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**The Issues and Opportunities of
Entrepreneurship After Age 50**

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**THE ISSUES AND OPPORTUNITIES OF
ENTREPRENEURSHIP AFTER AGE 50**

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INTRODUCTION

Entrepreneurship is a major force in the U.S. economy, encompassing businesses from part-time, home-based work to major enterprises backed by sophisticated venture capital funding. While there are many ways to count entrepreneurship's impact, just consider that various studies using varying methodologies have concluded that one household in seven earns income from an entrepreneurial venture (Winter, et al. 1998), that there are 12 million business owner operated firms (Dennis, 2007), and that more than 60% of net new jobs each year come from small firms (U.S. Dept. of Labor, 2005). Although entrepreneurship has received significant and growing attention generally, as some of the studies discussed below show as well as through increased media attention, it is only recently been recognized as an important activity among older Americans. While the data are incomplete, the evidence is clear that entrepreneurship among older Americans is a major phenomenon. This paper provides an overview of the field of study of older entrepreneurs, by applying accepted concepts of entrepreneurship study to an older population. The paper also proposes steps for advancing the field academically and practically.

Research by AARP (2002b) found that 69% of people between the ages of 45 and 74 who are still in the workforce plan to continue working in some way beyond their normal retirement. This finding was largely duplicated in a subsequent AARP (2003) study among workers ages 50 to 70, 68% of whom reported that they plan to work in some capacity post-retirement. According to a study by Thrivent (2006), many of these people will choose entrepreneurship in the form of self-employment, business ownership, or direct investment in a small business as post-retirement ventures. The Thrivent study also found that 71% of people ages 45 to 64 believe they will lack the funds in retirement to fulfill their plans, and 43% plan to work either

full- or part-time in retirement. More specifically, 34% of the sample felt that it was very or somewhat likely that they would start a business following retirement from their current employment (Thrivent, 2006). Studies carried out by AARP in 1998 and 2003 found 14% and 12% respectively plan on starting a new business in retirement (AARP, 1998 and 2004).

Entrepreneurship delivers many benefits whether people consider themselves in the post-retirement phase of their careers or not. Entrepreneurship is flexible, allowing individuals to design their ventures to suit their needs, whether limiting work hours, working alone or with partners, concentrating on current income or building future value, or focusing on long- or short-term goals. For older workers who prefer traditional employment, entrepreneurship becomes a choice when they encounter age discrimination, face an unwanted prospect of relocation, or find the available options unattractive because of low pay.

THE CHARACTERISTICS OF ENTREPRENEURSHIP

There is no single accepted definition of entrepreneurship. Some people think of entrepreneurship as aggressive, creative, and innovative business creation. Others define it as simply identical to self-employment. In the academic world, two definitions predominate. The first, a process-focused definition, views entrepreneurship as the process of pursuing opportunities and recruiting the resources needed to bring these ventures to reality (Stevenson and Jarillo, 1990; Ireland, Hitt, and Sirmon, 2003). The second definition is structurally oriented and considers the legal structure utilized or the time commitment that a person has to the venture. The legal entity definition involves a governing structure such as a corporation or partnership and is typified by the Census Bureau research discussed later in this paper. Many studies, however, use a time commitment definition established in hours per week of work on the

venture. Major studies employing this approach have often used six hours per week as the minimum required time (Heck and Scannell, 1999).

Overall, entrepreneurship can reasonably be seen as money-making through participation in any parts of the process of establishing, operating, or investing in business ventures. This definition covers self-employment, including innovative as well as copycat businesses, and makes no requirements as to the hours spent in the business, the percentage of ownership, or legal structure, nor does it make any assumptions about the size of the financial ambitions of the entrepreneur. In fact, making money does not have to be the sole or even main goal. As discussed below, many entrepreneurs have personal or social-purpose goals as their main motivation. This broad definition suits later-life entrepreneurs because it encompasses the multitude of strategies that they employ to achieve their varied goals through business participation.

Why Do People Become Entrepreneurs?

