On the motivational drivers of gray entrepreneurship: An exploratory study

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Abstract

Against the background of demographic change, gray entrepreneurship has become more prevalent. When gray entrepreneurs chose to leave paid employment to become self-employed, it is of concern for companies who may lose highly capable older employees. One of the reasons for this can be a failure to understand the motives of those older employees who are likely to become self-employed. Another is the fact that gray entrepreneurs proactively utilize entrepreneurial action and technology to improve our multigenerational society. Thus older people provide more to society than just being passive receptors of technology-based innovations to improve their lot. If this is true then there is a missing link in our understanding of technology utility and the aging society.

The purpose of this article is to understand how gray entrepreneurs affect entrepreneurial action and to highlight the motivational drivers of gray entrepreneurs with a particular emphasis on multigenerational HRM challenges of an aging workforce. We investigate the motivational drivers of 12 gray entrepreneurs with semi-structured interviews and in doing so becoming the first study to use the theory of planned behavior (TBP) to better understand gray entrepreneurs. The results are coded and structured around the concept domains of the theory of planned behavior. Our interpretive analysis shows to what degree HRM challenges were perceived to be push or pull factors in gray entrepreneurship. The results show that contrary to classic stereotyping, gray entrepreneurs remain highly ambitious and open to technological developments. Few other reasons related to HRM challenges play a role in their decision to become self-employed. We show that there is at least a segment of the “gray” society that creates value for the society through entrepreneurial action. We conclude this article by discussing implications for practice and theory.

Keywords: Gray entrepreneur, Motivation, Push/pull, Senior entrepreneurship, Theory of planned behavior

1. Introduction

The demographic shift that raises the average age of the workforce in most developed countries is driven by increased life expectancy and lower birth rates due to greater economic prosperity and ongoing medical improvements (UN, 2013). For example, the 50- to 64-year-old age group in European member states will have increased by 25% by the year 2015 (Morris and Mallier, 2003; Nordheim, 2004). This demographic shift leads to an increase in the number of gray entrepreneurs, who are those that take up self-employment at an age of around 50 (based on a literature analysis performed by the authors on 28 definitions of gray entrepreneurship (Lorraine and Raymond, 1991; Hart and O’Reilly, 2001)). For example, the aging population is one of the major drivers in the pharmaceutical industry (Walsh et al., 2014; Jung and Ejermo, 2014; Östlund et al., in press; Peinea et al., 2014) and the development of consortia efforts which often include gray entrepreneurs who often understand the age-related diseases like diabetes (Allarakhia and Walsh, 2011). Here idioms such as
that stated by many that necessity is the mother of invention and like comments on innovation suggest that the rise of gray entrepreneurial action should have been foreseen but is not reflected in current literature (Walsh, 2013). For example, as our society has aged so have the innovation activities created by the gray segment increased, for example with Teitelbaums' AllerAir air purification systems or Peter de Comos' Renal Solutions dialysis process (Entrepreneur, 2010).

Understanding the reasons why gray entrepreneurs take up self-employment is a key concern of their current employers (Schimke, 2012). Potential gray entrepreneurs can — if managed appropriately — become highly motivated intrapreneurs or may — if they leave — take valuable knowledge out of the company (Hatak et al., 2015). As 2/3 of all gray entrepreneurs was employed prior to becoming self-employed (Botham and Graves, 2009), and most of those were unsatisfied in previous employment, it is of practical relevance to analyze those employment conditions. Driven by the same demographic developments that cause an increase in the number of gray entrepreneurs, firms are seeing an increase in multi-generational challenges of an aging workforce (Srinivasan, 2012; Ainsworth and Hardy, 2008; Kautonen et al., 2008; Kibler et al., 2001).

If these are not well managed, potential entrepreneurs may opt for self-employment. First, management may violate key motivations for older employees such as financial motives, status, identity, and ambition (Helyer and Lee, 2012). Second, management may neglect key generational differences in perceptions of the centrality of work, autonomy, and hierarchy (Helyer and Lee, 2012; Gratton, 2011), even though these differences may be based on classic stereotyping. Third, management may neglect changes in employee motivation as employees get older and move from knowledge-acquisition goals to emotion-regulation goals (Carstensen et al., 1999). Finally, management may neglect generation-specific differences in the use of technology (Gratton, 2011; Neupane et al., 2014; Wesolowski, 2014). If these and other factors that revolve around the management of an aging workforce have an effect on gray employees' intention to become self-employed, an analysis on motivations towards self-employment is likely to reveal them.

