grow older, they are less likely to choose entrepreneurship over salaried employment. Lévesque and Minniti (2006) proposed that the dynamic interplay between age, risk, and employment choice can be explained if "time" is taken into account. Based on Becker's time allocation model, the authors propose that as time is an important and finite resource, people prefer an income-producing activity that produces the highest expected utility within a given time span, in this case the person's life span (Lévesque and Minniti 2006). Moreover, as entrepreneurship does not produce an instant (or riskless) return, the older the person, the less time they have to enjoy the future returns from business activity. This reduces the attractiveness of entrepreneurship over salaried employment, as people grow older. By incorporating time, Lévesque and Minniti's (2006) theoretical model suggests that in addition to attitude toward risk, activities that involve a "time commitment component" before producing an income, such as a new business, are less attractive than activities with immediate payoffs such as salaried employment.

However, it should also be noted that entrepreneurial ability is likely to increase with age, as people develop or acquire human, social, and financial capital over time (Curran and Blackburn 2001; Fairlie and Krashinsky 2012). The optimal time to be an entrepreneur should therefore be when one has developed sufficient human, social, and financial capital, but risk aversion and the emphasis on time are not yet too important. Hence, the preference of younger people for entrepreneurship. Although older people are more likely to be able to create a business than their younger peers, they are less likely to be willing to do so (Curran and Blackburn 2001).

However, the above explanation does not indicate the relationship between age and innovative entrepreneurship. When choosing innovative entrepreneurship, people face not only the risk arising from the employment choice decision but also that arising from the nature of innovation (Koellinger 2008; Dencker and Gruber 2015; Bayon et al. 2016). Moreover, the choice of innovative entrepreneurship requires both the ability and the desire to develop and implement innovative ideas, a propensity that might differ across different age groups.

### 3 Age and Innovation

Innovation propensity is essential for innovative entrepreneurs. Lumpkin and Dess (1996) define the propensity to innovate as a tendency to initiate and support new ideas, novelty, experimentation, and creative processes that may result in the

creation of new products, new services, or new processes technology. Such a propensity may be affected by the biological process of aging (Meyer 2011; Rietzschel et al. 2016). Studies on the evolution of cognitive abilities during a lifetime, of which Desjardins and Warnke (2012) provide a comprehensive review, are particularly interesting. They show that cognitive decline can start as early as the age of 20 and that it accelerates from the age of 50 (Hertzog et al. 2008). However, to understand the effect of cognition on the creative process, it is necessary to consider two types of intelligence that undergo cognitive changes: fluid intelligence and crystallized intelligence. While the former refers to the ability to reason logically and solve problems, the latter is the ability to use skills, knowledge, and experience (Cattell 1971). Fluid intelligence is genetically and biologically determined and tends to decline from adulthood. However, crystallized intelligence, which is socially and culturally determined, tends to increase until the age of 55, stabilizes up to the age of 75, and then declines (Baltes 1993; Desjardins and Warnke 2012). Baltes (1993) has suggested that the decline of fluid intelligence is offset by increased crystallized intelligence at least until the age of 75. In addition, studies have shown that creative ability decreases with age (Ruth and Birren 1985) because people are over influenced by their experience, which reduces their creative abilities. Thus, some abilities increase with age while others decline. In addition, physical and cognitive abilities depend not only on biological but also on behavioral, environmental, and social factors (Desjardins and Warnke 2012).

While changes in cognitive makeup may explain why older people may be less innovative, there are significant differences in the way younger and older people adopt new technology. For instance, the emerging literature on technology adoption by older people suggests that seniors are slower than other categories of workers to adopt innovative tools such as information and communication technology (Friedberg 2003; Weinberg 2004; Koning and Gelderblom 2006; Borghans and ter Weel 2002; Bertschek and Meyer 2008). Behaghel and Greenan (2010) provide one explanation for this phenomenon. Based on data from French firms, they suggest that workers over 50 are more reluctant to adopt technology because they receive less training during the implementation of technical changes. In the field of marketing too, several studies have shown that attitudes toward technology adoption vary with age. For instance, older people are often among the last to adopt innovative products, services, or ideas (Lunsford and Burnett 1992). Older consumers also seem to have a more negative attitude toward technology and use fewer new technologies (Gilly and Zeithmal 1985). This leads us to hypothesize:

H1: Third-age entrepreneurs are less likely to adopt innovative technology than those in other age groups.

While research findings generally conclude that older people are less likely to favor technology adoption, one of the very few studies that has looked at individual level factors influencing the choice of innovative entrepreneurship, by Koellinger (2008), suggests that age has no influence. However, the study by Bonte et al. (2009) on the innovation propensity of different age groups suggests the opposite. Based on regional data about German startups, the authors found a significant U-shaped

relationship, between age and innovative entrepreneurship. Age groups 20–29 and 40–49 are the most active in terms of innovative entrepreneurship, while age group 30–39 is less active. This is an interesting result, because it suggests that innovative entrepreneurs are concentrated in specific age groups. The authors suggest several explanations for this. Accumulated experience and knowledge that help create an innovative enterprise increase with age. However, the mindset and routines that become established over time leave less room for the recognition of entrepreneurial opportunities or creativity, and this inhibits the decision to create an innovative company (Bonte et al. 2009). Moreover, attitudes toward risk could influence the choice of innovative entrepreneurship, especially that related to new product introduction, since older people are themselves reluctant to use innovative products. This leads us to suggest that third-age entrepreneurs are less likely to pursue product/service innovation than other age groups.

H2: Third-age entrepreneurs are less likely to pursue product/service innovation than those in other age groups.

## 4 Empirical Analysis

The objective of this chapter is to determine whether third-age people, defined as those 50 years old and above, choose innovative entrepreneurship more or less than other age groups (Curran and Blackburn 2001; Kautonen et al. 2011; Maâlaoui et al. 2013). We used the Global Entrepreneurship Monitor (GEM) database. GEM is an annual assessment of entrepreneurial activity. The data come from surveys of a random sample of the adult population (APS) conducted between 2003 and 2013 on at least 2000 people per country. The database covers 100 developed and developing countries. From the main sample, we use the subsample of early-stage entrepreneurs (TEA) defined as those who have been engaged in an entrepreneurial activity for between 3 and 42 months at the time of the survey. The respondents are aged between 15 and 97. The full sample comprises 154,502 observations. We present the variables used in this study and data sources in Table 1.

The explained variables are binary variables *Product innovation* and *Technology adoption*. *Product innovation*, denoted by 1, is indicated when the product or service offered to the customers is considered new by all or some customers. Otherwise, it takes the value of 0. *Technology adoption* takes the value 1 when the technology or procedure required for production has been available for less than a year, 0 otherwise. In this sense, our definition of technology innovation is a broad one and includes procedures involved in the production/manufacture of the product or service. In other words, our explained variables take account of both product and process innovation. We consider the result of innovation rather than the intention to innovate, i.e., those in our sample are (or are not) in the actual process of introducing innovations. Our explanatory variable, *third-age entrepreneur* is binary. It takes the value 1 when the entrepreneur is 50 years old or more and 0 otherwise. We also include a set of control variables. Empirical studies have indeed highlighted the role of other personal characteristics of the entrepreneur, such as gender (Minniti and

**Table 1** Description of variables and sources (Author's own table)

Dependent variables	
<i>New product (product innovation)</i>	= 1 if the product is new to all or some clients, 0 otherwise. Source: Global Entrepreneurship Monitor (GEM)
<i>New technology (technology adoption)</i>	= 1 if the technology or the procedure required for the production has been available for less than 1 year, 0 otherwise. Source: GEM
Independent variable	
<i>Third age</i>	= 1 if the entrepreneur is 50 years old or older, 0 otherwise. Source: GEM
Control variables	
<i>Gender</i>	= 1 if the entrepreneur is a male, 0 if the entrepreneur is a female. Source: GEM
<i>Higher education</i>	= 1 if the entrepreneur has a higher education degree, 0 otherwise. Source: GEM
<i>Opportunity</i>	= 1 if the entrepreneur stated that he/she created the enterprise because there was an opportunity, 0 if this happened because of economic necessity. Source: GEM
<i>Technology sector</i>	= 1 if the entrepreneurial activity takes place in the medium or high technology sector, 0 otherwise. Source: GEM

**Table 2** Characteristics of the sample (Author's own table)

Age	New product		New technology		Total
	Yes	No	Yes	No	
<50	56,896	70,108	16,325	110,679	127,004
	44.8%	55.2%	12.9%	87.1%	100%
>50	11,897	15,601	2,940	24,558	27,498
	43.3%	56.7%	10.7%	89.3%	100%
Total	68,793	85,709	19,265	135,237	154,502
	44.5%	55.5%	12.5%	87.5%	100%

Nardone 2007) or education level (Davidsson and Honig 2003; Bayon et al. 2016), motivations (McMullen et al. 2008), and sector of activity (Thornhill 2006) in influencing innovative entrepreneurship. We also include country and year dummies in all regressions to control for country-level differences in terms of economic development and institutions over time.

Table 2 presents the characteristics of the sample related to explanatory variables and age groups. It shows, for each age group, the distribution of entrepreneurs according to innovative products and technologies. For example, of 27,498 third-age entrepreneurs, 11,897, that is, 43.3%, offer an innovative product. In comparison, 44.8% of entrepreneurs who are less than 50 years old offer an innovative product. There is also a difference with respect to the use of new technologies. 12.9% of younger entrepreneurs rely on technology that has been available for less than a year, as against 10.7% for their older peers.

Table 3 presents the main descriptive statistics of the variables and a correlation matrix. The variance inflation factors (VIF) in all regression models are between 1.06 and 2.88, which confirm the absence of colinearity between the explanatory and control variables.

**Table 3** Descriptive statistics and correlation matrix (Author's own table)

Variables	Mean (S.d.)	1	2	3	4	5	6	7
1. New product (product innovation)	0.445 (0.497)	1.000						
2. New technology (Technology adoption)	0.125 (0.330)	0.091*	1.000					
3. Third age	0.178 (0.382)	-0.011*	-0.025*	1.000				
4. Gender	0.588 (0.492)	0.012*	-0.005*	0.013*	1.000			
5. Higher education	0.386 (0.487)	0.088*	-0.006*	0.004*	0.037*	1.000		
6. Opportunity	0.707 (0.455)	0.076*	0.000	-0.042*	0.063*	0.143*	1.000	
7. Technological sector	0.045 (0.207)	0.051*	0.011*	-0.008*	0.079*	0.099*	0.041*	1.000

Note: \* $p < 0.1$



## 5 Results

Table 4 presents four models of probit regressions. In Models 1 and 2, the explained variable is *Product innovation*, while in Models 3 and 4 the explained variable is *Technology adoption*. Models 1 and 3 include only the control variables; Models 2 and 4 include the explanatory variable. We used the results in Table 4 to test hypotheses 1 and 2. All coefficients are significant at the 1% level with the exception of gender and motivation in Models 3 and 4. McKelvey and Zavoina's  $R^2$  are relatively small but are consistent with comparable empirical studies. In addition, as Hoetker (2007) suggested,  $R^2$  for probit estimates cannot be interpreted intuitively or compared to those of OLS estimates. To facilitate interpretation of the results, we calculate the marginal values of probit estimates in Table 4. Marginal values indicate the observed result for the dependent variable when the explanatory variable changes from 0 to 1. Thus, starting from Model 2, we see that senior entrepreneurs are 1.8% less likely to offer a new product. Similarly, we observe that senior entrepreneurs are 1.6% less likely to use a new technology. These findings confirm our hypotheses.

The estimated coefficients for the control variables are also interesting. The estimated coefficient for gender is negative for process and product innovation. This suggests that female entrepreneurs are more innovative in terms of both product and technology. As expected, the higher education coefficient is positive for product innovation, suggesting that educated entrepreneurs are more likely to be innovative

**Table 4** Logit regression models (Author's own table)

	Model 1	Model 2	Model 3	Model 4
Variables	Dependent variable: New product ( <i>product innovation</i> )		Dependent variable: New technology ( <i>Technology adoption</i> )	
Third-age		−0.499*** (0.009)		−0.080*** (0.012)
Gender	−0.021*** (0.007)	−0.019*** (0.007)	−0.019** (0.009)	−0.019** (0.009)
Higher education	0.138*** (0.007)	0.137*** (0.007)	0.015 (0.009)	0.014 (0.009)
Opportunity	0.214*** (0.007)	0.212*** (0.008)	0.006 (0.009)	0.002 (0.009)
Technological sector	0.231*** (0.017)	0.229*** (0.016)	0.153*** (0.020)	0.150*** (0.020)
Country dummies	Yes	Yes	Yes	Yes
Year dummies	Yes	Yes	Yes	Yes
Pseudo $R^2$	0.104***	0.104***	0.07***	0.07***
Log likelihood	−91738.063	−91722.75	−52054.018	−52030.307
Nb. observations	148,908	148,908	148,908	148,908

Notes: \*\*\* $p < 0.01$ , \*\* $p < 0.05$ . Standard deviation is in parentheses. The number of observations is less than the total number of observations in the sample because of the missing data for control variables. Estimated coefficients of country dummies, year dummies, and constant are not reported

in terms of products. The estimated coefficients for the variable opportunity are particularly interesting. They are positive and significant for product innovation, but not significant for technology innovation. This clearly indicates that innovative entrepreneurs exploit product opportunities rather than technology opportunities. The estimated coefficients for technology sector indicate that innovative entrepreneurship is more common in areas of medium and high technology. This result is intuitive but important. In fact, innovation can occur in all sectors, including agriculture and retail.

## 6 Discussion and Conclusion

The aim of this study was to compare the innovativeness of older and younger entrepreneurs. Our empirical analysis shows that older entrepreneurs are less innovative than their younger peers with regard to both product and process innovation. These results support our hypotheses. Several explanations may clarify these results. From the gerontological perspective, third-age individuals suffer from a loss of cognitive functions, which reduces their ability to offer innovative products or to adopt innovative technologies. In addition, older business people are more reluctant to adopt new technologies and to obtain training in this area. They are therefore at a disadvantage when creating a new business, as they are less innovative. This reduced ability to innovate may affect the success of older entrepreneurs, as several studies have shown that the survival of young firms is largely dependent on their ability to innovate (Cefis and Marsili 2006; Buddelmeyer et al. 2010). Harada (2003) has also shown the existence of a negative relationship between the probability of success of an entrepreneur and his/her age, although the author does not suggest any particular reason for this. A lack of innovative ability could be an explanation.

The results of this research should however be nuanced for several reasons. First, the deterioration of cognitive abilities and reluctance to adopt new technologies do not affect all people the same way. As emphasized by Desjardins and Warnke (2012), the evolution of people's cognitive abilities depends on interactions between multiple factors: biological characteristics, education, family and social environment, occupation, cognitive stimulation, and physical exercise. For example, those who exercise an intellectual profession that requires them to adapt frequently to technological change suffer less from the cognitive losses associated with aging (Valenzuela and Sachdev 2006). In contrast, recent studies show that retirement accelerates cognitive decline (Bonsang et al. 2012). Second, the propensity to innovate also depends on economic, social, and cultural development, which can be more or less favorable to innovative entrepreneurship. Thus, Koellinger (2008) shows that entrepreneurs are more likely to innovate in developed, high-income countries. Lee et al. (2004) show that a socially and culturally diverse environment facilitates the influx of specific human capital and the dissemination of information for innovation and entrepreneurship. Finally, the results of this research are valid over the study period but cannot be generalized to other periods. They may be

affected by cohort effects, that is to say, by the specific characteristics of a generation or a structural change caused by specific major events, such as the development of IT or the Internet (Desjardins and Warnke 2012). Thus, being 50 years old today is not comparable to being 50 years old 10 years ago, especially in terms of entrepreneurship and innovation. Therefore, the results of this study should be interpreted with caution and positioned in the current context.

This study has several limitations, mainly due to the limitations of the database, which in turn open up possibilities for future research. First, the empirical analysis is based on survey data, a possible source of bias. In particular, the variables innovative products and technologies are based on the statements of entrepreneurs, although, as Koellinger (2008) suggested, innovation is a subjective concept that depends on the viewpoint of the observer. This limitation is particularly significant in the context of studies on generational differences, where the perception of innovation may be affected by the respondent's age. Second, this study is based on the actual age of the entrepreneurs rather than their perceived age. However, perceived age may differ from actual age, especially for seniors, depending on their state of health, life expectancy, or the place of older people in society. A recent study by Kautonen et al. (2011) has shown that seniors' entrepreneurial intentions depend among other things on their perception of entrepreneurship at different ages. Future research could examine the impact of perceived age on the propensity to create firms, particularly innovative firms. This development would be extremely relevant, as it would take into account the role of the economic and social environment in age perceptions. Third, this study does not specifically identify the reasons for the reluctance of third-age people to innovate. To complement this research, it would be interesting to analyze the barriers faced by seniors wishing to start an innovative company. In fact, studies on this topic are rare and do not focus on innovative entrepreneurship. Kibler et al. (2015) and Wainwright et al. (2011) show that society's negative perception of older entrepreneurs, real or perceived, is a significant barrier to the development of third-age entrepreneurship. Other barriers that deserve investigation include funding difficulties generated by older entrepreneurs' shorter time horizons. Fourth, this research includes product and process innovation but not organizational innovation, yet this could be important, particularly among older entrepreneurs because of their experience.

The study has practical implications for third-age entrepreneurs and public authorities. The most important recommendation is that people's skills should be maintained or improved throughout life. Steps in this direction would limit the cognitive decline related to aging but also facilitate the adoption of new tools by seniors. Periods of inactivity, especially in later life, should not cause a loss of skills. Training or activities to maintain intellectual and physical activity should be promoted. Strengthening intergenerational knowledge transfers might also effectively combine fluid and crystallized intelligence. Finally, it is necessary to establish specific policies to promote and support third-age entrepreneurship, taking into account the particular challenges they may encounter in their entrepreneurial projects, such as negative perceptions of the company or access to financial resources. All these measures can be implemented by support organizations but also internally by companies wishing to help their employees to start a business.

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# Senior Entrepreneurship, Gender Diversity and Intersectionality



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**Abstract** Entrepreneurship, due to its association with risk and dynamic engagement with the world of business, is often considered a domain of economic activity for younger people. This perspective creates a problematique that stems from excluding entrepreneurship of elderly in the field. In this chapter, we examine entrepreneurship for an understudied group, senior entrepreneurs in terms of gender differences and intersectionality of this group. We illustrate that senior entrepreneurship cannot be studied as a gender-neutral phenomenon since women and men experience senior entrepreneurship differently. We also explore senior entrepreneurship along other demographic categories such as ethnicity, race, sexual orientation, disability, religion and belief as well as other emic categories of difference. Our analyses demonstrate the utility and urgency of considering age diversity in entrepreneurship theory and policy.

## 1 Introduction

In the world of entrepreneurship, one of the important enduring problems is to exclude entrepreneurship of elderly people since entrepreneurship has been considered as an economic activity for younger individuals (Loretto and White 2006). Although the definitions and measures vary extensively, people above the age of

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55–70 are considered senior. In this paper, we consider individuals who are above the age of retirement, which varies by country and industry, as elderly and senior. Research on entrepreneurship demonstrates the main reason for exclusion of older people comes from the characteristics of entrepreneurship, which is often associated with youth, dynamism and risk-taking behaviour (Williams and Shahid 2016; Dimitratos et al. 2016; Jin et al. 2014; Robson et al. 2016; Jin et al. 2014). For instance, Smallbone et al. (2016) explain senior entrepreneurs are presumed to have achieved greater experience and accrued assets (including social ones such as networks) and wealth. Entrepreneurship involves risk-taking behaviour, and younger people take more risk with entrepreneurial activity since they often have less accumulated wealth in comparison to senior entrepreneurs.

Since age has been considered as a significant problem in entrepreneurship, we explore senior entrepreneurs as one of the disadvantaged groups. Also, we reflect gender diversity in senior entrepreneurship because some studies (e.g. Verheul and Thurik 2001) demonstrate gender difference does matter since women have fewer labour market opportunities and record more incidents of career discontinuities. Also, women are likely to accumulate less wealth and less experience at management levels in comparison to men (Hundley 2001).

In the first section, we examine how we understand senior entrepreneurs and their characteristics in comparison to entrepreneurship of young people. In the second section, we raise gender diversity as one of the important issues in senior entrepreneurship. In the third section, we provide intersectionality perspective in women entrepreneurship. We conclude the chapter elaborating the need for considering seniority in entrepreneurship theory and policy.

## **2 Unpacking the Concept of Senior Entrepreneurship Through a Gender Perspective**

There are different types of entrepreneurship based on the purpose and/or features of individuals who pursue entrepreneurial activities. In this chapter, since we explore age diversity and older individuals, we consider senior entrepreneurship as an enterprise of elderly people. The importance of this research comes from the difference between young and old individuals in entrepreneurship. For instance, Smallbone et al. (2016) point out this difference towards considering the points of experience and owned capitals. In comparison to young individuals, they emphasise that older entrepreneurs have more experience and social capital that refers to personal networks in a field. Also, some other reasons such as socio-demographic changes, ageing population and rising unemployment create drivers for becoming senior entrepreneurs at a later age (Pilkova et al. 2014). Research indicates that senior entrepreneurship is going to become more common form of entrepreneurship than it is today in the future.



There is not a consensus for the definition regarding entrepreneurship of elderly individuals. For this reason, many researchers (e.g. Singh and Denoble 2003; Weber and Schaper 2004) in entrepreneurship field have made various attempts to describe entrepreneurship of elderly people. This type of entrepreneurship has been referred to grey, older, mature, silver and third-age entrepreneurship. However, we adopt senior entrepreneurship (seniorpreneurs) in this chapter. In addition to conceptualising senior entrepreneurs, another issue is to describe the clear-cut age to define it. Whilst some research consider the age to be above 40–60, some international organisations such as European Commission and OECD (Halabisky et al. 2012; Kautonen 2013) consider senior entrepreneurs who are older than 54 years old.

Experience is critical for success of entrepreneurs. Because senior entrepreneurs have more experience than the younger entrepreneurs, senior entrepreneurs do not only enjoy more accumulated wealth but also enjoy richer experience from their previous careers. However, the experiences of men and women differ in senior entrepreneurship. The main reason for this difference stems from gender-based personalities and challenges. For instance, women have fewer labour market opportunities or record career discontinuities. They also have less experience in management levels (Verheul and Thurik 2001). Wagner (2006) claims that women have higher risk aversion in comparison with the features of entrepreneurship. The evidence demonstrates that women may have more challenges than men since there is a gender-based experience in senior entrepreneurship. Furthermore, considering that there is a life cycle of discrimination (Ozturk and Ozbilgin 2015) that women experience from cradle to retirement, feminisation of poverty (Chant 2008) means that women have less capital than men to engage with entrepreneurial activity.

Since seniorpreneurs have experience and knowledge on work, they also own social capital that refers to the actual and potential resources individuals acquire from their relationship with others with regard to the previously held organisational status and reputation (Baron and Markman 2000). Thus, social networks of seniorpreneurs help them achieve success in their business. This situation creates a unique advantage for seniorpreneurs in comparison to younger entrepreneurs.

In the next section, we explore gender diversity and senior entrepreneurship through providing evidence from empirical studies.

### **3 Understanding Gender Diversity and Senior Entrepreneurship**

One of the important questions that we raise in this section is why gender diversity does matter in senior entrepreneurship. In order to unveil the reasons that justify the importance of gender diversity in the entrepreneurship, we theorise these concepts in

the section. Following the discussion on the concepts, we adopt an intersectionality perspective in the next section.

Men and women have different physical and psychological characteristics. There is also a historically built prejudice and discrimination against women across most field of life and work. Even when the discrimination is not avert, still more subtle and covert forms of discrimination (Roos 2009) exist against women in societies and economic activity. One of the subtler forms of discrimination is the deficit approach (Dill 1979) that women suffer in the dominant economic systems. The deficit approach means that women are considered as lacking requisite forms of education, experience, skills and capitals to be successful in business. As a result of the deficit approach, policy efforts focus on fixing women rather than the inequality regime (Acker 2006) which leads to the failure of women. As an example of this deficit approach, scholars may present the arguments that female-owned companies underperform in comparison to male-owned companies, without explaining the structural and systemic discrimination that lead to women's failure in business ownership (Ahl and Marlow 2012). The deficit approach essentialises gender differences and entrenches the belief that women are less competent than men in entrepreneurship. Developing counterarguments of deficit approach is somewhat difficult (Robb and Watson 2012; Wilson and Tagg 2010) because based on the research of Ahl (2004, p. 165) who provides a critical evaluation of comparative dataset related to sexes, 'somehow all men get to be free riders on their few growth-oriented fellow businessmen'. Since the institutionalised norms and values are male-dominant, society considers women deficient across many fields (Ahl and Nelson 2010). Even though the deficit approach has been heavily criticised in academic circles, Ahl and Marlow (2012, pp. 545–546) state that 'women are offered business advice, training and support strategies to equip them with the necessary resources, attitudes and behaviours to address their gender related deficiency'. Thus, the burden on fixing the inequality regime falls on women. This presents an almost an impossible challenge, considering that women are not the main holders of power and status which is required to make economic activity more egalitarian for both genders.

