

# Olderpreneurs for the future

A study of the background,  
characteristics and attitudes of  
people contacting PRIME about  
setting up their own businesses

A PRIME monitoring report  
June 2007

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## A STUDY OF PRIME'S CLIENTS 2007

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President: HRH the Prince of Wales. The PRIME Initiative was set up by the Prince of Wales to help older people rejected by the labour market find a way back into work via self-employment or setting up a business. PRIME is a registered charity number 261794-2 linked to Age Concern England, and a member of the Prince's Charities Group.

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## **Contents**

	<b>Page</b>
<b>Foreword by Laurie South, Chief Executive of PRIME</b>	<b>4</b>
<b>Chapter 1. Introduction: purpose and method</b>	<b>6</b>
<b>Chapter 2. Results: characteristics of PRIME clients</b>	<b>7</b>
<b>2.1 Demographics: Age, gender and ethnicity</b>	<b>7</b>
<b>2.2 Education</b>	<b>8</b>
<b>2.3 Care responsibilities</b>	<b>8</b>
<b>2.4 Housing tenure</b>	<b>9</b>
<b>2.5 Current occupational status</b>	<b>10</b>
<b>Chapter 3. How people found out about PRIME</b>	<b>11</b>
<b>Chapter 4. Proposed business idea</b>	<b>12</b>
<b>Chapter 5. Motivation and perceived readiness</b>	<b>13</b>
<b>5.1 Reasons for starting a business</b>	<b>13</b>
<b>5.2 Assessment of own business skills</b>	<b>14</b>
<b>Chapter 6. Attitudes towards enterprise</b>	<b>15</b>
<b>6.1 Entrepreneurial attitudes of PRIME clients</b>	<b>15</b>
<b>6.2 Attitude to debt</b>	<b>16</b>
<b>Chapter 7. Pension status of PRIME clients</b>	<b>17</b>

## **FOREWORD**

PRIME is the only national organisation dedicated to helping people aged 50 and over to start their own businesses or enterprises. PRIME was founded with the active support of HRH The Prince of Wales and is a charity linked to Age Concern England.

PRIME's mission is:

***“To ensure everyone aged 50+ has the opportunity for financial, social and personal fulfilment through sustainable self-employment, business or social enterprise”***

My first question as the new Chief Executive of PRIME in the Autumn of 2002 was “What is the size of the challenge we face?” To that end PRIME published an analysis of all the available labour market data called “Towards a 50+ Enterprise Culture” in 2003 (which is still available online at the PRIME web site [www.primeinitiative.org.uk](http://www.primeinitiative.org.uk)).

That study demonstrated that over one-third of those aged between 50 and state pension age were workless. Even accepting that 10 per cent of these were living on a comfortable pension, this still left some 2.5 million unwillingly outside the labour market.

The next task was to put in place a coherent framework for providing assistance to them. To avoid replicating services that existed elsewhere our strategy has been to work closely with existing business support providers wherever possible – which means in particular with the government’s Business Link service and with the established independent enterprise agencies that also exist in many parts of the UK. PRIME now has over 200 such delivery partners to whom we can refer people for free or low-cost help from properly-accredited advisers.

PRIME’s own primary task has become reaching the hard-to-reach – those individuals over 50 who are not likely to find their own way to the existing business support structure under their own steam, but for whom self-employment might still be a good solution. And there are many of them. In UK self-employment is a rather neglected option and many people do not realise that they might be in a position to start their own business and thereby create their own livelihood.

Indeed, PRIME would be the first to say that self-employment is not the right answer for everyone, as it takes a certain combination of attitude, skill, knowledge - and luck. But it is an achievable option for many who would otherwise needlessly face an impoverished end to their working lives.

The most important result in the research reported in this present study is that PRIME does appear to be reaching this target group. Over 80 per cent of the respondents were workless when they contacted PRIME.

## **A STUDY OF PRIME'S CLIENTS 2007**

Thanks to the research we now also know that just over 45 per cent of those seeking help were living in rented accommodation, and 40 per cent of the women, and just over 30 per cent of the men, lived alone.

We were both surprised and delighted to find that so many clients had been referred to PRIME by Jobcentre Plus. PRIME had put considerable time into talking with regional Jobcentre Plus staff and this has clearly paid dividends.

Equally the enormous effort made to ensure that the PRIME web sites are readily accessible had been very worthwhile, as had the energy put into ensuring there was a regular flow of stories in the media.

