

Entrepreneurship and ageing: Exploring an economic geography perspective

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Abstract

The traditional understanding of entrepreneurship is biased towards certain population groups and specific locations. Yet the literature points to a much more diverse perspective on entrepreneurship and regional development. In this paper, we argue that regional characteristics such as the extent to which a region faces demographic change (population growth or decline, population ageing, emigration of youth, etc.) may exert a strong influence both on the individual propensity to start a business and the aggregate numbers of entrepreneurial activities. In addition, demographic change also influences the types of businesses or business models found in different regional contexts. With this idea in mind, we argue that the opportunities and challenges that are associated with old age entrepreneurship depend strongly on the regional context. We place old age entrepreneurship into a regional context and illustrate the ways in which opportunities and constraints arise from such a context and, in particular, from demographic change occurring in different regional types.

Key words: Entrepreneurship, Ageing, Silver Economy, Regional Development.

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1. Introduction

Founding a firm is often associated with certain individual and regional attributes: The typical entrepreneur is rather young, male and white and starts the business in an urban location, most likely in a creative and hip neighbourhood. While this rather superficial understanding of regional entrepreneurship is strongly biased towards certain population groups and specific locations, the state-of-the-art literature on entrepreneurship and regional development points to a much more diverse perspective of entrepreneurship and regional development (e.g. Mayer et al., 2016, Fuller-Love et al., 2006, Cuervo, 2005, Anderson, 2000). Particularly when we take demographic change and regional socio-economic variation into account, the opportunities and challenges entrepreneurship may have for both growing and shrinking regions are much more nuanced.

The present chapter is based on the assumption that entrepreneurship and regional development are strongly inter-related because entrepreneurial activities are influenced by regional characteristics and dynamics, on the one hand, but also because entrepreneurship influences regional development, on the other. In fact, various studies have shown that becoming an entrepreneur is a regional event (Feldman, 2001, Stam, 2007). Regional characteristics such as the extent to which a region faces demographic change (population growth or decline, population ageing, emigration of youth, *etc.*) may exert a strong influence both on the individual propensity to start a business and aggregate numbers of entrepreneurial activities. In addition, demographic change also influences the types of businesses or business models found in different regional contexts. With this idea in mind, we argue that the opportunities and challenges that are associated with old age entrepreneurship depend strongly on the regional context.

In the following sections, we will place old age entrepreneurship into a regional context and illustrate the ways in which opportunities but also constraints arise from such a context and, in particular, from demographic change occurring in different regional types. In doing so, we not only focus on the opportunities that older entrepreneurs may exploit, but also on the regional context in terms of demand arising from an older population. According to our understanding, these types of entrepreneurship are inter-related: While an ageing population is associated with the propensity of a larger cohort of old age entrepreneurs in terms of new business founders, it implies at the same time a significantly larger demand and more extensive markets for new products and services for the ageing population. We illustrate the implications of different types of regions (growing and shrinking, urban and rural) for old age entrepreneurship. To do this we utilize case examples from European nations, for which we collected either primary or secondary data. The primary data stem from qualitative interviews with entrepreneurs, that is, owners and owner-managers, of companies that are located in regions across Germany, which face important demographic challenges including population ageing and decline, often in combination with youth emigration (Leick, 2018). Arguably, these examples focus on the ways entrepreneurs exploit an increasingly ageing consumer group in these regions. The secondary

data are the result of a desk review of literature including reports from public and private sources, which provide illustrative cases with regard to population ageing and old age entrepreneurship. Altogether, the examples in this chapter show how older entrepreneurs exploit entrepreneurial opportunities. We are fully aware that the combination of primary and secondary data for the creation of a typology bears risks and limitations particularly with regard to questions about causal mechanisms between old age entrepreneurship and regional development but also questions about the representativeness of the examples we discuss. Yet, the exploratory approach is needed because the topic of old age entrepreneurship and how it may or may not differ between regions has not been discussed so far. Because of the heuristic compilation of data, the chapter has an exploratory and illustrative character, but does not claim to be representative of the various phenomena associated with old age entrepreneurship and regional development. Instead, our aim is to show in an exploratory way the rather unexplored spatial aspects of old age entrepreneurship and highlight opportunities resulting from demographic change for different regional types.

We noticed that a geographic perspective of old age entrepreneurship can only emerge by linking the literature in economic geography, regional and urban development, and entrepreneurship studies. By highlighting the entrepreneurial opportunities but also business models that may arise in regions affected by demographic change, we hope to emphasize the opportunities rather than the constraints of an ageing population. We therefore do not confine our exploration to a mere focus on old age entrepreneurship, but are open to also discussing the business opportunities that arise from an ageing population, representing entrepreneurial opportunities in a wider sense. This is particularly important as policymakers have primarily sought to manage the costs of an ageing population rather than exploiting new sources of economic development that may emerge from demographic change (Cox et al., 2014). In light of this observation, we will conclude with a brief discussion of the regional policy implications.

