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The Grey Entrepreneurs in UK

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ABSTRACT

The paper begins by exploring the terminology associated with this area of work and references to people who share similar characteristics. Key trends, their effects and impact of age on a wide range of broader economic factors, with particular attention on the small and medium-sized enterprise proprietors are examined. The 'Grey' drivers and motives are explored to identify what prompts them towards entrepreneurship and the characteristics that set them apart from younger groups, using existing empirical studies. Literature review of past and current studies on Grey entrepreneurs, Third age and Entrepreneur age, and their effects and impact on the performance of small and medium-sized enterprises is considered.

The study examines popular arguments, that aged people are more experienced, respect independence, possess more social, human and financial capital, have less risks at this stage of their lives in contrast to younger people, hence this is ideal, fertile grounds for starting in business. The findings provide a contemporary view and throw much doubt to popular understanding by challenging some of the most fundamental elements of the argument. The findings indicate a greater role for some members of the Grey community who share certain characteristics, to contemplate the appeal and intricacies of self-employment and to set up in business. It acknowledges the role of government assistance as a legitimate intervention to support and sustain Grey entrepreneurs as they are expected to generate their own markets and business opportunities e.g. nursing, care, health, leisure, financial and professional services.

The role of government and their policies are discussed. Policy implications are identified to stimulate 'Grey' entrepreneurship and, in creating a dynamic enterprise culture where age is critical but caution are advised to target all those over 50 years old. Business Link and enterprise agencies will be able to target their provision more selectively, in line with renewed efforts to tackle age exclusion and improve business succession and sustainability. By drawing on findings from existing research, the popular view is examined and a re-assessment is offered for policy makers and service providers to target their support more meaningfully

INTRODUCTION

The general trend of an ageing population in the UK (as in the G8, OECD, Europe, and developing countries), is raising numerous social and economic issues higher up the political agenda. Some of the more pressing issues include pressure on welfare costs, a diminishing active population, sustaining pension expectations of a growing population of economically inactive people, and retirement and succession planning.

As the population gets older, the issues are impacting on changes to the relationship between paid employment and enterprise. Evidence from other countries show that self-employment demonstrates lifecycle effects ((Leung and Robinson, 1998; Fuchs, 1982) with those involved rising with age (Blanchflower, 1998; Leung and Robinson, 1998; Quinn and Kozy, 1996; Evans and Leighton, 1989; Fuchs, 1982). An analysis of OECD data bears further testimony to the probability of self-employment rising with age (Blanchflower et al., 2001). Like Evans and Leighton (1989), Blanchflower et al., (2001:686) explain this as a result of people steadily making the transition into self-employment over their working life. This shift might be prompted by acquisition of requisite resources and exposure to numerous opportunities (Evans and Leighton, 1989), or it becoming easier with age to break into entrepreneurship (Blanchflower et al., 2001).

Whilst the general self-employment trend increases, it is not clear at what age break-points or which age-band are affected significantly. For example, Evans and Leighton (1989) observe that self-employment increases until early 40's, and then remains constant until retirement. Haines (1991) and Bururu (1998) confirms this but identify that self-employment markedly increases for those over 65 years. The 1998 LFS also confirmed that, over the period 1995-98, the highest concentration of owner-managers lies in the 50-54 year age band compared with the mode for all employees in the 30-34 year age band. However, there are sharp falls in the proportion of owner-managers in the 55-64 year age bands, suggesting that many owner-managers begin to implement their retirement plans not long after turning 50.

The intensity of participation will vary from group to group, for example studies on self-employment among ethnic minorities confirm the propensity for self-employment to increase with age (e.g. Clark and Drinkwater 1998). The pattern also varies between those who 'switch' from paid employment to self-employment later on in their life and those self-employed who over time age with their businesses. Self-employment offers a non-discriminatory path to economic independence for a substantial minority of this age group; however, it is believed that more could move out of benefit dependence via this route.

Once the participation increases, a strong indication provided by Storey (cited in the Financial Times, 2002) found the survival rate of new British firms started by people 50-55 years was more than double of those begun by 20-25 year olds. A better understanding of the 'Grey' Entrepreneurs, their motives and drivers, their characteristics, the age-points and other factors, warrants a closer examination, particularly in self-employment and enterprise. The importance of focusing on this group lies with offering a potential solution to many of these problems of the conditions of the labour market pressure on state resources.

