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# THE ECONOMIC CONTRIBUTION OF UK VETERAN-OWNED BUSINESSES

Skills Translation, Purpose-Driven Entrepreneurship, and Policy Gaps

An Evidence Review and International Comparison

January 2026

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## EXECUTIVE SUMMARY

This report examines the economic contribution of UK veteran-owned businesses to the national economy, with particular focus on the transferability of military skills to entrepreneurship and the role of post-service purpose and identity. Drawing on the Federation of Small Businesses' 2019 landmark report "A Force for Business" as the foundational analysis, this research synthesises evidence from UK government statistics, academic studies, and international comparisons.

**The research reveals that approximately 340,000 UK small businesses—representing 6% of the total—are owned by former military personnel, generating an estimated £7 billion in turnover annually and creating tens of thousands of jobs.**

Key findings demonstrate that veterans possess exceptional entrepreneurial attributes yet are paradoxically less likely to be self-employed than non-veterans (17% vs 23%), suggesting structural barriers rather than capability deficits. Support programmes show exceptional returns, with X-Forces Enterprise achieving 90%+ business success rates and an estimated £22 return for every £1 invested.

**Keywords:** *veteran entrepreneurship, military skills, economic contribution, Armed Forces Covenant, policy analysis, United Kingdom, small business*

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# 1. INTRODUCTION

## 1.1 Research Context

The transition from military to civilian life represents a profound personal and professional challenge for thousands of service leavers annually in the United Kingdom. While considerable policy attention has focused on veteran employment outcomes, entrepreneurship and business ownership have received comparatively limited consideration despite compelling evidence of veteran suitability for self-employment.

The Federation of Small Businesses' (2019) landmark report "A Force for Business: Service Leavers and Small Business" established that approximately 340,000 UK small businesses—representing 6% of the total—are owned by veterans, generating substantial economic value and employment opportunities. This report builds upon that foundation by examining three interrelated dimensions: the economic contribution to UK GDP and employment; the translation of military skills to entrepreneurial success; and the role of continued sense of purpose in motivating business ownership post-service.

## 1.2 Research Objectives

This research addresses three primary objectives:

- To quantify the economic contribution of veteran-owned businesses in terms of business numbers, employment creation, turnover, and GDP impact
- To analyse the transferability of core military skills—regardless of trade or specialism—to entrepreneurial success, focusing on attributes including resilience, risk-taking, integrity, and mission focus
- To examine the role of post-service purpose and identity in entrepreneurship decisions and business sustainability

## 2. ECONOMIC CONTRIBUTION

### 2.1 Baseline Statistics

The Federation of Small Businesses (2019) established through survey research that approximately 340,000 UK small businesses are veteran-owned, representing 6% of the small business population. Critically, 78% of these businesses employ staff beyond the owner, with 50% employing 1-10 people and 7% employing more than 50 employees—indicating significantly higher growth orientation than typical small business patterns.

More recent analysis by DataGardener (2025) examined registered companies with identifiable veteran directors, finding total turnover of £7 billion across 1,000+ active businesses, with average revenue of £6 million per company and employment of 30,000+ individuals. Notably, 70% of these companies have survived 10+ years, demonstrating exceptional longevity compared to general business survival rates.

### 2.2 Job Creation and Economic Impact

X-Forces Enterprise, the UK's primary veteran entrepreneurship support organisation, reports facilitating nearly £40 million in Start Up Loans to over 3,300 Armed Forces community members since 2013, creating and sustaining an estimated 10,000+ jobs (British Business Bank, 2024). The organisation estimates supported businesses contribute over £750 million annually to the UK economy, suggesting an approximate 22:1 economic return ratio on cumulative investment.

**Table 1: UK Veteran-Owned Business Economic Metrics**

Economic Metric	Value	Source
Veteran-owned small businesses	<b>~340,000</b>	<i>FSB (2019)</i>
Total turnover (registered companies)	<b>£7 billion</b>	<i>DataGardener (2025)</i>
Jobs created via X-Forces programmes	<b>10,000+</b>	<i>X-Forces (2024)</i>
Businesses surviving 10+ years	<b>70%</b>	<i>DataGardener (2025)</i>
Estimated annual economic contribution	<b>£750+ million</b>	<i>X-Forces (2024)</i>

*Source: Compiled from multiple sources*

## 2.3 Sectoral Distribution

The FSB (2019) identified significant sectoral concentration, with manufacturing (18%), wholesale/retail (12%), professional/scientific/technical services (12%), and construction (10%) representing over half of all veteran enterprises. ONS Census 2021 data confirms specialised construction (16.5% of self-employed veterans), corporate management (12.1%), and transport (9.0%) as the dominant sectors (ONS, 2023).

