Making the case for entrepreneur’s starting age as a relevant variable for economic growth

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Abstract
Youth entrepreneurship has been on the agenda of policymakers for many years. Its economic importance is usually attributed to creating an alternative career option and, therefore, reducing unemployment among younger people. In this paper, we discuss a different benefit of supporting young entrepreneurs, namely, its positive impact on economic growth. The body of knowledge presently discussed draws from resource-based and real options theories. This theoretical discussion supports the paper’s main argument that entrepreneurs who start earlier creating their first businesses have greater chances of making above-average contributions to economic growth by both the number and the characteristics of their entrepreneurial ventures. Finally, derived from this main argument, new research propositions are detailed, suggesting new avenues for future research on the entrepreneurs’ starting age.

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1. Introduction

Youth entrepreneurship has been on the agenda of policymakers for many years. The role of entrepreneurial activity in tackling youth unemployment (Brooksbank et al., 2007; Dvouletý and Lukeš, 2016; OECD, 2017; Crecente-Romero et al., 2018) and all the subsequent social problems, related with becoming disengaged from learning or work are often pointed as major drivers for its importance. Should this be the only concern of policymakers and researchers regarding youth entrepreneurship? Is youth entrepreneurship merely a way of accomplishing the survival of the unfitted? Or are there other reasons to support and promote youth entrepreneurship? The entrepreneurship literature falls short from giving further answers. The aim of the present work is to address this gap.

The link between entrepreneurial activity and economic growth has long been recognized and theoretically discussed (Knight, 1921; Schumpeter, 1934; Kirzner, 1973; Bjørnskov and Foss, 2016). Empirically, however, measurement issues and difficulties in establishing general results are still persistent in the literature (Van Stel et al., 2005; Vyas and Vyas, 2019). Notwithstanding, it is of critical importance to know the factors that influence entrepreneurial activity.

We contribute to this stream of research by addressing the question of the relationship between the entrepreneurs starting age and economic growth. We propose a conceptual framework in which entrepreneurs who start earlier have greater chances of making above average contributions to economic growth, in both the number and quality of their ventures.

As far as the authors’ knowledge, this is both a novel variable (entrepreneur’s starting age) and approach (through the lens of an entrepreneurial career) to research on the
influence between entrepreneurial activity and economic growth, which usually has been performed in a more static/cross-sectional setting (Acs and Zerb, 2007).

This theoretical discussion is informed by insights from the resource-based and real options literatures and the proposition’s merits will become apparent through a novel framework of the entrepreneurial career. We will commence with a survey and synthesis of previous contributions linking the entrepreneurial career to economic growth and then, present our conceptual model. From this career-based model, we derive and discuss the implications of a set of conditions on the relevance of the entrepreneur’s entry age for entrepreneurial activity and long-term regional and national economic growth. We conclude with an anticipation of future implications of this study.

2. From entrepreneurs to entrepreneurial activity and economic growth

Considering entrepreneurs as those ‘who seek to generate value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets’ (Ahmad and Seymour, 2008, p.14), entrepreneurial activity may be enhanced in two manners: either via increasing the rate of first-time entrepreneurs or increasing the level of entrepreneurial activity of current and former entrepreneurs. Most of the focus of entrepreneurship literature has been centered on how to promote entrepreneurship within non-entrepreneurs. However, some benefits accrue from fostering current and former entrepreneurs. Specifically, the variables influencing a prospect novice entrepreneur to start a business, may differ from those leading current and former entrepreneurs to start other businesses and pursue new growth opportunities (Westhead et al., 2005). More crucially, outcomes from their activities may also differ. Here, we aim to discuss the differences between early and late started entrepreneurs, in terms of the quantity and quality of their entrepreneurial activity. Therefore, the
population of interest is the group of people who have started at least one business, \textit{i.e.} current and former entrepreneurs.

