

Chapter 4

Self-employment and entrepreneurship activities by seniors^{1, 2}

This chapter presents evidence on the self-employment and entrepreneurship activities of older people. It reports on the number and proportion of seniors involved in self-employment and the main characteristics of this type of employment. Evidence is also presented on the barriers to self-employment.

1. Note by Turkey:

The information in this document with reference to “Cyprus” relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the “Cyprus issue”.

2. Note by all the European Union member states of the OECD and the European Union:

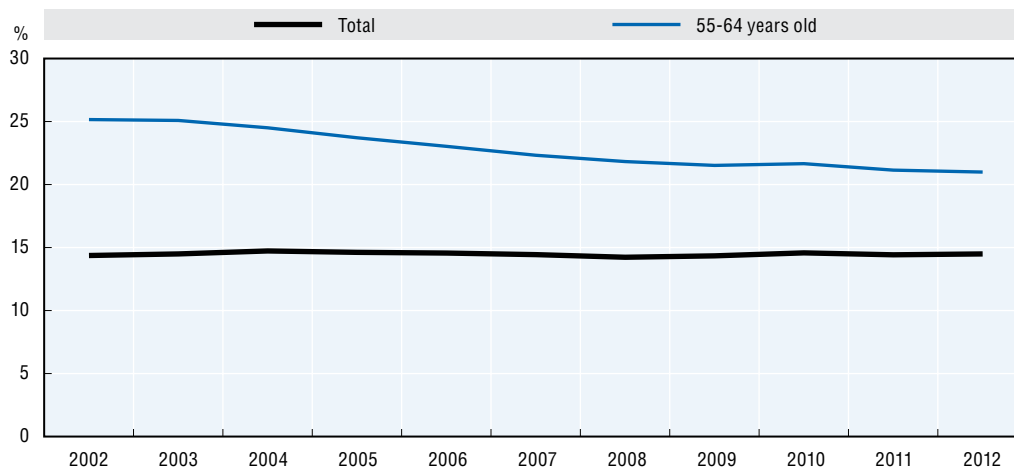
The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

Self-employment activities by seniors


- Older people (ages 55 to 64) are more likely than adults to be active in self-employment. In 2012, there were 6.5 million self-employed older people in the EU, accounting for 21.0% of the labour market activity of this age group. However, the proportion of older people who are self-employed has declined from 25.2% in 2002.
- Within the EU member states, the proportion of older people involved in self-employment ranged from 7.3% in Estonia to 51.8% in Greece in 2012.
- Older self-employed people were as likely as the rest of the adult population to have employees. In 2012, nearly 30% of self-employed older people had employees.
- Older self-employed people were over-represented in manufacturing, construction and consumer related industries relative to the adult population in 2012.

Figure 4.1 illustrates the self-employment rates for older people (ages 55 to 64) and for the adult population (ages 15 to 64). In 2012, older people in the EU were more likely to be self-employed than the adult population (21.0% vs. 14.5%). Although the adult self-employment rate in the EU remained unchanged between 2002 and 2012, the rate for older people declined 16% (from 25.2% to 21.0%).

Figure 4.1. **Self-employment rate for seniors in the EU28, 2002-12**
Percentage of 15-64 year olds



