SILVER ENTREPRENEURSHIP AGENDA IN MALAYSIA: A PROPOSED MODEL FOR PRODUCTIVE AGING

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ABSTRACT

This paper aims at proposing a framework for productive aging among those aged 45-plus or retiree via entrepreneurial initiatives, known as ‘silver entrepreneurs’. Evidence has shown that the number of Malaysians aged population is estimated to be more than 1.4 million and is projected to increase to 3.3 million in the year 2020 (Mafauzy, 2000). It is acknowledged that a group of these will comprise of professionals who are aged 45-plus and retirees with relevant industry experience as well as knowledge and well-established networks built up over their working careers which will enable them to effectively identify entrepreneurial opportunities and secure resources efficiently to exploit them. However, there is little research on and understanding of what drives these ‘silver entrepreneurs’, with most of the research, focussed on entrepreneurial ventures started by 18-35 year-olds. This means that policy-makers are ill-equipped to develop specific measures that will assist retirees into a second or sunset career in entrepreneurship. This research aims to bridge the gap by assessing the profile and motivations of silver entrepreneurs in Malaysia with a specific focus on understanding the internal and external factors that affect their intentions to start new ventures as well as factors that affect the success and growth of these ventures.

Keywords: productive aging, silver entrepreneurs, new venture, Malaysia

ABSTRAK

Tulisan ini mengusulkan sebuah kerangka kerja untuk usia produktif antara 45-plus atau pensiunan melalui inisiatif kewirausahaan, yang dikenal sebagai 'pengusaha perak'. Bukti menunjukkan bahwa jumlah penduduk Malaysia usia matang diperkirakan lebih dari 1,4 juta dan diproyeksikan meningkat menjadi 3.3 juta pada tahun 2020 (Mafauzy, 2000). Kelompok yang terdiri dari profesional yang berusia 45 tahun ke atas dan pensiunan dengan pengalaman industri yang relevan serta pengetahuan dan jejaring yang telah terbina diakui telah membangun karir mereka yang memungkinkan untuk mengidentifikasi peluang kewirausahaan dan sumber daya yang aman secara efisien untuk bereksploitasi. Namun, ada penelitian dan pemahaman tentang hal-hal yang mendorong pengusaha perak' ini mulai berfokus pada usaha kewirausahaan antara usia 18-35 tahun. Hal ini menyiratkan bahwa para pembuat kebijakan kurang siap mengembangkan langkah-langkah khusus yang akan membantu para pensiunan ke dalam 'karir kedua’ mereka atau berwirausaha. Penelitian ini bertujuan untuk menjembatani kesenjangan ini dengan mengidentifikasi profil dan motivasi pengusaha perak di Malaysia yang khusus berfokus pada pemahaman faktor internal dan eksternal yang mempengaruhi niat mereka untuk memulai usaha baru serta faktor-faktor yang mempengaruhi keberhasilan dan pertumbuhan usaha-usaha tersebut.

Kata kunci: usia produktif, pengusaha perak, usaha baru, Malaysia
INTRODUCTION

Silver entrepreneurship is a highly relevant yet largely under-researched phenomenon. It is anticipated that over time, silver entrepreneurs (i.e., retirees or people aged 45-plus who start up a business) will have a growing impact upon national economic performance, policy frameworks, academia and the business community. As populations age, this cohort will increasingly become a mainstream issue for analysis and debate, especially when it has the potential to generate “first generation entrepreneurs” in the family. Little is known about the ability of this group to embark on entrepreneurial career or journey. Such research is the first step towards a better understanding of how to encourage and support productive ageing in the 21st century and beyond and is seen as a first promising step to develop “first generation entrepreneurs” in the family. This research aims at exploring the silver entrepreneurs success and growth by examining entrepreneurship at older ages.

