



Policy Brief on Senior Entrepreneurship

Entrepreneurial Activities in Europe



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Key messages

- The population is ageing in the European Union – the proportion of people over age 55 was 30 % in 2010 and is expected to be approximately 37 % by 2030. Inactivity in older age groups increases the strains on social security and pension systems, although this is not inevitable since older people often have their health.
- However, few older people are involved in entrepreneurship, particularly women, and their enterprises tend to be less growth oriented than firms of younger entrepreneurs.
- At the same time, there is a growing population of healthy older people with the skills, financial resources and time available to contribute to economic activity through extending their working lives, including through entrepreneurship.
- To increase entrepreneurship by older people, policy should:
 - i. Create a positive awareness of the benefits of entrepreneurship for older people among older people themselves, and in society in general;
 - ii. Assist business start-ups by older people by supporting relevant business networks for older entrepreneurs and providing training to fill knowledge gaps on entrepreneurship skills for those who have spent their working life as employees;
 - iii. Ensure that older entrepreneurs have access to financing schemes, recognizing that some groups of older entrepreneurs (e.g. those starting a business while unemployed) may need start-up financing while others (e.g. those with high incomes) may not.
 - iv. Highlight the possibility of acquisition, rather than start-up of a business, as a means into entrepreneurship for an older person as it may be quicker, less risky and can facilitate another person retiring who may wish to do so;
 - v. Encourage older people to play a role in promoting entrepreneurship by others by becoming business angels or by mentoring younger entrepreneurs.
 - vi. Ensure that tax and social security systems do not contain disincentives to entrepreneurship for older people, including investment in other businesses.

Active ageing

The population and labour force in the European Union are ageing. The proportion of the population in the EU-27 who are aged 55 and over rose from 25 % in 1990 to 30 % in 2010, and is estimated to reach 37 % by 2030 (Eurostat, 2012). Consequently, the workforce is also getting older – the proportion of the labour force between 55 and 69 years old increased 26.5 % between 1987 and 2010.

This demographic shift is occurring because of the long-term decline in fertility rates across Europe which means that each generation is relatively smaller than the previous. The impact on the labour force is being reinforced by the ageing of the large population cohort known as the “baby boom generation”, which is now moving into retirement. (The “baby boom generation” refers to the age cohort born during a short-term increase in fertility rates after the Second World War – in most European countries this started in 1945 and lasted until approximately the end of the 1960s).

These demographic forces will have several impacts on countries. First, social security systems, including public pension and healthcare systems, will face increasing pressures because the larger population of older people will draw more heavily on them, and contribute less, as they retire. Second, the pattern of ageing is not constant across Europe and the exit of the “baby boom generation” from the labour force may result in labour mismatches in certain regions and sectors where the skills and experience needed to replace those retiring are not available in younger generations (Martinez-Fernandez, Kubo, Noya and Weyman, 2012). Moreover, business succession could become an issue as younger people may not take over all businesses run by older people, which could have significant consequences, not only for employees of

those firms, but also for the owners who may rely on the sale of their business for retirement income.

These demographic changes also affect entrepreneurship policy because the existing client group is changing and a new client group is emerging. The promotion of entrepreneurship among older age segments is a prospective policy option to prolong the working lives of older people, reduce older-age unemployment and enhance the social inclusion of older individuals (Kautonen et al., 2008). Older people are now living longer than previous generations and have different decisions to make about their career and lifestyle. Many older people may wish to remain economically active in order to maintain a lifestyle (Walker and Webster, 2007) or choose self-employment as a flexible alternative to organisational employment (Curran and Blackburn, 2001). The potential for continued or increased earnings is particularly important for older people with lower levels of savings. Remaining active and contributing to society has the additional benefit of improving an older person’s quality of life and reducing their risk of landing in poverty (Jayo, González and Conzett, 2010).

Entrepreneurship among older people could also have benefits for an economy. Maintaining labour market attachment of older people may be able to, in the short-run, offset expected labour and skill shortages in certain regions in Europe and facilitate a transfer of human capital between generations. Other benefits include increased tax revenue to potentially offset rising social and health care costs. Promoting senior entrepreneurship is also one of the goals of the 2012 European Year of Active Ageing and Solidarity between Generations (see box overleaf).

2012: The European Year of Active Ageing and Solidarity between Generations

The European Union has declared 2012 the European Year of Active Ageing and Solidarity between Generations. Active ageing can give the baby boom generation and tomorrow's older adults the opportunity to:

- stay in the workforce and share their experience;
- keep playing an active role in society; and,
- live as healthy and fulfilling lives as possible.

The European Year seeks to raise awareness of the issues related to the ageing of the population and the best approaches to deal with them.

The European Year 2012 covers three dimensions of active ageing:

1. Active ageing in employment: Encouraging older workers to stay in employment requires the improvement of working conditions and their adaptation to the health status and needs of older workers. It may also require countries to review tax and benefit systems to ensure that there are effective incentives for working longer and allow older workers to update their skills by providing better access to lifelong learning.
2. Participation in society: Improving the opportunities and conditions for older people to contribute to society as volunteers or family carers and to participate in society, thus avoiding social isolation and many of the associated problems and risks.
3. Independent living: Health promotion and preventive health care through measures that maximise healthy life years and prevent dependency as well as making the environment (public buildings, infrastructure, transport, buildings) more age-friendly, allowing older people to stay as independent as possible.

More information is available online: <http://europa.eu/ey2012/>

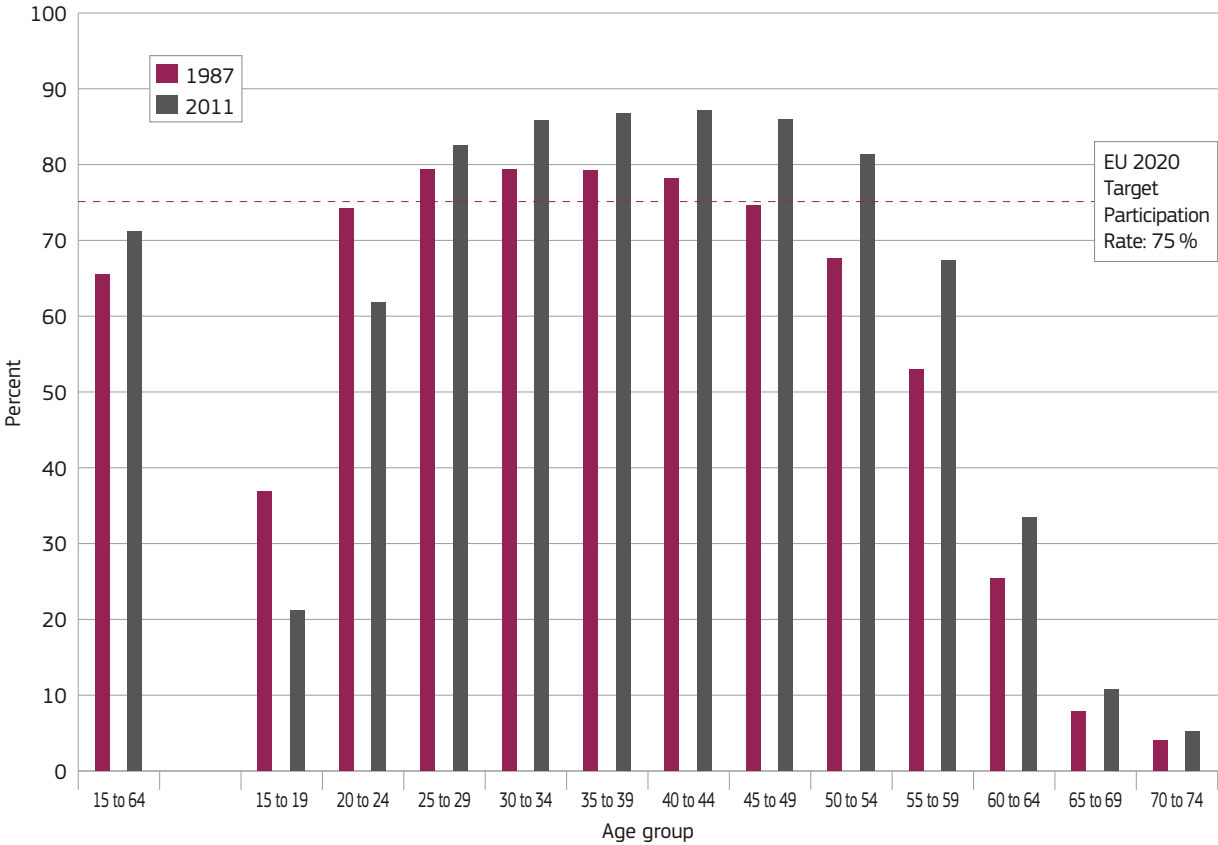
The role of entrepreneurship in active ageing

