

Self-Employment of the Older Worker

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1. Introduction

A range of social and economic factors is changing the relationship between older people and paid employment. Of significance is the contemporary challenge to the view of ageing as a time of withdrawal and decline. Consequently, the use of a particular age, (hitherto often taken as the age of 65), as an automatic transition point out of the paid workforce, is increasingly being questioned. Indeed, the whole concept of retirement has become problematic. An interesting aspect of this changing age-work relationship, and one which has garnered increasing attention in the media but less so in the academic literature, is the phenomenon of the older worker in self-employment or the elder entrepreneur.

Despite the lack of comprehensive data, as early as 1986, *Venture* magazine was signalling the growth of entrepreneurship among older people (Asplaklaria, 1986). This was, as Barbara Marsh (1989) noted in her *Wall Street Journal* article a few years later, counter to conventional wisdom that views older people as risk averse and therefore less inclined to take the chances associated with starting a business. Several other journalists have drawn attention to the phenomena of older entrepreneurs (e.g. Bacon, 1989; Shaver, 1991; Stern, 1991; Murphy 1992; Weissman, 1992; Moore and Neuman, 1992; Norris, 1993; Miner, 1999; *The Economist* - Anonymous, 1999). If the media are to be believed, older entrepreneurs are a burgeoning group and one of significant interest. The finding by Storey (cited in *The Economist* - Anonymous, 1999) that the survival rate of new British firms started by people 50-55 years was more than double that of those begun by 20-25 year olds, is just one indication that studying elder entrepreneurs may be worthwhile.

Although the media spotlight is often on large-scale enterprises of an entrepreneurial nature (e.g. *The Economist* - Anonymous 1999), it is the vast array of usually much smaller, more mundane businesses that appear to account for much of the entrepreneurial involvement of older people. Indeed, entrepreneurial activities of older people run the whole gamut of forms evidenced among other age groups and might be undertaken on a full or part-time basis. While there are many entrepreneurs who have become self-employed at some point in their working life and continue this activity as they get older, this paper highlights the need for more attention to be paid to those businesses that are begun when the entrepreneur is older. Three categories of entrepreneurs may be distinguished: parallel founders, “who have started one previous business and have retained a previous business”; serial founders, “who have started at least one previous business, but this (these) business(es) has (have) been sold or closed down”; and novice founders, who have not started a previous business (Alsos and Kolvereid, 1998:105).

At the outset, the definition of ‘older’ needs to be discussed. A possible demarcation is the retirement age of 65 years (e.g. Statistics New Zealand, 1998). Yet many of the issues that confront the older worker, nevertheless apply to people in their fifties. Given the difficulties in setting some hard and fast age limit therefore, we use fifty

years¹ as the dividing line and the term entrepreneur is used interchangeably with self-employment.

The paper initially outlines the available, and notably sparse, literature on the participation of older people in entrepreneurial activity. We then canvas some possible drivers and motives why these entrepreneurs opt for self-employment at this stage of their life cycle and seek to identify some of the contributory factors for the increasing numbers of older people who are becoming self-employed. To supplement the existing literature and provide some empiricism, we draw on interview material from a major New Zealand research project – “Labour Market Dynamics and Economic Participation” (LMD)² – to provide some modest empirical material, including a case study of an elder entrepreneur. In conclusion, we emphasise the need for more research on elder entrepreneurship, signalling some directions for future investigation in this area. We also highlight the interconnectedness of the different phases of the LMD project.