2. Old age entrepreneurship as a regional phenomenon

Starting from the definition given by Maritz et al. (2015, p. 2) of old age entrepreneurship as “*the process whereby people aged 50+ participate in business start-ups*”, we employ a broad conceptual understanding of old age entrepreneurship in a regionally variegated context by associating the phenomenon with various entrepreneurial activities (for example, start-ups, entrepreneurial business models, and innovation) occurring in regions that are ageing. Examples of such entrepreneurial activities are newly founded enterprises by elderly residents and new market niches or innovative products associated with the so-called “silver economy” (Kohlbacher and Herstatt, 2008, Barska and Šnihur, 2017). We broaden the focus of old age entrepreneurship to go beyond the analysis of the older entrepreneur who starts any type of business by including those businesses that serve the older population. This broader focus is necessary because of the regional development implications an ageing population has.

The term „silver economy“ draws from observations in the Japanese economy where demographic change with a growing number of old age consumers has led to the rise of new markets (Kohlbacher and Herstatt, 2008). An incentive for businesses to engage in these market opportunities is the high purchasing power of wealthy persons aged 50+ in Western

industrialised nations. One example is Germany where the incomes of a substantial part of the age cohorts of 50+ including higher age groups (*i.e.*, persons between 65 and 75 years of age) have been rising since the early 1990s (Heinze and Naegele, 2009). The most important sectors of this silver economy are housing, health, tourism, culture and recreation (Heinze and Naegele 2009, p. 39). In the case of Finland, “silver economy” markets also emerged in public sectors such as health care (Anttonen and Häikiö, 2011). In recent years, reports have been published that focus on regional economic opportunities of such markets (Cox et al., 2014). In addition, the European Silver Economy Award was established and workshops and such have been taking place about the implications of the “silver economy” for cities and regions (SEED, 2017). Such recent developments illustrate that scholars and policymakers are recognizing the opportunities of population ageing and that they are growing sensitive to regional variation.

Besides the demand side for which the silver economy plays an important role, there is also the entrepreneurial aspect of an ageing population. A particular aspect is the fact that older individuals have taken up the opportunity to start a new company: For example, the number of people who are active at an older age in entrepreneurial activities is growing. Data for the UK show that the rate of individuals over 50 who are engaged in entrepreneurial activity rose from 4 percent in 2008 to 6.5 percent in 2013 (Moules, 2014). Research also shows that start-ups founded by older entrepreneurs tend to survive longer than those founded by younger entrepreneurs (Patel and Gray, 2006). Others have shown that the prime age of starting a business is not around 20, but that is rather towards a later stage around 40 (Parker, 2004). In addition, a larger pool of peers in specific age cohorts may suggest that in regions affected by population ageing, we also find a larger pool of older entrepreneurs (Bönte et al., 2009). This latter point is important for spatial considerations around old age entrepreneurship because it means that regions with a larger cohort of older residents may have a greater potential for old age entrepreneurship. Taken together, the findings of the literature point to a rather close relationship between a region’s demographic situation and the level and extent to which we find old age entrepreneurship.

Old age entrepreneurial activities can vary between regions given heterogeneous development patterns that result from demographic change. In Europe, for example, population ageing is a widespread but also regionally variegated phenomenon. According to the EU Commission, the share of ageing population (over 65 years) in the European Union ranges between 12.6 per cent for Ireland and 21.4 per cent for Italy (European European Commission, 2015). At the NUTS 3 level, which denotes small regions encompassing regional units with a population between 150,000 and 800,000 inhabitants (Eurostat, 2018), regional differences are even more pronounced: urban regions, *e.g.*, capital city regions or regions that host large higher education institutions, have a lower median age in many European countries than their rural counterparts (European Union, 2017). For many rural regions, population ageing is accompanied and exacerbated by the emigration of young and skilled persons (Anderson, 2000, Leibert and Wiest, 2016, Carson et al., 2017). This process is often referred to as brain drain. Examples of regions that face both population ageing and population decline are found in Eastern Germany; Central-Eastern European countries such as Romania, Croatia and Hungary; and Greece (Gløersen et al., 2016). Although population ageing is paramount across many European

regions, particularly rural areas and remote urban regions in peripheral locations are facing population losses along with population ageing due to youth emigration and low inward migration (Gløersen et al., 2016). Besides a concentration of immigration in overall growing capital city regions and agglomerations within the EU countries, the urban-rural divide is visible across all European regions. This development illustrates that many rural regions lose population whereas larger capital city regions stabilise their population by means of pulling in national/international immigration (Eurostat, 2017). This regional variation has important consequences for the opportunities and challenges associated with old age entrepreneurship in different types of regions.