One of the principle concerns for policy makers is to understand the scale of the policy issue and the appropriate scale of an intervention. To do this, policy makers need to understand the target groups; not only who and how many, but also the differences between the different segments within the target group. Some people in the target group will take advantage of schemes even though they would have started a business without support, while others really do need help to overcome barriers. But how can policy differentiate between these two groups? The key to designing effective policy is to understand the barriers and why they prevent some segments of the target group from starting businesses and not others.

We can get an idea about the scale of the potential of entrepreneurship among older people in two ways. First, we can look

at the labour market activities of different age segments to set expectations for how much change can be expected. Figure 1 shows the labour market participation rates in 1987 and 2011 in the European Union by age group, which clearly shows two trends. First, labour market participation has increased between 1987 and 2011 in all age groups except for those under 25 who are staying in education longer. Second, labour market participation falls off dramatically after the age of 55. The implication for policy is that entrepreneurship policy should target those in the 50s age group in particular because this group has high labour market participation and will be easier to convert into self-employed than trying to bring people back into the labour market after retirement.

Figure 1: Labour force participation rates by age group, 1987 vs. 2011

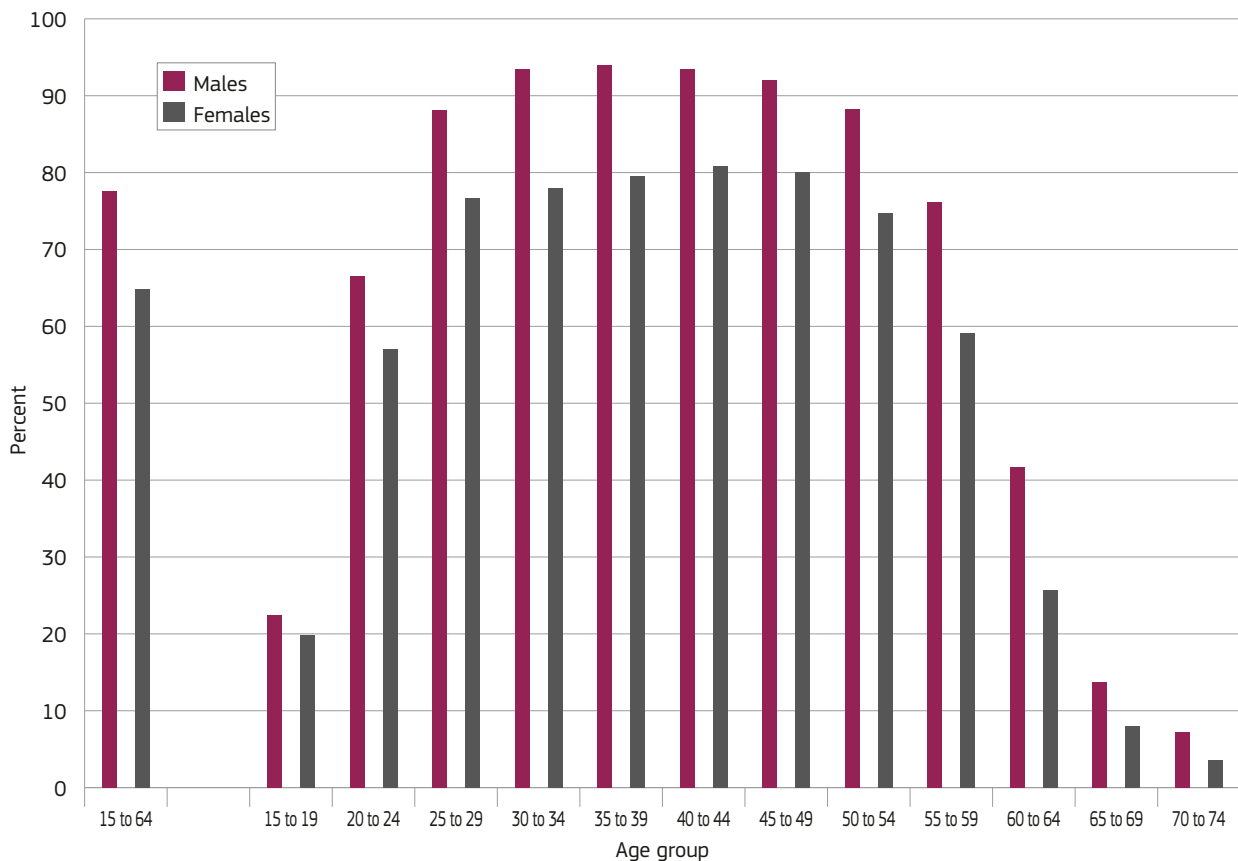


Source: Eurostat, Labour Force Survey.

It is also important to be mindful of the gender differences in labour market participation (Figure 2). Although the gap in participation rates between men and women has shrunk significantly between 1987 and 2011, it remains. The gap between men and women was the largest in the 55 to 59 and 60 to 64 age groups (17 percentage

points and 16 percentage points respectively) and although the gap closes in the older age groups, the participation rate for men is nearly double that of women. This result suggests that older men are more likely to consider entrepreneurship because they have a stronger attachment to the labour market.

Figure 2: Labour force participation rates by gender and age, 2011



Source: Eurostat, Labour Force Survey.

Further insight can be gained by looking at data from the 2009 Flash Eurobarometer Survey on Entrepreneurship. Instead of treating the decision to become an entrepreneur as a binary occupational choice between paid employment and self-employment, as is common in the economic literature, this decision can be treated as an entrepreneurial ladder that views the entrepreneurial process as a series of naturally-ordered engagement levels, where each level represents an increasing level of involvement in the entrepreneurial process.

Table 1 displays the pre-start-up and business start-up activity rates in the 35 countries included in the Eurobarometer dataset using the three engagement levels on the entrepreneurial ladder and the

same 'prime age people' (age 20 to 49) and 'older people' (age 50 to 64), and considers three engagement levels:

1. the person has never even thought of starting a business,
2. they are thinking of starting a business, or
3. they are engaged in early-stage entrepreneurial activity.

Approximately 16% of the third-age respondents were either considering entrepreneurship as a late-career alternative or are engaged in entrepreneurial activities. However, this proportion is considerably lower than prime age workers, at 37%.

Moreover, there is notable variation in the levels of entrepreneurship activity within the older age group between the 36 countries. For example, there is little difference in the entrepreneurial activity rates (thinking or early-stage activity) between prime-age and older people in Iceland, the United States, Romania and Slovakia, while the older people in countries such as Austria, France, Belgium and China are considerably less likely to follow the entrepreneurial career option.

It is, however, interesting to note that the early-stage activity rates among older individuals in many countries are higher

than the rates of older individuals merely thinking about starting a business. The opportunity cost of time argument, might explain this finding. Briefly, the older an individual gets, the less likely they are to delay taking action on their entrepreneurial intention because they have less time left to enjoy the benefits that the business generates. This suggests that the bulk of those seriously considering starting a business have already taken action and that policy should focus on increasing interest and awareness about entrepreneurship in the third-age before people get there.

Why do older people start businesses?