2. Ageing and Self-Employment: The Literature

It is generally accepted that self-employment demonstrates lifecycle effects (Leung and Robinson, 1998; Fuchs, 1982) with participation rising by age (Blanchflower, 1998; Leung and Robinson, 1998; Quinn and Kozy, 1996; Evans and Leighton, 1989; Fuchs, 1982). In the course of detailed research into specific groups of self-employed, age related statistical information has also filtered through. Thus for instance studies on self-employment among ethnic minorities confirm the propensity for self-employment to increase with age (e.g. Clark and Drinkwater 1998). A very recent analysis of data from a number of OECD countries by Blanchflower et al (2001: 680) confirm that the probability of self-employment increases with age. They, like Evans and Leighton (1989), suggest that this is the result of people gradually making the shift into self-employment over a working life – “as they age, people simply flow into self-employment” (Blanchflower et al 2001: 686). Such a shift might be prompted by people gathering the necessary resources and being exposed to more numerous opportunities (Evans and Leighton, 1989), or it becoming easier with age to break into entrepreneurship (Blanchflower et al, 2001).

Evans and Leighton (1989) observe in their study that this age related trend into self-employment increases until the early forties and then remains constant until retirement. Haines (1991) and Bururu (1998) independently confirm the first part of

¹ Increasingly the age of fifty is being used in industries such as insurance and retirement service providers, as a benchmark age for categorising those in the older group. Workers over fifty also appear as a vulnerable group in instances of organisational restructuring.

² The Labour Market Dynamics and Economic Participation (LMD) Programme, funded by the New Zealand Foundation for Research, Science and Technology, is an interdisciplinary research project that was initially designed to explain the dynamics of economic participation by exploring the interface between households and the labour market in three regional labour markets of Hawkes Bay, West Auckland and South Waikato in New Zealand. The first phase of the *LMD* programme sought to explain how individuals made decisions about access and participation in the labour market, with emphasis on the life cycle of the household. (For detailed findings from this phase see Shirley et al, 2001a,b,c,d &e). The interview data we use here is from the first phase. The second phase concerns information flows in relation to the demand and supply of labour. The third phase focuses on non-standard or contingent work.

this pattern within a New Zealand context but note that self-employment participation markedly increases for those over 65 years, an important trend noted elsewhere (Quinn and Kozy, 1996; Fuchs, 1982). Indeed, though statistics from the 1996 New Zealand census (Statistics New Zealand, 1998) indicate that labour force participation declines gradually from about the age of 55 years, and more sharply after age 60, of all those over the age of 65 years engaged in full-time work over half (51.1%) were self-employed³. Even though those in this group who were working part-time were less likely to be self-employed, still more than a third (34.7%) of them worked this way⁴. Thus, self-employment is a significant form of work for older people. The higher probability of self-employment after age 60 is likely due to employees being more likely to withdraw from the workforce than the self-employed (Quinn and Kozy, 1996; Haines, 1991; Fuchs, 1982). Though legislative changes in New Zealand since the review by Haines was published mean that her claim that employees are forced into retirement may be less applicable, the point that the self-employed can wind down their activities more gradually is still pertinent.

Paradoxically, though finding that self-employment increases with age, Blanchflower et al (2001:680 – emphasis in original) also determine that “the probability of *preferring to be self-employed* is strongly decreasing with age”. While this raises intriguing questions about what stops people with the greatest desire to be self-employed from doing this when they are younger, we are interested in the group who run against this trend and make the transition late in their working life. This is the group that Fuchs (1982) identifies as “switching” to self-employment later in life, as opposed to the self-employed who, over time, age with their businesses. Little if any specific data exists on the size and make up of this group and this appears an international problem. Compounding this are methodological decisions to exclude entrepreneurs over 65 years from the analysis, such as the study by Lin et al (1998), in order to generate a “typical workforce sample”.