TERMINOLOGY

It would be helpful to review the terminology used in the literature to gauge a better understanding of this group and to avoid using the terms interchangeably. 'Grey Entrepreneurs' can refer to a number of phrases such as:

- 'third age entrepreneurs'
- 'prime age entrepreneurs'
- 'senior entrepreneurs' (seniorpreneurs)
- 'older entrepreneurs' (olderpreneurs)
- 'elder entrepreneurs' (elderpreneurs)
- and 'second career entrepreneurs'

There is no general consensus to describe the increasing incidence of Grey entrepreneurs or in determining the exact age-point, for example, pensionable age, contract age and retirement age. Arkebauer (1995) has coined the term 'seniorpreneur' to denote any individual over the age 50 who owns a business, regardless of size. The 'second career entrepreneur' used by Baucus and Human (1994) in contrast, excludes long-term business owners who have recently turned 50. Alternatively, 'third age entrepreneurs' is referred to mean individuals who own and operate a small or medium sized enterprise when aged between 50 and 75 (Blackburn, Hart & O'Reilly, 2000; Blackburn, Mackintosh & North, 1998), but ignores older persons, and has sometimes been taken to mean only those persons who were over 50 years old when the business venture was founded.

The author has dubbed 'elderpreneur' to refer to an elderly person aged 50 or over who own and operate a business. This offers the advantage of anyone over 50's with no upper limit. However, the primary focus is between 50 and 65 as this is where the majority of issues affect the group. The existing eligibility qualification age is 65 for males and 60 for females. The contract, employment and pensionable service also often meet up at this age point. However, the main reason lies behind the popular conception of the term. The community has a greater awareness of someone who is called an 'elderly' person. This familiarity extends to policy makers who are also well acquainted with the term and its application.

TRENDS IN UK

This paper uses a series of surveys to cast more light on these trends and problems with respect to SMEs in Britain and looks more closely at the implications of an ageing workforce on self-employment. The anticipated evolution of the age structure of a society depends on demographic assumptions about future birth rates and life expectancy, as well as the level and age structure of migration flows.

The life expectancy in Britain has been rising and by tomorrow it would have risen by almost 5 hours. The impact is dramatic, as people reach 60 by 2031, will live for another 20-25 years. The changes in age distribution and life expectancy are already beginning to impact on society and will affect every business sector. The old-age dependency ratio (proportion of over 65 year olds to those aged 20-64 years) has reached an average 22 per cent in OECD counties and projected to more than double to 50 per cent (Visco, 2001).

In the UK according to the government's own Labour Market and Skills Trends (DfEE, 2000) the overall 1998-2011 increase in working age population is projected to be 1.4 million (4 per cent) but the population over 45 years of age will increase by 3.4 million (16 per cent), including a one million increase in the 55 years and over age group. Ageing population effects and the associated pension crisis disproportionately affect small firms. These effects are exacerbated by a related ageing of the stock of small firms and lower enterprise survival rates (SBS, 2004). The direct impact is on increased likelihood of falling small firm investment in product (innovation) and staff development (social capital), as a result of the financial impact of the pensions crisis and falling consumption due to population ageing, and as an indirect effect of the firm's own ageing process (Sorensen and Stuart, 2000).

Under current institutional arrangements, where the public pensions of today's retirees are paid out of the contributions of today's workers, fewer workers supporting a larger number of generally longer-living retirees will put budgetary positions in OECD countries under increasing pressure. Moreover, many other public expenditure programmes are affected by demographic shifts. These include programmes for early retirement, health care for the elderly, long-term care family/child benefits and education. Overall, between 40 and 60 per cent of total public spending is sensitive to the age structure of the population. Important public expenditure item on elderly persons relates to health and long-term care.

Clearly, the intention to grow declines with age as the desire to sell the firm increases. The desire to maintain a stable status quo also increases. These are not unexpected but may reflect different trends when analysing age-effects on SME growth or entrepreneurial behaviour. The Ageing Population Panel believes that there will be scope for more lifelong learning for older learners and confirms the pressures on governments to relax retirement ceilings. In fact, the pressure to find gainful or meaningful occupations (paid or unpaid) are likely to increase even more at the older end of society. This led the Panel to conclude that there may also be huge opportunities for UK business. Whether this is likely to benefit Britain's 3.8 million small and medium enterprises (SMEs) remains to be seen.

KEY ISSUES

Over a third of British businesses could be damaged if the Government decides to remove the right to set the retirement age of employees, according to the British Chambers of Commerce (BCC). A survey of 1,200 businesses across all sectors found that 36 per cent of employers thought it was crucial to their business to retain the right to set a retirement age. The BCC argues that having a set retirement age is essential in order for businesses to effectively manage their workforce. Employers would then have the flexibility to agree with employees on working beyond that age (Removing retirement age 'would damage British business', 12 Nov 2004, Ageism. Legal & Legislation. Pensions. Author: Management Issues News).