Hence, the goal of this article is to analyze the drivers of motivations towards self-employment of older entrepreneurs with a particular focus on the organizational pressures at the past employer. We begin by illustrating the phenomenon of gray entrepreneurs (Section 2.1) and by outlining how we apply TPB to our analysis (Section 2.2). We describe the method and report the results using rich illustrative quotes. We discuss the results and conclude with recommendations for practice and suggestions to future research.

2. What drives the intentions of gray entrepreneurs to become self-employed?

2.1. Who are the gray entrepreneurs?

The term gray entrepreneurs describes entrepreneurs who become self-employed at a mature age. Some authors argue that mature age starts with 40 (Ahmad et al., 2014), while others count entrepreneurs aged 60 and above as gray entrepreneurs (Goldberg, 2000), and a consensus is evolving around the age of about 50 years (Curran and Blackburn, 2001). As the probability to become self-employed rises with age (Kautonen et al., 2014), gray entrepreneurs make up between 5 and 10% of their age cohort (Curran and Blackburn, 2001; Kautonen, 2013). While somewhat less growth-oriented than their younger counterparts, they are nevertheless marginally more likely to build a business on an innovative product or service (Botham and Graves, 2009). As a consequence, gray entrepreneurs have a significant economic impact (Botham and Graves, 2009). Of all gray entrepreneurs, about 2/3 was employed immediately before choosing self-employment (Botham and Graves, 2009), and most left voluntarily. However, of all older employees, only about 15% preferred self-employment, as most of them were rather satisfied with their current employer (Hatak et al., 2015; Curran and Blackburn, 2001).

2.2. What motivates gray entrepreneurs?

Research on why persons in general and older persons in particular begin to take up self-employment has focused on the push/pull approach (henceforth: PPA). The PPA highlights negative and positive motivational drivers towards self-employment (Shapero and Sokol, 1982; Feeser and Dugan, 1989; Amit and Muller, 1995). Research begins to see applications of the PPA towards gray entrepreneurship (Kautonen, 2008). A novel line of inquiry is based on the theory of planned behavior, [henceforth: TPB], that adds social desirability and perceived behavioral control to the motivational aspects of PPA.

The decision to become self-employed is often framed in terms of the TPB (Kautonen et al., 2013; Ajzen, 1991; Krueger and Carsrud, 1993). TPB asserts that intentions and ultimately behavior are linked to three sets of antecedents. First, it is the attitude towards a certain behavior. We link attitude with motivation and use the push/pull approach of entrepreneurial motivation (Section 2.2.1). Second, perceived social pressure can be illustrated by the degree to which key stakeholders convey legitimacy on self-employment (Section 2.2.2). Third, perceived behavioral control reflects a person's belief to be able to execute a certain behavior (Section 2.2.3). We use these elements of TPB as a framework for our analysis.

2.2.1. The push/pull approach (PPA)

The PPA (Shapero and Sokol, 1982; Feeser and Dugan, 1989; Amit and Muller, 1995) categorizes entrepreneurs according to their startup motivation. The PPA distinguishes “push” factors that are negative factors that force or “push” entrepreneurs into self-employment. The PPA also addresses the “pull” of profitable business opportunities and the desire for independence and work autonomy (Amit and Muller, 1995; Kautonen, 2008; Gilad and Levine, 1986). Research on gray entrepreneurship addresses numerous potential push and pull factors (Kautonen, 2008).

Push factors for gray entrepreneurs may include insufficient income, unhappiness with the current job, long-term unemployment, increasing age discrimination in hiring and/or within current employment, job loss, lack of continued training and professional development, as well as a lack of goals, no freedom of decision in the workplace, a poor work environment, forced or premature retirement, and pension payments that may not be sufficient. Some push factors could result from unresolved
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