



Global Entrepreneurship Monitor

# SPECIAL TOPIC REPORT 2016-2017 **SENIOR ENTREPRENEURSHIP**

Thomas Schött, Edward Rogoff, Mike Herrington, Penny Kew



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## ABOUT THE AUTHORS



**Thomas Schøtt** is Professor of Entrepreneurship at the University of Southern Denmark. He has worked with GEM since its infancy, as team leader in Denmark, and as member of teams around the world. He is currently working with the GEM team in Turkey. He runs GEM workshops around the world; authors GEM special reports; edits collections of GEM-based research in special issues of journals, notably *International Journal of Business and Globalization*, and *International Journal of Entrepreneurship and Small Business*; and publishes in various journals, e.g. *Small Business Economics*, *International Journal of Gender and Entrepreneurship*, and *Research Policy*.



**Edward G. Rogoff** is the Dean of the LIU Brooklyn School of Business, Public Administration and Information Sciences. Prior to that he was the Lawrence N. Field Professor of Entrepreneurship in the Department of Management of the Zicklin School of Business at Baruch College, the City University of New York. He was also Chair of the Department of Management. He was named the 2010 Outstanding Entrepreneurship Educator of the Year by the United States Association of Small Business and Entrepreneurship. He is the author of *Bankable Business Plans* and co-author of *The Entrepreneurial Conversation*. His most recent book is *The Second Chance Revolution: Working for Yourself after 50*, co-authored with David Carroll. He has published in such journals as *The Journal of Business and Entrepreneurship*, *The Journal of Developmental Entrepreneurship*, *Family Business Review*, and *Journal of Small Business Management*. Professor Rogoff has written articles for the *New York Times*, *Forbes*, and *Newsday*, as well as featured as a guest on CNN.



**Mike Herrington** is the Executive Director of the Global Entrepreneurship Research Association (GERA). He has been involved with GEM South Africa since 2001. Mike was involved in the establishment and development of a number of Southern African companies and in 1989 started a ladies' hosiery company which he and a partner built up to one employing several thousand people and dominating over 85% of the South African market. They eventually sold out to the American company Sara-Lee Corporation, after which Mike remained with the company for several years before "retiring" in 1999. He was asked to join the Graduate School of Business, University of Cape Town in 2001, where he started the Centre for Innovation and Entrepreneurship. Mike obtained an MBA from Cape Town University and a PhD from London. He is involved in a number of SMME initiatives and has done research on SMMEs in South Africa and sub-Saharan Africa, as well as in other developing economies such as in South America and South East Asia.



**Penny Kew** has an MSc in Comparative and International Education from Oxford University. She has been involved in the area of education and training since 1997. Penny has been involved in a number of the more recent GEM reports, and was principal researcher and author on the 2008, 2009 and 2010 South African reports. Penny has also co-authored a number of GEM Special Topic Reports including the 2015 South East Asia Report, the 2015 Future Potential: a GEM Perspective on Youth Entrepreneurship, the 2015 Women's Entrepreneurship Report, and the 2016 reports on Social Entrepreneurship, Entrepreneurial Finance and the Latin American & Caribbean Region.

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# EXECUTIVE SUMMARY



**With approximately 16% of the world's population aged 55 years or older, the issues of entrepreneurial activity at these more advanced ages directly affect more than 1.2 billion people. This Special Report offers an account of senior people's involvement in entrepreneurship around the world. Seniors may be involved in a variety of entrepreneurial pursuits, including as entrepreneurs starting and running their own businesses; as entrepreneurial employees; as social entrepreneurs; and as informal investors.**

**T**he report analyzes data collected over the period 2009 to 2016 by GEM national teams through the standardized Adult Population Survey (APS). The GEM surveys over this period measured involvement in entrepreneurial activity in 104 countries. The sample comprises 1,540,397 adults aged 18 to 80 years old, across five regions of the world – sub-Saharan Africa (SSA), Middle East and North Africa (MENA), South East Asia (SEA), Latin America and the Caribbean (LAC), and the European culture countries (ECC).

In order to enhance our understanding of senior involvement in entrepreneurship, seniors and older individuals are compared to mid-aged and young people. More precisely, the four age categories used in this report are young adults (18-29 years old), mid-aged adults (30-49 years old), seniors (50-64 years old) and older people (65-80 years old).

## SENIOR ENTREPRENEURSHIP: A GLOBAL PERSPECTIVE

Older individuals have the lowest confidence in their own ability to start and run a business. Social networking and potential role-modelling in the form of knowing a start-up entrepreneur is also less frequent among seniors and, in particular, older people – young and mid-aged individuals are almost twice as likely to have personal contact with a start-up entrepreneur, compared to older individuals. However, risk-willingness is highest among older people.

In line with these findings, seniors and older individuals show significantly lower levels of entrepreneurial intention than the other two age groups. There is a sharp decline in entrepreneurial intention from age fifty, with seniors half as likely to express entrepreneurial intentions compared to mid-aged individuals and older people half as likely to have entrepreneurial intentions compared to seniors. The influence of household income is particularly noticeable among older individuals, with those in the high income bracket twice as likely to express entrepreneurial intentions compared to those in the lowest income category. For the younger age groups, household income has very little influence on the level of entrepreneurial intention. Among both

senior and older people, the three categories that are linked to the highest rates of entrepreneurial intention are unemployment, self-employment and studying. Among older people, the unemployed are the group most likely to express entrepreneurial intentions – at 35%, the same entrepreneurial intention rate as that of unemployed young adults. Almost a third of senior as well as older individuals who are students also express entrepreneurial intentions – higher than for both young and mid-aged adults.

Age has a strong influence on whether an individual will actually start an entrepreneurial venture. Business start-up rates for young and mid-aged individuals are similar – however, there is a sharp decline in early-stage entrepreneurial activity after the age of fifty which follows the same pattern as for entrepreneurial intention. A positive finding is that there is very little difference in terms of senior and older employees' engagement in as well as leading of entrepreneurial work, in their work-place, for their employer, compared to the younger age groups. Older individuals are, like the young age cohort, more frequently pulled into entrepreneurship by opportunity than pushed by necessity – a positive finding. Seniors, on the other hand, have the lowest ratio of opportunity to necessity entrepreneurship.

Older adults are slightly more likely to be social entrepreneurs than entrepreneurs in the other three age groups. This suggests that people may retire from jobs as employees or as self-employed, but may continue to pursue ventures with a social or community objective. This is an interesting finding, as social entrepreneurship is often associated with young change-makers who are idealistic in nature.

Discontinuing as an entrepreneur is most prevalent among young and older entrepreneurs. Among senior entrepreneurs, there are five operating entrepreneurs for every discontinued entrepreneur, while in the older age group there are only three operating entrepreneurs for every discontinued entrepreneur. Among older people, retirement is the most frequent reason for stopping, accounting for nearly a third of all business exits. Older entrepreneurs are far less likely to discontinue a business because of problems with profitability and accessing finance, compared to all the other age groups. This may well be linked to the fact that older adults report the highest household incomes – a third of seniors and 45% of older adults report household incomes in the highest third of the adult population in their respective economies. When older entrepreneurs stop, the business typically continues more frequently than when senior and mid-aged entrepreneurs stop. Young adults exhibit the same pattern as for older people.

Gender has an influence on entrepreneurial behaviour by senior and older people. Entrepreneurial intentions are lowest among senior women compared to the other three age groups, with fewer than seven women expressing the intention to start a business for every ten men in this age group. Older people report the widest gender gap in terms of early-stage entrepreneurial activity, with only six women engaged in start-up

activity for every ten male entrepreneurs in this age group. Senior women show the highest relative prevalence of necessity motivation – women entrepreneurs in this age group are only marginally more likely to be motivated by opportunity rather than being forced into necessity-entrepreneurship because of lack of other options for sustainable livelihoods. Older men report the highest relative prevalence of opportunity motivation across all age groups – male entrepreneurs in this age cohort are twice as likely to be pursuing an opportunity rather than necessity-driven.

The sources of financing for entrepreneurial ventures are very similar across all the age categories, with family members and banks/ other financial institutions being the primary sources of finance, irrespective of age of the entrepreneur. Given that technological awareness is often seen as a constraint particularly for the older generations, an encouraging finding is that both seniors and older individuals are as likely to use online crowdfunding as are young and mid-aged entrepreneurs. Just over half of mid-aged, senior and older entrepreneurs provide more than the median amount of funding from their personal savings, whereas young entrepreneurs tend to provide less own financing (44%). Senior and older entrepreneurs typically provide around two-thirds of total financing from their personal funds, while young entrepreneurs tend to provide the lowest proportion.

Some people are business angels who invest in new businesses that are being started by family members, friends, colleagues or others. Senior and older people report a similar frequency of informal investment compared to young adults, while mid-aged adults are slightly more likely to act as business angels, compared to the other age groups. However, senior and older people who act as informal investors tend to invest considerably more money compared to younger adults. Almost two-thirds (63%) of older business angels invest more than the median of all investments. A close personal relationship between investor and recipient is an important criterion for senior and older investors, with more than half of informal investors in these age groups supporting close family members. Although friends or neighbors is the second most frequent category of recipients for investors across all the age groups, senior and older investors fund these entrepreneurs less often than younger investors do. On the other hand, older business angels are twice as likely to fund a stranger with a good idea, than are young investors.

The majority of early-stage enterprises (over 90%) across the age categories provide employment for fewer than 5 people. Young entrepreneurs are, on average, slightly more likely to be running non-employer businesses (i.e. providing employment for no people other than the owner), while older entrepreneurs are slightly more likely to employ 5+ people. Senior and older entrepreneurs tend to be more conservative in their growth expectations. This

is particularly the case for businesses currently employing 1 – 4 additional people, where only half of the senior and older entrepreneurs expect to expand within the next five years.

Working people experience a greater or lesser degree of well-being in the form of satisfaction with their life, with their job, and with the balance between their job and private life. Elderly entrepreneurs across all three phases of entrepreneurial activity (early-stage, established and entrepreneurial employee activity) report substantially higher levels of satisfaction with both their life and their job, compared to elderly routine employees. Early-stage entrepreneurs and part-time routine employees are most satisfied with the balance between their jobs and their private lives.







### SENIOR ENTREPRENEURSHIP: A REGIONAL PERSPECTIVE

Seniors' and older people's involvement in entrepreneurship is likely to be influenced by their context – including economic, cultural and social factors particular to their society. Among the seniors, sub-Saharan Africa and Latin America and the Caribbean top the rankings in terms of both entrepreneurial intention and early-stage entrepreneurial activity.

In sub-Saharan Africa, almost a fifth of senior adults are engaged in TEA activity. GEM research has shown that higher TEA rates tend to be typical of factor-driven economies, where the type of businesses started often require lower skills and less money than in developed countries. Among older people, sub-Saharan Africa and the MENA regions report the highest rates of entrepreneurial intention and early-stage entrepreneurial activity. The MENA region, however, shows the sharpest

fall-off between entrepreneurial intention and start-up rates. Seniors as well as older people in this region are over three times more likely to express entrepreneurial intention than to be engaged in early-stage entrepreneurial activity. The European culture countries exhibit the lowest rates of entrepreneurial intention as well as early-stage entrepreneurial activity, with TEA rates of less than 5% for both seniors and older people. However, this region reports the highest rate of employee entrepreneurial activity among employees for both age groups (among seniors, by a fairly substantial margin). In the older age group, the MENA region shows fairly robust levels of entrepreneurial activity by employees (marginally lower than the top-ranked ECC region).

The extent to which senior and older entrepreneurs are pulled by opportunity or pushed by necessity differs around the world. Sub-Saharan Africa and Southern & East Asia report the highest rates of necessity motivation for both the senior and older age groups. The MENA, LAC and ECC regions have the highest prevalence of opportunity motivation among senior entrepreneurs (60%). Among older entrepreneurs, the highest prevalence of opportunity motivation is in the ECC regions – the prevalence of opportunity motivation in this age group is similar to that reported by senior and mid-aged entrepreneurs in the region. This indicates that although seniors and older people in the ECC region have a lower likelihood of starting businesses compared to their peers in the other four regions, when they do it is because they choose to pursue an opportunity, rather than being pushed into entrepreneurship out of need.

Older people are more likely to be engaged in social entrepreneurship than their younger compatriots in three regions: SSA, MENA and LAC. In the SSA and MENA regions, older people are considerably more likely (around 1.8 times more likely) to be social entrepreneurs compared to the younger age groups. Older people in the SSA region are also substantially more likely to be engaged in social entrepreneurship than older people in the other four regions.

Discontinuation rates differ around the world. In both the senior and older age groups, discontinuation rates are highest in sub-Saharan Africa (in line with the higher TEA rates in this region). Among seniors, Southern and East Asia has the most positive ratio of business discontinuance to operating entrepreneurs – for every entrepreneur exiting a business, there are six operating entrepreneurs. In the LAC and ECC regions, senior entrepreneurial activity also shows a good level of sustainability. Across all the regions, business discontinuance (considered in relation to number of operating entrepreneurs) is higher among older entrepreneurs, compared to their senior compatriots. Southern and East Asia, again, has the most positive ratio of business discontinuance to operating entrepreneurs, while business sustainability among older people is lowest in the MENA and SSA regions.

Gender differences between the regions are marked. Sub-Saharan Africa and Latin America & the Caribbean show the best gender parity,

across all age groups, in terms of both entrepreneurial intention and early-stage entrepreneurial activity. In the senior age group, gender parity is most positive in the SSA region – eight women express entrepreneurial intentions and are engaged in start-up activity for every ten males in this age group. A similar pattern is seen in the older age group. The MENA region, despite fairly positive gender parity in terms of entrepreneurial intention, shows wide gender gaps across all age categories in terms of actually starting a business. Only around four senior and older women in the MENA region are engaged in early-stage entrepreneurial activity for every ten male entrepreneurs. The ECC region reports the widest gender gaps in terms of entrepreneurial intention as well as start-up activity. Senior men are twice, and older men three times as likely to be engaged in early-stage entrepreneurial activity, compared to their female counterparts.

In general, women are more likely, compared to their male counterparts, to be pushed into entrepreneurship by necessity in all regions and across all age groups. Senior women in sub-Saharan Africa are almost as likely to be motivated by necessity as by opportunity, while Southern and East Asia has the highest rate of necessity-driven entrepreneurship among senior men. In the MENA and ECC regions, senior women exhibit opportunity motivation rates of almost 60% – very similar to the rates reported by their male counterparts. Two-thirds of senior male entrepreneurs in the LAC region are engaged in opportunity-motivated entrepreneurship (the highest across the regions). Among older people, women in the ECC region report the high levels of opportunity-motivated entrepreneurship (56%). Older women in the SSA, SEA and LAC regions, on the other hand, are as likely to be motivated by necessity as by opportunity. In the SSA and LAC regions the gender gaps in terms of motivation are particularly wide – only half of older women entrepreneurs in these regions are motivated by opportunity, compared to around 60% of their male counterparts.

Senior and older people in the SSA and MENA regions are most likely to act as business angels, compared to elderly people in the other regions. In addition to being least likely to engage in entrepreneurial activity themselves, seniors and older people in the ECC region are also least likely to invest in others' entrepreneurial ventures.

In the majority of the regions, elderly entrepreneurs express more satisfaction with both life and job compared with their compatriots in routine employment. Sub-Saharan Africa is an exception, with elderly people in routine full-time employment reporting the highest overall satisfaction. Elderly people in Southern and East Asia report the lowest levels of overall well-being compared to the other regions, while elderly people in the LAC region exhibit the highest levels of overall satisfaction and well-being.

# CHAPTER 1

## INTRODUCTION





**In 1955, Ray Kroc, a MixMaster salesman, bought the hamburger stand business from the McDonalds brothers. Over the next thirty years, he built it into the fast-food giant. What is often omitted from this story is that Kroc was 54 years old when he took this step to being an entrepreneur. Kroc's ensuing success was in no small part due to his age. He was knowledgeable and experienced in the retail food industry and he had a substantial network of business associates to draw from to provide the resources growing a business requires.**

**I**n the sixty years since Ray Kroc became an entrepreneur, the world has changed for older populations generally. In many areas of the world, people have been given additional longevity and health. It seems that in many cases this additional time is being used to remain or become entrepreneurs. With approximately 16% of the world's population 55 years or older, the issues of entrepreneurial activity at these more advanced ages directly affect more than 1.2 billion people. Moreover, the data presented in this Special Report on Senior Entrepreneurship show how, on a global and regional basis, entrepreneurship among older populations is very much a major economic force.

Contrary to the traditional perception that entrepreneurship is a young person's endeavor, in many places and many aspects seniors are a highly entrepreneurial age group (*In Search of a Second Act: The Challenges*, 2014; Amoros & Bosma, 2013). According to GEM data, seniors in the United States who have not left the workforce for health issues or to retire, own businesses at a higher rate than any other demographic cohort (Kelley, et al. 2013). More than half of all U.S. small business owners were aged 50 years and over in 2012 —up from 46 percent in 2007, according to the U.S. Small Business Administration (Lichtenstein, 2014). Seniors lead about a third of all new firms in Australia and are the fastest-growing segment of entrepreneurs, according to research by Swinburne University of Technology and Queensland University of Technology<sup>1</sup>. Kautonen et al. (2014) looked at data for older and senior entrepreneurs from 27 European countries and found that, depending on the entrepreneur's motivation, entrepreneurial activity can actually increase with age.

There is one major strategic difference between entrepreneurship at young ages and at older ages: as people age, their tolerance for risk decreases. This is obvious in the ways retirement portfolios are managed. But this approach applies to any financial endeavor. At age 25, the entrepreneur can bet the proverbial ranch and still have many years to rebound

financially from a failure. The same cannot be said about the 75 year old. How this plays out in reality has not actually been studied, but could be an interesting topic for future research: do older and senior entrepreneurs actually apply this strategy to their ventures?

While this report presents a great deal of information on senior and older populations at the global and regional level, perhaps one abiding reaction to the data is how surprisingly similar – on many measures – entrepreneurial attitudes and activities are across all age groups, and how important entrepreneurial activity among people over 50 is to overall economic activity. In those countries in which the entrepreneurial potential of older and senior populations has not been tapped, it represents a great opportunity for creating economic growth.

The data presented here demonstrate that prosperity has no age limits. Across the world, the economic impact of the businesses started and run by older and senior entrepreneurs is huge. Older and senior entrepreneurs are creating jobs for themselves and for others. Moreover, these older and senior entrepreneurs contribute billions of dollars in taxes. Research by Nesta.org found that older entrepreneurs are also more successful: 70 percent of their start-ups last more than three years compared with 28 percent for younger entrepreneurs (Khan, 2013). Zissimopoulos and Karoly (2007) performed a multivariate analysis of workers from ages 51 to 67 and found factors that both pushed and pulled them into entrepreneurship. For example, poor health – which basically limits all activity – is a push factor. Wealth, on the other hand, correlates with increased entrepreneurial activity and is identified by the authors as a pull factor.

Entrepreneurship among senior and older populations has two other significant economic impacts. First, there is evidence that older people who remain engaged in life stay healthier (Geriatric Mental Health Foundation, 2014), making fewer demands on social service/entitlement programs. As data below shows, older and senior entrepreneurs have a higher sense of well-being compared to traditional employees. There is also evidence that creating an environment in which people can age well, as measured by self-perceptions of one's age, promotes entrepreneurship in later life. Kautonen et al. (2014) looked at data from Finland and found a positive relationship between later-life start-ups and positive self-perception of one's aging. Looking at a similar issue from a different perspective, Fairlee et al. (1996) found that those older workers with disabilities are more likely to be self-employed.