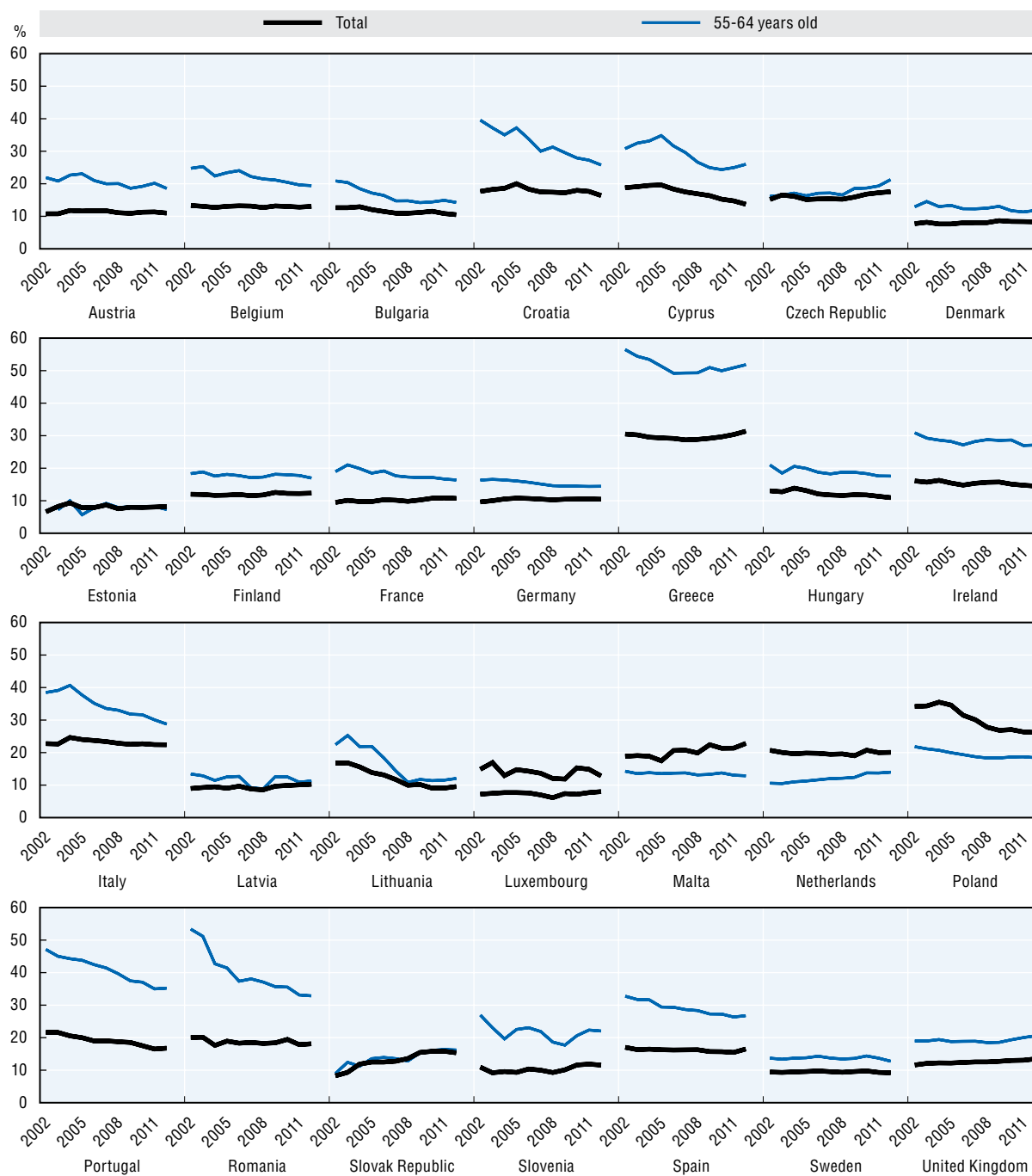
Source: Eurostat, Labour Force Survey 2002-12.

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The self-employment rates for older people and the adult population are presented for each member state over the 2002 to 2012 period in Figure 4.2. Self-employment rates for older people increased in only 3 member states over this period: the Slovak Republic

Figure 4.2. Self-employment rate for seniors, 2002-12

Percentage of 15-64 year olds



Source: Eurostat, Labour Force Survey 2002-12.


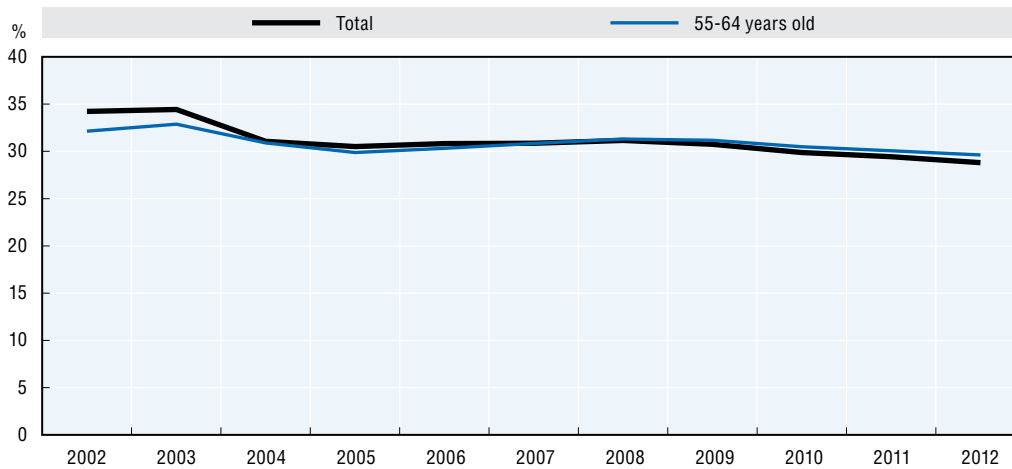

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Figure 4.3. **Proportion of self-employed seniors with employees in the EU28, 2002-12**

Percentage of 15-64 year olds



Source: Eurostat, Labour Force Survey 2002-12.

