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### First National Study of People with Disabilities Who are Self-Employed

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# Research Report

## First National Study of People with Disabilities Who are Self-Employed

In the last twelve years, interest has steadily grown in self-employment for people with disabilities. In part, this is due to research showing that people with disabilities report self-employment at a higher rate than the general population, and that 20-25 percent of participants in special "Choices" demonstration projects funded by the Rehabilitation Services Administration were interested in starting businesses.

In light of persistently high unemployment rates among people with disabilities, it appears that many have chosen to pursue self-employment.

RTC: Rural researchers exploring self-employment as a rural employment option frequently field questions about business owners with disabilities: How many people with disabilities are self-employed? Is it risky? What kinds of work do they do? How much money do they make? How did they get started and what was the initial investment? Are they satisfied with self-employment? Do they get benefits? How long have they had these businesses? How many hours do they typically work each week? To answer these and other questions, we conducted a national survey of business owners with disabilities.

### Our Research Goals

1. Gather information on the self-employment experiences of people with disabilities.
2. Use this information to improve services for current and future entrepreneurs with disabilities and the agencies supporting them.

### Research Process

We sent a 51-question survey to 1,059 individuals. 203 surveys were undeliverable and 390 completed surveys were returned. Of these returned surveys, 330 were usable (45 percent response rate). Here are characteristics of these particular business people with disabilities

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Gender	
Female	32%
Male	66%
Age	
20-29	3%
30-39	13%
40-49	34%
50-59	33%
60-69	10%
70+	7%
Race	
Caucasian	88%
African American	2%
American Indian	2%
Hispanic	2%
Other	2%
Highest Level of Education	
H.S. Graduate/GED	18%
Trade/Voc. School/ 2-yr. College Grad.	11%
Some College	30%
Bachelor's Degree	18%
Post-Grad/ Professional Degree	20%

Of these respondents, the typical business person with a disability was a middle-aged white male with some college education. We also asked respondents to indicate why and how they pursued self-employment.

### Getting Started: Why Did Respondents Choose Self-employment?

- Wanted to work for myself: 56%
- Identified need for product/service: 48%
- Wanted to make more money: 46%
- Wanted to own a business: 46%
- Needed to create own job: 44%
- To accommodate a disability (i.e. flexible hours and/or working conditions): 43%
- Other jobs unavailable: 15%

### How Much Money Did It Take to Get Started?

More than half of respondents made initial investments of less than \$10,000. Initial

investments came from one or more sources, such as personal savings (59%), credit card purchases/cash advances (30%), loans from family members (25%), lending institution loans (18%), and/or state Vocational Rehabilitation (VR) agency funding (16%).

Initial Investment Amounts: % of Respondents	
<\$500	9%
\$500-\$2,499	20%
\$2,500-\$4,999	9%
\$5,000-\$9,999	15%
\$10,000-\$19,999	12%
\$20,000-\$49,999	16%
\$50,000+	20%

### On the Job: Experiences of Self-employed Workers with Disabilities

These self-employed people with disabilities reported diverse career choices. They were construction contractors, manufacturers, printers, publishers, artists/designers, retailers, consultants, farmers/ranchers, lawyers, realtors, travel agents, and providers of varied services (computer-related, secretarial, employment, repair, etc.). 52 percent of respondents said that their disabilities moderately to substantially affected the manner in which they ran their businesses.

After onset of their disabilities, how long had respondents been self-employed?	
5 or fewer years	47%
6 - 10 years	27%
11 - 20 years	16%
21 or more years	8%
How many hours per week did respondents work?	
0-19	20%
20-29	16%
30-39	12%
40-49	15%
50-59	13%
60-69	14%
70+	10%

## How Financially Secure are Self-Employed People with Disabilities?

30 percent of respondents' businesses supplied over half of their total household income. 39 percent reported that their business incomes were adequate to maintain their desired standards of living. Of those households not entirely supported by the respondent's income, additional income came from a variety of sources.

Source of Supplemental Income % of Respondents	
Spouse's Income	33%
Social Security Disability Income (SSDI)	33%
Retirement benefits	22%
Veterans' Benefits	18%
Additional Job	17%
Investment Income	10%
Insurance or Legal Settlement	8%
Additional Business	3%

Annual Gross Income % of Respondents	
<\$5,000	34%
\$5,001-\$10,000	10%
\$10,001-\$20,000	10%
\$20,001-\$30,000	8%
\$30,001-\$100,000	10%
\$100,001-\$500,000	14%
>\$500,000	6%

Health care expenses are a concern for everyone, especially for those (such as the self-employed) who aren't covered by a traditional employer-subsidized health insurance program. Individuals with disabilities or chronic conditions frequently experience higher than average health-care-related expenses. How do business owners with disabilities fare regarding health care benefits?

Sources of Health Care Benefits for Business Owners with Disabilities (Respondents could choose more than one source)	
Medicare/Medicaid	44%
No Insurance	25%
Veterans/Military Benefits	24%
Other	20%
Covered under Spouse's Plan	16%
Own Company's Plan	10%

Of course, the rewards of self-employment are more than just generating income or acquiring the freedom to accommodate one's individual needs. There are intrinsic rewards that make the risk and investment in time and money worthwhile. We tried to determine whether these business owners with disabilities also experienced those intrinsic rewards. 91 percent said they enjoyed operating their businesses. 73 percent were satisfied with their businesses, 56 percent said that their businesses have met or exceeded their expectations, and 56 percent also described their businesses as "successful".

### Limitations of this Study

Respondents to this survey were members of the Disabled Businesspersons Association (DBA) and/or individuals who had sought assistance from state Vocational Rehabilitation agencies. Their responses may not be representative of all people with disabilities who are self-employed/business owners. It is very difficult to conduct such a "population-based" study. Other self-employed people with disabilities who have not received VR services or who are not DBA members may or may not be similar to our respondents.

### Next Steps

This initial study provides an opportunity to compare self-employed people with and without disabilities. However, to allow a broader assessment of entrepreneurship among people with disabilities, future research on self-

employment and business ownership within the general population should include questions about the disability status of respondents.

### **References and Resources**

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