People become entrepreneurs because they either have to or they want to. The first group includes workers who are unable to obtain wage and salary employment because of economic conditions that limit their opportunities, such as a weak labor market or discrimination due to factors such as gender, ethnicity, or age. The second group consists of people with interests and dreams they want to pursue, such as becoming commercially successful inventors, or amateur chefs who hope to open restaurants. This second group includes individuals with lifestyle issues who want to be their own bosses or have more flexible work hours. The National Minority Business Owners Survey (Purveyar, Rogoff, Lee, and Heck, 2003) collected data on both minority and non-minority business owners. This survey shows that age 55+ entrepreneurs are more motivated by the opportunity to utilize their skills and abilities, make a contribution to society,

and achieve work satisfaction than their younger counterparts. The 2006 Thrivent study revealed that about one-third of those who consider themselves somewhat or very likely to be entrepreneurs when they retire also mention starting a business as one of the three goals they most wish to accomplish in retirement. If we can generalize from this finding, then the “have-to-be” entrepreneurs represent about two-thirds of later-life entrepreneurs, while the “want-to-be” entrepreneurs represent about one-third.

It would seem that the following are among the motivators for the “have-to-be” entrepreneur:

1. Economic conditions. A weak overall economy or an economy that is weak in only one sector may drastically limit employment opportunities. A pilot laid off from an airline may have trouble replacing his or her job if the airline industry is suffering a general slowdown. One option for the pilot is to begin an entrepreneurial venture within the airline industry, such as starting an air-taxi service, or entering into another industry entirely.

2. Discrimination. Sometimes studied under the rubric of “the theory of the disadvantaged worker” in the academic literature, discrimination holds that individuals who face prejudice often turn to entrepreneurship. Light and Rosenstein (1995), Min (1984), and Evans and Leighton (1987) provide evidence of this relationship. An immigrant who may have been an executive in a bank in his home country may find himself offered only entry-level positions at banks in the U.S. Many immigrants respond to this lack of adequate employment opportunity by using their education, prior experience, and fluency in languages as tools to start or purchase a business.

3. Lack of resources. It is perhaps ironic that a lack of personal resources such as education, money, credit, and an established business network may actually represent a starting

point for many entrepreneurs. The academic literature refers to this challenge as “the theory of liquidity constraint” and posits that individuals with a lower stock of such personal resources are generally more constrained in their employment options than in their entrepreneurial options. Among those researchers who have found evidence of this effect are Light and Rosenstein (1995), Evans and Leighton (1987), and Bates (1990).

Of course, people in this group are also limited in their entrepreneurial options. But, because of the wide array of entrepreneurial opportunities, entrepreneurship can be the best available course of action for an individual whose personal resources are minimal, including low education, poor English skills, and no financial assets. Among researchers who have explored this issue are Brush (1992) and Evans and Jovanovic (1989). While a person with limited choices may begin to generate income by service work such as gardening, home cleaning, or dog walking, it is often a first step in a process that eventually leads to obtaining additional clients and hiring employees so that the business can be expanded.

Family responsibilities such as raising children, taking care of an elderly or infirm family member, or working part-time in an existing family business can also constrain an aspiring entrepreneur’s ambitions.

The following are the main motivators for the “want-to-be entrepreneur:”

1. Following the dream. Many people harbor dreams to be involved in work that is removed from their main careers. They may yearn to be a musician, a stamp collector, an owner of a bed and breakfast, or someone who starts a non-profit venture. Others may have a specific dream related to the industry in which they have worked for many years.

2. Managing family and time constraints. Many people who start their own businesses while still employed must face the initial time restrictions imposed by existing full-time

employment. But, entrepreneurs without full-time jobs also have family responsibilities, such as childcare or eldercare, which might make starting a flexible-time, home-based business a better option than a full-time job away from home.

3. Having a limited role. Many entrepreneurs structure their ventures so they have limited roles in the business, including time involved, management responsibilities, and even financial risk. By casting themselves in the role of dealmakers, entrepreneurs recruit others to participate in their ventures with minimal personal risk and commitment. For example, one might purchase a business with management in place that can be operated from a distance. An extension of this is “angel investing,” in which an entrepreneur invests in a business and takes an active but limited role in its management.