The connection between entrepreneurial activity and economic growth has long been recognized (\textit{e.g.}, Knight, 1921; Schumpeter, 1934; Kirzner, 1973; Bjørnskov and Foss, 2016) and empirically tested (\textit{e.g.}, Blanchflower, 2000; Carree et al., 2002; Van Stel et al., 2005; Beynon et al., 2016; Almodóvar-González, et al., 2020), despite the inherent difficulties related with measuring entrepreneurship (Van Stel et al. 2005).

Measurement of entrepreneurial activity has ranged from the simple (but available) self-employment rates (Blanchflower, 2000; Clark et al., 2017) to the percentage of adult population that is either actively involved in starting a new venture or is the owner/manager of a business that is less than 42 months old (\textit{e.g.}, Reynolds et al., 2002; Bosma et al., 2016). The analysis conducted by the Global Entrepreneurship Monitor project (Reynolds et al., 2002) has highlighted some important characteristics of the relation between entrepreneurial activity and economic growth (Van Stel et al.; 2005; Audretsch, 2018), such as the fact that this relation might not be linear and that it differs greatly across countries. Nevertheless, ‘\textit{results show that entrepreneurship matters}’ to economic growth (Van Stel et al., 2005 p.318).

Judging by the selected measures of entrepreneurial activity it becomes clear that empirical research has mostly privileged a quantitative approach. Notwithstanding, when considering the link between entrepreneurial activity and economic growth, the quality of the value added by each venture should be, at least, as relevant as their number. In fact, recent literature has demonstrated a small number of high-growth firms to be responsible for a disproportionate share of employment (Coad, et al., 2014; Daunfeldt and Halvarsson, 2015; Ivanović-Djukić et al. 2018).
Economic growth is mostly discussed at the aggregated level, such as firms, regions, and countries, yet there is no entrepreneurship without an entrepreneur. For this reason, linking entrepreneurship to economic growth also means linking the individual to those aggregate levels (Carree et al., 2007). As such, the present work adopts the entrepreneur as the unit of analysis and their starting age as the variable of interest. The employed frame is the dynamic and long-term setting of the entrepreneurial career and the focus is on how starting age into entrepreneurship impacts on economic growth.

We frame the contribution of the present work in two manners: first, we switch the emphasis of the analysis to the age of the entrepreneur at the beginning of his first self-employment spell. Second, we approach the entrepreneurial career, rather than the entrepreneurial venture, to discuss the entrepreneurs’ effect on overall economic growth. We propose that starting age is the mechanism by which entrepreneurs will face better odds of making above average contributions to economic growth. This applies to both the number and the characteristics of their entrepreneurial ventures.

To discuss possible merits of such proposition, and because there is a lack of knowledge regarding the impact of the entrepreneurs starting age to entrepreneurial activity (and therefore to economic growth), the focus will be on elaborating and synthesizing knowledge on the entrepreneur’s age, his learning, resources and capabilities. We justify this since these individual characteristics are the fundamental elements that differ from the early and the late started entrepreneur.

3. Starting age and economic growth through the lens of an entrepreneurial career

Considering creating a business as a learning experience and entrepreneurship as a career (Bird, 1988; Dyer Jr, 1995; Chen et al., 1998; Katz and Gartner, 1988; Sinclair, 2008; Kirk and Belovics, 2006; Zhao et al., 2020), should it not also benefit from an
earlier start? What are the benefits and drawbacks of earlier starts? Should we expect these to result into net gains or losses?

As the gymnast who must start early to aspire to be competitive, learning is also easier if early started (Salthouse, 1996). When broadening the scope of the literature search outside entrepreneurship, one can already find fertile ground on potentially impactful differences between younger and older individuals in entrepreneurship related topics.

For example, according to Chen et al. (2017), problem-solving ability appears to decrease after early middle age and its primary predictor differs according to one’s age group. Namely, fluid ability (e.g., processing speed, working memory, and inductive reasoning) is suggested to be the primary predictor of problem-solving performance for young adults, and crystallized ability (e.g., vocabulary, picture vocabulary, and oral reading recognition) the dominant predictor for older individuals. As another example, there is evidence that individual risk preferences change over time, with risk aversion – proxied by fear of failure – declining before the age of 40 and increasing afterwards until retirement (Sepúlveda and Bonilla, 2014).