The benefits of entrepreneurship go far beyond the entrepreneur. As entrepreneurs continue to operate their businesses, they contribute to their societies through their taxes. Because new businesses create jobs, rather than taking jobs away from the younger generation, senior entrepreneurs are creating jobs for themselves and others – simultaneously boosting their local and national economies.

1 <http://www.smh.com.au/small-business/managing/the-venture/time-to-get-serious-about-seniorpreneurs-20151014-gk9fpm.html>



### 1.1. WHAT DO SENIOR ENTREPRENEURS NEED?

#### Building awareness of the entrepreneurial option

Although senior entrepreneurship is widespread, there is a significant group of people in this age category for whom becoming an entrepreneur is not seen as an option. For this group, an effort at building awareness is a necessary strategy. One can hope that eventually, the awareness of the option of entrepreneurship will be as widespread among older people as it likely is among younger groups, but until then efforts are needed to build this awareness.

Without large budgets to utilize media that would reach these older populations, along with those who join this demographic on a constant basis, awareness programs need to build off existing organizations and programs that have broad outreach. These include outplacement organizations dealing with older workers who have lost their traditional employment, social service agencies, government agencies, local business development agencies that have significant presence in their areas, and unemployment/workforce development agencies. The media can also play a large role in publicizing examples of seniors who have followed this path. Educational institutions that reach active and involved seniors through their continuing education programs should consider adding “entrepreneurship for seniors” programs to their curriculum.

#### Technical support

Senior and older entrepreneurs have unique needs. For example, in general they have lower technical skills than their younger counterparts, a reduced tolerance for financial risk, and a shorter time horizon for their business ventures. One common solution to the problems raised by these needs is for senior entrepreneurs to work in teams (Bion, 2000; Hackman, 2005). Entrepreneurship is widely recognized as a team –and often family or intergenerational – endeavor. While family members are usually right at hand, building teams with others may require networks that are not available to most. For example, finding young, tech-savvy, prospective entrepreneurs who would benefit from teaming up with older, more experienced and better-financed partners is a difficult task. One approach to filling this need is to work through entrepreneurship service organizations, especially those based at schools, which can identify potential partners and help to forge teams.

Another need of senior entrepreneurs is for social support. Being unmoored late in one’s career is reason enough for severe stress, but tackling the task of becoming an entrepreneur when one is feeling insecure and enduring a period of low self-esteem is a huge task. There is a great deal of evidence that these problems can be mitigated through social support such as groups, counseling, being made aware of successful coping strategies used by others, and being a member of a social network made of others in similar situations. Again, such programs could be housed at the wide array of entrepreneurship

support organizations and could significantly increase the number of potential senior entrepreneurs who would persevere through this personally rough period.

#### Family and societal norms that affect later-life entrepreneurship

The nexus of family and business is well-known with many businesses started with family support of various sorts – from labor to financing. But senior and older entrepreneurs have differing family issues than younger entrepreneurs. Because the time remaining for this entrepreneurial career is necessarily shorter than for younger entrepreneurs, they have to be more cognizant of succession issues. For many older and senior entrepreneurs this will take the form of planning to pass along their business to family members. Many will also involve family members in their venture right from its start.

Family issues and cultural norms are closely related issues that either support or retard the formation of entrepreneurial ventures by senior and entrepreneurs. In some cultures, older people are supposed to retire and rest. In other cultures, an active retirement is valued as a time to pursue dreams, create wealth, and help the family. Promoting entrepreneurship among senior and older populations may in some countries require making efforts to change the societal and family cultures regarding business activities in later life (Cheraghi, 2017).

Generally the older a person is the more wealth he or she will have; senior and older entrepreneurs will therefore often play the role of the investor. Many older and semi-retired entrepreneurs take on the role of the business angel: providing financing and expert guidance to a venture owned by younger and less experienced entrepreneurs.

For many older and senior entrepreneurs, being able to start a business after a long career represents the chance to do something that has been a long-held dream. For some, this represents the opportunity to work in a field that has held strong attraction. Others pursue a venture with a social mission, such as creating needed products for disabled populations or forming a non-profit venture.

### 1.2 PROGRAMS AROUND THE WORLD TO ENCOURAGE AND SUPPORT SENIOR ENTREPRENEURSHIP

Some efforts, mainly in Europe, have begun to encourage and support senior entrepreneurship. The European Union was one of the first government organizations to create policy initiatives aimed at stimulating entrepreneurship among older people. [SeniorEnterprise.ie](http://SeniorEnterprise.ie) in Ireland is an EU-supported initiative through INTERREG IWB NWE, specifically designed to encourage a greater involvement with enterprise by those aged over 50.



This may be through starting a business, alone or with others; acquiring or investing in a business; advising an entrepreneur; or supporting innovation within a business owned by another.

In this way Senior Enterprise addresses the concerns of the European Union with regard to the challenges posed by an ageing population, and the need to increase productivity, competitiveness and entrepreneurial activity across the EU. It is intended that as a result of Senior Enterprise, more businesses will have been started, more investment will have been made and that more senior citizens will be active as advisors in new and developing businesses. The European Union has created a model infrastructure of public/private investment, education and training programs, policy and research to support senior enterprise, which it has identified in its 2020 strategic plan as key to economic recovery in Europe.

The OECD also understands and is optimizing this opportunity. Turning unemployment into self-employment has become an increasingly important part of active labor market policies (ALMP) in many OECD countries. Grounded in the success highlighted in the presentation “From

unemployment to self-employment: Facilitating transition in the recovery” at the International Conference organized by the Federal Ministry of Labour and Social Affairs (BMAS) in co-operation with the OECD (ELSA and LEED) in 2010, the OECD is assessing senior focused initiatives in this area (Caliendo & Kunn, 2010). In June 2014, it hosted an Experts Forum in Oxford, England, on “The Challenges and Opportunities in the Silver Economy” that covered best practices for promoting and supporting entrepreneurship among senior and older populations.

The United States held its first Senate Hearing on Senior Entrepreneurship in February of 2012. Members of Congress are creating legislation related to seniors being able to utilize their unemployment benefits to support business start-ups. Currently, seniors cannot receive their unemployment benefits unless they can document that they are looking for work (U.S. Senate, 2014). Since it is common knowledge that long-term unemployed seniors are the least likely to ever get a job again, the government is wasting millions of dollars on what constitutes a senior welfare program, when they could be investing those benefits in senior entrepreneurship education and seed capital for senior business start-ups from which the government would receive a significant economic return on that investment.

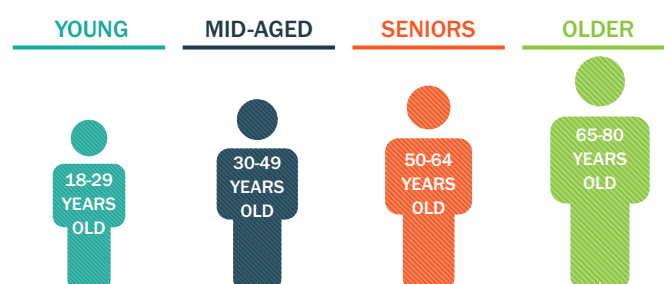
### 1.3 OBJECTIVES AND METHODOLOGY OF THIS REPORT

Since its inception in 1997 by scholars at Babson College and London Business School, the Global Entrepreneurship Monitor (GEM) has developed into one of the world's leading research consortia concerned with improving our understanding of the relationships between entrepreneurship and national development. In the eighteen years since its inception GEM has measured entrepreneurship in over 100 countries, covering all geographic regions and economic levels, and has gained widespread recognition as the most informative and authoritative longitudinal study of entrepreneurship in the world. GEM provides a comprehensive view of entrepreneurship across the globe by measuring the attitudes, aspirations and intentions of a population, and the activities and characteristics of individuals involved in various phases and types of entrepreneurial activity. It allows for comparisons with regard to the level and characteristics of entrepreneurial activity among different economies and helps to guide the formulation of effective and targeted policies aimed at stimulating entrepreneurship (more detailed information on the GEM model and methodology is provided in Appendix B).

This special report offers an account of senior people's involvement in entrepreneurship around the world. Seniors may be involved in a variety of entrepreneurial pursuits, including as entrepreneurs starting and running their own businesses; as entrepreneurial employees; as social entrepreneurs; and as informal investors.

This report analyzes data collected over the period 2009 to 2016 by GEM national teams through the standardized Adult Population Survey (APS), specifically disaggregated by age, in order to contribute to a deeper understanding of the nature, characteristics and dynamics of senior entrepreneurs and enterprise formation, from a global perspective. The GEM Adult Population Surveys over the period 2009 – 2016 measured people's involvement in entrepreneurial activity in 104 countries (listed in Appendix A). The sample comprises 1 540 397 adults aged 18 to 80 years old, across five regions of the world – sub-Saharan Africa (SSA), Middle East and North Africa (MENA), South East Asia (SEA), Latin America and the Caribbean (LAC), and the European culture countries (ECC). Given that the economies surveyed are fairly representative of the world's societies, and that within each society adults were sampled randomly, the findings from the data can be generalized to the world's adults.

In order to enhance our understanding of senior involvement in entrepreneurship, seniors and older individuals are compared to mid-aged and young people. More precisely, the four age categories used in this report are:



Seniors and older people are compared to mid-aged and young people when examining a wide range of issues:

- Individuals' potential for pursuing entrepreneurship, including their occupations, entrepreneurial competencies, and financial resources.
- Individuals' vocational intentions, notably their intention to become entrepreneurs, their motivation (i.e. whether they are pulled by opportunity or pushed by necessity), and the influence of occupations and income.
- Early-stage entrepreneurs – their motives, financing, and expectations for job-growth in their new businesses.
- Gender differences with regard to entrepreneurial intentions, start-ups, and motives for starting entrepreneurial ventures.
- Discontinuation of entrepreneurial ventures, with their reasons for discontinuing, notably seniors' retirement.
- Informal investing, including amounts invested as well as the relationships between the investee and the entrepreneur.
- Entrepreneurial work by employees.
- Social entrepreneurship.
- Well-being of entrepreneurs as well as non-entrepreneurial individuals, with a specific focus on satisfaction with life, job satisfaction, and with the balance between work and private life.

These issues are examined firstly from a global perspective, i.e. in the world as a whole, and secondly from a regional perspective, comparing senior entrepreneurship across five regions of the world – sub-Saharan Africa, Middle East and North Africa, South East Asia, Latin America and the Caribbean, and the European culture countries.

# SENIOR ENTREPRENEURS' STORIES

## ISABELLA MOORE – UNITED KINGDOM

Isabella Moore founded COMTEC Translations ([www.comtectranslations.co.uk](http://www.comtectranslations.co.uk)), a company providing translation, interpreting and localization services to industry, in 1981 having built up the business over a period of 20 years, she sold COMTEC in 2002. “At the time, I felt that my daughter, Sophie, was too young to take over the business and needed to build up her own experience,” she says. Isabella was offered a CEO position in a government quango which supported the learning of languages in schools, and was also tasked with the job of raising awareness of the need of language skills in business. “An opportunity arose in 2007, after a period of decline under the new owners, for my daughter and me to buy back the company,” she explains. “We have subsequently enjoyed substantial year-on-year growth which has resulted in a 70% increase in turnover to just under £2m in the last 5 years.” As part of their longer term strategy, in 2015 they acquired two small translation companies with a combined experience of over 70 years in the translation industry, Accurate Translations and 1<sup>st</sup> Transnational. With these acquisitions, they have successfully expanded into new sectors, introduced new services and broadened their worldwide network of linguists.

**A** strong driving force in Isabella’s decision to become an entrepreneur again was that she missed being able to make decisions and implement them quickly, and she wanted more flexibility to fulfil other ambitions. One of these was completing, two years ago, an MA in 18<sup>th</sup> century Decorative Arts, writing her dissertation on a subject for which she had collected material over 40 years earlier. “I wanted to keep myself active and support my daughter to grow the business while at the same time working with people who had a really positive attitude towards what we were trying to achieve,” she says. “I hadn’t enjoyed my experience working in the public sector as I felt too many constraints. I just wanted to enjoy working again, still feel relevant and to contribute to the success of COMTEC.”

By the time that they bought back the business, technology had moved on considerably, and Isabella acknowledges that she did face obstacles as a senior entrepreneur. “When we first took over the business, if we had not won any new clients, I might have become a little disheartened,” she says. “It’s coming back to my wanting to be relevant. I was concerned that potential clients might think I was too old and out of touch. I am still conscious of the fact that I am often talking to people half my age but it doesn’t bother me so much now. My husband, who is older than I am,





# SENIOR ENTREPRENEURS' STORIES

had already retired and wanted me to be around at home. Typically, I was hearing from him and friends 'At your age, do you really think you can take this on?' So it was very much about perceptions about my place in the world. At networking events I tended to feel invisible but found that, as soon as I said something knowledgeable and credible, this attitude changed. In fact, I often now use my age to my advantage!" she adds.

Health-wise, Isabella does feel herself to be slightly slower, and she sometimes has problems with retaining new information, which annoys her. Although stress has always been a major factor for her, she finds that with age she has learned to cope with this better. Isabella has a busy lifestyle, and juggling other activities with the business – for example project coordinator for a major renovation project of the local 12th century church, membership of their trade association council and helping with grandchildren – does pose a problem at times. "I do tend to become too obsessional and manic, occasionally trying to juggle too many things, which is probably not good for my health," she admits.

Isabella does have concerns about the influence of her entrepreneurial venture on her family life and relationships. "To my surprise I feel just as guilty towards my grandchildren as I did towards my daughter when I was running the business in my thirties!" she says. "There is still always a question hanging over me whether I should be pursuing my love of a challenge or be supporting my daughter more in bringing up her children." Her other concern was working with her daughter. "Often it has put a strain on our relationship, but thankfully not massively," she notes. Her daughter has also benefited from Isabella's experience. "I don't think she appreciated just how difficult it would be running a business and how long it would take for things to even out," Isabella says. "Thankfully I was on hand to assure her that, as soon as we started to reap the benefits, then the years of pain would be forgotten!"

As an older individual, Isabella believes she has a number of skills and qualities that enhance her capacity as an entrepreneur. She acknowledges that her previous experience as an entrepreneur has been particularly useful – having worked for herself at a younger age, she understands the levels of commitment and perseverance required to set up and run a business. She also has in-depth knowledge of how her sector works. "I am applying a lifetime of experience to the business," she says. "Although, for example, technology has moved on considerably, the principles of running a business remain the same. I am better equipped now to think things through and not to panic. I think many people of my age (I am 68 years old) have potentially the experience and knowledge of people to sustain a business." When she puts her mind to something, Isabella still has the ability to immerse herself in a subject – she learned how to use social media and various software packages so that she could work more effectively. Age has also given her the ability

to have a multi-faceted perspective on any problem. "I am working in an area that I feel passionate about, and it's the combination of knowledge and passion that sustains me," she notes.

Isabella feels that society is not supportive enough of seniors being involved in entrepreneurial ventures. "I believe that society still pigeonholes older people. There is a view about people retiring that they do not want to work whereas the reverse is often true," she says. "Older people working for themselves or running a business just don't fit into a box." She believes that insufficient effort is put into raising awareness about the potential benefits to society of people setting up in business at an older age and of how it is possible to earn money from such a venture. As a result, many older people who have had little to do with entrepreneurs perceive running a business as very risky, time-consuming and lacking in security. "Personally, I have also come across men who just don't like the idea of older women in business. Society needs to recognize that, in the future, older people are going to be very much part of the workforce."

With regard to business support, she feels that more attention should be paid to what older people need rather than what it is thought they need. Business advisors should be trained to empathize with older people and, before more formal business support is accessed, deliver the type of relationship-forming advice which boosts confidence. "Older individuals seeking to set up in business should not be treated like novices. Rather, their skills and experience should be respected," Isabella emphasizes. "The support programs designed by business support organizations should reflect the notion that as you get older you are worth more and not less." Older people should have access to people who are in a similar position. Older women, in particular, need the opportunity to speak to older women who are already in business.

With regard to lending facilities, banks and other lenders should change their attitudes to providing loans to older individuals wishing to set up in business. "In my case, I found it very difficult to raise funds for the acquisition of another small business because I was over sixty years old. This was despite the fact that I had banked with the same institution for over forty years, owed no money and was no risk," she says.

What advice would Isabella give to potential senior entrepreneurs? "Just go for it. Don't be down on yourself because you are older – you have the skills that young people do not have so be aware of them and use them. If you have a burning desire to do something – do it. Because if you don't you'll always wonder 'what if'. That is a risk taker's advice! Believe in yourself and make as many connections as you can to help you achieve your goal. Find a good support network of peers, of people who understand you. Do your research and accept all the help you can get."

# SENIOR ENTREPRENEURS' STORIES

## YUJING YANG – CHINA

Yujing Yang, 55 years of age, is the president and CEO of Yu Mian Textile Company in Shandong, China. She is also the director of the Shandong Chamber of Commerce of Women Entrepreneurs as well as the entrepreneurial mentor for the Youth Business International (YBC) in China. Her company was founded in 2002, with the objective of designing, producing and selling home textile accessories with a Chinese element. The company currently has over 30 shops in Yantai with around 100 employees.

One of the main reasons that Yujing became an entrepreneur is that she is an organized person who likes being able to plan ahead. "As an entrepreneur I can control my life and career development based on my capital and resources. I enjoy this lifestyle," she says.

A potential problem for senior entrepreneurs, in Yujing's opinion, is that they can become victims of their own success. "A lot of people label us as successful people because of our past endeavors. However, this label can reduce our motivation for innovation and our willingness to take risks."

Yujing started her first venture in 2002 in the textile industry. In 2014 and 2016, she started her second and third ventures in entrepreneurship service and environment protection industries. "As a serial entrepreneur," she says, "I think I have developed the capacity for risk control and team management, through my past experience. I am also good at involving the start-up team and important clients as business partners, to inspire their enthusiasm for the project." She believes that being a woman as well as a senior entrepreneur is an advantage. "I think female seniors are better positioned to make a success of entrepreneurship due to people seeing us as amiable, reliable and always caring for others," she notes.

She feels that her culture and environment is not particularly supportive of senior entrepreneurship. "As a senior entrepreneur, I don't think we are favored by any initiatives or policies," she adds.

What advice does she have for prospective senior entrepreneurs? "Firstly, seniors must think clearly about which lifestyle they prefer – being an entrepreneur has many advantages, but it requires perseverance and a great deal of hard work. Secondly, potential entrepreneurs must make sure that they understand the risks – both financially and psychologically – before starting up a business."



# SENIOR ENTREPRENEURS' STORIES

## BRANKO ROGLIĆ – CROATIA

Branko Roglić is the sole owner or majority shareholder in more than 20 companies in 19 countries: Croatia, Slovenia, Bosnia and Herzegovina, Bulgaria, Macedonia, Serbia, Kosovo, Albania, Moldova, Germany, Austria, Romania, Hungary, Montenegro, Czech Republic, Slovakia, Poland and Ukraine.

His company, the Orbico Group, is the leading distributor for a large number of quality globally recognized brands ranging from beauty care products through food and non-food products, technical and electrical appliances, to pharmaceuticals, toys, textiles, and cigarettes as well as motor oil products. Such an extensive and diverse portfolio of products demands high organisational flexibility, being open to constant change, and investment in people development and brands.

In 2016 the turnover of the Orbico Group, with more than 5 000 employees, was EUR 1.8 billion. Branco expects a turnover of EUR 2 billion with 5 500 employees in 2017.

Born in Makarska, Croatia in 1943, Branko was raised in Split, graduating in 1969 with a degree in Electrical Engineering from the Faculty of Electronics, University of Zagreb. In 1970 he started work at the Split-based company Iret, where he soon rose to the position of commercial manager. Amidst the political turmoil in former Yugoslavia, he was marked as a nationalist and 'techno-manager' and was downgraded from his managerial position, continuing to work as a clerk.