4. Having flexibility over time. A venture can be designed so that the involvement of the entrepreneur can vary over time. An antique dealer can start with a part-time commitment, but can become full time when he or she retires from a full-time job.

5. Building equity value. Unlike regular employment, entrepreneurial ventures can create business value that can benefit the owner. If successful, a business can be sold when the entrepreneur wants to retire or begin a new venture, creating a potentially significant lump-sum payment.

6. Being the boss. Being your own boss is one of the most highly valued characteristics of entrepreneurship. After long careers during which they have developed clear ideas of how businesses should be run, or working for bosses whose management decisions and styles may have been frustrating and negative, entrepreneurs are highly attracted to situations in which they have the authority to make all the decisions. Palmer (1998) found this dissatisfaction with

previous work to be a main motivator for late-life entrepreneurship, along with the enjoyment and satisfaction of being one's own boss.

7. Accomplishing a social good. Research has shown that one of the most attractive aspects of entrepreneurship is the ability to accomplish a desired political or social purpose (Lee and Rogoff, 1996). This seems to be especially true for members of certain minority groups who believe that entrepreneurship reflects positively on their ethnic group and creates employment and other economic benefits within their communities (Rogoff et al., 2005). By starting a business with both an economic and social purpose, such as a school or health care company, or a non-profit organization that provides social services to members of a specific community, an entrepreneur can achieve these larger goals.

The Down Sides of Entrepreneurship

Although entrepreneurs cannot be characterized as people who are attracted to risk and enjoy taking it, there is no denying that many forms of entrepreneurial activity entail risk in several ways, especially for older entrepreneurs. Many ventures involve financial risk, and older entrepreneurs have less time remaining in their employment or entrepreneurial careers to recover from losses. Young entrepreneurs with many years of work ahead of them can risk their savings and even their homes and still bounce back if their venture fails. Older entrepreneurs who may have retired from traditional employment will have few opportunities to rebuild their savings, equity in their homes, or even find comparable employment if their venture fails.

There is also "career risk," meaning that taking oneself out of the employment pool for a significant period of time to pursue entrepreneurial ambitions that may fail could leave the would-be entrepreneur disadvantaged should he or she choose to return to the workforce. Although there is no specific research on this subject, it seems likely that such a hiatus from

traditional employment could have greater negative effects on older populations. It seems reasonable to believe that a mid-level or high-level employee over the age of 50 will have trouble duplicating his or her employment after leaving to engage in entrepreneurial activities that end in failure.

Finally, potential negative effects on the family might be greater for older entrepreneurs who have relatives who are dependent on them for financial support. People over 50 often are responsible for other family members including spouses, parents, and children. Making a decision to cut oneself off from a relatively predictable income stream that traditional employment may represent and begin a risky new venture also puts at risk those family members who rely indirectly on that income stream.

MEASURING THE PREVALENCE AND CHARACTERISTICS OF LATER-LIFE ENTREPRENEURSHIP

There is no single satisfactory measure of the prevalence of age-related entrepreneurial activity, but the conclusion from the available data is that entrepreneurship and age correlate positively. There are several ways to examine entrepreneurship, and, depending on the methodology followed, the information developed and statistical descriptions can seem quite different. As discussed below, there are studies that sample respondents only over a certain age, some that only study entrepreneurs, others that look at people active in the workforce in any way, and still others that use household sampling frames. Clearly, a difference in the sample being studied yields vastly different rates of entrepreneurial activity. To date, the most complete look at this issue is provided by Karoly and Zissimopoulos (2004).

The most common source of data cited in this field is the U.S. Census, which employs a nomenclature that is confusing and does not reflect the reality of self-employment and business ownership. Census respondents must choose only one from a list of three self-employment options: being self-employed in an incorporated business, being self-employed in a non-incorporated entity, or working without pay in a family business or farm. People who report that they are self-employed in incorporated entities are, by the government's definition, employees of the corporation and are thus *not* self-employed. Because classifying someone who is employed in a corporation that he or she owns should be within the definition of entrepreneurship, the data presented below total both types of self-employment to obtain what is a more accurate measure of prevalence.