2.1. Old age entrepreneurship: Growing and shrinking regions, urban and rural regions

For several reasons, entrepreneurship and old age entrepreneurship, in particular, both influence and are influenced by resources present in the local or regional environment. First, an individual's decision to become an entrepreneur is influenced by the entrepreneur's own age and the regional age distribution (Bönte et al., 2009). On the individual level, older age cohorts in an economy are therefore associated with lower likelihoods of entrepreneurial ventures. However, the growing share of an ageing cohort also constitutes a reservoir for elderly entrepreneurs in a region (Lévesque and Minniti, 2011). Second, entrepreneurship is dependent on regionally available social capital. For example, Freire-Gibb and Nielsen (2014) show that rural start-ups benefit from social networks to a greater extent than their urban counterparts. Third, the motivation to start a business may be different in urban *versus* rural regions. Backman and Karlsson (2017) find that the likelihood of becoming self-employed as an old age entrepreneur is higher in rural, sparsely populated regions of Sweden because of low pensions or a lack of employment opportunities in such rural environments. Particularly for these regions, entrepreneurship in general, but even more so, old age entrepreneurship is important for quality of life and social capital (Bürcher, 2017, Westlund and Bolton, 2003).

In light of these observations, we distinguish between four different regional categories with regard to population ageing and old age entrepreneurship (Table 1), “urban” and “rural” as well as “growing” and “shrinking” regions. Although this is often referred to as urban-rural divide (e.g. Scott et al., 2007), we think of it as rather a continuum of regional variations between the poles of urbanity and rurality (see, e.g., Freshwater, 2015), which are influenced by demographic change in the following ways:

1. **Growing urban regions** typically attract many young people in spite of population ageing at the national or regional level. These regions provide higher-level employment opportunities and amenities. This is in line with the theory of the creative class and their lifestyle preferences that are typically associated with urban environments (Florida et al., 2008, Florida, 2005). The human capital that is available in growing urban regions provides a basis for different types of entrepreneurs, ranging from the “classic” start-ups in high-technology manufacturing and service industries to traditional and social entrepreneurship in creative industries or entrepreneurship in services of the regional economy (Muñoz and Cohen, 2016, Hospers, 2003). These types of entrepreneurial activities include old age entrepreneurship both as start-ups and as new business models. They benefit from the

presence of an ageing middle- and upper-middle class and their purchasing power. Growing urban regions with an ageing, but stable or growing population are the capital city regions in most European countries (Gløersen et al., 2016). These regions can, however, also be found outside capital city regions, for example, in the metropolitan regions of small countries such as Switzerland, Denmark or Norway (Smas et al., 2016).

2. By contrast, **shrinking city regions** are characterized by the emigration of young, educated people due to a lack of higher-level employment or higher-education opportunities and small, decreasing local employment markets. Examples are small- and medium-sized cities in many European regions and capital city regions in Eastern Europe. In these regions, old age entrepreneurship is motivated by a lack of alternative employment perspectives and the presence of niche-based market opportunities in the “silver economy”. The opportunities for entrepreneurs are, however, limited in terms of their quantity.
3. The next category includes **growing rural regions**, which are places where immigration including the migration of older residents stabilises regional economic development. Elderly people move there because of age-specific amenities that are available in the regional economy. Opportunities for entrepreneurship are associated with traditional sectors such as agriculture and tourism, but also in service sectors such as health care, transportation, housing, travel and leisure, or education (Libery and Kneafsey, 1998, Kohlbacher and Herstatt, 2008). Entrepreneurial activities are moreover linked to in-migrants who purposely choose rural lifestyles to start a business (Stone and Stubbs, 2007, Mayer and Meili, 2016). Such regions are often in commuting distance to larger urban centres that provide job opportunities and services. Therefore, in-migration of lifestyle-oriented settlers including entrepreneurs in their retirement age cannot compensate for the lack of youth. It might nevertheless balance out the age structure that is skewed in favour of the elderly and support more sustainable economic development over a longer period of time. Generally, growing rural regions have larger markets for “silver economy” entrepreneurs than shrinking city regions and rural regions.
4. Finally, **shrinking rural regions** experience population decline, youth emigration, and population ageing as a Gordian knot that can hardly be solved without a positive or even alternative perspective for regional development. In such a context, social entrepreneurship, which is based on the available social capital and scale-crossing connections between the local economy, the local governments and civic society, is of utmost importance (Johannisson, 1990). Such regions are marked by small, and decreasing, markets that offer only limited opportunities in the local “silver economy”. Instead, old age entrepreneurship tends to be motivated by the avoidance of unemployment and poverty and a lack of alternative job opportunities. It often takes place within a weak institutional framework at the regional level.