In 1975 he switched to Croatia-Baterije company where he led the office of the German company Varta for the former Yugoslavia (now Slovenia) and the Bulgarian market, for many years.

His private business ventures began in 1987 when he established SBJ ORBICO AG in Switzerland, with a German partner, operating between Germany, Bulgaria and Yugoslavia. "The turning point for me, came when I founded a distributor company named Orbico d.o.o. in Ljubljana, as one of the first private companies in Yugoslavia. But in 1991, when the country was dissolved, my company was in a foreign country, Slovenia!"

Branko began by establishing companies initially in Croatia, and then in the South East European countries as well as around Europe.

In 2010 he became Honorary General Consul of the Republic of Slovenia Croatia. He has been an active member of the Croatian Association of Employers since it was first established, holding a number of governing roles.

Branco's sons, Josip and Stjepan, are on the Management Board and are actively involved in managing the Orbico Group. They also control financial and commercial matters for the Group.

It's not all work and no play for Branco, who enjoys a full and productive life outside of his business.

"I am passionate about art", he says. Branco is an avid collector of Croatia modern art and has sponsored numerous young painters and sculptors, from their beginnings. "It is my wish to support art in every country where Orbico has a presence", he adds.

In his spare time Branco enjoys fishing, horticulture and cultivating grapes for wine production on the renovated family residence in Župa Biokovska, on the Croatian Adriatic coast.

When asked what challenges he has faced as a senior entrepreneur, he says "My challenges as a senior entrepreneur are no different to entrepreneurs of any age. I am continuously searching for ways to become more efficient, to challenge the competition and to be the partner of choice.

"I don't feel like a senior entrepreneur. I am in a better position now because Orbico has become a large, well-known company with a solid reputation, which makes it a lot easier to open doors. This is something I have built up over many years, so from that perspective, I suppose I have the 'senior' advantage of time on my side."

On the whole, he says that society and culture is unfortunately not particularly age-sensitive, but everyone has their own experience.

What are his top tips for budding senior entrepreneurs? "Maintain your vitality and enthusiasm, and always be on the lookout for fresh ideas," he says. "However, modesty is essential, especially when your business is in its early stages", he warns. "Remember that employees are the most important part of any venture. An organisation's strength lies in the fostering and maintaining of good relationships between management and its employees. It is vital to nurture this from the outset."



# CHAPTER 2

## A GLOBAL PERSPECTIVE ON SENIOR ENTREPRENEURIAL ACTIVITY





## 2.1 INDIVIDUALS' POTENTIAL FOR ENTREPRENEURIAL ACTIVITY

Individuals' potential for becoming entrepreneurs is influenced by a number of factors. Current occupation may influence entrepreneurial potential in that, for example, unemployed and part-time employed individuals may have a greater incentive to engage in entrepreneurial activity than full-time employed individuals. Entrepreneurial potential often depends on access to financial resources – household income can therefore also indicate potential for becoming an entrepreneur. Potential also depends on entrepreneurial competencies – for example, self-efficacious, opportunity-alert and risk-willing individuals have a particularly high potential for becoming entrepreneurs.

**Table 2.1** indicates that, unsurprisingly, the majority (60%) of older individuals, i.e. those aged between 65 – 80 years, are retired. However, almost a third of older individuals (28%) remain actively engaged in the labor market. Seniors are as likely as mid-aged individuals to be self-employed, with just under a fifth of individuals in each of these age groups falling into this occupation category, while 13% of older adults are self-employed (slightly higher than for the young adults). These figures indicate that senior and older individuals remain an integral part of an economy's labor force.

**Table 2.1:** Occupations of adults, by age, GEM 2016

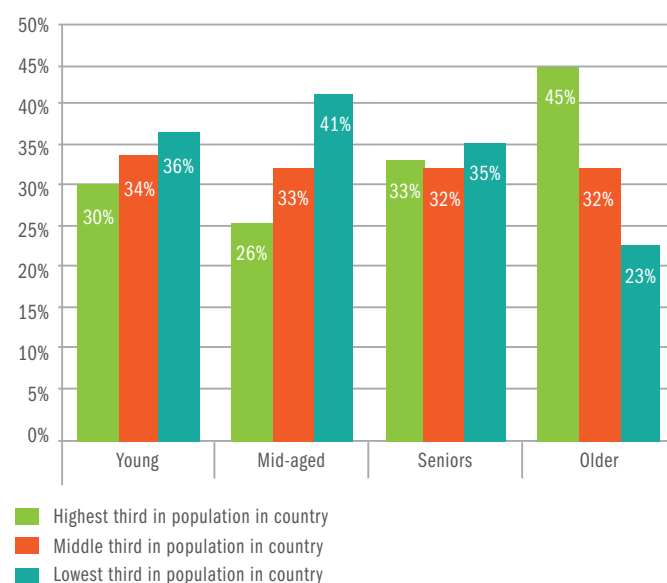
	Young	Mid-aged	Seniors	Older
Retired	0 %*	1 %	16 %	60 %
Self-employed	11 %	18 %	18 %	13 %
Full-time employees	40 %	54 %	39 %	12 %
Part-time employees	12 %	9 %	8 %	5 %
Unemployed	16 %	9 %	7 %	3 %
Students	16 %	1 %	0 %	0 %
Disabled	0 %	1 %	3 %	1 %
Homemakers	5 %	8 %	10 %	6 %
Total	100 %	100 %	100 %	100 %

\* Read as: 0% of adults in the young age group (aged 18 to 29) are currently retired.

Financial resources in terms of household income also indicate potential for becoming an entrepreneur. **Figure 2.1** indicates that individuals aged 50 years and older tend to have the highest household incomes, with a third of seniors and 45% of older adults reporting household incomes in the highest third of the adult population in their respective economies. Older individuals have particularly stable financial resources, with less than a quarter having household incomes in the lowest third of their

country's population. Individuals in these age categories are likely to have fewer financial obligations, such as young families to support and loan repayments, as well as extensive credit histories or assets to serve as collateral in order to secure loans from financial institutions. These individuals, therefore, appear to be well-positioned to finance their own as well as others' entrepreneurial ventures.

**Figure 2.1:** Household income of adults, by age, GEM 2009 – 2016



GEM research has confirmed the importance of individuals' perceptions of their entrepreneurial ability, their recognition of start-up opportunities, how risk-averse they are, and the extent to which their social networks include entrepreneurs as being instrumental in whether or not they become involved in starting new businesses.

Self-efficacy and opportunity-alertness are measured through the following two questions:

- Do you have the knowledge, skills and experience required to start a new venture?
- In the next six months, will there be good opportunities for starting a business in the area where you live?

Risk-willingness is assessed by measuring the percentage of those perceiving entrepreneurial opportunities who indicate that fear of failure would not prevent them from setting up a business. If fear of failure is low, it is expected that individuals will be less inhibited by the risks inherent in doing business. Fear



of failure can be influenced by intrinsic personality traits, as well as by societal norms and regulations. The extent to which individuals' social networks include entrepreneurial role models is assessed through the question: Do you know someone personally who started a business in the past two years?

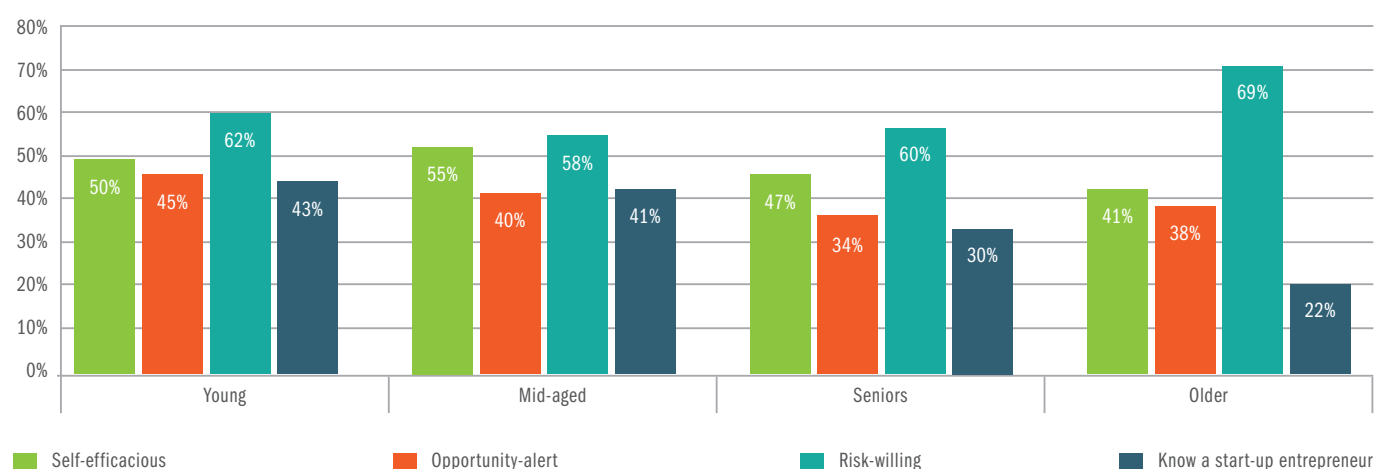
**Figure 2.2** indicates that older individuals have the lowest confidence in their own ability to start and run a business. Social networking and potential role-modelling in the form of knowing a start-up entrepreneur is also less frequent among seniors and, in particular, older people – young and mid-aged individuals are almost twice as likely to have personal

contact with a start-up entrepreneur, compared to older individuals. However, risk-willingness is highest among older people.

## 2.2 ENTREPRENEURIAL INTENTIONS

Potential entrepreneurs see good opportunities for starting a business and believe that they have the necessary skills, knowledge and experience to start a business. However, perceiving a good opportunity and having the skills to pursue it will not necessarily lead to the intent to start a business. Individuals will assess the opportunity costs, and risks and rewards,

**Figure 2.2:** Entrepreneurial competencies of adults, by age, GEM 2009 – 2016



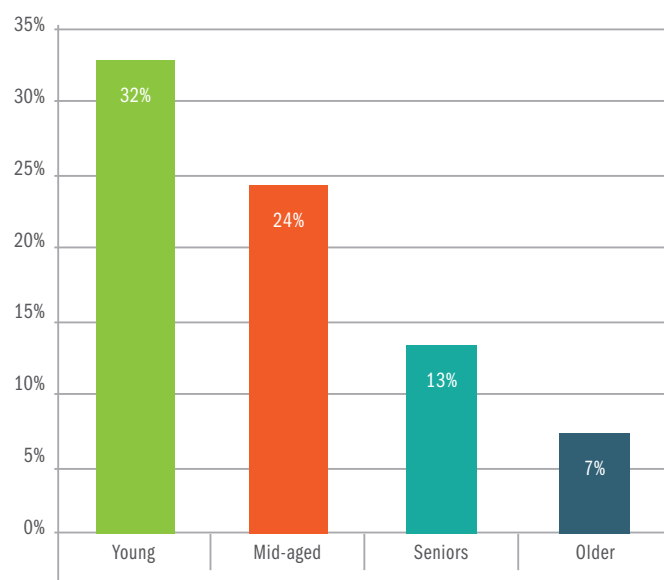
of starting a business. In addition, the environment in which potential, intentional and active entrepreneurs exist needs to be sufficiently enabling and supportive. GEM defines entrepreneurial intention as the percentage of the adult population (individuals already engaged in any stage of entrepreneurial activity excluded) who intend to start a business within the next three years.

**Figure 2.3** indicates that seniors and older individuals show significantly lower levels of entrepreneurial intention than the other two age groups. Approximately a third of young individuals and a quarter of mid-aged respondents expressed entrepreneurial intentions. This may reflect a growing global entrepreneurial culture, where entrepreneurship is increasingly regarded as a positive and viable career choice. There is a sharp decline in entrepreneurial intention from age fifty, with seniors half as likely to express entrepreneurial intentions compared to mid-aged

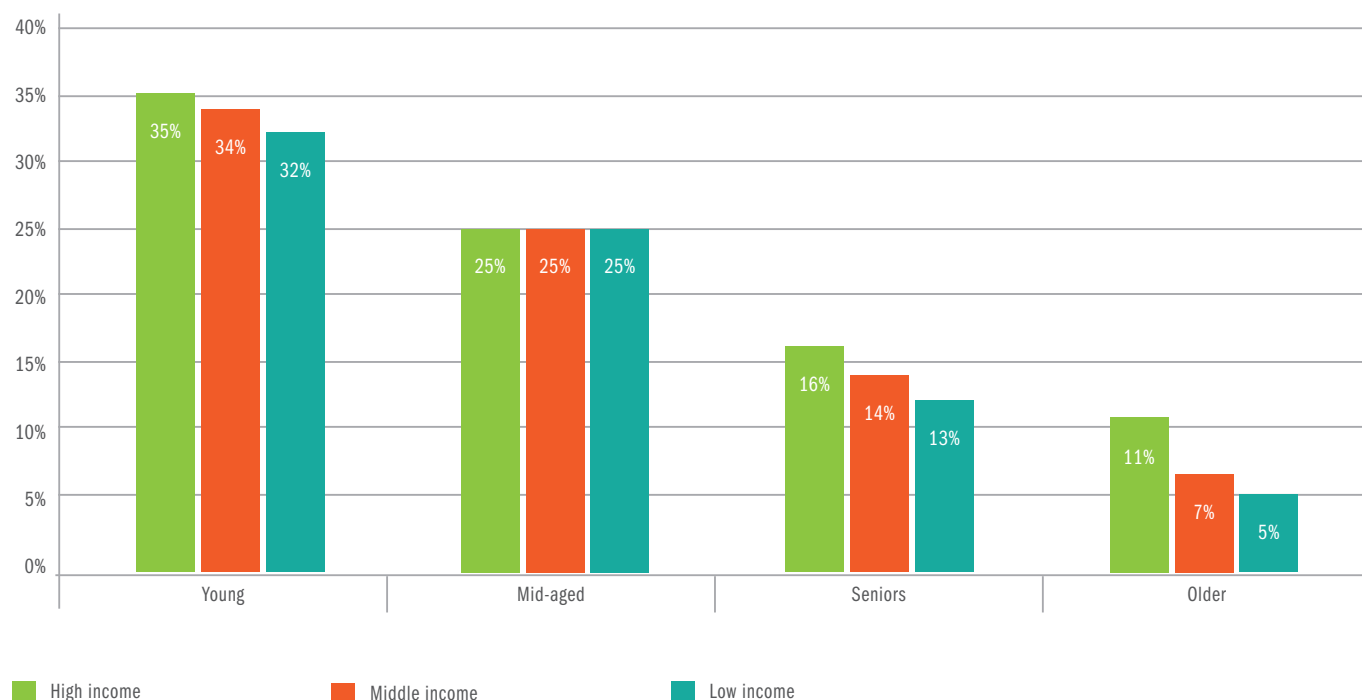
**Figure 2.4** indicates the extent to which entrepreneurial intention is dependent on financial resources in the form of household income. The influence of household income is particularly noticeable among older individuals, with those in the high income bracket twice as likely to express entrepreneurial intentions compared to those in the lowest income category. Among the younger age groups, household income has very little influence on the level of entrepreneurial intention.

individuals and older people half as likely to have entrepreneurial intentions compared to seniors.

**Figure 2.3:** Entrepreneurial intentions (as % of the adult population), by age, GEM 2009 – 2016



**Figure 2.4:** Entrepreneurial intentions (as % of the adult population), by age and household income, GEM 2009 – 2016



**Table 2.2** indicates the influence of occupation on entrepreneurial intention. Among both senior and older people, the three categories that are linked to the highest rates of entrepreneurial intention are unemployment, self-employment and studying. Among older people, the unemployed are the group most likely to express entrepreneurial intentions – at 35%, the same entrepreneurial intention rate as that of unemployed young adults and higher than for both the mid-aged and senior age groups. A fifth of unemployed seniors also intend to start a business in the next three years. Older workers who are made redundant (often to be replaced by younger, cheaper workers) are aware that they are likely to face insufficient prospects on the job market. Such individuals will start a business because it is their best chance of finding employment and overcoming age discrimination in hiring practices. An additional driver for unemployed individuals over fifty is the need to supplement their retirement savings or because their pension is not sufficient to maintain their current standard of living.

**Table 2.2:** Intention of adults to start a business, by age and occupation, GEM 2016

	Young	Mid-aged	Seniors	Older
Retired	0 %	11 %	6 %	2 %
Self-employed	44 %*	33 %	22 %	20 %
Full-time employees	31 %	23 %	14 %	20 %
Part-time employees	31 %	22 %	13 %	11 %
Unemployed	35 %	28 %	19 %	35 %
Students	22 %	27 %	29 %	30 %
Disabled	11 %	10 %	8 %	4 %
Homemakers	26 %	19 %	10 %	7 %

\* Read as: 44% of young adults (aged 18 to 29) who are self-employed express an intention to start a business in the next three years.

Almost a third of senior as well as older individuals who currently engaged in further studies express entrepreneurial intentions -higher than for both young and mid-aged adults. Mature students may well be individuals who enjoy testing their abilities, but had to put personal goals and dreams on hold when younger because of family obligations. They may now have the necessary resources as well as freedom to pursue their passions, re-skill themselves and work on their own terms. The 20% of older full-time employees who express entrepreneurial intentions are likely to be motivated by similar reasons. Now days, 65 is young: many 65-year-olds still have plenty of stamina, the inclination to work and a zest for life and are certainly not ready for retirement.

A fifth of self-employed senior and older individuals also express entrepreneurial intentions. These are entrepreneurial individuals who are likely to be well-positioned to use the expertise, networks and financial resources developed over a lifetime. On the other hand, self-employed individuals cannot rely on the types of pension provisions typical of formal sector jobs, and may well have to remain in the labor market in order to augment their retirement savings.

## 2.3 EARLY-STAGE ENTREPRENEURIAL ACTIVITY

Individuals who express entrepreneurial intentions do not necessarily take the next step of actually starting a business. The central indicator of GEM is the Total Early-stage Entrepreneurial Activity (TEA) rate, which measures the percentage of the adult population that are in the process of starting or who have just started a business. This indicator measures individuals who are participating in either of the two initial phases of the entrepreneurial process:

- Nascent entrepreneurs – those who have committed resources to starting a business, but have not paid salaries or wages for more than three months, and
- New business owners – those who have moved beyond the nascent stage and have paid salaries and wages for more than three months but less than 42 months.

Entrepreneurial activity among the senior/ older population may be reduced by factors that include retirement, poor health, or cultural expectations such as caring for grandchildren. On the other hand, a lack of work options or pensions and a need for income could spur entrepreneurship among the older population, as well as enterprising seniors with experience, resources, and networks that enable them to launch viable businesses.

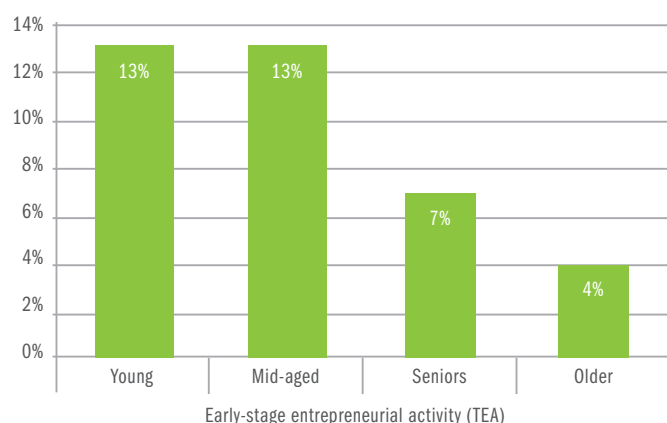




**Figure 2.5** indicates that age has a strong influence on whether an individual will start an entrepreneurial venture. TEA rates for young and mid-aged individuals are similar, at around 13%. As with entrepreneurial intentions, there is a sharp decline in early-stage entrepreneurial activity after the age of fifty. Seniors are only half as likely to be engaged in TEA compared to mid-aged individuals, while older people are around half as likely to be early-stage entrepreneurs, compared to seniors.

