NOT OVER-THE-HILL ...YET! THE OLDER ENTREPRENEUR

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ABSTRACT
Currently, sustainable employment for senior citizens in Australia is in its early stages. While the aging of our population is an unavoidable issue, serious actions are necessary by the government to support the older population. Unfortunately, this issue is neglected by the Australian government.

Encouraging people in late life to participate in the labor market is one practical solution to this problem. Self-employment and small business ownership are two of the best strategic options for the older population. Since small business is a dynamic sector of the Australian economy and older population has shown a high success rate in this particular sector, it will be economically profitable to Australia.

Considering the fact that this cohort possesses a valuable experience, knowledge, financial source and social networks, it is a great solution for developing "older entrepreneurship" issue.

INTRODUCTION
Entrepreneurship is a popular and dynamic topic. Reviewing the record of the entrepreneurship research shows that most common focus has been limited to investigating entrepreneurial individuals, their behaviors and their criteria of motives in regards to starting new businesses, growing them and taking risks (Hisrich & Langan-Fox, 2007; Krueger et al. 2000; Shaker et al. 2009; Stewart et al. 1998). Unfortunately, an important segment of entrepreneurial subject has been largely ignored by researchers: The fact that many entrepreneurs are aged more than 50 or reaching to this age is an issue that needs serious attention.

A better understanding of the so-called “grey entrepreneur” (also known as the older entrepreneur) is needed in entrepreneurial research. This paper aims to (a) highlight the demographic trends in Australia (b) describe the behaviors of older entrepreneurs and (c) suggest avenues for research.

BACKGROUND
The aging of the Australian population is an unavoidable fact. According to the Australian Bureau of Statistics, the proportion of Australian's population aged 45 to 64 years in 2005 was 24.5%. The total number of people in this age group rose by 2.5% from 2004 to 2005. In 2005, the proportion of Australian's aged 65 years and over was 13.1%. The total number of people in this age group increased 2.4% between 2004 and 2005 (Australian Bureau of Statistics, 2005). Considering the new decision by the Australian Government in regards to increasing the age of retirement from 65 to 67, a renewed energy will be available in the workforce. The decision was made as a result of the increasing aged population and massive increase in pension payments (The Australian, 2009). However, this sector doesn’t show an active participation in the labor force which causes economic and social problems.

Many middle-aged retirees find themselves not ready to quit working at the time of their retirement. Most of them are eager to start their own business since they tend to escape the routines of factory or office work. Besides, they still have enough energy to contribute to their families’ income. It also should be considered that inflation is an unavoidable issue this group has to struggle with. Hence, retirees have to earn some income to fight back the rising prices caused by inflation.

These facts highlight a serious need of government support for people in their later life so that they can figure a strategic approach to help them work in their retirement time and become economically active again. Given that demographic and climate change are the two most important political and economic
developments of the civilized world, it is very surprising that governments are neglecting the first one and their economic potential.

The economic consequences of population aging are the risks of long-term unemployment and premature retirement. Early retirement will lead to the burden on the economy and a decrease in the amount of available income to the individuals (Webster & Walker, 2005).

Another significant point is that entrepreneurial spirit exists in the Australian society. The annual number of business registration within Australia is a substantial figure which highlights the existence of many entrepreneurs who start their own businesses every year. As the below table shows, this number is growing meaning that number of entrepreneurs are increasing. Hence, a support system is required to encourage this precious spirit. It should be considered that the majority of these businesses had less than 20 employees which -according to ABS- are defined as small businesses.

**TABLE 1: ABR COUNTS OF ABNS**  
**ABR BUSINESS ENTITIES (A), OCTOBER 2000, JUNE 2001 AND JUNE 2004**

<table>
<thead>
<tr>
<th>All Industries</th>
<th>Employing No.</th>
<th>Non-employing No.</th>
<th>Total No.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Oct-2000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>739 798</td>
<td>1 387 706</td>
<td>2 127 504</td>
</tr>
<tr>
<td></td>
<td>Jun-2001</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>814 955</td>
<td>1 364 211</td>
<td>2 179 166</td>
</tr>
<tr>
<td></td>
<td>Jun-2004</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>747 858</td>
<td>1 555 361</td>
<td>2 303 219</td>
</tr>
</tbody>
</table>

- (a): ABR business Entities are Australian Business Numbers that are registered and active for a Goods and Services Tax (GST) role.
- ABR counts of ABNs at the Industry Division level include all ABNs that are registered and active for a GSTP tax role.
- Employing businesses are business units who employ between 1 to more than 200 persons while non-employing ones without any employees.


On the other hand, 97% of all Australian private sector businesses belong to small businesses which employ 49% of all private sector employment. Therefore, small business is a vital part of the Australian economy (Australian Bureau of Statistics, 2001).

Sustainable employment system for older workers in Australia is in its infancy. The lack of a framework for supporting the older population to a continued participation in the workforce via small business ownership is a dilemma. Encouraging older populations to participate in small business is a smart move which will also benefit our economy. Records show that this category has a bright success rate in small business. Hence, a wise strategic option would be encouraging older population to self-employment and small business ownership (Webster & Walker, 2005).

**DRIVING FACTORS AND DIFFERENT TYPES OF OLDER ENTREPRENEURS**

In many nations such as Australia, USA, Germany, France, the UK and many of the Scandinavian countries, there are as many citizens over 65 as there are under 15 dependent on the working population (World Bank, 2003). This growing dependency ratio will be a challenge for all the developed countries. It is estimated that in Australia by 2050, one quarter of the population (around 6 million) will be aged 65 and over (Australian Bureau of Statistics, 1999).
This demographic change is showing itself in the structure of the workforce; both employees and employers are growing older overall. Simultaneously, the number of the older entrepreneurs is increasing. The below table from Australian Bureau of Statistics shows that in 2006, 33% of all small business operators in Australia were over 50 years old. This number was 31% in 2004. This increase shows the growing tendency of older population for starting small businesses.