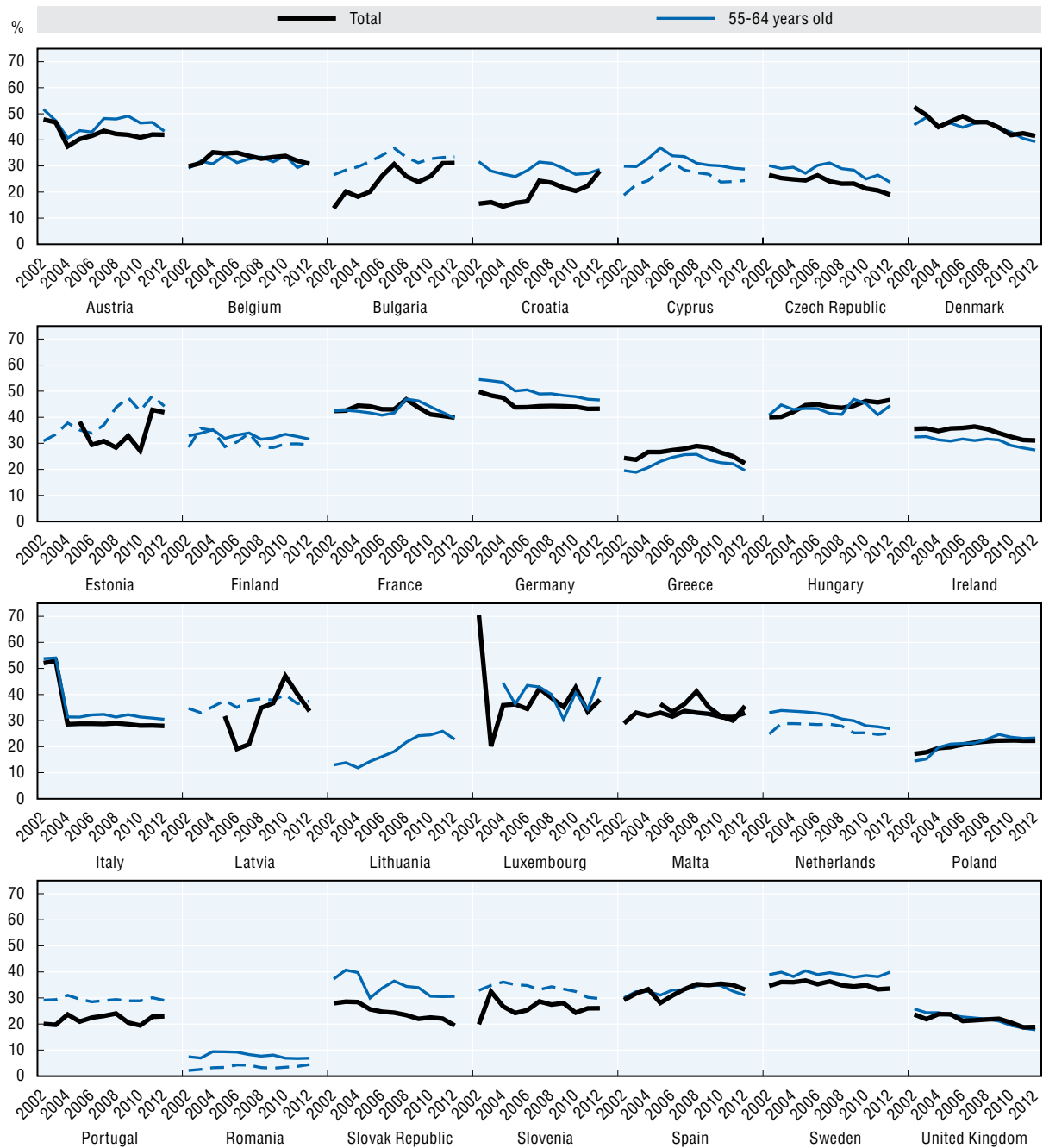
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(7.2 percentage points), the Czech Republic (5.2 percentage points) and the United Kingdom (1.6 percentage points). The most significant declines were in Romania (20.5 percentage points), Croatia (13.7 percentage points), Portugal (11.9 percentage points) and Lithuania (10.5 percentage points).

In 2012, nearly 30% of older self-employed people (ages 55 to 64) in the EU had at least one employee, which was approximately the same proportion as the overall adult population (ages 15 to 64). Thus, 1.9 million of the 6.5 million older self-employed people had employees. However, the proportion of older self-employed people (aged 55 to 64) providing employment declined slightly over the last decade. In 2002, 32.1% of older self-employed people had employees. A similar decline is also observed among the overall population of self-employed adults with employees over this period.

The proportions of older self-employed people with employees in each member state are presented in Figure 4.4. There were 10 member states where older self-employment people were more likely to have employees than the overall population in 2012. In 2012, older self-employed people were most likely to have employees in Luxembourg (46.7%), Germany (46.6%) and Hungary (44.5%). This contrasts with Romania (4.4%), the United Kingdom (18.8%) and Greece (19.6%), where less than one-fifth of older self-employed people had employees.

Figure 4.4. Proportion of self-employed seniors with employees, 2002-12
Percentage of 15-64 year olds