As many as two-thirds of the 3.8 million small to medium sized businesses in the UK could be leaving themselves open to costly age discrimination claims if they do not review their working practices before new regulations come into effect in October 2006. And while nine out of 10 small business leaders believe investment in training and mentoring courses are important to overall success, nearly a quarter felt the cost and time they would need to invest in training older workers would have a negative effect on the profitability and productivity of their business. AXA's Lou Macari said that with 2006 marking the first year that the UK workforce would contain more 55-64 year olds than 16-24 year olds, all businesses need to adapt to support the ageing profile of the UK workforce (SMEs vulnerable to ageism claims, 29 Nov 2005, Ageism. Legal & Legislation, Author: Management Issues News).

METHODOLOGY AND DATA SET

The methodology involved carrying out some desk research, based on over 20 published scholarly and government sources which were accessed as evidence, many of which themselves contained secondary and primary data from multiple sources. A range of approaches were used in these studies including quantitative surveys to qualitative case studies. However, from the preliminary research it became clearer, that whilst other surveys (Barclays Report, 2001; Blackburn, Hart and O'Reilly, 2000; Clark and Drinkwater, 1998; Storey and Greene, 2002) had revealed much about self-employment motivation and obstacles in general, the over-50s' experience had hitherto been largely overlooked. Therefore, the methodology used in this paper covers an extensive review of literature on Grey Entrepreneurs, on the Third age and Entrepreneur age, and performance.

EMPIRICAL EVIDENCE BASE

The desk research revealed that a considerable volume of understanding exists relating to:

- the labour market
- small firms
- the importance of the age group to the economy
- issues facing this age group in general
- finance and older people
- issues facing particular disadvantaged groups regardless of age
- employment of older workers
- obstacles to self-employment but very little specific to the obstacles to self-employment among over-50s

The IGU Conference 2004 paper “3rd Age and Enterprise in the UK; Issues and Policy Response” provides a useful updated overview of the reasons for interest in this subject but points out:

> “Unfortunately very little is known about the entrepreneurial potential of individuals in the Third age. Most research, and indeed a great deal of public expenditure, is devoted to understanding and promoting entrepreneurship in younger age groups”.

What the desk evidence shows is that we are as yet unable to characterise who these many people could be; or how best to support them in overcoming any hesitancy they may feel towards proceeding in this direction. There appears to be a dichotomy between the good sense in the idea and experience of 3rd Age Entrepreneurship; and resistance to its uptake. Whilst we are able to list possible and probable obstacles facing this age group both generically and in sub-sets, the current research base is inadequate to enable us to prioritise these for the purpose of addressing those which will most impact progress to higher self-employment specifically for the 50-64 year-olds. What is clear is that this constituency is large and very diverse, ranging from well-equipped recent managers to those with a raft of disadvantages. Overcoming of no single obstacle will impact all; no single motive or solution will overcome all obstacles. Solutions will need to be identified to key obstacles facing sub-sets of this age cohort – which themselves require researching.

There are substantial gaps in understanding of the attitudes of over-50s to self-employment. Some such gaps relate to the relative invisibility of categories who might be interested in new opportunities, such as housewives or the potentially redundant. Others relate to the lack of awareness of the possibility of self-employment, which is not offered as an option to many. Research into attitudes to self-employment in these circumstances might seem fruitless unless prefaced by some introductory initiative.

Many entrepreneurs over 50's, or coming of age or planning their retirement also take into account their age in making a business decision. The demographic trend common in most industrialised countries of an ageing population (Gray, 2005) particularly it will result in shortages in the supply of skilled workers and also that small firm owners will be also much older. In Prime Minister's Foreword[1] Tony Blair corrects the prevailing view that an ageing society is too often – and wrongly – seen solely in terms of increasing dependency. But the reality is that, as older people become an ever more significant proportion of the population, society will increasingly depend upon the contribution they can make.

Certain sectors and industries are considered old age, others more mature and some as belonging to the new economy. For example, the sub-region's economy was traditionally built on entrepreneurial activity in manufacturing, predominantly of the motor industry. Now there is fresh impetus to entrepreneurial activity centered on a broadly diversified service economy – with its core in professional services – which is increasingly self-sustaining[2].