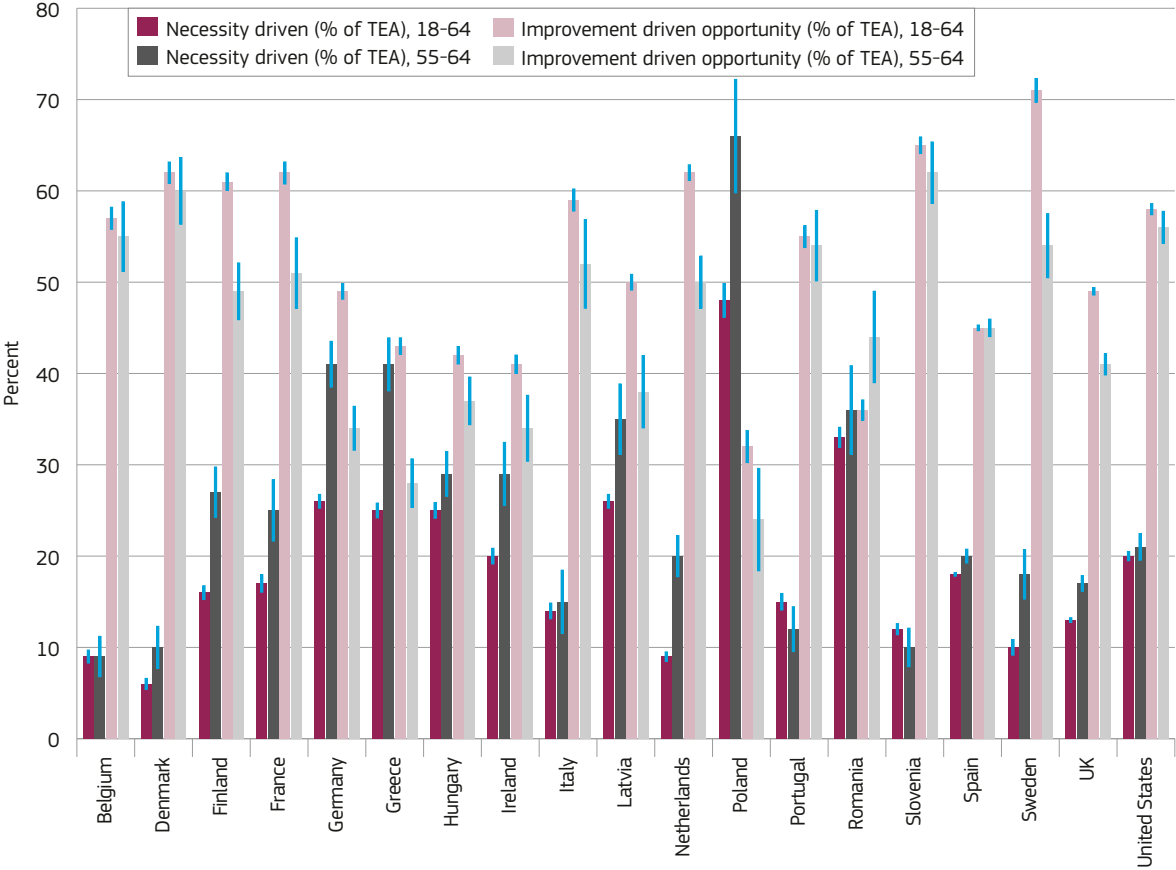
There are generally two broad categories of determinants that influence whether someone will start a business or not. These are often called push and pull factors. Push factors are those that drive someone to start business out of necessity, including long spells of unemployment, an inability to collect social benefits, and avoiding unattractive paid employment (Karoly and Zissimopoulos, 2004; Malek, Adnane and Imen, 2011; Webster and Walker, 2005). These factors are broad and can influence anyone. There are, however, some factors that are unique to older people. For example, they may have insufficient retirement savings, or they may face increasing financial pressures because they have remarried and have started second families (Malek, Adnane and Imen, 2011).

On the other hand, there are also pull factors that draw an individual into self-employment. These factors include a perceived opportunity to accumulate more wealth than in paid employment, job autonomy, flexibility in hours of work, independence and wanting to be one's own boss (Karoly and Zissimopoulos, 2004; Webster and Walker, 2005). Older people may be drawn to the flexibility of self-employment as a way to transition from their career into retirement or as a way to maintain social networks.

Data from the Global Entrepreneurship Monitor (Figure 3) suggest that older people, like entrepreneurs from the adult population, are driven more by opportunities than necessity. Poland appears to be the only exception where entrepreneurs are driven more by necessity, although this finding is not statistically significant at the 95% confidence level.

One of the most important determinants of business start-up activity by older people not captured by this push-pull model is health. As people age, the risk of their health deteriorating increases, which impacts their lifestyle and desire to put energy into starting a business (Curran and Blackburn, 2001). Health insurance also plays a significant role in the decision to enter self-employment and being covered through a spouse's insurance scheme increases the likelihood of moving into self-employment (Karoly and Zissimopoulos, 2004).

Figure 3: Necessity vs. opportunity entrepreneurship (55-64 vs. 18-64)



Source: Special tabulations of data from the Global Entrepreneurship Monitor, 2011.

Note: Error bars show the standard error of the mean.

Table 1: Entrepreneurial potential in prime age people (20-49 years) and older people (50-64 years) (percent) 

Country	Never thought about starting a business		Thinking about starting a business			Involved in early stage start-up activities		
	Prime	Older	Prime	Older	Older/Prime	Prime	Older	Older/Prime
Belgium	85.6	96.9	7.7	2.0	26%	6.8	1.2	18%
Bulgaria	43.8	74.7	44.8	17.6	39%	11.4	7.7	68%
Czech Republic	72.7	81.9	16.9	9.6	57%	10.5	8.4	80%
Denmark	56.6	76.4	35.5	21.1	59%	7.9	2.4	30%
Germany	65.9	85.7	18.7	6.9	37%	15.4	7.4	48%
Estonia	63.8	82.2	18.9	9.9	52%	17.3	7.9	46%
Greece	51.3	77.2	31.7	14.0	44%	17.1	8.8	51%
Spain	74.9	91.3	16.2	3.8	23%	8.9	5.0	56%
France	66.3	89.3	22.2	8.0	36%	11.4	2.7	24%
Ireland	62.8	73.1	21.6	18.0	83%	15.5	9.0	58%
Italy	74.0	90.4	10.8	2.6	24%	15.2	7.1	47%
Cyprus	57.5	82.9	18.9	2.6	14%	23.6	14.5	61%
Latvia	46.0	75.6	46.8	18.6	40%	7.1	5.8	82%
Lithuania	61.8	86.8	21.8	7.2	33%	16.4	6.0	37%
Luxembourg	79.3	90.4	14.5	3.5	24%	6.2	6.1	98%
Hungary	58.3	87.3	32.9	7.7	23%	8.8	5.0	57%
Malta	81.0	91.7	13.5	2.8	21%	5.6	5.5	98%
Netherlands	68.2	86.2	14.6	3.6	25%	17.3	10.3	60%
Austria	71.7	93.7	16.5	2.5	15%	11.8	3.8	32%
Poland	48.2	76.1	32.8	10.2	31%	19.0	13.6	72%
Portugal	75.9	92.2	8.6	1.7	20%	15.5	6.2	40%
Romania	52.3	66.7	29.2	19.4	66%	18.5	14.0	76%
Slovenia	60.2	90.4	28.3	7.7	27%	11.5	1.9	17%
Slovakia	71.8	79.9	20.8	13.6	65%	7.4	6.5	88%
Finland	54.7	87.5	8.5	4.2	49%	36.8	8.3	23%
Sweden	50.5	71.0	28.6	17.2	60%	21.0	11.8	56%
United Kingdom	67.0	87.0	19.6	5.8	30%	13.5	7.1	53%
Croatia	74.2	86.7	15.9	7.8	49%	9.9	5.6	57%
China	28.6	83.6	24.5	1.5	6%	46.9	14.9	32%
Iceland	51.4	53.0	26.8	25.8	96%	21.8	21.2	97%
Japan	84.4	88.5	9.4	2.1	22%	6.3	9.4	149%
Norway	64.9	87.5	18.2	6.3	35%	16.9	6.3	37%
South Korea	47.6	71.2	33.0	7.6	23%	19.4	21.2	109%
Switzerland	57.3	81.9	32.1	8.3	26%	10.7	9.7	91%
Turkey	55.6	73.2	22.0	17.9	81%	22.4	8.9	40%
United States	46.9	59.9	24.7	18.4	74%	28.4	21.8	77%
Average (Number of respondents)	62.6 (4323)	83.6 (3732)	21.5 (1484)	8.5 (378)	15.9 (1094)	40%	8.0 (357)	50%

Source: 2009 Flash Eurobarometer Survey on Entrepreneurship.