Entrepreneurship is sometimes considered an alternative career model for women who can face discrimination and challenges in the male-dominated corporations because the main advantage of being an entrepreneur is to have greater flexibility, a space for creativity and self-fulfillment (Braches and Elliott 2017). This is a model that only considers young women entrepreneurs. However, many women do not have the opportunity and budget for adopting entrepreneurship for their early career stages. For this reason, senior women entrepreneurs are another case that includes experience and capitals for their entrepreneurial ventures, with the caveat that the life cycle of gender discrimination may mean less accumulated wealth in older age for women in comparison to men.

Seniorpreneurship is dominated by men in most countries such as Britain, Australia, New Zealand and the USA (Weber and Schaper 2004; Kautonen 2008; Tervo 2014). Within the European Union countries, in general, women are more likely to own home-based businesses and work part-time, and therefore they make up a minority of self-employed people, and this has been the case for the last 20 years

(Marlow and McAdam 2013; Tomlinson and Colgan 2014). Particularly, in Britain although the number of olderpreneurs has increased considerably, women only make up 25% of olderpreneurs (Tomlinson and Colgan 2014). Increasingly professional women at older ages have been considering self-employment as a viable option (Hodges 2012). Recent studies have reported that in the USA, the number of women entrepreneurs is increasing by age (Kerr 2017).

Business start-up motivations are multifaceted, and there are multiple reasons for both men and women (Wach et al. 2016; Walker and Webster 2007; Parry and Mallett 2016), and the literature often groups these motives into 'push' (necessity) and 'pull' (opportunity) factors (Carsrud and Brannback 2011; Hodges 2012; Orhan and Scott 2001) which are also used in analysing seniorpreneurs. Women have often been found to be pushed into business ownership due to reasons such as family commitments (i.e. work-life balance issues), frustration faced with inequalities preventing them to move to higher positions in organisations and dissatisfaction and perceptions of working in a job with dominant masculine business culture (Hodges 2012; Kirkwood 2009; McKay 2001). Similarly, reasons reported for older people are that they are being pushed of the labour market due to age discrimination, redundancy and lack of attractive employment options (Parry and Mallett 2016). Recent GEM Report on Senior Entrepreneurship explained that senior women displayed a necessity motivation to entrepreneurship as they lacked other options for sustainable livelihoods (GEM Report 2016–17).

Many studies suggest that women face difficulties in becoming self-employed which encompasses senior women, such as lower levels of education mainly in developing countries, lack of female models in the business sector, problem of obtaining financial capital, lower status in society and a culturally induced lack of assertiveness and confidence in their ability to succeed in business (GEM Report 2016–17, p. 26).

Senior entrepreneurs do not represent a homogeneous group (Curran and Blackburn 2001; Mallett and Wapshott 2015), and more comprehensive qualitative studies should be conducted on senior entrepreneurs' motivations for self-employment, particularly examining gender, ethnicity and class dimensions, along other dimensions such as religion, culture and sexual orientation (Kautonen 2008; Mallett and Wapshott 2015; Wainwright et al. 2015). In addition, most studies have considered women entrepreneurs as a homogenous group, and they have not explored the age dimension on their self-employment decisions (Marlow and Carter 2004; O'Neil et al. 2008; Hodges 2012). This section investigates studies conducted on the senior women entrepreneurs. The limited number of studies, which explored senior women entrepreneurs, reported several reasons for business ownership. These are explored by drawing attention to reasons cited by younger women entrepreneurs and applied to olderpreneurs.

One of the important factors leading older women into entrepreneurs is their perception that their gender and age might act as a barrier for them in continuing their work in salaried employment (as well as the perception that they may be lacking business skills) (Kautonen 2008). It is argued that both men and women experience ageism (Tomlinson and Colgan 2014); however women are more likely

to be discriminated at work due to 'gendered ageism' (Duncan and Loretto 2004). Business ownership has been traditionally considered as dominated by men, and women who have worked together with their spouses or brother have been invisible partners (Mulholland 1997; Walker and Webster 2007). In addition to gender barrier, age has also been a problem for particularly women in their working life (Walker and Webster 2007).

One explanation for lower start-up rate among senior women related with perception is given by McKay (2001), who in her study conducted ten interviews of older women entrepreneurs in Canada. She explained that career aspirations suitable for younger women were not acceptable for generations of women before. Although gender roles would be changing, older women found their options 'limited by perceptions of what is acceptable for their generation and age group' (p. 6). Older generations have grown up in a time when women were less likely to pursue careers outside home and this might affect their behaviour. McKay (2001) explained that older women believed that their age, gender and work experience acted as a barrier for them in finding salaried jobs, supporting the argument of Mirchandani (1999) that gendered processes are implicit in organisational structures and occupations when considering employment choice.

Furthermore, due to the gendered ageism that older women experience, the skills that they have gained through employment or the independence and leadership or problem-solving skills that they have gained when raising a family may not be recognised in organisational employment. Culmination of the deficit treatment that they receive might make entrepreneurship a more viable option for them (McKay 2001; Weber and Schaper 2004). At the same time, societal values can also negatively impact women's efforts to start their businesses. On the other hand, the real and perceived barriers that older women face when starting their businesses and their lack of confidence regarding business skills (compared to younger women entrepreneurs, they have less up to date business skills due to changing educational system and more recent legislative information) also limit their self-employment options (Walker and Webster 2007).

Similar to the findings of the studies conducted on younger women, one of the common reasons that motivate older women into entrepreneurship is the negative experiences which they have faced at previous organisations in which they were employed (Hodges 2012; Walker and Webster 2007). For example, Hodges' (2012) study that examined 100 midlife women who moved into self-employment from organisational employment reported that dissatisfaction and negative organisational experience directed them to start up their own businesses. Walker and Webster's (2007) study on both women (younger and older) and men (younger and older) also explained that the redundancy and lack of advancement and the inability to find suitable alternative employment were the greatest reason for older women to start up their women businesses.

Work-life balance and flexibility related to family needs (such as childcare or supporting the husband's career) emerges to be significant business start-up motivators for women entrepreneurs at younger ages (Birley 1989; Still and Soutar 2001; Kirkwood 2009); however some studies on older women entrepreneurs report that

this reason influences them less, assuming that childcare is no longer an issue (McKay 2001; Parry and Mallett 2016).

One of the key and traditional reasons for self-employment is generating more income and gaining independence. These two reasons are confirmed by studies conducted on older women. Women at older ages who have outlived their partners have set up businesses for additional income, overcome ageism and gained mental inspiration and self-esteem after children had grown up and left home (Kautonen et al. 2008; McKay 2001; Wainwright et al. 2015). There are also studies that argue that as individuals get older, they are less willing to invest energy and enthusiasm in self-employment activities and take risks (Curran and Blackburn 2001; Krekula 2007; Levesque and Minniti 2006). However, there are studies which contradict these findings and argue that for older professional women, self-employment has provided an avenue for them to be more independent and apply their earlier managerial capabilities and leadership skills (Hodges 2012).

#### **4 Intersectionality Perspective in Women Seniorpreneurs/ Gender and Intersectionality in Senior Entrepreneurship**

As has been argued above, seniorpreneurship is an important concept because seniorpreneurs sit at the nexus of enterprise-related as well as age-related experiences and may fall through the safety nets that national governments traditionally offer for vulnerable groups in entrepreneurship. The intersectional nature of the seniorpreneurial experience, like in other forms of intersectional experiences, presents participants with unique lived realities that are not present in an additive manner but rather which sets them within complex and often surprising trajectories (Tatli and Özbilgin 2012). An intersectional approach to senior entrepreneurship helps us identify pertinent antecedents, correlates and consequences of entrepreneurial experience for different socio-demographic groups and how, in specific contexts, these factors combine to facilitate older people's ambitions for entrepreneurship.

Yet, experiences of seniorpreneurs are often examined within a single-dimensional analytical framework and are therefore invisible in the intersectional literature. For example, Kibler et al. (2015) have argued that 'one of the reasons for the declining rate of enterprising activity for the over-50s is that they may find it difficult to adapt to the dominant enterprise culture, which often praises a "youthful" image of the entrepreneur' (p. 195; Andersen and Warren 2011, cited in Kibler et al. 2015). Indeed other research suggests that ideas and notions regarding older people's entrepreneurial ability in a society have an impact on their propensity to engage in business formation (Kautonen 2012). Further studies have also identified that discriminatory perceptions relating to older people's ability to start and run businesses can negatively impact their emotions and confidence (Hamilton 2013). The issue though is that in this regard, age is often identified as the overriding factor in their experience.

In the previous section, we have called for an examination of gender-related experiences in senior entrepreneurship discourse. We have contended that existing research on seniorpreneurship fails to consider the gender-related circumstances of female seniorpreneurs and how their location in gendered spaces impacts on their experiences of enterprise. Even where gender is considered, there is a tendency to consider its effect as additive or consequential only (Valdez 2011). The argument in the section above highlights studies that demonstrate that women have fewer labour market opportunities or record career discontinuities which has an impact on expertise and experience in starting businesses, limited accumulation of resources and less experience at management levels in comparison to men (Verheul and Thurik 2001). The section argues for an examination of older women and enterprise that takes an intersectional approach, recognising the complexity of their experiences as generated by multi-categorical and multilevel strands of inequality.

An intersectional approach relates to the way in which different strands of disadvantage link together in a complex dynamic to result in a multiple burden. The primary argument of this perspective is that multiple dimensions of individual and collective identity, in particular those based on gender, ethnicity, class, age and race, interconnect to produce, sustain, change and yet reinforce particular lived experiences of members who are similarly positioned within a highly stratified society (Valdez 2011). Romeroa and Valdez argue that an intersectional perspective acknowledges that structure and agency work codependently to ‘condition, reflect, and...reproduce a given social group’s intersectional positioning’ (2016, p. 1554). Bradley (2015) outlines the value of using an intersectional approach. She suggests that firstly it circumvents the simplistic focus on a single dimension of identity and reveals other forms by which oppression is manifest; secondly, she proposes there are multiple interconnecting relationships operating within any given social interaction; and, finally, Bradley says intersectional lens can reveal some of the most extreme forms of disadvantage. Similarly, Healy (2015) points to the importance of an awareness of history, society and biography when considering disadvantage and limitations in individual choice.

Writers on seniorpreneurship have highlighted the difficulties that seniors face in starting and running their businesses Curran and Blackburn 2001. As such there is a justified focus on age-related issues in enterprise. However, at the intersection of gender and other social and demographic factors such as poverty, ethnicity, social space, disability and age, the chances of being excluded from participation in business formation and entrepreneurship increase (Forson 2013). Gender, ethnicity and class are important dimensions through which inequality can be experienced (Wingfield and Taylor 2016). As such there is a need for a multilayered intersectional analysis of experiences of seniorpreneurship.

Intersectionality research has demonstrated that entrepreneurship experience is not one-dimensional. As such there cannot be a one-dimensional experience of senior entrepreneurship. Studies that use an intersectional framework to examine the business start-up environment, the value of the community and family involvement, constraints and enablements, business start-up motivations and experiences of running or managing a business point to a more dynamic relationship between

structure and agency in terms of both privilege and disadvantage. For example, studies on women's businesses have consistently demonstrated that business ownership experience among women can differ by ethnicity and race.

Forson (2011), for example, has demonstrated how gender and ethnicity shape the entrepreneurial motivations of African and Caribbean women in the legal and hairdressing sectors of London, in the UK. She found that Caribbean women's declared motivations for embarking on business ownership included classic 'pull' factors such as the 'need for achievement', 'need for control' and the recognition of an opportunity which are associated with personal characteristics, whereas African women's (mainly migrants) motivations centred more on their sociocultural experiences, motherhood, migrant experiences and unfavourable labour market conditions. Obviously, there are clear intra-group differences (based on ethnicity) that are worth interrogating for a more complete understanding of female enterprise.

Fielden and Davidson's (2012) study concluded that Islamic values caused Muslim women entrepreneurs to pursue family funds for business start-up instead of government funding. Research on Asian women in the UK and Taiwanese women in Taiwan found that they had different access to ethnic- and gender-related resources within their community stratified by cultural and social institutions such as marriage, kinship ties and social networks (Dhaliwal, 2000; Wing Fai 2016).

Senior women from particular groups may experience entrepreneurship in complex ways that need to be examined using multiple lenses that engage the macro, meso and micro levels of business ownership. Migrant seniors, for example, will have differing experiences from native seniors. Migrant women who have some experience of running businesses across borders in their premigration life are at an advantage in terms of garnering resources and support, compared to those who have not (Collins and Low 2010). Although all women in all communities carry a disproportionate weight of domestic and caring responsibilities, gendered norms in some of migrant communities put an even greater caring responsibility on women to look after ageing relatives, grandchildren, etc.

In their analyses of gay men's and lesbian women's entrepreneurial activities, Marlow et al. (2017) conclude that there are no differences between their sample and heterosexual men and women. Nevertheless they critique 'contemporary analyses of gender which assume[s] it (gender) is an end point rather than a foundation for analysing gender as a multiplicity' (p. 1) and make a case for employing an intersectional lens in looking at entrepreneurship.

Although intersectionality has been used primarily as either a theoretical lens or a methodological framework (Marfelt 2016), it can be used appropriately to examine power relations within a given context (Zander et al. 2010). Further intersectionality studies have, in the main, focused on oppression and the experience of inequality (Bagilhole 2010). However, Nash (2008) suggests that an intersectional approach is broad enough to provide space for the examination of privilege and oppression and the nexus of these two functions in the individual's life. So, for example, in Hamilton's (2013) research referred to above, although older entrepreneurs are more likely to be subjected to emotional oppression (Hamilton 2013), they would at the same time be more mature and therefore more likely to have the emotional

resilience to deal with discriminatory pressures. Forson's (2013) work on African and Caribbean women, for example, has shown how class privilege can mediate the effects of ethnic disadvantage in starting and managing a business for black women lawyers compared to their hairdresser counterparts. She also found that gender mediated the negative effects of the ethnic penalty for black women compared to black men.

In the light of existing research on female entrepreneurship, we have argued in this section for using an intersectional lens to examine the entrepreneurship experiences of older women. Such a lens would enable the problematisation of the treatment of older entrepreneurs as a homogenous group both in terms of gender and other categories. It has argued that seniorpreneurs' experiences should be investigated in terms of the links between the broader, historical and socio-economic contexts. Questions that may need to be asked are related to the impacts of gender, ethnicity and class, rooted in historical and contemporary labour market experiences of women on their choice of self-employment as a belated career strategy.

Entrepreneurial experiences, specifically evidence on the mobilisation of resources (human, social and financial capital), have indicated differences and similarities between men and women. More particularly it has also revealed differences between different groups of women, indicating that the intersection of ethnicity, class, gender, migration, sexuality, etc. can create dissimilar outcomes for seemingly similar groups of people. Evidently, an analysis of the ways in which female seniorpreneurship is embedded in social structures and the way these structures interact with each other is essential to understanding female senior small businesses. In essence small businesses are stratification-based organisational structures that are dependent on, support and reproduce the segregation of different women in society into specified occupational categories. This notion must be interrogated in any examination of older women's entrepreneurship.

## 5 Conclusion

We illustrated in this chapter that studying entrepreneurship from the perspective of elder workers is important because seniorpreneurs remain an understudied group. We explained that there is utility in studying seniorpreneurs for development of entrepreneurship theory of policy. The theoretical development comes from the need to study entrepreneurship from an intersectional lens. As we illustrated in this chapter, entrepreneurial experience varies by socio-demographic characteristics of the entrepreneur. As such studies of entrepreneurship should consider intersectionality of the entrepreneurial experience. This suggestion will address the current assumption of universality that some studies of entrepreneurship do not consider gender, ethnicity and other socio-demographic attributes of entrepreneurship in design and field work stages. In terms of policy, we illustrated that seniorpreneurs are not a homogenous group of individuals. So, any policy interventions which seek to promote or offer protection for seniorpreneurs should attend to



intersectional needs of this group. The failure to attend to intersectionality of the seniorpreneurs may result in further entrenchment of inequalities in society and work. Our exploration of the intersectional approach suggests that studies and policy interventions should move from a universalistic stance towards an appreciation of the unique nature of the intersectional experience and the possibilities of identifying most vulnerable seniorpreneurs with a view to support their entrepreneurial pursuits.

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# How to Support Women Seniorpreneurs in Europe?



Nessrine Omrani and Ludivine Martin

**Abstract** There is a growing population of healthy older people with the skills, financial resources and time available to contribute to economic activity in Europe. The proportion of people over age 55 was 30% in 2010 in Europe and is expected to be approximately 37% by 2030. However, few older people are involved in entrepreneurship, particularly women.

This chapter aims to summarize the current state regarding senior entrepreneurship in theory as well as praxis and to analyse the position of entrepreneurial activity of seniors in Europe. Results focus on what should policy do to promote business start-ups by female older people. The results of this study lead us to propose policies, which would foster senior women entrepreneurial activities in Europe.

## 1 Introduction

Entrepreneurship is the catalytic agent in society which sets into motion new enterprises, new combinations of production and exchange (Collins and Moore 1970). Older entrepreneurs is an important phenomenon since self-employment rates increase dramatically among people aged 50 and over (Bruce et al. 2000; Cahill et al. 2007). In fact, older workers prefer flexibility in hours and type of work, and entrepreneurship not only let older workers to retire gradually from the labour force but also profit from flexibility and type of work (Quinn 1999). Moreover, Nair and Pandey (2006) found that older entrepreneurs are more successful but evidence remain scarce on entrepreneurship among older workers. At the same time, senior entrepreneurship activity is linked to entrepreneurial preferences. The heterogeneity of entrepreneurship influences the level of senior entrepreneurial activity.

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Entrepreneur may be a self-employer, an owner-manager or a reluctant entrepreneur (Kautonen et al. 2014). A self-employer is an individual for whom self-employment is a desired employment status but who seeks to employ himself instead of investing in the business and hiring employees. An owner-manager is an individual whose enterprising ambitions extend beyond employing himself, to owning and running a business and hiring others. A reluctant entrepreneur is an individual pushed into self-employment by the lack of waged employment options (Singh and DeNoble 2003). Kautonen et al. (2014) through a European study of 2566 respondents and 27 - European countries show that entrepreneurial activity declines with age and suggest that effective responses to demographic changes require policymakers to pay close attention to the heterogeneity of entrepreneurial preferences. The authors show that for self-employers, entrepreneurial activity increases almost linearly with age for individuals who prefer to only employ themselves. Concerning owner-managers, entrepreneurial activity increases up to critical threshold age (late 40s) and decreases thereafter for those who aspire to hire workers. With regard to reluctant entrepreneurs, age has considerably a smaller effect on entrepreneurial behaviour for those who do not prefer self-employment but are pushed into it by lack of alternative employment opportunities.

Gender distribution is also another important characteristic of senior entrepreneurs. Weber and Schaper (2004) argue that older entrepreneurs are predominantly male. McClelland et al. (2005) showed that women manage and own approximately one third of businesses in developed economies.

Very few works focus on the reasons of such small investment in entrepreneurship of senior women.

According to McKay (2001), family obligations may have an impact on women entrepreneurship but rather on young women than older ones since childcare and related family obligations have been found to influence entrepreneurial behaviour among younger women.

In this chapter, we assess the country-level characteristics of senior entrepreneurial activity according to the literature. Then, we focus on women senior entrepreneurial activity using European data since no empirical works do. We attempt to find how to support and develop senior women entrepreneurship.

The paper proceeds as follows. Section 2 reviews the literature and develops hypotheses. Section 3 describes the data, the variables and the estimation strategy. Section 4 presents and discusses the results. Section 5 concludes.

## **2 Literature Review**

### ***2.1 Senior Entrepreneurial Activity at Country Level***

Some country-level characteristics are linked to senior entrepreneurial activity, such as Information and Communication Technologies (ICT) diffusion, educational systems, cultural and social norms, employment rate, life expectancy, government support, entrepreneurial finance, market characteristics, etc.

According to Alderete (2014), ICT development has a positive and significant influence on entrepreneurship. ICT use helps entrepreneurs to participate in the global world of business for technology transfer, collaboration, and developing initiatives at the global level. ICT also enable women entrepreneurs to extend equal participation compared to men in the growth and development of the nation's economy (Mathew 2010). Mathew (2010) conducted case studies in the Middle East in order to show the importance of supporting women entrepreneurship in the Middle East, in Oman and the United Arab Emirates (UAE). The author gives a brief countries profile, shows the difference between men and women participation in the labour force in favour of men and gives the major obstacles to women's enterprises in both countries. Mathew (2010) proposes initiatives promoting women-owned entrepreneurs in the Middle East and shows that the use of ICT tools and techniques will help women to receive consideration in the society through business and activity development. In this chapter, based on these studies, we focus on the link of ICT diffusion and senior women entrepreneurship.

*Hypothesis 1* ICT diffusion is positively linked to senior women entrepreneurial activity.

Older entrepreneurs characteristics are also linked to their educational background (Kautonen 2008). Older entrepreneurs generally possess lower levels of post-secondary education (Weber and Schaper 2004). Parker (2004) explains that educational level may be perceived more as a recruitment tool for large firms rather than for entrepreneurial activity. Entrepreneurial experience seems to be rather important since previous entrepreneurial experience of older entrepreneurs is positively linked to senior entrepreneurial activity (Rotefoss and Kolvereid 2005) and a number of differences exist between novice and serial entrepreneurs (Alsos and Kolvereid 1999). Novice entrepreneurs are those who establish a business without previous entrepreneurial experience. Serial entrepreneurs are those who have founded one or more businesses before their current one. Serial entrepreneurs may benefit from the skills acquired due to their experience and then transfer their knowledge. They are supposed to be more successful than novice entrepreneurs (Ucbasaran et al. 2003). Nonetheless, empirical studies show that this is not always the case since skills acquired may be not transferable from a kind of projects to another (Alsos and Kolvereid 1999).

*Hypothesis 2* Educational system is negatively linked to senior women entrepreneurial activity.

Age norms refer to those social norms that determine whether establishing and running a business are considered appropriate behaviour for a mature individual (Kautonen et al. 2011). Kautonen et al. (2011) find that norms perceived as permissive of enterprising activity in the third age exert a significant positive influence on entrepreneurial intentions in this segment.

*Hypothesis 3* Cultural and social norms are positively linked to senior women entrepreneurial activity.

According to Kautonen et al. (2014), four country-level variables may be linked to entrepreneurial behaviour: the unemployment benefit and pension replacement rates, the employment rate of older workers and the tax wedge. Kautonen et al. (2014) suggest that those variables represent specific realizations of macroeconomic conditions that influence the utility that an individual receives from entrepreneurship by affecting the wage rate or the level of entrepreneurial income. The unemployment rate and pension replacement rates reflect the benefits of earnings out of work relative to earnings while at work. The employment rate of older workers measures the general appreciation of older workers on the labour market of a country. The tax wedge reflects the institutional incentive for entrepreneurship. High tax rates may encourage self-employment over paid employment because self-employment individuals have generally greater opportunities for tax deductions of work-related expenses and tax avoidance (Parker and Robson 2004). Even if employment rate is high, this may lead to higher entrepreneurial activity since low wage and salary employment prospects influence the decision of older workers to engage in post-career entrepreneurship (Smeaton and McKay 2003; Walker and Webster 2007).

*Hypothesis 4* Unemployment rate is negatively linked to senior women entrepreneurial activity.

*Hypothesis 5* Employment rate of older workers is positively linked to senior women entrepreneurial activity.

Women life expectancy may lead to higher senior entrepreneurial activity since health status positively influence work commitment and the intention to work (Kerr and Armstrong-Stassen 2011). Older workers in good health have been found more likely to engage in post-career bridging employment, whereas those in poor health are more likely to move directly from their career job to full retirement (Cahill et al. 2007; Griffin and Hesketh 2008).

*Hypothesis 6* Women life expectancy is positively linked to senior women entrepreneurial activity.

According to Pilkova et al. (2014), the entrepreneurial environment is linked to senior entrepreneurial activity. Pilkova et al. (2014) used the Global Entrepreneurship Monitor (GEM) national expert survey evaluating the key Entrepreneurial Framework Conditions (EFCs). The key EFCs are calculated using various entrepreneurial environment dimensions. The variables used by the authors are entrepreneurial finance, government policy, government entrepreneurship programmes, entrepreneurship education, R&D transfer, commercial and legal infrastructure, market dynamics, market openness, physical infrastructure and cultural and social norms. According to Pilkova et al. (2014), countries with high senior entrepreneurship rates outperform those lacking senior entrepreneurship in government policies related to entrepreneurship and primary and secondary education support towards entrepreneurship, as well as in research and development transfer. Low senior



entrepreneurship countries show higher evaluation of market dynamics than the high senior entrepreneurship countries. No differences are mentioned regarding entrepreneurial finance.

No works focus on the entrepreneurial environment regarding women. In this chapter, we analyse the link between these entrepreneurial environment dimensions and senior entrepreneurial activity of women.

*Hypothesis 7* The entrepreneurial environment is linked to senior women entrepreneurial activity.

### 3 Data and Methodology

Our analysis of the drivers of senior entrepreneurial activity is based on two main sources of data. First, we resort to data coming from Global Entrepreneurship Monitor (GEM). These data are collected every year since 1999 for a large number of countries (65 in recent waves including 25 countries of the European Union). They combine two surveys: (1) the Adult Population Survey (APS) that collects data on attitudes and behaviours towards entrepreneurship from country representative adult population samples (18 to 64 years) and (2) the National Expert Survey (NES) that collects data from a sample of a minimum of 36 experts per country that give their opinion on the quality of the entrepreneurship ecosystem of their country. Second, we resort to data gathered by Eurostat. In our analysis, we use a non-balanced panel dataset that corresponds to the period 2006–2013 and a sample of 25 countries of the European Union.