Table 1: Regional diversity and implications for old age entrepreneurship

| Type of region | | Characteristics | Phenomena associated with demographic change | Implications for old age Entrepreneurship | Case Study Examples | Policy Implications |
|----------------|----------------|---|--|--|--|--|
| Urban | Growing city | <p>Growing economy, higher demand</p> <p>High density of services, many competitors</p> <p>Increasing economies of scale</p> | <p>High levels of in-migration</p> <p>Growing younger population</p> | <p>Growing older population means demand- and opportunity-driven entrepreneurship in the “silver economy” to meet the needs of the elderly.</p> <p>“Traditional” entrepreneurship opportunities outside the “silver economy” including self-employment to avoid unemployment</p> | <p>Berlin, Germany</p> <p>Livorno, Italy</p> <p>Thun, Switzerland</p> <p>Geneva, Switzerland</p> | <p>Facilitating various types and environments for entrepreneurship including old age entrepreneurship</p> |
| | Shrinking city | <p>Shrinking economy, declining demand</p> <p>Declining tax base</p> <p>Lack of supply and demand</p> <p>Decreasing economies of scale</p> | <p>Out-migration due to lack of opportunities, particularly younger population leaves</p> | <p>Opportunity- and demand-driven, yet niche-based entrepreneurship in the “silver economy” to meet the needs of the elderly.</p> <p>Necessity-driven entrepreneurship to avoid poverty and lack of alternative employment options, used by young and elderly entrepreneurs.</p> | <p>Primasens, Germany</p> | <p>Promoting various types and environments for entrepreneurship including old age entrepreneurship and self-employment.</p> <p>Retention strategies in terms of retaining skilled elderly labour in the region.</p> |
| Rural | Growing rural | <p>Moderately growing rural economy, increasing demand</p> <p>Significant structural changes: from primary to tertiary sectors</p> <p>If easily accessible to urban location, then diseconomies of scale can be neglected</p> | <p>Immigration due to amenities, social capital and quality of life.</p> <p>Selective renewal of population, through e.g. old age in-migrants, tourism and agricultural business innovation.</p> | <p>Old age entrepreneurs migrate to amenity-rich places and start their businesses, which means opportunity-driven old age entrepreneurship</p> <p>Opportunity- and demand-driven entrepreneurship in the “silver economy to meet the needs of the elderly.</p> | <p>Bad Staffelstein, Germany</p> | <p>Facilitating old age entrepreneurship to serve stable and growing market niches in the “silver economy”.</p> <p>Attraction strategies in terms of attracting amenities-seeking immigrants in the retirement age.</p> <p>Retention strategies in terms of improving conditions for start-ups and established companies to retain skilled labour in general and skilled elderly labour in particular in the region.</p> |

| | | | | | | |
|--|-----------------|---|--|--|-----------------------|--|
| | Shrinking rural | Declining rural economy, declining demand Weak institutional support | Out-migration due to lack of opportunities Brain drain Ageing of the population & “greying of rural communities” | Lifestyle-driven best age rural pioneers (BARP) and third age re-migrants as opportunity-driven old age entrepreneurship or persons with entrepreneurial intentions. Entrepreneurship as preservation of family-owned small- and medium-sized enterprises, run by older individuals. Necessity-driven entrepreneurship to avoid poverty and lack of alternative employment options, used by young and elderly entrepreneurs. Social entrepreneurship including old age entrepreneurship. | Löbau-Zittau, Germany | Promoting lifestyle-driven and social entrepreneurship. Attraction strategies in terms of making the region attractive for moving businesses or start-ups as well as immigrants with entrepreneurial intentions. Succession-planning strategies in terms of supporting family-run local businesses for future succession planning and keeping skills in the region. Preparation strategies for entrepreneurial firms, both potential start-ups and established firms facing the need to transform their business, making them ready for the future. |
|--|-----------------|---|--|--|-----------------------|--|

Source: Authors` compilation based on Tödting and Trippel (2005), Backman and Karlsson (2013)