In New Zealand, a very limited indicator of the size of this older self-employed group comes from a survey conducted by Gilbertson et al (1994) of new entrepreneurs who had completed a course with the Small Business Unit of the Capital Development Agency in Wellington. This course was available to people intending to go into business for themselves. In a finding that surprised the authors, 14% of participants were in the 50 years and older category. Of the 46 entrepreneurial individuals or couples interviewed in the LMD study, just under a quarter qualified as older entrepreneurs. Another six (13%) had commenced businesses in their late forties. Of the former group, the vast majority had started businesses when they were younger and maintained them into their senior years. Only one would meet the criteria for a novice elder entrepreneur and his experiences are later presented as the short case study of Tom. Another three were serial entrepreneurs who commenced their second enterprises when over the age of 50 years. Those who began their businesses while in their forties were evenly split between novice and serial entrepreneurs. Other than these two limited examples of indicative data, we experienced difficulties finding empirical data to test the assertions made in the media about the size and importance of this group.

³ This includes those who were self-employed, with employees and without employees.

⁴ Given that these figures are based on categories that include those unemployed and looking for work and involved in unpaid work in a family business, the proportions would be much higher for those in some form of paid work alone.

3. Causal Factors of Older Self-Employment

The decision to enter self-employment is often the result of a mix of push and pull factors (e.g. McGregor and Tweed, 1998; Bururu, 1998; Clark and Drinkwater, 1998) and later life entrepreneurship is no exception. Some broad, and other more individual-specific influences, comprise the combination of factors that drive, encourage or attract people into self-employment. While many of these factors will be similar to those that operate with entrepreneurs at any age, it is nevertheless possible to isolate some that might impact particularly on older people, and to identify other aspects that have particular relevance to this group. Interestingly, as will be highlighted later in this section, reasons for one person's drive to become self-employed serves the opposite role for others.

As a result of low birth rates and stable or declining populations, the proportion of older people in developed countries is rising (Turner et al, 1998) and this is likely to increase the number of people from that group in any activity. The media often credits this as a principle reason for the growing numbers of older entrepreneurs (e.g. *The Economist* - Anonymous, 1999; Miner, 1999). Though the demographic bulge that is the baby boomer generation offers an explanation based on larger numbers of people passing through various life stages, there are other considerations. While this would account for higher numbers of self-employed people at all ages within this group, including the older sub-groups, it does not explain the growing proportion of older people who are choosing to work this way later in life.

Alongside demographic patterns, advances in medicine and improvements in public health and social well-being have seen older people live longer and previously debilitating conditions are now able to be treated or their worst effects can often be postponed till later in life (Moody, 1994). Early old age, therefore, no longer signals a period of rapid decline. Improvements in health status are one important factor that allows the older person more opportunities. Consequently, we see more older people engaged in a range of activities and settings. In a circular pattern, the experiences of the elderly challenge the pre-existing views of the elderly. These views have to be modified to accommodate this new reality thereby opening up further opportunities for the elderly, previously circumscribed by attitudes.

This virtuous circle is well illustrated in the work of Kean et al (1993), which is one of few research initiatives specifically targeted at older entrepreneurs. Using the cases of five older women who started businesses late in life, they adopt an interesting perspective by exploring the relationship between successful ageing and older entrepreneurship. The entrepreneurs they studied showed a desire to be in control of personal decision making; a capacity to influence their environment; and the abilities to be self-reliant; to personally affect their economic and physical well-being; and to adapt to life change. They also had social support from friends and family. Thus, the authors found some correspondence between key features of a successful ageing process and the move into self-employment. In conclusion, Kean et al (1993:40) suggest that "entrepreneurship among seniors encourages vitality and leads to a more productive and satisfying ageing process". They conclude by calling on society to promote this positive process which could then encourage more older people to consider some form of self-employment

Another reason for the changing views of ageing comes from a greater realisation that, although we often tend to treat the elderly as a homogenous group, this is erroneous. Not only do individuals of the same age display wide heterogeneity in their experiences of ageing across all spheres, there is also clear diversity among groups.⁵ Cohorts represent an important distinction to consider since members share similar opportunities and experiences (Uhlenberg and Miner, 1996). Leung and Robinson (1998) suggest that cohort differences might help explain variations in areas such as education, willingness to take risks, a desire for independence and the effects these have on self-employment rates.