We had expected that there would be referrals from Business Link, the enterprise agencies, Age Concern, The Prince's Trust and people's own family and friends, as indeed there were. But we were pleased to see that Barclays Bank was also an important referral vehicle. This is consistent with comments made by other community development finance institutions that have also had people referred to them from Barclays, and reflects well on staff at the big bank.

This monitoring project is ongoing. Work on the questionnaires continues with our partner Kingston University Small Business Research Centre. I am grateful to Professor Mark Hart and Richard Hyde who undertook the analysis and wrote this report.

PRIME looks forward to further work with the Small Business Research Centre and further reports and analyses in the future. More importantly we look forward to increasing our knowledge and understanding in the neglected area of olderpreneurship.

**Laurie South**  
**Chief Executive PRIME**

# **Chapter 1**

## **Introduction**

### **1.1 Purpose and method**

The objectives of this monitoring exercise were to capture information on the demographics (age, gender, ethnicity) of PRIME's clients, their attributes (education, work status/history, housing situation) and their attitudes towards enterprise.

The key objectives were to:

- Provide PRIME with a detailed analysis of its client base moving forward.
- Capture attitudes from clients before they got help from PRIME and its partners - in order to provide some base to measure of 'value-added' and 'distance travelled' later

The first step was to design a client monitoring form PRIME could use at both regional and national level. Following discussions with the organisation a questionnaire was agreed. It has since been given to all individuals approaching PRIME for assistance via its central office (based at Age Concern England's building in London) or its national telephone helpline.

Approximately 25 per cent of those who contact the PRIME central office in this way return a completed questionnaire. Obviously this survey method only catches those who make contact via the central office. It misses those who contact PRIME through its regional staff and local events. But the majority of contacts come in via the centre.

Between January 2005 and December 2006 341 questionnaires were completed by PRIME clients. However, the respondents didn't always answer all the questions, with age and other data sometimes missing, which means that for some questions the effective sample size was lower – averaging around 311 depending on the question. Where this is the case we give the number of respondents we are working with thus: (n=311).

## **Chapter 2**

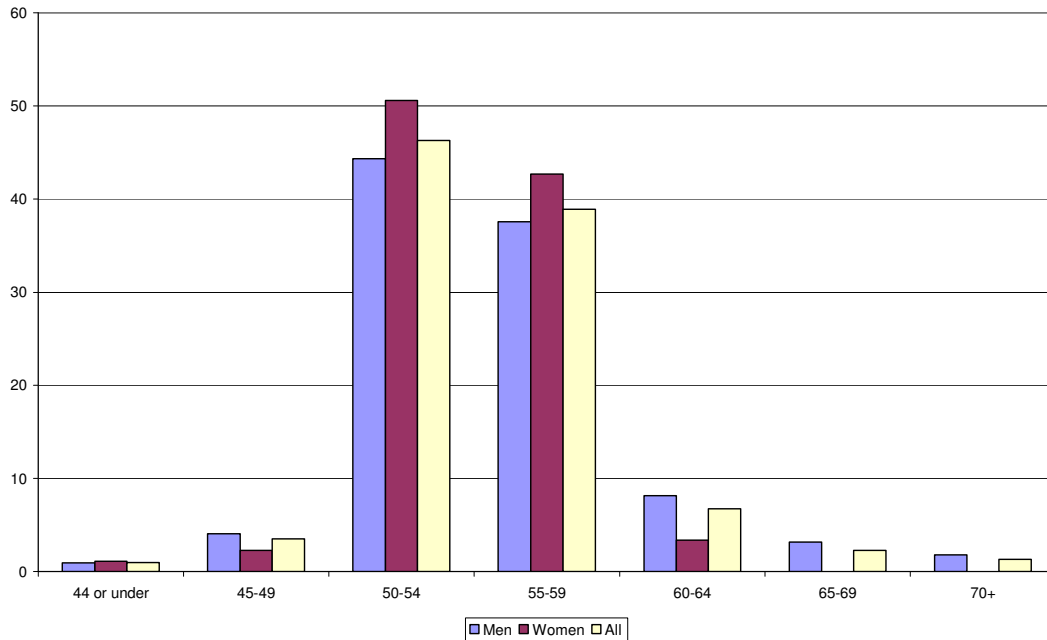
### **Results: characteristics of PRIME clients**

#### **2.1 Demographics: age, gender, ethnicity**

In brief, we note the following characteristics of PRIME clients:

- 4.5 per cent of clients were under the age of 50 (the PRIME threshold), with the majority (92.3%) falling within the age range 50 to 64 (n=311).
- Just over a quarter (28.7%) were women and of these 93 per cent were in the age range 50-59. No women respondents were aged over 64 years of age (n=310).
- 22.1 per cent were classified as members of the BME population (n=313)
- 18.3 per of men and 31.8 per cent of women were in BME groups.