GEM asks all entrepreneurs about their motives for starting a business. The entrepreneurs with necessity motives opt for entrepreneurship mostly because they have no other options for work, while entrepreneurs with opportunity motives prefer to pursue an opportunity. In general, we can consider those with necessity motives as being pushed into entrepreneurship, rather than actively taking advantage of a business opportunity or having a job but seeking a better opportunity.

**Figure 2.5:** Early-stage entrepreneurial activity (as % of the adult population in each age category), by age, GEM 2009 – 2016



**Table 2.3:** Reason for starting a business (as % of TEA)\*, by age, GEM 2009 – 2016

	Young	Mid-age	Seniors	Older
Opportunity motivation (as % of TEA)	61 %**	59 %	54 %	58 %
Necessity motivation (as % of TEA)	36 %	38 %	42 %	34 %
Ratio of opportunity to necessity motivation	1.67	1.5	1.3	1.7

\* The percentages of necessity and opportunity motives do not always add up to 100% because some respondents have other motives.

\*\* Read as: 61% of entrepreneurs in the young adult age group (18 – 29 years) who were in the process of starting a business were opportunity-motivated.

**Table 2.3** shows the relative prevalence of opportunity-motivated versus necessity-motivated entrepreneurial activity. Older individuals are, like the young age cohort, more frequently pulled into entrepreneurship by opportunity than pushed by necessity – a positive finding. Seniors, on the other hand, have the lowest ratio of opportunity to necessity entrepreneurship. This could be as a result of people in this age group being retrenched, and being forced to find a way to supplement their incomes rather than drawing, too early, on their retirement savings.

## 2.4 ENTREPRENEURIAL EMPLOYEE ACTIVITY (EEA)

Employees may engage in entrepreneurial work, in their work-place, for their employer. Entrepreneurial Employee Activity (EEA) includes the development of new activities for an individual's main employer, such as developing or launching new goods or services, or setting up a new business unit, a new establishment or subsidiary. Employees may not only be active, e.g. by supporting entrepreneurial efforts, but may even be engaged in leading entrepreneurial endeavors.



Among the older adults, only 1.6% are employees who are active in entrepreneurial endeavors, and only 0.7% are employees who lead entrepreneurial endeavors (Table 2.4), considerably lower than the rates for the other age groups. This low rate among older adults is, of course, mainly because few of the older adults are employees. Among the older employees, 13% are active in and 6% are leading entrepreneurial efforts. These rates are only a little lower than the rates among mid-aged and senior employees. Older employees, in fact, report similar EEA rates as young employees, and are more likely to lead entrepreneurial activities, compared to young employees.

**Table 2.4:** Entrepreneurial employee activity, by age, GEM 2011 – 2016

	Young	Mid-aged	Seniors	Older
Entrepreneurially active employees, among total adult population	4 %*	6 %	4 %	1.6 %
Entrepreneurially active employees, among employees in the adult population	14 %**	16 %	15 %	13 %
Entrepreneurially leading employees, among total adult population	1.5 %	3 %	2 %	0.7 %
Entrepreneurially leading employees, among employees in the adult population	5 %	7 %	6 %	6 %

\* Read as: 4% of young adults (considered as the total number of young adults in the population) are entrepreneurially active employees.

\*\* Read as: 14% of young adults who are employees are entrepreneurially active within their workplaces.

## 2.5 SOCIAL ENTREPRENEURS

Some people are social entrepreneurs, defined as individuals who are starting or currently leading any kind of activity, organization or initiative that has a particularly social, environmental or community objective.

Among the older adults, 8% are social entrepreneurs (Figure 2.6), which is slightly higher than for the other three age groups. This suggests that people may retire from jobs as employees or as self-employed, but may continue to pursue social entrepreneurship. This is an interesting finding, as social entrepreneurship is often associated with young change-makers who are idealistic in nature. These organizations or initiatives might include providing services or training to socially deprived or disabled persons, activities aimed at reducing pollution or food-waste, organizing self-help groups for community action, etc.

## 2.6 DISCONTINUING AS AN ENTREPRENEUR

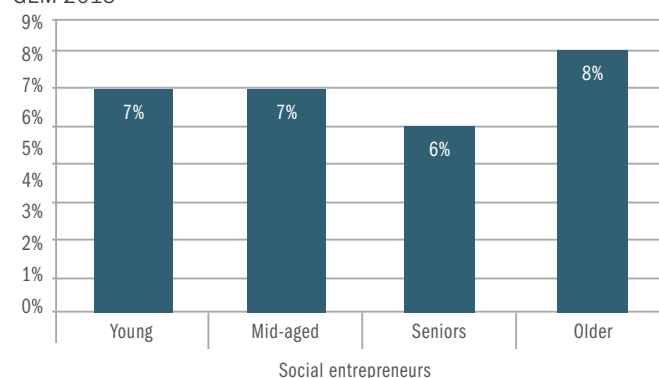
The entrepreneurial discontinuance rate captures the percentage of the adult population (who are either a nascent entrepreneur or owner-manager of a new business) who have, in the past 12 months, discontinued as entrepreneur, either by selling, shutting down, or otherwise discontinuing an owner/management relationship with the business. Among older adults, 3% have recently stopped as entrepreneurs (Table 2.5). This rate is lower than the rate for younger adults, but in order to make a valid comparison, the entrepreneur discontinuance rate should be compared to the pool of entrepreneurs who are operating a business and are therefore in a position to exit a business. Discontinuation in the job as an entrepreneur is thus gauged by the ratio of discontinuing entrepreneurs to operating entrepreneurs in each age group. The ratios in Table 2.5 indicate that stopping as an entrepreneur is most prevalent among young and older entrepreneurs. Among senior entrepreneurs, there are five operating entrepreneurs for every discontinued entrepreneur, while in the older age group there are only three operating entrepreneurs for every discontinued entrepreneur.

**Table 2.5:** Discontinuing entrepreneurs (percentage of adults within the age group), operating (early-stage and established) entrepreneurs (percentage of adults in the age group) and their ratio, GEM 2009 – 2016

	Young	Mid-aged	Seniors	Older
Discontinuing entrepreneurs	5 %*	5 %	4 %	3 %
Operating entrepreneurs	16 %	23 %	18 %	10 %
Ratio of discontinuing to operating entrepreneurs	0.3	0.2	0.2	0.3

\* Read as: 5% of young persons (aged 18 to 29) have discontinued a business in past year.

**Figure 2.6:** Social entrepreneurship among adults, by age, GEM 2015



**Table 2.6:** Main reason for business discontinuance as entrepreneur, by age, GEM 2009 – 2016

	Young	Mid-aged	Seniors	Older
An opportunity to sell the business	5 %*	5 %	4 %	5 %
The business was not profitable	32 %	35 %	33 %	21 %
Problems getting finance	17 %	18 %	14 %	8 %
Another job or business opportunity	11 %	9 %	5 %	4 %
The exit was planned in advance	4 %	3 %	3 %	4 %
Retirement	0.6 %	0.8 %	11 %	29 %
Family or personal reasons	22 %	20 %	19 %	19 %
An incident	4 %	4 %	5 %	4 %
Government/tax policy/ bureaucracy	3 %	4 %	5 %	6 %

\* Read as: 5% of young discontinued entrepreneurs (aged 18 to 29) cite an opportunity to sell as their reason for entrepreneurial exit.

The reasons for entrepreneurial discontinuance are many and varied. Some reasons could be seen as positive, such as the opportunity to sell, pursuing another opportunity or planned retirement. On the other hand, exits may be due to lack of business profitability, problems with accessing finance and running out of working capital. **Table 2.6** summarizes the reasons for entrepreneurial exit across the age categories.

Among older people, retirement is the most frequent reason for stopping, accounting for nearly a third of all business exits. Older entrepreneurs are far less likely to discontinue as entrepreneur because of problems

with profitability and accessing finance, compared to all the other age groups. This may well be linked to the fact that older adults report the highest household incomes (**Figure 2.1**), and are therefore likely to be well-positioned to finance their own entrepreneurial ventures. Seniors and older entrepreneurs are only half as likely, compared to young and mid-aged adults, to exit their businesses to pursue another job or business opportunity.

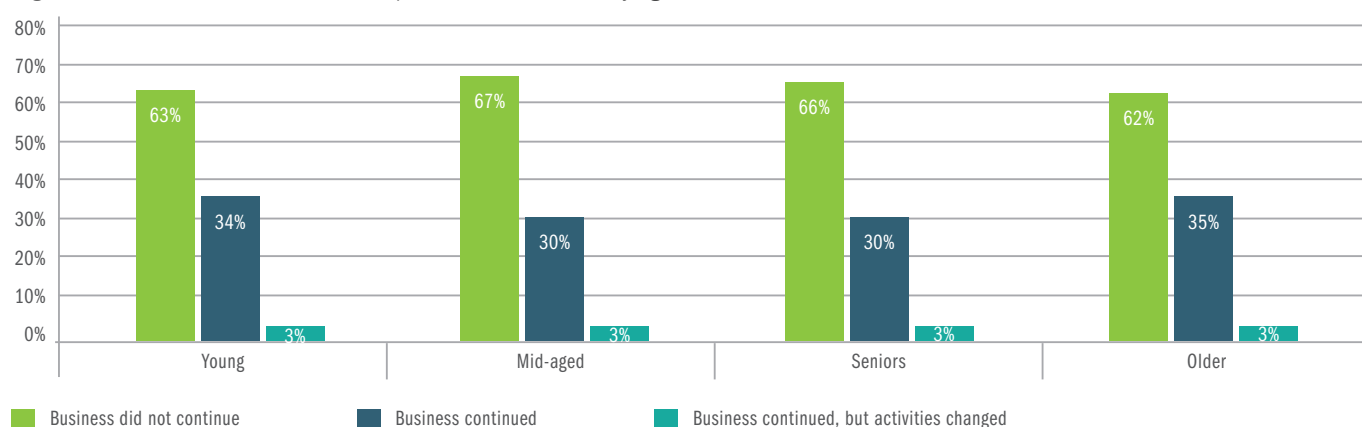
The entrepreneur may stop in the job, but the business may continue.

**Figure 2.7** indicates that when older entrepreneurs stop, the business typically continues more frequently than when senior and mid-aged entrepreneurs stop. Young adults exhibit the same pattern as for older people.

## 2.7 THE INFLUENCE OF GENDER ON SENIOR ENTREPRENEURSHIP

Among seniors and older people, intention to start a business as well as actually starting a business are lower than among younger people, as documented earlier. This section will explore the extent to which gender has an influence on whether senior and older individuals are entrepreneurially inclined. Many studies maintain that women face greater difficulties in becoming entrepreneurial. These obstacles include: higher levels of domestic responsibility; lower levels of education (particularly in developing countries); lack of female role models in the business sector; fewer business-orientated networks in their communities; lack of capital and assets; lower status in society and a culturally-induced lack of assertiveness and confidence in their ability to succeed in business. These factors may prevent women from perceiving as well as acting on entrepreneurial opportunities.

Previous GEM reports have shown that although the ratio of male to female participation in early-stage entrepreneurial activity varies

**Figure 2.7:** Fate of business when entrepreneur discontinues, by age, GEM 2009 – 2016

considerably across the total sample of GEM countries, reflecting differences in culture and customs regarding female participation in the economy, a consistent finding is that men are more likely to be involved in entrepreneurial activity. A similar pattern is seen in **Tables 2.7 and 2.8**. Irrespective of age category, men are more likely to express entrepreneurial intentions, as well as to start a business, compared to their female counterparts.

**Table 2.7** indicates that in terms of entrepreneurial intentions, gender parity is most positive among young adults – in this age group, eight women expressed entrepreneurial intentions for every ten males. Entrepreneurial intentions are lowest among senior women, with fewer than seven women expressing the intention to start a business for every ten men in this age group. Women in this age group may well still have relatively high levels of domestic responsibility, which could have a constraining effect on their willingness to risk entrepreneurial ventures.

In line with their lower entrepreneurial intentions, women report lower participation in early-stage entrepreneurial activity compared to their male counterparts (**Table 2.8**). For both men and women, TEA rates show no change when comparing young and mid-aged adults. From age fifty, there is a sharp decline in TEA activity for both genders. Older people report the widest gender gap in terms of early-stage entrepreneurial activity, with only six women engaged in TEA for every ten male entrepreneurs in this age group.

Most entrepreneurs are pulled by opportunity rather than pushed by necessity, as documented earlier. The same pattern is seen when disaggregating the data according to gender (**Table 2.9**). Across all the age groups, however, men are more likely to be motivated by opportunity, compared to their female counterparts. Senior women show the highest relative prevalence of necessity motivation – women entrepreneurs in this age group are only 1.1 times more likely to be motivated by opportunity rather than being forced into necessity-entrepreneurship because of lack of other options for sustainable livelihoods. Older men report the highest relative prevalence of opportunity motivation – male entrepreneurs in this age cohort are twice as likely to be pursuing an opportunity rather than necessity-driven.

## 2.8 ENTREPRENEURIAL FINANCE

Securing sufficient funding is an important resource for every business, especially for start-ups and for growing firms. Entrepreneurs may start with some savings of their own, but may also receive money, including loans and ownership investments, from others, as elicited by asking

**Table 2.7:** Entrepreneurial intentions among adults, by age and by gender, GEM 2009 – 2016

	Young	Mid-aged	Seniors	Older
Women intending to start a business	28 %*	21 %	11 %	6 %
Men intending to start a business	34 %	27 %	16 %	8 %
Ratio: women to men	0.82	0.77	0.68	0.75

\* Read as: 28% of young women (between the ages of 18 and 29) express an intention to start a business in the next three years.

**Table 2.8:** Early-stage entrepreneurial activity among adults, by age and gender, GEM 2009 – 2016

	Young	Mid-aged	Seniors	Older
TEA (women)	11 %*	11 %	6 %	3 %
TEA (men)	15 %	16 %	9 %	5 %
Ratio: women to men	0.73	0.69	0.67	0.60

\* Read as: 11% of young women (between the ages of 18 and 29) are engaged in early-stage entrepreneurial activity.

**Table 2.9:** Reason for starting a business\*, by age and gender, GEM 2009 – 2016

		Young	Mid-aged	Seniors	Older
Women	Opportunity motivation (as % of TEA)	58 %**	56 %	48 %	50 %
	Necessity motivation (as % of TEA)	41 %	43 %	43 %	37 %
	Ratio: opportunity to necessity	1.4	1.3	1.1	1.4
Men	Opportunity motivation (as % of TEA)	64 %	60 %	56 %	60 %
	Necessity motivation (as % of TEA)	35 %	34 %	38 %	30 %
	Ratio: opportunity to necessity	1.8	1.7	1.5	2.0

\* The percentages of necessity and opportunity motives do not always add up to 100% because some respondents answer 'don't know', 'both' or 'refuse'.

\*\* Read as: 58% of young women (between the ages of 18 and 29) engaged in early-stage entrepreneurship are motivated by opportunity.



the entrepreneurs, “Have you received or do you expect to receive money – loans or ownership investments – from any of the following to start this business?” The multiple sources of entrepreneurial finance are listed in **Table 2.10**.

The sources of financing for entrepreneurial ventures are very similar across all the age categories, with family members and banks/ other financial institutions being the primary sources of finance, irrespective of age of the entrepreneur. Unsurprisingly, young adults are most likely to rely on family as a source of financing, with almost half the early-stage entrepreneurs in this age group relying on family members to fund their ventures. However, around a third of entrepreneurs in the three older age groups also use family resources to start their businesses. Given that technological awareness is often seen as a constraint for the older generations, it is encouraging to note that both seniors and older individuals are as likely to use online crowdfunding as are young and mid-aged entrepreneurs.

Entrepreneurs were asked to indicate how much money, in total, they required to start their businesses. The median initial funding requirements varied considerably, with some entrepreneurs needing a great deal of financing, far above the median needed by entrepreneurs in their country. Other entrepreneurs needed no or very little financing, far below the median initial funding requirements of their peers.

Among the senior entrepreneurs, 54% need more financing than the median, with similar figures of just over a half for mid-aged and older entrepreneurs (**Table 2.11**). The average amount of money required to start a business is lowest among young entrepreneurs, with only 46% needing more than the median funding requirement. However, these lower start-up costs are probably a reflection of the type of ventures started by younger entrepreneurs. Many of these entrepreneurs are likely to be in the retail/ wholesale sector, where barriers to entry, in terms of both skills and capital required, are low.

The extent to which entrepreneurs rely on their personal savings to fund their entrepreneurial ventures is elicited through the question, “How much of your own money, in total, do you expect to provide to this new business?” **Table 2.11** indicates that just over half of mid-aged, senior and older entrepreneurs provide more than the median amount of funding from their personal savings, whereas young entrepreneurs tend to provide less own financing (44%). Many young entrepreneurs are relatively new to the labor force and have had less time to build up resources – they therefore tend to be more reliant on funding from family, (as indicated in **Table 2.10**). Some entrepreneurs provide own financing that is a high proportion of needed financing, while other entrepreneurs provide own financing that is only a small proportion of needed financing. Senior and older entrepreneurs typically provide

around two-thirds of total financing from their personal funds, while young entrepreneurs tend to provide the lowest proportion.

**Table 2.10:** Sources of financing for early-stage entrepreneurs, by age, GEM 2015

	Young	Mid-aged	Seniors	Older
Family members	46 %*	36 %	30 %	35 %
Friends or neighbors	15 %	11 %	8 %	9 %
Employer or work colleagues	10 %	8 %	6 %	6 %
Banks or other financial institutions	31 %	34 %	30 %	28 %
Private investors or venture capital	11 %	10 %	9 %	11 %
Government programs, donations or grants	17 %	16 %	15 %	18 %
Online crowdfunding	6 %	4 %	5 %	5 %

\* Read as: 46% of young entrepreneurs (between the ages of 18 to 29) obtain financing for their ventures from family members.

**Table 2.11:** Financing requirements of early-stage entrepreneurs, by age, GEM 2009 – 2015

	Young	Mid-aged	Seniors	Older
Need for financing above the median of all needed financing	46 %*	51 %	54 %	52 %
Need for financing below the median of all needed financing	54 %	49 %	46 %	48 %
Own financing above the median of all own financing	44 %**	52 %	54 %	54 %
Own financing below the median of all own financing	56 %	48 %	46 %	46 %
Own financing, as proportion of total financing needed	0.62	0.65	0.66	0.67

\* Read as: 46% of young early-stage entrepreneurs (aged 18 – 29 years) require a total amount of money to start their business that is higher than the median amount needed by entrepreneurs for business start-up.

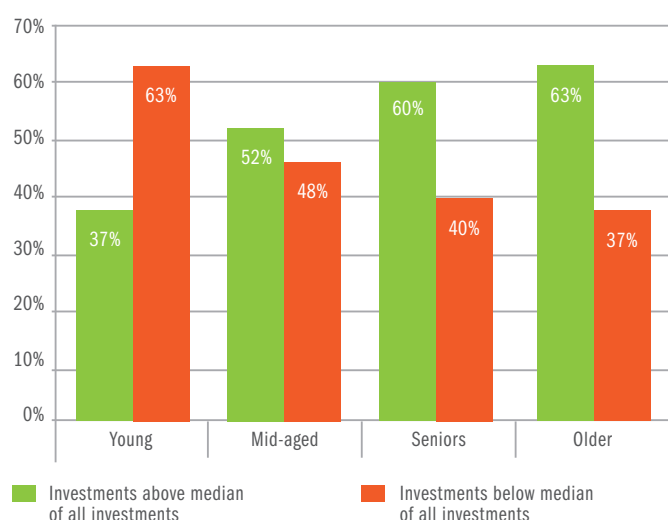
\*\* Read as: 44% of young early-stage entrepreneurs (aged 18 – 29 years) provide an amount of money from their personal savings that is higher than the median amount provided from own funds by entrepreneurs for business start-up.

