

IAB-Colloquium

zur Arbeitsmarkt- und Berufsforschung

Einladung
14/2010

“New firm performance: does the age of founders affect employment creation?”.

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The ageing population increasingly becomes a challenge for policy makers. Given the expected changes in the age decomposition of the workforce, it becomes more pressing to understand the nature of the relationship between age and entrepreneurship. More specifically: what are the consequences of an ageing (entrepreneurial) population on entrepreneurial performance? The present study investigates the effect of the age of the entrepreneur at start-up on the size of newly started firms, taking into account possible mediating effects. A distinction is made between two decisions: (1) to become an employer, and (2) to hire a certain number of employees. We use a sample of 849 new firms from three different cohorts (1998, 1999, 2000) that survived the first three years after start-up. To explain the decision to become employer we estimate a probit model and to test for the number of employees we estimate a negative binomial count model. A first conclusion of our study is that it is important to make the distinction between the two decisions: the decision of entrepreneurs whether or not to become an employer depends on other factors than the decision of employers regarding the number of employees. A second conclusion is that age has an inverse u-shaped relationship with the outcome of both decisions, but that these relationships are mediated by the mediating variables included in our study. We find that entrepreneurs who start at older age are less likely to work fulltime in their new venture, are less willing to take risks and have a lower perception of their entrepreneurial skills. Each of these factors has, in turn, a positive impact on the probability of employing personnel. For the number of employees we find a negative indirect effect of age through the effect of age on the perception of entrepreneurial skills.

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10. Juni 2010**

11:00 Uhr

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