3. Regional manifestations of old age entrepreneurship

3.1. *Old age entrepreneurship in growing city regions*

Growing city regions are in a beneficial position regarding demographic change and economic development. Their economies are growing due to high demand resulting from in-migration. There is typically a high density of institutions serving the economy, a great variety of businesses and services and a large range of competitors are present in these growing urban regions. This, in turn, helps entrepreneurs when entering the market as they can benefit from agglomeration economies and increasing economies of scale. An ageing population is less of a problem because there is a high level of in-migration, particularly also of younger migrants. Yet, within the context of Western industrialised nations such as the various European countries, we find that even in growing city regions, the share of the older population is growing and this means that demand- and opportunity-driven entrepreneurship in the “silver economy” is increasing. The needs and preferences of the elderly — even within growing regions — need to be met and there are business opportunities that new ventures may address. In addition, growing city regions offer plenty of opportunities for other types of entrepreneurial endeavours outside the “silver economy”. Among these old age entrepreneurs are also persons who started to work self-employed as an alternative to future unemployment and find niches for start-ups in both high-level services (e.g., business consulting, engineering) and creative service industries. Therefore, business start-ups stemming from old-age entrepreneurs and entrepreneurial opportunities in the “silver economy” may contribute to the creation of thriving entrepreneurial ecosystems in growing city regions (Stam and Spigel, 2016, Spigel, 2017, Mack and Mayer, 2016).

Numerous European capital cities such as Berlin, Copenhagen and Stockholm bear witness that entrepreneurship is indeed thriving in growing city regions. However, questions about old age entrepreneurs and how they form part of such an urban “milieu” are seldom the focus of academic enquiry. Therefore, there are only a few examples of European city regions that are not only targeting the in-migration of young people, but which are also focussing on activating the economic potential of their older populations. The Italian province of Livorno, for example, promotes economic activities of those older than 50 years. The project was entitled “Livorno: A knowledge province for seniors at work” and it was funded between 2006 and 2008 by the European Commission through the Innovative Actions fund (Nielsen Breidahl et al., 2008). The province has a strong diversified economy but is facing a diminishing labour force and a higher rate of unemployment among those older than 50. Because of structural changes, older workers were laid off as they often did not have the necessary skills for reemployment. They entered retirement early in their lives. The project included various components, one of which was increasing the awareness of local employers about the potential of older workers. Another element was the assistance of older workers in the development of individual career/life plans. In addition, a forum on active ageing was held, at which awareness was raised about the possibilities of establishing a venture or going into self-employment for those over 50. Like Livorno, other city regions are realizing the economic potential of older population cohorts, also supported by the World Health Organization (WHO, 2018). Yet, most of the time, these initiatives merely target employability of older workers and age-friendliness of society rather than their entrepreneurial potential. For example, in an effort to mobilize older workers because of labour market constraints, Switzerland started in 2001 a so-called skilled talent initiative (*Fachkräfteinitiative*). Based on the realization that demographic change leads to a tightening

of the labour market, but also further reinforced by a 2014 referendum to limit in-migration (*Masseneinwanderungsinitiative*), the skilled talent initiative aims to mobilize older workers through various regional and local initiatives. The projects are based on labour market participation and none utilizes an entrepreneurship focus. In Switzerland, however, there are indeed examples of old age entrepreneurs who run their own business. Take for example the case of a 76 year old entrepreneur in Thun, Switzerland, close to the capital city of Bern, who founded his own engineering business in 1993 and is still running it today. Even today, the company has two employees and the entrepreneur is still active. When asked why he is still an entrepreneur, he notes that

“The company still receives requests for smaller repairs and substitution parts and we keep it going”
(engineer, Thun)

Addressing entrepreneurial opportunities for older population cohorts is one way to harvest economic assets older age groups may provide. Another way to reap economic benefits from the “silver economy” is to develop entrepreneurial products and services that meet the needs of an ageing population. Such entrepreneurial opportunities may be better leveraged in an urban environment that provides the necessary resources for new ventures who enter these markets. An example is a Berlin-based start-up Casenio that produces smart alert systems for homes, targeting the elderly population (The Economist Intelligence Unit, 2018). Growing city regions like Geneva, London, Berlin or Copenhagen have the necessary entrepreneurial ecosystem in which start-up firms thrive and these environments in turn are seedbeds for firms who develop products and services for an elderly population. Geneva, Switzerland, provides an interesting example: In 2014, the so-called *Le Cercle Silver Economie* was founded as a non-profit association with the aim to identify and promote business opportunities for the ageing economy. The group brings together entrepreneurs, business investors and other stakeholders of the “silver economy”. Through entrepreneurial networking events, start-ups and businesses are able to present ideas, products and services. For example, a Geneva-based start-up presented a special tablet computer developed for elderly users. Other companies presenting at the events included firms that develop novel approaches to preserving personal memories and life histories through film, digital media, book projects, *etc.*, and a company that operates a web-based platform where interested individuals and firms can recruit seniors with special skills.