It may not be clear to Census respondents that they can be self-employed in various legal entities aside from corporate forms, such as partnerships, or in no entity at all. A person with a salaried job could also have a side business during his or her days off and help a relative with another business occasionally. Such a person would qualify under three of the Census self-employment categories, while being limited to choosing only one.

With the exception of a study by Zissimopoulos and Karoly (2007), one of the major shortcomings of most studies to date of later-life entrepreneurs is that this population is not segmented by their age at the time of business initiation. This is important because an entrepreneur of 70 who owns a business may have become an entrepreneur at age 69 or age 20. It would be very useful to study the population of older entrepreneurs that is segmented into subpopulations by the age at which they became entrepreneurs. Nonetheless, studies that shed light on the issues of later-life entrepreneurship can be looked at by the methodologies used to examine the issue.

Workforce Studies

While there are numerous studies of the U.S. workforce, few have collected information about entrepreneurship among older workers. Among the few that have is The National Study of the Changing Workforce which has surveyed workers of various types and ages, most recently in 2002. This is a large sample that provides an in-depth look at employment issues among the working population, and it clearly reveals a strong association between age and entrepreneurship. Table 1 shows that while 8% of workers aged 50-59 are small business owners, 12% of workers over 60 years of age own their own businesses. Similarly, 13% of workers 50-59 years old are classified as self-employed independent workers, while 26% of workers over 60 are self-employed independent workers. Because this sample only includes those who are still in the workforce, it may actually miss entrepreneurs whose involvement may be mostly financial or who do not earn a salary or work enough hours on their ventures to be captured in studies.

Table 1. Employment status by age

Age	Wage and Salaried Employees	Self-Employed Independents	Small Business Owners
18-29	84%	14%	2%
30-39	82%	12%	6%
40-49	81%	13%	6%
50-59	79%	13%	8%
60+	63%	26%	12%

Source: Bond, Galinsky, Pitt-Catsouphes, and Smyer, 2005.

Because of the central role that families play in the process of business creation and operation, an important research approach is to use the family as the research sampling unit. This approach was taken by studies by Winter et al., (1998).

Census Data

Using U.S. Census data to gain insight into the general trends regarding later-life entrepreneurship is problematic because of the limited way in which the census questionnaire defines self-employment. As discussed above, the Census definitions are inadequate representations of reality. Nonetheless, the Census data in Table 2 clearly shows that self-employment (for those in unincorporated entities) increases with age. For the age group 55 to 64, the total self-employment rate is 17.8%, and, for people over 65, the total self-employment rate is 26.9% (Hipple, 2004).

Table 2. 2003 Self-employment rates as a percentage of all employed and self-employed workers

Age	Unincorporated Self-Employed	Incorporated Self-Employed	Total
16 +	7.5%	3.6%	11.1%
16-19	1.5%	.2%	1.7%
20-24	2.0%	.4%	2.4%
25-34	5.3%	1.9%	7.2%
35-44	7.8%	4.1%	11.9%
45-54	8.7%	4.8%	13.5%
55-64	11.7%	6.1%	17.8%
65+	19.1%	7.8%	26.9%

Source: Hipple, 2004.

A FUTURE OF INCREASING OPPORTUNITIES FOR LATER-LIFE

ENTREPRENEURS

Scant data have been collected to document how changing values, technology, and business models have lowered barriers to aspiring entrepreneurs, but it seems that significant types of opportunities *are* increasing. Consider the following:

1. Entrepreneurship has lost the stigma it once had. Judging from fields of interests within business schools, there was a time when a long career with a large, prestigious company was seen as the most desirable professional path while entrepreneurship was paid scant attention on the curriculum. Today, entrepreneurship is the fastest growing field of study in business schools (Katz, 2003). Large companies don't provide the security they once did, and this sector of the economy is no longer the primary engine of job creation. A white paper prepared by the Small Business Administration calculates that 69% of new jobs are created by start-up firms (Small Business Administration, 1998). Business schools that once focused on preparing students for careers in major corporations have experienced significant growth in the programs they offer to train entrepreneurs (Katz, 2003). All of this has combined to make later-life entrepreneurship more attractive, better understood, and highly acceptable as a career step relative to other options.