**Figure 1: Age Group of PRIME Clients by Gender (n=310)**



## **2.2 Education**

- Education (n=303):
  - Just over half (52.5%) had qualifications of NVQ Level 4 and above
  - 24.8 per cent were graduates - no significant difference between men and women: 25.5 per cent and 23.0 per cent respectively.
  - Three-quarters (75.1%) of PRIME clients had undertaken some form of training in the previous 10 years: 77.3 per cent of women and 74.2 per cent of men.

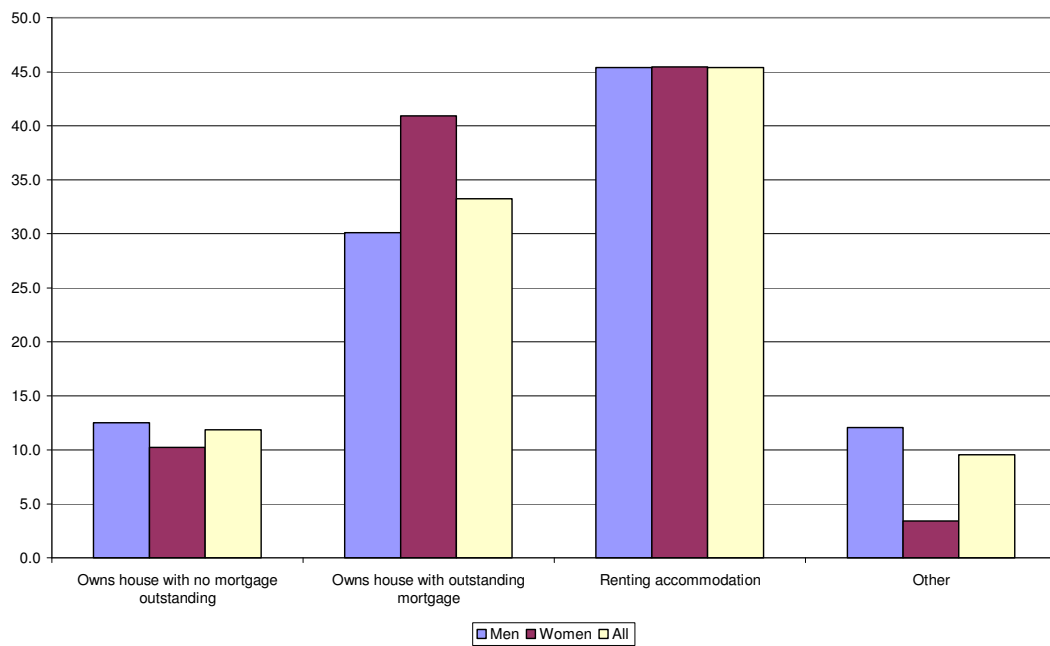
## **2.3 Care responsibilities**

- 13.8 per cent of women and 34 per cent of men have dependent children – the implication here is that women tend to approach an organisation such as PRIME once their child-caring responsibilities are finished, whereas men are probably dependent upon a partner for that role.
- 11.6 per cent of women and 8.8 per cent of men have a caring role for other individuals apart from children.
- 40.4 per cent of women and 31.2 per cent of men live alone.

## 2.4 Housing tenure

- Equal numbers of clients own their own home and live in rented accommodation: 45 per cent and 45.4 per cent respectively.
- Just over 10 per cent of men and women live in their own home with no outstanding mortgage commitments: women are more likely to live in owner-occupation with an outstanding mortgage than men.

