



# **Self-employment and social enterprises for people with disabilities: Possibilities and cautions**

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## Today's presentation agenda

- In the UK, as in the Netherlands, programmes aimed at moving disabled people into mainstream employment have low success rates (the Work Programme in the UK has a “success” rate of 5 percent—a lower rate than for people who received no “help” at all!)
- Self-employment and social enterprises are frequently suggested as ways to create work for people with a disability who are unable to find employment.
- Today I will discuss types of support for ZZPers with disabilities, and social enterprise issues focusing on disabled workers and starters, in the UK
- My presentation will include information about both positive and negative results. It will include official statistics but also the stories behind these—which may cause you to interpret the statistics in a different light.



## **Disabled people and barriers to employment**

- Direct discrimination
- Indirect discrimination
- Barriers to education or to gaining qualifications required by employers
- Lack of a “way back in” following segregated education
- Social exclusion (because most jobs are found through social contacts, and/or require references)
- Poverty—which limits options for travel, relocation, appearance, and access to further and higher education, and also leads directly to further social exclusion
- Sometimes, factors related to the disabling condition, which may directly affect the kind of work the person is able to do, or how productive they are able to be
- Inertia—fear of change.

But as the UK experiences I am about to describe will illustrate, change can be something worth fearing...



## **UK disability facts**

Statistics from the Office for Disability Issues:

There are 9.4 million disabled people in England, accounting for 18 per cent of the population.

- 45 per cent are male, 55 percent are female.
- The North East of England has the highest proportion of disabled people, accounting for 22 per cent of the population.
- The prevalence rate of disability rises with age – around 1 in 20 children are disabled, compared to around 1 in 5 working age adults, and almost 1 in 2 people over state pension age. Most disabilities begin during the working years.
- People are more likely to become disabled if they have a low income, are out of work, or have low educational qualifications (Papworth Trust, 2013).

## **The UK situation for people with disabilities**

- People with disabilities are 30 percent more likely to be unemployed than non-disabled people in the UK (Trotter, 2014; UK Office for Disability Issues).
- However, the safety net is being shredded, and the benefit system is now extremely hard to navigate:

*“Since 2008, reform to Incapacity Benefit means **650,000** more disabled people are now expected to seek work or risk losing their benefits. Since October 2012, at least **120,000** disabled people have been sanctioned\* in the benefits system” (ibid.)*

Let me put this into perspective: there are around half a million job vacancies in the UK at any given time, some are not “real jobs,” many of them are for highly specialised posts, and many more require relocation—a problem when the support you need is delivered by your local authority (Gemeente). So 650,000 disabled people are competing with 6.9 million non-disabled jobseekers (Ball, 2012) for 500,000 posts...

*\* “sanctioned” means being punished for things like not completing 20 job applications every week or arriving late for an appointment, by having all financial support cut off. It often leads to debt, hunger and homelessness, it has also led to several suicides by disabled people.*



## The UK situation for people with disabilities

- Forcing disabled people into Work Programme schemes in which they are blamed for their own worklessness, often verbally abused, and sometimes actually unsafe. These schemes do not provide training for work, they provide training in “how to get work.” **While on these schemes, people are counted as “employed.”**
- Forcing disabled people to work for up to 38 hours per week, for no pay, indefinitely. **While doing forced labour, they are counted as “employed.”**





## The UK situation for people with disabilities

- Closing down the sheltered factories and workshops run by Remploy. Only 12 percent of former Remploy workers, who were promised the very best specialist help available in finding work, are now employed. Remploy jobs were stable and covered by a union contract; Remploy supervisors had specialist training. Many ex-Remploy workers who have found work are now in temporary, part-time, low-paid work.
- In addition, disabled people have increasingly been the object of nasty public rhetoric by politicians, local and national—labelled as “shirkers,” frauds or useless eaters. At the street level, reports of disability hate crime are skyrocketing.
- And, most germane to today’s discussion, many benefit recipients, including disabled people, have been “strongly encouraged” (some might say forced...) to start small businesses. **They can then be moved onto Working Tax Credits rather than benefits, and ... are counted as “employed.”**