Within entrepreneurship literature, empirical evidence proved consistent with the notion that entrepreneurial intention is latently present from early on. Younger individuals demonstrate a greater inclination to become entrepreneurs (Blanchflower, 2004) and the decision to start a new venture is more prevalent at younger cohorts (Levesque and Minniti, 2006). Recent meta-analysis evidence reiterates the existence of a U-shaped relationship between age and overall entrepreneurial success, with the relationship being negative among younger samples but positive among older samples (Zhao et al., 2020).

In terms of strategy, younger entrepreneurs are more prevalent in sectors with relatively few entry barriers and small capital requirements (Shane, 2008; Parker, 2009) and more
prone to internationalization, especially for start-ups that aim at internalizing from their outset (Madsen and Servais, 1997; Oviatt and McDougall, 1997).

After addressing the legitimacy of this research focus, we proceed by presenting a conceptual model of the entrepreneurial career that provides an overall picture of entrepreneurs’ most relevant status and choices throughout their careers.

4. Entrepreneurial career – A conceptual model

The reason for considering success in terms of an entrepreneurial career, rather than, as it is most common, in terms of a single venture, is the thought that, as important as what makes a particular business thrive, is to know what makes an entrepreneurial career succeed.

Below, Figure 1. portrays a conceptual model for the entrepreneurial career as a business creation life cycle. Since the focus is on current and former entrepreneurs, we have the entrepreneurial career starting at the moment of first business creation. The relevant outcome for the economy is to know whether the entrepreneur can succeed by creating value added. Did a successful novice entrepreneur later pursue new growth opportunities within the original business? If not, did he become a manager/owner, effectively ending his entrepreneurial career? Did he keep the business and start a new one (i.e. a portfolio or parallel entrepreneur)? Did he sell the business and start a new one (i.e. a serial/sequential entrepreneur)? For any of these possible paths the question remains: was the entrepreneur able to succeed by creating new value added? Or did he end up selling or closing the business due to succession problems? Instead, if the novice entrepreneur had his first business discontinued, two relevant outcomes should be considered: the entrepreneur tries again, creating a new business (i.e. renascent
entrepreneurs; Guerrero and Peña-Legazkue, 2019), or the entrepreneur ends his entrepreneurial career.

Figure 1. Near Here

We now explore how the resource-based view (Wernerfelt, 1984; Wernerfelt, 1995; Prahalad and Hamel, 1990; Barney, 1991) and real options (Pindyck, 1986; Dixit, 1989; Trigeorgis, 1996; Trigeorgis and Reuer, 2017) theories can improve our understanding of the relevance of entry age and experience in entrepreneurship and analyse the following propositions: *early starters will tend to start more ventures* and *early starters will engage in more value creating ventures*. The main premise of the real options theory is that static net present value (NPV) analysis – while useful as a starting point – does not incorporate the value of managerial flexibility. Real options theory, on the other hand, posits that if, as time goes by uncertainty is resolved, the scheduled investment cash-flows can either be stopped, to incur lower losses, or increased to gain greater returns than expected. In other words, when setting up the project, the predicted worst case scenario may not have to be fully endured, when one realizes that that is where the venture is going, and one is not forced to stop investing more if the opportunity presents itself, to earn more than the best case scenario. Therefore, there is value added that an NPV analysis fails to incorporate in its analysis. In other words, entrepreneurial flexibility adds value because it can limit the downside potential of a project’s outcome and increase its upside (Trigeorgis, 1996). As for the resource-based theory, it states that sustainable competitive advantage is critically influenced by the bundle of resources available to the firm and that classical economic assumptions such as: resource homogeneity and perfect mobility of factors,
must not hold for this to verify. According to Barney (1991), firm’s resources can be classified into: physical capital resources (Williamson, 1975), human capital resources (Becker, 1964), and organizational capital resources (Tomer, 1987; Samila and Sorenson, 2017). Moreover, for resources to have such potential they must be valuable, rare, imperfectly imitable, and difficult to substitute (Barney, 1991).

