

***Exploring the Dimensions of Portfolio  
Entrepreneurship among Farm  
Households and the Links to the Rural  
Economy***

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***Introduction***

First theme: entrepreneurs or farmers?

- ◆ Who are the portfolio entrepreneurs?
- ◆ How do they contribute to the rural economy's growth engine?

Second theme: data collection strategies in the  
ARMS surveys:

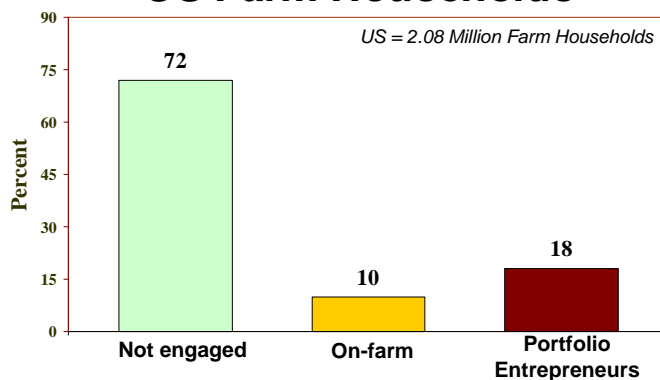
- ◆ Farm household activities ancillary to farming receive uneven attention, but yield useful results.
- ◆ How can we sharpen the survey's focus on farm household entrepreneurship?

## **Definitions**

Types of entrepreneurial activity:

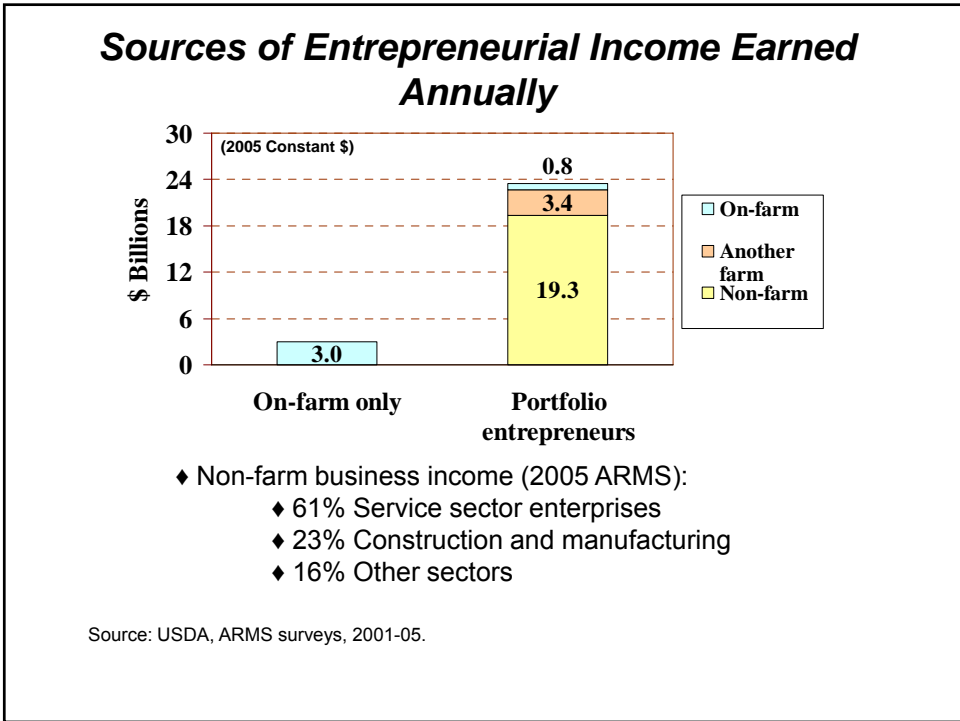
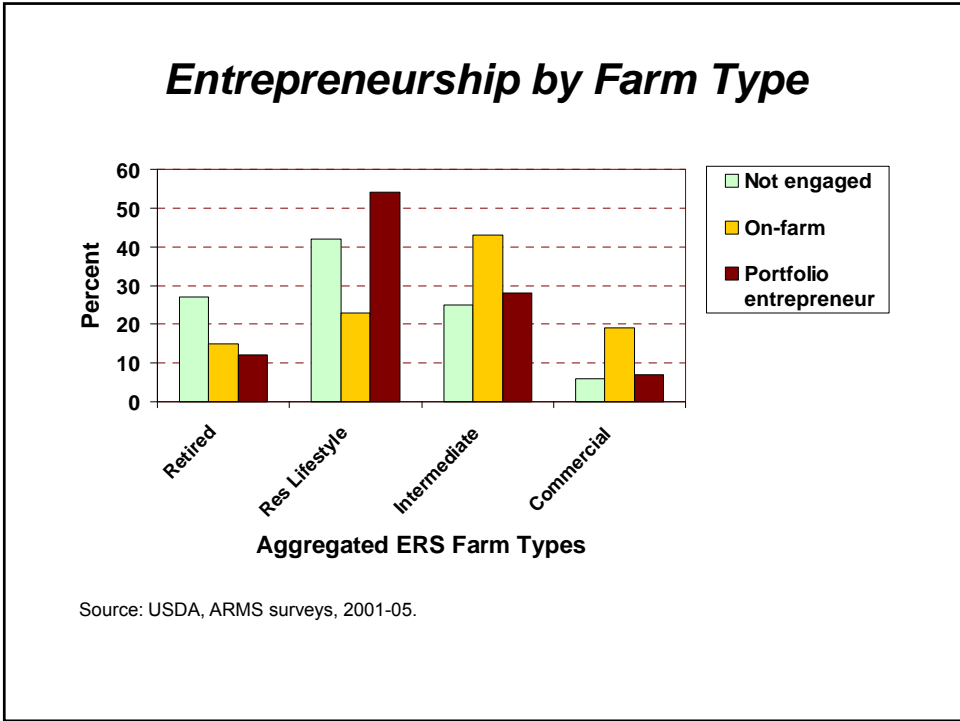
- ◆ NOT-ENGAGED – operates a farm only.
- ◆ ON-FARM – informal businesses but no separate accounting from the farm operation.
  - ◆ Custom or machinery work, recreation, forest products.
- ◆ PORTFOLIO ENTREPRENEUR – formal businesses with separate books.
  - ◆ Operates another farm, a nonfarm business, or both.

## **US Farm Households**

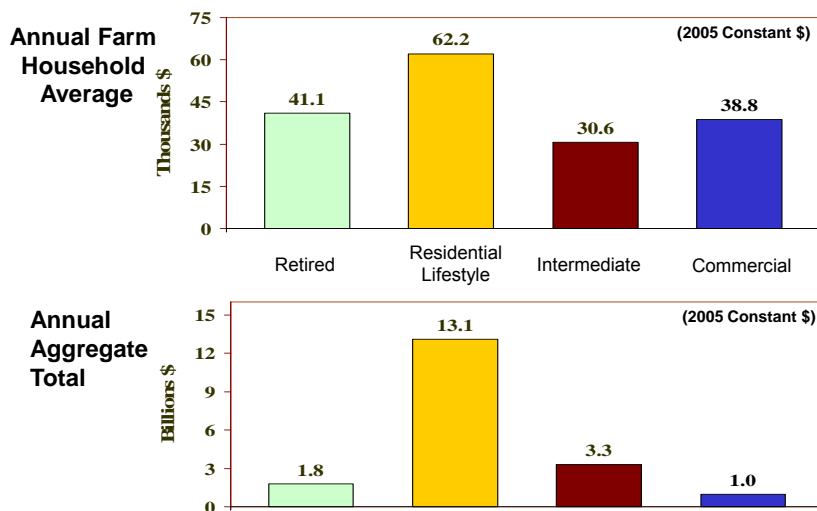


|                     |  |      |       |
|---------------------|--|------|-------|
| ◆ % Ag Production   | 61                                     | 22   | 17    |
|                     | – Thousands of 2005 Constant Dollars – |      |       |
| ◆ Ave HH Income     | 62.2                                   | 68.5 | 125.1 |
| ◆ Ave Entrep Income | –                                      | 14.2 | 63.9  |

Source: USDA, ARMS surveys, 2001-05.