From the Adult Population Survey data, we build our senior entrepreneurial activity. The measure is based on the one developed by Pilkova et al. (2014), but conversely to their analysis focused only on the senior men and women taken together, we add here an analysis of senior women. First, the country's senior women entrepreneurial activity index (respectively, senior entrepreneurial activity index) measure is calculated by dividing Total early-stage Entrepreneurial Activity (TEA) of women (men and women) in age category 55–64 by the overall TEA of women (men and women), where TEA of senior women (all) is the percentage of women adult (all adult) population involved in the process of actively starting a business or running a new business less than 3.5 years old and TEA of women in age category 55–64 is the percentage of 55–64 years women (men and women) population involved in early-stage entrepreneurial activity. TEA evaluates the entrepreneurial activity on a national level, i.e. they are calculated for each country.

Second, the countries were grouped in three groups of 33.33% of the whole observations according to the rate of senior women (men and women) entrepreneurial activity expressed by the indexes. For example, for the senior women, entrepreneurial activity countries with index value greater than 0.608 were classified as having high rate of senior women entrepreneurship and countries showing index value lower than 0.363 as having low senior women entrepreneurship rate.

Based on the low, medium and high groups of indexes, we ran random-effects ordered probit models.

The control variables come from Eurostat data and the GEM National Expert Survey.

First, the Eurostat data provide information on ICT diffusion in each country (Internet diffusion rate at the household level and enterprise level), women and older characteristics (women life expectancy; women unemployment rate; women employment rate; 55–64 employment rate) and the macroeconomic environment (PIB annual growth rate).

Second, to capture the quality of entrepreneurship ecosystem, we use the NES variables that evaluate the key Entrepreneurial Framework Conditions (EFCs). These variables correspond to mean values of latent variables calculated according to experts' evaluation of various entrepreneurial environment dimensions. Each latent variable is an assessment on Likert-type scale from 1 (worst state) to 5 (best state). The EFCs reflected by the variables used in our analysis are educational systems (assessment about the fact that the vocational, professional and continuing education systems provide good and adequate preparation for starting up and growing new firms); cultural and social norms (assessment about the fact that national culture is highly supportive of individual success achieved through own personal efforts); entrepreneurial finance (assessment about the existence of sufficient equity funding available for new and growing firms); government policies favourable (assessment about the fact that government policies (e.g. public procurement) consistently favour new firms); government programmes for assistance (assessment about the fact that a wide range of government assistance for new and growing firms can be obtained through contact with a single agency); R&D transfer (assessment about the fact that new technology, science and other knowledge are efficiently transferred from universities and public research centres to new and growing firms); subcontractors, suppliers and consultants support (assessment about the fact that there are enough subcontractors, suppliers and consultants to support new and growing firms); market dynamics (assessment about the fact that the markets for consumer goods and services change dramatically from year to year); and physical infrastructure (assessment about the fact that the physical infrastructure (roads, utilities, communications, waste disposal) provides good support for new and growing firms). We also include EFCs related to women: social services for working women (assessment about the fact that there are sufficient social services available so that women can continue to work even after they start a family) and women entrepreneurship encouraged (assessment about the fact that women are encouraged to become self-employed or start a new business). Descriptive statistics are given in Table 2 (Appendix).

Table 3 (Appendix) shows that the senior entrepreneurial activity in European countries varied considerably, the senior entrepreneurial activity index value from 0.87 in Sweden to as little as 0.30 in the case of Slovakia. This shows that the early-stage entrepreneurial activity of senior in Sweden is very similar to those of overall population and early-stage entrepreneurial activity of senior in Slovakia is only one third of the entrepreneurial activity of the overall population.

Table 4 (Appendix) shows that the senior women entrepreneurial activity in European countries varied considerably, the senior women entrepreneurial activity index value from 0.90 in Sweden to as little as 0.15 in the case of Slovakia. This shows that the early-stage entrepreneurial activity of senior women in Sweden is very similar to those of overall women population and early-stage entrepreneurial activity of senior women in Slovakia is only 15% of the activity of the overall women population.

## 4 Results and Discussion

Table 1 presents the results and explains the drivers of senior entrepreneurial activity.

Results show that household Internet diffusion is positively linked to entrepreneurial activity when looking for senior including men and women and this link is negative but not significant when looking for only women. Enterprise Internet diffusion is positively linked to senior women entrepreneurial activity but not significant. The result for men and women goes with Alderete (2014) study showing that ICT development has a positive influence on entrepreneurship. Concerning educational systems, the link is negative with seniorpreneurship but not significant for women taken only. According to Weber and Schaper (2004), older entrepreneurs generally possess lower levels of post-secondary education. Educational level may be perceived more as a recruitment tool for large firms rather than for entrepreneurial activity (Parker 2004).

With regard to cultural and social norms and women entrepreneurship encouraged, the links are positive but not significant.

Results also show that women employment rate is positively and significantly linked to women seniorpreneurship. This result could be explained by the low wage level and salary employment prospects that influence the decision of older workers to engage in post-career entrepreneurship (Smeaton and McKay 2003; Walker and Webster 2007). This result is not significant when looking for the whole sample (men and women).

Regarding women life expectancy, the link is positive and significant with women seniorpreneurship activity and with seniorpreneurship in general. This result gives support to the fact that health status positively influence work commitment and the intention to work (Kerr and Armstrong-Stassen 2011). Older workers in a good health would prefer continue working rather than full retirement.

With respect to entrepreneurial environment, results show a positive and significant link with entrepreneurial finance and a negative and significant link with government policies and programmes for assistance and R&D transfer. Entrepreneurial finance (assessment about the existence of sufficient equity funding available for new and growing firms) in a country encourages the entrepreneurial behaviour even for seniors and particularly women. Government policies favourable to new firms and government assistance for new and growing firms need to be enhanced in

**Table 1** Estimates of the drivers of senior entrepreneurial activity

	Senior women entrepreneurial activity index	Senior entrepreneurial activity index (men and women)
Household Internet diffusion rate	-0.0123 (0.00823)	0.0415** (0.0164)
Enterprise Internet diffusion rate	0.0176 (0.0174)	-0.0336 (0.0253)
Educational systems	-0.783 (0.543)	-1.035* (0.565)
Cultural and social norms	0.181 (0.386)	0.538 (0.402)
Social services for working women	-0.399 (0.263)	-0.218 (0.294)
Women entrepreneurship encouraged	0.0816 (0.471)	0.0541 (0.399)
Women unemployment rate	-0.0261 (0.0407)	-0.0350 (0.0579)
Women employment rate	0.0668* (0.0381)	-0.0221 (0.0414)
55–64 employment rate	-0.00195 (0.0250)	-0.0221 (0.0232)
Women life expectancy	0.181* (0.101)	0.176* (0.102)
Entrepreneurial finance	1.685*** (0.565)	1.103** (0.466)
Government policies favourable	-0.803** (0.403)	-1.184** (0.486)
Government programmes for assistance	-0.650** (0.276)	-0.274 (0.388)
R&D transfer	-0.794* (0.458)	-0.0745 (0.401)
Subcontractors, suppliers and consultants support	0.819 (0.602)	0.360 (0.591)
Market dynamics	0.150 (0.280)	-0.0868 (0.331)
Physical infrastructure	-0.427 (0.263)	0.499** (0.223)
PIB growth rate	-0.0421 (0.0425)	-0.0118 (0.0337)
Cut 1	17.34* (10.15)	11.61 (8.353)
Cut 2	18.56* (10.17)	12.76 (8.333)
Observations	127	127

Notes: source—GEM data and EUROSTAT, 2006–2013, 25 EU countries, non-balanced panel  
 \*\*\* $p < 0.01$ , \*\* $p < 0.05$ , \* $p < 0.1$ ; robust standard errors in parentheses

order to fit with older women entrepreneurs. New technology, science and other knowledge should be efficiently transferred from universities and public research centres to new and growing firms that are developed by seniors.

## **5 Conclusion**

Senior women entrepreneurial activity is an important way of entrepreneurial activity development in Europe. The level of women seniorpreneurship is different from a European country to another. The results of this study show that for European countries, Internet diffusion, cultural and social norms, women employment rate, women life expectancy, entrepreneurial finance, government policies and programmes and R&D transfer are important determinants for senior investment in entrepreneurship and particularly women seniorpreneurship.

This leads us to suggest policies that could foster senior women entrepreneurial activities in Europe.

Developing ICT skills of seniors would be a way to enhance seniors following entrepreneurship development. This could be possible through work-training for seniors or through outside training. Government may also enhance individuals to achieve success through own personal efforts by organizing competitions and by recognizing such achievement at national level. Entrepreneurial finance enhances senior women entrepreneurship; each country should warrant the existence of sufficient equity funding for new and growing firms. National efforts need to be done in government policies and government assistance favourable to new firms and also in R&D transfer in order to sustain new firms created by seniors. Further research could be developed in order to analyse in depth the determinants of seniorpreneurship and women seniorpreneurship, especially at the individual level. For instance, ICT that are more and more prevalent in the business line, may be analysed by focusing on the different ICT skills needed by seniors in order to develop their activity.

## Appendix

**Table 2** Descriptive statistics

	Whole sample	Senior women entrepreneurial activity index		Senior entrepreneurial activity index (men and women)	
		Low	High	Low	High
	Mean	Mean	Mean	Mean	Mean
Household internet diffusion rate	66.40	65.02	71.14	60.73	74.64
	(16.54)	(14.43)	(17.72)	(14.24)	(14.43)
Enterprise internet diffusion rate	85.87	85.44	87.41	83.64	88.10
	(10.74)	(10.33)	(8.47)	(11.54)	(7.61)
Educational systems	2.76	2.81	2.69	2.81	2.72
	(0.31)	(0.31)	(0.32)	(0.30)	(0.34)
Cultural and social norms	2.66	2.58	2.65	2.61	2.71
	(0.45)	(0.42)	(0.39)	(0.45)	(0.40)
Social services for working women	2.87	2.91	2.92	2.89	2.90
	(0.62)	(0.65)	(0.67)	(0.67)	(0.61)
Women entrepreneurship encouraged	2.90	2.87	2.93	2.89	2.92
	(0.44)	(0.40)	(0.47)	(0.41)	(0.44)
Women unemployment rate	10.11	10.95	8.95	10.84	9.66
	(4.90)	(5.11)	(3.52)	(4.50)	(5.89)
Women employment rate	62.75	61.29	64.57	61.53	64.80
	(7.79)	(7.07)	(8.60)	(7.16)	(8.64)
55–64 employment rate	46.88	44.25	49.95	44.89	50.22
	(10.07)	(8.39)	(11.89)	(8.51)	(11.39)
Women life expectancy	82.21	81.93	82.79	81.38	82.78
	(2.12)	(2.37)	(1.77)	(2.44)	(1.54)
Entrepreneurial finance	2.67	2.58	2.73	2.59	2.71
	(0.40)	(0.48)	(0.32)	(0.46)	(0.35)
Government policies favourable	2.07	2.13	1.95	2.13	1.98
	(0.38)	(0.43)	(0.30)	(0.42)	(0.33)
Government programmes for assistance	2.52	2.55	2.43	2.45	2.58
	(0.53)	(0.50)	(0.49)	(0.48)	(0.54)
R&D transfer	2.38	2.39	2.33	2.32	2.43
	(0.33)	(0.35)	(0.31)	(0.32)	(0.31)
Subcontractors, suppliers and consultants support	3.52	3.44	3.55	3.40	3.67
	(0.37)	(0.37)	(0.37)	(0.33)	(0.32)
Market dynamics	2.94	2.91	3.00	2.96	2.94
	(0.44)	(0.50)	(0.35)	(0.54)	(0.34)
Physical infrastructure	3.57	3.58	3.53	3.39	3.74
	(0.64)	(0.65)	(0.62)	(0.67)	(0.54)
PIB growth rate	0.71	0.64	−0.03	1.39	0.13
	(3.82)	(4.00)	(3.65)	(4.52)	(3.11)
Observations	127	43	37	45	39

Notes: source—GEM data and EUROSTAT, 2006–2013, 25 EU countries. Standard deviations in parentheses

**Table 3** Senior entrepreneurial activity index

	nb year	Mean	Std. dev.	Min	Max
Austria	2	0.54	0.07	0.50	0.59
Belgium	8	0.53	0.23	0.17	0.80
Croatia	8	0.42	0.12	0.30	0.60
Czech rep.	3	0.36	0.07	0.29	0.43
Denmark	7	0.49	0.16	0.25	0.70
Estonia	2	0.34	0.01	0.34	0.35
Finland	8	0.50	0.14	0.25	0.69
France	8	0.68	0.25	0.40	1.14
Germany	7	0.60	0.10	0.48	0.75
Greece	8	0.54	0.20	0.19	0.84
Hungary	8	0.65	0.21	0.41	1.05
Ireland	7	0.51	0.17	0.28	0.76
Italy	7	0.38	0.19	0.10	0.60
Latvia	8	0.26	0.10	0.10	0.40
Lithuania	3	0.30	0.03	0.26	0.32
Luxembourg	1	0.67		0.67	0.67
Netherlands	8	0.60	0.11	0.41	0.74
Poland	3	0.50	0.21	0.32	0.74
Portugal	5	0.55	0.12	0.41	0.66
Romania	7	0.38	0.15	0.08	0.53
Slovakia	3	0.30	0.07	0.21	0.34
Slovenia	8	0.42	0.12	0.24	0.62
Spain	8	0.46	0.12	0.32	0.68
Sweden	6	0.87	0.32	0.53	1.37
United Kingdom	8	0.71	0.09	0.58	0.83

Notes: source—GEM data, 2006–2013, 25 EU countries

**Table 4** Senior women entrepreneurial activity index

	nb year	Mean	Std. dev.	Min	Max
Austria	2	0.41	0.13	0.32	0.51
Belgium	8	0.34	0.25	0.00	0.74
Croatia	8	0.26	0.12	0.05	0.42
Czech Republic	3	0.42	0.07	0.36	0.49
Denmark	7	0.46	0.25	0.12	0.81
Estonia	2	0.33	0.11	0.25	0.41
Finland	8	0.50	0.16	0.29	0.74
France	8	0.68	0.55	0.00	1.49
Germany	7	0.58	0.13	0.32	0.73
Greece	8	0.54	0.21	0.08	0.81
Hungary	8	0.66	0.25	0.39	1.12
Ireland	7	0.48	0.16	0.22	0.71
Italy	7	0.47	0.26	0.13	0.79
Latvia	8	0.33	0.20	0.11	0.57
Lithuania	3	0.29	0.08	0.22	0.38
Luxembourg	1	0.26		0.26	0.26
Netherlands	8	0.62	0.22	0.11	0.80
Poland	3	0.64	0.14	0.49	0.74
Portugal	5	0.61	0.18	0.38	0.80
Romania	7	0.45	0.36	0.00	0.98
Slovakia	3	0.15	0.08	0.07	0.24
Slovenia	8	0.47	0.22	0.14	0.80
Spain	8	0.41	0.15	0.26	0.73
Sweden	6	0.90	0.35	0.33	1.32
United Kingdom	8	0.60	0.14	0.36	0.85

Notes: source—GEM data, 2006–2013, 25 EU countries

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# The New Career Starts After Entrepreneurial Life



## Some Considerations of the Reasons Why More Senior Women Entrepreneurs (Than Younger Women Entrepreneurs) Are Present in Formal Networks

S  verine Le Loarne-Lemaire and T  n Nh  n Nguyen

**Abstract** This chapter seeks to contribute to the understanding of the behavior of senior women entrepreneurs by answering the following question: “Why do women (senior) entrepreneurs decide to become engaged in formal entrepreneurial networks?” By examining the established literature on the link between networks and performance, especially for senior women entrepreneurs, and the literature on legitimacy with a neo-institutional perspective, and based on a mixed study approach, we establish an explanatory model of how the quest for legitimacy could explain the engagement of senior women entrepreneurs in professional networks.

### 1 Introduction

This chapter seeks to contribute to the literature on senior women entrepreneurship by exploring the need for legitimacy as one possible answer to the following question: “Why do women (senior) entrepreneurs decide to become engaged in formal entrepreneurial networks?” By examining the established literature on the link between networks and performance, especially for senior women entrepreneurs, and the literature on legitimacy with a neo-institutional perspective, we establish an explanatory model of how the quest for legitimacy could explain the engagement of senior women entrepreneurs in professional networks. The model has been enriched thanks to the combination of a quantitative study—conducted on a sample of 247 French women entrepreneurs who all belong to an association created by a French Bank—and an in-depth qualitative analysis conducted with a qualitative

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sample of some of the entrepreneurs from the quantitative sample. The results of the qualitative study showed that neither the age of the business nor the age of the women entrepreneurs impacted the results of the venture and the reasons for the women's presence in the formal network. However, in this quest for performance, education could be a key variable. Belonging to any formal network does not explain the intention to make a business grow. Nevertheless, the qualitative results reveal that senior women entrepreneurs who have just created their venture become engaged in networks to gain legitimacy and self-efficacy, whereas women entrepreneurs who created their business years ago maintain their engagement in formal networks to gain recognition for themselves and their actions as entrepreneurs. Despite limitations that are mostly due to the analyzed context, the nature of the sample we selected, and the research design, this research contributes to the literature of network and entrepreneurship by widening the reasons for people becoming engaged in these networks. Secondly, the research also brings new insights to explain the behavior and the specificities of senior women entrepreneurs, who cannot be considered as one homogeneous category.

## **2 Literature Review**

### ***2.1 Women and Senior Women Entrepreneurs in Formal Professional Networks: What Are They Looking for?***

The starting point of our study is the statement that women entrepreneurs mostly develop low-growth companies (Cliff 1998; Gundry and Welsch 2001). In order to help women enter a growth strategy, many networks of entrepreneurs, mostly dedicated to women, have been created. The idea is to encourage women to gain more self-confidence and a better perception of their self-efficacy.

However, such initiatives still remain unproductive. Recent studies conducted in different contexts converge toward the idea that women are not really engaged in formal networks (Monnickendam-Givon et al. 2016). The main reason for this finding is because women feel discrimination (Xie and Le 2016).

These results apart, the link that can exist between network relationships and performance has also been widely discussed, but no consensus has been reached yet. While some recent studies show that involvement in networks is the key to the performance of a venture (Hoang and Antoncic 2003), other pieces of research reveal that such a link might not be so obvious (Semrau and Werner 2014). Other research that focuses more on women entrepreneurs reveals that the fact of being engaged in a formal network of entrepreneurs could increase the intention among women entrepreneurs to grow their ventures (Cheraghi et al. 2014), but this does not necessarily lead to any effective growth.

This discussion leads to the assumption that the integration of women entrepreneurs into formal networks of entrepreneurs does not lead to any better performance

of their venture, but does lead to better growth intention and the idea that networks dedicated to women entrepreneurs could eventually exert a positive impact, an impact that remains to be better investigated (Le Begue et al. forth).

In this debate, one could expect that senior women entrepreneurs could behave differently from other women entrepreneurs: Some researchers tend to assimilate senior women entrepreneurs with former middle or top managers who have decided to create their own venture after having either lost their job or suffered from a ‘glass ceiling’ effect (Kephart and Schumacher 2005). As such, based on their previous working experience, these individuals might know how to network and have access to good human capital (Carter et al. 2003; Terjesen 2005). Considered to be either “corporate climbers” or “intentionalists”, these women, who are mostly well educated, have the mindset to make their business grow and therefore have the intention to make their business grow (Brush 1999).

Here, we assume that this assimilation between senior women entrepreneurs and women who are in the situation we have just described is somewhat restrictive. The sparse research on the reasons for women creating a business also reveal that some women decide to create their venture at the age of seniority because, after a long maternity leave, they could not find any job or simply do not want to (Lewis 2010). In such a case, to our knowledge, hardly any research exists on this topic. However, we can assume—as for any return after a break in career—that women entrepreneurs, whatever their education, might face the need to renew their knowledge in order to launch their business.

This literature review has led us to set up the following set of hypotheses:

*Hypothesis 1a* Women senior entrepreneurs who have experienced a successful former career experience, as top or middle managers, integrate into Professional networks to better make their business grow.

*Hypothesis 1b* Women senior entrepreneurs who have experienced maternity leave or a slowdown in their career integrate into Professional networks to gain knowledge and resources to launch their business.

## ***2.2 Women Senior Entrepreneurs and Their Quest for Legitimacy***

In this second section, we consider another aspect of the engagement of women senior entrepreneurs in formal networks of entrepreneurs: the quest for legitimacy in the field of entrepreneurship.

Recent research on the subject of legitimacy sheds light on the impact that the social field could play by shaping the identity and the legitimacy of the entrepreneur (Falck et al. 2012). Moreover, some research shows the important role of the group identification of the entrepreneur, as an individual, with workplace peers (Obschonka et al. 2012). In other words, an entrepreneur—male or female—can

be really recognized as an entrepreneur if he or she is part of a network of entrepreneurs. Such a belonging should bring about not only trust between entrepreneurs, and, as a matter of fact, exchanges between entrepreneurs, but also trust between an entrepreneur—who is seeking funds—and investors or clients.

The literature on such a topic is at the emerging stage, and the topic of the legitimacy of women entrepreneurs, and, moreover, senior women entrepreneurs, need more investigation. However, the literature on women's entrepreneurship has shown interesting insights. With reports that women entrepreneurs are discriminated against and under-considered by investors across nations and contexts (Murphy et al. 2007), women entrepreneurs might seek legitimacy by entering networks. In this way, they could, more than their male counterparts, overcome the barriers they are facing while raising funds. However, what does legitimacy mean? Is legitimacy considered only in regard to investors? Here, based on the huge literature that exists on the barriers that women entrepreneurs often face, such as lack of support from investors (Murphy et al. 2007) and ambivalent support from their spouse (Nikina et al. 2015), we could also argue that women entrepreneurs might integrate into networks first to receive support—not only tangible but also moral support—and second, to gain legitimacy not only in regard to potential investors but also in regard to any stakeholder of the venture, to make them recognized as entrepreneurs by the stakeholders. Such a proposition could be valid for some senior women entrepreneurs.

The literature on careers claims that seniors tend to be less and less considered in modern economies: e.g., they are too expensive and are reluctant to change (Falcoz et al. 2005). Following these considerations, we could expect that, while entering a formal network of entrepreneurs, senior women entrepreneurs with strong experience as former middle or top managers would seek legitimacy more than senior women entrepreneurs with lower managerial experience, but the nature of legitimacy should be better defined.

Answering this question implies the development of a theory of entrepreneurship that could refer to the use of constructs that are traditionally used in other fields: The concepts of legitimacy and legitimization have been widely investigated by the neo-institutional theorist Suchman (1995), together with three sub-constructs: pragmatic legitimacy, moral legitimacy, and cognitive legitimacy. This author, whose article has been cited more than 11,000 times, succeeded in gathering the literature on legitimacy that comes from the field of sociology and the literature on legitimacy that comes from the field of strategic management. He defines legitimacy as “a generalized perception upon which the actions of an organization are desirable, appropriated within a socially constructed system that is composed of norms, values, beliefs” (Op cit., p. 574).

Pragmatic legitimacy refers to the recognition of the organization (for instance, the venture of the entrepreneur) because it is capable of delivering one specific offer, to raise funds. We state that most of the literature that exists in the field of entrepreneurship refers to this type of legitimacy. Senior women entrepreneurs with lower managerial experience and little access to resources would suffer more from this lack of legitimacy than senior women entrepreneurs with more managerial experience.

Moral legitimacy refers to the ability the organization has to play by moral rules and serve society in many ways.

Cognitive legitimacy refers to the capacity the organization has to play by the rules of the game, to follow the norms.

Because of the lack of research on this topic, we set up the following research propositions, which require development and more robustness before becoming formal hypotheses:

*Proposition 1a* Women entrepreneurs integrate into formal networks to gain legitimacy in regard to all stakeholders.

Based on Suchman's definition of legitimacy, we could also raise the following proposition:

*Proposition 1b* Women entrepreneurs with low-level managerial experience integrate into formal networks to gain pragmatic legitimacy.

For each proposition, the nature of the stakeholders requires more investigation.

### ***2.3 Women Senior Entrepreneurs and the Generativity Effect***

Recent research on senior entrepreneurship has shed light on the effects of the presence of seniors in the job market on entrepreneurship and, more precisely, on entrepreneurial intention. Such an intention not only gives the opportunity to seniors to increase their self-esteem, but also entrepreneurship is considered to be the means by which seniors transfer their knowledge and expertise, as well as financial capital, to the next generations. Such a process is called generativity (Maalaoui et al. 2014). This concept, which has been developed and widely used in the field of psychology, reveals behaviors that tend to differ between male seniors and female seniors. According to a recent study on the impact of generativity on entrepreneurship (and not on entrepreneurial intentions), male senior entrepreneurs would tend to act for transmission to a generation "as a whole", whereas female senior entrepreneurs would act to act for transmission to their sons or daughters, or their grandsons or granddaughters (Le Loarne-Lemaire et al. 2017).

Following these first results, and based on what we have previously discussed, we could argue that women senior entrepreneurs are engaged in formal networks to get the resources to make their venture grow, and this venture should show signs that the venture and the capital ought to be transmitted to the next generations of their family. Therefore, we propose the following proposition:

*Proposition 2* Senior women entrepreneurs become engaged in formal networks to develop a venture that could serve the next generations of their families.

