



U.S. Small Business Administration
Office of Advocacy

Small Business Research Summary

RS Number: 70

PROFILING ENTREPRENEURIAL VETERANS

Mid-Atlantic Research, Inc.
Williamsburg, Virginia
Completed March 1984

I. Purpose of Study

This study attempts to determine if military service, particularly combat service, affects entrepreneurial motivations and behaviors of business school graduates.

II. Highlights

- o Survey results indicate that the decision to go into business for oneself is most frequently caused by the "push" of dissatisfaction with a previous job or by the "pull" of attractive business opportunities.
- o Researchers hypothesize that the two major internal factors contributing to the decision to become self-employed include childhood experiences and exposure to role models. Group discussions and mail survey results confirm the importance of exposure to entrepreneurial role models.
- o Although conclusions derived from past research studies frequently conflict, four general traits characterizing entrepreneurs were identified in the research. These characteristics include a strong need for independence and autonomy, a high degree of risk-taking a strong desire for achievement, and confidence in their ability to control their future. Survey results suggest that entrepreneurs are more frequently male, older, and better educated, and that they earn higher incomes than non-entrepreneurs. In general, entrepreneurs are more satisfied with their current employment situation and are less likely to use federal assistance programs.
- o Researchers identified the influence of three major external factors contributing to the decision to become self-employed. These factors were availability of financing; emotional support from family members, especially the spouse; and access to other "programmatic" resources, such as technical assistance.

- o Many entrepreneurs said that conceptual and logical skills developed in business school influenced their decision to become self-employed.
- o Veterans are more likely than nonveterans to become entrepreneurs. However, survey results suggest that this occurrence is more the result of demographic distinctions between veterans and nonveterans than the experience of military service. Veterans who were officers or who served in World War II were most likely to be self-employed.

III. Scope and Methodology

The study was conducted in three stages. First, exploratory research was conducted, surveying existing literature on entrepreneurship and the effects of military service. Additionally, alumni from four business schools participated in focus group interviews.

The second stage consisted of a mail survey of a random sample of alumni from six business schools. This survey attempted to distinguish between demographic characteristics, career experiences, and work-related attitudes of entrepreneurs and non-entrepreneurs. Researchers defined entrepreneurs as having an ownership interest in a business which they managed and to which they made a major contribution of their time and effort. The survey response rate was 26.1 percent or a total of 5229 respondents. Respondents were classified as either entrepreneurs or non-entrepreneurs and veterans or nonveterans. Additionally, profiles were developed for veterans who served in World War II, the Korean War and the Vietnam War. Thirty percent of the respondents were entrepreneurs and 31.7 percent were veterans, 36 percent of whom served in World War II, 22 percent in the Korean War and 38 percent in the Vietnam War.

In the third phase, policy recommendations were presented based on interviews with experts in entrepreneurship and military service from the U.S. Small Business Administration (SBA), veterans' organizations, and selected business schools.

Researchers developed a model of entrepreneurial motivation and behavior to operate as a guide for the hypotheses testing of survey results. The model concentrates on the period at which the individual decides whether or not to operate his own business. Internal factors in the decision process include psychological characteristics, demographics, and career experiences, while external factors include resources and constraints, such as the availability of financing, emotional support from family members, and access to technical assistance.

IV. Summary

The researchers make a series of policy recommendations to assist veterans attempting to operate their own businesses. Their recommendations include continuation and expansion of management training programs, continued coordination between SBA assistance programs and business schools, encouragement of local veteran support groups, maintenance of existing standards and interest rates for veteran loans and monitoring of federal procurement from veteran-owned businesses. The researchers suggest that SBA increase the public's awareness of its management assistance and training programs and work more closely with veteran organizations.

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