

# Senior female entrepreneurship: policy responses called for to support older female entrepreneurs in the Baltic Sea Region

POLICY BRIEF  
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BALTIC SEA LABOUR FORUM  
FOR SUSTAINABLE WORKING LIFE



## SUMMARY

Senior entrepreneurship can be an attractive option for older workers to remain in working life, also serving the purposes of social inclusion, reducing inequalities, boosting social innovation and active ageing. Here we look at the gender dimension of senior entrepreneurship – how being a woman aged 55+ affects challenges and opportunities when entering entrepreneurship and how policy should respond to support this specific group. Our recommendation is that policy responses go beyond mainstreaming gender and age into existing support for start-ups to also address underlying social structures and norms related to gender and age.

## Senior entrepreneurship to prolong working life and challenging traditional perceptions of who should be an entrepreneur

Prolonging working life has become a political and economic priority within the EU, as societies face shrinking labour forces due to ageing populations, combined with low fertility rates. Senior entrepreneurship has been raised as an option of prolonging working life, providing an opportunity for older people to remain active in the labour market, while also serving the purposes of social inclusion, reducing social and economic inequalities, boosting social innovation and active ageing.

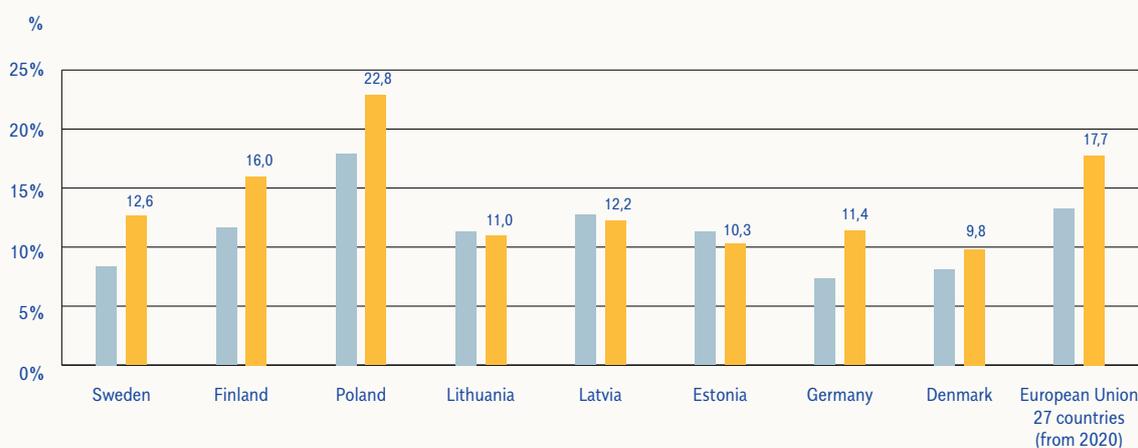
**Defining senior entrepreneurship** Among many possible definitions, here we include entrepreneurs who are 55 years-old or above and self-employed, with a specific focus on people who start up new companies in this age group.

However, senior entrepreneurship challenges traditional perceptions of what an entrepreneur should be. Entrepreneurship is often considered to be the domain of younger people because of its association with risk and dynamic engagement with the business world (Aydin et.al. 2019), why it could be argued that seniors have been largely excluded from standard perceptions of new entrepreneurs. Furthermore, many researchers also argue that entrepreneurship is not a gender-neutral concept, but predominantly masculine. (OECD 2021, Marlow 2014) Therefore, being both 55+ and a woman is linked to circumstances that need to be addressed through tailored policy responses to encourage entrepreneurship in this population group.

### Self-employment increases with age...

The self-employment rate – i.e., the share of employed persons that are self-employed – increases with age. Looking at the EU average in 2020, the share of employees that are self-employed in the age cohort 55–64 (17,7%), as well as the age cohort of 65–74 (41,3%) is decidedly higher than in the age cohort of 25–54 (13,2%).