This proposition cannot be formulated as a hypothesis, since the notion of "serving" should be more detailed and the literature does not allow this.

### **3 Research Design**

Following the call for more studies in different non-North American white contexts and a more contextualized analysis (Welter 2011), the data set we refer to comes from France. From an empirical viewpoint, the choice of this country is interesting, since different governments and private institutions, perhaps more so than in other developed countries, have explicitly decided to promote female entrepreneurship for more than 10 years now.

#### ***3.1 Justification for Requirement for a Mixed Study***

Our research is based on a mix of quantitative and qualitative methods. The adoption of such a research protocol per se is not unique in the field of entrepreneurship, and such a protocol has already been used in previous studies on the topic of women entrepreneurs and their networking strategies (Farr-Wharton and Brunetto 2007). Such an approach is still at the adolescent stage (Leech and Onwuegbuzie 2009) and, so far, scientists who support such a method still discuss the setting up of a typology of mixed studies (Leech and Onwuegbuzie 2009; Teddlie and Tashakkori 2003). Here, the reason for the adoption of such an approach relies on the finding that research on the implications of legitimacy in women entrepreneurs already exists, but is mostly focused on the intention to make the business grow and, therefore, the search for legitimacy is based on efforts to get funding for the venture. Any new additional knowledge on that topic requires the need to develop a quantitative analysis, since most of the previously used protocols are based on qualitative analyses. Moreover, any other research in any other context—but related to women's entrepreneurship and networks—that aims at widening the perspective of legitimacy requires, at least, that existing results are confirmed. However, in the quest for exploratory investigations, identifying other reasons for the involvement of women entrepreneurs, and moreover, senior women entrepreneurs, requires, at least, a more inductive approach, and, therefore, an extra qualitative study.

#### ***3.2 Presentation of the Research Design of the Quantitative Study***

The quantitative study questions the involvement of women entrepreneurs in formal professional networks and the link of such involvement with the desire for high performance of the venture. The study is based on the responses of 247 women who were engaged in “Connect Hers”, a formal network—developed by the French Bank, BNP-Paribas—whose aim is to group women entrepreneurs, who mostly

opened a banking account in this bank and who were declared to have an ambition as regards the performance of their venture. Tables 1, 2, 3 and 4 present the sample details.

We refer to the protocol established by Watson (2012) and use an ordered logistic regression to explain how women entrepreneurs (and moreover senior women entrepreneurs) react to formal networks. Our dependent variables are:

- The fact that women get involved in formal networks. This variable is measured by the number of declared networks in which women entrepreneurs have declared to take part.
- The interest women entrepreneurs express as regards their network is measured by an ordered variable, “precious support to my business” (range from 1 to 7).
- The fact that women who take part in the sample declare that they are entrepreneurs (0 or 1)

Our independent variables are: the woman entrepreneur’s age, the woman’s education, the age of the company, and the intention to make the business grow. Previous managerial experience also constitutes an independent variable that was measured by the number of years of experience as middle or top managers— ‘middle’ refers to the head of a department; ‘top’ refers to the head of a company or division.

**Table 1** Quantitative sample

Group	Age (years)	Percentage	Number of participants
		100%	247
1	20–30	2.80%	7
2	31–44	33.00%	82
3	45–55	48.00%	118
4	56–70	16.00%	40

**Table 2** Quantitative sample (education)

#	Highest educational level attained	Percentage	Number of participants
	Total	100%	247
1	French Baccalaureate	6.88%	17
7	Master of Business Administration (MBA)	6.07%	15
8	Diploma of Business Administration (DBA)/PhD	2.83%	7
2	Professional diploma (Baccalaureate level)	2.02%	5
5	Master degree, university	22.67%	56
6	Master degree (business or engineering school)	26.32%	65
4	Bachelor degree 3rd year	12.15%	30
3	Bachelor degree 2nd year	17.41%	43
9	Others	3.64%	9



**Table 3** Quantitative sample: networks (BNP-Paribas excepted)

Do you belong to a network?	Answer	Percentage	Number of participants
23	Yes	39.68	98
24	No	60.32	149
	Total	100	247
If yes:			
#	Name of network	Percentage	Number of participants
1	APE	1.06	1
2	Réseau Entreprendre	19.15	19
3	CJD	8.51	9
4	Mampreneures	0.00	0
5	FCE	5.32	6
6	Réseaux des femmes dirigeantes BNP—Paribas	3.19	4
7	Other Autres	75.53	71
	Total	100	98

**Table 4** Quantitative study: growth intention

#	Reason for network membership	Percentage	Number of participants
1	Organic growth (same products, same markets)	28.37	61
2	Developing new products on existing markets	29.77	64
3	Exporting existing products	13.49	29
4	Diversifying activities	8.37	18
5	Exploring new geographic zones	9.30	20
6	Nothing	10.70	23
	Total	100	215

### 3.3 *Presentation of the Research Design of the Qualitative Study*

In order to better make sense of the quantitative results, we complemented the quantitative study with an in-depth qualitative analysis. This analysis was done with ten senior women drawn from the quantitative sample. In order to capture the essence of seniority in the business context, we referred to the age above which one becomes categorized as a senior in the French Economic Association: 45 years old. These persons were randomly chosen from among the whole sample used for the quantitative analysis. More precisely, while administering the on-line questionnaire, we received comments, questions, and exchanges with some entrepreneurs. We asked some of them if they would agree to exchange information with us. Some key information on their venture is presented in Table 5.

**Table 5** Qualitative Sample—ten senior women entrepreneurs

Date of creation of company	Business activity	Company size	Category (growth intention and network)	Category (legitimacy)	Category (legitimacy regarding to whom)	Nature of generativity (to whom)	Education	Age at company creation or while taking the lead of the company
1 2000	Transport company	150 Employees (or customers)	Manager of an established company	Pragmatic Cognitive	Potential clients	No sign of generativity	Bachelor degree (management) + different training in coaching and psychology	42
2 2016	Transport company	150 Employees (or customers)	Manager of an established company	Moral cognitive	Potential clients Women entrepreneurs	Toward other young women	Master degree (management)	45
3 1976	Pottery	50 Employees	Manager of an established company	Cognitive		Toward family	Master degree (management)	50
4 2009	Coffee company (roaster)	3 Employees	Manager of an established company	Moral and pragmatic	Community of entrepreneurs	Toward family	Bachelor degree (accounting)	51
5 2008	Cleaning	20 Employees	Manager of an established company	Pragmatic	Clients	No sign	Master degree	48
6 2013	Editing	15 Employees	Highly ambitious newcomer	Pragmatic Cognitive	Clients Funders	No sign	MBA + master degree (journalism)	48
7 2000	Consulting promotion of women's entrepreneurship	1 Employee (the woman entrepreneur)	Stand-alone	Moral	Women entrepreneurs	Toward other young women	MBA	57

(continued)

Table 5 (continued)

	Date of creation of company	Business activity	Company size	Category (growth intention and network)	Category (legitimacy)	Category (legitimacy regarding to whom)	Nature of generativity (to whom)	Education	Age at company creation or while taking the lead of the company
8	2016	Network(web platform)	1 Employee (the woman entrepreneur)	Highly ambitious newcomer	Pragmatic Cognitive	Clients Funders Women entrepreneurs	No sign	MBA	52
9	2005	Translation	15 Subcontractors + 3 employees	Manager of an established company	Pragmatic Cognitive	Funders	No sign unless capital for the family	Master degree	47
10	2006	Consulting in acquisitions	1 Employee (the woman entrepreneur)	Stand-alone	Moral	Women entrepreneurs	Toward other young women	Master degree (management)	50

Each recorded interview, lasting between 1 and 2.5 h, consists in the capture of answers to a series of open questions. The first part of the interview consists in getting the story of the person, her marital and family situation, her experience before the entrepreneurial adventure, and the story of the entrepreneurial experience. The second part of the interview focuses on the sense of being an entrepreneur, and the vision and ambition of the woman entrepreneur for her business, at the time when she created it and at present. The third part of the interview relates to her involvement in formal networks (and which ones).

Because of the lack of existing research on the topic of legitimacy, all the interviews were transcribed and coded, using Atlas software, but with an abductive approach. We initially focused on the three components of legitimation as defined by Suchman (1995) and the generic code of “sense given to the fact of being an entrepreneur”. We also coded the data referring to the existence of signs of generativity and willingness to transfer something to younger generations (and to whom).

## 4 Results

### 4.1 Results of the Experimental Quantitative Analysis

Table 6 presents the results of the regression.

Some aspects of the results of the quantitative study are consistent with the existing literature: Taking part in a formal network is not correlated with the intention to make the business grow. In the same vein, we note that in the literature, older women declare not to be engaged in multiple formal networks (maximum three), but those in our study who were engaged in multiple formal networks (Almost 64% of our sample) were mostly seniors. Neither the age of the woman entrepreneur, nor the age of the company, explains the intention to make the venture grow.

**Table 6** Results: Logistic regression

entrepreneure		Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
age		-.0118747	.030978	-0.38	0.701	-.0725906	.0488411
mba		1.746282	.8696059	2.01	0.045	.0418853	3.450678
age_entreprise		-.1456161	.0544128	-2.68	0.007	-.2522633	-.038969
Croissance_organique		15.93144	2698.863	0.01	0.995	-5273.742	5305.605
Nouveau_produit		16.27848	2698.863	0.01	0.995	-5273.395	5305.952
Nouveau_marche		17.50682	2698.863	0.01	0.995	-5272.167	5307.181
Nouveau_metier		16.27992	2698.863	0.01	0.995	-5273.394	5305.954
_cons		-16.88988	2698.863	-0.01	0.995	-5306.564	5272.784

Logistic regression	Number of obs	=	224
	LR chi2(7)	=	34.34
	Prob > chi2	=	0.0000
Log likelihood = -47.87727	Pseudo R2	=	0.2640

Therefore, the two hypotheses, hypothesis 1a and hypothesis 1b, that we set up in the literature review are not supported by our data.

However, the fact that education, and more precisely, having followed any Master of Business Administration (MBA) program, explains the intention to make the business grow is an interesting result: Beyond the age criteria, this factor shows and confirms that senior women entrepreneurs cannot be considered as one homogeneous category.

## 4.2 Results of the Qualitative Analysis

Table 5 summarizes the results of our qualitative analysis. The following paragraphs explain the results in more detail.

### 4.2.1 Results That Refer to the Topic of Willingness to Make the Business Grow and Presence in Formal Networks

Our results are based on the analysis of verbatim answers from (senior) women entrepreneurs who all belong to a network whose aim is not only to promote women's entrepreneurship but also to promote the growth of businesses that are owned or have been created by women entrepreneurs. Here, we state that senior women are in this network because their business is "*pretty big*" (verbatim from senior woman entrepreneur no. 1), but this is not the only example: there are also independent consultants who are their own single employees. Another result that is related to the size of the company is that most ventures have a "medium" or "low" size. Such a result is consistent with the great majority of studies on the nature of women in business and reflects, in a way, the fact that these senior women entrepreneurs are part of a network whose aim is to make their business grow.

When asked about their willingness to make their company grow, we were able to identify three categories of senior women entrepreneurs that we named as follows: "highly ambitious newcomers", "managers of an established company" and "stand-alones".

The "highly ambitious newcomers" were senior women entrepreneurs who created their company less than 5 years ago either alone or within a team. They claim strong ambition for their business: "*I want to develop a company that gathers all women*" (senior woman entrepreneur no. 8). "*Our objective is to develop an on-line review that targets everyone who has time to spend on his or her smartphone or who are looking for any interesting and cultural occupation, while making the queue (sic) in a shop, while even waiting for the bus and who wants to read emotional and cultural things*" (senior woman entrepreneur no. 6).

Their presence in networks is spontaneously explained by, first, the nature of their business ("*My business is to network. That makes sense that I belong and get engaged in all the networks I can*" (senior woman entrepreneur no. 8). "*One part*

*of our business model is that a web community of readers select propositions of articles, novels etc. we might publish on the platform*" (senior woman entrepreneur no. 6) and, second, because they are looking for resources that could help them make their business grow as fast as they would like to: senior woman entrepreneur no. 8 directly refers to clients and the bank that could support her thanks to a partnership; senior woman entrepreneur no. 6 explains that her partner (her brother) got engaged with her in another network because they could have access to funding and advice for making their business grow.

"Managers of established companies" refers to the great majority of the sample and groups senior women entrepreneurs who created their business more than 5 years ago. They became engaged in an organic growth strategy, and they created jobs. Their aim is to keep growing without any diversification strategy. They justify their presence in formal networks in terms of getting funding as well as seeking advice.

"Stand-alones" groups senior women entrepreneurs who created their business either recently (less than 1 year ago) or a long time ago (more than 7 years ago). These women all had significant past experience in managerial and, sometimes, entrepreneurial roles within a big or established company. When asked about growth ambitions for their venture, we note they did not reply to the question, arguing their ambition in networks was to "*be present*" and "*to be a model*".

#### **4.2.2 Results That Refer to Legitimacy and Presence in Formal Networks**

Most senior women entrepreneurs expressed interest in formal networks in terms of pragmatic and cognitive reasons. Getting involved in networks, whatever it is, is a means for them to get what they want. In this sense, we can consider that taking part in networks is a solution for senior women entrepreneurs to gain pragmatic legitimacy in a sense that one can only be a business owner if the business can be maintained. "*Networks can help us to get access to funding or advice. (Funding and Advice): That's what I am looking for*" (senior woman entrepreneur no. 6—quest for pragmatic legitimacy). "*I decided to register to this (X) network because I do not want to forget avoid anything. If there is a rule I do not follow and something like this*" (senior woman entrepreneur no. 2—quest for cognitive legitimacy). In all cases, this search for legitimacy is a search for funders or clients.

However, while "highly ambitious newcomers" and "managers of an established company" seem to seek pragmatic and cognitive legitimacies, "stand-alones" and some members of the other two categories are seeking moral legitimacy. In these cases, moral legitimacy refers to a sort of recognition as an entrepreneur, because "*This is important to be part of a network, to contribute to society*" (senior woman entrepreneur no. 4—quest for moral legitimacy). In this case, this search for legitimacy is directed toward women entrepreneurs.

Therefore, our results lead us to rephrase research propositions 1a and 1b as follows:

*New proposition 1a* Highly ambitious newcomers and managers of established companies integrate into formal networks to gain moral legitimacy.

*New proposition 1b* Stand-alone women entrepreneurs integrate into formal networks to gain moral legitimacy.

### **4.2.3 Results That Refer to Generativity and Presence in Formal Networks**

Our results confirm some signs of generativity, but they seem to be more complex than those established by the literature. First, a sign of generativity is not always present among younger women entrepreneurs, beyond senior women entrepreneurs who declare their search for moral legitimacy and, therefore, justify their engagement in networks as such, declaring to contribute to other women entrepreneurs by showing they can be entrepreneurs (even though their current business remains quite small). We also note that these concerned senior women entrepreneurs created their company after the age of retirement or joined the company when it was already established.

In contrast, other senior women entrepreneurs who showed signs of generativity toward family members were younger women who had developed a family business (in the case of senior woman entrepreneur no. 4) or women who took over a company that involved family capital (in the case of senior woman entrepreneur no. 3).

Therefore, our results lead us to refine research proposition 2 as follows:

*New proposition 2a* Senior women entrepreneurs whose business involves their family get engaged in formal networks to serve the next generations of their families.

*New proposition 2b* Senior women entrepreneurs who are at the age of retirement get engaged in formal networks to serve the young generation of women entrepreneurs.

*New proposition 2c* Senior women entrepreneurs whose venture is already established get engaged in formal networks to serve the young generation of women entrepreneurs.

## **4.3 Conclusion About the Results of the Two Studies**

In our quantitative study, the analysis of a sample of women entrepreneurs who were involved with one formal network revealed the following results: first, neither the age of the women entrepreneurs, nor the fact of belonging to any formal network,

explained intention to grow the venture. However, education, and especially the fact of having completed an MBA, does explain such intentions. Therefore, we could raise the assumption that senior women entrepreneurs, like most other women entrepreneurs, might not be present in networks to make their venture grow. The qualitative analysis led to more insight on the presence of senior women entrepreneurs in networks. First, senior women entrepreneurs, as a construct, can be split into three categories. Senior women entrepreneurs who had just created their venture and expressed high growth ambition are seeking pragmatic legitimacy in formal networks, mostly legitimacy from funders and clients. Senior women entrepreneurs who have been running their business for more than 5 years are seeking pragmatic and cognitive legitimacies. They are seeking advice from these networks to maintain their business. Last, stand-alone entrepreneurs run a single-employee company. They are in formal networks to seek moral legitimacy.

In the same vein, one cannot say that senior women entrepreneurs all adopt generativity behavior. This is the case for women who are either at the age of retirement or for women who developed their venture years ago; in other words, for women who no longer face business pressure. In both cases, senior women entrepreneurs develop generativity behavior toward the younger generation of women entrepreneurs. This is not the case for senior women entrepreneurs who have included family members or family capital in their current venture. In that case, they prefer to transfer their expertise, knowledge, and capital to their family.

## 5 Discussion

These results open a discussion on the relevancy of referring to a category of senior women entrepreneurs in which individuals would adopt similar behaviors. In other words, the question here is to evaluate the “power” of these two variables—age and sex—to explain, and maybe justify, the entrepreneurial behavior of individuals.

As we have previously assumed, thanks to the existing literature on the topic of women’s entrepreneurship and networks, we tend to answer this question in the negative. The results of our quantitative study reveal that age does not play any role in the intention to make the business grow, and such a result, per se, is consistent with other existing studies (Kautonen et al. 2011). Even if these authors worked on one other topic—the perceived age norms and their impact on entrepreneurial intentions in the third age, they show that such an influence is partially mediated by the positive or negative attitude of the individual toward entrepreneurship. In our case, education and the fact of holding an MBA degree could explain the growth intention of the venture. In both cases, the intention (to create any business or to make the business grow) is not really influenced by the age variable. Therefore, the categorization of entrepreneurs according to their age is re-questioned in this study.

Our protocol is not based on a comparison between males and females and does not allow a discussion about the specificity of women entrepreneurs. On that subject, a huge literature attests this specificity (e.g., low-growth business, lack of



self-esteem, and low access to capital (De Bruin et al. 2007; Jennings and Brush 2013). However, our results allow us to question the singularity of senior entrepreneurs as one category of women entrepreneurs. In response to this question, and based on what we previously presented, we tend to reply yes, partly. What is interesting is the behavior of women entrepreneurs, as self-employed, who are over the age of retirement. Per se, it is not the fact that they are self-employed that differentiates them from the rest of the women entrepreneurs. On the contrary! However, their presence in networks to show the young audience of women entrepreneurs—and perhaps male entrepreneurs—that they are entrepreneurs remains one specific behavior. Such a behavior of generativity to the whole society is not exclusively female, since we have already identified this type of behavior among senior male entrepreneurs (Le Loarne-Lemaire and Belkhouja 2013). However, what is specific to the women is their willingness to adopt a sort of feminist attitude by selecting the target of their expertise and model transfer.

## ***5.1 Contribution, Limitations, and Further Research***

### **5.1.1 Contribution**

Despite some limitations that we describe in the following paragraphs, we argue that our results and this research contribute not only to the existing literature on women's entrepreneurship but also more broadly to the field of entrepreneurship, on theoretical and practical levels.

The first contribution we defend is addressed to the literature on women's entrepreneurship. To our knowledge, there is little research on the topic of senior women's entrepreneurship. The present contextualized research, which is grounded on a mixed study, can help us to better understand the behavior of senior women entrepreneurs. By showing that this category cannot be considered as homogeneous, we also shed light not only on the diversity of senior women entrepreneurs but also on the diversity of women entrepreneurs. Such a result modestly contributes to a better understanding of what remains specific to women, among many other variables that describe any individual, such as age, education, and experience.

This research also contributes to the research in entrepreneurship as a broad research field, in three ways: first, it suggests the benefit of mixed approaches to cover one single research question. Second, it reopens the debate on the role of networks from a critical perspective. Thus, it tends to push toward the idea that belonging to networks does not lead to performance, but it also questions the role of the network in the legitimization process of the woman entrepreneur, as venture owner and founder, but also as an individual whose ambition is to gain a (good) place in society and, moreover, in the gendered economic society (Ahl and Marlow 2012), where signs of performance for the entrepreneur are evaluated through male criteria, such as revenues, or the size of the company in terms of location or employees. Last, but not least, by showing the role of the network as a “catalyzer of

legitimacy”, such research opens the debate on the identity of the woman entrepreneur and her quest to become legitimized within a gendered economy.

On a more practical level, this research is a claim for formal entrepreneurial networks to reconsider their mission. In a context in which most networks of women entrepreneurs emerge, this research also makes a call for the promotion of alternative models of entrepreneurship whose sustainability does not necessarily rely on the growth and size of revenues and action perimeters.

### 5.1.2 Limitations and Call for Further Research

Like any research studies, this research suffers from many limitations.

The first limitation is linked to the context of analysis, in France. Previous more or less non-recent research that has been conducted on the topic of women’s networks shows that results might differ across countries and culture (Aldrich et al. 1989).

The second limitation is linked to the nature of our sample. The sample grouped women entrepreneurs who take part in at least one formal network that promotes growth. As we have already explained, such a choice can be justified by the fact that few women entrepreneurs express high growth intentions for their company. We estimate that this sample choice entails some limitations to our results, since the stand-alone profile is under-represented and seems to group only women with a high education and high economic and social profile. The sample does not really include a category of women who have created their business alone to live on their own and, finally, to obtain money to make a decent living. We do not have access to all the characteristics of the women entrepreneurs that constitute our sample, but we assume that social minorities are also under-represented. Such a limitation represents a call for other similar studies that can be done on a more diverse sample of senior women entrepreneurs.

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**Part III**  
**Elderly Entrepreneur in Different Context**

# Elderly Entrepreneurs in Healthcare: The Case of the European Institute of Oncology (IEO)



Francesco Schiavone, Luca Dezi, and Daniele Leone

**Abstract** This chapter reviews the main literature about elderly entrepreneurs in healthcare sectors and offers various illustrations of such involvement. Among the various empirical evidences, the chapter will illustrate in detail the case of Professor Umberto Veronesi, the brilliant Italian oncologist who recently passed away, who, in 1994, at the age of 69, founded the European Institute of Oncology (IEO), a research and healthcare organisation based in Milan. Drawing from this case study, the authors propose a theoretical framework for the experiences of elderly entrepreneurs in healthcare.

## 1 Elderly Entrepreneurs in Healthcare

Elderly entrepreneurship plays a special role in the aging population. The development of “elderly entrepreneurship” arises from two levels of possibilities and necessities: the personal/individual level and the social level (Zhang 2008). Recent studies have attested that the majority of elderly entrepreneurs are male, but the number of female entrepreneurs is increasing: according to recent surveys of the European Commission, women constitute 52% of the total European population, but only 34.4% of the European Union (EU) self-employed and 30% of start-up entrepreneurs. In the past 60 years, life expectancy has increased by about 15 years, and this is owing to, among other factors, improvements in health services. Europe is a continent of the old world and has been experiencing, on the one hand, an increase in life expectancy, and on the other hand, a lowering of the birth rate. The consequence of this economic phenomenon is the “silver economy”. This was defined by the

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European Commission<sup>1</sup> as “the result of opportunities arising from public expenditure and consumer spending related to population aging and the specific needs of the population over 50”.

The pharmaceuticals sector, insurance, financial services, and consumer goods are the markets that can benefit from this phenomenon. Of course, it is necessary for economic operators to reshape their business to suit the needs of “silver” consumers. The most important opportunity is the economic shift to the “knowledge economy”. Some of the disadvantages or potential barriers faced by older entrepreneurs can include lower levels of health, energy, and productivity (Weber and Schaper 2004). Focusing on social capital in relationship to network size is another important field to analyze in order to start an operations strategy for elderly entrepreneurs (Alizadeh 2000; De Bruin and Firkin 2001).

Following the ongoing imbalances between various stakeholders in the health system, the healthcare environment is undergoing numerous changes and transformations, such as adopting innovative strategies to eliminate the major barriers between doctors and patients (Browman et al. 2003). Patients want to take part in managing their own health and often come to hospital with much medical information, obtained from the internet, books, magazines, or television shows: they ask questions to understand the investigations and therapies that are prescribed for them (Robbins et al. 2013).

However, there are other factors that cannot be underestimated. In the 1970s, a new paradigm (socio-ecological) was born, according to which health is the result of four types of factors; in addition to health services, the role of genetic and biological influences, environmental influences, and individual lifestyles is important (Stokols 1992). A socio-ecological model of public health recognizes that not only is health itself holistic and subject to multidisciplinary factors, but that a holistic or multidisciplinary approach is needed to promote and manage health successfully (Maller et al. 2006).

Elderly entrepreneurship in healthcare is a phenomenon that has been widely studied in the literature. Habitual entrepreneurs have specific attributes in terms of passion, aspirations, human capital, learning abilities, experience, and social ties, factors that make it easier for them to launch new entrepreneurial projects over time (Pilkova et al. 2014). In this community, elderly people have a central role; they are endowed with exclusive and rich resources (experience, knowledge, values, time, relationships). They represent formidable entrepreneurs in regard to quality of life in the family and in the community; they are protagonists in the promotion of good social practices. Entrepreneurial experience furnishes the elderly with ability and competence, which can help them find employment opportunities even if their company fails in the long term. Older people assume a universalistic role because their resources and their contributions are very often at the service of the community. Health problems of the elderly are the main causes of their engagement in

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<sup>1</sup><http://www.europarl.europa.eu/EPRS/EPRS-Briefing-565872-The-silver-economy-FINAL.pdf>

entrepreneurship (Singh and DeNoble 2003), but there are many examples of people who begin these activities from age 60 onwards (Pilkova et al. 2014).

