

Basic barriers to the self-employment of disabled people in Poland and in other countries – results of surveys

Adriana Politaj 

Wrocław University of Economics

e-mail: adriana.politaj@ue.wroc.pl

Andrzej Koza 

Wrocław University of Economics

e-mail: andrzej.koza@ue.wroc.pl

Abstract

This study deals with the identification of barriers faced by people with disabilities, both at the time of starting business activity on their own account and during its operation. To this end, a survey was conducted in 2018, which covered 466 disabled people from among nearly 15,000 such persons conducting economic activity in Poland and registered in the registers of the State Fund for Rehabilitation of Disabled People (PFRON). In the light of the results of surveys and literature studies, as well as the analysis of statistical data, it can be stated, among others, that disability is often a serious obstacle to entering the labor market in the form of an employee. At the same time, however, disability may under certain conditions be a stimulant to seek alternative forms of activity on the labor market, e.g. through self-employment. Taking up the challenge by disabled people, such as self-employment, according to the responses of the respondents, is based on economic, sociological and psychophysical factors. The respondents also pointed to a number of barriers that they had to deal with, both at the stage of planning the self-employment process, as well as during business operations.

The inspiration for the creation of this study is the lack of studies on the subject of entrepreneurship of disabled people based on surveys conducted on such a large group of disabled people. This study is to complement knowledge about the economic activity of people with disabilities and the effectiveness of the implemented state policy, public institutions and various non-governmental organizations for disabled people, in particular in the area of supporting self-employment of disabled people. In addition, this article can also be a contribution to the discussion on the modification of the institutional and legal solutions used and the role of the state and various institutions in the process of inclusion of people with disabilities, not only in the labor market. The authors hope that the presented research results and conclusions will contribute to a better understanding of the problems encountered by people with disabilities in the process of self-employment and the development of more effective programs aimed at activating these people on the labor market.

The following research methods were used in this study: critical analysis method, statistical analysis and questionnaire method.

Keywords: disability, entrepreneurship, barriers

JEL Classifications: H7, I15, J2, J14

1. Entrepreneurship of the disabled – literature review

Research carried out in various parts of the world indicates that disability is also a source of poverty and social exclusion (International Labour Organization, 2010, p. 11). It is also often emphasized that disability can be a significant obstacle to effective competition in the labor market (Berthoud, 2008, pp. 129–148). The process of marginalization of people with disabilities does not apply only to poor countries. People with disabilities also suffer from poverty in rich countries and are in a worse socio-economic situation than people without disabilities. Many such examples can be indicated, for example, in the rich countries of the European Union (Shima, Zolyomi, Zaidi, 2008, p. 4; Grammenos, 2017). Activities undertaken by individual countries as part of the employment policy implemented are not fully effective in relation to the subpopulation of disabled people (Larsson, 2006, pp. 159–168). At the same time, we point out a number of advantages brought by activation of disabled people through the creation of entrepreneurial attitudes in them (Yamamoto, Unruh, Bullis, 2011, pp. 117–127; Kitching, 2014).

People with disabilities, like non-disabled people, face similar barriers to their self-employment and other manifestations of activity on the labor market (Jones, 2008, pp. 405–424). Often the diseases themselves are a difficult barrier to finding a full-time job, but they do not negate other manifestations of activity, hence people with disabilities look for alternative solutions for themselves (Pagan, 2009, pp. 217–229). Self-employment is a form of an alternative to working full-time and it can also be the next stage in their career path and self-development (Bruce, Schuetze, 2004, pp. 597–598). An incentive for self-employment for people with disabilities may also be financial support from the state and a chance to improve the financial situation (Clark, Drinkwater, 1998, pp. 383–407). Being an entrepreneur, an employer is also a huge responsibility and challenge. The entrepreneur must have specific psychophysical predispositions. To work effectively, you must have the necessary attributes and motivations. One of them is economic coercion. Especially in poorer countries where state care is insufficient to provide disabled people with basic needs, it is of great importance for the entrepreneurship of people with disabilities (Malcolm, Momm, 1989).

Some authors indicate that self-employment of disabled people can be treated as an important element of the process of vocational rehabilitation, enabling better integration of disabled people into the labor market (Arnold, Seekins, 2002, pp. 107–113). It is also emphasized that it is necessary to identify and eliminate barriers accompanying the undertaking and running of business activities by people with disabilities (Boylan, Burchardt, 2002; Piggott, Sapey, Wilenius, 2005, pp. 599–611).

2. Methodology and results of surveys

2.1. Description of the survey and general characteristics of the surveyed population

The research was carried out at the end of 2018 based on a questionnaire addressed to a group of nearly 15 thousand disabled people, who were listed in the PFRON database as disabled people conducting business activity on their own in various organizational and legal forms. Fully completed surveys from 466 disabled persons from all over Poland were received, which accounted for over 3.1% of those surveyed and considered a representative group for this subpopulation. Out of 466 people who responded, 37% were a woman, 63% a man. 14% of respondents indicated a significant degree of disability, 63% a moderate level, and 23% a light degree. More than half of the respondents indicated the disorder of motor organs as a cause of disability (55%), almost 22% reported internal diseases and almost 14% diseases of the eyes. The least frequently indicated were mental retardation (0.5%) and speech organ dysfunction (0.9%). The remaining group were people with other diseases or multiorgan diseases.