Figure 1. Self-employment as percentage of employment, by age groups, 2020



Source: Eurostat

● Age 25-54 ● Age 55-64

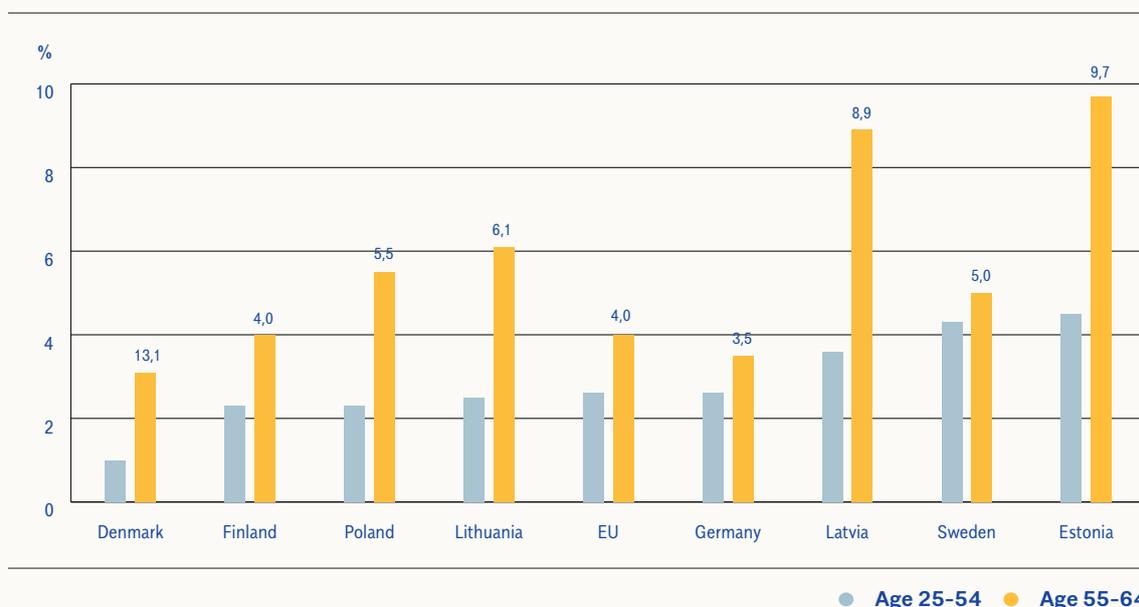
In the Baltic Sea Region (BSR), two patterns are visible, as illustrated in figure 1. In the Nordic countries of Finland, Sweden and Denmark, as well as in Poland and Germany, employees in the age group 55–64 show a higher rate of self-employment than in the age group of 25–54, ranging between a 1,7 percentage point difference in Denmark to 4,9 in Poland. In the Baltic states, however, self-employment rates are slightly higher in the age group 25–54 than in the age group of 55–64.

Overall, all countries in the BSR, except for Poland, score lower than the EU average when it comes to self-employment rates in the age group 55–64.

### ...but the number of actual start-ups among older people remains lower than in the total population

It should be noted that the self-employment rate does not fully illustrate the number of actual starting up of new companies and not all self-employed are entrepreneurs. In fact, most of the self-employed persons in the age group 55–64 are not starting new companies. Data from Global Entrepreneurship Monitor, reporting on early-stage entrepreneurial activity, shows that starting up new companies is more common in the total population of 18–64-year-olds than in the age group 50–64. (See figure 2.)