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[1] In a Report entitled, "Opportunity: The Challenges of Ageing in the 21st Century", prepared for the HM Government.
[2] Birmingham and Solihull Economic Review 2003-04.

In a recent study the probability of introducing innovations in accordance to age is likely to shed light on the dynamics of industries. Industries' technology and products evolve according to the innovations introduced by the entrants, surviving and incumbent firms, and these innovations are one of the main sources of industry growth and changes in its structure (How does probability of innovation change with firm age?, Elena Huergo* Universidad Complutense de Madrid Jordi Jaumandreu** Universidad Carlos III de Madrid September, 2002). Similar principles apply to markets and niche, mature and declining.

A few papers have developed theoretical insights into the nature of these dynamics (Audretsch, 1995b; Cohen and Klepper, 1996), while many others contain pieces of evidence on the innovative behaviour of firms according to their time in the market Products life-cycle relates to a number of criteria inexorably linked to market. Capital obsolescence can also affect the life-cycle of machinery and equipment not only in accounting terms but also its productive contribution to the business.

Apart from intrinsic differences in risk taking between entrepreneurs, it may be hypothesised that there is a negative relation between risk taking and age of the entrepreneur. He or she may be willing to take chances early in the career, but less so after ten or twenty years. This type of research on careers of entrepreneurs can be cast in a demographic life-course perspective. Nevertheless, the effects of organizational age on demographic events remain to be fully understood. On the one hand, ageing implies learning, and becoming better equipped. On the other hand, ageing may mean increasing structural inertia, and becoming obsolete. Carroll and Hannan (2000) have tried to capture both types of processes in one general formulation, using the language of formal logic. However, much theoretical and empirical research is still needed.

PRIME has published an interim report called "Olderpreneur Outcomes". It looks into what happened to people aged over 50 who contacted PRIME about starting in business. The report is based on telephone and email polling of 283 people, the vast majority of whom were interviewed by phone. All had originally contacted PRIME between October 2003 and May 2005. The good news is that 43% had gone ahead and started a business, 30% were still considering it - and only 27% had given up. People contacting PRIME turns out overwhelmingly to be aged in their 50's. Only 15% of the respondents were people in their 60s or 70s. This is reflected in the business outcomes, with most (84%) of the people starting businesses being in their 50s too.

However, it does appear that the older people are when they contact PRIME the more they are prepared to get on with it and start their business, and the less inclined to delay. Once on the route, the older olderpreneurs are more likely to see it through. Though this runs counter to expectations if one is used to thinking in terms of enterprise being a preserve of youth, from the responses to this study, it appears to be true. Also running counter to expectations were differences between the genders, which were more marked than we expected. Women take longer setting up their businesses, but once started on the process may be just as likely to eventually establish an enterprise as men. However, interest in starting a business seems to drop off more rapidly for women than men, with very few women in their 60s and 70s even contacting PRIME.

This means that despite womankind's greater longevity, most olderpreneurs will turn out to be men. Of the 121 respondents to this study who had gone ahead and started their own businesses, 85 (71% of the sample) were male and 35 (29%) female. We think that the earlier state pension age for women probably plays a big role here, removing some financial pressure from women earlier (although women are more likely to have a lower pension than men) and perhaps reinforcing expectations that women in their 60s should not work.

GREY CHARACTERISTICS

The number of businesses being set up by people aged over 50 is on the increase. So-called "grey entrepreneurs" account for approximately 15% of all business start-ups in England and Wales, according to a Barclays Bank survey. This compares with 10% a decade ago. Older entrepreneurs are also responsible for 50% more start-ups in absolute terms than they were 10 years ago. Barclays said that "entrepreneurs aged 50 and over are becoming a force to be reckoned with in the UK economy". The growth in older business owners has been attributed to a demographic shift, where it is more common for older people to work past 50.

It also reflects the composition of today's population. More than a third of people will be older than 55 in 2025, compared with a current one in four. Redundancies, retirement or dissatisfaction with previous jobs are spurring older people to start up their own companies. Nearly a fifth of "grey" start-ups were founded using redundancy payments. And more than half of them set up in an area the owner had worked in before.

However, the older generation tends to make less money than younger entrepreneurs. Average turnover for businesses owned by the over 50s is £70,000 compared with a national average of £104,000. But to offset this, the older owner-manager faces less stress as only 27% rely on the business as the family's sole source of income. And older people seem to think more clearly about objectives and pitfalls, according to the survey. While 43% of grey start-ups prepared a business plan before going it alone, only 23% of under-50s did, the report added. Research for the survey was conducted in April, using a sample of 473 businesses with turnover of less than £1m.