In the light of the results of surveys, there is a certain regularity regarding the age of people with disabilities who run a business. With age, the percentage of such people increased (with the exception of people of retirement age, i.e. 65 and more). Less than 1% of the business activity was conducted by people aged up to 24 years, less than 16% at the age of 25–34. In the age range from 35–44 years – 21% of people and in the range of 45–54 years, almost 22% of all respondents. Most often, business activities were conducted by people with disabilities aged 55–64 – almost 34% of 466 respondents. In the retirement age, there is a sharp decline in interest in this form of economic activity. The economic activity was conducted by less than 6% of respondents. Most often, they were run by disabled people living in cities – almost 85%. People with disabilities, running a business, who lived in rural areas accounted for slightly more than 15% of all respondents.

The results of the survey also allow to observe that the level of education has a significant impact on running a business. Almost 61% of respondents had higher education and almost 23% post-secondary and secondary education. The remaining persons had at least secondary vocational or general secondary education. In the group of respondents, no one indicated lack of education or basic education.

People with disabilities in the vast majority conduct their own business activity – 86.7%, and together with partners, nearly 4.3%. The remaining group (9%) are people with disabilities who run a business as family businesses. In the answers to the question about the conditions and barriers to self-employment, three groups were determined, i.e. financial, institutional and organizational-legal conditions and barriers.

2.2. Financial conditions and self-employment support in the opinion of people with disabilities

The disabled people surveyed pointed to various sources of financing self-employment. At the same time, the financing of self-employment was clearly distinguished at the stage of planning and starting a business, as well as at the stage of conducting business and its development. In the start-up phase, the respondents primarily pointed to the problem of obtaining adequate financial resources necessary to start a business. The main source of financing at this stage were own savings and financial support from the family (Table 1). In total, they constituted the basic source of financing self-employment for almost 68% of respondents.

Table 1. Sources of financing self-employment of disabled people

No.	Source of financial resources for starting a business activity in the form of self-employment	Phase of starting a business	Phase of conducting a business
		Share in %	Share in %
1	Own savings	55.5	23.3
2	Financial support from the family	12.0	9.2
3	Business angels	0.2	0.2
4	Labor Fund	6.7	3.1
5	PFRON	11.6	36.5
6	Loan funds	1.40	1.0
7	Financial assistance from non-governmental organizations	1.40	0.3
8	Bank credit	7.7	12.8
9	European Union funds	1.9	4.7
10	Other (leasing, franchise, etc.)	1.6	8.9

Source: own elaboration.

Funds of the State Fund for the Rehabilitation of the Disabled¹ helped in starting business activity 12% of the respondents, and Labor Fund funds² almost 7% of the disabled. At this stage, the remaining sources of financing were of marginal importance.

In the course of running the business, the main financial help for the company was financing social security contributions from the PFRN funds. This source was indicated by 36.5% of the disabled entrepreneurs surveyed. Over 23% of respondents indicated that they did not use other than their own means of financing. Almost 13 people indicated a bank loan and 9.2% of people used the family assistance. Almost 9% of the

1 This fund was established by law to finance, among others self-employment of unemployed people with disabilities.

2 The Labor Fund in Poland is the basic instrument for financing active state actions on the labor market and one of the basic areas of spending is granting subsidies for starting a business activity by unemployed people.

respondents indicated leasing, franchising and factoring as a source of financing that they used during their business activity. Similarly to the start-up phase in the form of self-employment, the other sources of financing, such as assistance of non-governmental organizations, European Union funds or loan funds, were occasionally used in the development phase of the enterprise.

2.3. Institutional and organizational-legal conditions and support for self-employment in the opinion of people with disabilities

Disabled people participating in surveys emphasized repeatedly that they had to deal with institutional and organizational-legal problems. It was commonly pointed out that the State Fund for Rehabilitation of Disabled People – an institution established by law to support the self-employment of disabled people, focused only on financial support and rarely assisted this form of professional activity in a different way (Table 2).

Table 2. Obtained institutional assistance and its scope

Type of assistance received	Institution			
	State Fund for the Rehabilitation of the Disabled	Labor Office	Self-governments	Non-governmental institutions
	in %			
Not received	7.9	73.6	91.0	88.8
Financial	89.0	6.8	1.5	3.8
Business consulting (including legal advice)	0.9	14.9	5.1	5.2
Other	2.2	4.7	2.4	2.1

Source: own elaboration.

Other institutions did not help at all or to a small extent in the form of business consulting and training organization as well as in the area of obtaining financial resources from the European Union.