**Figure 2. Early stage entrepreneurial activity as per Global Entrepreneurship Monitor reports, by age, 2014–2018**

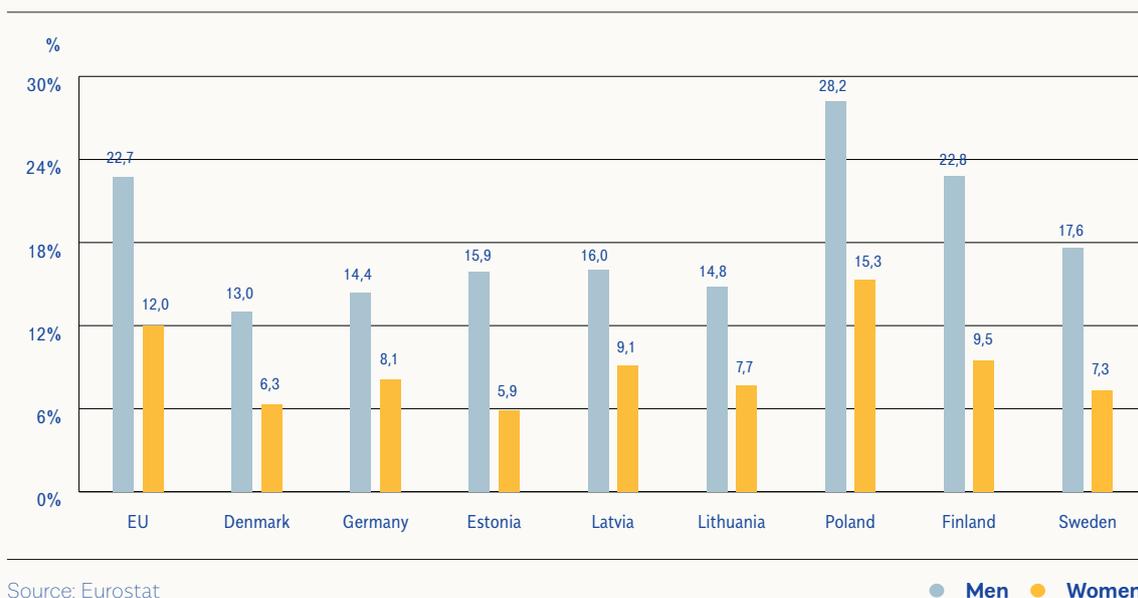


Source: OECD, the Missing Entrepreneurs (2019), OECD's tabulations of the GEM surveys between 2014 and 2018. The following countries did not participate in the survey every year: Denmark (2015–18), Estonia (2018), Finland (2017–18), Latvia (2014,2018), Lithuania 2015–18).

### There is gender gap in senior entrepreneurship

There is a large gender gap among the self-employed seniors. In 2020, older men (50–64 years old) in the EU were almost twice as likely as women in this age group to be self-employed (22.7% vs. 12%). A similar pattern can be seen in the BSR, where the self-employment rate among women in this age group is on average 9 percentage points lower than that of men. (See figure 3)

Figure 3. Share of self-employed persons in the age group 55–64, by gender, 2020



### Why a gender perspective is important – advantages, motivations, challenges, and preferences differ between women and men entering entrepreneurship in their senior years

There are advantages of being a senior when starting up a company, which might not be as present among senior women

Senior entrepreneurs may have advantages over younger entrepreneurs when starting up a company: more developed networks, more work and industry experience, a higher technical and managerial skills level, and a stronger financial position. (Kautonen 2013).

However, senior women may not have these advantages to the same degree as senior men. Research indicates that compared to men, women accumulate less wealth, have fewer work opportunities, experience more interruptions in their professional careers, and have less experience from working at management level. (Hundley 2001 cited in an Aylin et al.) All these aspects play in when senior women venture into starting a company.

#### Different barriers for men and women – market failures and institutional failures

The Organisation for Economic Cooperation and Development distinguishes between two kinds of failures that lead to less engagement in entrepreneurship among women compared to men: market failures and institutional failures (OECD, 2019). Market failures include difficulty for women to access resources in the form of finances (loans, investments, networks) and skills. Institutional failures are linked to norms and attitudes in society that dictate what women – especially older women – should do or not.

One may go one step further and argue that it is the institutional failures that lead to market failures in the form of legal, financial and labour market discrimination of women (Carranza et. al 2019). More specifically, social norms affect how women access education, assets, ownership, networks, legal aid and funding.

#### Motivations to start a business – gendered ageism is both a push and motivational factor

When looking at motivations for people to become entrepreneurs, research often talks of factors pushing and pulling people into becoming entrepreneurs. Pull factors that attract seniors to entrepreneurship can be work flexibility and improved work-life balance, while economic necessity is a push-factor (Kautonen 2013). Discrimination at work is also a push factor affecting both older people in the form of age discrimination and women in the form of gender discrimination. Senior women, therefore, face a double discrimination in the labour market. For older people, finding a job having passed the age of 55 might be hard due to ageist

attitudes, and entrepreneurship can be seen as a way out of unemployment. For women, the 'glass' ceiling preventing them from advancing to senior positions in organisations, in businesses that are often pre-dominantly led by men, might lead to finding entrepreneurship as an opportunity to opt out of inequality. Thus, these barriers can also be a motivation for senior women to leave workplaces to start their own businesses.

Other preferences that women cite as reasons for entering entrepreneurship is flexible working hours, work autonomy and greater work-life balance. (OECD, 2021) These motives are often linked to the caring responsibilities, for older women this might be a partner or a relative.

