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Vocational Rehabilitation and Small Business Development Center Linkages

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**Vocational Rehabilitation and
Small Business Development Center Linkages**

Background

Self-employment provides a variety of advantages including flexible hours, ability to work from home, an outlet for creativity, and a job that capitalizes on one's interests and talents (Clark & Kays, 1999). According to the 1990 United States Census, people with disabilities choose self-employment at a higher rate than people without disabilities (12.2% vs. 7.8%).

The 1998 Reauthorization of the Rehabilitation Act contains language that strengthens self-employment as a viable and expected Vocational Rehabilitation (VR) outcome. Likewise, Small Business Administration (SBA) initiatives which impact Small Business Development Centers (SBDCs) contain similar goals of enhancing self-employment service delivery for people with disabilities (SBA, 2000). While SBDC and VR agencies are both charged with providing self-employment services to people with disabilities, the two agencies have different areas of expertise.

SBDCs are versed in the intricacies of starting a business, including marketing, operations, and financial planning. VR counselors are experienced in serving individuals with disabilities and have discretionary resources that can be used for vocational training or business start-up costs.

Research Goals

The goal of the SBDC and VR Linkages Research Project is to better understand and facilitate linkages between VR and SBDCs that enhance self-employment outcomes for people with disabilities. To accomplish this, we surveyed 571 SBDCs across the United States. Of 537 deliverable surveys, 346 were returned for a 64% response rate. SBDC Program Directors were the primary respondents (62%).

The Linkages survey addressed several exploratory areas, including:

- **SBDC perceptions of their ability to serve individuals with disabilities and the adequacy of resources**
- **SBDC perceptions of people with disabilities who seek self-employment services**
- **Existing linkages between SBDCs and VR agencies.**
- **Characteristics of collaboration**

Results

SBDC Resources to Serve People with Disabilities:

SBDC programs are typically housed on college or university campuses. As such, it is not surprising that most programs meet accessibility requirements outlined in the Americans with Disabilities Act. These environmental accommodations, however, do not typically extend to accommodations for communications such as text telephones for people with hearing impairments, large print materials, or modified computer stations.

Seventy percent (70%) of respondents indicated that they had “no” or “a little” experience serving individuals with disabilities. Fifty-two percent (52%) of respondents disagreed with the statement that their SBDC

was knowledgeable about the services provided by VR.

SBDC Perceptions of People with Disabilities:

Respondents felt that people with disabilities had fewer resources to start their own businesses, including less capital, less collateral, and weaker credit ratings than people without disabilities. Conversely, most respondents felt that people with disabilities were as realistic in their expectations about a business’s potential, were more motivated to start their own businesses, and were as knowledgeable about business operations than people without disabilities. Table 1 describes SBDC perceptions of people with disabilities in self-employment.

Table 1: Perceptions about People with Disabilities and Self-Employment

Compared to others served by this agency, people with disabilities....	Strongly Disagree 1	Moderately Disagree 2	Moderately Agree 3	Strongly Agree 4
Have less capital to start their business (n = 333).	8.1%	21.0%	41.7%	29.1%
Have less collateral to secure a loan (n = 333).	8.1%	23.4%	41.7%	26.7%
Have as realistic expectation of the business’s potential (n = 327).	4.6%	30.9%	48.6%	15.9%
Are more motivated (n = 327).	3.7%	29.7%	55.7%	11.0%
Tend to start businesses that will generate smaller gross incomes (n = 328).	10.4%	24.4%	50.0%	15.2%
Require more staff assistance (n = 335).	13.7%	27.8%	43.3%	15.2%
Have worse credit ratings (n = 321).	20.6%	46.1%	28.3%	5.0%
Are less knowledgeable about business operation (n = 324).	27.2%	46.9%	21.6%	4.3%

Existing Linkages between SBDC and Vocational Rehabilitation Agencies:

A resounding 92% of respondents agreed with the statement “It would be helpful if staff of this SBDC could work with an agency that is knowledgeable about disability when providing business start up services for a person with a disability” and 93% of respondents felt that it was important for VR to assist with disability issues so that SBDCs could focus on business development. Fifty-seven percent of respondents said that their agencies routinely referred clients with disabilities to their state VR

agencies, and 38% indicated that the number of VR referrals have increased over the past three years. Despite the strong endorsement of an SBDC/VR relationship, however, only 9% of respondents reported having a formal interagency agreement at the state level.