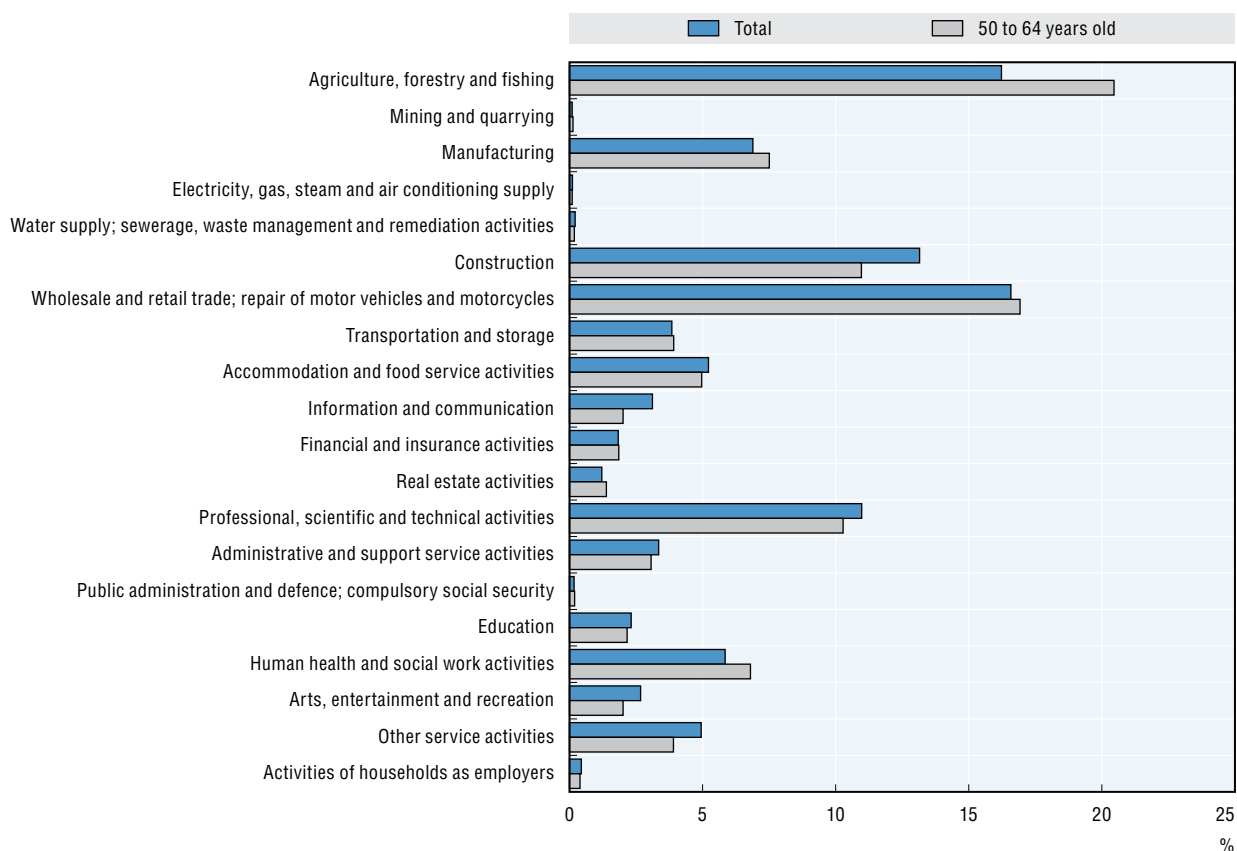


Source: Eurostat, Labour Force Survey 2002-12.

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The distribution of self-employed older people (ages 50 to 64) by industry is presented in Figure 4.5. Older self-employed people were more likely than the overall adult population to operate in agriculture, forestry and fishing; wholesale and retail trade and repair of motor vehicles; transportation and storage; real estate; and human health and social work. In 2012, the bulk of self-employed older people operated in agriculture, forestry and fishing (20.5%); wholesale and retail trade and repair of motor vehicles (16.9%); construction (11.0%); and professional, scientific and technical activities (10.3%). Nearly 60% of self-employed older people operated in these four industries in 2012.

Figure 4.5. **Distribution of self-employed seniors by industry in the EU28, 2012**
Percentage of 15-64 year olds



Source: Eurostat, Labour Force Survey 2012.

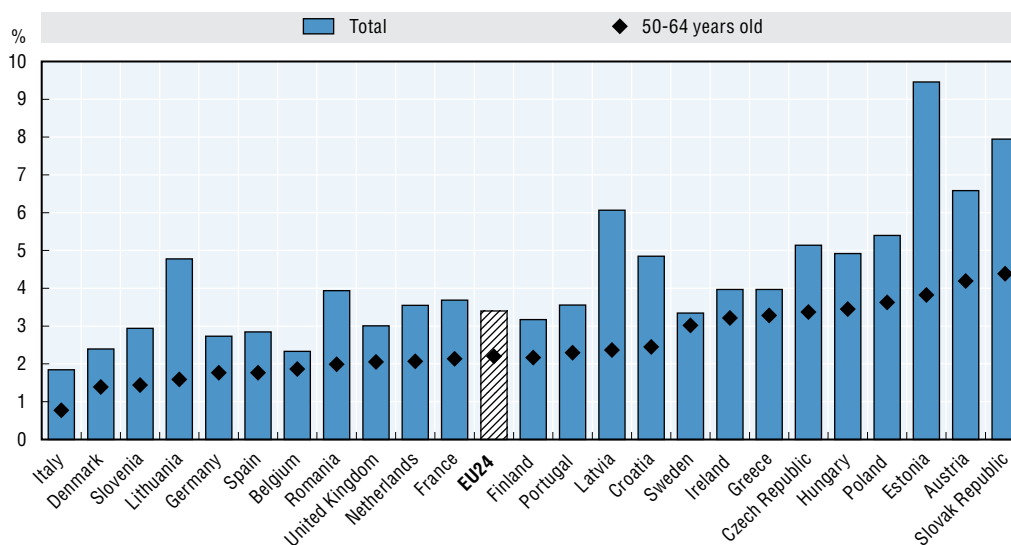
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Activities by seniors over the entrepreneurship life-cycle

- Few older people (ages 50 to 64) in the EU were involved in setting up a business over the 2008-12 period: slightly more than 2% of older people were setting up a business.
- Approximately 2% of older people in the EU were owners of new businesses between 2008 and 2012 and approximately 7% were owners of established businesses. Neither of these rates differs significantly from the rates of the adult population.