3.2. Old age entrepreneurship in shrinking city regions

Shrinking city regions suffer from a loss of skilled young people and small labour markets to large agglomerations within the country or abroad. These local environments offer limited opportunities for start-up businesses that target regional markets. This is also true for old-age entrepreneurs. The case of the German city Pirmasens (NUTS 3 region) is a textbook example of a lagging medium-sized city in West Germany that has undergone an intensive industrial transformation in the past and nowadays suffers from population loss along with ageing (Beisswenger and Weck, 2010, Schamp, 2005). As a result, there are growth limitations for entrepreneurial firms that operate in the small, niche-based local “silver economy”. In addition, the needs and preferences of these elderly consumers are not well-researched, which implies important challenges for firms in the areas of product design/innovation and marketing strategies (Leyhausen and Vossen, 2011).

The following case presents two start-ups that clearly took advantage of the age structure of Pirmasens. The first company is a travel agency that was founded by two travel agents. The second company is a health and fitness club that started in 2001. Both start-ups have in common that they were founded at a time when the industries in the city had already been facing a decade-long decline in terms of lay-offs, structural changes and a loss of young, skilled labour due to emigration to larger agglomerations in the nearby regions (Rhein-Neckar and Rhein-Main). Both start-ups operate in market niches in the “silver economy”, as the owners of the companies confirm:

“Our clients are the typical ‘best agers’ and have lots of money. This is because our region has not only incredible problems with unemployed and socially deprived people, but because there are also many people who can spend a lot. I really benefit from them.”(Start-up company health and fitness club, Pirmasens)

“Our gym is clearly focused on those who are not youngsters, those 40plus agers, and, of course, we are open to young people, too. ... It has been a matter of survival for us to concentrate on the elderly customers from the very start.” (Start-up company travel agency, Pirmasens)

The travel agency offers travel services to companies and private households, with the latter mostly being the wealthy heirs of the families of the region’s former shoe manufacturers. Private customers are typically in their 40s or older and prefer booking with the local agency rather than using the Internet. Due to their strong local network and based upon a relationship of trust with both private households with sufficient demand for higher-level travel services and corporate customers from the shoe manufacturing and design industries that have remained in the region, the agency thrives and does not need to establish adaptive strategies to cope with demand-side challenges. The health and fitness club started as a small gym with the owners having previously worked as designers in the local shoe industry. When they noticed shortly after the start of their business that the majority of club members were elderly customers, they quickly adapted their concept to the needs of this target group and developed the gym into a health club specifically suited for elderly clients. For instance, the gym has only few machines but offers more courses because this suits the preferences of the elderly customers. After a few years, the health club moved to a new building with large and lightly coloured rooms that allow flexible arrangements and the integration of new trends for elderly.

Both owner-managers stress that social relations and local networks play a critical role in helping them grow their businesses, particularly word-of-mouth in a small city. Although the companies are thriving in terms of sales, the owners stress some important limitations as a result of the shrinking market in a peripheral city. They report that as small companies they encounter problems with expansion because of the difficulties to recruit skilled personnel locally. Even if sales are growing, human capital is an important barrier to exploit further opportunities and growth. The owner-manager of the health club also underlines that he has to invest continuously in developing innovative strategies to attract new elderly and maintain his long-term customers. His strategies build on loyalty, intelligent marketing and customisation, and services tailored to the needs of their clientele (Leick and Ströhl, 2013). In addition, mobility barriers of old-age customers exist owing to an under-developed local public transport system. This poses a severe challenge related to access to the “silver economy” in the city. As these cases illustrate, the small size of local niche markets and a lack of skilled staff for established start-ups are critical barriers for OAE in shrinking city regions.