An example is the case of Professor Umberto Veronesi, the brilliant Italian oncologist who recently passed away, who, in 1994, at the age of 69, founded the European Institute of Oncology (IEO), a research and healthcare organisation based in Milan. We note that innovative strategies should be implemented not only in view of overcoming legal, institutional, or social barriers, but also in view of managing integrated and focused processes that involve research areas. According to a holistic approach, the IEO can be considered as having a high level of integration, based on value creation, focused on the needs of the patient and their health expectations. The IEO strategy has moved from being a patient-centric business model, which considers the patient as a customer around whom to build research development (Robbins et al. 2013).

In this cultural perspective, it can be argued that “health promotion” is closely linked to the improvement of the quality of life, which is characterized as a kind of mosaic with many tiles, as a multidimensional concept (Patrick and Erickson 1993). Indeed, there are several components that characterize quality of life (well-being, health, social inclusion, entrepreneurship) and so there are many areas (from work to culture, services, income, and to the environment) that determine it. Promoting entrepreneurship in healthcare sectors requires not only a reversal of reference paradigms, but also a profound social innovation of the operating systems that determine it.

Finally, the activities of elderly entrepreneurs in healthcare are multifaceted and dispersed throughout society: not just in institutions and services, but also in companies, non-profit organizations, voluntary associations, self-help networks, and in familial and community areas. Reference should therefore be made to a community welfare model.

## **2 Challenges for Entrepreneurs in the Healthcare Sector**

Entrepreneurs operating in the healthcare sector face multiple challenges. On one hand, improvements in technology, such as less invasive surgical procedures, have minimized the need for inpatient care, resulting in excess inpatient capacity in hospitals, while on the other hand, the complexity of medical and surgical interventions undertaken in hospitals requires an ever larger and more skilled clinical workforce (Aiken et al. 2002). In a complex system with so many stakeholders, the entrepreneur must comprehend how each one will action with and benefit from the solution to problems. If entrepreneurs in healthcare are not able to convince a patient to accept their standards or motivate a doctor to use their equipment, there will never be a fully integrated approach for healthcare actors. The demands made on health and welfare services vary considerably from one area to another, and this variation seems to be largely due to social factors that are constantly changing (Harris 1977). Another important aspect in healthcare organizations is the relation



**Table 1** A classic perspective on healthcare organizations

Challenges in healthcare organizations	Consequences
– Financial issues and hospital productivity – Foreign investment level reduction	Difficulty in reducing costs and waste
– Regulatory standards – Limits of spending and reimbursement	Quality of processes Quality of care
– Hospital security	Problems in ensuring patient safety Maintaining hospital security
– Patient satisfaction, patient safety	Risk of infection Delays in patient care

*Need for “Fully integrated approaches”*

Source: Authors’ research

between physicians and patients (see Table 1). The organizational climate in hospitals, and, specifically, organizational support for nursing care that is potentially modifiable, has been an undervalued determinant of poor patient outcomes and poor nurse recruitment, as well as retention failure (Aiken et al. 2002).

Promoting relationships leads to the maintaining of loyal customers, trust, patient satisfaction, and patients’ involvement in decision making (Richard and Ronald 2008). Managing the relationship influences patient satisfaction and reduces mistrust of systems. The fact that customer service expectations in healthcare organizations are high poses a serious challenge for healthcare providers, as they have to make an exceptional impression on each customer; healthcare organizations’ strategies should transform customer strategies and systems to customer engagement (Anshari and Almunawar 2012). We are moving from a world where care is primarily based on the decisions of professionals and organizations to a world where care is customized and tailored according to individual needs and patient decisions (Kernick 2004).

In these current markets, the healthcare issue is to find entrepreneurs who can lead innovation strategies focused on the patients and their needs.

### 3 The Case of the IEO

The IEO<sup>2</sup> has been an innovative model of healthcare and advanced research in the field of international oncology since 1994. Born from an idea of Umberto Veronesi and inaugurated in May 1994, the project became an Institute of Hospitality and Care of Scientific Character (IRCCS) with a ministerial decree of January 1996; it is a non-profit organization that also provides benefits in agreement with the National Health Service. In line with the standards of the most advanced international oncology centers, the Institute has built complete integration between the various

<sup>2</sup><https://www.ieo.it/>

activities of the fight against cancer: health prevention and diagnosis and the formulation of research. The IEO also includes the Monzino Cardiology Center<sup>3</sup> and the IEO Research Campus and has a total of about 2500 employees.

## 4 The Senior Founder: Umberto Veronesi

Umberto Veronesi was born in Milan in 1925; he was an oncologist and an active politician in Italy. After graduating in medicine and surgery in 1951 and later specializing in surgery in 1956, he decided to devote his life to fighting cancer with dedication, according to two concepts: research and secularism. He was a supporter of the battle for euthanasia, of scientific culture, and of vegetarian food. In fact, even though Veronesi was born into a Catholic family, he moved away from religion for his study of oncology that convinced him of the non-existence of God. Umberto Veronesi and his wife, Susy Razon, a Turkish pediatrician, had six children, four males (one is a famous orchestra conductor) and two females.

Umberto Veronesi is an example of an elderly entrepreneur in healthcare; in fact, as stated above, he created the IEO, a state-of-the-art structure on the world stage. The IEO has created an innovative model of treatment based on three fundamental principles:

1. Patient centrality
2. Integration between laboratory research and clinical research
3. Cancer prevention as a preferred target

In 1993 Veronesi was called to be part of the national commission to plan a national strategy against cancer. In 1998, he was also called to chair the commission of experts in regard to experiments on Di Bella's Therapy,<sup>4</sup> a fascinating scientific case (and a worrying source of illusions) that monopolized the media for a long time.

In 2003, he established the Umberto Veronesi Foundation<sup>5</sup>, with the aim of promoting scientific progress. This is another example of best practice as a perfect elderly entrepreneur in the healthcare sector. In 2009, he had the role of ambassador of the Internet for Peace movement. In 2010, he was President of the Scientific Committee of the Italy–USA Foundation. He was elected Minister of Health in 2000 under the Amato government; in 2008 and for the following 3 years, he was a Senator of the Italian Parliament. He received 13 honorary degrees in his long and prestigious career, both at Italian and international levels, in medicine, medical biotechnology, pedagogical sciences, physics, and agricultural sciences. Umberto Veronesi died in Milan in 2016, a few days before reaching the age of 91 years.

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<sup>3</sup><https://www.cardiologicomonzino.it/it/>

<sup>4</sup>The aim of the Di Bella Method (DBM) is to try to overcome the high toxicity level and the limited efficacy of the current medical treatments for cancer.

<sup>5</sup><https://www.fondazioneveronesi.it/>

Regarding the IEO innovation model, in an interview with the editor-in-chief of *Cancer Future*, Umberto Veronesi affirmed as follow: “Setting up the European Institute of Oncology was always going to be a challenge. Nobody believed that I would succeed in developing an institute that differed from the others in its fundamental principles: a different concept of patient care and an insistence on a high level of integration between laboratory research and clinical research. This institute is really European. We have members from fourteen countries working here, and having a large portion of the staff coming from outside Italy is a constitutional requirement. We speak English when we work, when we have our meetings. So it’s a real European Institute. This was something totally new—there are no other examples in Europe. I think it provides a good way to integrate various colleagues, a cross-fertilisation of ideas between members coming from different European schools of oncology research” (European School of Oncology 2005).

Improvements in research, assistance, and care are the main points of the Institute’s mission. Veronesi’s team has implemented a strategic plan with global standards of excellence.

Umberto Veronesi started showing practical activity during his academic studies. He felt the need to practice and chose the closest hospital to his home: the Tumor Institute.<sup>6</sup> He became an entrepreneur, along with friends who became the founding partners, invested in capital, and joined the IEO project and shared their dream: building a modern model of cancer care.

## 5 The IEO Business Model

Referring to the quality standards provided by the Joint Commission International,<sup>7</sup> a worldwide reference for the accreditation of healthcare organizations, the IEO has created complete integration between the various activities of cancer prevention:

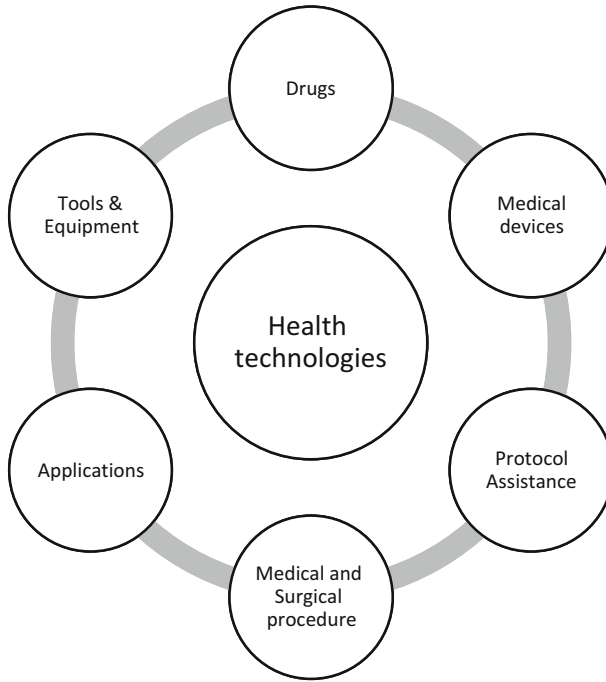
1. Prevention and diagnosis
2. Health education and training
3. Research and care

The IEO acts in the belief that it is best to work with the abolition of geographical barriers. The Institute’s staff comes from many countries, with the aim of integration and excellence. This is not only the dream of Professor Umberto Veronesi as an entrepreneur, but it is also the concrete story of an innovative hospital; in fact, a new hospital concept at all levels has been created through the innovative concept of the “Comprehensive Cancer Center”, with complete integration between the various tumor-fighting activities.

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<sup>6</sup><http://www.istitutotumori.mi.it/>

<sup>7</sup><https://www.jointcommissioninternational.org/>

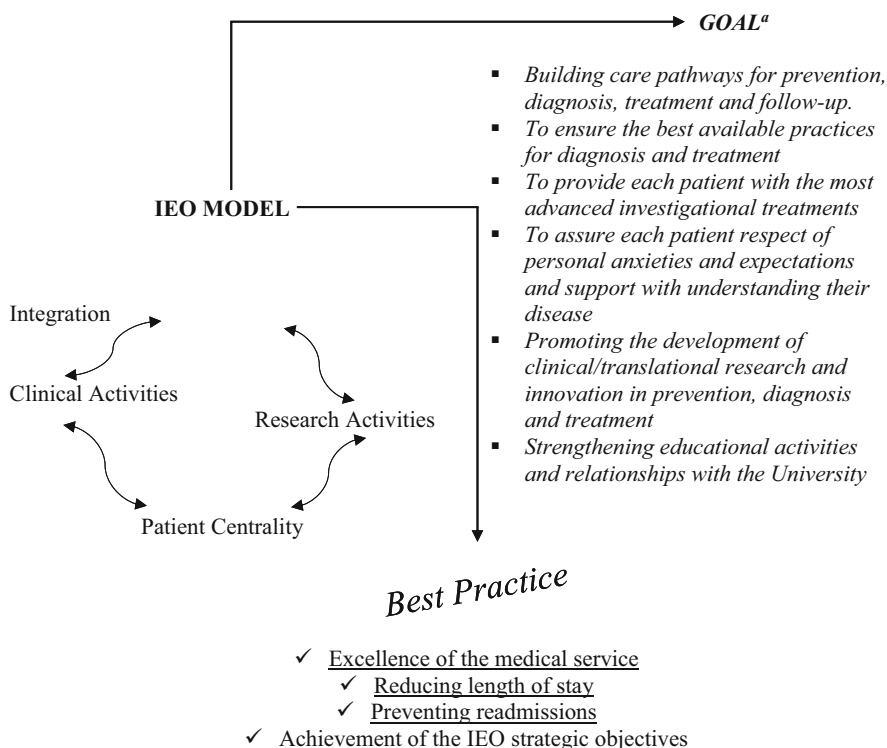


**Fig. 1** Health technologies. Source: Authors' research

Thanks to the support provided to patients, the innovation strategies represent a valid and effective response to the challenges that health systems are faced with: the aging of the population that increases the need for healthcare, the increased costs linked to chronic illnesses, and ultimately the pressure to which public health budgets are constantly subjected.

Therefore, acknowledging patient value leads to acceptance of the importance of the benefits of research and “health technologies”: these benefits refer to all practical knowledge applications used to promote health and to prevent, diagnose, and cure diseases (e.g., medical equipment, medicines, medical devices, medical and surgical procedures, diagnostic systems) (Webster 2002) (Fig. 1).

Furthermore, the new entrepreneurial concept is based on the introduction of the principles of efficiency and effectiveness of an enterprise into a private non-profit entity in a delicate and important field such as healthcare. Health professionals also have a tendency to improve citizens' health knowledge: an informed and involved patient is more inclined to accept the prescribed medications and treatments, significantly improving clinical outcomes (Church et al. 2002). Reconciling budget constraints and excess bed capacity with increasingly complex, labor-intensive clinical care requirements has challenged hospital leaders (Harrington and Estes 2008).

**Table 2** The IEO program

Source: Authors' analysis of IEO business model

<sup>a</sup><https://www.ieo.it/en/About-Us/Our-Organization/Multidisciplinary-Research-Programs-and-Departments/> (accessed September 20, 2017)

Regarding the organization of medical and surgical resources,<sup>8</sup> a coordinator develops guidelines at different levels of activities:

1. Monitoring the programming and realization of surgical activities
2. Identifying any structural, organizational, and managerial challenges
3. Projecting future needs and providing solutions to the highlighted challenges

Hospitals require business models that are able to cope with the complexity of the current context: it is no longer enough to communicate and promote basic principles; the hospital needs to be involved and interfaced with all decision makers who take part in the entrepreneurship process in the healthcare sector (see Table 2).

Health technologies, shared equipment, and shared spaces are the strengths of the Institute; comfort is not seen as a luxury, but as a gesture of attention and respect for

<sup>8</sup><https://www.ieo.it/en/About-Us/Our-Organization/Medical-and-Surgical-Resources-/>

patients and as providing more support for dealing with a destabilizing disease such as a tumor. Care and attention to sustainability are also shown by the provision of the free daily shuttle service that connects the IEO with the milestone lines of the Milan Metro. This is an important help not only for the Institute's staff, but also for the patients and their loved ones, who can reach the hospital comfortably and without transport charges. The abolition of plastic cans in the canteen, the switching off of lights, the use of centralized printers and differentiated collection are other elements involved in the pursuit of sustainability.

Health professionals at the Institute also have a tendency to improve this business model with many research projects and alliances with other actors (see Box 1).

### **Box 1**

Digitization of health documents and standardization of processes for greater quality and efficiency of clinical service to the patient.<sup>9</sup>

The wHealth Framework<sup>®</sup> is a Web platform for the management of clinical content, ensuring safety and control in terms of access to data, pursuant to current privacy and safety regulations. It is modular and highly configurable.<sup>10</sup>

#### **Benefits:**

- Standardization of processes
- Quality standards
- Accessibility of business data
- Interdisciplinary communication
- Digital medical folders of patient documentation
- Reduction of the number of errors
- Efficiency and safety

#### **The project:**

The Institute started a project in collaboration with Laserbiomed,<sup>11</sup> which envisaged the adoption of the wHospital clinical operating system in order to optimize patient care in terms of greater safety.

The project is a web framework, a single platform that allows digital management of clinical outpatients and outpatient care processes. The aim is to plan, evaluate, and manage the medical care needed for each individual patient. If the doctor at the Institute has previously read the various paperwork documents from the outpatient's report, including the discharge letter, the new management platform now allows the entire documentation to be gener-

(continued)

<sup>9</sup><https://lutech.group/2013/04/03/il-caso-di-successo-whospital/>

<sup>10</sup><http://www.wealth.care/platform/>

<sup>11</sup>Laserbiomed is a startup of Politecnico di Milano, Italy. <http://www.lutech.it/practices/whospital/>

**Box 1** (continued)

ated digitally, internally. Physicians in the system-based ambulatory care section are able to visualize, on a SmartCard, their real-time lists, informing them how many and which patients are waiting.

The doctor has the option to call the patient who has priority for a visit, calling them into the office through the platform attached to the visual panels placed in the waiting room. For each individual patient, the physician automatically accesses the personal card with details of their previous history, with the possibility of displaying any related radiographic images as well. The *wHospital platform* enables computerization of the patient care pathway in the department, outpatient clinic, and Day Hospital. In particular, thanks to the *wHospital framework*, the Institute has developed an ad hoc suite that allows the digitization of chemotherapy therapy from reception to medical examination, with the prescription to the preparation of the drug until administration. The patient is called, not according to the time of arrival at the Institute, but according to the schedule of their therapy. The physician has the opportunity to consult the card in real time with all of the patient's previous documentation to check the state of the patient's clinical development in real time in order to compare the latest blood tests with those of the previous analysis. The physician is able to formulate the prescription according to automatic dose calculation criteria, based on functional parameters such as body surface and ideal weight. This validated and signed prescription passes to the pharmacist and, after its second validation, the system, through a robot, performs the prescribing instructions and begins the drug preparation phase. Labels with bar codes are placed on the chemotherapy bag. Thanks to special barcode readers, the nurse has the ability to read the code on the bag and that on the patient's bracelet to verify that the specific drug is given to the patient who can proceed with the therapy.

## 6 Conclusion

According to the Washington Post, the 21st Century Cures Act, signed on December 13, 2016, "aims to increase funding for medical research, speed the development and approval of experimental treatments and overhaul federal policy on mental health care." Each of these processes offers entrepreneurs promising possibilities.

Entrepreneurial activities in healthcare can be improved through providing a suitable environment, adjusting reward and encouragement systems, giving more authority to subordinates, promoting awareness and education, and mobilizing managers to attract appropriate opportunities for organization (Raadabadi et al. 2014). Through the active participation of the community, elderly entrepreneurs are able to leverage the experiences, the projects, and the experiments that the whole community expresses.

Umberto Veronesi is the classic example of a good entrepreneur who was able to guide people approaching chronic diseases to live well during the development process—to make the development of countries more balanced, not only economically, but also socially, culturally, and ethically. The large-scale adoption and subsequent implementation of patient centrality approach strategies by senior entrepreneurs could lead to:

- Improving the health of citizens
- Economic benefits for health systems
- Knowledge development and economic progress

These reflections provide an idea for key healthcare stakeholders who must respond proactively to the evolving dynamics of healthcare organizations and may be catalysts for achieving an efficient healthcare system that focuses on quality and spending control.

Elderly healthcare professionals should be able to:

- Identify new entrepreneurial opportunities in the healthcare sector
- Ensure monitoring systems refer to efficiency and effectiveness criteria
- Plan innovative human resource management systems
- Share information and communication in support of business decision-making
- Manage communication systems and processes with stakeholders and the internal workforce

Accordingly, for the conservation and sustainability of organizations in the era of the development and reconstruction of healthcare systems, innovation and entrepreneurship are prerequisites (Asefzade and Rezapour 2007). The contribution of this chapter is to highlight the development of new entrepreneurial models of healthcare organizations that can take advantage of environmental opportunities for planning, by abandoning old systems and adopting new business models.

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# A Portrait of the Older Entrepreneur: Factors Toward Transformation and Persistence



Gerry Kerr

**Abstract** This chapter develops a picture of older entrepreneurs, the different life paths that took them to establishing new ventures, and the various characteristics of the organizations and their founders. The author synthesizes the international literature to examine the interplay between the older entrepreneur and his or her environment. The emerging picture is intended to lead to a clearer and more complete understanding of older entrepreneurs, their characteristics, and their businesses.

## 1 Toward a Portrait of the Older Entrepreneur

The populations of the economically advanced nations are aging significantly (Pitt-Catsouphes et al. 2017), putting stresses on their respective societies, on their infrastructure and institutions, and on policy-makers (Lain 2017). At the same time, the demographic changes are inciting efforts to make improvements simultaneously in both the social and economic realms. One aspect of an older cohort quite well established is the high percentage of older people who are engaged in entrepreneurship (Tervo 2015; Zissimopoulos and Karoly 2007). Therefore, to a degree, an aging population naturally gives rise to the older entrepreneur. The phenomenon is especially acute as the baby boom generation born in a broad cross section of the world's developed countries is currently reaching older ages (Heim 2015; Kautonen et al. 2014; Minola et al. 2016; Van Solinge 2014).

The prevalence of later-life entrepreneurship could create expectations that it is well understood, thoroughly explored within a broad research literature. However, the opposite is true. Older entrepreneurship has, in fact, generated a growing but

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scattered and shallow body of studies (de Bruin and Firkin 2001; Halvorsen and Morrow-Howell 2017; Kerr 2017; Maritz 2015; Singh 2009; Tervo 2015).

This chapter responds to the shortcomings in the research by assembling a portrait of the older entrepreneur from the disparate sources that are available. A series of orientating questions will be posed throughout, the answers to which complete aspects of the portrait. Background is provided by definitional first principles and key research on aging gathered from the relevant biology, psychology, and sociology literatures. Key questions and answers follow, concerning the paths to older entrepreneurship, the conditions under which older entrepreneurs undertake their transition to founding new businesses, the types of businesses being created, the fortunes and returns of these businesses, and the effects of geography. The chapter culminates with a summary assessment of the portrait as well as the gaps to be addressed by future research. The topic turns now to establish the chapter's subject, the older entrepreneur.

## **2 How Is the Older Entrepreneur Defined? What Are the Paths to Becoming One?**

Research in entrepreneurship has focused prominently on the creation of a new venture in pursuit of a business opportunity (i.e., Gartner 1988), while the 'older' entrepreneur has been defined in the literature chronologically, through use of a minimum advanced age. The number most commonly employed has been between 50 and 60 years old, with the low end of the scale perhaps most frequently used (see, e.g., de Bruin and Firkin 2001; Kautonen et al. 2011; Kerr and Armstrong-Stassen 2011; Kerr 2017; Kibler et al. 2015; Seymour 2002; and Weber and Schaper 2004). The designation of "older" as 50 years old or more is also utilized by organizations like the American Associations of Retired Persons (AARP), Canada's Association for the 50 Plus (CARP), and the multinational Organization for Economic Cooperation and Development (OECD).

In some areas of the literature, defining an entrepreneur concerns the difference between "self-employment" and "entrepreneurship." As the first term implies, "self-employment" involves simply working for oneself, frequently to support a lifestyle (Kautonen et al. 2014), often in a role like consultant or small business owner (Halvorsen and Morrow-Howell 2017). By comparison, entrepreneurs are purposefully employers of others besides themselves, sometimes earning the label "owner-managers" as a result (Kautonen et al. 2014). Entrepreneurship can also connote goals related to innovation (Halvorsen and Morrow-Howell 2017), generated by the synthesis of old and new knowledge, and substantially impacting product markets, industry structures, and competitive interactions, for instance (Bygrave and Hofer 1991; Schumpeter 1934). However, the terms "entrepreneurship" and "self-employment" are frequently used interchangeably in the entrepreneurship literature (see, e.g., Audretsch et al. 2002; Bates 1995; Malchow-Moller et al. 2010) and in the

stream concentrated on the older entrepreneur (see, e.g., Curran and Blackburn 2001; Singh and DeNoble 2003; Van Solinge 2014).

Thus, in the simplest conceptualization, an older entrepreneur is any business founder past a certain age level, often at least 50 years old or older. However, research focused on older entrepreneurship has often constrained the subject matter to entrepreneurs who are an advanced age *at founding*—again, often 50 years old or older—and has labeled this population with terms like “gray entrepreneur” (Weber and Schaper 2004), “retiree entrepreneur” (Singh and DeNoble 2003), “second-career entrepreneur” (Bacus and Human 1994), and “third-age entrepreneur” (Kautonen et al. 2011; Lewis and Walker 2013).

Yet, more than one path leads to being a business founder of advanced age. In fact, the simplest route may be presented by entrepreneurs who found businesses during prime years, between 35 and 44 years old or younger (Kautonen et al. 2014; Lévesque and Minniti 2006; Parker 2009), and simply age alongside their business. However, as stated, the extant research has focused almost exclusively on older individuals (as defined) who start new ventures (with major research examples beginning chronologically with Curran and Blackburn 2001; Singh and DeNoble 2003; and Weber and Schaper 2004).

Little discussion or analysis has been devoted to the reasons for, or implications of, the decision to narrow the focus to only one of the two life paths to older entrepreneurship. Furthermore, the facts are perhaps surprising given that the majority of entrepreneurs in many countries over the age of 50 would, in fact, not meet the definition of “older entrepreneur,” “second-career entrepreneur,” “third-age entrepreneur,” or any other used in the entrepreneurship literature because they established their businesses before they reached the threshold age (Maritz 2015). In the economically developed world, start-ups are undertaken by those 50 and older at only about one-half the rate of those aged 20–49 years old (Kibler et al. 2015). However, entrepreneurs who make a career of it and those who engage it as a second career both tend to work longer, driving up the proportion of the self-employed at the older age categories (Halvorsen and Morrow-Howell 2017).

