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Small Enterprises and the Silver Economy

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Small Enterprise Research

Special journal issue

The Silver Economy

Guest Editors: Aisling ConwayLenihan and Helen McGuirk

Editorial Title – Small Enterprises and the Silver Economy

Introduction

The silver economy, also referred to as the third age economy, is the sum of all economic activity that serve the needs of people aged 50 and over, including the products and services they purchase directly and the further economic activity this spending generates (European Commission 2018). The world's population is getting older at a faster rate than ever before and will soon have more older people than children (WHO 2021). This has resulted in the increasing dependency ratios, particularly in developed countries and is considered both a challenge and a benefit (Zsarnoczky 2016; Kautonen 2012). The topic of older people is a strong and well-developed area of interest in the health and welfare literature, but less evident in the economic, entrepreneurship and small enterprise research arena. The impetus for this special issue stems primarily from the editors' work on the silver economy and policy supports for the development of the production and marketing of goods and services for an ageing population in Europe, otherwise known as the silver economy (SilverSME 2020). Given this interest, and foresight of the SER journal editor, the call for research in the broad area of small enterprises and the silver economy garnered interest from authors studying this topic in European regions, Australia, Ireland, and Finland. The five papers in this special issue will, we hope, be a valuable addition to this nascent topic in the enterprise literature and contribute to the knowledge and empirical evidence of the valuable opportunities an older population holds for small enterprises. Two topics link the five papers in this issue: the first, is the *supply side* of the economy, where McGuirk, ConwayLenihan and Lenihan (2021) and Kelly and Kelliher (2021) explore the supply of goods/services to the older population. The second group of three papers, investigates the motives, attitudes and experiences of the *older entrepreneur* Stephens and Hegarty (2021), Viljamaa, Ioensuu-Salo and Kangas (2021) and Eager, Maritz and Millemann (2021).

Literature

Many studies alluded to the value of entrepreneurship among older people (e.g., Pilkova et al. 2014; Kautonen et al. 2017; Hennekam 2015) as a benefit to the economy. However, the value of this growing sector (silver economy) to small enterprises is less understood and explored in the literature. The seminal work of Penrose (1957) on firm growth, Acs and Audretsch (1990) on innovation and small firms and Porter (1990) on competitiveness, amongst many others remains

steadfast in our understanding of enterprise growth. However, similar 'giants' in the area of ageing population as a golden opportunity for firms have not yet surfaced, except perhaps Florian Kohlbacher. Kohlbacher has provided valuable contributions to the field and set a strong agenda for further research (Kohlbacher, Herstatt and Levsen 2014; Tiefenbach and Kohlbacher 2014; Kohlbacher Herstatt 2011). Contributing to this call for further research, the five papers in this special issue will advance our theoretical and empirical knowledge of the potential competitive opportunities for small enterprises.

The economic value of the silver economy is estimated to grow from €3.7 trillion in 2015 to €5.7 trillion by 2025. Based on this data, the European silver economy currently constitutes the third largest economy in the world. The silver economy supported 78 million jobs and contributes 32% of Europe's Gross Domestic Product (GDP). EU employment is forecasted to increase to 88 million jobs (37.8% of EU employment) and contribute €6.4 trillion in GDP (31.5% of GDP) by 2025 (European Commission 2018). While the median age of the EU27 population is approximately 43 years, this is set to rise to 48.5 years by 2050, with half a million centenarians in the same period (Eurostat 2020).

Population ageing raises challenges and opportunities for global economies. Literature has focused on the fiscal burden associated with population ageing and other macroeconomic challenges such as social welfare, tax receipts and health systems (e.g., Prammer 2019; Bloom et al. 2015). This in turn raises potential opportunities for enterprises in offering innovative goods and services that are meeting the needs of an ageing population. Active ageing, where older people continue to contribute to the economy as active citizens, requires an integrated approach including social and physical factors, social and health services as well as economic factors (Zsarnoczky 2016). Supporting such factors involves input from enterprises through the provision of relevant products and services.

Overview of articles

As alluded to earlier the special issue have two distinct contributions to the literature, and the first of these are on the supply side. The two articles focus on the provision of goods/services to older people and gives good examples of the potential for small enterprises in serving the silver economy. McGuirk et al. (2021) is a European regional study of existing businesses, where the authors analyse rich qualitative data gathered in 2019/2020 on firms' awareness and participation in the silver economy. They found that while many businesses were aware of the concept of the silver economy, many had a view it was focused on healthcare. Few were aware of the potential benefits of this economy. Their research contributes directly to the call from the literature for further research on the supply side of the market for goods and services for older people.