## Statistical tricks and tough realities

- If you took all that in—and I hope you did—you’ll see that the UK disability employment and unemployment figures are not trustworthy.
- You’ll also see that disabled people in the UK, unless they come from a wealthy family, are now in an extremely frightening position.
- That is not the best position from which to start a business.
- Many of the disabled people who are now “self-employed” in the UK earn little or nothing from self-employment. Their businesses are not viable; some are not actually businesses. To receive Working Tax Credits, you currently only report the number of hours you claim to work for your business. As long as you occasionally make some income and claim to work 16 hours per week or more, you can continue.
- This option has been slated for elimination, however... which will leave these individuals back on the benefits/jobseeking treadmill.
- However, there are a few bits of GOOD news to report!

# Disabled people and self-employment

- In the UK, and many other countries, disabled people are more likely to be self-employed than non-disabled people.
- Factors include workplace discrimination, and the need to set hours and conditions of labour (Jones and Latreille, 2006)
- Of disabled people in the UK who are in paid work of some kind, 18 percent of men and 8 percent of women are self-employed.



## Access to Work



- Access to Work is one UK programme that *does* work at helping disabled people get and maintain employment—including self-employment. However, Sayce (2011) calls it “Government’s best-kept secret.”
- “A2W” provides funding for disabled people who find a job, working people who become disabled, and disabled people who want to be entrepreneurs.
- Support for employees includes things like job coaches, sign-language interpreters, advice to employers, and adaptations to the workplace
- The self-employment aspect has been given extra funding this year (unfortunately there are growing reports that A2W for employees is deteriorating...)



## Access to Work and self-employment

- Disabled entrepreneurs can use A2W for direct, individual support—for example, covering the cost of travel if they are unable to use public transport, or paying a communication support worker to help them run their business.
- This fits with Liz Sayce’s findings in an extensive report to the DWP (2011) on employment for disabled people. The job market has changed, and temporary work, self-employment and “portfolio careers” are now the norm, especially for young people and disabled people. Rather than funding programmes, it makes more sense to fund support for people, and keep it going as they move in and out of workplaces and forms of employment.



## Access to Work: A success story

- Scott Angle has severe ADHD that occasionally results in behaviour problems as well as difficulties with attention.
- With help from Access to Work and the Enterprise Development Programme run by Remploy, he received computer equipment, support with organising tasks, a distraction-free workspace, and an experienced mentor.
- Using his existing skills in Web site design and development, he has developed a Web community for extreme sports enthusiasts. He hopes to earn money from advertising sales.





## **New Enterprise Allowance**

- A2W funds are also available to people using this scheme, which matches would-be ZZPers with an experienced mentor.
- The mentor is supposed to help you write your business plan, and give you advice during the first few months of trading.
- You may be able to borrow up to £1000 (not much money for a starter, but it's something!)
- You may be able to have a weekly £49 allowance for up to 26 weeks. This is even lower than Jobseekers's benefit, but you may also be able to claim Working Tax Credits and Housing Benefit.

By last year, around 7,000 disabled people had started businesses using the New Enterprise Allowance scheme, according to the DWP (2014). There is no data on how many of these businesses survived, or generate enough income to provide the owner with a decent standard of living.

## **SCORE (US)**

- Score in the US that has some sub-programmes aimed at disabled starters: <http://www.score.org/>
- Score matches would-be entrepreneurs with experienced, retired business managers who act as mentors.
- It also provides local classes for entrepreneurs, counselling and information.
- It works with state Vocational Rehabilitation programmes and the US Small Business Administration.
- More information can be found here about US entrepreneurship programmes for young disabled people—current focus is on entrepreneurship education in secondary school:

[http://www.idonline.org/article/Entrepreneurship\\_for\\_Youth\\_with\\_Disabilities](http://www.idonline.org/article/Entrepreneurship_for_Youth_with_Disabilities)



## **Disabled people and self-employment**

So... what factors make business succeed or fail? And how does this map across to the actual situation of disabled people who are considering self-employment?