Grey entrepreneurs are more experienced, possess more social, human and financial capital, have less risks at this stage of their lives in contrast to younger people. There are few structural obstacles to self-employment. Indeed, the very fact of their longer experience and maturity can make older men and women more suitable candidates for self-employment than younger people.

But they have less education than younger entrepreneurs, are failing health tests, are affected by family life cycles and as conventional wisdom lead us to believe, they are risk-averse. The evidence is incomplete and conflicting as Marsh (1989) pointed out that older people were not risk-averse and more inclined to take chances of taking the plunge in self-employment. A recent study by Sorensen and Stuart (2000) suggests that, on balance, older firms have a wealth of organisational knowledge but that their older owners may be too stuck in their ways to respond to new innovative opportunities. Therefore, it seems that the survival of the smallest SMEs and the continued growth and development of the larger SMEs are tied to the ageing of their owners.

Several studies have examined this area according to the Barclays Bank report : ‘Third Age Entrepreneurs – Profiting from Experience’, Grey entrepreneurs are more likely to start a business because they have been made redundant, wish to make more money, to be free to be their own boss and retiring from previous job. However, compared to fewer than 50, they are relatively more inclined to start a business if they are redundant or retiring from previous job. What was also striking was that over 50s were least likely to have a business passed on through family compared with fewer than 50.

Reinforcing the findings of the PRIME survey mentioned above, grey entrepreneurs are predominantly male. Men (74%) over 50's are almost three times likely to start a business than women (26%). In comparison, businesses started by those under 50' is 57% men and 43% women. About half of over 50s who start a business do so in a similar area of work to what they were doing previously. The remaining half comes from professional jobs e.g. teaching and management. In contrast, about half of fewer than 50 worked in manual, clerical or secretarial jobs. About 6% of those under 50 were unemployed in the preceding period before starting in business compared to only 3% of over 50s.

They respect high levels of autonomy and independence. They wish to be self-reliant. They strongly attribute to personal effectiveness and high levels of personal fitness. They benefit from strong levels of family support. The over 50's are more likely (63%) to own and use a computer in their business than their counterparts (47%) who started a business when under 50. They also have a better survival rates as Storey (1994) has observed.

EXPLANATIONS FOR GROWTH

What predisposes Grey entrepreneurs to increasing entrepreneurial activity ?

There is an interplay of a range of push and pull factors (e.g. Bururu, 1998; Clark and Drinkwater 1998; McGregor and Tweed, 1998), that could explain the trend of Grey community into self-employment and enterprise. The push factors include:

- disadvantage in the labour market
- redundancy
- not able to find work again
- age discrimination

- decline in traditional corporate career opportunities
- insufficient retirement funds
- inadequacy of existing pensions arrangements and entitlements

The pull factors on the other hand, include:

- business opportunities
- independence
- portfolio careers
- growth in knowledge service economy
- increasing recognition of home-based businesses

The need for income itself is probably the greatest single motive for self-employment but has to be accompanied by being comfortable with the work itself. Interest in the work itself can be a key motivation for starting a business. A chance to apply long-honed skills, long-practiced hobbies or simply the profession for which one was previously paid is a strong driver, especially when coupled with the alternative prospect of unemployment.

Overcoming of no single obstacle will impact all; no single motive or solution will overcome all obstacles. For many older workers, neither energy nor health nor financial considerations are greater obstacles than for younger persons. Self-employment among over-50s is mainly motivated either by a desire for independence of action, based on the assets of experience (Opportunity); or as a last resort out of economic need against a background of discrimination (Necessity).

The lack of theory behind these multiple measures and a lack of integrated approach will fail to take account of different age-related factors. The factors can be considered at a number of levels: the structural or at individual levels. At the structural level, the key factors include:

- demographic,
- economic
- and labour market conditions

These are not only inter-related but are in fact further compounded by policy environment and legislative changes, the pace of technology and the increasing array of self-employment opportunities such as improving medical care and changing views and attitudes which can have an impact on the process.

At an individual level, specific influences comprise the combination of factors that drive, encourage or attract people into self-employment. Whilst many of these factors would affect other, younger age groups, we can potentially isolate some that might impact on older people. For example:

- human, social and financial capital acquired and built up over many years of paid employment,
- the personal lifestyle
- and family considerations

can affect their decision to become self-employed more so than other groups.