Notes: Total sample size 11 368; prime-age (20-49 years) sample size 6901; third-age (50-64 years) sample size 4467.

One of the most striking features of the population is the contrast between the level of labour market activity, particularly self-employment, of older men and women (see Table 2). Between 2000 and 2010, labour market participation of older men increased from 39.1 % to 46.4 %, while that of older women had a much more dramatic increase from 22.2 % to 31.5 %. This increase was driven largely by an increase in paid employment which increased 68 % between 2000 and 2010, compared to an increase of 28 % for men.

The low level of participation of older workers in self-employment is also striking. For men, the proportion of self-employed workers has increased slightly over the last decade but is still below the level of the late 1980s and early 1990s. For women aged 55 to 69, the proportion of the active population involved in self-employment has remained quite constant over the quarter century but is low. The proportion reached its highest level ever in 2010, at only 4.7 %. Furthermore, older self-employed people are less likely to have employees; two-thirds of self-employment and 80 % of self-employed women had no employees.

Table 2: Labour market activities of older people (Aged 55 to 69) in EU Member States (percent), 2000-2010 

	Men (Age 55 to 69)							Women (Age 55 to 69)						
	Population (thousands)	Active	Employed	Self-employed		Family Worker	Unemployed	Population (thousands)	Active	Employed	Self-employed		Family Worker	Unemployed
				With Employees	Without Employees						With Employees	Without Employees		
2000	35923.7	39.1	23.5	4.0	8.4	0.7	2.7	39472.7	22.2	14.1	0.9	3.3	2.4	1.5
2001	36038.9	39.2	23.6	4.0	8.4	0.7	2.5	39546.5	22.6	14.6	0.9	3.3	2.4	1.3
2002	36610.0	39.5	24.4	4.1	8.1	0.6	2.4	39971.8	23.0	15.6	0.9	3.3	2.0	1.3
2003	37091.0	40.9	25.2	4.3	8.2	0.7	2.6	40638.6	24.4	16.8	1.0	3.3	1.9	1.5
2004	37763.6	41.4	25.6	4.0	8.6	0.6	2.7	41218.9	25.0	17.4	1.0	3.3	1.7	1.6
2005	38162.4	42.5	26.8	3.9	8.6	0.6	2.6	41757.8	26.6	19.0	1.0	3.4	1.6	1.6
2006	38745.1	43.4	27.8	4.0	8.5	0.6	2.5	42277.9	27.6	20.0	1.0	3.5	1.5	1.6
2007	39248.2	44.4	29.0	4.0	8.5	0.6	2.3	42817.4	28.5	21.1	1.0	3.5	1.5	1.5
2008	39728.7	45.4	30.1	4.1	8.5	0.6	2.2	43364.8	29.4	22.0	1.1	3.5	1.4	1.4
2009	40261.5	45.9	30.1	4.1	8.4	0.5	2.8	43815.0	30.6	23.0	1.1	3.5	1.3	1.7
2010	40646.7	46.4	30.1	4.1	8.6	0.5	3.2	44274.7	31.5	23.7	1.1	3.6	1.2	1.9

Source: Eurostat, Special tabulations of the Labour Force Survey.

Overall these data show that labour force participation rates of seniors are growing, but the self-employment rates have not risen in line with this growth. Furthermore, relatively small proportions (8.5 %) of older people are thinking of starting a business, although the proportion is nevertheless significant, and the size and growth

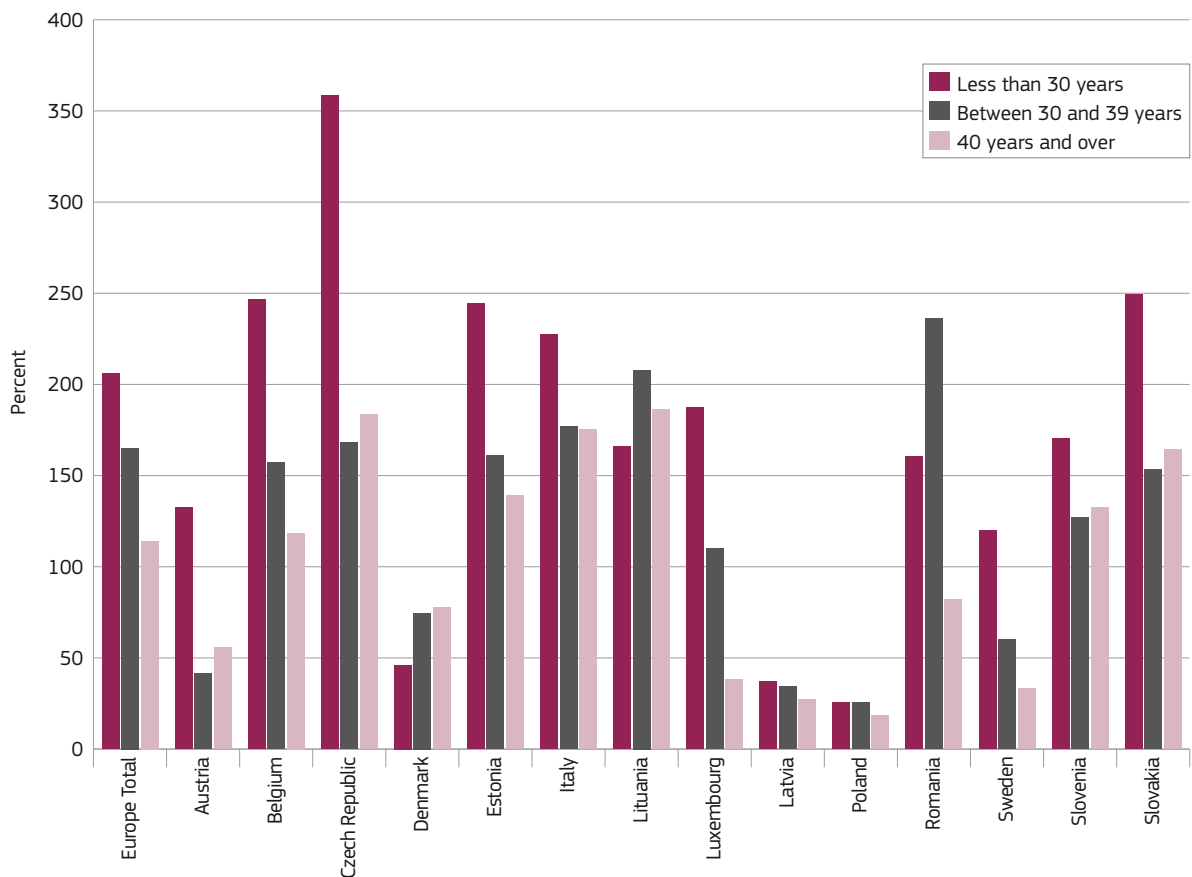
rates of older people's business tend to be small. This suggests that there could be some untapped potential in terms of entrepreneurship growth intentions, although senior people's business activity may not be as dynamic as other age groups because their business decisions are often driven by lifestyle choices.

How well do businesses run by older people perform?

There are different ways to measure success of a business: survival, sales, employment creation and profitability are all common measures. However, the current evidence is ambiguous and does not paint a clear picture of the performance of firms run by older entrepreneurs. There is some evidence from the U.K. that firms run by older people have higher survival rates (Cressy, 2006), but other evidence from Finland suggests that they have lower survival rates (Kautonen, 2008). Other small scale studies find that firms run by older entrepreneurs are less profitable, have lower levels of sales and income and generate less employment growth (Harada, 2003; de Kok, Ichou and Verheul, 2010).