- Being in business is not easy!
- Most small businesses fail. Undercapitalised small businesses run by inexperienced sole proprietors are the most likely form of business to fail.
- Think particularly carefully about what may face vulnerable clients in business: they may be ripped off by suppliers, conned by partners, make financial commitments that they cannot meet, be overoptimistic—and most will be flying without a net, unlike many typical starters.



## Disabled people and self-employment



Capital is the key—not just financial capital, but social capital

So if we want disabled people to succeed:

- How can we connect financial capital with disabled people?
- How can we help people who are socially excluded develop social capital?
- What kinds of innovative mechanisms can we use?



## **Disabled people and self-employment: Financial capital**

- Small grants schemes can be a lifeline
- Micro-loans have also been successful for some—but be cautious, where these schemes have been most successful in terms of loans being repaid, they are socially embedded (micro-loan clubs in close-knit communities).
- Financial management help and education is essential for many
- Many disabled entrepreneurs would benefit from a financing “brokerage” arrangement that could provide information about all forms of finance and financial support available to them, help with paperwork, and provide introductions and communication support when dealing with potential lenders or investors



## **Disabled people and self-employment: Financial capital**

- Matching would-be entrepreneurs with investors and lenders could be a role for the UWV or its contractors
- However, be careful not to oversell people...
- For example, some “positive about autism” literature for employers implies that all people with autism are good at IT, detail focused, loyal, reliable, good timekeepers – true for many, but not for all—and once burned twice shy. As someone mentioned at the first seminar in this series, it matters a lot who you refer to a company first: their success may determine your further success in sending potential employees to that company. It’s the same with lenders and other potential business suppliers or partners.



## Disabled people and self-employment: Social capital

- For many disabled people, the best form of self-employment is based on **development of a specialist skill**.
- A skill is something that you can always sell, even if you can't afford the best equipment yet (if you get a client, you can rent it), and even if you don't have your own premises.
- A specialist skill is something that is not easily duplicated by others. So when someone with perfect relative pitch is trained to be a piano tuner, they now have a way to make a living that their unemployed neighbour can't learn from reading a book, watching YouTube videos, or going on a course, and that cannot be replaced by a machine.
- This is highly individual, and requires individualised advice, aptitude testing and training. But—the investment is worth it, because as long as there are customers who value your skill, it's a sustainable model.



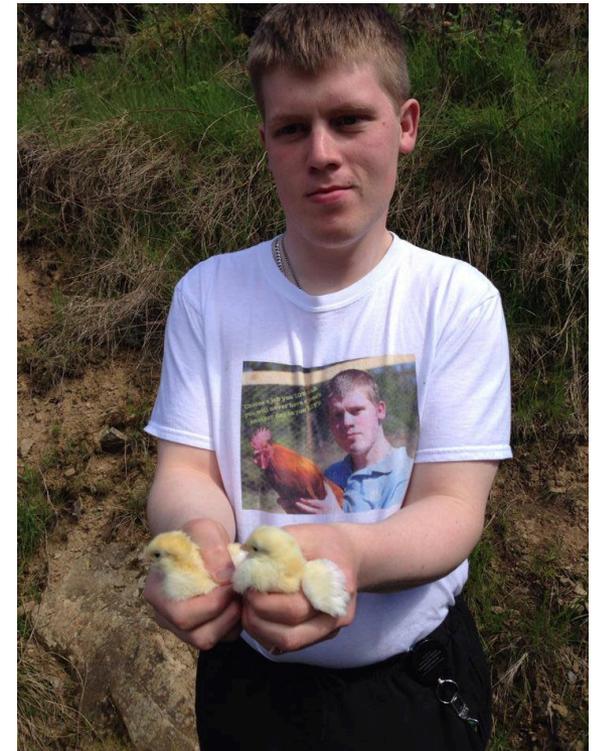
## **Disabled people and self-employment: Social capital**

