

UNEMPLOYMENT TO SELF-EMPLOYMENT TRANSITION FOR OVER 50S

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Abstract

The objective of this paper is to highlight the barriers in older entrepreneurship those need to be addressed. Interviews with several older unemployed individuals and surveys with many programme participants provide a deeper understanding of the entrepreneurial learning and support needs of older unemployed. In the present work, the components of designing and delivering an entrepreneurship programme for older unemployed are identified. This paper provides evidence of the initial and ongoing support needs for starting and running a business in later life. A framework specific to older unemployed individuals turning towards self-employment or entrepreneurship is discussed in this paper. The framework proposes that individual and contextual antecedents influence the decision to become self-employed in later life and that the training, support and entrepreneurial experience helps to overcome barriers and shapes individual and societal outcomes.

Keywords: Unemployment, Entrepreneurial learning and support, Older entrepreneur, Senior entrepreneurship

INTRODUCTION

Unemployment is one of the biggest challenges that the world is facing in the context of the economic crisis (Sarfati, 2013). In particular, senior workers constitute a group at risk of falling into long-term unemployment; once unemployed, the risk of not finding a new job is higher for this cohort. People over 50 are generally characterized as having acquired knowledge and extensive professional experience, have more developed networks and a high level of technical and managerial skills (Schott et al., 2017). Much of the literature covers self-employment in all ages, where it has been shown that personality, risk tolerance and access to capital are factors that should be considered (Fairlie and Holleran, 2012). Only a few studies deal with self-employed people after retirement from dependent work (Tornikoski et al., 2015) and even less on the concept of the self-employment among older unemployed.

This paper is organized as follows the first section reviews the literature on older entrepreneurship and then proposes a framework for older unemployed self-employment. This is followed by a description of the methodology employed. The findings from interviews are then outlined, and the final section discusses the findings

and highlights some of the limitations and future research directions.

LITERATURE REVIEW

Older entrepreneurship brings both social and economic benefits not only to the older cohort but also to society as a whole (Harms et al., 2014). Self-employment is defined as working for oneself, as opposed to working for another person or organisation (Halversen and Morrow-Howell, 2016). Those who are self-employed are often described as consultants, small business owners, entrepreneurs and social entrepreneurs (Pitt-Catsoupes et al., 2017).

Research has yet to achieve a clear, unanimous definition or theoretical approach to explain the phenomenon of older people becoming self-employed or starting a business. This is compounded by the multiplicity of terms used in the literature. For example, third age entrepreneurship, older entrepreneurship (Kerr and Armstrong-Stassen, 2011), second-career entrepreneur (Baucus and Human, 1994), late-career entrepreneurship, post-career entrepreneurship (Kerr and Armstrong-Stassen, 2011), grey entrepreneur (Harms et al., 2014), mature entrepreneur (Weber and Schaper, 2004), senior entrepreneurship (Halabisky et al., 2012) and early-retiree entrepreneur (Singh and DeNoble, 2003).

Research is also undecided regarding the age range constituting an older entrepreneur. The scope ranges from 30 and older (Lorrain and Raymond, 1991), 45 and older (younger 3rd agers) and 55 and older (older 3rd agers) (Hart et al., 2004), Age 50+ (Wainwright and Kibler, 2013 among many others), 50-74 (Blackburn et al., 1998).

Røed and Skogstrøm (2014) sees unemployment as a potentially destructive experience, it may foster entrepreneurship as it most likely reduces the opportunity cost of setting up a new business. The link between unemployment and entrepreneurship is a relevant empirical relationship that is characterised by ambiguity (Cueto et al., 2015). Wood et al. (2013) suggested that unemployment involves a number of unique dimensions that may influence an unemployed person's willingness to bear risk and his/her evaluation of the desirability and feasibility of entrepreneurship. Push factors relate to external conditions that force people into entrepreneurship because of the lack of viable alternatives (Devece et al., 2016). Job-finding rates from unemployed

jobseekers aged 50 and over are extremely low compared with those for younger age groups (Wanberg et al., 2016).