Figure 4.6 presents the nascent entrepreneurship rates of older people (ages 50 to 64) for EU countries. This rate measures the proportion of the adult population who report

Figure 4.6. **Nascent entrepreneurship rate for seniors, 2008-12 (combined)**
Percentage of 18-64 year olds



Notes 1. The EU countries that participated in the Global Entrepreneurship Monitor survey over this period are: Austria, Belgium, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden and the United Kingdom. 2. Data presented in this figure are pooled data, combining the annual survey results over the 2008-12 period. A number of countries did not participate in the GEM surveys in every year but were included in the tables: Austria (2012), Czech Republic (2011), Estonia (2012), Ireland (2008, 2010, 2011, 2012), Italy (2008, 2009, 2010, 2012), Lithuania (2011 and 2012), Poland (2011, 2012), Portugal (2010, 2011, 2012), Slovak Republic (2011 and 2012) and Sweden (2010, 2011, 2012). 3. The Nascent Entrepreneurship Rate is defined as the proportion of the adult population (age 18 to 64) that are actively involved in setting up a business they will own or co-own; this business has not paid salaries, wages or any other payments to the owners for more than three months.

Source: Special tabulations of the 2008-12 adult population surveys from Global Entrepreneurship Monitor.

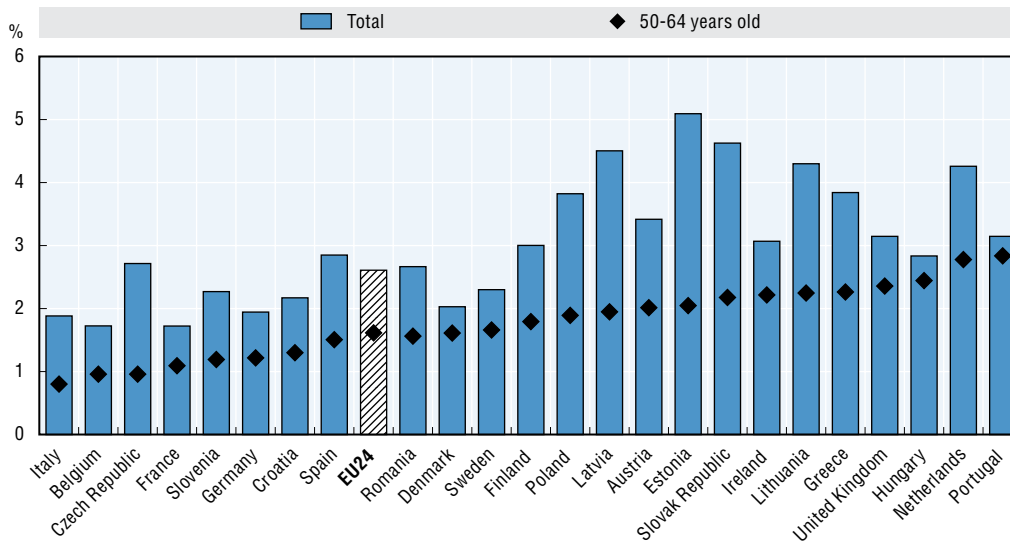
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that they are actively involved in setting up a business that they will own or co-own. The business must not have paid salaries, wages or any other payments to the owners for more than three months. Data are presented by gender, age, educational attainment level and income levels. For more information on this concept and data source, please refer to the Reader's guide at the beginning of this book.

Older entrepreneurs had lower nascent entrepreneurship rates across the EU than the overall adult population (ages 18 to 64) over the 2008 to 2012 period (Figure 4.6). The EU average nascent entrepreneurship rate for older people was 2.2% vs. 3.4% for adults. The nascent entrepreneurship rates for older people ranged from 1.8% in Italy to 4.4% in the Slovak Republic. The difference between the nascent entrepreneurship rate for older people and for the adult population was greatest in Estonia (5.6 percentage points), Latvia (3.7 percentage points) and the Slovak Republic (3.6 percentage points). The gap was the smallest in Sweden (0.3 percentage points), Belgium (0.5 percentage points) and Greece (0.7 percentage points).


Similarly, new business ownership rates were lower for older people than for the adult population in all EU member states (Figure 4.7). The new business ownership rate is the

Figure 4.7. **New business ownership rate by seniors, 2008-12 (combined)**
Percentage of 18-64 year olds



Notes: 1. The EU countries that participated in the Global Entrepreneurship Monitor survey over this period are: Austria, Belgium, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden and the United Kingdom. 2. Data presented in this figure are pooled data, combining the annual survey results over the 2008-12 period. A number of countries did not participate in the GEM surveys in every year but were included in the tables: Austria (2012), Czech Republic (2011), Estonia (2012), Ireland (2008, 2010, 2011, 2012), Italy (2008, 2009, 2010, 2012), Lithuania (2011 and 2012), Poland (2011, 2012), Portugal (2010, 2011, 2012), Slovak Republic (2011 and 2012) and Sweden (2010, 2011, 2012). 3. The New Business Ownership Rate is the proportion of the adult population that are currently an owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months.