Linked by the supply to the market, Kelly and Kelliher (2021) speaks to the specific area of the provision of services. These authors use qualitative data from the South-East region of Ireland in exploring adaptive strategies to harnessing senior tourism. Tourism is an important sector when considering the silver economy and as such, the authors highlight that the tourism sector does not necessitate a profound strategic change of direction or extensive resource reconfiguration. Their findings demonstrate a key opportunity for small and indeed micro businesses to reap the benefits of senior's demand for tourism/leisure pursuits, who are in most cases, healthy and wealthy (in time and money).

One key observation we make from these two papers is the limited awareness by business owners of the value of those considered older/ageing/senior in our communities. Such reflections and the findings from McGuirk et al (2021) and Kelly and Kelliher (2021) are complemented by the other three papers summarised below.

The second group of papers investigates the motives, attitudes, and experiences of the older entrepreneur, where Stephens and Hegarty (2021) explores entrepreneurial activities of retired public servants while Viljamaa et al. (2021) recommends policymakers incentivise third age entrepreneurs to continue working after retirement. Eager et al. (2021) provides an interesting narrative on gig economy and opportunities for older entrepreneurs.

Stephens and Hegarty (2021) explore entrepreneurial activities and experiences of nine Irish entrepreneurs who retired from the public service. Qualitative data was collected through extended face to face interviews, and they found that tacit knowledge gained from previous employment, specifically public service is vital to an individual's ability to initiate and nurture a small enterprise. The authors recommend that entrepreneurs need to be supported through customised supports (financial institutions) and training, tailored information, designated contact points, and provisions in the revenue and welfare system to negate any impacts on pensions and other entitlements.

Viljamaa et al. (2021) analyse the effect of motives and attitudes on the well-being of 400 Finnish part-time entrepreneurs, comparing the over 50s to younger age cohorts. This paper contributes to a better understanding of entrepreneurship in ageing societies and found that there are differences in the factors explaining the well-being of entrepreneurs and that self-realisation as a motive is more important among third-age entrepreneurs. The authors recommend policymakers should consider incentivising third-age entrepreneurs to continue working after retirement, while fostering positive attitudes to third age entrepreneurship.

Eager et al. (2021) provides an historical overview of the rising trend of hypermobile (vehicle-based living) gig workers as well as identifying potential opportunities for tailoring solutions to this market to grow the silver economy. This narrative focuses on the US and Australia and finds that the gig worker and vehicle-based living will potentially become a normalised lifestyle choice for future generations, 'silver economy on Wheels'.

A key observation we make from these three papers is the role policymakers can play in supporting and incentivising third age entrepreneurs and hypermobile gig workers. Whether third age entrepreneurs can be supported through customised training and financial supports, fostering positive attitudes to third age entrepreneurship, or enhancing access to remote work through investment in internet infrastructure in regional areas, there is a clear and defined role for policy supports.

Implications for Policy and Future Research

There is promising progress in the move towards recognising the needs and demands of older people in the policy sphere. Policy and strategies are plentiful in the broad topics of healthy ageing, equality and ageism at a European Union and World Health Organisation level (WHO 2021) and the literature is well cited on topics recommending, for example, adaptive transport (Mentz 2010), and age discrimination and equality (Neumark 2020). However, there is a gap in policies and government action plans supporting enterprises, entrepreneurs, and the silver economy. The imperative of any such policy is to increase the awareness of the demands of and supply to older people and the value of older entrepreneurs. As demonstrated in this special issue, there is a role for policymakers to support enterprises in highlighting the economic potential of the silver economy through awareness and training campaigns. Furthermore, offering tailored financial and enterprise supports for the older entrepreneur.

Conclusion

This special issue contributes to the growing silver economy literature and has shone a light on the value of enterprises' awareness of the supply of goods/services to the older population and the motives, attitudes, and experiences of the older entrepreneur. The findings from the five papers highlight the awareness and interest in older adults from the academic community, of the potential value they provide for enterprises and the economy. However, policy supports are lagging. To this end, our concluding remarks rest on calling for further examination of the silver economy, building on the findings of this special issue and a call to policymakers for immediate implementation of enterprise policy to include supports for the silver economy.

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