**Table 2.12:** Informal investors among adults, by age, GEM 2009 – 2016

	Young	Mid-aged	Seniors	Older
Informal investors	5 %*	6 %	5 %	5 %

\* Read as: among the population of young adults (those aged 18 – 29 years), 5% act as informal investors in entrepreneurial ventures.

**Figure 2.8:** Amount of money invested by informal investors, by age, GEM 2009 – 2016



**Table 2.13:** Relationship of informal investor to entrepreneur, by age, GEM 2009 – 2016

	Young	Mid-aged	Seniors	Older
Close family member	41 %*	45 %	55 %	56 %
Some other relative	12 %	12 %	10 %	11 %
A work colleague	6 %	7 %	5 %	4 %
A friend or neighbor	35 %	29 %	22 %	18 %
A stranger with a good business idea	4 %	5 %	6 %	8 %
Other relationship to entrepreneur	2 %	2 %	2 %	3 %

\* Read as: Among young informal investors (those aged 18 – 29 years), 41% invest in entrepreneurial ventures run by close family members.

The impact of informal investment on entrepreneurship is considerable. Entrepreneurs often use informal funding because they cannot secure formal investment through venture capital or other outside funding. Some people are business angels who invest in new businesses that are being started by family members, friends, colleagues or others. The percentage of the adult population acting as an informal investor for entrepreneurial ventures is shown in Table 2.12. Senior and older people report a similar frequency of informal investment compared to young adults, while mid-aged adults are slightly more likely to act as business angels, compared to the other age groups.

Some business angels invest large amounts of money, far above the median of all investors in the country. Senior and older people who act as informal investors tend to invest considerably more money compared to younger adults. Figure 2.8 shows that of the older business angels, almost two-thirds (63%) invest more than the median of all investments. The opposite tendency prevails among young investors, with the majority investing less than the median.

Business angels may provide funding to a broad range of recipients – including family, friends, work colleagues and strangers – as indicated in Table 2.13. A close personal relationship between investor and recipient is an important criterion for senior and older investors, with more than half of informal investors in these age groups supporting close family members. Less than half of mid-aged or young business angels invest in family members. Although friends or neighbors is the second most frequent category of recipients for investors across all the age groups, senior and older investors fund these entrepreneurs less often than younger investors do – indeed, young investors are twice as likely to fund friends or neighbors than are older business angels. On the other hand, older business angels are twice as likely to fund a stranger with a good idea, than are young investors.

## 2.9 IMPACT ON JOB CREATION

A key focus for most countries is to facilitate growth that is sustainable and inclusive in order to generate widespread employment and to reduce poverty. The potential of the SME sector to create job opportunities is thus a crucial factor. The performance of early-stage enterprises in terms of actual job creation is measured by asking the entrepreneurs how many people (excluding the owner/s) are currently working for the business (Figure 2.9).

The majority of early-stage enterprises (over 90%) across the age categories provide employment for fewer than 5 people. Young entrepreneurs are, on average, slightly more likely to be running non-employer businesses (i.e. providing employment for no people other than the owner), while older entrepreneurs are slightly more likely to employ 5+ people.

Entrepreneurs have growth expectations for their businesses, and tend to be optimistic about expansion. GEM asks early-stage entrepreneurs how many employees (other than the owners) they currently have and how many they expect to have in the next five years. The difference between current and expected employees indicates growth expectations. It is important to note that the expressed growth potential has, as yet, not been tested – however, businesses that do not aspire to grow are significantly less likely to do so successfully.

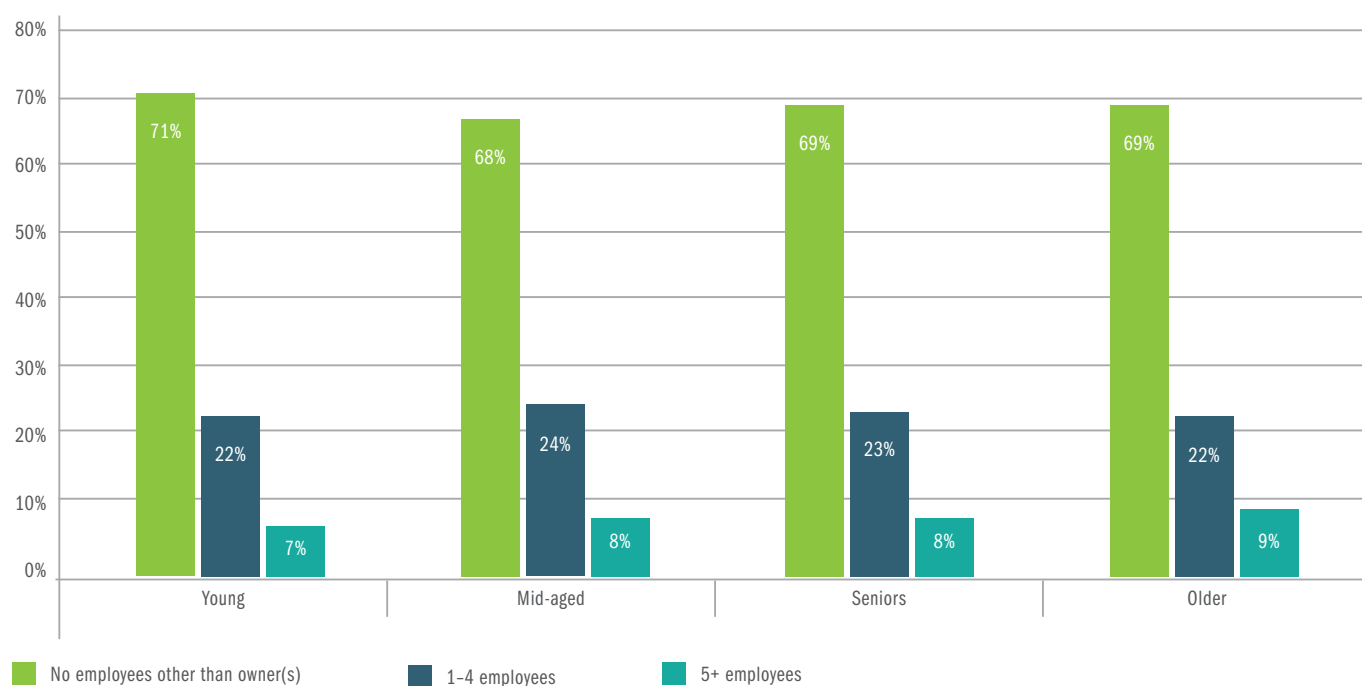
**Table 2.14** shows that senior and older entrepreneurs tend to be more conservative in their growth expectations. This is particularly the case for businesses currently employing 1 – 4 additional people, where only half of the senior and older entrepreneurs expect to expand within the next five years. Not surprisingly, more of the older entrepreneurs are expecting their early-stage businesses to contract during the next five years, compared to the other age groups.

**Table 2.14:** Expectation for change of size of early-stage business, by age of entrepreneur and current size of business, GEM 2009 – 2016

	Young			Mid-aged			Seniors			Older		
	0 now	1-4 now	5+ now	0 now	1-4 now	5+ now	0 now	1-4 now	5+ now	0 now	1-4 now	5+ now
Expansion	79%*	64%	68%	76%	60%	67%	72%	50%	63%	74%	50%	65%
Stability	21%	30%	20%	24%	33%	24%	28%	40%	27%	26%	36%	19%
Contraction	0%	6%	12%	0%	6%	9%	0%	9%	10%	0%	14%	15%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

\* Read as: 79% of businesses run by young adults (aged between 18 and 29 years) which currently have no additional employees (i.e. other than the owner/s) expect to employ more people within the next five years.

**Figure 2.9:** Number of people currently employed by early-stage businesses, by age of entrepreneur, GEM 2009 – 2016





## 2.10 ELDERLY WORKING PEOPLE'S WELL-BEING

Working people experience a greater or lesser degree of well-being in the form of satisfaction with their life, with their job, and with the balance between their job and private life.

Elderly working people (here defined as those aged 50-80 years) differ in terms of their level of satisfaction, depending on their job. We compare three kinds of entrepreneurs and two kinds of non-entrepreneurial workers, namely routinely working full-time and part-time employees (Table 2.15). Level of satisfaction is measured on a standardized scale:

high positive numbers for high satisfaction, negative numbers for relative dissatisfaction, and 0 representing the average level of satisfaction among the elderly across the five vocational categories.

Table 2.15 indicates that satisfaction varies among the elderly depending on their vocation. Elderly entrepreneurs across all three phases of entrepreneurial activity report substantially higher levels of satisfaction with both their life and their job, compared to elderly routine employees. Early-stage entrepreneurs and part-time routine employees are most satisfied with the balance between their jobs and their private lives.

**Table 2.15:** Satisfaction of elderly people (age 50-80 years) with life, with job, and with balance between work and family, by vocation, GEM 2013 – 2015

	Early-stage entrepreneurs	Established entrepreneurs	Entrepreneurial employees	Routine employees full-time	Routine employees part-time
Satisfaction with life	0.00*	0.05	0.08	-0.11	-0.18
Satisfaction with job	0.11	0.09	-0.09	-0.23	-0.24
Satisfaction with balance	0.06	-0.02	-0.01	-0.05	0.08

\* Read as: elderly early-stage entrepreneurs express an average level of satisfaction with their lives.



# SENIOR ENTREPRENEURS' STORIES

## PAUL KNUTRUD – UNITED STATES

When Paul Knutrud graduated from Babson in 1983 with a Bachelor's degree, he went to work for his father's company. IVS (Interactive Video Systems) was an offshoot of a collaboration with MIT Lincoln Laboratory that made image-processing equipment for infrared cameras and was later used in the quality control processes of semi-conductor manufacturing. Paul didn't think of himself as an entrepreneur, however – it would take 25 years for his career to take that turn.

**A**t IVS, Paul started out as a sales engineer, moved to being a software engineer, and then joined the marketing group. By the time he had finished moving through these positions, there was little about designing, building, and marketing their products that Paul didn't know.

In 1997, IVS was purchased by the oil-drilling equipment manufacturer, Schlumberger, which was building a sizeable portfolio of technical companies, many of which had no direct relation to the oil industry. Within a few years it became apparent that this strategy wasn't working for Schlumberger and they spun-off IVS as a management buyout called Soluris. Soluris was then bought by Nanometrics, a much larger company in the semi-conductor industry. In 2008, at the age of 47, Paul was laid off from the company his father had founded. 2008 was not a good time in general to be looking for a job during what would be called "the great recession." Paul, with a deep but narrow background, was not in a strong position to find a new position. "I was the only person who would hire me," Paul says. So that is pretty much what he did.

Paul and his sales manager partner started a company called Inspectrology, providing service and used equipment sales to their existing base of customers. "From January to October 2008, we lived off our severance packages until the company was stable enough for us to begin to pay ourselves salaries," Paul says. In hindsight, he feels it was easy. "We knew the customers and they trusted us. We were not starting with new customers or even new products."

At the time of starting Inspectrology, Paul offered to buy the IVS products from Nanometrics, but was rebuffed. In September of 2012, Nanometrics accepted the offer. The acquisition of those products, along with a commitment to start an engineering program at Inspectrology, led to a new generation of products that hit the market in 2015.

Since founding Inspectrology in 2008, Paul and his partner have added another partner who runs the hardware engineering group, and branch



offices in Singapore and Europe. With growth running at between 20% and 40% every year since its founding, Paul feels the future is bright for his now 15 person company. For example, testing systems for semi-conductor chips that will be used in self-driving cars is now one of their growth segments. A key element of their strategy was to promote organic growth so that no venture capital was needed.

Like many entrepreneurs who started their businesses later in their careers, Paul feels that starting late was a key to his success. "I had a strong network; I knew the products; I had strong relationships with customers; I could support myself during the start-up." Those strengths contributed to a fast start for Inspectrology and the creation of a debt-free, secure business well positioned for future successes.

# SENIOR ENTREPRENEURS' STORIES

## EVELYNE SCHIMMEL AND CARLOS SPILLER – URUGUAY

LAR is a residential centre for adults which opened in 2009. The project was developed by engineers Evelyne Schimmel (Faculty of Engineering at UDELAR and MBA at Montevideo University) and Carlos Spiller (Faculty of Engineering at UDELAR and AMP (Advanced Management Program) at Montevideo University). "The idea for the centre arose when we looked for a service of this type for a relative and found that there was nothing suitable in the local market," says Evelyne.

**“W**e wanted LAR to be designed and to operate in line with internationally recognized architectural and management models, in order to improve the quality of life of the residents,” says Carlos. To achieve this, they entered into an agreement with Ballesol, an international company specializing in residential centres for older adults. The design of the business plan was supported by European professionals, and from the early stages of the project Evelyne and Carlos integrated a professional directory of local business experts.

LAR consists of a building of 5,200 square meters built on a land of 3,500 square meters, and has a staff of 145. It differentiates itself from the services offered by traditional local nursing homes in terms of its professional level of care, the great variety of physical and recreational activities that are available, an excellent diet, and the regular training that is offered to the personnel to ensure that the residents receive the best attention possible. "We are proud of the architectural design," adds Evelyne. "The residential centre optimizes natural light, has many rooms for the different activities, and a green area of 1,400 square meters." In this way, LAR lives up to its logo: "HONRAMOS la VIDA" (We honor life).

A second residential centre is currently under development and in the next five years, three more residential centres are planned, located in Montevideo and other cities in Uruguay.

The academic background and previous business experience of both Evelyne and Carlos were fundamental factors contributing to project's success. These elements, together with a business plan carried out, down to the smallest details, were what made it possible for them to obtain the necessary financial resources to be obtained. "The financing of the project was one of the most difficult problems we faced," recalls Carlos. "That stage was long and required a lot of tenacity and dedication."

When Evelyne and Carlos started their project, there were no initiatives in Uruguay to support older entrepreneurs in this kind of endeavour.



Today there is an established network of senior entrepreneurs – which Carlos belongs to as a mentor – providing support to entrepreneurs over the age of 50.

# SENIOR ENTREPRENEURS' STORIES

## YUSOF MOHAMAD – MALAYSIA

Yusof Mohamad (72), is currently involved in trading businesses through his company Prima Alam Technologies Sdn Bhd. He holds an LL.B (Hons) from the University of London as well as the Certificate of Legal Practice (CLP) and Masters in Comparative Law (MCL). His experience in the private sector spans across the insurance sector, multinational trading firms, legal practice, construction and aquaculture. His involvement in the ICT business began as a value-added reseller.

“**M**y generation completed high school before the nation completed its first 5-year plan,” he recalls. “The nation was still young (after its independence) and the British were around to help our political leaders to take over the full responsibility of running the country. Basically, there was no career planning – especially for the Malays who were not in government service. The word entrepreneurship was unheard of then.”

“The Malays waited for government jobs. So did I,” he adds. His service in the government sector started in 1963. By the third 5-year plan, there was a policy in place to encourage Malays to go into the private sector, and he joined the corporate sector in 1980. With the implementation of the National Economic Policy (NEP), Malays were encouraged to create a “commercial community”, so he left the corporate sector and joined the business sector, just after a very bad economic recession. The recession was prolonged because the government had no experience in managing such an economic crisis. The Malays’ commercial community could not grow under such a financial crisis so every Malay businessman looked for government tenders. “Although I started my working life in the government service,” he notes, “I was lucky enough to be given a choice when I qualified for a corporate position. Later, there were opportunities for Malays to enter business, which kick-started my career as an entrepreneur. I initially went into the construction business, but over the next three decades I ventured into various industries including trading, ICT, software development, food processing, microfilming, supplies and services.”

When Yusof started out as an entrepreneur, there were no MBA courses in local universities. Many business people went to the Asian Institute of Management (AIM), Manila, while the Malaysian Institute of Management (MIM) offered Diploma in Management courses. Very few people could afford to go overseas for post-graduate courses. The First Malay Congress was held in 1965, resulting in the establishment of the first government





# SENIOR ENTREPRENEURS' STORIES

bank, BBMB. "Banks would only give loans to contractors with government jobs in hand, and life was hard for those of us who were unable to obtain government tenders," he notes. "The words 'sustainable approach to business' had not yet been heard in those years."

The economic opportunities were increased when new statutory bodies were formed, but the eco-system remained unchanged. Several new systems were experimented with, such as giving contracts to Malay Chambers of Commerce to distribute to their members. The Malay Contractors Consortium was also formed to distribute jobs to its members. However, none of these initiatives worked out. "Most senior entrepreneurs went through such difficult circumstances," says Yusof. "Some profits were made during normal economic conditions, but many entrepreneurs went bankrupt when the financial crisis came without warning."

Yusof feels that the political climate in the country has a strong influence on business, in that transgressions against democratic rights are not heard and acknowledged. "The government sector is unable to be really professional," he notes. The records collected by Transparency International and the Annual Reports of the Auditor General make the information on unfavorable circumstances available to entrepreneurs. "This may be a period in our national history which cannot be avoided before we undergo the reforms/transformation which is necessary," he adds.

He believes that he is certainly in a strong position, as an older person, to make a success of entrepreneurship. The knowledge and skills learnt through hard knocks can be passed on to members of his team. Experience can help in the process of documentation especially in site meetings, record keeping, project management and litigation/arbitration. "It was a real advantage to start our careers immediately after independence," he says. "Asset acquisition was easier since the prices were much lower. In the past, financial assistance by banks was only short-term in nature which always requires collateral. So, the assets we purchase 40 years ago are now worth a great deal, which banks can accept." Many senior entrepreneurs have valuable assets which can be disposed of at good prices when a need for additional working capital arises. "Officers who we knew 30 to 35 years ago are now holding position of power, which does help," he adds.

Yusof feels that the problems faced by senior entrepreneurs are seldom heard so the government takes it for granted that senior entrepreneurs can take care of themselves. "Some situations, such as small business owned by less fortunate senior entrepreneurs, do receive immediate attention," he notes, "but not really as a policy and more out of sympathy."



What advice would Yusof give to prospective senior entrepreneurs?

"In Malaysia, in general, senior entrepreneurs do not have advanced technological capability, so teaming with bright members of the young generation will produce better results," he says. "The resurfacing of 'nationalism/protectionism', especially in developed countries, can affect economies like ours, and senior people should help with any experience they do have." He believes it is an advantage for senior people to be apolitical so that vital information or data can be obtained through old networks. "Successful senior entrepreneurs have a better chance to have good relationships with people in the corridors of power, and any tips can be very useful in our businesses," he notes.