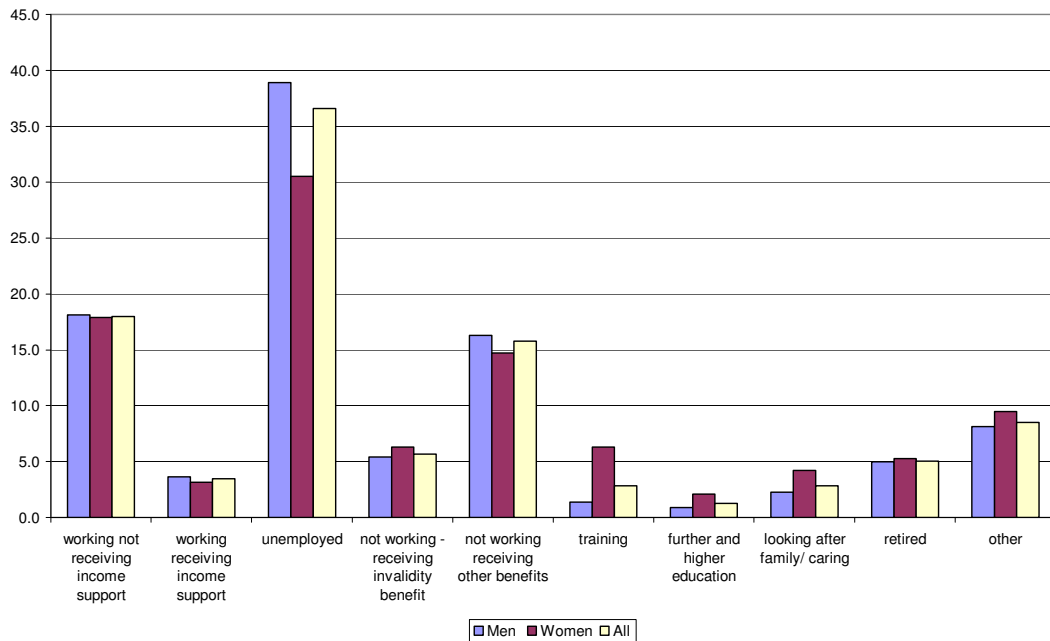
**Figure 2: Housing Tenure of PRIME Clients (n=304)**



**2.5 Current occupational status**

- Occupational Status (n=317):
  - Over 80 per cent of respondents were workless when they contacted PRIME. Only 18.0 per cent were in work and not receiving income support: 17.9 per cent of women and 18.1 per cent of men.
  - Around a third (36.6%) were unemployed: 30.5 per cent of women and 38.9 per cent of men;
  - 15.8 per cent were not working receiving other benefits (16.3% of men and 14.7% of women);
  - 5.7 per cent were on Incapacity Benefit (IB): 5.4 per cent of men and 6.3 per cent of women
  - For those who were in any of the inactive categories, it had been on average over a year (median 12 months: mean 30 months) since they had last had a regular job. There were no differences between men and women.
  - For the unemployed PRIME clients the length of time since their last job was again at least a year (mean 21 months: median 11.5 months). However, this varied markedly between men and women: median 12 months and 6 months respectively

**Figure 3: Occupational Status of PRIME Clients by Gender (n=310)**



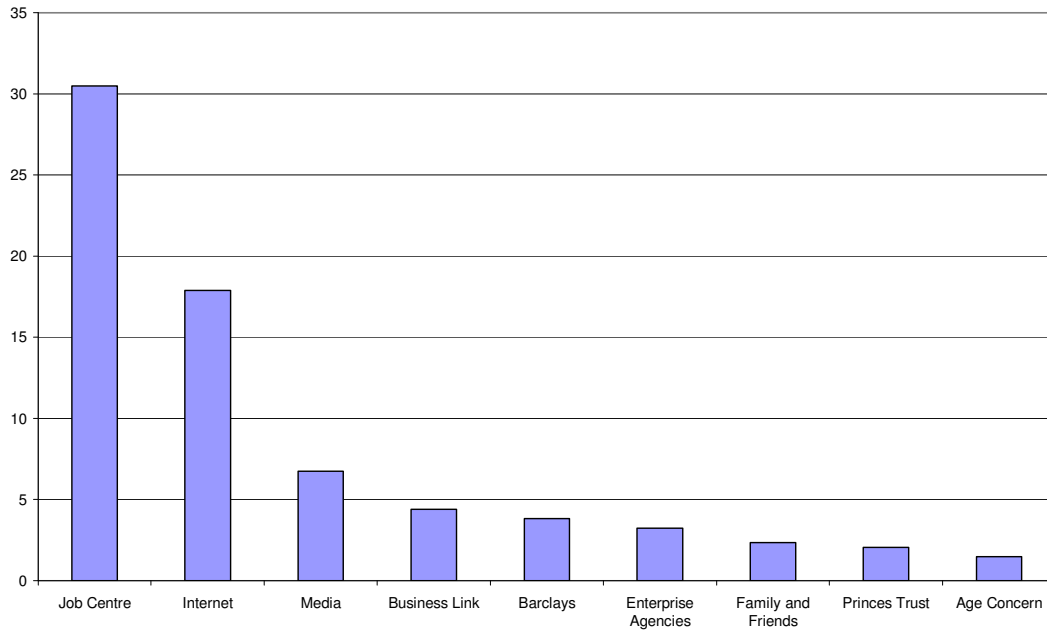
## Chapter 3 How People Found out about PRIME