Eurostat's Factors of Business Success Survey (2005) is the most recent large, cross-country dataset that measures business performance by entrepreneur characteristics. The survey measured average employment growth of firms that survived between 2002 and 2004 and it is clear that firms run by people over 40 have the less average employment growth than firms run by those under 30. In most countries the over 40 age group is the one with the least amount of employment creation. The one exception is Denmark where businesses run by older entrepreneurs had the most employment growth.

Figure 4: Average employment growth, 2002-2004 



Source: Eurostat, Factors of Business Success Survey, 2005.

What barriers do older people face when starting a business?

Like all entrepreneurs, older people face certain generic barriers when starting a business but these generic barriers often impact older workers in specific ways:

1. *Human Capital*: Older entrepreneurs that enter self-employment from paid employment often start businesses that were related to their occupation and therefore generally have high levels of human capital. However, they also face specific barriers because they may lack the entrepreneurship skills needed to succeed. Furthermore, their skills may be outdated and they may have low levels of digital literacy (Kadefors, 2011).
2. *Social Capital*: Older entrepreneurs that have already retired can find it more difficult to rebuild the networks that they had during their career, particularly when they operate small home-based businesses (Kibler et al., 2011). It can also be challenging to acquire the necessary human capital for older people who start businesses in a different industry compared to their previous employment, and for those whose social capital had become obsolete due to longer-term unemployment or retirement (Kibler et al., 2012).
3. *Access to Finance*: Although access to finance can be a barrier to start-up for all entrepreneurs, including some older people, older people are often in a stronger financial position than younger entrepreneurs because they have had a longer time period to accumulate collateral. This accumulated wealth often reduces the need for external financing (Kibler et al., 2012), although high levels of wealth can also be a disincentive for entrepreneurship (Singh and DeNoble, 2003). A study of older entrepreneurs in London, UK found that accessing finance is particularly a problem for those older entrepreneurs that were unemployed, while those that were in employment or retired benefited from the receipt of wages or a pensionable income to help them finance their businesses and living expenses during the early phase of the new business (Kibler et al., 2012).

Older entrepreneurs also face a unique set of barriers to entrepreneurship given their age:

1. *Declining health*: Although people are healthier and are living longer, physical and cognitive health barriers increase as people age which decreases the likelihood that they would be interested and able to be an entrepreneur; older people tend to prefer leisure activities to work once their health begins to decline (Singh and DeNoble, 2003). Moreover, older people in retirement can face even greater barriers because those health issues often force employees to retire earlier than those in good health (Zissimopoulos and Karoly, 2007).
2. *Financial disincentives*: State benefits and retirement income can discourage older people from entering entrepreneurship because self-employment may not offer enough of an income incentive over the income earned in retirement. Qualitative evidence from the UK indicates that older people fear losing their social or pension benefits if they earn income in self-employment (Kibler et al., 2011). Additional evidence from the Flash Eurobarometer indicates that 59% of adults over the age of 15 in EU Member States believe that it is not beneficial to continue working beyond the age of 55 because of the pension and tax systems (European Commission, 2012). The proportion is highest in Greece (79%), Slovenia (77%) and Italy (74%).
3. *Age discrimination*: Age discrimination is well documented; older people are often seen as less flexible, less committed and less able to cope with new technology (Curran and Blackburn, 2001). For example, Kibler et al. (2012) found that older entrepreneurs report having clients question their ability to provide adequate services and products, based on their age. Older entrepreneurs perceived this as impeding their ability to develop a market and to seize new opportunities, jeopardising the sustainability of their business.

4. *Opportunity cost of time:* Older individuals are often less willing to commit time to activities that yield a stream of future payments and are associated with some risk, such as starting a firm, compared to activities that generate instant and risk-less returns, such as waged labour. Although older people are generally less risk averse than younger people due to their experience, they increasingly prefer leisure activities as they get older and value future income less than younger people because they have less time to reap such benefits (Lévesque and Minniti, 2006).
5. *Lack of awareness:* Many older people will have spent their lives working in paid employment and may not be aware of the opportunities that self-employment can provide, nor the steps involved in starting a business. Kibler et al. (2012) found that there is a particular challenge for older entrepreneurs in accessing and gaining sufficient information relevant to business formation and early business phase as a result of overly-complex and not understandable information published on the websites of different governmental bodies and support agencies. Older people feel that information targets younger, media-savvy and well-educated generations (Kibler et al., 2012).

What advantages do older people have when starting a business?

Compared to their younger counterparts, older entrepreneurs can possess advantages when starting a business such as:

- more developed networks
- a higher technical and managerial skills level
- more work and industry experience
- a stronger financial position.

But it is important to recognize that these advantages diminish over time while older people are out of the labour market.

Networks can assist in mobilising resources, getting support and help, creating legitimacy during start-up and growth, and establishing viable business relations (Lechner and Dowling, 2003). Older entrepreneurs are likely to have accumulated a good deal of such social capital during their career employment, which can in turn be exploited in their own business. In a qualitative study comprising 22 older entrepreneurs in London, UK, Kibler et al. (2012) found that older entrepreneurs that used existing social capital gained from a previous job had fewer difficulties in starting and running their enterprise.

The technical and managerial skills as well as industry knowledge gathered during career employment can assist older entrepreneurs in establishing a new venture successfully. For example, managerial experience can help the older entrepreneur avoid such pitfalls that people unfamiliar with business skills would be likely to fall into.

Similarly, in-depth knowledge of an industry can help the individual identify gaps in the current business offerings. Previous studies have indicated that in general, industry experience is a more important predictor of business success than managerial experience (Hinz and Jungbauer-Gans, 1999).

Furthermore, older individuals can be in a stronger financial position than younger people because they no longer have dependants in the household, have paid off their mortgage and have accumulated savings over a long working career. Of course, this does not apply to all older individuals; some groups of older people, such as the long-term unemployed, are the focus of some policy initiatives, for instance the Prince's Initiative for Mature Enterprise (PRIME) in the UK. While a strong financial position can enable an older individual to set up a business, it can just as well be used as the means for retirement, hence serving as a disincentive to entrepreneurship (Singh and DeNoble, 2003).

What should policy do to promote business start-ups by older people?

There are a small but growing number of entrepreneurship initiatives and schemes designed specifically to support older people in business start-up activities. Entrepreneurship policy needs to recognize that there are some factors in the decision to start a business that cannot be changed, such as the age of a person, their health or an individual's preference for leisure over work. Therefore, policy should focus on the contextual factors that influence an older person's decision to enter into self-employment.

1. PROMOTE BENEFITS OF ENTREPRENEURSHIP

Goal

As we have seen, older people generally participate less in entrepreneurial activities and view self-employment as less desirable than younger people, which suggests that policy should try to promote the benefits of entrepreneurship to older people so that they are aware of its potential. In addition, the benefits of entrepreneurship by older people could be promoted more broadly to society to change society's perceptions of older entrepreneurs. The goal of policy should be to raise awareness about entrepreneurship and its benefits so that people can decide whether it is appropriate for them. Such policy could be effective for countering age discrimination against older entrepreneurs.

Approach

The European Commission has taken a broad approach to promoting entrepreneurship and labour market activities for older people by declaring 2012 to be the European Year of Active Ageing and Solidarity between Generations, which seeks to raise awareness about the contributions that older people make to society and the economy, as well as how to age healthily. As a result of this initiative,

a large number of schemes for older people are being launched around Europe that aim to accomplish various health, social and economic goals. Many of these schemes seek to improve awareness of the knowledge and skill sets that older people have and how they can be utilized in the economy, but also how they can transfer this knowledge to younger generations through training, coaching and mentoring schemes, some of which are aimed at older entrepreneurs.

One of the principal initiatives of the Year of Active Ageing and Solidarity between Generations is the Best Ager Programme (see Policy example 1). It is a multi-national initiative (Denmark, Estonia, Germany, Great Britain, Latvia, Lithuania, Poland and Sweden) that aims to increase the involvement of people over 55 in the labour market and promote entrepreneurship activities by increasing the knowledge base on older workers. The initiative also includes practical support for older entrepreneurs on business planning.