### 3 Why Is the Older Entrepreneur Worthy of Study?

Without doubt, the sheer number of people involved accounts for some of the topic’s importance. The populations of the rich countries of the world are aging significantly, although the phenomena is being experienced in key developing nations like China as well (Nauta 2017). Two factors are changing the population profile in multiple jurisdictions: first, birth rates have decreased precipitously and, second, life spans have expanded markedly (Maritz 2015). Despite being more acute in a number of economically advanced countries, the effects are felt globally: those over 65 years of age made up only 5% of the world’s population in 1950, while the share in 2015 was 8%, and the figure in 2050 is expected to be doubled (Nauta 2017). The trends

are such that the disruption of established roles for older people, both in society and at work, is in train and can be further anticipated (Pitt-Catsouphes et al. 2017).

Corresponding policy implications have also been identified and quite widely considered (i.e., Curran and Blackburn 2001; Kautonen et al. 2011; Kibler et al. 2015; Lewis and Walker 2013). A primary concern is the increasing dependency ratio, the proportion of those at older age and dependent on support compared to those at employment age (Heim 2015; Maritz 2015; Uppal 2011). Yet, a number of forces have been posited to mitigate the pressures of an aging population. For instance, the increasingly robust health of the older portion of the population allows people to work longer and require less expensive medical support (Nauta 2017). At the same time, employment beyond the age of 65 is growing appreciably across many OECD and EU countries, with public policy having pronounced effect through reduced restrictions on earning pensions and wages and by dismantling mandatory retirement ages (Lain 2017). Entrepreneurship has also been posited as an ameliorating factor (Kautonen et al. 2011; Kibler et al. 2015), in spite of start-ups being more prevalent in younger age groups (Lévesque and Minniti 2006; Kautonen et al. 2014). Furthermore, the businesses that are created supply benefits beyond economic returns, including flexible work conditions (Karoly and Zissimopoulos 2004; Quinn 1999; Zissimopoulos and Karoly 2007), opportunities for personal development and learning (Bond et al. 2005), and independence and job autonomy (Bond et al. 2005; Walker and Webster 2007). At the national level, policy-makers have recognized the broad returns generated by older entrepreneurs, including economic value, of course (Heim 2015), but also encompassing the benefits of an engaged older population with a higher quality of life (Kautonen et al. 2011; Kautonen et al. 2014). Thus, older segments of society in the developed nations are shifting their expectations concerning career succession, their own longevity, and even the basic manner in which aging should be considered in society (Nauta 2017).

In sum, many reasons make a study of older entrepreneurs of broad interest. A rapidly aging demographic bubble and a significant percentage who engage in entrepreneurship contribute to the size of the phenomenon. Shifting societal norms and a search for public policy prescriptions add urgency to the motives for research. Finally, a broader understanding of value creation, using both economic and intrinsic measures, is helping to inform the work. And, with motivation now established, the next step in composing the portrait is to outline the background research concerning the older entrepreneur.

#### **4 What Are the Impacts of Aging on Entrepreneurs, and What Can Research in Biology, Sociology, and Psychology Add to Our Understanding?**

In fact, very little is known about the effects of aging on entrepreneurs. No major research in older entrepreneurship has incorporated the existing literatures in biology, sociology, and psychology (Halvorsen and Morrow-Howell 2017). The gap in

knowledge is surprising, given that a primary defining feature of the research stream of older entrepreneurship is the impact of age. Furthermore, the complexity of the topic, including the interplay of entrepreneurial preferences (Kautonen et al. 2014), cultural norms and effects (Kautonen et al. 2011; Kibler et al. 2015; Minola et al. 2016), family relationships (Hilbrecht 2016; Logan 2014), and complex decision-making (Lévesque and Minniti 2006), has been demonstrated in the literature devoted to the older entrepreneur. As a result, a brief overview of the relevant biological, psychological, and sociological literature is warranted, including research from the field of gerontology, the multidisciplinary study of the process of aging.

#### ***4.1 The Biology of Aging***

Advanced age and the eventual end of life are closely connected. However, the relationship between the two has been changing profoundly in human beings in recent years: (1) the average human life span has increased exceptionally; (2) the maximum human life span has also increased (but not as markedly as the average life span); (3) the general population has a larger proportion of older people; and (4) expenditures for healthcare have expanded as well (Weinert and Timiras 1995). A better understanding of the global social environment and its underlying biological forces has been linked to more successful aging through better individual actions and through improved government policies (Jin 2010).

A lively and rapidly developing body of research centered on the biology of human aging has ensued (Weinert and Timiras 1995). The picture emerging is that aging and longevity are multifactorial (Franceschi et al. 2000; Jin 2010; Weinert and Timiras 1995), with the biological theories of aging themselves interacting in complex ways (Jin 2010). Aging is almost certainly the result of all, or a subset of, factors related to cellular, molecular, systemic, and evolutionary levels of physical functioning (Weinert and Timiras 1995).

In response, theories have grown more sophisticated. In the most general terms, the relevant biological perspectives can be categorized as programmed theories of aging and error theories of aging, with the former assuming longevity to be the controlled effect of changes in genes, hormones, and/or the immune system and the latter attributing aging to cell and tissue damage from a variety of sources over time (Jin 2010). In reaction, the human body musters a network of cellular and modular defense mechanisms, with the longest-lived people able to adapt to their bodies' changing capacity for immune response (Franceschi et al. 2000). Yet, despite aid from a rapidly developing research effort (Franceschi et al. 2000; Jin 2010; Weinert and Timiras 1995), the biological underpinnings of aging are still far from a broadly shared understanding in the scientific community (Jin 2010).

## 4.2 *The Psychology of Aging*

Research exploring the psychology of aging shares at least one important feature with that devoted to the biology of aging. Adaptability is also central to reconciling the apparent paradox involving the psychological states of aging people (Charles and Carstensen 2010). Namely, declines in the biological and physiological states of aging humans are accompanied by *improvements* in the psychological states of those same groups. For example, in a variety of studies, older age is associated with significantly lower rates of depression and anxiety (Blazer 2003; Piazza and Charles 2006) and with less pronounced negative states of mind (Carstensen et al. 2000; Diener and Suh 1997; Mroczek and Kolarz 1998). Emotional well-being seems to reach a peak in approximately middle-older age, at about 65 years old, but those at older ages declare high levels, too, even those at the extreme of age (Charles and Carstensen 2010).

Learning from experience and the recognition of reduced remaining time appear to be critical to understanding how those of older age exert control over the final stages of the life span (Baltes 1987; Heckhausen and Schulz 1995; Charles and Carstensen 2010). This life span theory of control posits primary and secondary control as the means by which people negotiate their lives, with primary control exerted to achieve goals in the environment and secondary control utilized to make adjustments when these goals prove unattainable or unattractive (Heckhausen and Schulz 1995). Consequently, one of the defining features of older age is the employment of flexible goal adjustments to deal with the vicissitudes that are encountered (Brandtstadter and Renner 1990; Heckhausen and Schulz 1994).

The effect of experience is seen in enhanced capabilities of self-regulation (including increased focus on the positive aspects of any situation and a culling of social circles to the most personally meaningful members), while a shortened time perspective seems to drive this concentration of the social network and a concomitant search for meaningful experiences (Charles and Carstensen 2010). As a consequence, older people are better able to cope with stressors as they age (Charles and Carstensen 2010), especially social stressors (Heckhausen and Schulz 1995; Schulz and Fritz 1988). However, if prolonged exposure to unavoidable stress occurs, the aforementioned advantages are heavily diminished or eliminated entirely (Charles and Carstensen 2010).

## 4.3 *The Sociology of Aging*

Like the biological and psychological research devoted to aging, sociology has engaged in a transition to more complex, multilevel theories and findings. The oldest social theories were informed by negative representations of aging, with an emphasis placed on physical and mental decline, and on isolation and loneliness. For example, disengagement theory (i.e., Cumming and Henry 1961) emphasizes the decreasing



number and quality of social ties as people age, outlining an unavoidable path to the eventual cessation of engagements. Similarly, abandonment theory (i.e., Burgess 1960) and, later, modernization theory (Cowgill and Holmes 1972) highlighted the alienation and loneliness of modern industrial society that arises from the dislocation and altered family relationships inherent in it, with those of advanced age being most negatively affected.

The early theories did not receive substantial empirical research support (Fry 1992), but they did trigger a long-lasting reaction in the form of new theory and expository research (Settersten and Angel 2011). The first leading response came in the form of activity theory (i.e., Havighurst 1963; Maddox 1966, 1968) which, as the name implies, posits successful aging as remaining active in ways comparable to previous life stages. Slightly later, functional equilibrium theory (Rosow 1963) and continuity theory (Atchley 1971) opened the analysis to the entire life span (Fry 1992) and underscored individual behaviors in maintaining or extending past competencies, roles, and activities from middle- into later-life stages, with an eye to finding equilibrium regarding social expectations (Settersten and Angel 2011).

The dominant sociological perspective on aging emerged from the dialectic just mentioned, favoring the use of a segmented or cohort-based approach to the entire life course. This life course theory (i.e., Cain 1964) is likely the most important development in the current sociology of aging, offering a means of accounting for a complex phenomenon across multiple levels of analysis and assisting the synthesis of a number of scientific bodies of knowledge: the “biological, social, and psychological aspects of aging outcomes are often not determined by chronological age itself but by the constellation of social factors that accumulate over a lifetime” (Settersten and Angel 2011: 10). In a foundational statement, Abeles and Riley (1977) established three tenets at the center of the life course perspective (see Marshall and Bengtson 2011: 20): (1) aging and development occur in a continuous process; (2) biological, psychological, and social factors are involved and interrelated in the change process; and (3) all life course adaptations are multi-determined. As well, the life course perspective is especially open to individual cases and, at the social level, to variance within the influences of cohorts and other environmental factors (Marshall and Bengtson 2011; Settersten and Angel 2011).

The life course perspective began providing appreciable influence in the late 1980s in the sociology of aging before establishing dominance sometime after the turn of the millennium (Marshall and Bengtson 2011). Current trends and research opportunities in the sociology of aging cover a broad expanse. As could probably be expected, a number of advancements have been complementary to, or direct extensions of, the life course perspective. For instance, follow-up research in the sociology of aging has focused on teasing out the cumulative effects of factors across the life course that result in advantage, disadvantage, and/or inequality (see, e.g., Dannefer 1987, 2003; O’Rand 1996; and O’Rand and Henretta 1999). Other work has augmented the structural support of the life course perspective by focusing on critical transition periods or “life strains” (Pearlin 1982). Still other research concerning the life course has included a perspective on the surrounding

political economy (Marshall and Bengtson 2011), families (Bengtson and Allen 1993), the interplay of individual choice (agency) and societal constraints (structure) (Dannefer 1989), and the impact of gender on female entrepreneurs (Venn et al. 2011).

Today, a number of profound societal changes regarding aging are being recognized in the economically developed world and incorporated into sociological research of aging. Trends include much higher variances in marriage and cohabitation statuses, which include rising numbers of unmarried and childless older people (Venn et al. 2011); the alteration of retirement and its surrounding conditions, constituted by policy modifications, volatile economic conditions, and shifting career expectations, among many factors (Hardy 2011); modifications to the gender balances of older people across nations (Venn et al. 2011); an increasing incidence of lifelong learning in a variety of jurisdictions (Jovic and McMullin 2011); and an emerging “baby boomer effect” that displays marked differences across nations in the way in which older markets are regarded and served (Wassel 2011).

Research methods employed to study the sociology of aging have also profoundly evolved. A conclusion has been drawn for some time that the sole use of one of the existing social theories of aging is inadvisable (Fry 1992), even the use of a framework as flexible and robust as the life course perspective (Angel and Settersten 2011; Marshall and Bengtson 2011; Settersten and Angel 2011). The aging individual has been widely acknowledged as highly complex, requiring the careful development of new explanatory theory, along with the synthesis of existing theory (Marshall and Bengtson 2011; Settersten and Angel 2011). Furthermore, age and aging exhibit expansive variation at the individual (Settersten and Angel 2011), societal (Marshall and Bengtson 2011), and national levels (Higo and Williamson 2011). A clear opportunity is being voiced for a multilevel framework that accounts for and integrates older persons and their environments, including their goals, resources, and activities (Fry 1992), as well as the societal features that impact them (Angel and Settersten 2011).

#### ***4.4 What Is the Context of Aging? How Can It Be Incorporated into Research of the Older Entrepreneur?***

Thus, a number of features are common to the biology, psychology, and sociology literatures of aging. The development of all three branches of research reflects the multilevel and multifactor nature of the phenomena. An approach is required that allows for individual variance and accounts at multiple levels of analysis for complex interactions between individuals and their environments across time. But, a cautionary word is also necessary. Even an expandable and multilevel theoretical lens like the life course perspective has exposed faults. For instance, it can dilate to the extent that rigorous theoretical abstraction is impeded, and the perspective can systematically exclude research questions that focus on *age* (e.g., institutional and

role-related effects) rather than *aging* (Angel and Settersten 2011). The necessary task seems to be engaging in interdisciplinary research while also controlling the expansiveness of the life course perspective (Marshall and Bengtson 2011).

As a summary statement, vital research streams in multiple disciplines do contribute to understanding the context of aging, despite ongoing challenges. In physical terms, the manifold degeneration of the human body and all its constituent components undeniably proceeds as a function of aging, but the mechanisms of aging are still not well understood (Jin 2010). Researchers also widely acknowledge multiple influences on aging and its complexity (Franceschi et al. 2000; Jin 2010; Ljubuncic and Reznick 2009; Weinert and Timiras 1995). At the same time, advancements are being made to life expectancies, and research into calorie reduction, genetics, and immune response (especially in those of the “oldest old”) offers promise for more breakthroughs (Franceschi et al. 2000; Jin 2010; Ljubuncic and Reznick 2009).

The societal backdrop, especially in the economically advanced nations, is composed of a demographic bubble that is both aging and living longer. The psychological “paradox” of aging, physical deterioration accompanying psychological improvement, appears to be largely attributable to the enhanced capabilities of self-regulation developed through experience (Charles and Carstensen 2010). However, setbacks and challenges are commonplace in life’s later stages: of particular negative effect are losses in primary, goal-related control caused by sudden physical infirmity or unemployment, for example, which can result in permanent depression (Schulz et al. 1988; Thompkins et al. 1988). Yet, even the deepest personal crises have been shown manageable for some over time through the adjustment of secondary controls (Heckhausen and Schulz 1995).

The effect of a life span of experiences at the psychological level is mirrored by the complex process of aging at the social level. Indeed, those who are aging contend with interactions simultaneously across the individual, cohort, and environmental levels of a very diverse and multivalent nature. At the environmental level, any or all of public policy and regulations, national or local institutions, and societal norms of a variety of types can have enormous effect on basic life decisions regarding residence, work, and family management.

In response to the considerable research challenges, therefore, theories and methods must be carefully chosen. A balance must be struck. On the one hand, such a complex research focus should not be reason for unduly expansive research designs and results that amount to the statement “it all depends.” On the other hand, the complexity of the aging person cannot be captured with a narrow theoretical lens: this conclusion is especially supported by the history of advancements in the sociology of aging. With a brief introduction to the surrounding scientific and social scientific literatures complete—and the vexing issues for researchers outlined—a fuller portrait and assessment of the older entrepreneur can now be produced.

## 5 What Explains the Transition to Older Entrepreneurship and Its Persistence?

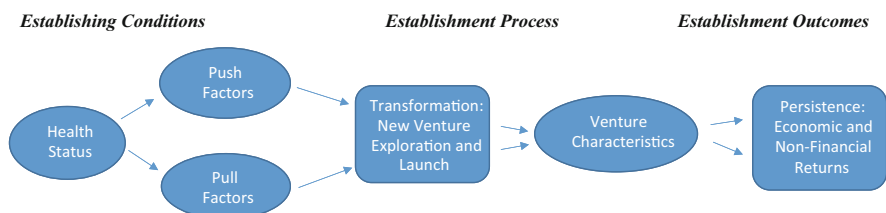
The simple model presented in Fig. 1 depicts the major features of present-day research of the older entrepreneur, including the common factors associated with the transition to older entrepreneurship and its persistence after the foundation of a new business. The key establishing characteristics are depicted first, beginning with health status and then proceeding through a presentation of common “push” and “pull” factors that induce business launch. Once the establishing conditions are set out, attention then turns to the venture process and to surveying the kinds of businesses founded by older entrepreneurs. The final area outlined in the model includes the types of effects produced by older entrepreneurs, encompassing both financial and nonfinancial returns. A consideration of variance across different nations closes out the discussion.

### 5.1 What Are the Typical Establishing Conditions for Older Entrepreneurs?

A set of situational characteristics has been linked with the decision to engage in older entrepreneurship. Health status is the first item, and although it has not been frequently included in research of the older entrepreneur, a number of papers have identified its significance (i.e., de Bruin and Firkin 2001; Weber and Schaper 2004; Kerr and Armstrong-Stassen 2011; Zissimopoulos and Karoly 2007). More commonly, the literature has included contextual items which coalesce as a menu of “push” and “pull” factors that work in opposite ways to incite entrepreneurship.

#### 5.1.1 Health

Health can affect the decision to found a business in multiple ways, and so is neither a “push” or “pull” factor per se (Halabisky et al. 2012; Maritz 2015). For example,



**Fig. 1** The contemporary research model of older entrepreneurship (Author own figure)

older workers who experience poor health are more likely to enter into full retirement rather than partake in post-career work activity of any type (Cahill et al. 2006, 2007; Feldman and Kim 2000; Griffin and Hesketh 2008; Quinn 1999). Conversely, health challenges have been shown more manageable for older entrepreneurs in some instances, in comparison with older wage-and-salary workers, because of the flexibility allowed by self-employment (Lewis and Walker 2013; Zissimopoulos and Karoly 2007).

### 5.1.2 “Push” and “Pull” Factors

A battery of influencing factors has been quite widely employed in explaining entrepreneurship (de Bruin and Firkin 2001; Kautonen et al. 2011; Singh and DeNoble 2003). As the label suggests, push factors close out or reduce the attractiveness of other employment options for the candidate, while pull factors make the entrepreneurial option more attractive and so induce its choice. Common push factors include items like financial necessity (Cahill et al. 2007) and meagre wage-and-salary employment opportunities (Smeaton and McKay 2003; Walker and Webster 2007). By comparison, familiar pull factors consist of examples like increased opportunities for development and learning (Bond et al. 2005), extensive independence and job autonomy (Bond et al. 2005; Walker and Webster 2007), and flexible hours and work schedules (Karoly and Zissimopoulos 2004; Quinn 1999; Zissimopoulos and Karoly 2007).

The research findings declare that the relationship is complex (Stirzaker and Galloway 2017). Yet, “pull” factors are more associated with start-ups led by older entrepreneurs (Kautonen 2008; Kerr and Armstrong-Stassen 2011; Van Solinge 2014). In particular, factors like the perceived monetary value of a business opportunity and the ability to pursue one’s own ideas (Kautonen 2008), as well as intrinsic factors including “loving to work” (Van Solinge 2014) and personal fulfillment and independence (Kerr and Armstrong-Stassen 2011), were significantly linked with new venture activities.

### 5.1.3 Motivations for Older Entrepreneurship

Further clarity concerning the motivations for engaging in older entrepreneurship can be gained through comparative research. But comparative research concerning older entrepreneurs is quite rare (Tervo 2015; Van Solinge 2014; Weber and Schaper 2004), whether it involves the transition to entrepreneurship from wage-and-salary employment at advanced age (Kerr and Armstrong-Stassen 2011; Van Solinge 2014; Zissimopoulos and Karoly 2007) or the experiences of entrepreneurs who engaged in it for their entire work history as compared to those engaged in it as a second career (Kerr 2017). A small number of studies has also differentiated older and younger entrepreneurs (Kautonen 2008; Kautonen et al. 2010) or has contrasted male and female older entrepreneurs (Allen and Curington 2014).

Thus, although scant, the available research does provide some guidance. For instance, in comparing those who entered a second career in wage-and-salary employment versus those who engaged in entrepreneurship, only health status was shared (Kerr and Armstrong-Stassen 2011). The significance of health has been quite widely posted in the studies considering it (Cahill et al. 2006, 2007; Feldman and Kim 2000; Griffin and Hesketh 2008; Quinn 1999). A few additional factors differentiate entrepreneurial second careers from those choosing wage-and-salary second careers. Older people entering into entrepreneurship pursued independence and personnel fulfillment, as compared to those choosing wage-and-salary as second careers; in contrast, this latter group sought out generativity, a continued contribution, a work connection, and new experiences (Kerr and Armstrong-Stassen 2011).

Those older entrepreneurs who founded business as the basis of a career also differed in major ways from those who founded their businesses after 50 years old. For instance, the motivations of later-life entrepreneurs for starting their businesses were significantly more associated with work-life balance and personal fulfillment; in comparison, career entrepreneurs are significantly more likely to be motivated by independence, a more singular pursuit of their businesses, and with the realization of the returns of those businesses (as measured by start-up rewards, career advancement, and the overall success of their operations) (Kerr 2017). And even though those engaged in wage-and-salary employment throughout their careers, who strongly identify with their roles and express fewer entrepreneurial intentions as they age (Heim 2015), can exhibit quite startling change: ruptures in the work relationship brought on by events like declared redundancies can incite positive reactions to entrepreneurship (Stirzaker and Galloway 2017).

As well, older men and women exhibit some key differences in their entrepreneurial behavior, again, despite the low number of extant studies. For instance, peak entrepreneurial behavior is more prevalent in older men than women, although the gap is closing (Allen and Curington 2014). Furthermore, older women appear to engage in entrepreneurship for different reasons than older men: older women tend to pursue nonfinancial objectives like finding a creative outlet or maintaining flexibility in scheduling (Logan 2014). In contrast, men tend to be significantly more driven by financial returns while also registering higher income from their businesses than older women entrepreneurs (Allen and Curington 2014). Older women entrepreneurs were, however, more likely to use outside assistance in starting their businesses and making them more stable (Lewis and Walker 2013) and to elicit the opinions of family members, peers, and friends in running their operations (Allen and Curington 2014).

## ***5.2 What Kinds of Businesses Do Older Entrepreneurs Create?***

Like entrepreneurs generally, older entrepreneurs overwhelmingly found small businesses (Curran and Blackburn 2001; Kautonen 2008; Kautonen et al. 2014).

These entities tend to employ fewer than five employees, with the large majority of later-life entrepreneurs engaging in pure self-employment by having no staff besides themselves (Curran and Blackburn 2001; Kautonen et al. 2014; Kerr 2017). A preponderance of the businesses offer services, with the primary occupation of the older entrepreneur often being related to professional, managerial, or administrative functions (Kerr 2017).

### ***5.3 What Types of Benefits Pass to Older Entrepreneurs from Their Businesses?***

The modesty of the businesses usually created by older entrepreneurs belies their benefits. For instance, the high commitment to entrepreneurship among older entrepreneurs has been quite widely confirmed (Felfe et al. 2008; Kalleberg and Reynolds 2000; Kerr and Armstrong-Stassen 2011; Thompson et al. 1992). Moreover, the reasons for the high commitment levels have been tied to particular intrinsic rewards like personal fulfillment and independence, rather than financial necessity (Kerr and Armstrong-Stassen 2011). Other findings have noted the positive effects of job autonomy (Bond et al. 2005; Walker and Webster 2007) and flexible schedules and work hours (Karoly and Zissimopoulos 2004; Quinn 1999; Zissimopoulos and Karoly 2007). Similar results were also found concerning the motivations for continuing to work by both career and later-life older entrepreneurs: personal fulfillment and control and flexibility had significantly high values attached to them (Kerr 2017).

The sense of reward, satisfaction, and commitment to self-employment offers a more complex picture. Older entrepreneurs enjoy substantial rewards from starting their own business—with career older entrepreneurs registering very high levels, significantly higher than later-life older entrepreneurs—and they voice a strong commitment to self-employment (Kerr 2017). However, overall satisfaction with older entrepreneurs' careers and their businesses elicit more muted responses (Kerr 2017).

Finally, the performance of older entrepreneurs' businesses has received little attention in the research literature. But, a very recent study confirms an earlier, broader comparison of entrepreneurs (Hamilton 2000) by finding poorer financial returns for third-age entrepreneurs compared to those who choose wage-and-salary employment (Kautonen et al. 2017). The results again strongly suggest weighty compensation from older entrepreneurship's intrinsic rewards, given the high levels of well-being connected to the endeavor (Baron et al. 2016; Kautonen et al. 2017; Uy et al. 2013).

### ***5.4 How Does Our Understanding of the Older Entrepreneur Differ by Geography?***

The influence of contextual issues related to regional and national environments can be profound (Kautonen et al. 2010; Minola et al. 2016). For example, national

cultures have been found to lever influence over age norms (Weber and Schaper 2004) and entrepreneurial intentions (Kautonen et al. 2011). Furthermore, national and regional governments set important policies that directly affect older entrepreneurship through pension policies (Lain 2017), immigration regulations (Minola et al. 2016), tax incentives (Heim 2015; Minola et al. 2016), and inclusionary marketing and support programs for older entrepreneurs (Kautonen et al. 2014). In broad terms, older entrepreneurship is greatly affected by the tax, legal, and social security systems in a country (Tervo 2015) and by the surrounding culture that dictates mores regarding people of older age (Kibler et al. 2015). The effects are registered in large variances in labor force participation rates in countries throughout the OECD (Halvorsen and Morrow-Howell 2017) and the European Union (Kautonen et al. 2014) and, most pertinently, in the vastly different rates of older entrepreneurship across the globe (Beckett and Frederick 2011).