#### **Female entrepreneurs: smaller firms, less profitable, different sectors than men**

Women choose to start companies mostly in the sectors of personal service, retail, tourism, health care and education – preferences which differ from men. (OECD, 2021). Compared to men, women's companies are usually smaller, have weaker economic performance, show less growth and rely less on external funding (WB, 2019). All these business characteristics are highly related to the sectors in which women operate their businesses. (OECD, 2021).

### **Policy responses – mainstreaming gender or dedicated programmes?**

In OECD countries, there are two approaches to increasing women's levels of entrepreneurship: either to increase women's access to mainstream business support and integrate gender aspects to existing support, or to develop separate programmes for supporting female entrepreneurship. (OECD, 2021). The question is whether mainstreaming gender into existing business support efforts would be sufficient to acknowledge the underlying institutional failures mentioned above. On the other hand, separate programmes for women risk isolating women from the general business community and reinforcing existing gender differences.

#### **Addressing market failures via mainstream support efforts**

One way of attracting senior women to become entrepreneurs is to try to include them in mainstream support efforts, while integrating gender sensitivity:

- Boosting skills development (training, mentorship)
- Increase access to finance
- Enterprise support services, easing access to relevant information, technical support for ideas, etc.
- Boost aspirations towards growth
- Improve regulatory environment

#### **Beyond 'fixing' – challenging prevailing perceptions of what a successful entrepreneur is**

Some research argues that policy efforts should not try to 'fix' women, based on perceptions that there is a female deficit that needs to be corrected so that women can reach the same business achievements as men in terms of profit, growth etc. Focus should instead be on the gender inequalities built into societal norms. "The deficit approach essentialises gender differences and entrenches the belief that women are less competent than men in entrepreneurship", Aylin writes. (Aylin, 2019)

In a World Bank report examining how and why female entrepreneurship is different, it is similarly reflected: "Unlike other drivers, differences in preferences do not necessarily indicate problems that need to be fixed. For example, coaxing women to pursue higher risk, higher growth, higher stress or more time-demanding ventures than they prefer may result in lower well-being". (Carranza et. al 2019) Especially for senior women, these ambitions might not be of high relevance.

Policy implication for targeted support to senior women entrepreneurs, which are not gender blind, could therefore include:

- Measures to adapt and expand lenders' criteria: As traditional lenders might favour sectors and businesses that are typically more profit and growth oriented, other criteria so as to include sectors and businesses which are dominated by women would also be included
- Skills development: if traditional skills development focuses on growth and profit, women's preferences and the sectors they operate in should be taken into consideration to a higher degree when designing training and skills development

#### **Addressing underlying structural issues and societal norms – while avoiding reproduction of gender stereotypes**

At the same time, senior women should be supported to enter entrepreneurship in any sector. More specifically, certain qualities should not be deemed to belong to women, and as such determine which sector or kind of business a woman should start. As Marlow points out, female entrepreneurship should not reproduce alleged essential feminised qualities, for example that women, due to their nature, are better communicators and are more caring or empathetic employers. (Marlow 2014)

Addressing the underlying biases and stereotypical norms related to gender, as well as age, policies should focus on:

- Awareness raising, directed at all levels of society, to increase gender and age sensitivity in entrepreneurship, exposing and challenging existing social norms and stereotypes that discourage senior women from starting their own business
- Measures that both support the preferences and motivations of senior female entrepreneurs, but also open the doors for women to traditionally male-dominated sectors and activities
- Measures that focus on the self-image of senior women and their own perceptions of constraints as senior women – focusing on building self-esteem and confidence

#### **Senior female entrepreneurs – a heterogenous group intersecting with race, ethnicity, and societal context**

Finally, as pointed out in research, senior and female entrepreneurs may not be considered homogenous groups, why there is no policy effort that fits everyone. (OCED 2021, Marlow 2014, Aydin 2019) Especially, gender and age also intersect with race, ethnicity and societal context, which should be picked up in policy development.

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This policy brief is part of a series of policy briefs written for the project **BSLF for Sustainable Working Life** (BSLF-SWL) which is funded by the European Social Fund and Swedish Institute. The project addresses the demographic challenge in the BSR - i.e. an ageing population, low fertility rates and a shrinking labour force - by focussing on the working population in the age group 55+ and efforts to prolong working life through Active Ageing and Lifelong Learning. The overarching aim of the project is to support the improvement of working conditions and lifelong learning provisions, systems and policies for the older labour force in order to promote active ageing and employability.

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