Another multi-national initiative in Europe is the Grundtvig project which supports several projects on active learning by adults, including 'Superact'. This is a project funded by the European Regional Fund INTERREG and promotes personal stories about older entrepreneurs with disadvantaged backgrounds to promote entrepreneurship to other older entrepreneurs with non-mainstream backgrounds. More information is available online <http://www.europe-education-formation.fr/grundtvig.php>. A similar project is the 'Memoro' project in France, Germany, Spain, the UK and Italy which is collecting stories from older entrepreneurs and making short films to promote entrepreneurship among older people (Best Ager, 2011). These projects are collecting stories and experiences to show not only other older people, but society in general that older people can still make significant contributions to society.

Policy example 1: Best Agers (multiple countries)

Target group:

'Best agers', defined as people aged 55 or older.

Country:

Denmark, Estonia, Germany, Latvia, Lithuania, Poland, Sweden and the United Kingdom.

Intervention type:

Research (collection of academic research and good practice examples), webinar series on business planning aimed at 'best agers' and the dissemination of good practices through a newsletter, other publications and events.

Objectives:

Studying ways of encouraging entrepreneurship and business mentoring activity in the 'best ager' segment is an explicit aim of the project. The initiative has 'best agers' work together with different age groups in the fields of business and skills development to generate new ideas and share their expertise and experience. Furthermore, it surveys successful approaches and good practice examples of counteracting the negative effects of demographic change (brain drain, loss of human capital) by focusing on 'best agers' with the aim of developing these practices further and transferring them to the partner regions with a low-level of 'best ager' involvement.

Programme length:

Ongoing since January 2010.

Description:

Best Agers is primarily a research initiative that aims at mapping the situation of older workers on the different national labour markets in the participating countries, explaining the cross-national differences and examining potential ways of improving the integration of 'best agers' into the labour market, innovation processes and entrepreneurial activities. Practical interventions are very limited in the initiative: currently, the only practical tool is a webinar on business planning.

Partners:

19 partners in 8 countries with the Academy of Economics Schleswig-Holstein in Germany as the lead partner. The partner organisations include universities, chambers of commerce, county councils and regional development agencies.

Results achieved:

A number of workshops and reports on different aspects of the general topic.

More information available online

<http://www.best-agers-project.eu>

2. IMPROVE ENTREPRENEURSHIP SKILLS WITH TRAINING

Goal

Older people that are interested in self-employment may have spent their entire careers in paid employment which gives them a lot of experience and a certain skill-set, but this may not be enough to ensure success in self-employment. Self-employment requires a broader set of skills that includes opportunity recognition as well as a broad set of business skills. Policy can help address this skill gap through training.

Approach

There are a number of training initiatives and schemes in Europe that provide older people with an opportunity to learn about entrepreneurship and acquire the skills needed to start a business. One of the largest funding sources of such training is Grundtvig,

an initiative of the European Commission, which promotes lifelong learning and delivering adult education, particularly through alternative channels. Grundtvig provides funding to projects across Europe, including the Nersant Entrepreneurs' Association in Portugal. This association specializes in social and entrepreneurial development in the Santarém region, which has a number of schemes to promote the creation of micro-businesses by older people. Nersant provides training and premises for entrepreneurs and has started associations for micro-credit guarantees and capital risk management. More information on Grundtvig is available online: http://ec.europa.eu/education/life-long-learning-programme/grundtvig_en.htm. Another example is the Business and Innovation Centre in Slovakia. This private organization serves older people and supports the creation of business start-ups with advice, education and start-up financing. More information is available online <http://bic.sk/index.php?lang=en>.

There are also training schemes that target subgroups of older workers. Many of them target unemployed people over 50 and deliver entrepreneurship training to promote self-employment as a way of reintegrating into the labour market. One example of this is funded through the European Social Fund (ESF) Programme in Hungary (Social Renewal Operation Programme) which, among other objectives, promotes the integration of disadvantaged people into the labour market. One of the strategies used is self-employment and the scheme offers self-employment training and financial support for business start-up.

A second example of an initiative targeted at a subsection of older entrepreneurs is the fe:male scheme (see Policy example 2), which is an EU-wide network in the UK, Cyprus, Netherlands, Italy and Malta that provides assistance to female entrepreneurs, particularly those over 50, ethnic minorities, lone parents or long-term unemployed. The fe:male network provides training, advice and mentorship by other female entrepreneurs to help participants develop entrepreneurship skills so that they can start businesses. The website also aims to provide a virtual support network and information source for participants.

A third example is the Targeted Initiative for Older Workers (TIOW) in Canada to help older workers in vulnerable

communities who have lost their jobs. TIOW provides employment assistance services and employability improvement activities, such as skills upgrading and work experience, to assist unemployed workers aged 55 to 64 with their return to work. Projects that receive funding from TIOW provide different types of training, including preparation for self-employment. Self-employment schemes can help determine whether self-employment is a viable option for them and provide training, professional business support, and mentoring. Thirty-seven per cent of projects in this scheme offer some form of self-employment training as part of their suite of training (HRSDC, 2010). More information is available online http://www.hrsdc.gc.ca/eng/employment/employment_measures/older_workers/index.shtml.

Another approach is to deliver training to older entrepreneurs by focussing on one particular skill and train substantial number of older entrepreneurs on that particular skill. One example of this is a webinar on how to write business plans in Germany, Latvia and Poland as part of the Best Ager initiative. The webinar sessions are aimed at older entrepreneurs to help them start businesses and an innovative element of this initiative is that older entrepreneurs deliver the programming (Best Ager, 2011).

Policy example 2: The fe:male scheme (multiple countries)

Target group:

Potential women entrepreneurs. The scheme's mission statement indicates that some groups of women face greater challenges than others in the labour market, including those over 50, lone parents and long-term unemployed. This scheme makes targeted efforts to reach these groups although the content of the scheme is not tailored specifically to any of these groups.

Country:

EU Member States.

Intervention type:

Online networking platform including a range of online business tools. Also training events and a mentoring initiative called 'Mentoring Circles', where prospective female entrepreneurs can talk about their business ideas and challenges in a group comprising a facilitator and up to five participants.

Objectives:

Help women increase self-confidence and life skills in order to develop their business ideas and become successful entrepreneurs.

Entry requirements:

Being a woman who is planning to start their own business in Europe.

Description:

The initiative describes itself as a 'network of up and coming female entrepreneurs across Europe'. The primary purpose of the initiative is to provide a networking platform for European female entrepreneurs, but it also provides a range of online business tools, training events and a mentoring scheme. Training and mentoring are available in the UK, the Netherlands, Italy, Malta and Cyprus, where the project partners are headquartered. Membership is free for participants.

Partners:

Inova Consultancy (UK), Intercollege (Cyprus), VHTO (Netherlands), VITECO (Italy) and the Foundation for Women Entrepreneurs (Malta).

There is more information available online <http://www.femaleproject.eu>

3. DEVELOP AND SUPPORT NETWORKS

Goal

Networks are important for ensuring the success of a new business start-up. Older people that are still in the labour force often have extensive networks of other professionals in their occupation and industry, customers and business professionals which are crucial in the early stages of entrepreneurship. However, once out of the labour market, (e.g. retirement or unemployment), the value of these networks quickly diminishes. Initiatives can help re-establish networks by connecting entrepreneurs through existing networks, or mentoring schemes.

Approach

There are a number of schemes for older entrepreneurs that support and develop networks. While some schemes connect entrepreneurs through coaching and mentoring, others go further by establishing larger, formal networks and virtual networks. One example is a matching platform and virtual business incubator project in Germany, “Biiugi”, which is part of the Best Agers project (see Policy example 3). This project provides an online matching platform that allows entrepreneurs to connect with each other and with experienced entrepreneurs to obtain expert advice.

