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VIETNAM-ERA VETERANS AND ENTREPRENEURSHIPJerry F. Boren
Veterans Small Business Project
Newtonville, Massachusetts
Completed March 1985**I. Purpose of Study**

According to recent government statistics, there are 8.3 million Vietnam-era veterans in this country, approximately one-third of whom served in Vietnam. These men and women represent about 30 percent of all veterans. They are of special interest to the SBA not only because of their status as veterans, but because they are members of an age group, roughly 36-55 years of age, that typically produces new entrepreneurs.

This study was designed to increase the understanding of the interests, needs, and barriers that Vietnam-era veterans have in starting and operating small businesses. It analyzes data on military background, personal and family background, and business interests and experience. The study examines several aspects of Vietnam-era veterans: the extent to which they aspire to become small business owners and operators; their experience with and perceptions of the legal and financial institutions important to their success; characteristics of successful Vietnam-era veteran entrepreneurs such as age, experience, and education; and considerations affecting disabled Vietnam-era veterans in the pursuit of self-employment.

II. Highlights

Four important factors hinder the Vietnam-era veteran seeking success in a small business venture:

- o the strong feeling of alienation experienced by many Vietnam-era veterans makes it difficult for them to function effectively within basic social institutions;
- o physical disabilities and a psychological condition often diagnosed as post-traumatic stress syndrome;
- o the high risk of starting a small business; and
- o low levels of education and/or minority group status of a disproportionate number of Vietnam-era veterans.

III. Scope and Methodology

A sample of 472 respondents in four states (Massachusetts, New York, Ohio, and Texas) was generated to include sufficient numbers of a variety of entrepreneurial types, including black, Hispanic and disabled veterans. This sample was developed through the use of major national veterans' groups (American Legion, Veterans of Foreign Wars) and the national, state and local Vietnam-era veteran organizations. Through the cooperation of leaders, a representative number of these organizations in each of the states was included in the study.

The study identified four entrepreneurial types of veterans which are assumed to represent various stages of the entrepreneurial experience from aspiration to successful operations.

1. Aspiring entrepreneurs have a high level of interest, have seriously considered starting their own business in the near future, and have taken steps in this direction.
2. Disappointed entrepreneurs have no strong aspirations but have tried unsuccessfully to start their own business. They may have put together a loan package or business plan and approached SBA or a bank for start-up capital or taken other steps.
3. Unsuccessful entrepreneurs have been able to get a business underway only to see it fail within the first three years.
4. Successful entrepreneurs currently own and operate their own business and have been doing so for at least three years, or they operated a business previously for at least three years and left that business for reasons other than economic failure or personal stress.

Using various mailing and follow-up techniques and with the help of the organization leaders, the investigators located sufficient numbers of veterans in each entrepreneurial category examined.

Data for this study were collected using a questionnaire-based survey supplemented by two sets of in-depth interviews. One set was conducted with veterans who participated in the questionnaire sample; the second set was conducted with persons referred to as institutional decision-makers--key leaders in the private and public sectors.

Sixty veterans who had completed the questionnaire were selected for in-depth interviews based on five criteria: entrepreneurial type, minority status, disability, experience with government, and experience with private institutions.

IV. Summary

The study indicates that between 700,000 and 1,000,000 Vietnam-era veterans have a strong interest in owning and operating their own business. These veterans are most interested in opening a business in the retail or services sector.

Overall, occupation is the best clue to entrepreneurial aspiration. Blue collar workers are more likely than white collar to have strong desires to open their own business.

Vietnam-era veterans are most likely to own and operate businesses in the service and retail sectors. Compared with entrepreneurs in general, veterans are more likely to be in manufacturing and less likely to be in finance, insurance and real estate or agriculture. Ninety-two percent of veteran-owned businesses have fewer than 20 employees. Vietnam-era veterans tend to co-own with or employ other veterans.

Whereas veterans from less advantaged groups tend to use the programs and services of the SBA, veterans from groups with greater social and economic advantage use the business-related services in the private sector. Disabled and minority veterans are more likely to use SBA services than non-disabled and white veterans.

Disabled veterans are much more likely than the non-disabled to fail in starting and operating a business. Disabled veterans are most likely to aspire to own and operate businesses in the retail sector but usually enter the service sector instead. They also seem to encounter stronger barriers to entry into the manufacturing and finance, insurance and real estate sectors.

Successful veteran entrepreneurs are slightly less likely to be members of Vietnam-era or other veterans' organizations.

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