- For others, self-employment opportunities include handcrafts, retail sales, service businesses such as cake-making, child care or mobile auto repair, or opportunities that arise because of outsourcing, such as medical transcription or copy-writing.
- Beware of literature that suggests it's easy to set up a business with little or no capital... some DWP materials suggest that claimants can do this with businesses like dog-walking, childcare and housecleaning. However, all of these require insurance, and one requires licensing and a criminal records check certificate.
- All three also require extensive social capital: middle-class friends and neighbours who can afford to pay for services
- There are very few self-employment opportunities that are financially viable for people with low intellectual ability and low educational attainment



## A successful example

- Gary Hadden has severe, intractable epilepsy and an intellectual disability.
- He lives in a rural area of England (North Lanarkshire) on a family farm.
- He raises chickens, collects their eggs and delivers them to local customers. At first he sold eggs only to family members and neighbours, but now sells to some local organisations.
- He received a grant from the Prince's Scottish Youth Business Trust to cover start-up costs, and completed a related college (FE) course.
- Using Direct Payments, he pays support workers who keep him safe and help with self care so he can run his small business.





## Lessons from Gary's Eggs

- For Gary Haddon to run his business, he needs the state to pay several people to work for him part-time. His mother has to manage his Direct Payments and other business-related paperwork.
- He needed a grant to cover start-up costs.
- Gary and his family are well-known in their small local community—this social capital is really what made his idea a viable business. For urban or isolated individuals, we need initiatives that create social capital.
- When these ventures are successful, they are fantastic for the individual: they bring a sense of purpose, a feeling of control, and in some cases a better standard of living.
- However, they can be more costly for the state than disability benefits and non-work support alone (although there may be long-term savings in terms of lower health and social care costs).



## **Disabled people and self-employment**

- Business today is not necessarily stable, and when you are coping with a difficult health condition, you need stability.
- People with intellectual disabilities, autism and mental ill health also have a strong drive for stability in their living conditions.
- Make sure what you do does not actually increase precarity: this may have both individual and social repercussions
- Like Gary, many disabled ZZPers will continue to need individualised support for self-care and for aspects of running a business that they cannot do.

# Social enterprises for people with disabilities



- There are many different definitions and forms of social enterprises. Perhaps the most common is *a company that has primarily social or environmental objectives, and reinvests surpluses (profits) into meeting these or back into the business.*
- Some social enterprises have been set up to create training and/or employment opportunities for disabled people; others provide services or products for disabled people.



## **Some social enterprises facts (UK)**

- A major 2007 report (Harding and Harding) found that 11.9 percent of starters were trying to create a social enterprise (broadly defined), and 35 percent of would-be entrepreneurs would like to do this. About 3 percent of UK businesses are social enterprises (including co-operatives).
- About 4 percent of “social entrepreneurs” are people with a disability (this is lower than the population average).
- 34 percent of social enterprise start-ups and 24 percent of SE owner-managers received over half their funding from government sources. Only 43 percent have an actual commercial revenue stream.
- Social enterprises are twice as likely to fail as other types of businesses.



## Social enterprises funding (UK)

- Social enterprises find it difficult to attract funding. Few funding sources target individuals, and most that do will only cover one-off costs (i.e. equipment, building a Web site, etc.). Typically, UK funding is from a bank overdraft or loans from friends or family, not investors or grants.
- Many social entrepreneurs work for free and invest their own funds—this is usually not an option for disabled people
- The Department of Work and Pensions has made some social enterprises “Work Choice prime contractors.” These are private supported workshop-style programmes.
- Other state funding sources include the NHS and local authorities. This is often for “spin-off” SEs providing a service that had been provided by the NHS or LE, such as care services.
- The Skills Funding Agency – may help SEs with cost of training
- Support is also available via the European Social Fund, other EU initiatives, and private foundations.