This study is one of the first initiatives to delve into silver entrepreneurship in Malaysia with the hope to provide insights into the factors affecting silver entrepreneurship success as well as the challenges faced in maneuvering silver ventures. This effort is deemed crucial since fostering silver entrepreneurship offers “productive aging” among retirees/mature people in the country. Encouraging silver entrepreneurship could also provide a solid platform in developing “first generation entrepreneurs” in a family institution which could assist in transforming the socio-economic well being of the family itself and the society at large. This is also inline with Malaysia’s national agenda to transform the society to become a high income society via the New Economic Model.

Finally this study aims to offer recommendations on the possible formation of conducive “entrepreneurship ecosystem” for silver ventures. With the preceding justifications, this study is geared towards exploring and investigating a novel issue in the local context. In addition, given that no study has been conducted in this area, the study attempts to venture into an emerging and potentially transformative research ideas pertaining to bolstering “productive aging” via silver entrepreneurship. For the purpose of this study silver entrepreneurs is defined as people aged 45-plus or retirees who starts up a business.

Research Background

In line with the National Agenda to "transform the Malaysian economy to become one with high incomes and quality growth" by 2020 as stated in the New Economic Model, it is deemed timely that the focus should also be directed towards creating a “productive aging” among mature population. The goal is to stimulate economic growth by keeping the momentum going and the productivity level high across all demographic segments in the society, in part through encouraging entrepreneurial pursuit even at the older age. This could also be a means to develop first generation entrepreneurs within the family system because the younger generation is able to learn from the vicarious learning mode with the presence of a role model in the family. It has been posited that silver entrepreneurs possessed various capabilities and resources that could be leveraged on to generate a successful venture given the work history and experiences they obtained from previous employment. As such, exploring the entrepreneurial endeavor among this cohort could provide a new perspective on the whole concept of “entrepreneurship” altogether.

At present, the number of Malaysians aged population is estimated to be more than 1.4 million and is projected to increase to 3.3 million in the year 2020. Specifically, the percentage of the population that is 60 years and over has also increased over the years - 5.2% in 1970, 5.7% in 1990 and 6.3% in the year 2000. In the year 2020, this percentage is expected to be 9.8% of the population. Between 1990 and 2020, the population of Malaysia is expected to increase from 18.4 million to 33.3 million – an increase of 80%. The aged population however is expected to increase from 1.05 million
in 1990 to 3.26 million over the same period, an increase of 210% (Mafauzy, 2000). Apart from an increase in the aged population, the aged are also living longer as evidenced by an increase in the life expectancy (Table 1). Similarly, a report by UNICEF (2012) has stated that the life expectancy at birth for Malaysian population has shown a dramatic increase from 64 (1970) to 70 (1990) to 74 (2010).

Table 1 Malaysia Demographic Profile 2011 (Index Mundi, 2011)

| Age structure       | Male       | Female     |
|---------------------|------------|------------|
| 0-14 years (29.6%)  | 4,374,495  | 4,132,009  |
| 15-64 years (65.4%) | 9,539,972  | 9,253,574  |
| 65 years and over (5%) | 672,581 | 755,976 |
| Life expectancy     | Total population: 73.79 years |
|                     | 71.05 years | 76.73 years |

Another report published by the Department of Statistics Malaysia (2012) indicated the increase percentage of aging population in Malaysia. The proportion of the population of Malaysia below the age of 15 years decreased to 27.6 per cent compared with 33.3 per cent in 2000. In contrast, the proportion of working age population (15 to 64 years) increased to 67.3 per cent from 62.8 per cent. The proportion of population aged 65 years and over also increased to 5.1 per cent as compared with 3.9 per cent in 2000. Consequently, the median age increased from 23.6 years in 2000 to 26.2 years in 2010. The trend of these indicators is in line with the transition of age structure towards aging population of Malaysia (Figure 1).