### 3.1 Routes to PRIME

The most important source of information about PRIME is the Jobcentre network (30.5%) followed by Internet searches (17.9%), Media (6.7%), Business Link (4.4%) and Barclays Bank (3.8%).

There were no significant differences between men and women regarding their reported routes to PRIME.

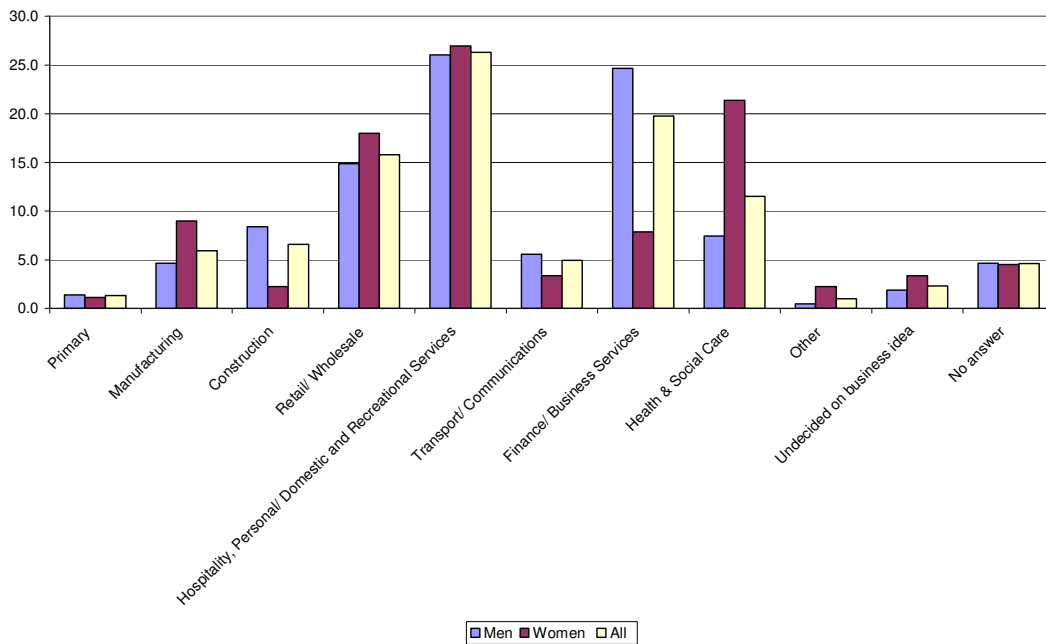
Figure 4: Routes to PRIME (n=341)



## Chapter 4 Proposed business idea

- Proposed business idea of the individual by sector (n=304):
  - Personal services (26.3%), financial and business services (19.7%), retail/wholesale (15.8%), and health and social care (11.5%) predominate.
  - Men are more likely to be thinking about a business in the financial and business service sector and construction.
  - Women are more likely to be thinking about establishing a business related to health and social care, and interestingly, also in manufacturing activities.
  - Not everyone contacting PRIME has a business idea already in mind.

**Figure 5: Proposed Business Idea of PRIME Clients by Broad Industrial Sector and Gender**



## **Chapter 5**

### **Motivation and perceived readiness**

#### **5.1 Reasons for Starting a Business**

PRIME clients were asked a series of attitudinal questions about both their reasons for starting a business and also the sort of skills and attributes that they thought they possessed that would enable them to run a business.

For both men and women there is a high degree of agreement with the six statements on the reasons for starting a business as illustrated by the low mean scores in Table 1. The implication to be drawn from this is that there are many factors ('push' and 'pull') involved in the start-up decision.