4.1. Early starters will tend to start more ventures

We propose that if someone starts creating his own business at an early stage of his career, he will benefit from improved chances of becoming a successful entrepreneur, because it is expected that he will start more ventures than his older novice peers. Thus, promoting youth entrepreneurship would be important, not only to increase the chances of young entrepreneurs’ first venture success, but also, to increase their number of attempts while learning from prior ones.

Elaborating on the entrepreneurial career model presented on Figure 1. and following our proposition, one should expect early starters to be more likely to: pursue new growth opportunities, to be serial and portfolio entrepreneurs and to try again after an unsuccessful venture (i.e. more likely to be renascent entrepreneurs).

Also, one should acknowledge the possibility that an individual’s entrepreneurial activity might change due to prior outcomes (i.e. failures and successes). Hence, next we will discuss the conditions in which failure may be more beneficial for the subsequent entrepreneurial activity/career of early starters.

Discussing the impact of starting age on failure rates and the probability of recurrent entrepreneurship, one can refute the paper’s proposition if, ceteris paribus, the following conditions do not hold or, if those which hold are not strong enough to yield an offsetting impact:
Condition 1: Entrepreneurs who started their businesses earlier, have, for an equal period, at least the same subsequent entrepreneurial activity as those who started later.

Condition 2: Entrepreneurs who started their businesses earlier do not have worst failure rates than those who started later.

Condition 1 is proposed to hold based on expectations related with resources differences, among which we emphasize time and knowledge. It seems fair to accept that the movement within the proposed entrepreneurial career model (see Figure 1.) is not instantaneous. That is, after starting a business it is natural that until a venture reaches maturity, more is demanded from the entrepreneur as an owner/manager and, consequently, less time will he have to be entrepreneurial again. A similar reasoning can be proposed related to venture failure. If failure occurs, it is expected that the consequent personal grief and financial resources shortage (for a detailed discussion see Shepherd, 2003, Shepherd et al., 2009) will demand some time to be overcome before one is able to venture again. It can even be argued that the older the individual, the more social status and personal wealth one may be investing, and, if so, the more one can struggle to cope with the associated grief, delaying the readiness to venture again into business. Hence, because life expectancy is not unlimited, throughout their careers, early starters will have more time to experience and overcome these stages and be able to repeatedly go through them while applying previously accumulated knowledge and resources.

An additional topic is also considered relevant, from an economic growth perspective, the succession problem (Handler, 1990; De Massis et al., 2008). Consisting in not being able to successfully assure new management to substitute the former entrepreneur in time to maintain operations, we argue that a sustainable business will face an additional
risk of not being able to pursue all its potential economic value (the entrepreneurial rents), if the entrepreneur is closer to the end of his career.

As for differences in the available time to venture and to extract a business’s long-term value potential, knowledge differences, between early and late starters, are also proposed relevant for differences in the variety of considered entrepreneurial opportunities. Namely, we propose that early starters will, likely, be more open to engage in ventures outside current business. The logic being, on the one hand, if one is more professionally experienced when beginning an entrepreneurial career, there will probably be an intention to leverage on this expertise on a first business (Rerup, 2005), thus, sticking within (or close) to the industry already known. If successful, this may create a strong internal cognitive causal link (i.e. heuristic) between prior experience and success, conditioning perceptions of what the space for future business opportunities is. On the other hand, if one starts with no relevant professional experience, following the same line of thought, there will probably be a wider range of acceptable industries. Moreover, if the latter case leads to success, chances are that the entrepreneur will not see prior industry experience as a major condition, or determinant resource, for success and, therefore, maintaining a wider scope of industries and opportunities to act on (for a detailed discussion on the influence of past experience and entrepreneurial knowledge see Minniti and Bygrave, 2001; Politis, 2005; Azoulay et al., 2020). Moreover, it is well documented that not all industries provide equal average returns, with some being more profitable than others (Åstebro and Chen, 2014) and, extending the rationale, in some industries it will be easier to survive while, in other, failure will be more likely. Thus, being more open to choosing an industry, where to set a new business, appears relevant for the likely value that can accrue from the venture.
Lastly, NPV analysis predicts differing discount rates for entrepreneurs according to their age, with younger entrepreneurs facing less time scarcity. Thus, for an equivalent investment project, lower discount rates should apply to younger than older individuals (Lévesque and Minniti, 2006). Alone, this will result in a greater number of potential ventures being economically viable for younger entrepreneurs than for their older counterparts.