The precise combinations of factors within each level and between structural and individual levels will vary from one group to another depending on the make up of each group, the dynamics of the transition from origin (e.g. paid employment, college, unemployment) to destination (self-employment, enterprise, full time, part time, active, passive, major or minor stakeholder) and from orientation to opportunity. Further research into the composition and differentiation of the Grey entrepreneurs would provide a more useful data relevant for policy targeting.

HEALTHY PEOPLE, HEALTHY BUSINESS

In The HM Government Report, “Opportunity Age – Meeting the Challenges of Ageing in the 21st Century”, it is revealed that older people today live longer and future generations can expect to live longer still. Still fresh in our minds is the Queen Mother’s 101st birthday. The ranks of the over 100’s have swelled in recent years as evidenced by the significant increase in the number of messages of congratulation sent out by the Queen to those achieving a century.

Not only are older people expected more years in good health but healthy life expectancy has been increasing during the last 20 years. An average male is expected to live a further 19 years by 2051 and females are expected to live a further 21 years. Rapid advances in biology and medicine have been one of the biggest achievements of the past century and we are all living longer.

If so much progress has been made with people's health, then why is there lack of progress with improving the health of businesses ?

The analogy was emphasized by Rt. Hon Margaret Beckett MP in a statement:

> "Business Links will provide crucial support to the SME Sector. They will provide a small army of 'personal fitness trainers' for businesses – helping them to get into shape to meet the challenges and seize the opportunity of the 21st century. I am determined that Business Links and my Department will provide businesses with the right sort of help and support which businesses want. Second best will not do. Only the best is good enough. I am determined that Business Links will be – Simply the best.'

(The Rt. Hon Margaret Beckett MP, President of the Board of Trade and Secretary of State for Trade and Industry, October 1977).

If people are going to live longer, more people can be expected to run their own healthy businesses. Because of their good health and high life expectancy, many would seek economic activity opportunities. Present demographic trends may lead to an expansion in business creation for people in the 50-74 age-group(s). It is also in the interest of the government to increase individuals in the 50+ age group not having to depend on the state pension. If government can persuade individuals to accumulate their own sources of income then government can also obtain tax revenue.

The rationale for encouraging this group is based on the findings that they have a much better survival rate. The Barclays Bank research shows in the UK that companies started by older people tend to have a 70% chance of surviving the crucial first 5 years compared with 28% for companies started by younger people. Cressy and Storey (1995) show survival rate after 6 years accounted for 70% for business with owner-managers over 55, in contrast to an average rate of 19% for all start ups. The Family Expenditure Survey (2005) shows that older people have more financial resources than youngsters.

The trends for ageing population show that there will be increasing demand for health care for elderly people in the next generation. This will put pressure on social security systems and other institutions. Improvements in living standards, health care and nutrition have led to an increase in life expectancy for people generally and, owner-managers in particularly. The ageing process (within the legal age limit 16-65 for men or 60 for women), affecting owner-managers, entrepreneurs and employees have implications for a wide range of issues. For instance pension, as life expectancy is increasing and more people are living longer, there will not be sufficient money to support the amount necessary and over the duration to support. This will put pressure on the welfare system to contribute via income support below a certain amount and or for the welfare system to provide essential services for those living longer. For small business owners and employees who have not paid their NI stamps, or sufficient contributions will be worse off.

The health of owner-managers is a key factor for the continuation of the business. If there health deteriorates the business starts to decline. If there is no one in the family to take over of members do not wish to take over could result in the business being abandoned. The situation is repeated for those who in die in service. Their life insurance and other forms of insurance covering life, injury and interruption risks can also influence the business activity through increased premiums, lack of insurance and redlining practices for those who suffer from aids and so forth.

Age of proprietors is often taken as an indicator for measuring the extent of business experience. Cressy (1996a) argues the critical characteristics of growth firms are associated with human capital variables – most significantly founder(s) age and team size. For Costello (1996), being of a certain age cannot itself, act as a predictor of growth. A further cautionary caveat is to be able to distinguish between changing rates of growth and absolute growth. The former can be differentiated between a firm who employs 2 people and creates an additional 1 job, thereby increasing the employment by 50%. Another firm who employs 50 people and creates 5 new jobs has increased overall employment by 10%. The first firm has achieved a faster growth but in terms of net employment gain the second firm has achieved the greater growth. Age as a suitable proxy for accumulated human capital, there is a lack of strong evidence.