2. Technology has made business ownership more accessible. Until recently, the first steps in opening a new business were renting an office and hiring a staff. Working from home was regarded as unprofessional and low-status. Computers, cell phones, telephone-answering systems, word-processing software, and the Internet have made small business start-up and operation easier, cheaper, and more professional-looking to clients.

3. The Internet has leveled the playing field for small business. Websites make it easier for small firms to seem big and to service customers anywhere in the world. Companies such as eBay and Amazon.com that provide the structure for individuals and small companies to reach their markets significantly lower barriers to small business operation. Although there are no published estimates of the number of people who use eBay as a significant income creation tool, with more than 78 million users classified as “active” by eBay in 2006 (eBay, 2006), there are clearly millions of people who earn incomes as entrepreneurs, buying and selling products through eBay.

4. Knowledge-based businesses are expanding. Later-life entrepreneurs have skills, experience, and education that represent valuable commodities. Outsourcing, once considered a bad word, is now recognized as an efficient way to do business, and later-life entrepreneurs are well-positioned to excel in this work because they represent highly-skilled workers who have already created a structure for work other than full-time employment.

5. Franchise businesses are a growing opportunity. For people who want to purchase a concept, operating plan, and brand name, franchises represent a “business in a box.” In the United States alone, there are more than a thousand companies that franchise and over 750,000 individual franchises (International Franchise Association, 2005). Given the greater level of wealth and access to capital that later-life entrepreneurs have, they are a good match for franchise businesses.

6. Possible support systems. In the U.K., perhaps because of greater awareness of aging population issues, later-life entrepreneurs have already received significant attention and formalized support programs. One such program, the Prince’s Initiative for Mature Enterprises (PRIME), is supported by Prince Charles and provides loans to start-up ventures owned by

entrepreneurs over 50 (Hirschhorn, 2005). There are no similar age-specific programs in the United States

FACTORS THAT INFLUENCE OUTCOMES OF ENTREPRENEURIAL ACTIVITY

While there is no single agreed-upon list of factors that promote entrepreneurial success, there is general acceptance among researchers and practitioners that good strategies, combined with ample resources, in the context of a favorable economic environment promote entrepreneurial success. The general economic environment is beyond the scope of this paper and would, in any event, not seem to be a factor influenced by the age of the entrepreneur. But, strategy and resources are closely related to the entrepreneur who develops and executes the strategy, and provides or recruits the resources needed to build the business. Good strategies arise from knowledge, experience, and intelligence, and their successful execution arises from the financial and other resources to bring businesses into reality. Therefore, we can examine a resource-based approach to entrepreneurship and the issues of time and risk as they vary with the age of the entrepreneur.

The Resource-Based Approach to Entrepreneurship

Businesses can be defined as the sum of their human, financial, and organizational resources. This set of resources becomes the means by which organizations develop the capacities to accomplish their goals, from building products to creating films. The greater an organization's resources and capabilities are, the more an organization can develop and implement a strategy to achieve its goals.

As discussed above, a good definition of entrepreneurs is those individuals who undertake ventures which require resources beyond their own control. This is certainly true for

entrepreneurs regardless of the size of their ventures. Businesses require collaborative resources such as financing, customers, raw materials, employees, partners, and space. Looking at entrepreneurship through this lens makes the process of obtaining and managing these resources the key element of success. It also makes the bundle of resources that entrepreneurs have or can obtain from others a key determinant of their success.

Grant (1991) designed a framework for strategic analysis that identifies a venture's resources and capabilities and then develops a strategy based on this analysis to establish a strong competitive advantage. This approach can also reveal gaps in resources, which, when filled, could improve the venture's capabilities and, in turn, its strategy. Later-life entrepreneurs can develop the best mix of strategy and required resources by knowing that additional resources can create additional strategic options and that different strategies define the needs for the types and amounts of required resources.

Light and Gold (2000) examined the resources that are key to the capabilities and ultimate success of ventures. They group the resources required into four types of capital: social, financial, cultural, and human. We will now examine all four through the lens of age. The central question here is whether the amount and quality of these resources change with the age of the entrepreneur.