Against the positive shifts that are occurring in terms of attitudes and perceptions of the elderly, discrimination based on age still operates within society and has been shown to negatively affect older people's job tenure and employment status (Johnson and Neumark, 1997). Many of those interviewed as part of the LMD study perceived and experienced this type of discrimination and its effects. It is also possible to conceive of ageism operating in a range of ways to inhibit or obstruct a move into self-employment by older people. In the UK, a special government initiative was established to "tackle the ageism suffered by the over-45s when they try to start up businesses. The project will try to overcome gaps in services, advice and opportunities to counter discrimination" (*Professional Engineering* – Anonymous, 1999).

In that they both reflect and promote shifting perceptions and attitudes, policy and legislative changes could be another influence on the decision to engage in self-employment later in life. In general terms, the removal of a compulsory retirement age and legislation that outlaws discrimination based on age in New Zealand are likely to have an impact on people's engagement with paid work. Changes to the eligibility age for National Superannuation are also likely to have a substantial impact on older people's considerations of paid work (Statistics New Zealand, 1998).

Retirement is becoming a far more fluid phenomena, and there is increasing attention to the notion of partial or staged retirement (Quinn and Kozy, 1996; Moody, 2000). Self-employment in later life may offer ways to facilitate this staged approach to retirement by allowing a graduated exit from paid work and/or providing more flexible working hours (Fuchs, 1982; Quinn and Kozy, 1996). As such, this work is of a "bridging" nature between the end of a full-time career job – "one that a worker has held for 10 or more years, on which he or she is working full time" (Quinn and Kozy, 1996:367) – and full retirement. It is possible that when some older workers become unemployed near the end of their working lives, they may be forced into bridging jobs rather than it being a choice they make. The labour market context in which this could occur is considered later in this paper. The problematising of traditional views of retirement, while perhaps novel for men, is less so for women who frequently bridge paid and unpaid spheres and whose lives are not so rigidly demarcated by the rhythms of paid work (Onyx, 1996).

⁵ Calastani (1996) highlights this useful distinction between individual-level variation as heterogeneity, and group-based differences as diversity.

It has already been suggested that self-employment increases with age due to an increasing exposure to opportunities over time, during which there is also an accrual of valuable resources. The latter part of this explanation can be broken down and examined more closely. Over their working lives, older people will have built up a range of skills, knowledge, expertise, experience and contacts. These human and social capital factors are valuable and necessary resources for any entrepreneur (Morris, 1998). Such capital may be specific to the industry or sector that the person has largely been involved in but also incorporates more general skills and experiences in the workforce. Similarly, the social networks are likely to extend across work and non-work spheres. One of those interviewed in the LMD study shifted from farming to developing a wool insulation business based, in substantial part, on the knowledge, skills and contacts he had built up over many years.

The wealth of skills and expertise acquired over time, become a resource that may be harnessed in later life work choices. As Kean et al (1993:39) conclude through their study of five older female entrepreneurs, the choice of some form of self-employment later in life can allow people to “use highly-developed skills refined over a lifetime” since they hone “earlier developed skills to create their own enterprises”. The choice by these women “to use these skills in retirement years is an extension of their life history”. However, lengthy service, especially in one area or industry or with one employer can also reduce the more general applicability of skills, thereby limiting possibilities in self-employment. When he was made redundant after 30 years as an electrician with a single company, one of the men interviewed in the LMD study briefly considered and then rejected setting up his own business. He believed that working for so long with one employer in a restricted area had narrowed his skill base. Consequently, though he had worked for 30 years in his field, so specific had been his role that he now talked of having to “get back into his trade”.