3.3. *Old age entrepreneurship in growing rural regions*

Growing rural regions can, but do not necessarily provide a stimulating environment for old age entrepreneurs. There is less critical mass of entrepreneurial opportunities related to the regional context in general (population size and population density) and the “silver economy” in particular. In spite of this, such regions can provide amenities to a stable or even growing population, offering favourable conditions for niche-based entrepreneurs in specific sectors of the regional economy (e.g., tourism, health-related services). Old age entrepreneurship in growing rural regions is therefore amenity-based, that is, based on the attraction of old-age immigrants and tourists. An example is the municipality of Bad Staffelstein, a recognized spa destination in Upper Franconia in Germany. Located within commuting distance to the growing medium-sized city of Bamberg that is characterized by the presence of higher-education institutions and stable labour markets, the rural municipality of Bad Staffelstein has a stable, and even slightly growing, population (Bayerisches Landesamt für Bayerisches Landesamt für Statistik, 2018). Over the years, the municipality has focused on health and spa tourism, a sector that offers opportunities for entrepreneurship. One of the lodging companies is an established business that adapted its business model to old-age health and spa tourists over time. The hotel has started to incorporate age-relevant services early, for example, it is fully accessible for elderly and disabled customers, offers a huge range of different health, spa and wellness services and has a shuttle service for elderly travellers arriving by train. As the municipality has no direct train connection, special transportation services are necessary to attract the main target group, tourists aged between 65 and 75 and even in their 80s:

“The target group 75-80 and older seeks a peaceful, quiet environment with recreation facilities that are easy to reach by foot. We have fully adapted our facilities to their needs. We use more light everywhere in this place. We have higher beds and higher toilets. Everything here is comfortable, without barriers. We have a good infrastructure in terms of walking paths with enough light and no barriers.” (Lodging company, Bad Staffelstein)

The hotel adopted this strategy when the new managing director came into office and started to strategically access the group of 75-80 year old health and spa tourists by promoting the tranquillity of the idyllic municipality as an amenity. This reorientation of the established hotel came at a time when public health insurance subsidies for funded health/spa accommodation in Germany were cut back. The company thus adopted a new business strategy in a small, but growing niche. This firm-specific business model is embedded in a regional environment that supports the amenity-based economy, thereby offering opportunities for old age entrepreneurship in the rural location with a stable or growing population.

3.4. *Old age entrepreneurship in shrinking rural regions*

Rural regions with a shrinking and ageing population face important challenges for entrepreneurship of all types including old age entrepreneurship. Compared to other regional contexts, the institutional environment is weak in such regions, granting only limited support to newly founded businesses and potential (old age) entrepreneurs, but also established

companies with the need to change existing business models and when considering company succession.

This is illustrated by the case of a family-owned hotel in a rural, peripheral village in the East German region of Lößau-Zittau, about 100 km from Dresden and 250 km from Berlin. The company is located in a remote rural region in the borderlands between Germany, Poland and the Czech Republic – a region that is not considered as a typical tourist destination in Germany. Because of this, there is no institutional support available to build a new business model for a specific niche of the health and spa tourism market. The company was founded in 2000 and could rely for a long time on elderly coach travellers who sought cheap but comfortable accommodations and an affordable decent local cuisine. Around 2005, bookings from that group fell sharply due to the original target group ageing and facing more and more barriers to travel in coaches.

The drop in orders marked a turning point for the owner-manager to change the business concept towards offering preventative healthcare and country holidays. In addition to these main pillars they also developed services such as massages, yoga courses, fasting courses and fasting hikes. As the owner-manager states, this concept suits both the company's scarce resources as a family-owned small business and the local opportunities at the remote rural location. In parallel, catering services were reduced to self-service breakfasts and the selling of regional specialties (such as seasonal game dishes). This was mainly due to a lack of specialist staff in the local lodging sector (such as cooks, waiters, *etc.*). Despite a successful entrepreneurial re-orientation, which implied stability in sales, the company faces the limitation that health and spa tourism has no tradition in the region and is not supported by the local tourism agencies. All activities, including promotion and investment in training solely dependent on the company's internal resources as local networks do not provide support.

Shrinking rural regions, however, also provide opportunities for start-ups that are independent of local facilities and markets, but rely on close social relationships and local networks. In these cases, social embeddedness can partly compensate for a lack of institutional support. The first example is a specialist travel agency for South America travels, located in a peripheral and shrinking small town in Bavaria, Germany. This start-up has been independent of local customers from its inception, but has customers from all over Germany, Austria and Switzerland. The company is growing despite its shrinking and peripheral location. Nevertheless, the owner-manager states that he buys services such as catalogue printing solely in the town in order to support the peripheral economy. Another example is a fashion-clothing company that was founded in another town in rural Bavaria, Germany, in 2009 and today ranks among the most renowned German companies for knitwear. In this case, the founders actually chose their rural-peripheral hometown because of the unique social network that was only available there:

“It is the place that is our advantage. The traditional start-up is located in Berlin. Everyone knows: Berlin, there is a hype, and if you are not in Berlin, you are not cool. I think rather, well, if you are in Berlin as a start-up, you are one among many. Here are we the ones. Everyone tries to help us, and you know the people here. We are seen as a young, cool enterprise and doors open for us!” (Fashion start-up, Münchberg)