Social capital includes personal and business networks and the entrepreneur's reputation. Making connections to others is central to obtaining all four types of resources. Older entrepreneurs generally have larger networks than younger entrepreneurs given their years spent in both work and social situations. While age is no guarantee of a positive reputation, an older entrepreneur is probably more likely to have a reputation (whether better or worse) with a larger number of people than younger entrepreneurs.

Financial capital includes the financial resources that entrepreneurs can deploy themselves in support of their ventures, as well as the financial resources that they can obtain through family, friends, or professional sources.

Starting or buying a business requires capital. As people get older, in general their net worth and credit scores go up which are critical factors in obtaining financing from banks and other sources. This point is made clear by the following facts: according to the 2000 U.S. Census, the median net worth for U.S. households is \$46,506, while it is over \$150,824 for households headed by individuals between 55 and 64 years old, and over \$170,300 for households headed by individuals over 65. As discussed in the section of this paper on tools for building success, there are a number of strategies for entrepreneurs who may be severely constrained on these four resources.

Table 3. Selected measures and components of wealth by age in year 2000

Age	Net Worth	Stocks and Mutual Funds	Equity in Business or Profession	Equity in Home
Under 35	5,896	6,000	7,000	22,000
35 to 44	33,950	14,000	6,700	40,500
45 to 54	68,198	20,000	10,000	60,000
55 to 64	100,750	36,000	10,000	78,000
65 to 69	107,150	32,000	25,000	85,000
70 to 74	118,950	44,000	24,000	90,000
75 and over	100,000	39,586	16,000	85,000

Source: “Net Worth and Asset Ownership of Households: 1998 and 2000, Household Economic Studies,” p. 12-13, U.S. Census Bureau, May 2003. (<http://www.census.gov/prod/2003pubs/p70-88.pdf>).

As Table 3 shows, there is a strong correlation between age and personal financial resources as measured by net worth. For example, people over the age of 55 have triple the net worth of people between the ages of 35 to 44. It would also seem that access to financial capital through social and professional networks or personal reputation is likely to increase with age.

Cultural capital includes the values, ethics, morals, and customs that individuals possess, usually through their ethnic, religious, family, and social backgrounds. As previous research has shown, certain ethnic and religious groups have strong business and family-oriented cultures that help them to be successful entrepreneurs, even in the face of few other personal resources. Since one's personal values change little with age, it seems that age is unlikely to result in an improvement in an entrepreneur's cultural capital. However, it could be argued that experience in business will help an individual to understand the values and customs of business in various settings and with various types of other entrepreneurs.

Human capital includes the skills, knowledge, energy, and abilities that the entrepreneur possesses. Examples of these include formal and informal education, language skills, and technical skills. Research has shown that education and experience increase the probability of being an entrepreneur and the likelihood of building a successful venture (Lee and Rogoff, 1997). It makes sense that older populations have more of both (Light and Rosenstein, 1995). Researchers such as Aldrich and Cliff (2003), Larson (1991), and Dubini and Aldich (1991) have shown that, while it possible to fly solo, almost no ventures are started entirely on one's own. Entrepreneurship is often a team sport, and entrepreneurs need lawyers, accountants, partners, investors, bankers, suppliers, and, most importantly, customers. It seems reasonable that older entrepreneurs who are more likely to have built up work and social contacts over their lives have more of these essential contacts than younger people, and are able to deploy them in the pursuit

of their ventures. It also seems reasonable to assume that physical energy declines with age. Although there have been no studies of this within the context of entrepreneurship, some entrepreneurial ventures such as construction work require great amounts of physical effort. Others, such as legal work, may require more mental exertion. Owning and operating a retail store may require a combination of the two.

The conclusion is that human capital related to many intellectual processes increases with age even while physical energy generally declines. Since many strategies readily exist for supplementing the physical energy of the entrepreneur him- or herself, it probably should be concluded that the advantage here goes to the older entrepreneur. In fact, it seems that older entrepreneurs generally have the advantage over younger entrepreneurs since three of the four types of the resources required probably exist in greater quantities with the later-life entrepreneur.