### ***Non-Farm Enterprise Income by Farm Type***



Source: USDA, ARMS surveys, 2001-05.

### ***Measuring Economywide Linkages of Farm Household Entrepreneurial Activities***

Non-farm business income:

- ◆ Measurable non-farm impact on local economies – sales, labor income, & employment.

SAM estimates:

- ◆ Sales: \$99 billion.
- ◆ Labor income: \$34 billion.
- ◆ Total employment: 2.0 – 2.3 million jobs.

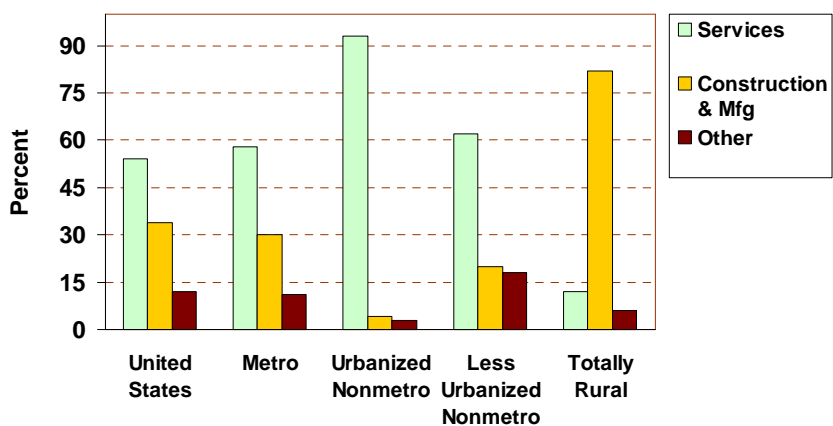
Source: Vogel (2007)

## Non-Farm Employment Linked to Farm Household Businesses

| Employment                | US    | <u>Type of County:</u> |                       |                               |                  |
|---------------------------|-------|------------------------|-----------------------|-------------------------------|------------------|
|                           |       | Metro                  | Urbanized<br>Nonmetro | Less<br>Urbanized<br>Nonmetro | Totally<br>Rural |
| Thousands of Jobs         |       |                        |                       |                               |                  |
| Direct empl.              | 726   | 32                     | 62                    | 235                           | 106              |
| Total empl.               | 2,124 | 909                    | 162                   | 671                           | 381              |
| % of regional labor force | 1.3   | 0.7                    | 1.6                   | 3.8                           | 10.5             |

Source: Vogel (2007)

## Regional Employment Impacts by Sector



Source: Vogel (2007)

### ***Consistency Checks and 'Groundtruthing'***

- ◆ 2006 ARMS question: how many employees worked for the off-farm business?

*Preliminary results:*

- ◆ 1.01 million jobs directly employed.
- ◆ (Estimated) total 2.6 – 2.9 million jobs.
- ◆ (Estimated) percent of regional labor force:
  - ◆ US – 1.8      Metro – 0.7      Urbanized Nonmetro – 1.2
  - ◆ Less Urbanized Metro – 10.2      Totally Rural – 7.6

Source: 2006 ARMS survey

### ***Conclusions***

- ◆ Almost 1 in 5 farm households operate another business.
- ◆ Portfolio entrepreneurship important to the rural economy growth engine.
- ◆ How do we distinguish between types of entrepreneurship among farm households?
- ◆ What are the right 2 or 3 questions to ask in future ARMS surveys?