

## Chapter 11

# Industrial Firm Performance, Entrepreneurial Age, and Managerial Practice

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### ABSTRACT

*Some authors and entrepreneurs have weaknesses in their infrastructure, innovation, and management skills. Industrial SMEs contribute to the productivity of countries. In recent years a group of senior entrepreneurs refers to those individuals aged 50 or over who have created a business. It is assumed that senior entrepreneurs have had more time to accumulate human capital. However, human capital can also depreciate. This document analyzes the performance of industrial companies according to the ages and managerial practices of the entrepreneurs, with a sample of 383 companies. Based on two components of the Blackman model, the durability of the SME that depends on the conditions of the entrepreneur, their characteristics, and their management practices. The research design is based on a quasi-experimental and multifactorial, quantitative and deductive methodology. The third part of the entrepreneurs used six management practices that were accompanied by economic benefits. Twelve percent of managing owners are over 40 years of age and show similar performance to younger entrepreneurs.*

## INTRODUCTION

In emerging countries, there is a marked trend in the creation and management of companies by people over the age of 45, which reflect changing opportunity costs and life circumstances, as well as specific cognitive abilities in the elderly. The countries that have a higher activity of these types of entrepreneurs are in sub-Saharan Africa, North Africa, America, and the Caribbean (Estrin, Mickiewicz, Sthepan, & Wright, 2019). On the other hand, in countries like Israel, findings indicate that motivation for older adults to become entrepreneurs is centered mainly on pulling factors such as self-fulfillment, increasing personal well-being, self-realization, and enhancing their interests. Furthermore, older adults may consider becoming entrepreneurs as part of their 'active aging' perceptions. These findings have implications for designated training programs for older adults that aim to promote their motivation and foster their skills to launch entrepreneurial activities (Gimmon, Yitchaki, & Hantman, 2018).

Blackman (2003) considers that the durability of the SME depends on the conditions of the entrepreneur, their characteristics and values, their strategies, and their management. The strength of the companies depends on the entrepreneur, their values and policies that make up their company, the entrepreneur as an individual, their human behavior, their background, their environment, goals, values, and motivations (McClelland, 1970; Gamez, 2013). Innovation through the use of technology, communication mechanisms, innovation in strategies, processes, products, and personnel management, in a scheme with high management indexes, can contribute to the trajectory and reach of the company's long-term performance. The secret of durability in the long-term is productivity (Sanabria, 2003). The explanation of the performance of the companies depends on the management to identify new trends and markets, find the need of the consumer, promote strategic alliances for the exchange of knowledge and technological transfer, and lastly the strengthening of human capital and the added value that is given to the product (Centre for Economic Performance, 2015; Consejo Privado de Competitividad, 2018).

For the present work, senior entrepreneurs refer to those individuals aged 50 or over who have created a business (Kautonen, 2013). It is assumed that senior entrepreneurs have had more time to accumulate human capital. However, human capital can also depreciate. One aspect is to analyze the planned behavior to determine the relationship between intentions such as growth, the balance of work and life, and the survival and performance of the company. In addition, to analyzing the influence of business motivations in the subsequent performance of the company (Seco, 2018)

Entrepreneurs older than 45 have a propensity of nascent and new entrepreneurs -20% in 2013- and over 55 -14% in 2013- (Curran & Blackburn, 2001; Hart et al., 2004; Kautonen, 2008). However, there are no business policies segmented by age, particularly for senior entrepreneurs (Varela, Moreno, & Bedoya, 2015). In turn, the Blackman model contemplates the entrepreneur's attributes - own and attributed -, their values, their managerial styles, and performance (Blackman, 2003). With a sample of 383 companies of the industrial sector of Bogota, the maturity of the entrepreneur will be analyzed, measured in the perspective of age and his experience in relation to the generation of competitive advantages reflected in the positive variation of the benefits obtained in the last exercise and management styles (Velilla & Sánchez, 2018). Are the ages and practices of the entrepreneurs related to the performance of their companies?

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