Similarly, the United States has had a similar scheme for decades. Starting as the Service Corps of Retired Executives, now simply known as SCORE, the scheme was launched to provide business advice to former military officers. The scheme has grown and serves

currently the wider population. Certain groups are targeted, such as people over 50, but the services are not tailored for different segments of the population. SCORE helps entrepreneurs find mentors through an online database and can help facilitate face-to-face mentorships. It provides training and workshops through local associations and actively seeks older entrepreneurs to serve as volunteers to provide mentoring services, and to deliver workshops and training. Evaluation evidence indicates that this scheme has been effective at supporting new business start-ups but was less effective at helping older businesses (Brudney, J. and B. Gazley (2002)).

Growing networks has another benefit for older entrepreneurs because networks can be used to help facilitate the transfer of a business once an older person decides to retire by enhancing the search for new ownership. Succession planning is important issue for older entrepreneurs since they need to ensure that they have enough savings for retirement, which could include income earned through the transfer of the business. Similarly, the acquisition of an existing business could be an option for older entrepreneurs looking to start businesses. Improving mentorship within firms will improve the dissemination of knowledge and expertise to employees which will make an ownership change easier for employees and the new owner. The European Commission is working with Member States to help raise awareness of these issues and to address some of the technical challenges of business transfer such as tax regimes. More information on the Commission’s initiative is available online: http://ec.europa.eu/enterprise/policies/sme/business-environment/smooth-transfer/index_en.htm.

Policy example 3: Biiugi (Germany)

Target group:

Prospective and practicing entrepreneurs that are over the age of 50.

Country:

Germany

Intervention type:

Virtual networking and mentoring tool.

Objectives:

To help older entrepreneurs grow their networks and develop professional relationships and new projects.

Entry requirements:

There are no specific entry requirements.

Programme length:

The pilot project was launched in June 2012.

Description:

This online platform links together experienced older entrepreneurs and less experienced or prospective older entrepreneurs. Each member has an online profile that is available for others to see and members with a basic membership can make contact with each other and start professional relationships. Members with a premium membership have more online services available to them such as access to newsletters, more online communication opportunities (e.g. live chatting), and have more options to build networks using the platform. Both memberships are free of charge during the pilot phase.

Partners:

Biiugi is part of the Best Agers project.

More information available online

<http://www.biiugi.eu>

4. IMPROVE ACCESS TO FINANCE

Goal

Access to finance can be a challenge for all entrepreneurs, however evidence suggests that this is likely less of an issue for older entrepreneurs than for younger one (European Commission, 2009). This is likely because they have been able to accumulate more wealth over a longer time period than younger people. Nonetheless, more than 10 % of older entrepreneurs identified access to finance as a barrier to self-employment (European Commission, 2009).

Approach

There are a number of grant and loan schemes in most European countries to help people start businesses. Generally, loans and loan guarantees are preferred to grants because they reduce the costs to the public sector, mobilise the private sector in assessing and taking risks and selecting projects, and provide more of an incentive to succeed for entrepreneurs. However, few grant and loan schemes target older people specifically. This could be because age alone does not act as a barrier for accessing finance. However, there are two schemes in the UK that target older people specifically, the New Deal 50+ and the Prince's Initiative for Mature Enterprise (PRIME), that offer start-up financing for older entrepreneurs. The New Deal 50+ was introduced in 2000 and was largely a voluntary scheme for those over 50 that were unemployed and had received government benefits for at least 6 months. The goal was to improve their employment prospects by providing a personal advisor that provided advice on training, identified appropriate types of work and helped with job applications. The scheme included a self-employment option where those eligible can receive a subsidy to start their own business. The New Deal 50+ was, along with other New Deal Programmes, renamed in October 2009 and was ceased in October 2010 as part of public sector austerity measures. In June 2011, the government launched a new set of labour market initiatives called "The Work Programme", which included some

measures from the New Deal 50+, however older workers are not a target group of this new scheme.

PRIME is a scheme that targets people over the age of 50 who are out of work or face being made redundant (see Policy example 4). It is a not-for-profit private company with charitable objectives and works with more than 100 local partner organisations around the UK. PRIME has two principal activities. First, it campaigns, lobbies and encourages people over 50 to consider self-employment and business start-up and second, it acts as a conduit for appropriate help and advice.

Another example is the Mature Entrepreneur project in Poland. This scheme aims to support entrepreneurship among those over the age of 50 to help them remain in, or re-enter, the labour market through self-employment. Participants receive grants of up to 50 000 PLN to help them start a business, and also receive training and business advice. The unique aspect of this project is that the employment office made a television series about the project participants to help promote entrepreneurship among older people. More information on the scheme is available at: www.pup.gda.pl.

5. ENSURE THERE ARE NO DISINCENTIVES FOR ENTREPRENEURSHIP IN SOCIAL SUPPORT SYSTEMS

Goal

Although there is always a temptation to design new initiatives and schemes, the best policy approach is sometimes to improve existing mechanisms. Removing disincentives to entrepreneurship for older people within existing social support systems could be a significant step to make entrepreneurship more attractive for older people. More specifically, policy makers should focus on tax and social support systems to ensure that entrepreneurship activities are not discouraged by the elimination of benefits if income is earned.

Policy example 4: PRIME – The Prince’s Initiative for Mature Enterprise (UK)

Target group:

Predominantly unemployed people over the age of 50 who want to find a way back to work through self-employment. However, employed and retired individuals aged 50-plus are also welcome to participate in PRIME.

Country:

United Kingdom (there is also Prime Cymru Programme, which is dedicated to those living in Wales).

Intervention type:

Provision of free information, workshops, training and business networking events for potential older entrepreneurs and stakeholder organisations working with workless over 50s. Free or low-cost business advice through referral to accredited advisers and in some regions, also free training and mentoring. PRIME has also provided micro-finance loans in the past but this service is currently on hold as a new loan scheme is being developed.

Objectives:

PRIME’s main goal is the relief of unemployment, particularly through helping unemployed older people start and run their own businesses. Other related objectives include promoting unemployed older individuals’ engagement in meaningful activity and the prevention of social exclusion.

Entry requirements:

The applicant should be aged over 50 and thinking of setting up an own business.

Programme length:

Ongoing since 1998.

Description:

PRIME is a registered charity under the patronage of HRH The Prince of Wales. Therefore, it is not a one-off

programme but an ongoing charitable initiative. Its nationwide offer comprises information provision through its client support web site (www.prime.org.uk), a printed start-up pack and referrals to other organisations for free or low-cost business support, along with a training programme ‘Preparing to Run Your Own Business’. PRIME also has a nationwide mentoring offer. Additionally, subject to funding, PRIME conducts regionally focussed outreach projects, often in areas where heavy industries have disappeared and people have been unemployed for long periods of time. In these projects, PRIME can offer more than the standard package, including one-to-one mentoring sessions. PRIME also generally promotes senior entrepreneurship and acts as an advocate for its cause.

Partners:

Jobcentre Plus (the main employment agency in the UK) refers suitable clients to PRIME and PRIME also works with around 150 delivery associates, which are vetted organisations with properly accredited advisers to whom PRIME refers its clients for business advice. These are mostly public or voluntary sector organisations, or in case they are private, they have government contracts to provide free or low-cost business support.

Results achieved:

The 2010 outcome survey (503 responses) conducted by PRIME on their clientele, showed that 45% of those who contact PRIME go ahead and start a business, while only 15% had given the idea up when responding to the survey. It is estimated that PRIME has helped more than 2 250 people over the age of 50 start a new business in the financial year 2010 - 2011.

More information available online
<http://www.prime.org.uk>

Approach

One issue that many countries are introducing is sick leave insurance for self-employed people because fears about becoming sick and not being able to meet business payments is a barrier for some older entrepreneurs (Karoly and Zissimopoulos, 2004). Although this does not target older workers specifically, they stand to benefit from this type of social protection. Different countries have different schemes with different levels of coverage. While some countries have mandatory schemes (e.g. Lithuania, Greece), most

have optional schemes (e.g. Czech Republic, Poland) or schemes that have lower levels of coverage than for employees and provide coverage in relation to contributions (e.g. Estonia, Sweden, Germany) (European Commission, 2010). Recent policy actions include new measures in Sweden to reduce sick leave contributions for all self-employed workers and guarantee them covered leave for seven days (European Commission, 2010). This makes self-employment more attractive for older people because the insurance costs less and there is a guaranteed minimum coverage.