For women the challenge of self-employment or business ownership was the most important reason, while for men making money and independence were the main reasons. However, for both men and women the difficulty in obtaining paid employment was an important factor.

Finally, there were no statistically significant differences between men and women on each of the six reasons for start-up.

**Table 1: Reasons for Starting a Business (Mean Score)**

	<b>Male</b>	<b>Female</b>	<b>Total</b>
<b>(1) I want to make more money than I am currently earning</b>	1.50	1.62	1.54
<b>(2) I have always wanted to be my own boss</b>	1.52	1.63	1.55
<b>(3) I would like to start my own business or become self-employed because I have had difficulty finding paid employment</b>	2.16	2.28	2.20
<b>(4) I want to challenge myself</b>	1.59	1.41	1.54
<b>(5) I want to lead and motivate others</b>	2.02	1.90	1.98
<b>(6) I want to develop a hobby or some other activity I'm already involved in into a commercial enterprise</b>	2.44	2.17	2.36

*Note: 1=Strongly Agree; 5=Strongly Disagree*

**5.2 Assessment of own business skills**

Turning our attention to the self-assessment of the possession of the skills and attributes for business start-up, Table 2 indicates that, in general, PRIME clients feel that they possess many of the requisite skills. Although business experience in the family and computer skills are less likely to be part of that skills package, all respondents report a mixture of 'soft' and 'hard' skills and attributes.

There are only two statistically significant differences between men and women. Women are more likely than men to report that they have good money management and budgeting skills, and more likely to say they had good practical skills.

So these responses do not support sweeping generalisations that women are less confident than men about their own business skills. For the over-50 age group contacting PRIME this is not the case and gender differences are slight.

**Table 2: Skills & Attributes for Starting a Business (Mean Score)**

	<b>Male</b>	<b>Female</b>	<b>Total</b>
<b>(1) I come from a family with business experience</b>	2.85	2.56	2.76
<b>(2) I am good at problem-solving</b>	1.36	1.47	1.39
<b>(3) I have confidence in my own abilities</b>	1.19	1.26	1.21
<b>(4) I am good at managing a project</b>	1.38	1.46	1.41
<b>(5) I am not afraid to make decisions</b>	1.21	1.33	1.24
<b>(6) I have good computer skills</b>	2.25	2.23	2.24
<b>(7) I am not afraid to take responsibility</b>	1.13	1.18	1.14
<b>(8) I work well with other people</b>	1.31	1.24	1.29
<b>(9) I have good communication skills</b>	1.25	1.26	1.25
<b>(10) I am good at money management and budgeting</b>	1.90*	<b>1.64*</b>	1.82
<b>(11) I am good at setting and achieving goals</b>	1.52	1.42	1.49
<b>(12) I have good practical skills</b>	1.49*	<b>1.27*</b>	1.43

*Note: 1=Strongly Agree; 5=Strongly Disagree*  
\* statistically significant difference at the 10% level

## Chapter 6 Attitudes towards enterprise

### 6.1 Entrepreneurial Attitudes of PRIME Clients

Overall, this group of PRIME clients possess a number of attitudes that would suggest that they have a tendency to be entrepreneurial. For example, they see themselves as creative, as leaders/change agents, as responsive to risk and uncertainty, and they admire entrepreneurial individuals and their drive and motivation.

**Table 3: Entrepreneurial Attitudes (Mean Score)**

	Male	Female	Total
1. I admire people who start their own business	1.27	1.31	1.28
2. I would rather work for a small business than a large business	2.01	2.03	2.02
3. I enjoy the challenge of situations that many consider risky	1.83	1.89	1.85
4. If you try hard enough you can always get what you want in life	1.75	1.74	1.75
5. I am not scared of being in debt	<b>2.95*</b>	<b>3.26*</b>	3.04
6. I am an imaginative and creative person	1.50	1.34	1.46
7. When working in groups I prefer that someone else takes the leading role	3.69	3.45	3.62
8. When I have plans I am almost certain to make them happen	<b>1.78*</b>	<b>1.57*</b>	1.72
9. I'm the sort of person who handles uncertainty well	1.92	2.12	1.98
10. I consider myself to be a persuasive person	1.70	1.75	1.72
11. I have difficulties understanding people who constantly strive towards new goals even after they have achieved a lot of success	3.74	3.90	3.78
12. People who are highly successful in business often have low morals or ethics	3.88	4.00	3.92
13. I usually trust my own judgement, even if those around me don't agree with me	1.92	1.83	1.90

*Note: 1=Strongly Agree; 5=Strongly Disagree*  
\* statistically significant difference at the 10% level

This is a positive outcome for PRIME as it is clearly attracting individuals with some of the basic attitudes necessary for entrepreneurial activity. On one of these positive attitudes – “when I have plans I am almost certain to make them happen” - it is women who are significantly more likely than men to report this.