The impact of restricting mandatory retirement is likely to be modest, mainly because there is little evidence of a current pent-up demand for working beyond the normal retirement age. Concerns about the impact on productivity are not borne out by the evidence, although experience with British employers so far points to a need in some cases for strengthening of performance management systems. There are four main groups of reasons why employers prefer to continue to have discretion over the timing of employees' retirement: the rules of occupational pension schemes, state retirement pension arrangements, the distribution of jobs and workforce planning, and the effect of age on productivity and performance.

For business, a changing customer base offers new markets. But the workforce is changing too, and this must prompt new thinking about job design, recruitment and employer responsibilities. The fact is that older workers will increasingly be key players in their firms' success. Employers have a huge role to play in enabling society to adjust effectively to a new balance of life. With that in mind, ageism must be discarded.

POLICY IMPLICATIONS

There is a worthwhile policy objective for government to encourage 'Grey' entrepreneurship because people are living longer, the burdening on younger working age population, the increasing pressure on welfare and pension services, better business survival rates of older people and better knowledge and experience foundation. The over-50s constitutes not just a large and relatively under-employed minority of the workforce but is the repository, by virtue of experience, of an under-used knowledge resource. Self-employment represents an opportunity to capitalise on knowledge in order to earn a living whilst minimising the barriers imposed by employers; and to do so instead of receiving benefit.

Given that ageing processes has largely operated in shaping the requirements of private sector, has the government been doing anything to help different age-groups in achieving equality of opportunity ? What initiatives exist to promote the third age ? What support is available to encourage different age groups in enterprise ? What is the government doing to overcome or lifting the barriers to age ?

The Department of Trade and Industry's aim is to realise prosperity for all — raising productivity and employment and promoting diversity and choice in the labour market. The Department commissions an ongoing programme of evaluation and research in identifying good practice, in assessing the impact of particular policies or regulations, or examining emergent trends. Whilst, none of this work tackles the fundamental concept of ‘age’ there are in-built tendencies in some to partially reflect the imbalance in each of the areas – people, business and life-cycle.

The government has introduced a number of reviews and initiatives over the years designed to promote equality and over barriers to opportunity. These range from one end of the spectrum, the young people to the other end of the spectrum, the retiring people. The reviews include areas of reforming the welfare system, the pensions, health system, insurance, child care and statutory age limits. The initiatives start from primary age, secondary age to old age.

A government report entitled, “Winning the Generation Game” (2000) examined the challenges of the ageing society and improving opportunities for people aged between 50 and 64 in work and community activity. A new initiative called the Experience Corps also started recently. The launch of the New Deal 50-plus in 2000 is a further testimony on the part of the government to recognise this important and increasingly community.

The government involvement is primarily, in two areas – statutory support and specific initiatives directly benefiting businesses.

Statutory Support

The Government's 'Coming of Age' consultation on draft age discrimination legislation ended on 17 October 2005. We aim to publish our analysis of responses to the consultation in the first quarter of 2006, when the regulations are scheduled to be laid before Parliament. Subject to Parliamentary approval the legislation is due to come into force on 1 October 2006.

The draft regulations:

- prohibit unjustified age discrimination in employment and vocational training
- require employers who set their retirement age below the default age of 65 to justify or change it
- introduce a new duty on employers to consider an employee's request to continue working beyond retirement
- require employers to inform employees in writing, and at least 6 months in advance, of their intended retirement date. This will allow people to plan for their retirement
- remove the upper age limit for unfair dismissal and redundancy rights, giving older workers the same rights to claim unfair dismissal or receive a redundancy payment as younger workers, unless there is a genuine retirement
- include provisions relating to service related benefits and occupational pensions.

The regulations also remove the age limits for Statutory Sick Pay, Statutory Maternity Pay, Statutory Adoption Pay and Statutory Paternity Pay. The final regulations will also include provisions relating to the statutory redundancy payments scheme following the steps we have taken to gauge stakeholder opinion on this issue.

Specific Initiatives

National

PRIME, which uniquely promotes self-employment for this age cohort nationally, has already introduced initiatives aimed at overcoming some obstacles to greater uptake of this route to economic independence, most notably its Loan of Last Resort.

PRIME is the only national organisation dedicated to helping people aged over 50 set up in business. PRIME's Executive Director, Laurie South, says:

> "I believe passionately that you should have the opportunity for self-fulfillment and independence that starting your own business can provide. Enterprise may not be for everyone, but I do know that each one of you has more experience, talent and ability than you realise. PRIME is here to help you unlock this through self-employment. Do contact us. We are here for you". ()

Local

In contrast, the Enterprise Promotion Fund – PRIME- Enterprise South Tyneside will assist most people above the age of 50 who are not in paid work, who rely on incapacity benefits or the state pension in South Tyneside. They have not been exposed to the possibility of enterprise; have little or no experience of it; have no family or neighbours involved in it and are currently being bypassed by the business support system. This proposal hopes to help fill this void.