# CHAPTER 3

## A REGIONAL PERSPECTIVE ON SENIOR ENTREPRENEURIAL ACTIVITY

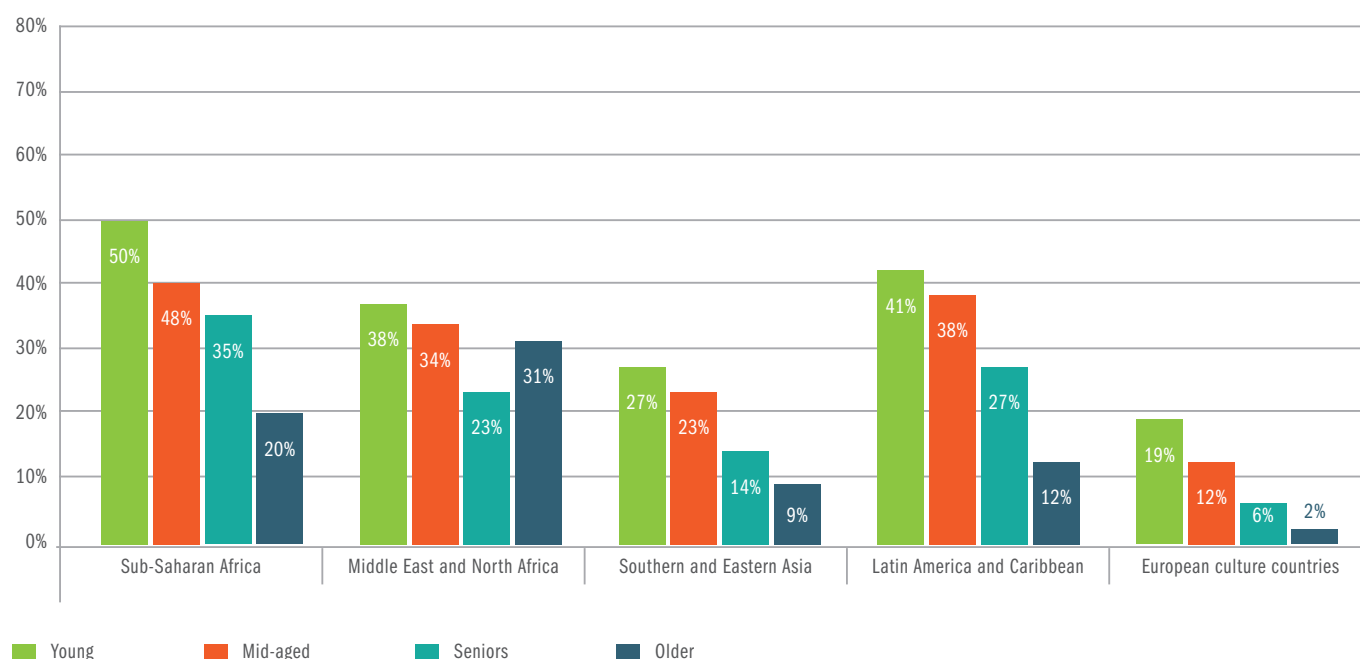


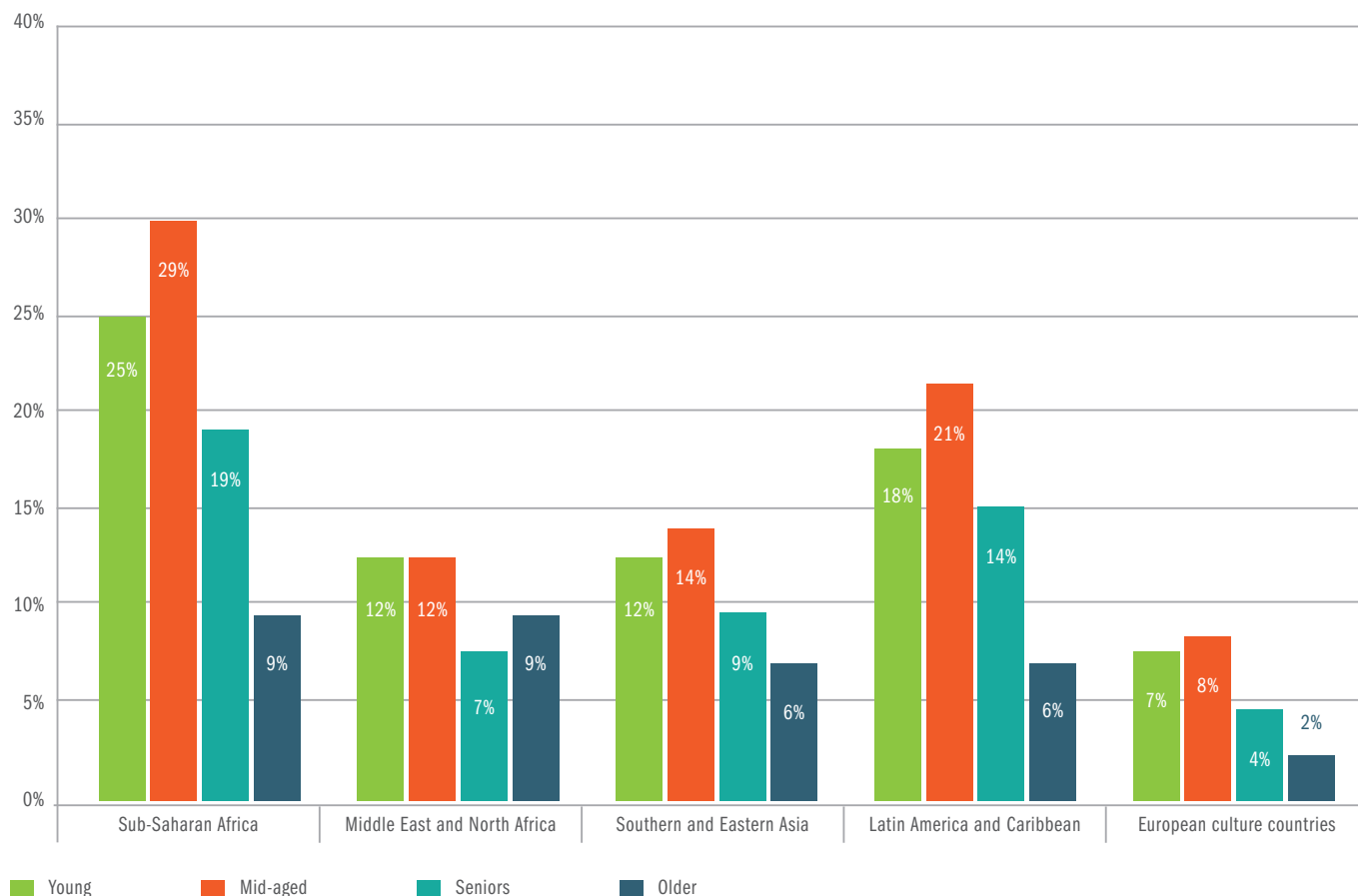
One of GEM's key objectives is to allow for comparison of levels of entrepreneurial attitudes, activity and aspiration among different countries, geographic regions and economic development levels. Seniors' and older people's involvement in entrepreneurship is likely to be influenced by their context – including economic, cultural and social factors particular to their society. This section will explore the extent to which seniors and older people are participating in entrepreneurial activity, as well as the nature of this activity, for the following regions: sub-Saharan Africa (SSA), Middle East and North Africa (MENA), Southern and East Asia (S&EA), Latin America and the Caribbean (LAC) and the European culture countries (ECC). These are the same regions as analyzed in the corresponding GEM report on youth (Schøtt et al, 2015).

### 3.1 ENTREPRENEURIAL INTENTIONS

Senior and older people's entrepreneurial intentions differ greatly around the world (Figure 3.1). Among the seniors, sub-Saharan Africa and Latin America and the Caribbean top the rankings in terms of entrepreneurial intention. In the sub-Saharan African region, entrepreneurial intention in this age group is particularly high – more than a third of the seniors surveyed expressed the intention to start a business. Entrepreneurial intention among older people is particularly frequent in Middle East and North Africa – indeed, in the MENA region there is very little difference in the level of entrepreneurial intention expressed by young, mid-aged and older adults. Sub-Saharan Africa also reports robust entrepreneurial intention rates in this age group (a fifth of older people in this region). The European culture countries, on the other hand, report the lowest entrepreneurial intentions for both seniors and older people, by a substantial margin. Entrepreneurial intention is particularly rare among older people in the ECC region.

Figure 3.1: Entrepreneurial intentions (as % of the adult population), by age and region, GEM 2009 – 2016



**Figure 3.2:** Early-stage entrepreneurial activity (as % of the adult population), by age and region, GEM 2009 – 2016

### 3.2 EARLY-STAGE ENTREPRENEURIAL ACTIVITY

Rates of business start-up, like intention, differ greatly around the world (Figure 3.2). In line with their high entrepreneurial intention rates among seniors, the SSA and LAC regions report the highest rates of early-stage entrepreneurial activity in this age group. In sub-Saharan Africa, almost a fifth of senior adults are engaged in TEA activity. Although the MENA region also shows a high rate of entrepreneurial intention in this age group (slightly less than the second ranked LAC region), its seniors show the sharpest fall-off between entrepreneurial intention and actual entrepreneurial activity.

Among older people, the SSA and MENA regions report the highest rates of early-stage entrepreneurial activity at just under ten percent. As with the seniors, older people in the MENA region show a sharp fall-off between entrepreneurial intention and TEA rates. Seniors as well

as older people in the MENA region are over three times more likely to express entrepreneurial intention than to be engaged in early-stage entrepreneurial activity.

The ECC region exhibits the lowest rates of early-stage entrepreneurial activity, with TEA rates of less than 5% for both seniors and older people. This may, in part, be explained by generally higher levels of household income, retirement savings and pension provisions typical of the more developed economies that predominate in this region.

**Table 3.1** summarizes the motive for starting a business for the early-stage entrepreneurs.

Sub-Saharan Africa and Southern & East Asia report the highest rates of necessity motivation for both the senior and older age groups. In poorer communities in these regions, with high levels of competition for jobs,

people over fifty are likely forced into necessity-entrepreneurship because of a lack of other options for sustainable livelihoods.

The MENA, LAC and ECC regions have the highest prevalence of opportunity motivation among senior entrepreneurs (60%). Among older entrepreneurs, the highest prevalence of opportunity motivation is in the ECC regions – the prevalence of opportunity motivation in this age group is similar to that reported by senior and mid-aged entrepreneurs in the region. This indicates that although seniors and older people in the ECC region have a lower likelihood of starting businesses compared to their peers in the other four regions, when they do it is because they choose to pursue an opportunity, rather than being pushed into entrepreneurship out of need. These opportunity-driven entrepreneurs are important to an economy because of their greater potential impact on dimensions such as job creation aspirations.

### 3.3 ENTREPRENEURIAL EMPLOYEE ACTIVITY (EEA)

The extent to which senior/ older people are engaged in entrepreneurial employee activity differs around the world (Table 3.2). Although the ECC region has the lowest TEA rates for both seniors and older people, the region reports the highest rate of employee entrepreneurial activity among employees for both age groups (among seniors, by a fairly substantial margin). It is clear that although the presence of formal job options may decrease start-up activity by the over-fifties in this region,

**Table 3.2:** Entrepreneurial employee activity, by age and region, GEM 2011 – 2016

		Young	Mid-aged	Seniors	Older
Sub-Saharan Africa	As percentage of adults	2 %*	3 %	1 %	1 %
	As percentage of employees	10 %	9 %	7 %	11 %
Middle East and North Africa	As percentage of adults	3 %	4 %	2 %	5 %
	As percentage of employees	11 %	12 %	10 %	14 %
Southern and Eastern Asia	As percentage of adults	3 %	4 %	3 %	3 %
	As percentage of employees	8 %	9 %	9 %	11 %
Latin America and Caribbean	As percentage of adults	3 %	4 %	2 %	1 %
	As percentage of employees	11 %	12 %	10 %	9 %
European culture countries	As percentage of adults	7 %	9 %	6 %	2 %
	As percentage of employees	19 %	21 %	17 %	16 %

\* Read as: 2% of young adults (between the ages of 18 and 29) in sub-Saharan Africa are entrepreneurially active employees.

**Table 3.1:** Reason for starting a business, by age and region, GEM 2009 – 2016

		Young	Mid-age	Seniors	Older
Sub-Saharan Africa	Opportunity motivation (as % of TEA)	53 %*	55 %	57 %	55 %
	Necessity motivation (as % of TEA)	47 %	45 %	43 %	45 %
Middle East and North Africa	Opportunity motivation (as % of TEA)	58 %	61 %	60 %	56 %
	Necessity motivation (as % of TEA)	42 %	39 %	40 %	44 %
Southern and Eastern Asia	Opportunity motivation (as % of TEA)	62 %	61 %	57 %	55 %
	Necessity motivation (as % of TEA)	38 %	39 %	43 %	45 %
Latin America and Caribbean	Opportunity motivation (as % of TEA)	67 %	65 %	60 %	56 %
	Necessity motivation (as % of TEA)	33 %	35 %	40 %	44 %
European culture countries	Opportunity motivation (as % of TEA)	65 %	62 %	60 %	58 %
	Necessity motivation (as % of TEA)	35 %	38 %	40 %	42 %

\* Read as: 53% of young early-stage entrepreneurs (between the ages of 18 and 29) in sub-Saharan Africa are motivated by opportunity.



entrepreneurial behaviour by seniors and older people finds a place within existing organizations. In the senior age group, the MENA, LAC and SEA regions around 10% of employees are engaged in entrepreneurial work – a positive finding. In the older age group, the MENA region shows fairly robust levels of entrepreneurial activity by employees (marginally lower than the top-ranked ECC region). In the SSA region, older employees are 1.6 times more likely to be engaged in entrepreneurial employee activity than their senior compatriots.

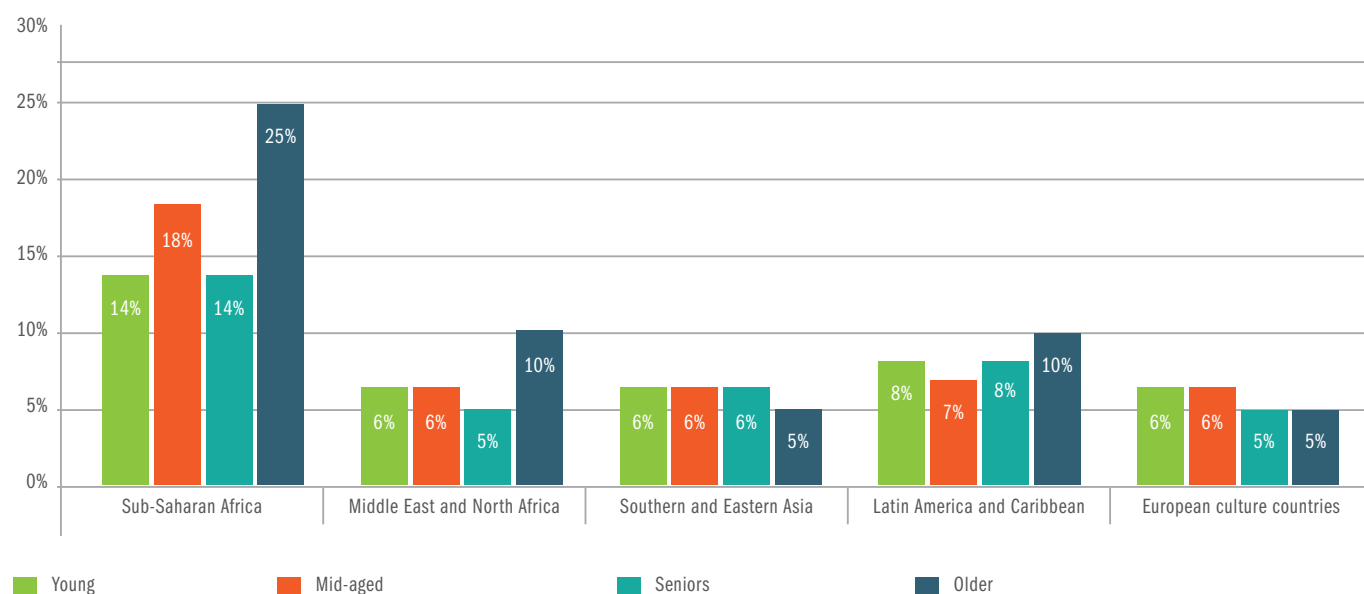
### 3.4 SOCIAL ENTREPRENEURS

Senior/ older people's involvement in social entrepreneurship differs around the world (Figure 3.3). Older people are more likely to be engaged in social entrepreneurship than their younger compatriots in three regions: SSA, MENA and LAC. In the SSA and MENA regions, older people are considerably more likely (around 1.8 times more likely) to be social entrepreneurs compared to the younger age groups. Older people in the SSA region are also substantially more likely to be engaged in social entrepreneurship than older people in the other four regions.

Sub-Saharan Africa has the highest prevalence of start-up entrepreneurs engaged social entrepreneurship across all the age groups. Although sub-Saharan Africa tends to have high labour force participation rates, the quality of jobs in this region is of considerable concern, with working poverty and vulnerable employment among the highest in the world. In



Figure 3.3: Social entrepreneurship among adults, by age and region, GEM 2015



addition, many African governments do not have welfare structures that are as supportive as those in more developed economies. The high rate of social entrepreneurship initiatives in this region is therefore likely to be driven by needs that emerge from the local community.

**Table 3.3:** Discontinuing entrepreneurs (percentage of adults within the age group), operating (early-stage and established) entrepreneurs (percentage of adults in the age group) and their ratio, by region, GEM 2009 – 2016

		Young	Mid-aged	Seniors	Older
SSA	Discontinuing entrepreneurs	14 %*	15 %	12 %	8 %
	Operating entrepreneurs	31 %	45 %	37 %	20 %
	Discontinuing entrepreneurs in relation to operating entrepreneurs	0.45	0.33	0.32	0.40
MENA	Discontinuing entrepreneurs	5 %	6 %	6 %	6 %
	Operating entrepreneurs	15 %	21 %	17 %	15 %
	Discontinuing entrepreneurs in relation to operating entrepreneurs	0.33	0.28	0.35	0.40
SEA	Discontinuing entrepreneurs	3 %	4 %	4 %	3 %
	Operating entrepreneurs	15 %	26 %	23 %	13 %
	Discontinuing entrepreneurs in relation to operating entrepreneurs	0.20	0.15	0.17	0.23
LAC	Discontinuing entrepreneurs	5 %	6 %	5 %	4 %
	Operating entrepreneurs	21 %	31 %	27 %	14 %
	Discontinuing entrepreneurs in relation to operating entrepreneurs	0.23	0.20	0.20	0.30
ECC	Discontinuing entrepreneurs	2 %	3 %	3 %	3 %
	Operating entrepreneurs	9 %	16 %	13 %	7 %
	Discontinuing entrepreneurs in relation to operating entrepreneurs	0.22	0.18	0.23	0.4

\* Read as: 14% of young entrepreneurs (between the ages of 18 and 29) in sub-Saharan Africa have discontinued a business in the past year.

### 3.5 DISCONTINUING AS AN ENTREPRENEUR

Discontinuation rates differ around the world (Table 3.3). In both the senior and older age groups, discontinuation rates are highest in sub-Saharan Africa. This is in line with the higher TEA rates in this region – previous GEM reports have shown that a high rate of entrepreneurship is predictive of a high discontinuance rate.

As discussed earlier, it is also important to consider the level of exits in relation to the number of operating entrepreneurs. Among seniors, Southern and East Asia has the most positive ratio of business discontinuance to operating entrepreneurs – for every entrepreneur exiting a business, there are six operating entrepreneurs. In the LAC and ECC regions, senior entrepreneurial activity also shows a good level of sustainability, with five operating entrepreneurs for discontinued entrepreneur in these regions.

Across all the regions, business discontinuance (considered in relation to number of operating entrepreneurs) is higher among older entrepreneurs, compared to their senior compatriots. Southern and East Asia, again, has the most positive ratio of business discontinuance to operating entrepreneurs – for every entrepreneur exiting a business, there are four operating entrepreneurs. In the LAC region, there are three times as many operating entrepreneurs as there are discontinued entrepreneurs. Business sustainability among older people is lowest in the MENA and SSA regions.



### 3.6 THE INFLUENCE OF GENDER

The SSA and LAC regions show the best gender parity, across all age groups, in terms of entrepreneurial intention; the ECC region, on the other hand, reports the lowest gender parity across all age groups (Table 3.4). In general, irrespective of region and age group, men report higher levels of entrepreneurial intention than women. The exception is sub-Saharan Africa, where women in the young and older adult age groups are as likely to express entrepreneurial intentions as their male counterparts.