# Employment for disabled people through social enterprises

- There are many social enterprises in the UK that have creating employment opportunities for disabled people as a primary purpose
- An excellent report from RNIB (Sital-Singh, 2012) provides clear information about failures and successes:

*“The first lesson learnt about operating social enterprise for employment is the importance of employing staff in the beginning who are fully capable of delivering services to a commercial standard. This means that, especially at the outset of a new business, the majority of staff are unlikely to be clients who have not worked in many years, or who have additional disabilities and support requirements.*

*This means that social enterprise can provide employment and training opportunities for those further from the labour market, or those with additional needs, but that these clients would be supported most effectively through training placements, and after the business has established itself to suggest sustainability.” (p. 4)*



# Employment for disabled people through social enterprises

- In other words, unless the model includes continued state funding to cover the additional costs involved and low productivity, social enterprises are not a substitute for the current sheltered workshop system for low-ability/low-productivity workers.



## Social enterprises: The **good**, the bad and the ugly

- Evenbreak (<http://www.evenbreak.co.uk/>) is a job-matching service for disabled people, set up as a social enterprise and run by disabled people.
- It has a simple, accessible (tested) Web site and links with major national employers
- It provides good information for job seekers and employers, and runs events as well.



**evenbreak**

Matching employers who value diversity with talented disabled candidates

I'm looking for...

Job Title (e.g Sales Assistant)

in...

Select Location...





## Social enterprises: The **good**, the bad and the ugly

- It *is* possible for a social enterprise to pay decent wages!
- Sunderland Home Care Associates (<http://www.sunderlandhomecare.co.uk>) uses a co-operative business model.
- It provides support and care services to disabled people at home, and to disabled students at university.
- Some of its employees worked previously in heavy industry and have been classified as disabled. It also runs a social enterprise, Café on the Park, staffed by SHCA members with learning difficulties. They have just started a new SE, a garden centre, which will grow organic produce for the café.
- It is owned by its employees and has a “horizontal” management structure. As a result, staff are paid considerably more than the local average for agency workers, even though its rates are very competitive.

## **Social enterprises: The good, the **bad** and the ugly**

- I have seen the term “**stadslaverij**” used in relation to some social enterprises in the Netherlands. These are companies that take on a new set of low-paid “trainees” each year, then replace them with a new cohort rather than creating long-term, sustainable work. This attracts maximum state funds for the enterprise but produces little value for the workers, who have often been compelled to take the post by the benefit system.
- Some entrepreneurs set up fake social enterprises, specifically as a money-making venture. In the UK, aspects of the government have knowingly colluded with this: Lord Freud, a major policymaker, has defined disabled people as “stock” from which companies (Work Programme providers, social enterprises) are encouraged to profit.



## **Social enterprises: The good, the **bad** and the ugly**

- Some other social enterprises with an “employment” remit are not quite what they seem.
- Although their public face is one of smiling disabled workers who now have good jobs, the reality is often that half or more of the firm’s employees are not disabled, or that the term “disability” has been stretched to cover people who do not have particular difficulty in accessing work, or that the remit soon changes to “disabilities and other disadvantages,” which may include race, age, being a former asylum seeker and so on. They pay low wages to disabled people, but high wages to managers.
- These criticisms frequently apply to large-scale forms like Pluss in the UK, or Goodwill in the US.



## Social enterprises: The good, the **bad**, and the ugly

- Some aspects of Pluss (<http://www.pluss.org.uk/>) resemble a sheltered workshop. However, only half of its employees are “disabled,” and although their Web site references “people with complex disabilities” prominently, this group only makes up a part of that total.
- Pluss also provides job coaching and related services to link people with jobs in their community, with mainstream employers.
- They often receive far more pay for this service than the person will receive for their work over many months, because many workers are only in part-time work and at minimum wage.
- Many workers are in temporary or training posts, and will then bounce from training placement to benefits to Work Programme to social enterprises for the remainder of their lives, introducing uncertainty, instability and constant retraining in a population that often thrives best with certainty, stability and predictability.



## Social enterprises: The good, the **bad**, and the ugly

Goodwill is a huge US social enterprise known for providing jobs for disabled people (although today they actually make up only a part of its workforce). Its CEO earns over half a million dollars, but some of its workers are paid only 20 cents per hour.

