

Older Entrepreneurs May Be Better at Turning Innovation into Local Growth

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A study of more than 13,000 Italian startups finds that founder experience — not youth or location — may be the key to converting innovation into revenue growth and job creation.

Entrepreneurship is often positioned as a powerful engine of local economic development, especially in rural areas seeking to attract talent, create jobs, and stimulate innovation. Many startup policies implicitly rest on two assumptions: that innovation-driven startups fuel local growth; and that younger entrepreneurs are the founders most likely to deliver that impact.

However, demographic realities increasingly complicate those assumptions. Many regions across the U.S. and Europe are facing aging populations, declining birth rates, and the continued migration of younger talent toward urban centers. Rural areas, in particular, are experiencing thinner talent pipelines and older population bases, raising important questions about who is left to start and grow new ventures and under what conditions those ventures succeed.

This creates a fundamental tension between policy assumptions and demographic reality. If younger entrepreneurs are leaving, older populations are growing, and fewer youth are entering the workforce, can local development strategies continue to rely primarily on youth-driven entrepreneurship? Or are policymakers overlooking the role experienced founders may play in driving economic and social outcomes?

We set out to examine these questions by exploring not simply whether entrepreneurship contributes to local development, but also which entrepreneurs actually

move the needle and how geography shapes those outcomes.

What We Studied

We examined whether founder age, geography, and innovation activities translated into meaningful local development outcomes.

To do this, we analyzed more than 13,000 innovative startups in Italy using official government records. Firms were categorized along two key dimensions: founder age and geographic location (rural versus urban areas). This allowed us to directly compare how different types of entrepreneurs performed across different environments.

We also examined three commonly emphasized innovation activities: investment in R&D, hiring specialized researchers, and holding patents. These are frequently treated by policymakers and ecosystem builders as indicators of innovation-led growth potential. We then assessed whether these activities translated into local development outcomes measured through both economic performance (revenue growth) and social contribution (job creation).

The goal was not simply to determine whether startups matter for local development, but to identify which combinations of founder characteristics and innovation strategies actually produce measurable impact.

What We Found

Our findings challenge the common assumption that youth, geography, and innovation activity automatically translate into local economic impact.

1. Location mattered less than expected.



Whether a startup operated in a rural or urban environment mattered less than the characteristics of the founder. This contrasts with much of the entrepreneurship and ecosystem development conversation, which often emphasizes geographic clustering and resource concentration as primary drivers of success. Our findings suggest founder experience may play a larger role than commonly assumed. While geography certainly shapes opportunities and constraints, experience appears to influence the judgment, strategic decision-making, and execution capabilities necessary to convert innovation into measurable outcomes.

2. Younger founders mattered less than assumed.

Across both rural and urban settings, traditional innovation inputs such as R&D spending, hiring specialized talent, and patent activity did not consistently translate into stronger revenue growth or job creation for younger entrepreneurs. This does not suggest younger founders lack creativity or innovative potential. Rather, it suggests that innovation inputs alone may be insufficient without the experience or strategic capacity necessary to commercialize those efforts into scalable outcomes that generate measurable local impact.

3. Experience mattered more than expected.

For founders over the age of 35, one factor stood out clearly: Holding patents was strongly associated with higher revenue growth and, in urban settings, increased job creation. Interestingly, patents did not produce the same measurable effects for younger founders in either rural or urban areas. This distinction suggests experienced entrepreneurs may be better positioned to formalize, protect, and commercialize innovation in ways that translate into economic and social value. This may reflect stronger industry knowledge, broader professional networks, greater strategic orientation, or simply a deeper understanding of how to navigate commercialization processes.

4. Protecting innovation mattered more than innovation activity alone.

Not all innovation activities produced equal outcomes. Simply investing in R&D or hiring specialized talent did not reliably translate into local economic impact. What mattered most was formalized and protected innovation,

particularly patents. This distinction is important because many firms and policymakers focus heavily on innovation inputs while assuming those inputs naturally lead to outcomes. Our findings suggest the opposite: innovation appears most impactful when it produces tangible, defensible assets that can be leveraged strategically in the marketplace.

Takeaways for Entrepreneurs, Ecosystem Builders, and Policymakers

1. Execution maturity matters.

Innovation activity alone is not enough. What matters is the ability to convert innovation into scalable, defensible outcomes. Protecting intellectual property and building commercialization capabilities may be just as important as generating ideas in the first place.

2. Policymakers should avoid over-indexing on youth.

Younger founders remain critically important to entrepreneurial ecosystems, but experience appears to play a major role in translating innovation into measurable economic and social impact. Ecosystem strategies may benefit from supporting entrepreneurs across a wider range of life and career stages.

3. Formalized innovation creates stronger signals.

Patents are not simply legal protections. They can also function as strategic signals to investors, partners, and markets. Entrepreneurs should ask whether their innovation efforts are creating proprietary assets that strengthen long-term positioning and credibility.

4. Geography may matter less than commonly assumed.

The rural-versus-urban divide was less influential than expected. This suggests entrepreneurs in less dense or resource-constrained environments should not assume structural disadvantage is destiny. Founder capabilities and execution strategies may matter more than location alone.

5. Policy support should focus on outcomes, not just inputs.

Many entrepreneurship programs emphasize inputs such as R&D funding, innovation grants, or hiring subsidies. Our findings suggest policymakers should

pay closer attention to whether those investments ultimately translate into protected, market-relevant innovation capable of generating measurable local benefits.

Conclusion

Entrepreneurship is often framed as a universal solution for local economic development, but our findings suggest the relationship is more nuanced. Impact is not driven simply by the presence of startups or by innovation activity alone. Rather, measurable outcomes appear tied to the ability to convert innovation into protected, commercially relevant value.

Perhaps most importantly, this research challenges the assumption that younger entrepreneurs are the primary drivers of innovation-led local development. Younger founders unquestionably play an important role in entrepreneurial ecosystems, but experience appears to remain a critical factor in translating ideas into economic and social impact.

In this sense, older entrepreneurs may be uniquely positioned to navigate complexity, formalize innovation, and capture value in ways that benefit both their ventures and their communities.

Ultimately, our findings suggest success depends less on where entrepreneurs are located and more on how effectively they structure, protect, and execute their innovation strategies.

Explore the Research

Matricano, D., Liguori, E. W., & Wilson, G. A. (2025). Innovative start-ups and local development: an investigation of the relevance of entrepreneurs' age in rural vs. urban areas. *Entrepreneurship & Regional Development*, 1-19.

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