THE IMPACT OF AGE ON AN ENTREPRENEUR'S TIME HORIZON AND RISK TOLERANCE

One quality that older entrepreneurs do not have in the same quantity as younger entrepreneurs is time. The relationship between time and business is significant. Strategies take time to execute. Mistakes take time to fix. Many successful entrepreneurs only experience a great success after spending time on previous failures. Financial returns are magnified when they are earned in a short period of time – doubling an investment in two years is a 41% compounded annual return, but doubling it in 15 years is about a 5% annual return. Trying to earn huge returns in a short period of time generally requires taking great risk. Older entrepreneurs do not have the years to execute time-consuming strategies, and they do not have

the ability to withstand large risks, which limits the options for the type of entrepreneurial activity they may choose.

Successfully managing this risk requires a careful effort to identify the amount of financial and personal risk the entrepreneur can tolerate. As discussed below, later-life entrepreneurs need tools designed to address their unique situation regarding time and risk.

TOOLS FOR BUILDING SUCCESS FOR LATER-LIFE ENTREPRENEURS

Later-life entrepreneurs need approaches that match their entrepreneurial ventures to their risk tolerance and time horizons. Because the profiles of each entrepreneur are so different, vis-à-vis the resources they bring to bear on their prospective ventures, each entrepreneur must be evaluated uniquely. For example, an entrepreneur with great knowledge of an industry, a wealth of contacts, and large personal financial resources may be able to start a sizeable venture. On the other hand, an aspiring older entrepreneur may have little financial or social capital and perhaps disabilities along with the declining energy brought on by age. Even for someone with physical constraints, there are many entrepreneurial strategies that fit, such as establishing a home-based business, being part of a direct-selling network, or partnering with other entrepreneurs who have greater access to desired resources.

Figure 1 depicts an outline for a proposed five-step model for a program that could help later-life entrepreneurs identify viable potential ventures and strategies.

Figure 1. Five-step model for creating appropriate entrepreneurial strategies for later-life entrepreneurs

Step 1	Identify the Entrepreneur's Resources	<ul style="list-style-type: none"> -- Financial Resources, such as current income and expenses, network, liquid assets, current investments -- Social Resources, such as business and personal networks and family support -- Cultural Resources, such as ethnicity issues -- Human Resources, such as skills, abilities, formal education degrees, and relevant work experience -- Identify resource gaps that need to be filled
Step 2	Develop Potential Venture Profile	<ul style="list-style-type: none"> -- Amount that can be invested and likely sources of capital -- Business goals such as current income or future value -- Timeline for achieving these goals -- Industry or business type that matches the entrepreneur's abilities and desires
Step 3	Create Specific Options	<ul style="list-style-type: none"> -- Develop strategy for developing a plan to start a business or to purchase an existing business -- Identify specific options through search or business plan development
Step 4	Judge the Appropriateness of the Match	<ul style="list-style-type: none"> -- Evaluate whether the business or plan is a good match with the resources as well as the time and risk profile of the entrepreneur -- Review whether all required resources are available either through the entrepreneur or through other strategic options, such as partners, employees, or outside funding
Step 5	Review the Process of the Previous Four Steps, and Take Action to Improve Them in Subsequent Applications	<ul style="list-style-type: none"> -- Searches for opportunities or plans for existing businesses that did not lead to success to be reevaluated and revised for subsequent efforts -- Successful efforts also need to be constantly evaluated as to future plans

To be effective, tools for later-life entrepreneurs should not only match an entrepreneur to a business strategy but must be easy to apply, be sensible, and have clear conclusions. The thinking that underlies the tools can become integrated into the entrepreneur's ongoing strategic decisions.

Clinimetrics is an emerging field of practically-oriented testing and tools notable for its ability to be applied quickly and easily. This ease of use results from their application by knowledgeable practitioners. Work by Feinstein (1999) and Lichtenstein and Lyons (2001) are examples of literature that have explored applying clinimetrics to issues of entrepreneurs. Clinimetric tools are administered by trained experts in the field who, through questions and discussion with the subject, arrive at conclusions about the subject on various scales. For example, Lichtenstein and Lyons (2001) have developed and used clinimetric tools that employ experienced experts in the process of evaluating the proficiency of entrepreneurs through structured interviews. The tools lead to operational conclusions about items such as the amount of money the entrepreneur might invest, the type of business he or she should focus on, and the strategy that particular business should pursue.