Comment from a Goodwill employee in Georgia:

- *Not only is Goodwill awful with wages, they are absolutely horrid to their employees, especially in Georgia. There are many people who work for minimum wage that work hard and even injure themselves doing so, but according to management, it is never good enough. Something needs to happen to Goodwill, a major change. Goodwill is an absolute nightmare, but people are in such dire need of jobs, they will put up with anything. People should never have to go to work miserable and be mistreated, but it happens here.*

## Social enterprises: The good, the bad and the **ugly**



- The British high street is currently dominated by charity shops (many of them designated as “social enterprises”), which get all their stock and almost all of their labour for free—this is not a good deal for the people working there, nor is it a sustainable model for communities. When people don’t get paid, they cannot spend.
- Mainstream employers think that working in a charity shop is not a “real job” and do not take it seriously as a reference.



## **Beware the “disability industry” ghetto...**

- Most of the case studies of disabled entrepreneurs put forward by state or private agencies involved in disability self-employment, including social enterprises, in the UK involve disabled people running disability-focused business.
- These include equipment design and sales, advice bureaus, public speaking, diversity training, and so on.
- There is a limited market for these businesses, and I have seen many examples over the years of disabled people encouraged to go in this direction and failing after protracted difficulties in finding enough customers.



## What's next for the UK?

- Hopefully, a new government next year—although that may not solve the problem.
- Disabled People's Organisations and researchers are pushing for individualised approaches to employment, based on personal budgets for support (Sayce, 2011).
- Many point specifically at self-employment as an option that personal budgets will work well with (ibid.)
- Another recommendation is for the DWP and related agencies to work directly with Disabled People's Organisations (groups run by and for people with disabilities—distinct from mainstream “disability charities”) to drive innovative, person-centred practice. Some of these groups, such as RNIB, are already involved in self-employment and/or social enterprise initiatives.

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Trotter, R. (2014) *A Million Futures: Halving the Disability Employment Gap*. London: Scope.

Department for Work and Pensions (2014) “New Enterprise Allowance”:  
<https://www.gov.uk/new-enterprise-allowance>



## Resources: Self-employment

- Action on Disability and Work:  
<http://www.adwuk.org/Individuals/Advice/Self-Employment.aspx>  
Resource guide for starters, advice from disabled entrepreneurs, information about Access to Work, etc.
- Association of Disabled Professionals: <http://www.adp.org.uk/>  
Helpline for disabled entrepreneurs, translation of business documents into accessible formats, advice, networking, direct support through Disabled Entrepreneurs Network
- Disability Rights UK (2014) “Access to Work factsheet”:  
<http://www.disabilityrightsuk.org/access-work>
- Federation of Small Business—Disabled Entrepreneurs scheme:  
<http://www.fsb.org.uk/rle-disabled-entrepreneurs>  
Business training and advice, in partnership with Leonard Cheshire (disability charity)

## Resources: Social enterprises

Black, Liam (2004) *There's No Business Like Social Business: How to be Socially Enterprising*. London: The Cat's Pyjamas.

European Commission (2013) *Social economy and social entrepreneurship - Social Europe guide - Volume 4:*

[http://ec.europa.eu/social/main.jsp?  
catId=738&langId=en&pubId=7523&type=2&furtherPubs=yes](http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7523&type=2&furtherPubs=yes)

Social Firms UK: <http://www.socialfirmsuk.co.uk/>

This site is especially strong on resources for measuring and showing the impact of social enterprises in terms of savings to the state. However, the figures used in the UK for this mostly derive from the Freud Report on Welfare Report (2006) which has been criticized on many grounds by many researchers as well as DPOs.



## Resources: Social enterprises

Social Enterprise UK: <http://www.socialenterprise.org.uk/>

Start-up guide and other useful documents, plus stories of successful SEs (including some working with disabled people), advice helpline for members.

Work Integration Social Enterprises:

<http://www.isede-net.com/content/social-economy/wise-work-integration-social-enterprises-tool-promoting-inclusion>

EU programme to promote inclusion via social enterprises