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A Rapid Review of Self-Employment Literature: Implications for the Vocational Rehabilitation Program

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Fact Sheet

A Rapid Review of Self-Employment Literature: Implications for the Vocational Rehabilitation Program

Overview

Business ownership is an important employment option for people with disabilities, particularly those living in rural areas with few employment opportunities (Arnold, Ravesloot, & Seekins, 1995; Arnold & Seekins, 1994). Researchers at RTC:Rural began conducting research on the use of self-employment by VR agencies in 1990. Since then RTC:Rural researchers have: developed model self-employment policies and procedures for Vocational Rehabilitation (VR) agencies (Arnold & Ipsen, 2005); developed self-employment training for VR counselors in both in-person and web-based formats (Arnold, Seekins, et. al., 1998, 1999, 2001, 2004); and explored cross-agency collaborations to support self-employment ventures (Ipsen, Arnold & Colling, 2003, 2005). This remains some of the only research on self-employment for people with disabilities.

To learn about research conducted outside the disability field, we conducted a rapid review of self-employment literature to identify promising practices with application to Vocational Rehabilitation service delivery. This report highlights those findings.

Methods

We searched Web of Knowledge, Science Citation Expanded, Social Sciences Citation Index, and the Arts & Humanities Citation collections for the time period January 2000 through January 2013 and used the search terms (1) self-employment, (2) self-employment and research, and (3) entrepreneur and research. We limited our review to articles presenting research results, written in English and conducted in the United States or counties in the European Union. The search returned 205 articles, of which 126 did not meet inclusion criteria based on abstract review. An additional 28 articles were eliminated after reading the full article.

Of the 51 remaining manuscripts, we identified 10 articles with relevance to VR self-employment practice. These articles and findings are highlighted in a results table.

Results

Of the 51 remaining manuscripts, we identified 10 articles with relevance to VR self-employment practice. These articles and findings are highlighted below.

| Citation | Brief description | Possible application to VR |
|--|--|---|
| <p>Athayde, R. (2009). Measuring enterprise potential in young people. <i>Entrepreneurship Theory and Practice</i>, 33(2), 481-500.</p> | <p>This research studied the impact of participating in a Young Enterprise Company Program in six secondary schools in London. Researchers found that participation resulted in positive attitudes toward self-employment and participants had greater enterprise potential than nonparticipants.</p> | <p>Young enterprise programs may be a tool for improving self-employment outcomes for transition aged youth.</p> |
| <p>Boden, R.J., Nucci, A.R. (2000). On the survival prospects of men's and women's new business ventures. <i>Journal of Business Venturing</i>, 15(4), 347-362.</p> | <p>This research compared the Census Bureau's 1982 and 1987 Characteristics of Business Owners survey data on a sample of white male and female sole proprietors. The survival of both male-and female-owned businesses is greater for owners with 10 or more years of prior work experience and/or 4 or more years of college. Business survival for the 1982 cohort was also positively related to the amount of start-up capital.</p> | <p>Clients who do not have the recommended amount of work experience or college may need additional education or mentoring for business survival. Adequate capitalization is also important to business survival.</p> |
| <p>Fairlie, R.W., & Robb, A. (2007). Families, human capital, and small business: Evidence from the Characteristics of Business Owners Survey. <i>Industrial & Labor Review</i>, 60(2), 225-245.</p> | <p>Secondary data analysis of the 1992 Characteristics of Business Owners survey revealed that successful small businesses were strongly correlated with prior work experience in a family member's business, but weakly correlated with having a self-employed family member.</p> | <p>Although prior work experience in a family member's business should not be used to screen out possible candidates, it could help identify stronger candidates.</p> |