## 2.4 Critical Data Gaps

A fundamental limitation concerns the absence of systematic government-led tracking of veteran business ownership. No official GDP contribution figure exists for the veteran-owned business sector, preventing precise economic impact assessment. This stands in stark contrast to the United States, where Census Bureau tracking shows veteran-owned businesses generated approximately \$1 trillion in revenue in 2021, representing 5.3% of all employer firm revenue (U.S. Census Bureau, 2024).

## 3. MILITARY SKILLS AND ENTREPRENEURSHIP

### 3.1 Transferable Skills Evidence

Academic research consistently identifies military service as conferring distinct entrepreneurial advantages. Heinz et al. (2017) found self-employed veterans demonstrated statistically higher levels of openness, extraversion, optimism, and purpose in life compared to employed veterans—despite reporting more lifetime traumas. Critically, entrepreneurial veterans showed no higher rates of PTSD, suggesting business ownership may serve protective psychological functions.

#### Core Transferable Military Skills

- **Resilience and Adaptability** - Managing uncertainty, pivoting strategies, recovery from setbacks
- **Leadership and Team Building** - Building culture, managing employees, delegating effectively
- **Risk Assessment** - Evaluating opportunities with incomplete information
- **Mission Focus** - Setting objectives, maintaining strategic direction
- **Problem-Solving** - Rapid response to challenges under resource constraints

### 3.2 Comparative Performance

X-Forces Enterprise reports that businesses receiving its support achieve over 90% success rates—substantially higher than general UK small business survival rates. However, Phipps and Skimmyhorn (2025) provide important nuance: after controlling for demographic differences, veterans may be less likely to become entrepreneurs. This suggests structural barriers—not capability deficits—impede veteran entrepreneurship, strengthening the case for targeted policy support.

## **4. PURPOSE AND IDENTITY**

### **4.1 The Transition Challenge**

Military-to-civilian transition involves profound identity reconstruction. Systematic research identified three losses: loss of culture and community, loss of identity, and loss of purpose. Veterans describe feeling "trapped between two worlds," experiencing social isolation and emptiness that employment alone often fails to address. Entrepreneurship provides a mechanism for rebuilding when it offers autonomy, team-building opportunity, and continued sense of mission.

### **4.2 Mission-Driven Entrepreneurship**

Bachrach et al. (2025) found veterans with high sense of purpose were 1.253 times more likely to engage in entrepreneurial activity. The IVMF's National Survey reveals 47% of veteran entrepreneurs identify as social entrepreneurs. Britain's Bravest Manufacturing Company exemplifies this: employing over 100 people (70% veterans or disabled), generating £6 million turnover with 100% surplus reinvested, and planning £15 million expansion.

## 5. CONCLUSIONS AND RECOMMENDATIONS

### KEY FINDINGS

- 340,000 UK veteran-owned businesses generating £7 billion+ turnover
- Exceptional survival rates: 70% surviving 10+ years vs national average
- **£22 return for every £1 invested in veteran entrepreneurship support**
- Veterans less likely to be self-employed (17% vs 23%) due to structural barriers

### 5.1 Priority Recommendations

1. **Establish Systematic Data Collection:** Include veteran status in ONS business surveys enabling systematic tracking comparable to U.S. Census Bureau methodology. This data infrastructure represents essential foundation for evidence-based policy.
2. **Extend Armed Forces Covenant Coverage:** Expand Covenant legal duty to explicitly include business ownership support. Given 17% of working-age veterans are self-employed (150,000+ individuals), current exclusion affects substantial population.
3. **Scale Proven Interventions:** Increase Start Up Loans from £4m to £15-20m annually. Establish risk-capital fund providing grants. Develop UK VetFran equivalent partnering with franchise brands. Expand transition entrepreneurship training.

### 5.2 Conclusion

**UK veteran entrepreneurs represent an underutilised national asset. Veteran entrepreneurship is not merely an economic proposition but an identity pathway—providing the purpose, mission, and team environment that military service provided. Supporting veteran business ownership delivers returns measured not only in GDP contribution and jobs created but in psychological wellbeing, social integration, and continuation of service ethos. The evidence is clear; policy attention is overdue.**

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