Source: Special tabulations of the 2008-12 adult population surveys from Global Entrepreneurship Monitor.

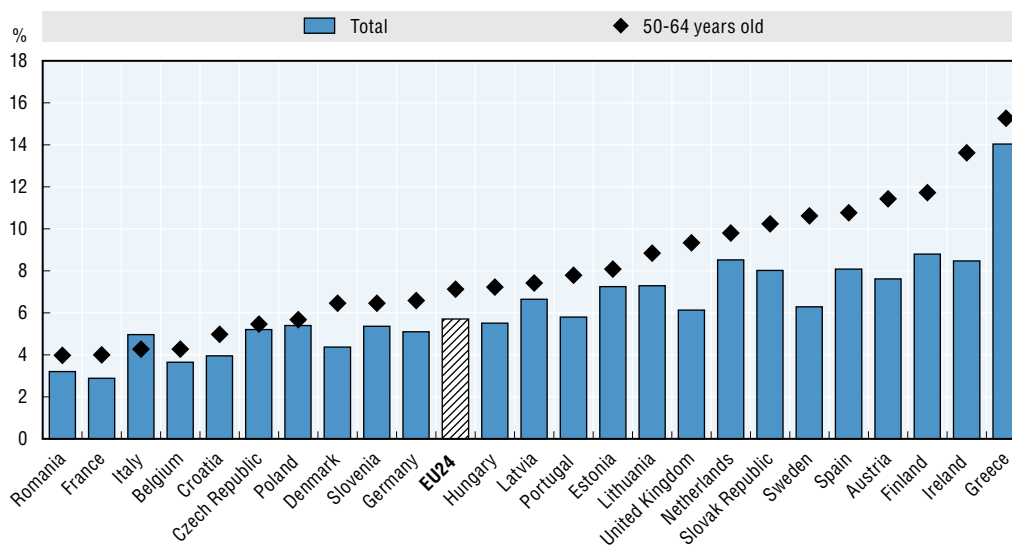
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proportion of the adult population that are currently an owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months. The average new business ownership rate for the EU was 2.6% for the overall adult population in 2012 and 1.6% for older people. The highest proportion older people that were new business owners over the 2008 to 2012 period was in Portugal (3.1%) while the lowest proportion was in Italy (1.9%). The gap between the new ownership rate for adults and the new ownership rate for older people varied slightly across member states. It was the largest in Estonia (3.1 percentage points) and smallest in Portugal (0.3 percentage points).


However, older people were more likely to be established business owners in all member states except for Italy (Figure 4.8). Established business owners are defined as adults who are currently an owner-manager of an established business that has paid salaries, wages or any other payments to the owners for more than 42 months. Between 2008 and 2012, 7.1% of older people in the EU were established business owners, which was higher than the average for the adult population in the EU of 5.7%.

Figure 4.8. **Established business ownership rate by seniors, 2008-12 (combined)**

Percentage of 18-64 year olds



Notes: 1. The EU countries that participated in the Global Entrepreneurship Monitor survey over this period are: Austria, Belgium, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden and the United Kingdom. 2. Data presented in this figure are pooled data, combining the annual survey results over the 2008-12 period. A number of countries did not participate in the GEM surveys in every year but were included in the tables: Austria (2012), Czech Republic (2011), Estonia (2012), Ireland (2008, 2010, 2011, 2012), Italy (2008, 2009, 2010, 2012), Lithuania (2011 and 2012), Poland (2011, 2012), Portugal (2010, 2011, 2012), Slovak Republic (2011 and 2012) and Sweden (2010, 2011, 2012). 3. The Established Business Rate measures the proportion of the adult population that are currently an owner-manager of an established business that has paid salaries, wages or any other payments to the owners for more than 42 months. This measure provides information on the stock of business in an economy. Source: Special tabulations of the 2008-12 adult population surveys from Global Entrepreneurship Monitor.

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Barriers to business creation for seniors

- Older people in the EU were as likely as the adult population to view self-employment as desirable relative to working as an employee but were half as likely to view self-employment as feasible (16% vs. 30%).
- A lack of finance was the most frequently cited response by older people but adults were more than twice as likely to report this barrier (10% vs. 21%).