| Citation | Brief description | Possible application to VR |
|---|---|--|
| <p>Hughes, K.D. (2003). Pushed or pulled? Women's entry into self-employment and small business ownership. <i>Gender Work and Organization</i>, 10(4), 433-454.</p> | <p>A qualitative study with 61 women who started a business in the 1990s found that a quarter to a third of respondents were pushed because of economic reasons. These women had lower incomes and were less satisfied with their income, job security, and ability to save for retirement than those who voluntarily started a business. Although pushed entrepreneurs were less satisfied than voluntarily self-employed in the areas of independence, creativity, authority, and personal fulfillment, both groups reported high levels of satisfaction.</p> | <p>Building on this idea, many VR consumers might feel pushed to start businesses. If so, it is likely they will earn lower incomes and have less stability in their business.</p> |
| <p>Kautonen, T., & Palmroos (2010). The impact of a necessity-based start-up on subsequent entrepreneurial satisfaction. <i>International Entrepreneurship and Management Journal</i>, 6(3), 285-300.</p> | <p>A study of 777 newly established Finnish entrepreneurs found that necessity-entrepreneurs were more likely to want to switch back to paid employment. But, they were less likely to do so if they earned a satisfactory living.</p> | <p>Most VR consumers are necessity-entrepreneurs, but because VR first looks at employment by a business, it is unlikely these consumers have limited options for switching back to paid employment.</p> |
| <p>Pagan-Rodriguez, R. (2012). Transitions to and from self-employment among older people with disabilities in Europe. <i>Journal of Disability Policy Studies</i>, 23(2), 82-93.</p> | <p>A labor-market transitions study using the European Survey of Health, Ageing, and Retirement for 2004 and 2007 showed that movement from self-employment to out-of-labor-force was higher for disabled than non-disabled individuals and also for people who changed from nondisabled to disabled status.</p> | <p>Although this study focused on older individuals with disability, VR should consider disability trajectory and accommodations when developing a business.</p> |

| Citation | Brief description | Possible application to VR |
|---|--|--|
| Patzelt, H., & Shepherd, D.A. (2011). Negative emotions of an entrepreneurial career: Self-employment and regulatory coping behaviors. <i>Journal of Business Venturing</i> , 26(2), 226-238. | A national survey of 2,700 US citizens showed that self-employed experienced fewer negative emotions than traditionally employed. Authors suggest that self-employed have autonomy and opportunity to use coping tools to regulate negative emotions. | VR consumers may benefit from self-employment if they have difficulty regulating negative emotions or maintaining employment in a traditional setting. |
| Stephan, U., & Roesler, U. (2010). Health of entrepreneurs versus employees in a national representative sample. <i>Journal of Occupational and Organizational Psychology</i> , 83(3), 717-738. | Using data from the 1998 German National Health Survey, researchers compared entrepreneurs' health with employees' health. Entrepreneurs showed significantly lower overall somatic and mental morbidity, blood pressure, hypertension rates, and somatoform disorders. They also had higher well-being and more favorable behavioral health indicators. | Because many VR consumers have complicated health profiles, self-employment might be a more beneficial option for maintaining health than working for an employer. |
| Van der Sluis, J., Van Praag, M., Vijverberg, W. (2012), Education and entrepreneurship selection and performance: A review of the empirical literature. <i>Journal of Economic Surveys</i> , 22(5), 795-841. | This research reviewed almost 100 empirical studies on the impact of formal schooling on entrepreneurship selection and performance in industrial countries. Findings make a strong case for investing in human capital through education at all levels. | Education may be an important factor when helping a VR consumer open a business. |

| Citation | Brief description | Possible application to VR |
|--|---|--|
| Walter, S.G., Dohse, D. (2012). Why mode and regional context matter for entrepreneurship education. <i>Entrepreneurship and Regional Development</i> , 24(9-10), 807-835. | Using data from over 6,000 student respondents in Germany, this study examined how modes of entrepreneurship education affect self-employment intentions. Active modes include more hand on learning (e.g., business simulations), while reflective modes include more theory and lectures. The effectiveness of reflective teaching was dependent on regional entrepreneurial activity, but active modes were positively related to self-employment intentions and attitudes in all regions. | If VR provides training for consumers to start a business, they may want to emphasize active learning modes. |

Conclusions

Self-employment is an attractive option for people with disabilities because it offers a means to economic independence while overcoming barriers (ODEP, 2013). For instance, self-employment allows people to remain close to an established support network (Seekins & Arnold, 1999), offers scheduling flexibility to address health issues that accompany disability (Clark & Kays, 1999; Office of Disability Employment Policy - ODEP, 2005; Stephan & Roesler, 2010), and reduces environmental barriers to employment such as inaccessible workspaces or transportation (Ipsen, 2012; ODEP, 2005). As such, increasing self-employment capacity within VR may be an important employment strategy. Research findings for the general population indicate that self-employment capacity is improved through active learning such as self-employment simulations, work in a family member's business, or participation in Young Enterprise of DECA types of programs. Additionally college education, adequate capitalization, and work experience factor into improved outcomes.

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