### TABLE 2: SMALL BUSINESS OPERATORS BY AGE AND SEX

<table>
<thead>
<tr>
<th>Age</th>
<th>2005 COSBO Proportions</th>
<th>2006 COSBO Proportions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Males</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 30</td>
<td>0</td>
<td>9</td>
</tr>
<tr>
<td>30-50</td>
<td>56</td>
<td>57</td>
</tr>
<tr>
<td>50+</td>
<td>35</td>
<td>34</td>
</tr>
<tr>
<td>Females</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 30</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>30-50</td>
<td>61</td>
<td>60</td>
</tr>
<tr>
<td>50+</td>
<td>30</td>
<td>31</td>
</tr>
<tr>
<td>Persons</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 30</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>30-50</td>
<td>58</td>
<td>58</td>
</tr>
<tr>
<td>50+</td>
<td>33</td>
<td>33</td>
</tr>
</tbody>
</table>

Source: Australian Bureau of Statistics, 2005

Many driving factors can be identified in the phenomenon of increases in the number of older entrepreneurs. Mainly, “push” factors which force older people into new business include decline in traditional corporate career opportunities, insufficient retirement funds, or inadequacies in current pension entitlements. Since governments are becoming aware of the costs of pensions and social welfare and at the same time costs caused by workforce declining, they are restructuring the work arrangements to increase the involvements of older people in small businesses (Organization for Economic Co-operation and Development, 2003).

On the other hand, some of the older entrepreneurs are somehow lured or “pulled” into a new business through new perceptions of home-based jobs, or via engaging in portfolio careers (which encourage people to do many short-term contractual jobs) and through growing service companies (which emphasizes knowledge over physical power) (Weber & Schaper, 2004).

Singh and De Noble (2003) suggest that different tendencies produce three types of grey entrepreneurs. First, the constrained entrepreneur who has lived with the desire of starting a business but hasn’t been able to accomplish his/ her idea due to financial or insufficient family flexibility. The second type is the rational entrepreneur who considers self-employment as proceeding to his/ her career or as an option for increasing personal wealth. The third group is the reluctant entrepreneur who is forced to choose self-employment due to lack of financial support for retiring or because of lacking a reasonable option. Australian Bureau of Statistics reveals that in 1998, almost 50% of unemployed people over 55 years old were unemployed for more than one year and 35.9% of them more than two years. Hence, these numbers indicate that some of the long-term older unemployed are “pushed” in to self-employment (Storey, 1994).

### ENTREPRENEURIAL OPPORTUNITIES IN LATER LIFE

In this section we argue how age supports entrepreneurship. Older population brings many positive sources to their new venture. Research shows that older people advantage from having the education and experience needed for succeeding in new ventures and becoming an entrepreneur (Light & Rosenstein, 1995). This cohort benefits from the financial capabilities in order to start a new business. They also can use their credit history to gain financial supports from banks. Moreover, in order to be
successful as an older entrepreneur a circle of key people such as investors, lawyers, bankers, suppliers and most vital, customers are necessary. Older population can use their strong networks in favor of their entrepreneurial success (Ragoff, 2007).

All the above advantages increase the chances of succeeding in self-employment or starting a small business by older entrepreneurs. There are other supporting facts which indicates how high are the success chance for this sector. Firstly, there is a change in career paths as employment with a large, prestigious company has lost it’s desirability it once had. Large firm don’t provide the security they used to give to their employees; they are no longer seen as a dream job. Instead, business schools are now more determined on training entrepreneurs. All these changes ease the path for later-life entrepreneurship to be highly accepted as a career option.

Nowadays, technology improvement makes starting own business easier than before. Moreover, older people are now able to use their skills, knowledge and experience through options like outsourcing. Franchise businesses are reasonable option for older entrepreneurs given the financial supports and strong networks that this category possesses (Ragoff, 2007).

Consequently, later-life entrepreneurship is perceived as a vital economic issue and it is yet to be growing.

A THEORETICAL FRAMEWORK FOR RESEARCH

Webster & Walker have developed a theoretical framework based on the knowledge available on antecedents of entrepreneurship, the facilitators and inhibitors needed for success and growth of small businesses, and all the training and assistance necessary for new entrepreneurs. In this model it is hypothesized that the relationships and interdependencies are unique for older people who select self-employment and small business ownership over early retirement and that older people have different business and assistant needs and different training requirements, based on previous work and life experiences. Whereas that would be applicable for all age cohorts, older people may not initially see self employment as a viable option because of the perceived financial risk involved versus the perceived value (Webster & Walker, 2005).


Figure 1: Theoretical framework of employment options for older workers


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Form this model it is concluded that significant economic and social benefits will be gained through encouraging older population to consider self-employment or business ownership as an alternative to early retirement or unemployment. These benefits can be listed as below:

a) Contribution to Australian economy through the decrease in welfare benefit spending, increase in personal and national revenue and by growing small business sector which is a significant part of our economy.

b) Providing independence, options and control to older individuals.

c) Organizations can retain the experience and knowledge of their old employees by subcontracting them back to their original companies.

d) The whole society will benefit from inclusion of the older people in the labor market and in the economy.

**CONCLUSION**

It is obvious the requirements of the older people in order to stay longer in the labor market are different from other age cohorts. Hence, empirical research and investigations are necessary to find these issues and develop smart training and support for this sector. What certain is that older people possess great potential that if applied in an effective and strategic way, great economical and social achievements will be attained.

**REFERENCES**