In his study of older white urban males, Fuchs (1982:347) found that the type of work people did was a highly influential factor, such that those who switched late in life to self-employment were in “wage and salary jobs that are similar in many respects to self-employment” and he gives examples of managers, professionals and salesmen. Interestingly, Quinn and Kozy (1996) argue that some might opt for self-employment late in life in order to try a completely different type of work. The case study that is presented later illustrates this. Prior experience in self-employment was also an important factor identified by Fuchs (1982) and it proved to be a significant influence for the serial entrepreneurs among the LMD study interviewees who started subsequent businesses as they got older.

Access to finance is recognised as important in a business start-up and lack of capital is a frequently noted obstacle (e.g. Blanchflower et al, 2001, Blanchflower, 1998; Blanchflower and Oswald, 1998; Evans and Leighton, 1989). Consequently, Blanchflower and Oswald (1998:28) contend that “all else equal, people with greater family assets are more likely to switch to self-employment from employment”. The elder entrepreneur might be advantaged by having a stronger economic base on which to draw – e.g. redundancy payments, private pension monies, savings built up over the life cycle and equity in property. Against this must be set the possible difficulties that older entrepreneurs might face in securing loans and finance – perhaps the result of ageist attitudes, as well as the additional dangers inherent in risking money earmarked for retirement. Financial factors may operate in other diverse ways to promote self-

employment. Statistics New Zealand (1998) note that elderly people who work are better off financially. This creates an incentive to engage in some form of paid work, including self-employment, even if the person is retired from a full-time job. For instance, as the age of entry to government pension schemes rises or the level of payment decreases, older people may have to consider remaining in some form of paid work to offset these changes, a motivation noted by Kean et al (1993) in their American study. The experiences of a farming couple, interviewed as part of the LMD study, illustrate different aspects of this discussion on financial factors. Having sold their farm, they decided to invest much of the capital in an innovative but risky orchard venture. This was intended to augment their retirement fund. Unfortunately, a range of problems saw the project fail and swallow up the equity from the farm sale that they had used in the development.

Other factors that could be implicated in the decision to embark on self-employment later in life emerge over the lifecycle. One that was mentioned by some of the LMD study interviewees was the opportunity that arose once a person or couple's family grew up and left home. Given the negative impact on families that self-employment can have – frequently mentioned in the interviews and noted by Gilbertson et al (1994) – some people felt much more comfortable embarking on a business knowing it would not affect their children or family life. This is captured in the comments from one of the LMD interviewees. He and his wife had been contract and sharemilkers for much of their working lives, but had made their family the key consideration when choosing farms. Now that their children were adults they felt freer in their choice of workplaces.

We could have been bigger than we are now but we started when we were 29 and I already had children then and so we took each one of our steps and we probably weighed it up more because I didn't want the kids to suffer either. So we probably took less of a risk than we could have to be a bit more secure for the kids. But now we don't have to worry about [the kids]. ...the next place that we go to we only have to worry about us two. For me its always been I've got to look at this and see if the kids would fit in. And all of sudden I think we've only got to worry about us.

While the desire to be self-employed is strongest amongst the young (Blanchflower et al, 2001), this need not preclude some older people possessing the various personal characteristics necessary to start their own business and seeking higher levels of life and job satisfaction that self-employment can bring (Blanchflower, 1998). Older workers may keenly feel such desires after many years as an employee. Similarly, the challenges that this change brings are often seen as desirable rather than to be avoided. One couple in their fifties, identified in the LMD study, started a specialty meat processing venture because,

... it was either [this] or just stay in the comfort zone and get bored and frustrated and probably be dead by the time we were sixty when we may as well be alive when we're seventy five or eighty.

Quite simply, as the wife of the farmer-turned-orchardist couple put it, entrepreneurship is in people's blood, so age serves as no obstacle if such a desire is there.

Older people doing particularly physical work can face limitations which make them consider changing the type of work they do. This was obvious amongst some of the LMD study interviewees, as the comments from this sheetmetal worker highlight:

I don't want to be doing it till I'm 65. ... the factory is freezing cold [in winter], 'cause that the nature, it's an all steel installation. You've got about three rollers out all the time so it gets fairly hot in the summer.