### 6.2 Attitude to debt

Yet there is one attitude which may tend to work against these positive entrepreneurial attributes – a ‘fear of debt’. This is widely interpreted in the literature as a practical indicator of risk avoidance by the individual. Many authors see this factor alone reducing the likelihood of business ownership and/or self-employment in the wider population (cf. the Global Entrepreneurship Monitor (GEM) studies and the SBS Household Survey).

Further, in this group of PRIME clients women are significantly more likely than men to indicate that they have a ‘fear of debt’. Again, this is a finding which is consistent with the GEM Global and UK survey of entrepreneurial activity and attitudes.

Should we interpret this as more general risk aversion? All we really have evidence in the responses received for this survey is that people contacting PRIME did not want to take on debt.

Among an over-50 group we know to be actively considering working for themselves using this as evidence of “risk aversion” may be an interpretive step too far. Other explanations are possible. There may of course be generational differences in attitude to debt at work here, and perhaps also previous individual experiences of struggles to pay off debts in the past. The older you are the more opportunity you have had to experience things, both agreeable and disagreeable.

It may be worth investigating the attitudes of older entrepreneurs to debt further in future studies. If being in debt is experienced as lack of control there may be no conflict between a strongly entrepreneurial drive to be your own boss and a reluctance to be in debt to (and therefore at least in part working for) other people.

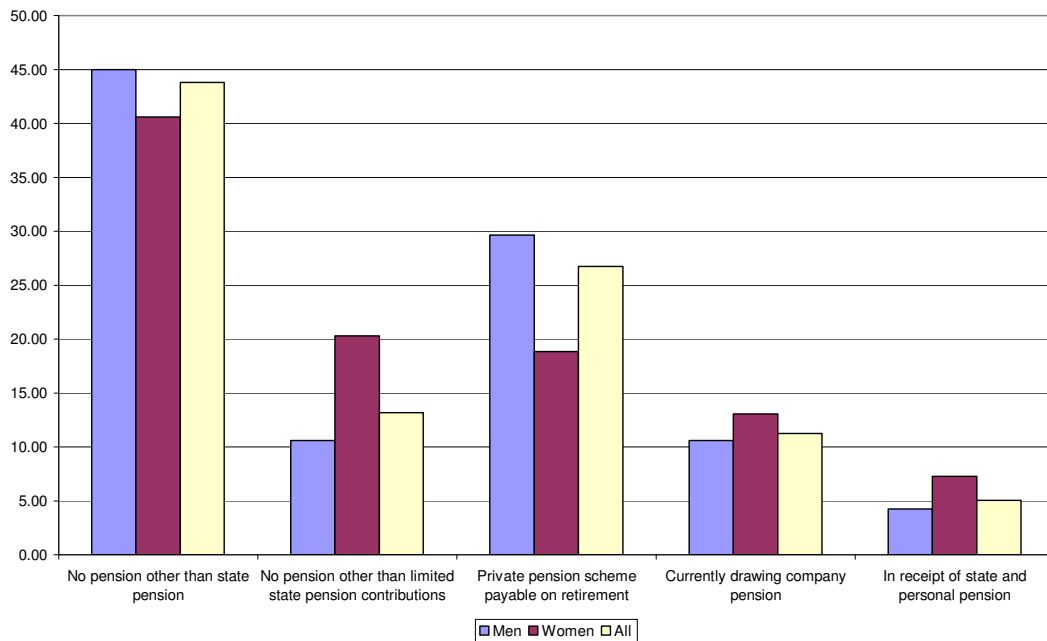
## Chapter 7 Pension Status of PRIME Clients

### 7.1 Adequacy of pension provision for retirement

The final section of this report examines the pension status of PRIME clients. Roughly a half will be relying on the basic state provision after retirement. Overall, 43.8 per cent of respondents are or will be reliant on the minimum state pension, with a further 13.2 per cent not entitled to the full state pension.