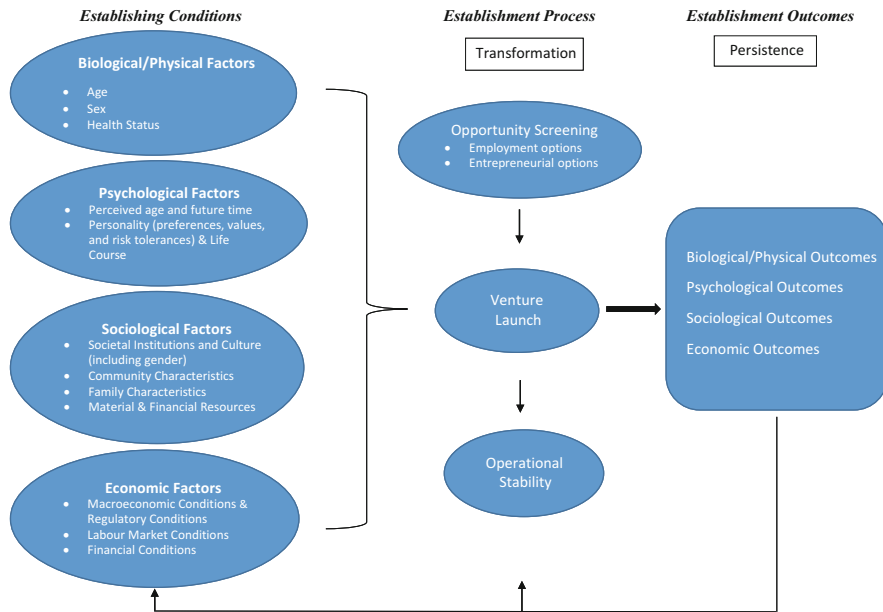
## 6 Completing the Portrait of the Older Entrepreneur

A focused overview of the current literature of the older entrepreneur—in particular, the factors surrounding the transformation to entrepreneurship and its persistence—is now complete. The study of the older entrepreneur brings together two complex processes simultaneously, human aging and new venture creation. Furthermore, both processes involve multiple factors and levels of analysis. The fields of study devoted to aging across the individual and social levels of analysis have made substantial progress developing theories of aging and drawing out empirical findings that can help better understand the older entrepreneur. However, at present, none of the available knowledge bases has been systematically incorporated into the entrepreneurship literature (Halvorsen and Morrow-Howell 2017). Moreover, the next steps have not been fully mapped out.

Thus, a conclusion can be drawn. Despite notable progress, the picture of the older entrepreneur is still quite far from completion in important ways. Figure 2 is offered as a means of sharpening that picture of the older entrepreneur, first, by examining key definitions and the relationships representing older entrepreneurs and the new venture process. Second, the figure provides a means for synthesis, for developing future research that incorporates potentially valuable methods and/or findings from the scientific and social scientific research of aging. Finally, Fig. 2 also highlights areas for study that have heretofore not received pointed attention in the research of the older entrepreneur.

Multiple calls have been voiced recently for more research of the older entrepreneur (i.e., Halvorsen and Morrow-Howell 2017; Kautonen et al. 2015; Kautonen et al. 2017; Kerr 2017; Kibler et al. 2015; Maritz 2015; Stirzaker and Galloway 2017; Tervo 2015). The requests strongly suggest rich directions for future studies, including a conceptual framework intended to aid in growing the knowledge base (Halvorsen and Morrow-Howell 2017). The research model contained in Fig. 2 makes use of the building blocks provided by the recent additions to the literature





**Fig. 2** A proposed research model of older entrepreneurship (Author own figure)

of the older entrepreneur, while grafting on contextual dimensions from the related research in the scientific and social scientific fields, and including increased attention to entrepreneurial decision-making.

Figure 2 reflects a fuller model of the development process of the older entrepreneur by including currently unexplored areas like career options, opportunity recognition, venture founding, and organizational stabilization. Similarly, Fig. 2 expands the outcomes generated by the older entrepreneurship process to cover effects that correspond with those contained in the establishing conditions. The expansion of the outcomes can account for the potential impact of activity on psychological well-being, for example, or for social effects at the municipal, regional, or even national level. A fuller explication of the research model follows, beginning with key definitions and then proceeding through its three major portions.

### 6.1 Definitions and Research Scope

Research focused on the older entrepreneur would likely benefit from consideration of, and debate about, the definition utilized in much of the literature. Training the focus exclusively on entrepreneurs who found their businesses solely after the age of 50 extends our knowledge of only a portion, a minority, of those who run their own firms in advanced age. Moreover, the benefits accruing to those who start their businesses in older age presumably flow as well to those who started their businesses

at younger ages but who continue to do so into later years. Societal benefits are also generated by career older entrepreneurs. In fact, the businesses created by career older entrepreneurs are significantly bigger (Kerr 2017), and at least a portion represent “entrepreneurship,” as defined in some quarters of the research literature, rather than small business or self-employment. At the very least, differentiating career from later-life or third-age older entrepreneurs appears to be a valuable means of answering the call for more comparative research (i.e., Kautonen et al. 2011; Tervo 2015).

## ***6.2 Research Methods***

As befits a complex subject matter, the calls for additional research contain specific directions as to the methods that should be employed. The need has been expressed for more empirical work (Halvorsen and Morrow-Howell 2017; Maritz 2015) which makes use of multilevel analytical techniques (Kautonen et al. 2011) that can deal with complex social phenomena and the wide inclusion of contextual variables (Halvorsen and Morrow-Howell 2017; Stirzaker and Galloway 2017). The use of qualitative methods, which has been surprisingly rare in older entrepreneurship studies, has also been invited (Kautonen 2008).

## ***6.3 Establishing Conditions***

Even a brief overview of the biology, psychology, and sociology of aging provides important insights for future studies of the older entrepreneur. One of the glaring omissions of the extant literature is the lack of theory developed specifically for entrepreneurship in later life (Halvorsen and Morrow-Howell 2017). Furthermore, studies in gerontology and social gerontology are an especially rich vein that has not yet been mined by those researching the older entrepreneur. Until the principal features of aging are more fully incorporated into studies of the older entrepreneur, the relevant research in the sciences and social sciences remain an opportunity lost.

## ***6.4 The Establishment Process***

An equally valuable opportunity exists with research focused on the decision-making process undertaken by the older entrepreneur. At present, almost nothing is known about how employment choices are undertaken in older age (Kautonen et al. 2017) or about the opportunity identification and venture creation processes of older entrepreneurs (Halvorsen and Morrow-Howell 2017). Comparable gaps also exist in our understanding of transitions in and out of entrepreneurship at older age

(Tervo 2015). The contextual effects on the process are not well understood as well (Halvorsen and Morrow-Howell 2017).

## **6.5 *Establishment Outcomes***

Recent research has been definite about the critical need to account for financial and nonfinancial outcomes created by older entrepreneurship (i.e., Kautonen et al. 2017; Stirzaker and Galloway 2017). Furthermore, benefits like enhanced well-being operate at multiple levels, delivering effects that register individually, at the group level, and, in the aggregate, at the local level or higher (Kautonen et al. 2017). Understanding the interplay and feedback effects of the outcomes of older entrepreneurship offers great promise for future study and for completing the portrait of the older entrepreneur.

## **6.6 *Geographic Context***

This chapter has covered expansive bodies of knowledge at a necessarily high level. However, the constrictions of space must not preclude making one final point about directions for future research. The current literature underscores the importance of regional- and national-level differences of a variety of types (i.e., Kautonen et al. 2010; Minola et al. 2016). Given the effects, location is likely the preeminent contextual variable to be accounted for in subsequent research.

## **7 *Last Words Toward Completion***

The older entrepreneur is being brought to the fore by a confluence of demographic and cultural change in a large part of the world. Research advancements have been notable, especially in recent years, but discernible opportunities have been identified in this chapter which offer great promise to the many stakeholders interested in the results. The framework contained here is designed to foster the synthesis of new theories and to help identify areas not illuminated by current research. Much work remains. Yet, the effort is certain to generate returns many times over: older entrepreneurs embody one of the major paths to increased economic participation and to an enhanced quality of life in advanced years (Halvorsen and Morrow-Howell 2017; Kautonen et al. 2014; Kautonen et al. 2017; Nauta 2017).

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# How to Foster Older Adults Entrepreneurial Motivation: The Israeli Case



Eli Gimmon, Ronit Yitshaki, and Shira Hantman

**Abstract** Motivation of older adults toward entrepreneurship has been underexplored. Previous research points to diverse results relating to the effect of pull and push factors of motivation on older adults' entrepreneurial intentions. In this chapter, we studied older adults' motivation to become entrepreneurs and to what extent a tailor-made training program would enhance their motivation. We interviewed seven older adult entrepreneurs who participated in our tailor-made training program. Our findings indicate that the training program assist participants to construct entrepreneurial intentions, leverage their motivations, and foster entrepreneurial activity. Older adults' motivation to become entrepreneurs is found to be associated with a mix of pull and push motivations with focus on pull factors such as a desire to fulfill a dream, a desire to be independent, a challenge and a desire to extend professional capabilities, and staying active. This study makes both a theoretical contribution and hands-on implications regarding the important benefits of training programs designed to enhance older adults' entrepreneurial motivation.

## 1 Introduction

Current research indicates scarce affirmation of concrete practice of older adult entrepreneurial activities. Thus, there is a large theoretical and practical gap to fill in this field (Dorfman et al. 2004; Kautonen et al. 2011; Lewis and Walker 2013; Kerr 2017). Late-life entrepreneurship differs from young age as affirmed in the arguments of Kulik et al. (2014, p. 933): “older entrepreneurs have a higher likelihood of success because they are able to take advantage of their professional

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experience and networks. However, age stereotypes may be constraining their ability to access seed funding or start-up grants.” Moreover, older adult entrepreneurs are often found to be isolated and rather excluded from conceptual models despite the fact that they can generate both contribution and real opportunity from economic and social perspectives (Maâlaoui et al. 2013).

We refer to the concept of “active aging” that has changed the focus of the gerontological agenda in the twenty-first century (Boudiny 2013; Mendes 2013) from providing welfare services to encouraging older adults to continue an active and independently productive life. The active aging concept is theoretically grounded in a number of gerontological theories (e.g., activity and role theory which was introduced by Havighurst 1963) that urge older adults to either continue being active in their usual daily routine or actually turn to new and innovative social or other ventures. In other words, age-associated changes and loss of roles may be replaced by new roles or activities that would maintain a continued sense of fulfillment (Franklin 2009, p. 7). This perspective substantiates the concept of working activity of older adults including entrepreneurship and self-employment (Zhang 2008). The practical application of this changed agenda is the focus of attention on the employability of people aged 55 and over rather than developing more leisure-time activities.

Entrepreneurship and self-employment are among the innovative options being suggested for this age group (Rogoff and Carroll 2009). The constantly challenging and changing economic environment provides a continuous flow of potential opportunities to individuals who can recognize profitable ideas that make entrepreneurial thinking an essential skill for the twenty-first century (Kuratko 2011, p. 13).

Motivations to become an entrepreneur have been found to be an important link between intentions and actions (Baron 2012; Carsrud and Brannback 2011). That is, people may have intentions to become entrepreneurs before they actually become active. In order to advance older adults’ entrepreneurial motivation, we suggest a tailor-made training program.

In this article we present a novel angle of furthering the concept of productive aging by offering older adults an alternative to the meager income they so often need to live on when they become pensioners. Against all odds, we offered our people a tailor-made incubator for creating new ventures that was specifically designed to meet the needs of older people. What we had in mind was to provide an opportunity, for those interested, to translate ideas, dreams, past work experience, and social and economic needs into actual businesses.

By creating this model, we hope to (1) provide a formal employment structure for people over 55, (2) create new income-generating businesses, (3) create intergenerational partnerships in the process, and (4) enrich older adults’ lives by giving them new meaning. We felt that this would be a win-win situation both economically and socially.

The research questions explored in this study are as follows:

- (a) What are older adults’ intentions and motivations to become entrepreneurs?
- (b) How does an entrepreneurial training program advance entrepreneurial activity among older adults?

## 2 Entrepreneurial Motivation: Pull and Push Factors

Entrepreneurial research has taken a new interest in the motivation and behavior of people who choose to create novel and successful business ventures (Krueger et al. 2000). Whereas it is contended that an individual's intention to start a business is considered a strong predictor of future entrepreneurial activity, there is little understanding regarding what factors influence the likelihood of the development of entrepreneurial intentions (Sequeira et al. 2007) leaving room for further research (Shane et al. 2003; Carsrud and Brannback 2011).

Among the key factors found to motivate entrepreneurs is the pull and push factors (cf. Cooper and Dunkelberg 1987).

The "push" and "pull" concept is simply explained by the psychological distinction between intrinsic and extrinsic drives (Ryan and Deci 2000; Carsrud and Brannback 2011). Whereas extrinsic motivation states the importance of outside necessities or compensations related to specific activities, intrinsic motivation relates to inner desires and dreams (Carsrud and Brannback 2011). It has been found that people characterized by intrinsic motivation demonstrate more committed and goal-oriented behavior than extrinsically motivated behavior that is affected by outside pressures and competition. When goals are intrinsically motivated, people report greater well-being on a daily basis (Ryan and Deci 2000; Ferssizidis et al. (2010), whereas being committed to extrinsically motivating values were related to greater negative affect (Ferssizidis et al. 2010). It should be noted that wanting to make money and gain financial benefits may not always be the primary impetus for starting a business (Kean et al. 1993).

The distinction between intrinsic and extrinsic motivation is that intrinsic factors motivate some individuals, reflecting the pull theories, while the contrasting perspective relates to situational factors (extrinsic factors) that result in some individuals being "pushed" into entrepreneurial activities (Kean et al. 1993; Solymossy 1997; Harms et al. 2014).

Pull motivation is characterized by a number of factors, all relating to the individual's personal abilities that are influenced by education, prior experience, sense of self-efficacy, personal perception, social system, and role models (Prabhu et al. 2012). Factors such as need for achievement (McClelland 1961), internal locus of control (Brockhaus 1982), personal belief in one's capabilities (Boyd and Vozikis 1994), and risk-taking (Slevin and Covin 1992) are just some of these factors. Whereas push motivation is influenced by the individual's environment be it workplace-related issues (Olofsson et al. 1986; Gilad 1986) or other life course events intertwined with social situations (Jayawarna et al. 2013). Push and pull factors are not mutually exclusive, both provide an understanding of the link between intentions and actions in the entrepreneurial context (Carsrud and Brannback 2011; Baron 2012; Kibler et al. 2012). There is substantial evidence supporting the importance of situational and economic factors in describing both pull and push motivations (Gilad 1986; Hisrich 1988; Olofsson et al. 1986; Solymossy 1997). Following Amit and Muller (1995), whereas push motivation factors have

been found to be related to external causes for becoming an entrepreneur such as fewer opportunities in the job market, pull motivation factors are self-motivations driven by internal choices such as identifying opportunities (Hakim 1989; Buttner and Moore 1997).

When discussing entrepreneurial motivation, it has been found that even in developing countries, pull factors are more significant than push factors (Eijdenberg and Masurel 2013). An interesting study by Cooper and Dunkelberg in Cooper and Dunkelberg 1987 surveyed 890 American entrepreneurs and reports that 22% of the workers who left their jobs were motivated by negative push factors, while 58% left for positive pull plans for a new job.

### 3 Entrepreneurial Motivation of Older Adults

Entrepreneurial motivation of older adults is found to be different since age moderates a variety of aspects of the entrepreneurial behavior (Lewis and Walker 2013; Levesque and Minniti 2006). For example, Duhamel et al. (2016) found a significant monotonically decreasing nonlinear relationship between age and entrepreneurial intentions, based on a dataset of over 8000 individuals from the Canadian *Global Entrepreneurship Monitor* of which more than a third of the observations on entrepreneurial intent were from individuals over 55 years of age.

So far, evidence about older adults' entrepreneurial motivations is fragmented. Harms et al. (2014) investigated the pull and push motivational drivers of 12 gray entrepreneurs in the Rhine Valley in Europe. Pull factors were related to autonomy, purpose, enjoyment, flexibility, and financial incentives. Push factors were reported as a misfit of personal goals and working conditions, particularly with regard to high ambition, a lack of perceived job security, job market discrimination, and health issues that pushed entrepreneurs into self-employment. This study reports that gray entrepreneurs were influenced almost equally by both push and pull factors. A Canadian study (Robichaud et al. 2010) found that entrepreneurs who were motivated by push factors were older (aged 45–64), lack skills, were less educated, and possess a lower propensity to foresee future business opportunities. Entrepreneurs who were motivated by pull factors were younger (aged 18–44), better educated, and with a greater propensity to perceive and pursue opportunities. A more recent research which was conducted in Canada (Kerr 2017) studied older entrepreneurs (over 50 years old) found that later-life entrepreneurs focused significantly more on intrinsic rewards like work-life balance and achieving personal fulfillment.

Tervo (2014) found in Finland that most of those entering self-employment in later life had prior self-employment experience and are less educated. This study indirectly supports motivation by pull factors due to the finding that a prior large income increases the probability to start a business at older ages. Another study conducted in Finland (Akola 2008) observed that older entrepreneurs with a higher level of education were more often “pulled” rather than “pushed” to entrepreneurship.

The increase in life expectancy is expected to change the demographic trends in the western world workforce culture keeping older adults active for a longer period of time and increasing their economic contribution through entrepreneurial ventures (Kautonen et al. 2011; Rogers 2012; Weber and Schaper 2004). Older entrepreneurs are becoming more involved in established businesses and are seeking out new venture opportunities for financial or social reasons (Isele and Rogoff 2014; Baucus and Human 1994; Singh and DeNoble 2003; Walker and Webster 2007; Curran and Blackburn 2001). Following the increase in longevity along with decrease in economic security, older people have been found to be positively associated with motivation for generativity-related activities but not growth-related tasks (Stamov-Roßnagel and Biemann 2012). Work history also influenced subsequent entrepreneurial intentions (Kautonen et al. 2010) where “blue-collar” industrial workers are less inclined toward entrepreneurship, but this effect is stronger in “third age” (50–64 years) than in “prime age” (20–49 years).

## 4 Entrepreneurial Training

The effects of entrepreneurial education and training on people who may potentially be entrepreneurs have been widely researched. Martin et al. (2013) conducted a meta-analysis based on 42 independent samples ( $N = 16,657$ ) and found (a) a significant influence of entrepreneurial education and training on entrepreneurial-related human capital assets and (b) a significant influence on entrepreneurial outcomes. Interestingly they found that the relationship between education and training programs on entrepreneurial outcomes was stronger for academic-focused interventions than for training-focused interventions.

A recent study among young people in developing African countries (Gielnik et al. 2016) showed that entrepreneurial training boosts entrepreneurship, creates jobs, and leads to income-generating activities. Furthermore, they found that entrepreneurial training may be successfully integrated into vocational training settings when the training institutions take over responsibility and keep the conceptual core of the training including the practical and action-oriented approach of the training. They suggest tailoring the overarching framework of the training according to the trainees’ specific needs and characteristics.

In regard to training programs for older adults, Isele and Rogoff (2014) asserted that there is a growing need for age-specific training programs especially in the USA. This call is aligned with Moulton and Scott (2014) who found that indirect public policy such as education and low cost (re)training programs might encourage entrepreneurship in later life. Thus, business counselling, mentoring, and personal coaching are critically important enablers in encouraging older adult entrepreneurs (Thompson and Downing 2007). In the absence of tailored programs, older entrepreneurs are not assumed to be engaged with the common business support infrastructure (Lewis and Walker 2013).

Among the abundant studies dealing with entrepreneurial education and training, we did not find literature documenting entrepreneurial programs that are designed to advance older adults' entrepreneurial motivation.

## 5 Our Experimental Training Program

In accordance with these theories of motivation, there seems to be a gap between older adults' intentions to become entrepreneurs and their actual actions in realizing this intention. This can probably be explained in terms of more free time after retirement to make future plans. It would seem obvious that the motivation to be an entrepreneur in later life would be different than among the younger generation. Notwithstanding economic stress that many pensioners encounter following retirement, the older adult may seize the opportunity to fulfill an old dream or to finally find self-satisfaction in an occupation that not only provides an income but also takes advantage of the opportunity to do something of real personal interest. Moreover, we find that older adults are also influenced by more socially related expressions of appreciation by family and friends.

An experimental program has been tested in the northern region of Israel at Tel-Hai College in partnership with the local senior day center (Hantman and Gimmon 2014). It was launched as an incubator, tailor made for older adults, in the years 2012–2016. The idea evolved out of declared needs of members at the senior center to return to some form of productive occupation.

Our first step was to form a steering committee whose job was to conceptualize our idea and translate it into an operative model. We included social workers, economists, and business and management experts whose ideas contributed to creating an intervention model. Our idea was to create an incubator for older adult entrepreneurs. Once the program was established, we sent out flyers to people in the community aged 60–75. The response was encouraging, and our recruits were then signed up to a training program, specifically designed for older adults.

Thirteen weekly meetings took place in the local day center. Most of the meetings were planned as workshops with a number of lectures provided by academics and practitioners. Group discussions were found to be important to the participants and followed by hands-on practice sessions. The course provided both practical and theoretical knowledge and was enhanced by mentorship provided by the economic department's students. To enhance self-efficacy, social work students provided support groups. The intergenerational relationships created were beneficial to both students and older adults.

By the end of the training course, a number of microenterprises were started reflecting the abilities and dreams of the participants—homemade liquors and jams, baked goods, filmmaking and editing, furniture renovation, arts and crafts, and glass mosaics. One of the older entrepreneurs opened a museum for his bottle opener collections in his neighborhood. The venturing and establishment of these various

microenterprises were made possible thanks to the tools and knowledge the participants acquired during their training sessions.

## 6 Methodology

For the qualitative study, seven in-depth interviews were conducted (Lockett et al. 2013). The people interviewed were retirees aged 58–71 living in the northern region of Israel who expressed interest in participating in an entrepreneurial program. We studied their motivation to start a new business and the extent to which the actual 13-week-training program fostered and facilitated entrepreneurial activities. Following Thompson (2009) we asked the participants about their intentions to start their own business within 2 years and to be self-employed.

## 7 Results

Our findings indicate that older adults expressed complex considerations to become entrepreneurs. As demonstrated in Table 1, most participants mentioned a trigger event, e.g., dismissal from their current employment, looking for a job, or looking for a meaningful activity during their retirement. Although the trigger mentioned by our interviewees can be considered as associated with push factors, they referred to them as situational rather as extrinsic drivers. Our analysis revealed narratives that included prime and secondary motivations consistent within each story. Overall, most prime motivations were pull oriented. In addition, most opportunities identified by elderlies were based on their prior knowledge and professional experiences. Participants mentioned that the training program helped them to (1) construct entrepreneurial intentions, (2) leverage entrepreneurial motivations, and (3) foster entrepreneurial activity.

### 7.1 *Constructing Entrepreneurial Intentions*

A few participants mentioned that the educational program helped them to clarify their entrepreneurial intention. When looking for an opportunity, participants mentioned that the educational program led them to consider their possibilities. For example, *N* indicated “I came without any specific idea . . . however, the training program mentors thought that extending my hobby to produce liqueur and jam is a good idea.” Another participant *Y* indicated “as a matter of fact I didn’t think about it until a friend asked me to come . . . I had no idea and I thought of a possibility to cook for elderlies. However, I could sense the need I also have an idea to establish a play room for children . . . my husband promised to help me with that however, I

**Table 1** Results—interviewees' motivations (own table)

Name	Age	Venture type	Prior experience in managing own business	Prior experiences	Trigger	Prime motivation	Secondary motivation
<i>Sh</i>	58	Art design	Yes, low scale, managing tailor-made projects	Internal design	Difficulty to make a living from art	A desire for autonomy	Learning how to leverage the venture potential
<i>JO</i>	71	Private collection museum	No	Import/export with in the Kibbutz factory	Dismissal	Fulfilling a dream and economic incentives	Fulfilling a dream. Developing a venture based on a hobby.
<i>SL</i>	68	Tour guide	No	Group mentoring	Dismissal	A natural development of social and professional skills	A desire to be independent
<i>E</i>	67	Distant office services	No	Secretary	Retirement	Challenge	Economic
<i>Y</i>	64	Cooking for elderly/play room for children	No	Kindergarten teacher; working with elderly	Retirement	Extend personal and professional skills	Economic
<i>N</i>	69	Liqueur and jam production	Little	Professional caring of plants	Dismissal	Economic	Extending marketing skills
<i>A</i>	69	Renting guest rooms/art	No	Agriculture, life-guard, and sculpting	A desire to extend skills	Economic	Extending marketing skills



decide to take some time to think what I really want to do.” Similarly, E said “I came without an idea and somebody suggested me to establish a distant office services.”

Others mentioned that they came with an idea or had a small business that they wanted to extend. For example JO asserted “when I was dismissed I started to think what I can do. I then realized that I can turn my hobby into a business.” SL indicated that “I got a decision to become independent and become tour guide however, I didn’t have any courage to do that.” The above citations demonstrate that in some cases participants had intentions to establish their own venture; however, they needed help to transform their intentions into actions.