How can older people support entrepreneurship in other ways?

Since many older individuals, especially those with professional backgrounds, senior management or prior entrepreneurship experience, benefit from substantial amounts of human and social capital accumulated over a long working career, it would stand to reason that they would have a lot to offer other entrepreneurs in the way of partnering, coaching, or mentoring. In the case of wealthier individuals, they could also serve as business angels.

But why would they do this? It may be a way of remaining socially active and they may get some gratification from helping others or passing along their knowledge. Moreover, there is particular demand for older business mentors from older entrepreneurs. In a qualitative study of 22 older entrepreneurs based in London (Kibler et al., 2012), respondents raised the need for a personal, experienced mentor, who can – practically and emotionally – support them in creating and operating their new business. However, most of the older entrepreneurs, with different social backgrounds, underlined the difficulty of finding a suitable mentor, particularly as they expect a mentor to be more mature and experienced than themselves, and have an empathy with their work-life and business idea.

There are a number of initiatives in Europe that encourage and support this behaviour. For example, the European Commission's Best Aged Project aims to raise awareness of the potential of older people for public and private employers. There are a number of projects in this initiative, including a training scheme that is being developed in Germany and Poland to help older people become mentors and coaches for students, trainees and people that want to start a business. This 2-3 day seminar aims to take advantage of the

professional experience and social competences of older people at helping older entrepreneurs become coaches and mentors for other entrepreneurs.

In addition to helping other entrepreneurs, older people can become involved in entrepreneurship by acquiring existing businesses rather than starting new ones. Acquiring an existing business allows older people to remain economically active by running a business without needing a new business idea or concept. This method of entry into self-employment has many advantages because the new business owner acquires a business with products and/or services, a network of suppliers, an existing customer base and possibly employees that know the business. Older people that acquire businesses that are related to their previous work experience can also take advantage of their own experiences, skills and networks to sustain and grow the business. Governments can encourage business acquisition by older people and can make it easier for them by ensuring that they can access financing to acquire existing business, simplifying business transfer legislation, and by removing disincentives to business acquisition in the tax system.

A scheme that supports the greater engagement of older people with enterprise is "Senior Enterprise", which is sponsored by the European Commission (see Policy example 5). This scheme operates in Ireland, France and the UK and aims to both raise awareness of the potential contributions that older people can make, as well as encouraging participation by older people in a range of enterprise activities, including business acquisition and the provision of advice.

Policy example 5: Senior Enterprise (Ireland)

Target group:

Those in the 50+ age group in particular, but the communications strategy and some aspects of the focus are not confined to this segment.

Intervention type:

Promotion, training, workshops, networking.

Objectives:

Senior Enterprise is specifically designed to encourage a greater involvement with enterprise by those aged over 50. The initiative has been designed to address the challenges posed by an ageing population, and the need to increase productivity, competitiveness and employment across the EU. The ageing of the population is also aggravating the entrepreneurial gap as fewer of those aged fifty and over are currently starting new business.

Entry requirements:

Although aimed largely at those over the age of 50, younger people can get involved in different aspects of the programme (e.g. mentoring of older entrepreneurs).

Description:

Senior Enterprise was developed with a multi-faceted approach to suit the circumstances, motivation and experience of potential older individuals. It aims to promote a greater engagement with enterprise by the 50+ age group through four programmes and to raise the understanding more generally of the potential of this age group to contribute to enterprise development through 4 programmes:

- *Raising Awareness* of the potential for the greater engagement with enterprise of those in the older age groups among those aged 50+, policy makers and development agencies and private sector parties such as financial institutions;

- *Starting and Partnering* provides start-up assistance and business planning support with workshops and training for those in the 50+ age group who wish to set up a new businesses alone or with a younger partner for mutual benefit;
- *Investing and Acquiring* aims to encourage older entrepreneurs to invest in businesses owned by others and to promote the acquisition of existing businesses as a route into entrepreneurship; and
- *Advising and Innovating* seeks to increase the number of older individuals that are involved in advising and mentoring entrepreneurs and to make advisers and mentors available to older entrepreneurs.

Training is provided to advisors and mentors to older entrepreneurs to make them aware and responsive to their specific needs.

Partners:

Senior Enterprise is supported by the EU through INTERREG IVB NWE. The lead partner is the Mid-East Regional Authority in Ireland and other partners are Princes Initiative, a UK charity, and Inno TSD a private company in Brittany, France.

Results achieved:

Since the launch of Senior Enterprise in October 2010 tailored programmes of support have been implemented in Ireland, the UK and Brittany and a high level of awareness raising has taken place. Almost 600 individuals aged 50+ have participated in workshops, courses and programmes to support their greater engagement with enterprise.

More information is available online:

www.seniorenterprise.ie

Conclusions

Entrepreneurship among older people has the potential to have economic and social benefits. An economic objective of older enterprise policy and support should be to provide a positive and supportive environment where older people with more entrepreneurial ambitions can thrive. This includes moving people from social support to self-employment, or prolonging ageing employees' working careers through business start-up, generating added value to society.

The primary social objective is to help people over the age of 55 remain economically active in ways that suit them best whilst exploiting their potential for entrepreneurship. Benefits of increased economic activity among ageing people is an improved standard of living especially for the socially disadvantaged older individuals, and reduced welfare costs as people become more self-sufficient. This is not a minor issue. For example, UK evidence suggests that very few of the nearly 1.4 million people aged over 50, and on Incapacity Benefits, enjoy an adequate and comfortable level of income (Cabinet Office, 2000). There is also a group of successful, growth-oriented older entrepreneurs providing jobs for other people and able to offer mentoring, financing and other support.

Promoting senior entrepreneurship may be part of the suite of activities to tackle the problem of older un- and underemployment as a broader social and education issue. Policy could make a difference in the following areas:

- Creating positive awareness of entrepreneurship as a late-career option with the aim of educating not only potential senior entrepreneurs themselves, but also different stakeholder groups (friends and family, customers, financiers) in order to remove negative age-biased bias as a potential barrier to senior entrepreneurship.
- Supporting business start-ups by older people by providing some training for those who have not previously worked in self-employment. Enterprise support officials could be trained to treat older individuals in an appropriate way, for example acknowledging their experience and avoiding unnecessary business and administrative jargon.
- Encouraging experienced older individuals can support other business start-ups through mentoring, coaching and providing financial assistance. Their support is appreciated by (potential) entrepreneurs across all age groups, but especially by older entrepreneurs who require mentors at least of their own age who not only have the business experience but also empathy to the situation the older entrepreneur faces.
- Promoting and facilitating business acquisition by older people can allow them to become business owners without needing new business ideas, products or services. This would permit older people to remain economically engaged and can increase their chances of success as a business owner by combining their experiences, skills and networks with those of the enterprise and its employees. Policymakers can ensure that older people can access financing for business acquisition and that transfer legislation and taxation systems are streamlined and do not contain disincentives to business transfers.
- Ensuring that start-up financing schemes do not discriminate against older entrepreneurs. Evidence suggests that access to finance may be less of a barrier to business start-up for older people than for young or prime age people, but certain groups of older entrepreneurs may have difficulty accessing finance (e.g. unemployed older people).
- Reviewing the regulations relating to tax systems and social benefit systems to ensure that they do not set a disincentive to senior entrepreneurship, for example by removing benefit claim payments when a small amount of income is earned.

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As the population in the EU continues to age, counteracting the resulting demographic forces is becoming increasingly important. Helping these people remain economically active has the potential to have important economic and social benefits, not only for the target group, but for society on the whole. The European Commission and OECD have joined forces to produce a brochure, which emphasises the importance of a shift in entrepreneurship policy within this demographic, to encourage it to become more active. In this context, it examines a range of different initiatives and schemes that could be implemented to promote business start-ups by older people.

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