In synthesis, with a resource-based view reasoning, an increased entrepreneurial activity for the career of early started entrepreneurs should be expected. Reasons are twofold: (1) entrepreneurs will have more time to extract the full potential of their businesses and to run the various stages of their business creation cycle, and (2) they will operate within a broader domain of possible entrepreneurial opportunities and consider as equally accessible industries with differing expected return levels.

Addressing Condition 2, if this condition were not to hold, and entrepreneurs who started later would face reduced failure rates vis-à-vis those who started as young novice entrepreneurs. Consequently, it would be preferable for younger latent entrepreneurs to wait. Elaborating on the possible constraints and applying a resource-based view perspective, failure rates are expected to be worst for early starters if they are expected to have any shortage of a firm’s strategic resources.

Discussing failure rates of first-time ventures, given that access to physical resources will normally depend on the entrepreneur’s availability of financial capital, it seems reasonable to expect that the influence of age will benefit late starters, at least for two reasons: first, the personal wealth, accumulated through salary savings and investment, should be greater; and, second, because potential financial partners will perceive the venture to bear more risk when the entrepreneur has no financial record, from which to infer his reputation on financial obligations compliance, and no relevant wealth is
personally risked (*i.e.* no skin in the game). The entrepreneur’s human and social capital (*e.g.*, knowledge, capabilities, experience, and social network) will also presumably be greater for late starters rather than young novice entrepreneurs. That is, due to greater exposure to professional and personal life experiences, one is expected to have an increased likelihood of having received relevant training, have improved social networks and other valuable human and social resources. Regarding organizational capital (*e.g.*, a firm’s reporting structure, formal and informal planning, informal relations among groups within a firm and between a firm and its stakeholders, etc.), both types of entrepreneurs lack direct entrepreneurial experience. Nevertheless, related to this problematic, Politis (2007, p. 406) writes: ‘*the literature seems to suggest at least three types of career experiences that are associated with entrepreneurial learning: start-up experience, management experience, and industry specific experience. Each of these types of experiences seem likely to expose individuals to problems, which they might encounter in running a new venture, and hence facilitate acquisition of knowledge that would help solve similar problems in the future*’. Thus, accepting that more senior people will have, on average, more industry-specific and managerial experience, would lead to accepting age as positively correlated with organizational capital and, therefore, benefiting late starters.

As for the failure rate of the subsequent ventures, for the sake of the argument, let us consider two hypothetical identical entrepreneurs (including age), except for the fact that one started his entrepreneurial career earlier than the other. Regarding physical resources, it is predictable that, by having greater experience creating and managing new ventures, early starters have facilitated access to financial and other physical resources, when compared with those who lack their social networks and entrepreneurial track record.
Addressing human and organizational capitals, we argue that given an equal propensity to engage in entrepreneurial activity, and assuming an always positive entrepreneurial learning from any new venture, it would be expected that the early starter would have had more entrepreneurial experiences than the later, for the same age. Thus, early starters will likely end their entrepreneurial careers commanding superior human and organizational entrepreneurial resources. Hence, for a given age group, one should expect lower failure rates for the early started entrepreneurs (Fust et al., 2017, provide a recent reflection on the processes of entrepreneurial learning).

