

# Nonmetropolitan 'Vetpreneurs': A Demographic Profile of Military Veterans Owning Businesses in Rural America

Charles M. Tolbert<sup>1</sup>, Craig W. Carpenter<sup>2</sup>, John Anders<sup>2</sup>, Michael Lotspeich<sup>1</sup>

<sup>1</sup> Department of Sociology, Baylor University, <sup>2</sup> Department of Agricultural Economics, Texas A&M University

## Prior research

1 in 10 businesses in the United States are veteran-owned.

Veterans are disproportionately likely to reside in nonmetropolitan areas.

There is limited or no academic research on veteran-owned business, and most has been descriptive rather than explanatory.

Studying veteran-owned businesses draws upon existing techniques used in other entrepreneur subgroup research.



## Current state

Our initial pass through the SBO suggests that the demographic profile of veterans who own small businesses in nonmetropolitan communities is strikingly similar to the non-veteran profile. We will next compare veteran-owned business outcomes to those of non-veteran-owned firms.



## Our next steps

**Evaluate** the effect of community, business-owner, and business factors on the survival and growth of vetpreneurs.

**Evaluate** the regional economic impact of veteran entrepreneurship in terms of income, income inequality, population, and poverty.

**Incorporate** findings into vetpreneur programs in Texas as a pilot program.

**Distribute** results through academic and Extension channels for incorporation into nationwide programs.

Investigations into subgroups of entrepreneurs (e.g., veteran-owned businesses, and further subgroups of veterans, such as by race/ethnicity, metropolitan/nonmetropolitan and disability status) using publicly available microdata is impossible due to limited sample size and the unavailability of public microdata. *The use of U.S. Census Bureau datasets on the Federal Statistical Research Data Center (RDC) system to investigate business owner subgroups is a more fruitful approach.* Using this restricted microdata from multiple federal agencies, we use econometric methods to develop and examine a representative sample of millions of veteran-owned businesses in the United States. In turn, we will incorporate these findings into Texas AgriLife Extension programs as a pilot project, aiming to inform veteran programs nationwide.

**Table 1.** Active-duty and reserve component member demographics, percent, branches of the armed services under DoD (Army, Navy, Air Force)

	Population Estimate <sup>1</sup> % of 18-39 yr old HSG	FY18 Enlisted <sup>3</sup>	FY18 Warrant Officers <sup>3</sup>	Population Estimate <sup>1</sup> % of 25-54 yr old CG	FY18 Officers <sup>3</sup>
White	73.38	69.12	74.07	75.74	78.38
Black	17.69	18.67	14.35	9.88	8.84
Asian	1.98	4.17	2.75	11.99	4.78
AMI / AL	3.66	1.16	0.67	0.54	0.57
H / PI	0.73	1.03	0.52	0.28	0.49
U / M <sup>2</sup>	2.56	5.86	7.65	1.57	6.94

	Population Estimate <sup>1</sup> % of 18-39 yr old HSG	FY18 Enlisted <sup>3</sup>	FY18 Warrant Officers <sup>3</sup>	Population Estimate <sup>1</sup> % of 25-54 yr old CG	FY18 Officers <sup>3</sup>
Hispanic	25.77	13.54	9.09	9.83	6.85
Non-Hispanic	74.23	83.86	89.95	90.17	88.40
Unknown	-	2.61	0.96	-	4.74

	Population Estimate <sup>1</sup> % of 18-39 yr old HSG	FY18 Enlisted <sup>3</sup>	FY18 Warrant Officers <sup>3</sup>	Population Estimate <sup>1</sup> % of 25-54 yr old CG	FY18 Officers <sup>3</sup>
Male	57.15	82.65	90.12	46.03	81.22
Female	42.85	17.35	9.88	53.97	18.78

<sup>1</sup> Source: U.S. Census Bureau, Current Population Survey (2018)  
<sup>2</sup> The collection of statistics on race is inconsistent across the branches of service, and does not align with racial measures used by U.S. Census Bureau. For the purposes of this poster, we have collapsed mixed and unknown data into the same cell.  
<sup>3</sup> Source: Defense Manpower Requirements Report - Officer and Enlisted Flow Data; Office of the Assistant Secretary of Defense for Manpower and Reserve Affairs

**Table 2.** Small business firm owner demographics, percent, t-test<sup>4</sup>

	Veteran	Non-Veteran	μ
Male-owned	73	53	55***
Female-owned	8	36	32***
Male/female-owned (equal)	19	11	12***
Minority-owned	8	13	13***
Non-minority-owned	91	86	87***
Hispanic-owned	2	5	4***
Non-Hispanic-owned	98	95	95***

