Chapter 4
The Effects of the National System of Social Security Over Senior Entrepreneurs:
A Comparative Analysis of Age Cohorts

Allan Oswaldo Villegas Mateos
https://orcid.org/0000-0002-7431-5326
UDEM Business School, Universidad de Monterrey, Mexico

José Ernesto Amorós
https://orcid.org/0000-0001-9601-0892
EGADE Business School, Tecnologico de Monterrey, Mexico & School of Business and Economics, Universidad del Desarrollo, Chile

ABSTRACT

The aim of this chapter is to analyze the relationship between the national systems of social security and senior entrepreneurial activity. To understand the growing phenomenon of senior entrepreneurship, the authors developed a multilevel model using a dataset from the Global Entrepreneurship Monitor that allows them to relate country-level variables, such as social security contributions, level of economic development, government support and policies, and burden taxes and bureaucracy, with individual-level variables, such as the household income, experience fear of failure, and type of business. This chapter contributes to the literature of the contextual determinants of entrepreneurship by examining multilevel data on 42,100 individuals from 31 countries members of the OECD for the period of 2010–2016. The findings indicate that the country-level predictor of social security contributions has a negative effect but statistically non-significant relationship with the decision to engage in senior entrepreneurial activity.

DOI: 10.4018/978-1-7998-2019-2.ch004

INTRODUCTION

Entrepreneurship is essential because its implications on job creation, economic growth, and the development of many geographic entities, from small villages to regions and even entire countries (Lour *et al.*, 2014). The impact of the entrepreneurial activity, particularly of the new business creation over employment and economic growth, are essential topics on many government's agenda (Haftendorn & Salzano, 2003; Spigel & Harrison, 2018). Therefore, there is an increasing interest of researchers to analyze the factors or conditions as well as the new trends that foster and stimulate better entrepreneurial activities. One of the latest trends in entrepreneurship research is related to the age of entrepreneurs called *intergenerational entrepreneurship*. The key to success of this concept lies in thorough research of the differences and similarities between the different age cohorts of entrepreneurs and their practical implications (Kautonen, Down, & Minniti, 2014; Rehák *et al.*, 2017). Most of entrepreneurship research focuses on nascent entrepreneurs or established entrepreneurs without taking into consideration the age variable. For example, Schlosser and Zolin (2016), entrepreneurs who start their first businesses between the ages of 55 and 64 years represent the fastest-growing entrepreneurship segment in America and Australia. The proportion of the population in European Union countries who are over 55 years old rose from 25% in 1990 to 30% in 2010, and it is estimated to reach 37% by 2030 (Eurostat, 2012). Hence, the authors noticed the potential growing segment for senior entrepreneurs, but also the lack of understanding in the literature about which are the best conditions for them to foster better entrepreneurial activities. Thus, this chapter investigates, in a cross-country study, the drivers associated between age cohorts of entrepreneurs and entrepreneurial opportunities.

There are two relevant drivers for senior entrepreneurship: (1) the national systems of social security that could guarantee a replacement rate of earnings after retirement, and (2) the senior stage of life could be accompanied with higher levels of experience, more networks, and more social capital, which enables a potential creation of new ventures reducing some risks that are present in other live-stages for example for inexpert youth entrepreneurs (Baucus & Human, 1994). Hence, to study this phenomenon it is relevant to consider some institutional variables at the country-level (DiMaggio & Powell, 1983; Scott, 2001). Additionally, there are factors or conditions necessary for entrepreneurship in accordance to entrepreneurial ecosystems' theories (Isenberg, 2011; Reynolds *et al.*, 2005; Stam, 2015; World Economic Forum, 2013) that shape the motivations to pursue entrepreneurial opportunities (Amorós *et al.*, 2017; Baumol, 1990; Estrin *et al.*, 2013; Williams, 2009).

Regarding the types of entrepreneurial opportunities pursued by entrepreneurs, there are two divided by drivers: the first one, *opportunity-driven entrepreneurs* who are trustworthy as better prepared individuals with superior skills, and that generate more value than the second type, known as the necessity-driven entrepreneurs (Levie & Autio, 2008). Indeed, the *necessity-driven entrepreneurs* start a business because of lack or loss of other resources like employment (Shane, 2009; Valdez & Richardson, 2013), associated with the necessity of keeping generating financial value to sustain the living expenses. In contrast, the opportunity-driven entrepreneurs follow personal aspirations, profit, innovation, and growth (Reynolds *et al.*, 2005); While the necessity-driven entrepreneurs tend to have low levels of innovation and are often linked to informal activities, unemployment, economic recession, and poverty (Acs & Amorós, 2008; Banerjee & Duflo, 2007; Block & Sandner, 2009; Gries & Naudé, 2011). Therefore, the resources and efforts from the key players of an entrepreneurial ecosystem must focus mainly on the nascent opportunity-driven entrepreneurs because they are linked to innovative activities that have the potential to create jobs and increase productivity in an economy (Stenholm *et al.*, 2013).

Related Content