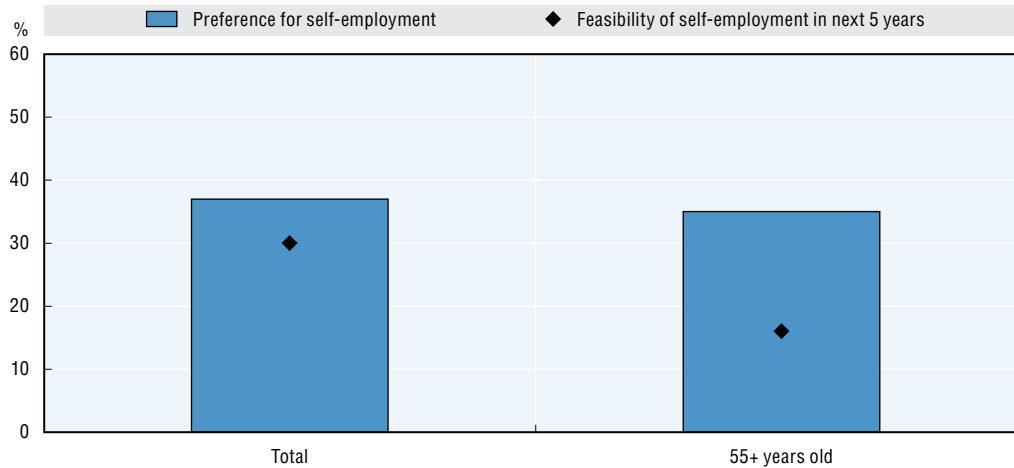
Figure 4.9 presents the proportion of older people (those older than 55) and adults that prefer self-employment to working as an employee and the perceived feasibility of self-employment within the next 5 years. In 2012, 35% of older people favoured self-employment to working as an employee, which was similar to the proportion of adults that preferred self-employment —37%.

However, older people were only half as likely as adults to view self-employment as feasible within the next 5 years. In 2012, 16% of older people reported that self-employment would be feasible within the next 5 years whereas 30% of adults reported that self-employment was feasible.

Even though older people were half as likely to view self-employment as feasible, they were much less likely to report barriers to self-employment. Only 10% of older people

Figure 4.9. **Desirability and feasibility of self-employment for seniors in the EU28, 2012**

“If you could choose between different kinds of jobs, would you prefer to be self-employed?”
 “Regardless of whether or not you want to become self-employed, would it be feasible for you to be self-employed within the next 5 years?”

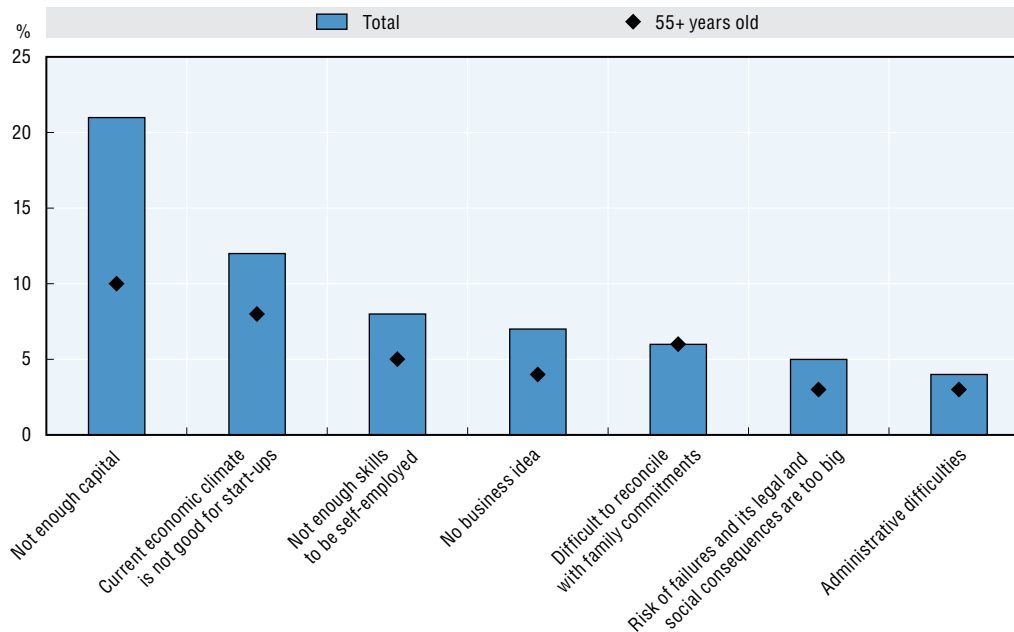


Source: European Commission, 2012, “Entrepreneurship in the EU and beyond”, Flash Eurobarometer 354.

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Figure 4.10. **Barriers to self-employment for seniors in the EU28, 2012**

“Why would it not be feasible for you to be self-employed within the next 5 years?”



Source: European Commission, 2012, “Entrepreneurship in the EU and beyond”, Flash Eurobarometer 354.