Though he had not worked under physically difficult conditions, this next interviewee welcomed the change from the stress and demands of his previous employment, that buying and running a second-hand bookshop brought him:

It's fabulous, relaxed, no stress. I open at 9.00am, I close at 5.00pm, I come home and that's it. ...And I've got into a nice routine, I like swimming so I go down to [the] pool every morning about 7.30am and swim and get down to the shop round about 8.30am. Go and have a coffee at the café and open the shop about quarter to nine.

In a similar vein, the possibility that self-employment brings for modifying hours of work as a person gets older can be an important factor in deciding to become self employed (Quinn and Fozy, 1996; Fuchs, 1982).

Of course, major changes or the prospect of them late in one's life can bring significant challenges. For all manner of reasons, the thought of embarking on a new direction also drew out a very negative response in some of those interviewed, and they expressed little hope that they could make such changes. Age, itself, was sometimes the reason. The electrician discussed earlier saw this as another key factor against his becoming self-employed.

[It's] too competitive. [I'm] too old to compete with the young guys. There are a lot of young contractors in this city. Maybe 30 years ago I should have had a crack at it but now. ...I know myself that my age is against me.

Alongside these various factors are the context in which self-employment takes place. Somewhat against the OECD trend (Blanchflower, 1998), self-employment is a growing feature of the New Zealand economy, so it is a prominent facet of our labour market. Also to be considered at the broader level are the impacts of the radical economic transformation of the New Zealand economy since the mid 1980s and the effects of the shifting economic climate. As Davidson (1995) observes, the fundamental restructuring that the New Zealand economy has undergone over recent years has had significant implications for the nature of work and the structure of the labour force. The impact of these changes, large scale private and public restructurings, wider responses to economic recessions, labour market deregulation and the influence of technological changes have been cited as drivers behind the large growth in self-employment (Bururu, 1998; Haines, 1991). As evidence of the effect of these influences, there was a significant increase in self-employment and the number of small business during the 1980s, a time of major structural change in the economy (Davidson, 1995).

In terms of the relationship of older workers to such a changing labour market, there are, however, contradictory views. Thus, the impact on their decision-making is uncertain. As Quadagno and Hardy (1996:336-7) point out, some evidence "implies that older workers are a privileged group, because they have relatively low rates of unemployment, are the least likely of all groups to be employed part-time for economic reasons as opposed to voluntary reasons, and least likely to be fully

employed but not earning enough to raise family income above the poverty line". Yet, they also note that research has found that older workers have been "especially vulnerable to downsizing resulting from manufacturing declines and have benefited little from the expansion of services". Those falling into the younger bracket of the older category – that is below the age of eligibility for social security benefits – are the most vulnerable to job loss, often with an inability to get further employment after this loss (Quadagno and Hardy, 1996; Chan and Stevens, 2001). This might prove critical in a decision to become self-employed. For instance, Felstead et al (1999:8) found that "non-standard" workers from Canada and the UK – which in their terms included the self-employed and a range of other alternative working arrangements – were more likely to be from one end or the other of the age spectrum and older workers "may be in this status involuntarily, perhaps pushed out of full time and permanent jobs because of labour market restructuring and corporate downsizing". Interview data from the LMD study revealed that many older people worried about their job security and ability to get further jobs if laid off. Some experienced this vulnerability first hand. Though none of the older people who were interviewed and had such experiences turned to self-employment, this is a group who could take such an option.

In surveying the literature on the relationship between unemployment and self-employment rates, Blanchflower (1998:8) finds disagreement over "whether high unemployment acts to discourage self-employment because of the lack of available opportunities or encourage it because of the lack of viable alternatives". It seems that for some groups and in some circumstances this may be true. In the New Zealand context, Bradford claims that "because so many people have had to face the despair of long-term unemployment, there have been increasing move into profit making self- or group-employment" (cited in Davidson, 1995:109). While their research does not draw the implication that being a beneficiary drove people into self-employment, McGregor and Tweed (1998) found that 5.2% of a group of 1514 SME owners they surveyed had been in receipt of a welfare benefit at sometime in the preceding three years.