Characteristics of Collaboration:

Seventy-three percent of respondents said that interagency collaboration between SBDC's and VR agencies was important or very important to enhancing self-employment services for people with disabilities. Established communication channels, role identification for each agency, and clear goals for collaboration were cited as the most important aspects of developing this relationship.

Specifically, SBDC respondents felt that VR agencies should assist with disability issues so the SBDC could focus on business development. Table 2 describes respondent views about the roles and responsibilities that Vocational Rehabilitation counselors might assume in a collaborative relationship.

Table 2: Vocational Rehabilitation Roles

How important is it that the Vocational Rehabilitation Counselor...	Not Important 1	Somewhat Important 2	Important 3	Extremely Important 4	Mean Values
Assists with disability issues so your SBDC agency can focus on developing the business? (n = 333)	.9%	6.6%	27.3%	65.2%	3.57
Develops an understanding with your SBDC about the SBDC's roles, responsibilities, and expectations in the process? (n = 332)	1.8%	4.2%	31.9%	62.0%	3.54
Develops an understanding with your SBDC about VR's roles, responsibilities, and expectations in the process? (n = 331)	.9%	4.8%	33.5%	60.7%	3.54
Provides clients with information about your program? (n = 333)	1.2%	8.7%	36.6%	53.5%	3.42
Informs your agency of the referral? (n = 332)	2.1%	13.9%	32.2%	51.8%	3.34
Provides insight on how to optimize your SBDC's interactions with the client? (n = 331)	2.7%	10.9%	38.7%	47.7%	3.31
Works with the client and your SBDC to address barriers to entrepreneurship presented by the client's disability? (n = 328)	3.4%	12.2%	40.5%	43.9%	3.25
Describes the person's disability to the SBDC counselor? (n = 332)	6.3%	21.7%	32.2%	39.8%	3.05
Arranges for SBDC follow-up once VR's involvement ends? (n = 328)	7.6%	22.6%	39.9%	29.9%	2.92
Accompanies the client to one or more meetings with the SBDC counselor? (n = 323)	22.0%	33.4%	30.3%	14.2%	2.37

Conclusions and Next Steps

The primary recommendation from the Linkages Survey is that SBDC and VR agencies develop interagency agreements. Data show a positive relationship between the presence of informal/formal agreements and enhanced self-employment services for people with disabilities. SBDC respondents who reported existing informal relationships or formal agreements with VR agencies also reported more experience serving people with disabilities, more interagency referrals, and more knowledge about meeting the needs of people with disabilities. Improved coordination between VR agencies and SBDCs has the potential to expand the depth and scope of both agencies' services, reduce fragmentation of services between agencies, and capitalize on the strengths of each program.

However, while SBDC respondents are willing to strengthen their relationship with VR, few state or local level agreements exist. The next step is to develop a collaborative process which can realize the desire for formal agreements and allow both agencies to help a person with a disability start the most successful business possible.

References

Clark, P. & Kays, A.J. (1999). *Microenterprise and the Poor: Findings from the Self-Employment Learning Project Five Year Study of Microentrepreneurs*. Washington, DC: Aspen Institute.

Small Business Administration News Release (November 1, 2000). *SBA outlines initiatives for people with disabilities, commits to hiring 300*. Retrieved 4/9/02 from World Wide Web: <http://www.sba.gov/news/archive00/00-97.html>.

For further reading:

Ipsen, C. & Arnold, N. (2002). *Rural Practice Guidelines: Developing a Collaborative Relationship between Vocational Rehabilitation Agencies and Small Business Development Centers*. Missoula: The University of Montana Rural Institute.

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