Among seniors, the highest entrepreneurial intention rates for both genders are seen in sub-Saharan Africa, with almost a third of women and just under 40% of men expressing the intention to start a business in the near future. Gender parity is most positive in the LAC and SSA regions – in both these regions, eight women express entrepreneurial intentions for every ten males in this age group. In the MENA and ECC regions, on the other hand, only six women have entrepreneurial intentions for every ten men. The lowest entrepreneurial intention rates for both genders are also seen in the ECC region – 5% for women and 8% for men.

**Table 3.4:** Entrepreneurial intentions among adults, by age, gender and region, GEM 2009 – 2016

		Young	Mid-aged	Seniors	Older
SSA	Women intending to start a business	50 %*	45 %	31 %	20 %
	Men intending to start a business	51 %	51 %	39 %	20 %
	Ratio: women to men	0.98	0.88	0.79	1.0
MENA	Women intending to start a business	32 %	27 %	17 %	29 %
	Men intending to start a business	43 %	38 %	27 %	34 %
	Ratio: women to men	0.74	0.71	0.63	0.85
SEA	Women intending to start a business	25 %	21 %	12 %	7 %
	Men intending to start a business	28 %	26 %	16 %	10 %
	Ratio: women to men	0.89	0.81	0.75	0.7
LAC	Women intending to start a business	39 %	35 %	24 %	10 %
	Men intending to start a business	44 %	40 %	30 %	14 %
	Ratio: women to men	0.89	0.88	0.8	0.71
ECC	Women intending to start a business	15 %	10 %	5 %	1 %
	Men intending to start a business	22 %	15 %	8 %	3 %
	Ratio: women to men	0.68	0.67	0.63	0.33

Among older people, the highest entrepreneurial intention rates for both genders, by a considerable margin, are seen in the MENA and SSA regions. These two regions also report the best gender parity – in sub-Saharan Africa women and men are equally likely to express entrepreneurial intentions, while the MENA region shows considerable improvement in gender parity among the older cohort, with more than eight women expressing entrepreneurial intentions for every ten males in this age group. The ECC region reports the widest gender gap, with only three women expressing entrepreneurial intentions for every ten males in this age group.

Table 3.5 shows that men are more likely to be involved in early-stage entrepreneurial activity, regardless of region or age group. The SSA region shows the best gender parity, across all age groups, in terms of early-stage entrepreneurial activity. Gender parity is also relatively positive, across all age categories, in Latin America & Caribbean and Southern and East Asia. The MENA region, despite fairly positive gender parity in terms of entrepreneurial intention, shows wide gender gaps across all age categories in terms of actually starting a business.

**Table 3.5:** Early-stage entrepreneurial activity, by age, gender and region, GEM 2009 – 2016

		Young	Mid-aged	Seniors	Older
SSA	TEA (women)	24 %**	27 %	17 %	8 %
	TEA (men)	26 %	30 %	20 %	10 %
	Ratio: women to men	0.92	0.9	0.85	0.8
MENA	TEA (women)	7 %	8 %	4 %	5 %
	TEA (men)	16 %	16 %	10 %	13 %
	Ratio: women to men	0.44	0.5	0.4	0.38
SEA	TEA (women)	11 %	12 %	7 %	5 %
	TEA (men)	13 %	15 %	10 %	7 %
	Ratio: women to men	0.85	0.8	0.7	0.7
LAC	TEA (women)	16 %	19 %	12 %	5 %
	TEA (men)	20 %	24 %	16 %	8 %
	Ratio: women to men	0.8	0.79	0.75	0.63
ECC	TEA (women)	5 %	6 %	3 %	1 %
	TEA (men)	9 %	10 %	6 %	3 %
	Ratio: women to men	0.55	0.6	0.5	0.33

\* Read as: 50% of young women (aged between 18 and 29 years) in sub-Saharan Africa express an intention to start a business within the next three years.

\*\* Read as: 24% of young women (between the ages of 18 and 29) in sub-Saharan Africa are engaged in early-stage entrepreneurial activity.

**Table 3.6** shows that there are regional variations in the extent to which senior/ older women and men are motivated by either opportunity or necessity in their entrepreneurial pursuits. In general, women are more likely, compared to their male counterparts, to be pushed into entrepreneurship by necessity in all regions and across all age groups.

**Table 3.6:** Reason for starting a business\*, by age, gender and region, GEM 2009 – 2016

		% of TEA	Young	Mid-aged	Seniors	Older
SSA	Women	Opportunity	49 %**	48 %	51 %	49 %
		Necessity	51 %	52 %	49 %	51 %
	Men	Opportunity	57 %	61 %	62 %	61 %
		Necessity	43 %	39 %	38 %	39 %
MENA	Women	Opportunity	60 %	59 %	58 %	53 %
		Necessity	40 %	41 %	42 %	47 %
	Men	Opportunity	58 %	61 %	61 %	57 %
		Necessity	42 %	39 %	39 %	43 %
SEA	Women	Opportunity	60 %	58 %	55 %	51 %
		Necessity	40 %	42 %	45 %	49 %
	Men	Opportunity	64 %	64 %	59 %	57 %
		Necessity	36 %	36 %	41 %	43 %
LAC	Women	Opportunity	62 %	59 %	54 %	50 %
		Necessity	38 %	41 %	46 %	50 %
	Men	Opportunity	71 %	70 %	66 %	62 %
		Necessity	29 %	30 %	34 %	38 %
ECC	Women	Opportunity	60 %	58 %	58 %	56 %
		Necessity	40 %	42 %	42 %	44 %
	Men	Opportunity	67 %	64 %	61 %	60 %
		Necessity	33 %	36 %	39 %	40 %

\* The percentages of necessity and opportunity motives do not always add up to 100% because some respondents have other motives.

\*\* Read as: 49% of young women entrepreneurs (aged between 18 and 29 years) in sub-Saharan Africa are motivated by opportunity.

Among seniors, the highest TEA rates for both genders are seen in sub-Saharan Africa, with the LAC region reporting the second highest TEA rates for both genders. Gender parity is most positive in the SSA region, with more than eight women engaged in early-stage entrepreneurial activity for every ten male entrepreneurs in this age group. The MENA region reports the widest gender gap, with only four women engaged in TEA for every ten male entrepreneurs in this age group. There is a sharp fall off between senior intentional and early-stage entrepreneurs in the MENA region, which is more marked for women. Women in this region are more than four times more likely to express entrepreneurial intentions than to be early-stage entrepreneurs; men are 2.7 times more likely to be intentional as opposed to actual entrepreneurs.

In the ECC region, men are twice as likely to be engaged in early-stage entrepreneurial activity, compared to their female counterparts.

Among older people, the highest TEA rates for women are seen in sub-Saharan Africa, while the highest rates for men are in the MENA region. The SSA region also reports the best gender parity – eight women are engaged in early-stage entrepreneurial activity for every ten male entrepreneurs in this age group. In the MENA region, on the other hand, fewer than four women are engaged in TEA for every ten male entrepreneurs in this age group. Older women in this region are almost six times more likely to express entrepreneurial intentions than to be early-stage entrepreneurs. The reasons for the marked disconnect between entrepreneurial intention and activity in senior and older women in the Middle East and North Africa is an important area for policy makers in the region to address. The ECC region reports the widest gender gap, with only three women starting or running new businesses for every ten male entrepreneurs in this age group.





Sub-Saharan Africa reports the highest prevalence of necessity-motivated enterprises run by senior women – senior women in this region are almost as likely to be motivated by necessity as by opportunity. Southern and East Asia has the highest rate of necessity-driven entrepreneurship among senior men. In the MENA and ECC regions, senior women exhibit opportunity motivation rates of almost 60% – very similar to the rates reported by their male counterparts. The LAC region has the highest prevalence of opportunity-motivated TEA among senior men – two-thirds of male entrepreneurs in this age group are engaged in opportunity-motivated entrepreneurship. Male entrepreneurs in Latin America and the Caribbean, in fact, exhibit the highest opportunity-motivation rates across all age groups, compared to the other regions. Men in the ECC region also exhibit robust rates of opportunity motivation across all age groups.

Among older people, women report the high levels of opportunity-motivated entrepreneurship in the ECC region (56%). Older women in the SSA, SEA and LAC regions are as likely to be motivated by necessity as by opportunity. In the SSA and LAC regions the gender gaps in terms of motivation are particularly wide – only half of older women entrepreneurs in these regions are motivated by opportunity, compared to around 60% of their male counterparts.

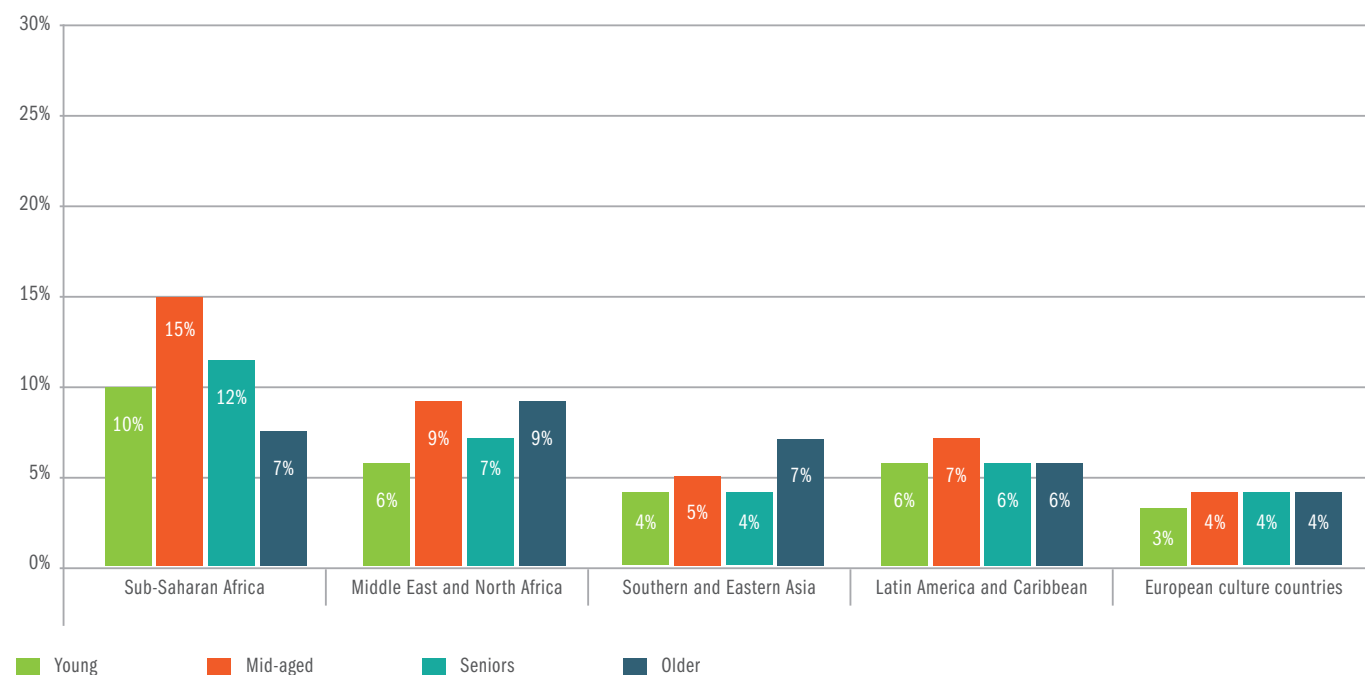
### 3.7 INFORMAL INVESTORS

Informal investing by senior/ older people differs around the world (Figure 3.4). Senior and older people in the SSA and MENA regions are most likely to act as business angels, compared to elderly people in the other regions. In Southern and East Asia, older people are more likely to be informal investors, compared to seniors in this region (1.5 times more likely). In addition to being least likely to engage in entrepreneurial activity themselves, seniors and older people in the ECC region are also least likely to invest in others' entrepreneurial ventures.

### 3.8 ELDERLY WORKING PEOPLE'S WELL-BEING

As in Section 2.10, three kinds of entrepreneurs and two kinds of non-entrepreneurial workers, namely routinely working full-time and part-time employees are compared. Level of satisfaction is measured on a standardized scale: high positive numbers for high satisfaction, negative numbers for relative dissatisfaction, and 0 representing the average level of satisfaction among the elderly across the five vocational categories.

Figure 3.4: Informal investors among adults, by age and region, GEM 2009 – 2016



In the majority of the regions, elderly entrepreneurs express more satisfaction with both life and job compared with their compatriots in routine employment (**Table 3.7**). Sub-Saharan Africa is an exception, with elderly people in routine full-time employment reporting the highest overall satisfaction, followed by entrepreneurial employees. Routine part-time employees in this region are the least satisfied with life and job, while established entrepreneurs report relatively high levels of dissatisfaction overall.

In the MENA region, early-stage entrepreneurs and entrepreneurial employees express the highest levels of well-being, while routine employees (particularly part-time) report relatively high levels of dissatisfaction.

Elderly people in Southern and East Asia report the lowest levels of overall well-being compared to the other regions – however, early-

stage and established entrepreneurs in the SEA region are most satisfied with their lives, jobs and work-life balance, compared to their compatriots in other vocations. Elderly people in the LAC region exhibit the highest levels of overall satisfaction and well-being. Entrepreneurial employees are the most satisfied with their life, while early-stage and established entrepreneurs are happiest with their jobs. Part-time routine employees are least satisfied in both these areas – however, they are considerably more satisfied than part-time routine employees in the other regions.

Despite the low levels of early-stage entrepreneurial activity in the ECC region, elderly entrepreneurs in this region tend to be more satisfied with both their lives and jobs than their compatriots in routine employment. However, both early-stage and established entrepreneurs in this region express relatively high levels of dissatisfaction with their work-life balance.

**Table 3.7:** Satisfaction of elderly people (age 50-80 years) with life, with job, and with balance between work and family, by vocation and region, GEM 2013 – 2015

		Early stage entrepreneurs	Established entrepreneurs	Entrepreneurial employees	Routine employees full-time	Routine employees part-time
SSA	Life	-0.55	-0.40	-0.18	-0.01	-0.75
	Job	-0.26	-0.33	-0.16	-0.12	-0.84
	Balance	-0.11	-0.24	0.34	0.14	0.00
MENA	Life	0.01	-0.08	0.10	-0.62	-0.25
	Job	0.28	0.12	-0.16	-0.45	-0.75
	Balance	0.12	-0.03	0.16	-0.31	-0.75
SEA	Life	-0.14	-0.09	-0.06	-0.29	-0.24
	Job	-0.02	-0.01	-0.17	-0.24	-0.38
	Balance	-0.10	-0.05	-0.14	-0.18	-0.21
LAC	Life	0.30	0.34	0.52	0.34	0.23
	Job	0.36	0.56	0.28	0.17	0.27
	Balance	0.35	0.38	0.23	0.35	0.39
ECC	Life	0.00	0.09	0.04	-0.14	-0.19
	Job	0.04	0.06	-0.14	-0.32	-0.27
	Balance	-0.14	-0.15	-0.05	-0.12	0.11

# SENIOR ENTREPRENEURS' STORIES

## GEORGE RHODEY – CANADA

George Rhodey earned several degrees in chemical engineering at the University of Waterloo before embarking on a diversified career in the chemical, fertilizer, explosives and oil industries in Canada and around the world in countries such as China, Vietnam, Ecuador, and Colombia. He finally left the corporate world when he was laid off from the oil industry in 1991, and at the age of 48 decided to become an entrepreneur. “I had lots of ideas,” he says, “and I wanted to create a better world for my grandchildren.”

**S**ince then he has developed numerous projects. Current ones include a project that employs cavitation technology, originally developed by Russia for torpedoes flow improvement in water, which is now utilized to reduce the viscosity of bitumen to allow it to flow in pipelines without diluent addition. Another project focuses on producing higher quality petcoke and recovering valuable trace metals from petcoke from oil sands production. The same technology can be utilized on coal and asphaltenes to produce environmental and economical products for electrical generation. He has eight patents worldwide that will provide the ability for any refinery and condensate plant to operate at a significantly higher rate of return. The condensate diluent in Canada can be improved by his patents to produce aromatics, gasoline, and an optimized diluent requiring some 20 percent less to achieve pipeline viscosity specifications.

George feels his major strength is his ability to take an idea from one industry and apply it successfully in another, totally unrelated industry. “As an older individual, I have accumulated significant experience in many different areas, which makes it easier for me to spot new areas for application of existing technologies,” he notes. His cavitation project is a good example, where he has taken a technology originally developed for a military use (torpedoes) and applied it to the oil industry. Another strength is to approach problems from a business perspective, rather than just looking at the technology solely. For example, he includes initial engineering to estimate capital and operating costs. “In general, I think I have a much broader perspective than younger people,” he adds.

Although George sometimes feels that people think he should have retired, which may affect his credibility, on the whole he has found that his knowledge and experience is always appreciated, as well as his broad perspective. He has several pieces of advice for potential senior entrepreneurs. “Don’t just focus on one thing, but keep multiple activities going,” he says. “Keep active in the industry and join as many clubs as you can to build a strong network of contacts.” He also believes that it is important for senior entrepreneurs to find opportunities to mentor others. “Remember to always stay ethical and be humble,” he adds.



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## CARMEN LUCIA PEREIRA – BRAZIL

According to Luiz Barretto, president of the SEBRAE, opening a company requires courage and determination at any age. “Regardless of age, all entrepreneurs are brave by nature. It is necessary to risk, plan and invest, not only money, but a lot of time and dedication in a business,” he explains. Retired teacher Carmen Lúcia Pereira, who at age 58 has just opened a company in Rio de Janeiro that specializes in construction and renovation of sidewalks, certainly lives up to Barretto’s definition.

**F**or Carmen, opening the company is a way to supplement her income, as well as providing an occupation and offering a differentiated service. “I really need to support myself, because what I earn as a retiree is not enough to live the life I want,” she says. “There is no room for me at this age today’s labor market.”

Carmen is motivated not only by a need for financial returns, but also by personal reasons. “It’s something that enchants me. I like to do a job that stays forever. This question of the comfort of the city, of accessibility – I have always want to add something more,” she says about the creation of the company that reform sidewalks.

The inspiration for creating her company came during a walk through Rio de Janeiro, where she lives. “I saw the city floor, all the holes in the sidewalks,” she recalls. Carmen took courses in the city hall, visited construction sites and stone fairs, and attended a management course where she learned to develop a business plan. “The course on management was fundamental to my development as an entrepreneur. Although I had accumulated a lot of knowledge, I had no idea how to apply it. The course gave me courage,” she reveals.

As she did not get bank financing, she took a small loan of \$ 30,000 from a relative to start the business. Currently, the company is in the stage of capturing and developing its first projects.

(<http://g1.globo.com/economia/pme/noticia/2013/04/empresarios-dao-dicas-de-como-empreender-apos-aposentadoria.html?hash=2>)





# CHAPTER 4

## CONCLUSIONS AND RECOMMENDATIONS



**The GEM Global Report of 2016/17 shows that age influences entrepreneurial activity. The level of early-stage activity decreases with age in most countries at all levels of economic activity, although the factor-driven economies report an average participation rate almost double that of innovation-driven economies. This could well be explained by the fact that in more developed economies the levels of household savings, pensions and other income sources is higher than in poorer economies. However, research shows that we should definitely not underestimate the role that senior entrepreneurs play in economies around the world.**

**I**n many countries the population is aging and people are retiring earlier – either because they are forced to, cannot find further work or because they have the means to start a new career. In developed economies the older population often feels the need to do something to keep their minds active. In addition, they often possess advantages over the younger population in that they have:

- more developed networks;
- are in a stronger financial position;
- can assist in mobilizing resources and create legitimacy during a start-up and growth; and
- have acquired social capital during their career employment.

In developing economies, older people often have the need to work and earn income and the only way they can do this is to start their own business.