Restructuring in public and private sector organisations could be implicated in various ways in promoting self-employment amongst older workers. This often involves the contracting out of roles previously performed in a company, thus reducing company workforces but increasing opportunities for self-employment. Thus, private contracting and consultancy work may result in internal job losses, but open up self-employment opportunities for displaced workers (Haines, 1991). One couple interviewed in the LMD study and who managed a processing plant for a large company, saw both risks and opportunities when the company decided to sell off the plant and contract out the work. Ultimately, given the area they lived in and their age they felt they had few options, other than to buy the plant themselves. This proved to be a sound decision for a few years, until the couple experienced the reverse process when the company elected to once again undertake the operation themselves, forcing the business to close. They were then left with having to find other employment. Even if people were not victims of these ongoing and significant changes, as will be seen in the case study, such uncertainty might still prompt a move into self-employment.

Many of the opportunities for self-employment arising from organisational restructuring fall into the broad categories of corporate management and associated professionals (Bururu, 1998). After agricultural/fishery and trades groups, these two are the next biggest sources of self-employment in New Zealand (ibid). They would

broadly fit into Cohany's (1996) definition of independent contractors, the largest category of workers with alternative employment arrangements in the United States. Cohany goes on to note that, as a group, men who are 65 years and older are over represented amongst independent contractors. This may be explained by the nature of contract jobs that emerge from restructuring and who is likely to fill them. However, Cohany also points out that the proportion of independent contractors who work part time exceeds that of traditional workers and suggests that this is the result of the older age profile. Independent contracting may thus offer older people bridging employment or greater working flexibility more generally, two motives for self-employment which have already been canvassed.

The range of choices available to people might offer another possible incentive for moving into "non-standard" forms of work, of which different types of self-employment provide an array of options (Felstead et al, 1999). Product market reforms may have stimulated greater opportunities (Bururu, 1998) and a host of alternatives outside the traditional or typical types of businesses have also emerged – franchise holders, independent contractors, pyramid sellers, co-operatives and 'community businesses' (Haines, 1991). Some of these may be well suited to the elder entrepreneur as Stern (1991) illustrates in respect of franchising in her piece on "Late Blooming Entrepreneurs".

Technology, too, may add to these new forms and create other opportunities (Haines, 1991). Even if it has been fraught with uncertainty and is yet to fully realise the promised rewards, the dot.com revolution has undoubtedly signalled the possibilities that the internet offers. While one view of ageing might locate older people outside of the world of technology, the success of programmes such as SeniorNet seems to indicate that the elderly as a group cannot be so easily classified (Moody, 2000). Technology has allowed different forms of working, such as home or tele-working (Mangan, 2000), and will likely transform other forms of work. As such, the nature and pace of technological change has implications for how older people work and the employment they engage in.

4. A Case Study

In this section, we give a short case study drawn from the LMD study that illustrates the emergence of an elder entrepreneur. Tom⁶ had worked for the Post Office (as it was called then) since he left school in the late 1950s. Over this time he had progressed to branch manager level. From the middle of the 1980s he experienced the first of numerous restructurings that were to come, when the Post Office was reorganised into three State Owned Enterprises. He went with the banking arm that became known as Postbank. Having survived this initial break up he went on to survive other rationalisation and reorganisation exercises until 1990 when Postbank was privatised. Again, he survived this transition and the many subsequent changes that occurred.

⁶ Not his real name.

However, when word of another major restructuring became known in 1996 he decided that he had had enough.

Again they had restructured in 1990 ... there was a lot of changes from that time ... 1996, again there was a major restructuring and I decided that this time I wanted a break and took early retirement at that point.