The outline of the model presented here begins with Step 1 by evaluating the financial, social, cultural and human resources that the entrepreneur can bring to bear on potential entrepreneurial ventures. In Step 2, an ideal profile for a potential venture is created through questions and discussions of industries of interest and what the business goals are, such as earning immediate income, building value that can be harvested in the future through a sale, or achieving a social goal, such as educating an underserved group. This leads to the creation, review, and evaluation of specific options in Step 3, a recommendation for the preferred strategy's reasonableness and attractiveness in Step 4, and the establishment of an ongoing review process in Step 5. Through this five-step tool, an entrepreneur and an evaluator could choose the right business, the best strategy for a proposed venture, and an acceptable amount of risk in financial and personal terms for the entrepreneur to take.

CONCLUSION: LATER-LIFE ENTREPRENEURS HAVE THE NEEDS AND ABILITY; NOW THEY REQUIRE THE TOOLS TO MINIMIZE RISK

It is clear that the level of entrepreneurial activity among people over 50 is significant. It is also clear that not nearly enough is known about this trend. Exactly what older entrepreneurs do, when they started, what their attitudes and goals are, and what they perceive as their unique challenges are not known. It is important that this knowledge gap be addressed through both longitudinal and cross-sectional research. Longitudinal research will follow later-life entrepreneurs through their entrepreneurial endeavors to learn more about the process itself and the factors that influenced their success and failure. Cross-sectional studies will reveal more about prevalence, characteristics, and patterns of later-life entrepreneurship, including its impact on quality of life, family, and sense of well-being. One important goal for federal policy is to marshal its significant existing data sources, such as the Census, to reveal greater information in this area.

Whether people are “have-to-be entrepreneurs” or “want-to-be entrepreneurs,” people in later life have the ability to participate and benefit from business ownership in its many forms. Later-life entrepreneurs often have the funds necessary to start a venture or purchase one; the credit with banks to borrow money; and the network of friends, family, and colleagues to support an entrepreneurial venture. They also have the knowledge gleaned from formal education, work and life experience, and skills that are critical in supporting a successful venture. The personal and professional networks they have built can form the basis of contacts that can lead to clients, customers, and colleagues.

Whether their goal is to continue to earn income after traditional retirement, the desire to be mentally engaged in work, or the hope to follow long-held dreams, people over 50 require

ways to achieve these goals. In fact, many paths to these goals exist. The ease of buying an existing business, purchasing a franchise, or starting a business from scratch are hallmarks of an American economy that has low barriers to entry for entrepreneurs, no matter how old they are. Public policy should focus on making these paths known to aspiring older entrepreneurs through training programs, web-based resources, and public reports that will inform this population as to their options.

In concert with such information on the patterns of later-life entrepreneurship, researchers should focus on various aspects of the risk equation that older entrepreneurs must calculate. These include collecting data on the perceptions of risk that older entrepreneurs have, strategies employed by older entrepreneurs to minimize risk, and the extent to which the perception of risk reduces entrepreneurial activity among this population.

As evidence points to longer and healthier lives, shrinking pensions, and continued personal ambitions, later-life entrepreneurship becomes a more attractive option. All these forces combine to explain why later-life entrepreneurship is a significant element of economic vitality for older Americans and very likely will grow as the need for income and benefits among this population increase. But, later-life entrepreneurs have to be especially cognizant of the need to avoid excessive risk that can cause them irreparable financial damage. Tools must be developed to help later-life entrepreneurs accomplish their specific goals. This paper examined the usefulness of the development of clinimetric tools that can be easily and quickly used to help would-be entrepreneurs understand their own resource profiles, develop strategies to obtain any resources they may be missing, and match themselves to appropriate ventures that will achieve their desired goals without intolerable levels of risk.

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