Women are almost twice as likely as men to be reliant on a partial state pension: 20.3 per cent compared to 10.6 per cent. The corollary of this is that men are more likely to have access to a private pension scheme.

**Figure 6: Pension Status by Gender (n=258)**



Currently, just over one in ten (11.2%) of PRIME clients are drawing a company pension and there are very little differences between men and women. Interestingly, all, with only one exception, are aged between 50 and 59 years. One in twenty are currently drawing both a private and state pension with just over a third aged between 50 and 59 years.

Finally, respondents aged less than 55 years of age are more likely to be reliant upon the minimum state pension and less likely to have access to a private pension scheme.

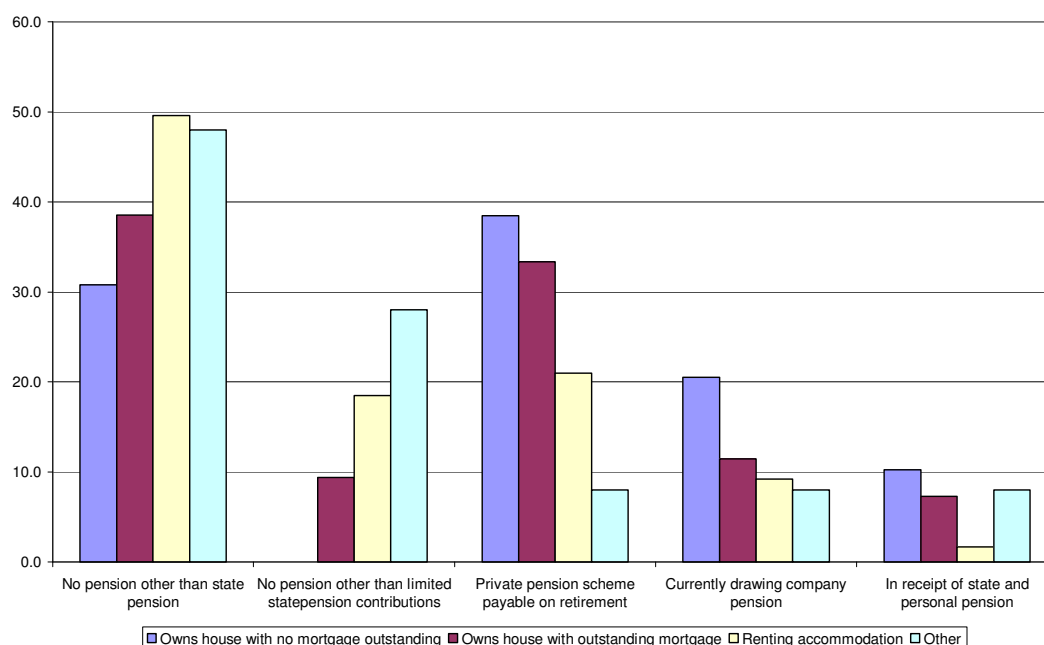
When we investigate the current occupation of the individual and correlate that with their pension status we find that just over half (54.9%) of those in paid employment are in a private pension scheme. Of those who are currently unemployed around a fifth (22.2%) are in a private pension scheme.

## 7.2 Pensions and housing assets

We established earlier that 45.0 per cent of PRIME clients are owner-occupiers; of whom 24.5 per cent have no outstanding mortgage. How does this relate to the pension position of the individual? Of particular interest here is the extent to which those reliant upon a full or partial state pension will be able to draw upon the assets of a property when they reach the official retirement age.

The evidence points towards a conclusion that respondents who will be reliant on the minimum state pension are slightly less likely to own their own house. This compares with the situation for those individuals currently drawing a state pension (with or without a private pension scheme). Here the majority own their own home.

**Figure 7: Pension Status by Housing Status (n=279)**



A final point is to note that when we look at those individuals with no private pension provision we find that just over a third (38.1%) live on their own and that this is more marked for women (42.9%) than men (36.8%). Further, we also note that individuals who live on their own are more likely to be living in rented accommodation: 62.7 per cent of men and 55.6 per cent of women.

A picture is building up here of a significant sub-group of PRIME clients with no property assets who live in rented accommodation, often alone, who will only have the state pension to live on in retirement. In some cases it won't even be the full state pension.

**End note: The data from this survey is being analysed in more detail and will form part of a forthcoming PRIME report devoted to the pension issue.**



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