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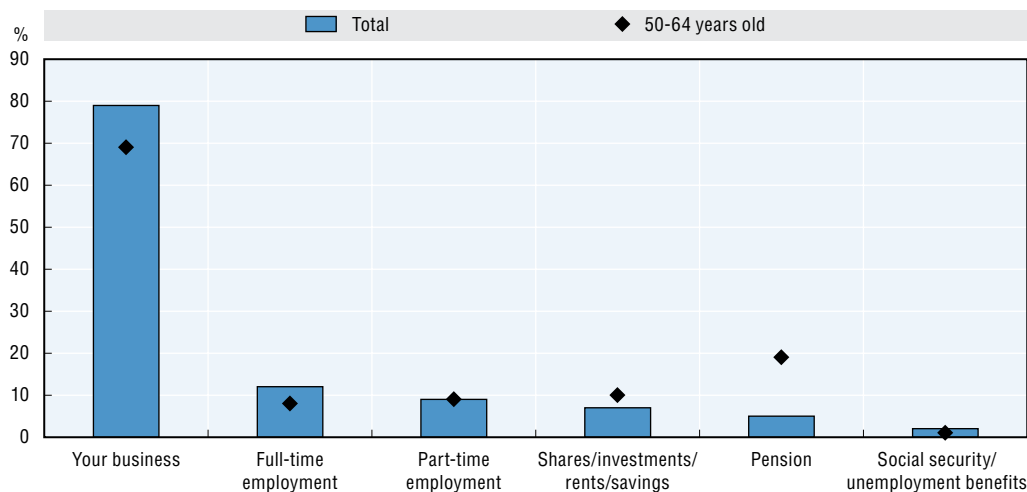
reported that a lack of capital would prevent them from starting a business, relative to 21% of adults. Similarly, 5% of older people reported that a lack of skills prevented them from starting a business and 4% reported a lack of business ideas whereas 8% and 7%, respectively, of adults reported these barriers.

Self-employment earnings for seniors


- Business owners over the age of 55 were nearly as likely as the adult population to report that their business is their main source of income.

Figure 4.11 presents the main sources of income for older people that own a business. Nearly 70% of older business owners reported that their business was their main source of income. This was lower than the average for adults (79%), indicating that older business owners were more likely to be reliant on other sources of income. Nearly 20% of older business owners reported that their pension is their main income source and 10% relied on rental income, savings and investments. Nearly 10% relied on either part-time or full-time work to supplement the income generated by their business.

Figure 4.11. **Main sources of income for seniors in the EU28, 2012**
“What is/are today your main source(s) of income?” (for those who own a business)



Source: European Commission, 2012, “Entrepreneurship in the EU and beyond”, Flash Eurobarometer 354.

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Growth expectations for senior entrepreneurs

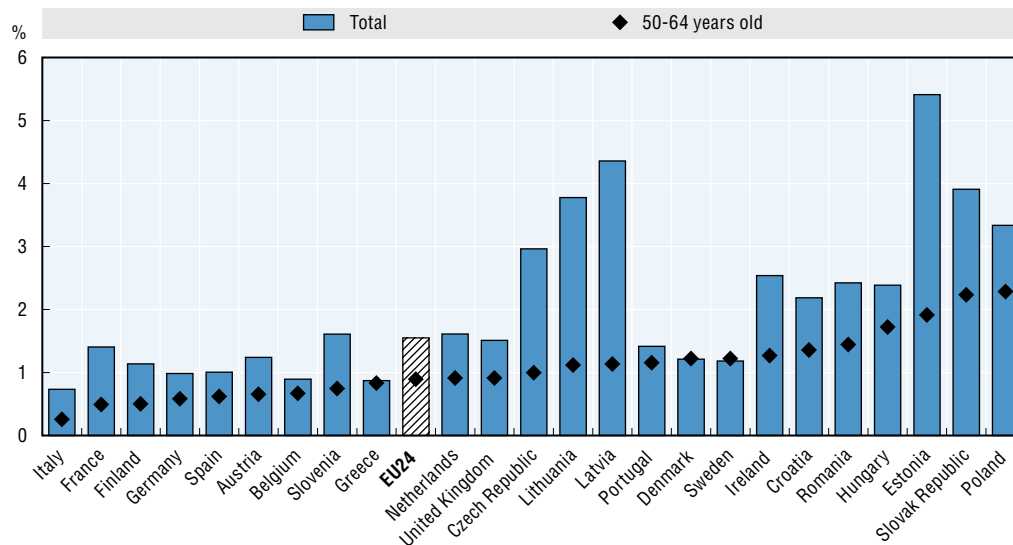
- Fewer than 1% of older people (ages 50-64) involved in early stage entrepreneurial activities in the EU expect to create more than 6 jobs in the next 5 years.

Figure 4.12 presents the proportion of older people (ages 50-64) in the EU who were involved in early stage entrepreneurial activities between 2008 and 2012 and expected to create more than 6 jobs in the next 5 years. Those involved in early stage entrepreneurial activities are those who were actively involved in setting up a business that they will own or co-own and those who have started new business within the last 42 months.

Overall in the EU, fewer than 1% of older people who are involved in early stage activities expected to create at least 6 jobs in the next 5 years, which was lower than the overall average of adults (1.6%). This suggests that very few seniors who are setting up businesses have aspirations to pursue growth. While this proportion varied little across member states, senior entrepreneurs with the highest growth aspirations were in Poland, where 2.3% of seniors involved in new businesses aimed to create at least 6 jobs over the next 5 years.


Figure 4.12. **Growth expectations for senior entrepreneurs, 2008-12 (combined)**

Proportion of 15-64 year olds involved in total early stage entrepreneurial activities that expect to create more than 6 jobs in the next 5 years



Note: Total early stage entrepreneurship activities which are defined as the proportion of the population that is actively involved in setting up a business they will own or co-own and those who have started new business within the last 42 months.

Source: Special tabulations of the 2008-12 adult population surveys from Global Entrepreneurship Monitor.

StatLink  <http://dx.doi.org/10.1787/888933154602>

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