Summarizing, within a resource-based theory reasoning, an increased failure rate for the young entrepreneur’s first venture – more constrained in terms of financing – is more likely. On the other hand, time and knowledge accumulation and differences in absorptive capacity should eventually favor more experiences entrepreneurs over those who started later. Early starters are expected to accumulate a higher number of entrepreneurial experiences and therefore, gradually having better entrepreneurial knowledge. Finally, in the end of their entrepreneurial careers, we expect that early starters will have, on average, lower failure rates than those who have started later.

4.2. Early starters will engage in more value creating ventures

Elaborating on our entrepreneurial career model (Figure 1.) and on McGrath (1999) and Politis’s (2005) articles, we further argue that if someone starts creating his own business at an earlier stage, his first and subsequent ventures will have, on average, a greater value creation potential and, accordingly, his entrepreneurial career will have a higher expected impact on economic growth. Therefore, promoting youth entrepreneurship is important not only to increase the chances for the youngster’s first
venture success, or increase his number of trials, but also to increase the proportion of high-variance results’ ventures in the overall economy.

In this case, our proposition would be refutable if, *ceteris paribus*, the following condition does not hold:

**Condition 3:** Entrepreneurs who started their businesses earlier create, on average, business ventures with a greater potential economic value – both directly and indirectly – than those created by late starters.

Elaborating on the previous argument, that more experienced individuals will try to leverage on their professional expertise, when entering an entrepreneurial career, we add that, by doing so, they will tend to develop a prevalent pattern of exploitive entrepreneurial action and, as a consequence, a less explorative one (for a related line of reasoning see Liu, 2006, March, 1991; Politis 2005). Such prevalence is argued to result in more certain benefits, closer in time and space than are the returns of exploration (March, 1991). Consequently, improved survival rates and reduced variance of outcomes (positive and negative) for late starting entrepreneurs would be expected.

Yet, though better survival rates seem to be a good outcome when the unit of analysis is a venture and its sustainability, shifting the analysis towards the success of an entrepreneurial career (and the bundle of ventures that compose it) or a region’s economic growth (and the bundle of ventures that cohabit in it) this might not be the case. In fact, based on our career model, we propose the opposite and show how placing an emphasis on a first business success might be less likely to lead to a particularly successful – in terms of both longevity and value creation – entrepreneurial career.
As one can see from Figure 1., the entrepreneurial career stops if the entrepreneur discontinues his business and does not create a new one, or if, having a sustainable business, he stops pursuing new growth opportunities and gives up on creating any further new businesses. Now imagine that an entrepreneur reached one of these outcomes after his first venture. Let us further argue that both cases were successful businesses (one with a limited life span and the other sustainable). Has he had a successful entrepreneurial career? An entrepreneurial career must mean that one is usually entrepreneurially active. Was he? Is it not an entrepreneur’s function to venture into business, grow within it and venture some more? We suggest that this is what he does best and what he should be focusing on.

This reasoning leads us to argue that, if someone aims to exploit a business idea that is ‘a sure thing’ (because one expects small-variance results) rather than to commit to a different business which, if successful, would yield a ‘mega result’, this will most probably lead him to a dead end in his entrepreneurial career. The argument here is that mere sustainability will hardly lead the entrepreneur to engage in subsequent ventures and, therefore, the most likely outcome is becoming an owner-manager and consequently ending or seriously postponing is entrepreneurial career. On the other hand, if one commits himself to explore new high-variance results’ ventures, either he succeeds, and rapidly gains the resources to proceed in his quest for the ultimate venture, or he fails, and enters a ‘standby mode’ waiting for the ‘next big thing’ and, thus, continuing is entrepreneurial career.

Complementing this approach and drawing on real options theory, McGrath (1999) reasons that the value of bundles of different ventures is the value of bundles of real options, due to the fact that their losses can be limited and that they are unlimited on the possible profits. As such, she further argues that just like a portfolio of financial options
Black and Scholes, 1973) a portfolio of ventures is more valuable if the volatility of each venture outcome increases.