## 7.2 Leveraging Entrepreneurial Motivations

Participants related to the training program as a way to leverage their motivations. As can be seen from Table 1, participants expressed a mix of push and pull motivations. Most participants expressed a mix between prime and secondary motivations as demonstrated by JO “I feel that I am close to fulfill a dream and I want to have also little economic returns. I think that for most of us the money is not the main incentive. The most important thing is to be active and have a reason to get up every morning . . . the more you are active the more you are healthy.” Similarly E indicated that the training program gave her “a possibility to earn a living just in case I will need it in the future . . . the economic value is not my main consideration . . . I want to establish a venture mainly to keep myself active and maybe as a secondary income.”

SL expressed his motivation to follow his desires “it seems that now I would like to do whatever I want . . . I feel full of energy and capabilities . . . every one decides when he/she can be more active. For some it is around 40 for others it can be around 60 or 70. Everyone has his own rhythm . . . it is subject to personal and conditional aspects as well as the courage and patience . . .”

As can be seen in Table 1, each participant ranked his/her own motivational incentives. Over all, pull motivation was related to a desire to fulfill a dream, a desire to be independent, a challenge, and a desire to extend professional capabilities as a prime motivation to become entrepreneurs. For example, SH indicated “my dream is to be independent and not having any supervisors that will tell me that I have to work even if my child is sick.” Similarly, N indicated that he wanted to be independent “I am independent . . . I get my salary directly and not through the Kibbutz system.”

However, participants also mentioned economic motivations. Some participants indicated that they were looking for an opportunity to earn a living after dismissal, while others indicated that they had a small venture for which they needed leverage. For instance, SH indicated “in the recent years I realized that I can’t make a living out of my venture . . . I was discouraged and had low sales and marketing capabilities . . . the program encouraged me not to give up.”

Only one participant indicated that his motivation was to enrich his general education “I am interested in economic issues for my general understanding” (A).

### 7.3 *Advancing Entrepreneurial Activity*

Participants indicated three types of added value to the training program: (1) personal empowerment, (2) learning and gaining capabilities, and (3) gaining social support.

#### (1) *Personal empowerment*

Participants indicated that the program made them confident in their abilities. For example, *SL* indicated “the program increased my confidence in my ability to establish my own venture and succeed . . . I was encouraged to think about how to develop my own ideas.” *N* indicated that the training program taught her to take herself “into consideration.”

#### (2) *Learning and gaining skills*

Participants indicated that they gained different kinds of knowledge and skills related to defining priorities and managing their venture: “it opened me up to a whole lot of issues related to entrepreneurship” (*E*). According to *Y* the training program is essential for “those who didn’t come from the economic world . . . it gave me an understanding how to manage a venture budget, what comes before what, how to manage that accounting system.” Participants also indicated that the training program taught them to overcome their difficulty to manage economic calculations. For example, *N* specified that “I am not intended to run after people for getting money . . . I can now make the right calculation about how much to produce in order to make it economically profitable . . . I also learned to say no sometimes and to adequately calculate products prices . . .” Similarly, *SH* indicated that she had a small art business that was closed because she had no idea how to manage a business, “I know how to work but not to manage.”

In addition, participants indicated that they acquired managerial skills. *SH* indicated that the program “exposed me to the logic of management, marketing and advertising. I got exposed to subjects that I knew about but didn’t know how to use . . . I learned how to use Facebook and the internet as a marketing tool . . . I enriched my knowledge and skills.”

#### (3) *Gaining social support*

The third aspect mentioned by participants is related to gaining social support and exposure to other potential entrepreneurs in their peer group “the most important gain from this training is that I am not alone . . . I didn’t know anybody when the course started and now I have many new friends . . . there is social support and people to consult with . . . this opened the possibility to cooperate with others which I didn’t have before” (*JO*). Similarly, *SL* said “I realized what kind of strength other people have and I understood that I am not alone.” *Y* expresses that one of the gains she got was a possibility to “meet with other peers and be exposed to their ideas. The social support was extensive and the program mentors encouraged us . . . we were able to create new relations that at our age is a rare situation.”

## 7.4 Discussion

This chapter presents an exploratory study that contributes to the theories of late-life entrepreneurship and provides insight into the process of becoming entrepreneurs in older adulthood. Seven older adults who participated in a training program for prospective entrepreneurs indicated three types of added value to the training program: (1) personal empowerment, (2) learning and gaining skills, and (3) gaining social support.

Differing from the classic theories that considered entrepreneurs as operating against the social structure (Schumpeter 1934), our findings show that older adults regard entrepreneurial activity more in terms of enhancing self-efficacy and strengthening social ties and less through the economic lenses. Furthermore, our findings add to the current literature by indicating the training program enhances entrepreneurial intentions and motivations for several reasons. First, it encourages older adults to become entrepreneurs by increasing their understanding about the kind of opportunities they can address and by leveraging their motivations. Second, the training program provides encouragement and social support from the immediate environment and become a major consideration when older adults decide to transform intentions into entrepreneurial actions (Baron 2012). This is in congruence with theories of successful aging that suggest that as people grow older, they prefer to focus on personally meaningful activities (Carstensen et al. 1999) that involve smaller social networks (Lang and Carstensen 2002). A consensus exists among gerontologists that “a growing number of studies suggest that people who have found a sense of meaning in life tend to enjoy better physical health and tend to experience fewer symptoms of depression than individuals who have not been able to derive a sense that their lives have meaning. In addition, people with a stronger sense of meaning also tend to be happier and report higher levels of satisfaction with their lives” (Bengtson et al. 2009, p. 7).

In view of this perception, entrepreneurship and self-employment are among the possible options that are being suggested today as meaning-making activities for older adults (Rogoff and Carroll 2009). Whereas, in the past, most of the attention has been focused on leisure-time activities, as we live longer, special attention is being paid to the employability of people aged 55 and more. Thus, understanding the intentions of older people and their motivation may have a direct impact on the implementation of their entrepreneurial activities.

The findings of this study stress the importance of the potential role of training programs for entrepreneurial activities in later life. Our qualitative analysis highlights the fact that taking part in such a program may increase motivation, awareness, and knowledge regarding new opportunities in the market and at the same time adds a sense of satisfaction and self-efficacy to those taking part. This reinforces the importance of age-specific training programs in entrepreneurship. Adding entrepreneurial activities to the options open to older adults following retirement provides the opportunity not only to keep active but also to realize those ideas that the individual could not afford to pursue in earlier age.

Our results further indicate that older adults tend to be more motivated by pull factors when considering becoming entrepreneurs. This finding is supported by the qualitative analysis that points to the fact that personal fulfillment and following a dream are among the “pull” factors that were found to affect the intention to start a new venture. Interestingly our findings show that older adults are less motivated by push factors. The consideration of becoming an entrepreneur seems to be related to internal motivations rather than external ones further supporting that entrepreneurship can be considered a productive path of active aging (Boudiny 2013; Mendes 2013).

As such, we suggest an age-specific definition of pull motivation in the gerontological context. We define Gero-pull motivation as a set of intrinsic factors that include personal interest, fulfilling a dream, self-fulfillment, meaningful activity, and social and family support. In a gerontological context, social and family support lean on Cummings and Henry’s (1961) disengagement theory that suggests that the older adult is subject to a reciprocal process of disengagement from society which may affect entrepreneurial intentions (Maâlaoui et al. 2013). The experience of unattainable goals requires the individual to disengage from past perceptions and to reengage in new activities (Wrosch 2011). Thus the “social and family support” is seen as broader intrinsic motivation that expresses an affirmation of the older entrepreneurs’ self-worth and meaningfulness and negation of common social stereotypes (ageism). It becomes part of the pull factor as it empowers and motivates the older adult to become an entrepreneur.

Our findings indicate that training program enhanced the pull motivation of its participants to start a new venture by enhancing their intentions and sharing the same challenges with similar others and gaining social support. However, it would be naïve to ignore the barriers we confront. From a social point of view, older adults are frequently faced with self-ageism and common stereotypes relating to the employability of older adults that may discourage the potential older entrepreneur. From the economic point of view, financial risk that incurs unforeseen expenses and loss of assets may deter entrepreneurial activities of older adults.

In spite of the difficulties encountered on the way, we feel the program was very successful. We understood that the older entrepreneurs needs more than just an entrepreneurial training course. It was important to also provide a supportive environment in which the older adult can feel comfortable and confident. Training toward entrepreneurial activities may avoid harmful outcomes and preferably provide adequate financial inflow and extra income. While the business grows, it can provide employment for other people and foster regional economic development.

This field should be further explored due to the growing personal, social, and economic needs of the expanding older population. The policy implication is that in order to encourage late-life entrepreneurship, “the general awareness of third-age entrepreneurship as a viable, positive and attractive late-career option” has to be popularized (Kautonen et al. 2011, p. 230). Encouraging older adults’ entrepreneurial activities has value much further than fulfilling individual needs since it endows benefits to the welfare of the community as well as to the economy.

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# Senior Entrepreneurs in China



Erez Katz Volovelsky and Leo-Paul Dana

**Abstract** A second career as an entrepreneur is often a viable solution for seniors. In the West, we have long been exposed to free enterprise, and many of us have the social and cultural capital required for success in entrepreneurship. We often see retirees embracing start-ups, with skills acquired over a lifetime. In China, where free enterprise was banned during several decades of the twentieth century, the picture for seniorpreneurs is particular—and this is the theme of this chapter.

## 1 Introduction

Those of us who watched the movie *The Intern* could see how the main character, played by Robert De Niro, contributed from his own personal experience, in various aspects of business conducts, and thus proved how important a senior can still contribute and help to his colleague in a firm. For those dreaming of turning a hobby into a living, or becoming their own boss after years of working as employees, a second career as an entrepreneur is often be a viable solution.

In the West, we have long been exposed to free enterprise, and many of us have the social and cultural capital required for success in entrepreneurship. In Australia, for example, retirees are embracing start-ups, with skills acquired over a lifetime. Seniorpreneurs are making a mark in Europe as well (Maâlaoui et al. 2013). In China, where free enterprise was banned during several decades of the twentieth century, the picture for seniorpreneurs is particular—and this will be the theme of this chapter. Photo 1 shows employee of state firm in traditional uniform; for him, becoming an entrepreneur is no easy task.

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**Photo 1** State employed with no entrepreneurial aspirations; photo by Leo-Paul Dana



Only in the 1970s did China start a process of opening to the outside world (Dandridge and Flynn 1988) and providing entrepreneurial opportunities for its own people, including peasant entrepreneurs (Fan et al. 1996). By the end of the twentieth century, entrepreneurship in China was becoming important (Dana 1999). Six types of senior entrepreneurs can be seen in China: (1) rural entrepreneurs (Williams and Li 1993) who often spent much of their life on government farms (see Photo 2) and who—now retired—can sell surplus food (see Photo 3), with no need for advanced entrepreneurial skills; (2) those who choose to continue their careers, but instead of being labeled as employees, they establish an independent business (i.e., *become* entrepreneurs); (3) those who are pushed into self-employment out of necessity (Dana 1997); (4) those who have decided after a career as employees that they want to continue to work after the legal requirement to retire at the age of 65 and they choose to be lifestyle entrepreneurs to fill their time with something they like to do; (5) indigenous elders (non-Han) in China, such as the Muslim Uyghurs (see Photo 4), who are often entrepreneurs (Dana 1998) reflecting their cultural capital, maintaining an identity unique from the Han Chinese, and thriving with international trade links with Muslims in Central Asian republics (Dana 2002); and (6) foreigners in China. The focus of this chapter is the sixth group, i.e., foreign senior business entrepreneurs who work in China. The setting for them in China is different than it would be in the West because a main element of Chinese culture, taken from Confucianism philosophy, is a special emphasis given to the elderly people. This kind of



**Photo 2** Self-employment is not very different than having been employee; photo by Leo-Paul Dana

age-respect is not common in many Western cultures. This makes China very attractive for senior foreigners.

Among foreigners in China, there are those who want to buy local products and make a profit by selling it in their local markets (arbitrage), and the second group are people who look at the unlimited local consumer market where companies and business entrepreneurs can sell their products and services and thus fulfill their business dreams. In both instances, many are seniors.

## 2 Foreign Seniors in the Chinese Context

Many foreign seniors have tried their luck in building entrepreneurial businesses in China. Naturally, some have succeeded more and most less so, while others succeeded in a medium way. Based on the authors' own knowledge and experience, we believe that whether entrepreneurs must work to generate income for their own living, or whether they work to keep themselves busy in what they like, or try to fulfill what they have been dreaming off, entrepreneurs aged 65 and over can succeed in China—better than can younger entrepreneurs, because of Chinese culture and respect for age. The Chinese appreciate life experience, and therefore we can be sure that they are more opened to business entrepreneurs who can present business success stories. For example, if a young and a senior entrepreneur go to a business meeting and present the same business plan, higher chances for the senior

**Photo 3** Selling surplus;  
photo by Leo-Paul Dana



entrepreneur to be heard compared to the young one. One of the well-known paths to the success of doing business in China is the building of personal relationships with people throughout the encounters with them. These personal relationships—*guanxi*—are being built for years. Naturally, people who have lived and worked in China for many years can have more opportunities to build such relationships. Another major challenge faced by these older entrepreneurs (in China as well as in other countries) is the need to know the current technology trends and means. In China, people are very connected by different types of technologies such as the *WeChat* service application. Although some senior people might be intimidated by advanced technology, they (like young people) must be connected and keep in touch with technologies with all the difficulties. Another challenge that cannot be ignored is China's enormous size, which requires entrepreneurs to create as wide network as possible for them. The size of China and the huge distances necessitate long flights and trips, a fact that can exhaust both young and old people and requires large financial budgets. Hospitality in another interesting issue needs to be taken seriously in China. As part of the local business culture, there is a need to connect with local



**Photo 4** Indigenous in Xinjiang, Western China; photo by Leo-Paul Dana

partners and clients. Many business deals are formed during joint entertainment at meals, karaoke clubs, etc. Older entrepreneurs often have the desire and ability to spend and enjoy. Naturally, not everyone can and not all are built for this kind of building business. One can assume with high probability that it is very difficult to start entrepreneurship projects in China at a later age, because of the need to know China, to know its markets, and to know its culture—it is a process that takes a long time. This is not something that can be started in one day, and therefore it is recommended that entrepreneurs start it at an early age in parallel with other occupations in order to harvest fruits at a more advanced age. In China, there is no formal professional system that trains or assists entrepreneurs (neither local nor foreign) and accompanies them. If an entrepreneur encounters a problem, he or she has to solve it on their own and find solutions through his system of connections. Most of the time, there is no significant difference between genders. Women, if they come up with a good idea, build themselves right and can succeed. Their most prominent challenge will be socially due to business culture. They cannot go out and hang out with their counterpart. One possible solution can be to send someone on their behalf to build the necessary social connections. The cost of living in the major cities in China (such as Beijing and Shanghai), including the cost of renting offices and apartments, does not allow people who come without first capital (which older people can bring with their savings accumulated over the years) or people who can quickly produce parallel to the implementation of their entrepreneurial idea) to survive and wait for future revenues from their entrepreneurial ideas. As with any age, older entrepreneurs must build social capital to establish a social circle that can

help them learn about new trends in the market, hear new ideas, and share their experience. Because costs for opening and advertising a business in China are very high, entrepreneurs—who do not come willingly both financially and patiently—can often find themselves not only unable to succeed in raising the business but also as losers. The Chinese government does not encourage senior foreign entrepreneurs to live in China. One of the problems these senior entrepreneurs face is not getting a residence visa to China. When you do not live in China during the phase of building a business, you may lose much. Entrepreneurs who bring with them to China an arsenal of weapons that consists of depth of work experience, wisdom (knowing what to watch out for and where mines can be—which are often worth more than money), wealth, and security that have accumulated over the years can increase their chances of success and competition over young entrepreneurs.

### **3 Pre-communism Entrepreneurship**

Let us have a look at two famous families who long ago (in the nineteenth century) brought with them to Hong Kong and Shanghai a wealth of work experience, wisdom, capital, and security. These are discussed in detail by Dana (2009), but we will only briefly introduce them as examples of entrepreneurs who became wiser, increasingly respected in Chinese society, and more successful with age. They contributed to the Chinese economy until the Communist party won the civil war and nationalized all assets of foreigners: of Iraqi origin, the Sassoon family started its business in Shanghai in the middle of the nineteenth century, when Shanghai was opened to foreigners. The main businesses of that family were cotton, tea, opium, and silk. At the beginning, David Sassoon traded with south of China (Canton port). Later he extended the trade to other cities in China, and he nominated his sons to manage the activities in China. Sassoon was an extremely religious person. As part of his social capital obligations, he assisted young people to receive professional training in his company. After training he hired these young people. Other social obligations were seen by giving the workers accommodation and helping them observe Judaism. David Sassoon together with the assistance of his eight sons (one of the most prominent was his son, Elias David Sassoon, who came to China and worked there). David built diverse businesses in Shanghai. Sir Ellice Victor Sassoon (1881–1961), an entrepreneur and hotelier, dealt also in the Indian cotton industry. He earned his education in British universities. He started his business career in India, and later he moved his businesses to Shanghai. In Shanghai, he invested in the city real estate. He was the owner of more than 50 different companies. At one point, Sassoon owned more than 1800 properties in Shanghai; later, when refugees from Europe arrived in Shanghai, they used some of these properties for accommodations. When the Communist party took power in 1949, he managed to sell his businesses in Shanghai. Among his assets was the famous Cathay Hotel (which later in the 1950s was renamed Peace Hotel). When Victor's Sassoon father died, he became the owner of "E.D. Sassoon and Company Limited." This company

dealt with cotton and real estate. Four years later, Victor opened another company (E.D. Sassoon Banking Company Limited) which was responsible for trading interests of his family. During the 1940s, Victor Sassoon moved to Nassau in the Bahamas. Also of Iraqi origin, Lawrence Kadoorie (1899–1993) is another example of a senior entrepreneur in China. He was a famous industrialist, hotelier, and philanthropist. At the beginning of his career, he worked during the 1920s and 1930s in Shanghai for the Sassoon family. When he died, the Hong Kong governor described him as “a businessman of extraordinary vision” and “the driving force behind massive investment projects which will serve Hong Kong’s interests well into the next century” (Assoc. Press 1993). The Kadoorie family had a number of holdings in China. Included were the Shanghai Gas Co. Ltd, which sold gas to light Shanghai; the Hong Kong and Shanghai Hotel Company, which owned the following hotels: Hong Kong Hotel, Peak Hotel, Astor House Hotel, Palace Hotel, Majestic Hotel, and 60% of the Grand Hotel des Wagons-Lits in Beijing; and Shanghai Land Investment Co. Ltd; and they held portfolio of properties in Shanghai which included residential buildings and offices. In 1952, the company’s properties were nationalized by the Chinese communist party (personal communication *One Hundred Years of Kadoorie Business Records at a Glance*).

#### 4 Foreign Seniorpreneurs in Today’s China

Let’s now look at the case of a foreign entrepreneur in China who entered China after the Communist party took control—billionaire Shaul Nehamia Eisenberg, who has become a legendary foreign seniorpreneur in China. He was still an active entrepreneur in China until his death at the age of 76. Shaul Eisenberg was born in 1921, in Munich, to a religious family who had migrated from Poland. (His brother Raphael became a religious scholar and became the father of 12 children.) With the rise of the Nazis, Shaul—a Jew—realized the danger he would face if he stayed in Europe. Meanwhile in Japan, people lived by the old samurai maxim from the Bushido code of ethics (see Dana 2014): “Even a hunter cannot kill a bird which flies to him for refuge.” Shaul Eisenberg made his way to Japan and settled in Japan where he married a Japanese woman. Religion was not a problem for Shaul Eisenberg in Japan. During the eighteenth century, the Japanese government hired several prominent Jews to help modernize Japan, and even during World War II, Jews were seen as good citizens in Japan. After World War II, Shaul Eisenberg exported Japanese products to India and imported iron to Japan, for the Japanese steel industry. In 1949, the yen was fixed at 360¥ per dollar and the Small and Medium Enterprise Agency launched a monthly journal entitled, *Information on Small and Medium Enterprises*. Entrepreneurs, including Shaul, gained importance. By the 1950s, Shaul Eisenberg expanded his entrepreneurship to Korea. Here, the South Korean government presented him with an award for his activities. During the next decade, Shaul Eisenberg’s interests expanded to western Asia. In 1968, he was involved in the establishment of a new venture, the Israel Corporation (Madsen 2007). To encourage entrepreneurship, the Israeli parliament passed the Eisenberg Law and this prompted

Shaul Eisenberg to move to Israel. Here, he began purchasing oil refineries and shipping services. Soon, Shaul Eisenberg became the first person to conduct business between China and Israel. According to Madsen (2007), during the 1970s, Shaul Eisenberg exported weapons to China through a company registered in Panama named UDI. The company engaged in trade with other countries in Asia and South America. At his peak, Eisenberg managed a holding company that was the owner of Israel Aircraft Industries as well as the Israeli shipping company ZIM. In 1979, during the fighting between China and Vietnam, Israeli Prime Minister, Menachem Begin, appointed Shaul Eisenberg to be a broker and in charge of arms deals between China and Israel (Bolton 2010). One of Shaul Eisenberg's first and most visible business records in China dates back to 1983, when he established a series of business partnerships, joint ventures between European and American companies with Chinese partners. In 1985, Shaul Eisenberg organized the first official visit of representatives of the Israeli Ministry of Agriculture in China. According to *The Sunday Times*, it was revealed in 1988 that Shaul Eisenberg was involved in arms deals to China through Israel. Among interviewees, it is believed that throughout his life, Shaul Eisenberg was solely responsible for any deal between China and the State of Israel. Even when some tried to bypass him, the Chinese informed him, and he never agreed to give up on his share. Shaul Eisenberg is considered by many as the most successful Jewish entrepreneur in China, entrepreneurs who work in China defiantly want to imitate him, to follow his path, and of course to succeed like him. Over the years, he developed a wide range of worldwide businesses and is considered to be a leading industrialist and one of the most connected, richest people in Israel, which many stories and legends are linked to him (Billington and Brewda 1991). How was Shaul Eisenberg so successful in China and what can we learn from him? One of the secrets to his success was his ability to create networks at the highest levels. He mastered *guanxi* mentioned above. It is even suggested that some of the factories Shaul Eisenberg established were in fact a kind of gift to Chinese authorities that allowed him to operate (e.g., the same oil plants or coal plants in remote areas). Among the employees of Shaul Eisenberg was Chile-born Nicolas Frischmann, who learned from his employer and who is today a very successful seniorpreneur in China. Nicolas Frischmann has a BA in Economics from the University of Texas and an Advanced Management Program from Oxford University. Elo and Katz Volovelsky (2017) wrote about this former employee. Nicolas Frischmann represented Israeli companies in China—and when he could not find a job, he launched his own businesses and joint ventures too. He is founder and currently Chief Executive Officer of Anico International. The lead author of this chapter interviewed seniorpreneur Nicolas Frischmann in China. Nicolas Frischmann explained that he holds three nationalities: Chilean, Israeli, and Hungarian. He speaks English, Hebrew, Portuguese, and Spanish. He also understands Mandarin Chinese. After a period living in the United States, Nicolas Frischmann worked in China between 1989 and 2016. He first worked for Eisenberg group. He is a member in the Israeli-China chamber of commerce, with breakfast meetings when there are targeted issues. He specifies, “I am an entrepreneur but not an investor. I am a consultant. I do entrepreneurs work for companies. I work with companies/clients from Israel, South America and North America. . . .” Nicolas Frischmann explained



why he is an entrepreneur, “At my age it is not easy to get a job as an employee and I don’t like to work for bosses who have less experience than I do.” In fact, he has nearly 30 years of experience in China and Asia with a “good understanding of foreign companies’ interests and priorities in China.” When asked, “What did your family, friends and neighbors say when you wanted to become an entrepreneur?” Nicolas Frischmann responded, “Generally they all supported me...mostly moral support, not so much (if any) financial support. They supported the idea of me becoming an entrepreneur...” In response to “Why did you choose this place (Beijing/PRC) to do business?” his response was “Interesting and dynamic place. Gained a lot of business experience and networks from previous companies I worked for, the potential here is huge...I work in China due to the specific business experience I gained, networks and add value I can offer.” For the future, Nicolas Frischmann has different plans as a seniorpreneur, “Lately I am targeting Chinese companies with the aim of moving out of China to South America. I know both mentalities Chinese and South American.” Another field of interest for him is to introduce Israeli companies to Chinese investors. Here, he uses his broad connections in China. When he talks about it, Nicolas always emphasizes that his is a long process and a very difficult one.

## 5 Closing Words

While some people are looking for their retirement, others do not want or cannot afford to retire. Seniors who have working experience in China, interesting business ideas, money, and patience and want to work and develop their businesses or fulfill their aspirations can seriously think of building a business in this country. The main advantage senior people have in China is cultural—since the Chinese appreciate life experience and as a result they respect elder people, senior entrepreneurs who uses their age smartly may increase their chances within the Chinese local markets. However, the fact that Chinese look positively to life experience and age should not blind these seniorpreneurs from seeing the challenges and the difficulties they may have in China. Foreigners (both young and senior) should not be afraid of trying to establish businesses in China; however, they must do a very thorough preliminary research work.

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