![Figure 1. Number of population by sex and age group, Malaysia 2000 and 2010.](image)

Having noted that, age segmented data about SME owners in Malaysia is not available from the published reports, however, an examination of 212 entrepreneurs in Malaysia has reported close to 20% of the entrepreneurs started business above the age of 40 (Ahmad et.al, 2010). This figure, at the very least, provides an evidence that silver entrepreneurs do exist in the context of Malaysia.
In addition, as reported by Gaskell (2011), more than 25% of new businesses in the UK are started by people that have recently retired, according to new research by Clydesdale and Yorkshire Bank. The research, which involved more than 500 small business owners from across the land, concluded that 23% of silver entrepreneurs set up their businesses after being made redundant, with a further 12% doing so after retirement. According to Evans (2011) in his article “Can Older People Do Startups?”, the author has identified a few reasons as to the increasing number of start ups among older cohorts. Some of the reasons are: (1) availability of wealth of experience from working with a wide variety of people and companies; (2) availability of extensive networks that can be leveraged to open doors for a startup from a marketing and sales perspective; (3) financial stability. At the macro-level, the move towards greater entrepreneurial activity has the potential to reduce the overall burden of pension, social welfare and health costs for the nation.

DISCUSSION

The Concept of Silver Entrepreneur

The term silver entrepreneurship has been used to describe the growing incidence of mature entrepreneurs worldwide. Having said that, no general consensus has emerged as to the most acceptable term to use. The current terminology used to describe silver entrepreneurs includes “grey entrepreneurs,” “senior entrepreneurs,” “seniorpreneurs”, “third age entrepreneurs,” “elder entrepreneurs,” and “second career entrepreneurs.” In terms of age, for some authors (such as Blackburn et al., 2000), it is as young as 45 years of age; while for others, 60 or even more (Goldberg, 2000).

In general, the scholars have basically categorised several types of silver entrepreneurs, largely drawn from their motivation to start a venture at the mature age. Singh and De Noble (2003), for example, suggest three categories of silver entrepreneurs which include (1) constrained entrepreneur, who has the passion to start a business for a period of time but lack financial resources (2) rational entrepreneur, who sees self-employment as a progression of his or her career, or as a way to increase personal wealth; and the (3) reluctant entrepreneur, who is forced into self-employment due to external.

Factors Affecting Silver Entrepreneurship Success

Proposing a conducive ecosystem of silver entrepreneurship is obviously not an easy task. The extant literature on silver entrepreneurs suggests some encouraging factors is related to entrepreneurial capital which include possessing vast experience due to former employment, knowledge, and strong financial position (Hindle & Rushworth, 2002). Nevertheless, potential challenges identified that may have direct impact on silver are failing health (energy levels), lower education levels and the broader social framework in which older people operate.

In addition, possessing entrepreneurial orientation could be an added value to silver entrepreneurs. Researchers describe entrepreneurial orientation as a multidimensional construct which consists of innovativeness, risk taking and proactiveness dimensions (Covin & Slevin, 1989; Wiklund, 2005). In a recent study that links entrepreneurial orientation and performance, Kropp, Lindsay and Shoham’s (2008) find that risk taking and proactiveness are the key elements of entrepreneurial orientation which explained firm’s performance.

It is without doubt that the cumulative body of knowledge, skill, and competencies that is acquired over an extended period of time are said to be the most important resource that most silver
entrepreneurs would possess in greater quantities if compared to their younger counterparts. Often, a factor that has been portrayed as having significant impact on entrepreneurial success is the technical knowledge and “know-how” (Ahmad et al., 2010). Prior industry experience offers various advantages namely; the ability of the mature people to identify potential gaps in the current business offerings and also, extensive management experience may also be a useful asset, since it allows the mature entrepreneur to avoid many of the mistakes made by people unfamiliar with the task of organizing and managing a new venture (Weber & Schaper, 2003).