It is possible that the financial crisis of 2008 has had an effect on income, which has contributed to the upswing in senior entrepreneurial activity. While senior and older entrepreneurs make up a sizable portion of all entrepreneurs, and tend to start businesses at a rate that is comparable to or higher by proportion than younger entrepreneurs, it is not known whether the businesses they start are merely consulting companies or whether they have started these businesses merely to supplement their income.

Whatever the reason, senior entrepreneurs play a vital role in the economy and it is important for them to thrive so as not to place a financial burden on society, and to contribute to the economy of a country. The world is beginning to understand how senior entrepreneurs with their wealth of work and life experience, deep networks, and eagerness to remain productive are a huge untapped resource. Indeed, it is time we stop thinking about this demographic as a liability and instead recognize them as assets and work across sectors to help break down barriers to unleashing their potential. The data presented in this report support the view that entrepreneurship in these older populations is a real and significant phenomenon – but also one that is largely untapped.

Research by the Swinburne University of Technology and Queensland University of Technology research has identified a number of barriers for senior entrepreneurs<sup>2</sup>. These include: lack of financial support, insufficient information on starting and running a business, age discrimination, financial disincentives, lack of awareness about entrepreneurship, and insufficient government support for senior entrepreneurs.

An aging economy will be a slower and more unequal one—unless policy starts changing now (The Economist, 2014). Specifically, now that we are beginning to understand the “golden dividends” – economic, social and environmental – created by senior entrepreneurship, it is imperative for governments to create innovative, inter-agency frameworks to marshal resources, catalyze strategic thinking, prioritize new policy and create actionable research to advance this movement.

Below are some recommendations that can serve as a basis for further discussion:

- Government and other stakeholders need to promote the benefits of senior entrepreneurship and raise awareness of its potential as a late-career alternative. The media is also critical in this respect. A great deal of focus is placed, rightly, on youth entrepreneurship, but it is important not to forget that people aged fifty and over have skills and resources that could prove highly beneficial to an economy if harnessed in entrepreneurial ventures.
- Establish networking centres where senior entrepreneurs can meet, exchange ideas and assist one another. This is particularly important for senior and older women, who may well come from a generation which did not encourage women to assert themselves within the business sphere. As a consequence, they need to combat gender as well as age discrimination in their entrepreneurial ambitions. They will benefit from the opportunity to meet and, potentially, be mentored by women from their age group who have been successful as entrepreneurs.
- Tailored short courses for senior entrepreneurs, offered through universities and subsidised by government, would enable aspirant senior entrepreneurs to gain the necessary specialist knowledge in a suitable environment. Ideally, these should be offered, at least in part, by successful senior entrepreneurs who understand the specific difficulties faced by older entrepreneurs. Courses of this nature would have the added benefit of helping senior entrepreneurs connect with their peers.

<sup>2</sup> <http://www.smh.com.au/small-business/managing/the-venture/time-to-get-serious-about-seniorpreneurs-20151014-gk9fpm.html>

- Training in using IT for business purposes is important for many groups of entrepreneurs, but particularly for senior and older people who often find themselves disadvantaged in this respect.
- Identify sectors in the economy that need boosting and encourage senior entrepreneurs to start business in these areas. Senior entrepreneurs are also well-positioned to create businesses that cater to the specific needs of their own age group – a growing and often fairly affluent target group.
- Offer targeted funding that assists senior entrepreneurs to raise capital to start a new business, based on a sound and viable business plan. Senior entrepreneurs have indicated that they often find it difficult to obtain entrepreneurial funding from banks, and they therefore may give up on potential entrepreneurial ventures.
- Enable seniors to use unemployment benefits for business creation activities.
- Make it easier from a regulatory point of view to start a business, as well as re-examine the labour requirements in each country so as to not restrict the capacity of seniors to employ people.
- Create targeted programs supporting aspiring senior entrepreneurs, team building programs for creating cross-generational businesses, and education programs about succession planning to prevent senior-owned businesses from closing when the owner retires. The technicalities of starting and running a business can deter any new small business owner, let alone those in their fifties and older. Governments should consider how they can encourage or fund ongoing support and mentoring to help seniors to establish ventures and keep them running.

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## APPENDIX A

### Societies in the five world regions, surveyed between 2009 and 2016

The analyses use the Global Entrepreneurship Monitor's Adult Population Surveys from 2009 to 2016, including 1,540,397 surveyed adults age 18 to 80 years old, across five regions of the world: sub-Saharan Africa, Middle East and North Africa, Southern and East Asia, Latin America and the Caribbean, and the European culture countries. In the years from 2009 to 2016, GEM surveys have been conducted in 104 economies, as follows:

**Sub-Saharan Africa** encompasses 12 surveyed economies: Angola, Botswana, Burkina Faso, Cameroon, Ethiopia, Ghana, Malawi, Namibia, Senegal, South Africa, Uganda, and Zambia.

**Middle East and North Africa** comprises 17 surveyed economies: Algeria, Arab Emirates, Egypt, Iran, Jordan, Kuwait, Lebanon, Libya, Morocco, Pakistan, Palestine, Qatar, Saudi Arabia, Syria, Tunisia, Turkey, and Yemen.

**Southern and East Asia** refers to 15 surveyed economies: Bangladesh, China (mainland), Hong Kong, India, Indonesia, Japan, Kazakhstan, Malaysia, Philippines, Singapore, Taiwan, Thailand, Tonga, Vanuatu, and Vietnam.

**Latin America and the Caribbean** denotes the following 21 economies: Argentina, Barbados, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Jamaica, Mexico, Panama, Peru, Puerto Rico, El Salvador, Suriname, Trinidad and Tobago, Uruguay, and Venezuela.

**European culture countries** include 39 surveyed economies: Australia, Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Canada, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Georgia, Greece, Hungary, Iceland, Ireland, Israel, Italy, Kosovo, Latvia, Lithuania, Luxemburg, Macedonia, Montenegro, Netherlands, Norway, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Sweden, Switzerland, United Kingdom, and United States.

## APPENDIX B

### THE GEM CONCEPTUAL FRAMEWORK

Academics and policy makers agree that entrepreneurs, and the new businesses they establish, play a critical role in the development and well-being of their societies. As such, there is increased appreciation for and acknowledgement of the role played by new and small businesses in an economy. GEM contributes to this recognition with longitudinal studies and comprehensive analyses of entrepreneurial attitudes and activity across the globe.

GEM's conceptual framework depicts the multifaceted features of entrepreneurship, recognizing the proactive, innovative and risk responsive behavior of individuals, always in interaction with the environment. The GEM survey was conceptualized with regard for the interdependency between entrepreneurship and economic development, in order to:

- Uncover factors that encourage or hinder entrepreneurial activity, especially related to societal values, personal attributes and the entrepreneurship ecosystem.
- Provide a platform for assessing the extent to which entrepreneurial activity influences economic growth within individual economies.
- Uncover policy implications for the purpose of enhancing entrepreneurial capacity in an economy.

The GEM conceptual framework derives from the basic assumption that national economic growth is the result of the personal capabilities of individuals to identify and seize opportunities, and that this process is affected by environmental factors which influence individuals' decisions to pursue entrepreneurial initiatives. The figure below shows the main components and relationships into which GEM divides the entrepreneurial process and how it classifies entrepreneurs according to the level of their organizational development.

The social, cultural, political and economic context is represented through National Framework Conditions (NFCs), which take into account the advancement of each society through the three phases of economic development (factor-driven, efficiency-driven and innovation-driven), and Entrepreneurial Framework Conditions (EFCs) which relate more specifically to the quality of the entrepreneurial ecosystem and include: entrepreneurial finance, government policy, government entrepreneurship programs, entrepreneurship education, research and development (R&D) transfer, commercial and legal infrastructure, internal market dynamics and entry regulation, physical infrastructure, and cultural and social norms.

As indicated in the above figure, the GEM model recognizes that entrepreneurship is part of a complex feedback system, and makes explicit the relationships between social values, personal attributes and various forms of entrepreneurial activity. It also recognises that entrepreneurship



can mediate the effect of the NFCs on new job creation and new economic or social value creation. Entrepreneurial activity is thus an output of the interaction of an individual's perception of an opportunity and capacity (motivation and skills) to act upon this AND the distinct conditions of the respective environment in which the individual is located. In addition, while entrepreneurial activity is influenced by the framework conditions in the particular environment in which it takes place, this activity ultimately benefits this environment as well, through social value and economic development.

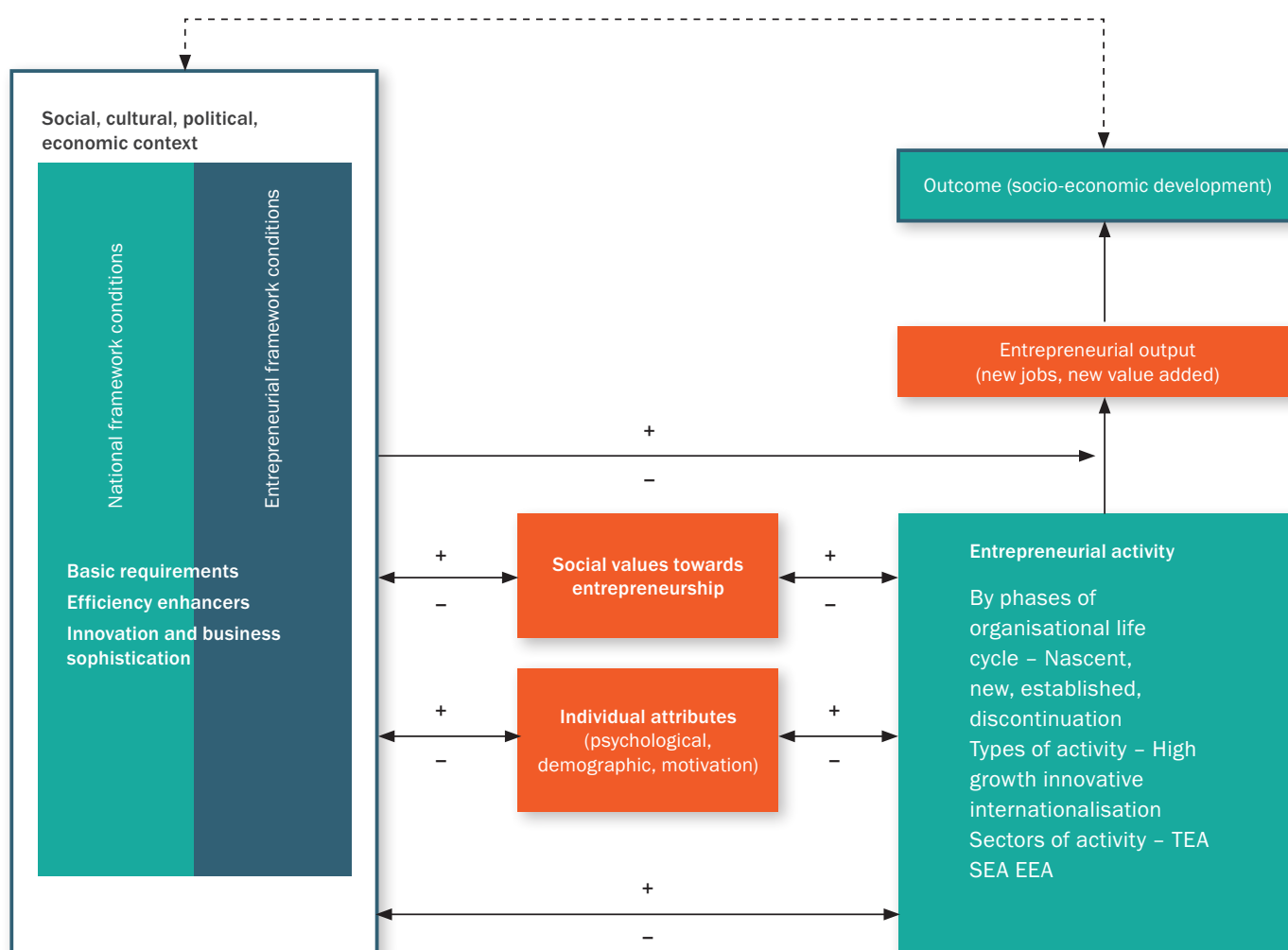
**Social values toward entrepreneurship:** This includes aspects such as the extent to which society values entrepreneurship as a good career choice; whether entrepreneurs have high societal status; and the extent to which media attention to entrepreneurship is contributing to the development of a positive entrepreneurial culture.

**Individual attributes:** This includes different demographic factors (such as gender, age, geographic location); psychological factors (including perceived capabilities, perceived opportunities, fear of failure); and motivational aspects (necessity versus opportunity based ventures, improvement-driven ventures).

**Entrepreneurship activity:** This is defined according to the phases of the life cycle of entrepreneurial ventures (nascent, new business, established business, discontinuation); according to type of activity (high growth, innovation, internationalization); and sector of activity (Total Early-stage Entrepreneurship Activity – TEA, Social Entrepreneurship Activity – SEA, Employee Entrepreneurship Activity – EEA).

Operational definitions of the business phases and entrepreneurship characteristics are represented in the figure below:

**The GEM framework**



Given that GEM's goal is to provide a comprehensive view of entrepreneurship across the globe, it aims to measure the attitudes of the population, and the activities and characteristics of individuals involved in various phases and types of entrepreneurial activity. Research teams in each participating economy collect primary data through an Adult Population Survey (APS) of at least 2 000 randomly selected adults (18 – 64 years of age) annually.

Complementing the APS is a National Expert Survey (NES), which gathers in-depth opinions from selected national experts about the factors that have an impact on the entrepreneurship ecosystem in each economy. At least four experts from each of the entrepreneurial framework condition categories must be interviewed, making a minimum total of 36 experts per country. In order to construct a balanced and representative sample, the experts are drawn from entrepreneurs, government, academics, and practitioners in each economy.

## GEM INDICATORS

### Societal values and perceptions

In the GEM survey, people are asked whether:

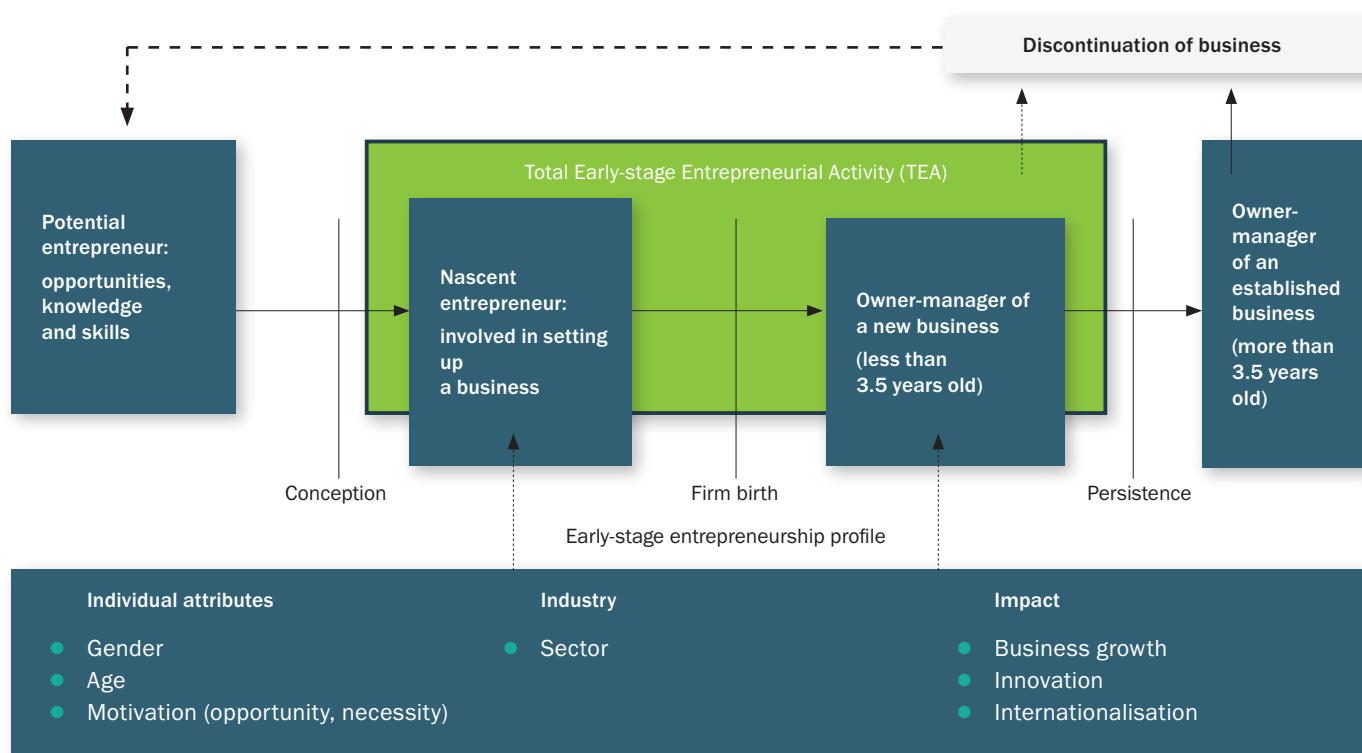
- they consider starting a new business a good career choice;
- they associate entrepreneurs with high status; and
- they believe that there is a lot of positive media attention for entrepreneurship within their country.

### Individual attributes of a potential entrepreneur

#### Perceived opportunities

Percentage of 18-64 population (individuals involved in any stage of entrepreneurial activity excluded) who see good opportunities to start a firm in the area where they live.

## The entrepreneurship process and GEM operational definitions



Source: GEM Global Report 2014

- **Perceived capabilities**

Percentage of 18-64 population (individuals involved in any stage of entrepreneurial activity excluded) who believe they have the required skills and knowledge to start a business.

- **Entrepreneurial intention**

Percentage of 18-64 population (individuals involved in any stage of entrepreneurial activity excluded) who are latent entrepreneurs and who intend to start a business within three years.

- **Fear of failure rate**

Percentage of 18-64 population (individuals involved in any stage of entrepreneurial activity excluded) who indicate that fear of failure would prevent them from setting up a business.

### Entrepreneurial activity indicators

- **Total Early-stage Entrepreneurial Activity – TEA**

Percentage of 18-64 population who are either a nascent entrepreneur or owner-manager of a new business. This indicator can additionally be enriched by providing information related to motivation (opportunity vs. necessity), inclusiveness (gender, age), impact (business growth in terms of expected job creation, innovation, internationalization) and industry (sectors).

Additionally, two indicators are included which describe *the life cycle of a venture*:

#### Established business ownership rate

Percentage of 18-64 population who are currently an owner-manager of an established business, i.e. owning and managing a running business that has paid salaries, wages, or any other payments to the owners for more than 42 months.

#### Entrepreneurial exit rate

Percentage of 18-64 population who have, in the past 12 months, discontinued a business, either by selling, shutting down, or otherwise discontinuing an owner/management relationship with the business.

- **Entrepreneurial Employee Activity – EEA**

Rate of involvement of employees in entrepreneurial activities, such as developing or launching new goods or services, or setting up a new business unit, a new establishment or subsidiary.

- **Social Entrepreneurial Activity – SEA**

Rate of individuals engaged in entrepreneurial activities with a social goal.

### Perceived quality of entrepreneurial ecosystem

Average value of experts' perceptions, using a Likert scale of 1 (highly insufficient) to 9 (highly sufficient), for the nine entrepreneurial framework components:

- Entrepreneurial finance
- Government policy
- Government entrepreneurship programs
- Entrepreneurship education
- R&D transfer
- Commercial and legal infrastructure
- Entry regulation
- Physical infrastructure
- Cultural and social norms

# SPECIAL TOPIC REPORT 2016-2017

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## Global Entrepreneurship Monitor

# GEM

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