A key enterprise worker, operating in the style of a detached youth worker, would seek out people aged over 50. The intention would be to open up the possibility of enterprise and plant the seed of the idea while liaising closely with other agencies, like Jobcentres, interested in the transition from benefit to work. The potential beneficiaries could be individuals, families or communities. The role of the key worker would be to combine the skills of enabler, adviser, trainer, inspirer and finder of the 'hard to reach' wherever they might be, e.g. tenant's groups, allotment societies, health centres. The project plans to help construct a more robust bridge to enterprise by first demonstrating the possibility and then signposting people to the most appropriate support agency.

Most entrepreneurs have become self-employed at some point in their working life and continue this pursuit as they get older there is a need to differentiate the founding group further. Alos and Kolvereid (1998) differentiate the founders into three groups. The ‘parallel founders’, who have started one previous business and have retained a previous business. The ‘serial founders’ who have started at least one previous business but this (these) business(es) has (have) been sold or closed down. The ‘novice founders’ who have not started a previous business. The disaggregation of the Grey entrepreneurs will enable to a more tagreted approach to those members of the Grey community who most need it and can benefit from limited resources.

CONCLUSION

The implications of UK’s ageing population and their concerns are gaining increasing priority on the policy agenda as the pressure on the state grows. Numerous socio-economic issues are identified from, increased life-expectancy, rising welfare costs and unsustainable pensions to retirement planning and uncertainty over family/business succession. Government has already been involved in these matters and has produced White papers to tackle some of these issues. This will no doubt affect the aspiration and participation of the Grey community in enterprise.

Various studies point towards the relative influence of pull factors being primarily responsible for some members of the Grey community to become entrepreneurs, in the past. For example, business opportunities i.e. health care, nursing, leisure and tourism; independence and the appeal to be one’s own boss; portfolio careers; growth in knowledge service economy; increasing recognition of home-based businesses. In future, the push factors will increasingly become important, as the government intervenes and brings about a programme of legislative changes to achieve equity. For example, the disadvantages in labour market; redundancy; not able to find work again; age discrimination; decline in traditional corporate career opportunities; insufficient retirement funds; inadequacy of existing pensions arrangements and entitlements. Over a third of British businesses could be damaged if the Government decides to remove the right to set the retirement age of employees, according to the British Chambers of Commerce (BCC). As many as two-thirds of the 4.3 million small to medium sized businesses in the UK could be leaving themselves open to costly age discrimination claims if they do not review their working practices before new regulations come into effect in October 2006.

The study has examined popular arguments, that aged people are more experienced, respect independence, possess more social, human and financial capital, have less risks at this stage of their lives in contrast to younger people, hence this is ideal, fertile grounds for starting in business. Furthermore, the Barclays Bank research shows in the UK that companies started by older people tend to have a 70% chance of surviving the crucial first 5 years compared with 28% for companies started by younger people. This study has revealed a paradox of Grey entrepreneurs possessing necessary attributes and potentially, better chance of succeeding, but not converting them into entrepreneurial activity.

Should the government wish to intervene and increase enterprise opportunities for the Grey community it would first have to help them to overcome barriers to participation. They must recognise that the entire Grey community cannot become entrepreneurs, as this is both unrealistic and inconceivable. Therefore, they would need to target those with the desire and or the aspiration to become self-employed and employ people. As the findings indicate, the Grey community is a very heterogeneous group and has diverse needs and expectations. These can be differentiated into constrained, rational, reluctant or lifestyle, each having a set of expectations, aspirations, and different degree of conviction. There are a range of factors that influences the participation and continuation of Grey entrepreneurs in business including, family size, financial situation, health and healthcare, pensions, welfare, discrimination and networks. One or two studies have highlighted the disproportionate contribution of different aged members to entrepreneurship. For example male aged 50-54 appears to achieve a peak in enterprise participation.

Should they be encouraged further or should other younger or older aged groups be encouraged ? Clearly, ppolicy implications should be identified to stimulate ‘Grey’ entrepreneurship and, in creating a dynamic enterprise culture where age is critical but caution is advise to target all those over 55 years old. Business Link and enterprise agencies will be able to target their provision more selectively, in line with renewed efforts to tackle age exclusion and improve business succession and sustainability.

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