Although Tom had essentially worked for the 'same' company for over 35 years, it did not seem to prevent him from being willing to take a risk and he decided to start his own business, interestingly in a field completely different from the banking industry. Feeling that he needed a change from banking, he bought a catering business with the proceeds from that early retirement.

While this was a completely different venture, Tom's broad business skills were undoubtedly still useful in managing the company and gave him the confidence to enter such foreign territory. However, despite enjoying the catering business, he realised after about a year that he could utilise his specialist skills and knowledge to better advantage in his own business. Consequently, he had put the catering company on the market and was looking to get involved in new opportunities in the finance industry by moving into the mortgage broking business.

At the close of the interview, Tom summed up the course his working life had taken by considering how things had changed. In doing so, he illustrates that circumstances might prompt or force some older people into self-employment later in life, as had been the case for him:

I guess people, or most people, get in a comfort zone. And they, not so much these days, but it used to happen – you used to leave school, start a career and expect to be in that job when you retire in 40 years time. That has gone. It's not necessarily a bad thing, but I guess sometimes changes are forced on you.

5. Concluding Comments

This paper has explored the phenomenon of self-employment of the older worker and draws attention to the paucity of research in this area. The interview data of the first phase of the LMD study highlights the importance of work history interview data in obtaining insights into both previous entrepreneurial history and the current work patterns, e.g. full versus part time, of the older worker in self-employment. Dedicated research on self-employment among older workers, in similar fashion to research that has been carried out on other groups, is warranted. It would be interesting to differentiate between those entrepreneurs who started younger and have kept the business as they age and those who start businesses when older, with this second group being classified into novice, serial and parallel entrepreneurs. Country-specific studies would also identify the push factors that are often the result of structural social and economic changes that are peculiar to each country and more specifically how these relate to older people, as against more global trends. Questions such as, "are older people over-represented in the self-employment sector?", have important policy implications, and are worthy of immediate research attention. More information on the networks, particularly web-based networks, of elder entrepreneurs will also be of much interest. Studies that examine the nature and course of the ventures that older people undertake, will be a fruitful area for future research.

It may be worth mentioning that in the current drive to foster the knowledge economy in New Zealand and its associated focus on entrepreneurship (see for e.g. Parker, 2001), it should not be forgotten that much of self-employment and small business growth comes from the more ordinary and everyday, usually service sector, business, such as the bookshop example in our LMD data. Profiling an entrepreneur as the heroic stereotype of the “swashbuckling business adventurer” (Casson, 1982: 6) or the Schumpeterian innovator who initiates new permutations, be it organisational form, product, process or supply source (Schumpeter, 1934), or in terms of the qualities of the “Six Fingered Hand”⁷ (cited in Parker, 2001) maybe to the detriment of building a broad entrepreneurial base and one that gives proper recognition to the older self-employed worker.

This paper drew material from the first phase of the LMD research programme, which sought to explain how individuals made decisions about access and participation in the labour market, with emphasis on the life cycle of the household. The current phase of the LMD programme is delving into non-standard work among New Zealand households. To the extent that some categories of self-employment may be classified as non-standard or atypical work, we are hopeful that this phase of the research will yield more data on older workers in self-employment. This paper, however, is as much a background paper for the current phase of the programme as it is an in-depth analysis of some of the material garnered in the first phase. It thus demonstrates and signals important synergies between the different phases of the LMD research programme.

⁷ This model profiles a successful entrepreneur as having six essential qualities: “Chameleon” – possessing a wide range of skills and competencies; “True Grit” – hard work and determination; “Extreme Sport” – similar to the skydiver, the entrepreneur must be highly skilled at managing risk; “Half Full” - the perception of opportunity rather than adversity and negativity, hence to the entrepreneur the glass is half *full* not half empty; “Follow me” - has entrepreneurial leadership qualities; “Hunger” – competitive and hunger to win.

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