Personal networks are another important asset. It has been argued that in the context of entrepreneurship, possessing a vast network and linkages would enable entrepreneurs to compensate for the lacking of other types of assets (Ferri, Deakins, & Whittam, 2009). De Bruin and McLaren (2002) have suggested that entrepreneurs usually gather a network of useful contacts during their professional lives. A study that focuses on older entrepreneurs suggest that both informal and formal networks are crucial for new venture (De Bruin & Firkin, 2001). The importance of networking towards entrepreneurial ventures has been highlighted by many scholars and this could offer evidence that such personal links can help older entrepreneurs gain both finance and marketing support.

The availability of financial capital to support venture formation and growth has been proven a key contingency in the success of entrepreneurs at any age. As for the silver entrepreneurs, this capital can be acquired during earlier professional or contractual employment prior to their entrepreneurial attempt. Similarly support from the government agencies, especially in a highly institutionalised country like Malaysia is also seen as an important support mechanism to spur silver entrepreneurship. The social norm of a particular society towards older group is also crucial, in that, it indicates whether they are receptive towards “productive aging” or rather, perceived older cohort as “helpless” group. This indicates that the environmental contingencies play important roles in ensuring the silver entrepreneurship success.

Proposed Conceptual Framework

Based on the preceding discussion, it is apparent that there are several factors that are posited to affect the success and failure of silver entrepreneurship. Some of the factors are classified in this study as “internal factors” that reflect entrepreneurial capital, attitude, network, and competencies, whereas external factors encompasses elements of support mechanisms, environmental contingencies and financial assistance. In light of this, a conceptual framework (Figure 2) is advanced for further empirical investigation.

Figure 2. Proposed conceptual framework
Based on the conceptual framework advanced for this research, the hypotheses conjectured for further empirical testing are as follow:

H1: The entrepreneurial capital of the entrepreneurs will have a significant impact on silver entrepreneurship success.
H2: The entrepreneurial attitude orientation of the entrepreneurs will have a significant impact on Silver Entrepreneurship Success.
H3: The personal networks of the entrepreneurs will have significant impacts on silver entrepreneurship success.
H4: The entrepreneurial competencies of the entrepreneurs will have significant impacts on silver entrepreneurship success.
H5: The external factors (i.e., support mechanisms, environmental contingencies, and financial assistance) will have significant impacts on silver entrepreneurship success.

This initiative is anticipated to generate new knowledge in the area of entrepreneurship in Malaysia. To this end, this study will be able to offer the following contributions in terms of: (1) profiling the unique attributes of silver entrepreneurs in Malaysia, an important segment that contributes significantly to the nation’s economy yet has often been ignored both in terms of scholarly inquiry and practical ramifications; (2) offering a novel model that brings into light the factors affecting silver entrepreneurship success among mature cohorts in Malaysia towards “productive aging” and the creation of “first generation entrepreneurs within the family institutions; (3) advancing new knowledge and information on the “what” and “how” to obtain a conducive ecosystem for successful silver entrepreneurship.

CONCLUSION

It is certain that good research in the area of silver entrepreneurship will add to the existing body of entrepreneurship knowledge, since mainstream entrepreneurship research has largely overlooked this cohort. Empirical research is required in order to provide a better description of the silver cohort as well as to better understand “what” factors that will ensure their survival and success and “how” they operate their ventures to ensure its sustainability. This is even more important in the context of Malaysia that envisaged to transform the society into a higher income society by leveraging on the productivity and participation of all in the economic activity. Analysis on silver entrepreneurship success also has potential importance to many parties.

Policy makers and business advisory agencies will be able to better understand this growing group to ensure that any targeted assistance programs can be effective given that “entrepreneurship cannot be cast in one mold”. Larger businesses that rely heavily on the strength of the small business sector, and financiers (such as banks and venture capitalists) could also benefit from a better understanding of the peculiarities of conducting business with silver entrepreneurs. Lastly, small business owners themselves will benefit from a better understanding of exactly what characteristics and skills will best equip them to undertake a silver venture.
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