The reason why the pursuit of high-variance results maximizes the values of these bundles of ventures is because entrepreneurs can often wait, as some uncertainty is resolved, before doing all the scheduled investments. Therefore, they expose themselves to the upside potential of these ventures and yet can exit before incurring in the worst-case-scenario if they foresee it as likely. This might even mean that explorative entrepreneurs can begin undertaking high-variance results’ ventures putting at risk a similar amount of financial resources as those, who exploiting, only undertake ‘sure thing’ ventures, and still be exposed to a much higher expected value.

Hence, as the prevalence of an explorative action pattern ‘is associated with substantial success as well as failure implying a larger performance variation’ (Politis, 2007, pp. 408-409), and less experienced professionals will tend to be more explorative in their entrepreneurial action pattern, their success will on average contribute more to the economic growth. Moreover, this same explorative reasoning is believed to endure for subsequent ventures once it will probably be considered a ‘winning formula’.

This could even mean that an increase in failure rates might be good (McGrath, 1999), since it might be better for the economy a few mega successes than many survivals.

‘Moreover, it can be argued that failure stimulates entrepreneurs to pursue an explorative search for new possibilities where learning through experimentation becomes a central learning technique (Sarasvathy, 2001; Sitkin and Pablo, 1992).’ (Politis, 2007, p. 411).

In synthesis, within our novel framework of the entrepreneurial career and the real options reasoning, it should be expected a greater contribution to economic growth by early started entrepreneurs, because they are more likely to pursue ventures with high-
variance results and these, when successful, will tend to provide a much higher economic value added.

5. Conclusion and future research

Youth entrepreneurship has long been on the agenda of policymakers. This is due to its attractiveness in addressing the problem of youth unemployment. The link between an early entrepreneurial experience and its contribution to overall value creation, and ultimately, to economic growth, is nevertheless still underrated. As the entrepreneurship literature fails to provide further discussion on this subject, we attempted to address the gap when following the research question: ‘What influence does the entrepreneur’s starting age have on economic growth?’ We posited that entrepreneurs who start earlier creating their first businesses have greater chances of making, during their entrepreneurial career, above average contributions to a region’s economic growth by both the number and the characteristics of their ventures. And we did this by discussing the interactions between failure and venture creation within a self-proposed model of an entrepreneurial career and the resource-based and the real options theories. We argued early starters will predictably open more ventures. We also expect them to be exposed to a broader opportunity domain and have command longer entrepreneurial careers.

We expect young novice entrepreneurs to face higher failure rates than their senior novice counterparts. However, we also expect that as entrepreneurial and managerial experience accumulates, younger entrepreneurs will benefit from a greater volume and diversity of entrepreneurial learning and end-up having better failure rates in their subsequent career ventures.
A potential avenue for future research is the study of what latent and current entrepreneurs perceive as constraints to an earlier start. From a policy perspective, this is an interesting agenda, as such constraints could be acted upon and mitigated via education or other mechanisms. It would be important to test empirically the logical relations put forward in this paper. For example, it would be interesting to test if younger entrepreneurs usually engage in higher variance results ventures, and if that tends to perpetuate during their entrepreneurial career. Because this paper is meant to address the solo entrepreneur, it is of interest to know how the entrepreneurial team research can contribute and benefit from this paper’s insights.

In short, more research is needed on youth entrepreneurship to give it a well-deserved center stage position in entrepreneurship research, just like family and technological entrepreneurship have.

We believe that the present work can help inform policymakers and practitioners alike. Institutions should be more proactive in promoting youth entrepreneurship, rather than merely incentivizing the formation of an entrepreneurial mindset, they should promote effective entrepreneurial intention and activity in all young prospect entrepreneurs – and not just as a second-best solution for youth unemployment. Also, initial failure rates should not be the sole concern of the entrepreneurship political agenda, and neither their increase should be seen immediately as a bad outcome. Finally, young latent entrepreneurs should be knowledgeable that it is expected that they fail more often, but that venture failure is seen as a common stage in what it is still perceived as a promising career.

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Figure 1. - The entrepreneurial career viewed as a business creation life cycle - A conceptual model.