**Table 3.** Small business owner's military service (all that apply), percent, t-test<sup>4</sup>

	Veteran	Non-Veteran	μ
Disabled Veteran	6	0	1***
Served Active Duty	39	0	5***
Served Active Duty after 9/11	2	0	0***
Served Active Duty in 2012	XX	XX	XX
Served in Nat'l Guard or Reserve	2	0	0***
Other Service	13	0	2***

**Table 4.** Small business owner's education, percent, t-test<sup>4</sup>

	Veteran	Non-Veteran	μ
Less than High School	4	7	6***
High School	29	27	27***
Technical or Trade School	8	10	10***
Some College, no degree	20	17	17***
Associate Degree	7	7	7
Bachelor's Degree	18	20	20***
Master's or Ph.D.	13	13	13***

**Table 5.** Small business owner's past experience, percent, t-test<sup>4</sup>

	Veteran	Non-Veteran	μ
Primary Source of Income	45	52	51***
Owned a Prior Business	41	35	36***

**Table 6.** Role of small business owner in firm (all that apply), percent, t-test<sup>4</sup>

	Veteran	Non-Veteran	μ
Manage the day to day	75	74	74***
Providing services or goods	63	67	66***
Financial control and authority to sign	58	57	57***
None of the above	8	8	8***

**Table 7.** Average number of hours per week spent by small business owner, percent, t-test<sup>4</sup>

	Veteran	Non-Veteran	μ
No hours	5	4	5***
Less than 20 hours	34	33	33***
20 to 39 hours	19	19	19
40 hours	10	10	10***
41 to 59 hours	18	20	19***
60-plus hours	14	14	14

**Table 8.** Legal form of firm organization, t-test<sup>4</sup>

	Veteran	Non-Veteran	μ
Sole-Proprietorship	76	77	77***
Corporation	8	6	7***
1120 S-Corp	9	9	9*
Partnership	8	7	8***

**Table 9.** Small business firm characteristics, t-test<sup>4</sup>

	Veteran	Non-Veteran	μ
Reported Annual Payroll (\$1,000)	57	130	121**
Firm level receipts (non-noisy, \$1,000)	391	970	890**
March 12 Employment	1.8	3.5	3.2***
Longevity of Business (years)	16.6	12.3	13.0***
Length of Ownership (years)	15.4	10.7	11.4***

**Table 10.** Industry type of firm (2-digit NAICS), percent, t-test<sup>4</sup>

	Veteran	Non-Veteran	μ
Construction	16	15	15***
Retail	11	11	11***
Transportation	7	4	5***
Finance and Insurance	4	3	3***
Real Estate	10	8	8***
Professional/Technical Service	10	9	9***
Administration and Support	7	8	8***
Health Care	5	8	8***
Other Services	12	14	13***
Other	19	20	20***

**Table 11.** Source of capital to start or acquire firm (all that apply), t-test<sup>4</sup>

	Veteran	Non-Veteran	μ
Personal Savings	59	55	55***
No Startup Needed	18	22	22***
Business Loan from Bank	16	14	14***
Credit Cards	8	7	7***
Home Equity Loan	4	3	4***
Don't know source	6	7	7***

**Table 12.** Amount of capital to start or acquire firm (all that apply), t-test<sup>4</sup>

	Veteran	Non-Veteran	μ
Less than \$5,000	30	29	29
Between \$5,000 - \$10,000	9	8	8***
Between \$10,000 - \$25,000	10	8	9***
Between \$25,000 - \$50,000	6	6	6
Don't know amount	12	13	13***

<sup>4</sup>Source: U.S. Census Bureau, 2012 Survey of Business Owners and Self-Employed Persons (SBO). All samples are restricted to nonmetropolitan counties.

\* p ≤ 0.05, \*\* p ≤ 0.01, \*\*\* p ≤ 0.001

Any opinions and conclusions expressed herein are those of the author(s) and do not necessarily represent the views of the U.S. Census Bureau. This research was performed at a Federal Statistical Research Data Center under FSRDC Project Number 2120. All results have been reviewed to ensure that no confidential information is disclosed.

The appearance of U.S. Department of Defense (DoD) visual information does not imply or constitute DoD endorsement. Images have been digitally manipulated by the Defense Visual Information Distribution Service (DVIDS) to preserve identity security, and are available in the public domain. DVIDS provides an accurate, reliable source for media organizations to access U.S. service members and commanders deployed in support of military operations worldwide.



United States Department of Agriculture  
 National Institute of Food and Agriculture