Entrepreneurial learning and support needs

Learning needs: Interview participants were asked a direct question in relation to identifying specific areas of training they felt they needed. Personal, interpersonal and networking skills; entrepreneurial skills; business skills; managing a business; book keeping; and paperwork, as areas where they would like to develop further.

Social network and community: Participants' discourse acknowledges how an entrepreneur's social network can either hinder or help the start-up process. Acquiring the necessary social capital to start a business was seen as problematic for those who switched to a different industry from that of their main career employment.

Intergenerational learning: Throughout the older unemployed interviews, a number of individuals expressed an interest in working with younger generations in order to learn new technologies and new business practices in a practical way. They saw younger people as the best conduit for this knowledge and skill development.

Role models: Older unemployed are keen to hear from people who have started their own business at a later stage in life. These encounters represented a motivational tool, while also providing guidance, support and practical advice.

After care. Participants in the older unemployed interviews raised a concern in relation to the after care aspect of the proposed training. On completion of entrepreneurship training programmes, they would like to build on the relationships that they have established, having further interaction with the trainers, mentors, participants.

Support agencies: The progression routes from support programmes are not always clear or open to them. Stakeholders lament the limited resources and budgets allocated to them to work with the older cohort.

Barriers to entrepreneurship

Finance: Financing was a particular problem for older entrepreneurs that were unemployed. They perceived the enterprise support and finance system as favouring younger, higher technology and growth-oriented businesses. They would like to see a greater willingness to support those who create a job or additional income for themselves and/or one or two others.

Confidence: Self-confidence in their ability to come up with a business idea and to turn that idea into a viable commercial or social enterprise was an issue. The key component of this lack of self-confidence was appreciation failure to appreciate the relevance or value of their life experience and life skills that are transferrable to an entrepreneurial endeavour.

Risk: Fear of losing secure welfare payments leads to risk avoidance behavior. Where borrowing options were available, there was an unwillingness to take out a loan at a late stage in life due to the risk of debt. When it comes to business itself, there was a lack of desire to scale up.

Information: A frequently expressed concern is access to the communication channels and requisite information to start their own business. Information regarding funding supports and other business supports are typically available on a website or portal. Knowledge of incubation centers, finance or other support services was not obvious to older unemployed.

Discussion

This paper aimed to identify the entrepreneurial learning and support needs of older unemployed, and then to explore the impact of an entrepreneurship training programme on the entrepreneurial self-efficacy and intent of older unemployed. The needs were identified through interviews. In terms of the learning and supports, specific needs around personal development and business development were identified. Social networking and learning from others is a key factor. Confidence in generating and implementing business ideas as well as the risks around benefits and borrowings were also noted.

Barriers to entrepreneurship identified through the study are finance, confidence, risk and information. The benefits of supporting older entrepreneurship need to look beyond pure economic outputs in terms of job creation, growth and innovation. There is more a preference for entrepreneurial activities that fits around lifestyle and supplements income rather than high growth high-value activity. However, the social benefits of such activity should not be underestimated and is a significant differentiator to other forms of entrepreneurship. Improved standard of living and providing individuals who want to be valued and productive in terms of their experience and skills with meaningful activity through entrepreneurship can alleviate social exclusion. Research is beginning to understand how older entrepreneurs with their wealth of work and life experience, social networks and eagerness to remain productive are a significant untapped resource. Supporting individuals to move from unemployment to self-employment and providing meaningful opportunities to prolong active working lives benefits individuals and society as a whole.

Conclusion

This research provides a deeper understanding of the entrepreneurial learning and support needs of older unemployed. The framework proposed here attempts to take a wide view of the phenomena and includes individual and contextual

antecedents, the entrepreneurial experience with entrepreneurial training and supports, barriers overcome and the outcomes at an individual and a societal level. There are multiple implications from this study. It provides evidence of the motivations and fears of older unemployed in this context. For policy makers, the findings of this research provide evidence of the barriers to entrepreneurship for older unemployed. These barriers are multifaceted and span many government departments, agencies, financial institutions and education institutions. Therefore, a multi-agency response is needed to begin to address these issues.

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