4. Conclusion and policy implications

The examples illustrate that an asset approach should be taken, which views old age entrepreneurship as a chance for regional economic development. Demographic change such as an ageing population can be an opportunity for the demand side in terms of offering new types of services, products, *etc.* An ageing population can also act as a seedbed for old age entrepreneurs themselves who would like to start a business and rely on their peers as either their networks or their customers. With regard to regional variation, urban and rural regions, but also shrinking and growing regions can benefit from these trends alike, yet with different focuses. While the empirical evidence has so far been intensely focused much on the employability of people aged 50 and older in the labour market, the entrepreneurial capacity but also the consumer potential of this age group has not received the same attention. The regional contexts we illustrate in this chapter highlight that regional policy that aims to support old age entrepreneurship should be flexible with regard to the regional variations and should thus not take a “one size fits all” approach (Tödtling and Tripl, 2005). Instead, regions need different policies for demographic change:

1. Regional policy for **growing city regions** should mainly promote various types of entrepreneurship including old age entrepreneurship by offering and preserving an entrepreneurial environment that is inclusive in that it is accessible by elderly persons with their start-ups in general and specifically open to innovative ideas and business opportunities resulting from the “silver economy”.
2. Policy in **shrinking city regions** should facilitate self-employment opportunities of elderly persons and provide support for companies to use retention strategies that keep the potential of elderly employees in the firms and the region.
3. Business opportunities should be at the core of regional policy approaches for **growing rural regions** because of their potential to form a stable and growing market niche. Moreover, attracting amenity-seeking migrants in the retirement age to growing rural regions should be another focus of regional policy. Finally, it is essential to make business start-ups and market opportunities in these regions attractive to skilled labour of any age group including elderly skilled persons. For such regions, it is important to retain the skilled labour potential of the elderly in order to keep the provision of amenities.
4. Policy approaches for **shrinking rural regions** need to be more sophisticated and embrace several elements: First, lifestyle-driven and social entrepreneurship is important in such regional contexts because of the weak institutional environment and the relatively poor conditions for entrepreneurs who start new ventures. Social entrepreneurship can be driven by private households and consumers, but also by organizations such as private associations and NGOs. Second, attraction strategies are crucial to make the region attractive for people who want to move their business to such regions or start a business there, but as well for in-migrants with entrepreneurial intentions. Although this potential of entrepreneurship might not matter in quantitative terms, it is vital to maintain the existing institutionally thin entrepreneurial environment as a basis to further build and transform this environment against the backdrop of population decline and other future regional challenges. These strategies should be complemented by succession planning within established, and often family-owned,

companies that form the backbone of the regional economy. Enabling such businesses to succeed in the future and keep their skilled labour pool in the region is another crucial, but often overlooked task. Finally, policy approaches should prepare entrepreneurial firms – both potential start-ups and established companies – to transform their business given global challenges that go beyond population ageing.

Although the examples presented in this chapter do not claim to be representative of the regional variations of old age entrepreneurship, they highlight the importance of the topic both within entrepreneurship research and with regard to policy-making. Hence, our illustrations show the need for follow-up research in several respects. First, in order to understand old age entrepreneurship as a regional phenomenon, comparative studies are needed that describe and compare various entrepreneurial opportunities in growing and shrinking, urban and rural regions. Central questions could be, for example: How do entrepreneurial opportunities differ? In what ways does the regional context influence old age entrepreneurship? How are old age entrepreneurs embedded in their communities? How do they leverage the context? What are their needs in terms of support? How do different regions support old age entrepreneurship? Second, another area of inquiry is the “silver economy” in connection with old age entrepreneurship. What is needed is a deeper understanding how different types of regions leverage the “silver economy”. Finally, a closer look should be taken at regional policy related to old age entrepreneurship. Open questions are, for instance, the following: Is the support of old age entrepreneurship the best policy choice when it comes to economic development in different regional contexts? In other words, should shrinking rural regions focus on attracting young in-migrants or are they better off if they focus on supporting old age entrepreneurship embedded in the local resources and potential? In addition, the role of actors such as individuals, organizations, and private/public bodies is a further direction for follow-up research. Emerging issues are the question of how regional actors can support old age entrepreneurship and if there is a need for intermediaries such as *Le Cercle Silver Economie* in Geneva, Switzerland. More generally speaking, regional policy approaches should include such intermediaries that can facilitate entrepreneurial activities by linking civic actors with the local economy and thereby strengthening the institutional environment for entrepreneurship in general and old age entrepreneurship more specifically.

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