2.4. Barriers to self-employment in the opinion of people with disabilities

Disabled people covered by the questionnaire survey pointed to a number of barriers that they encountered at the stage of starting the business activity and during its operation. The authors have made a general classification of these barriers, grouping them as: legal and organizational, financial and social barriers (Table 3).

Table 3. Barriers to self-employment of the disabled

Barrier type					
Legal and organizational	%	Financial	%	Social	%
Bureaucracy in setting up and running a business	11.6	No financial support from the state and earmarked funds (PFRON, Labor Fund and other)	47.7	Architectural barriers	16.6
Ambiguous legal regulations and problems with their interpretation,	30.3	Lack of access to bank loans and funds supporting microenterprises	21.1	Barrier to communication	15.3
Complicated accounting regulations	20.6	Lack of own financial resources	15.7	Bad social infrastructure (e.g. lack of nurseries, kindergartens, integration clubs and others)	13.0
Unfriendly tax law	29.9	Threat of loss of benefits	11.8	Lack of preparation of officials for cooperation with people with disabilities.	41.5
Other	7.6	Other	3.7	Other	13.6

Source: own elaboration.

In the case of legal and organizational barriers, over 30% of respondents indicated very complex legal regulations and difficulties in their interpretation. In particular, the additional information indicated the lack of consistency of interpretation of tax authorities and a non-uniform line of case-law in courts in similar cases. In addition, an allegation of excessive length of proceedings was provided. Nearly 30% of respondents drew attention to tax law unfriendly to entrepreneurs, in particular regarding the amount of tax and social security contributions. In both cases, it was indicated that they are too high in relation to their operating income.

The basic financial barriers that have been identified are connected with insufficient financial help from the state (including primarily state earmarked funds set up to provide financial assistance to disabled people and to support entrepreneurship of these people). This problem was indicated by over 47% of respondents. An important barrier was also the lack of availability of bank loans and the lack of own funds for setting up, running and developing own business.

Among the social barriers, the biggest problem in the opinion of self-employed disabled people was the lack of adequately prepared employees of the institutions with which disabled people had contact. In particular, they pointed to problems with understanding the nature of disability and the specificity of enterprises of disabled people. As many as 41.5% of respondents indicated this barrier as the most important one. The smallest problem was the lack of adequate social infrastructure. 13% of respondents indicated it as a barrier to entrepreneurship. 16.6% indicated architectural barriers and 13% barriers in communication.

3. Conclusions

Based on literature studies and information obtained through surveys, it can be concluded that people with disabilities who run a business activity point to a number of barriers that they have to deal with every day. Some of them coincide with the well-known problems of non-disabled people running a business in the form of self-employment. We can point here mainly to too high taxes and charges (the main objection is the need to pay high social security contributions). At the same time, people with disabilities indicate here that the funding obtained for this purpose from PFRON is too small in their opinion. A typical problem of disabled entrepreneurs that they often raise is the lack of empathy on the part of officials servicing disabled people and regulations not adjusted to the specifics of disabled persons. In particular, this applies to restrictive pension provisions, which limit the possibility of obtaining a larger income from economic activity under the threat of losing disability benefits. However, the biggest problem for disabled entrepreneurs in their opinion is complicated law and financial problems. In the context of legal problems, the lack of legal assistance and professional business consulting on the part of state and local government institutions is an extremely unsettling phenomenon. In particular, people with disabilities report a lack of professional legal and business assistance after starting a business in the field of preparing business development projects and/or changing the profile of operations, changing the organizational and legal form of the company and proceedings before courts. Regrettably, they indicate that they are left alone by officials in employment offices after they are deregistered from the unemployment registers. PFRON is also very poorly assessed as an institution established by law to support organizationally and financially the rehabilitation of disabled people. Unusual requirements and exaggerated bureaucracy and limiting their assistance to disabled entrepreneurs only to a one-time subsidy for setting up a business and partial financing of social security contributions are the most frequent allegations addressed to this institution. The disabled also point to the lack of financing opportunities at the stage of establishment activity and during its running from bank loans and loans from institutions that support the development of entrepreneurship. As the reason, they primarily indicate the lack of creditworthiness at the stage of starting a business, as well as the excessive formal requirements imposed on them as entrepreneurs in the process of verifying creditworthiness.

Based on the above, it can be concluded that people with disabilities face similar barriers that non-disabled entrepreneurs also face. In particular, one can cite too complicated and constantly changing law, insufficient funds and bureaucracy. In addition, however, the problems resulting from being a disabled person are also indicated. In particular, we should point out problems with barriers in dealing with officials, architectural and communication barriers. People with disabilities are still exposed to exclusion from social life and constitute a problematic subpopulation for many institutions.

References

- Arnold N., Seekins T., *Self-employment: A process for use by vocational rehabilitation agencies*, "Journal of Vocational Rehabilitation" 2002, no. 17, pp. 107–113.
- Berthoud R., *Disability Employment Penalties in Britain*, "Work, Employment and Society" 2008, vol. 22(1), pp. 129–148.
- Boylan A., Burchardt T., *Barriers to self-employment for disabled people. Report for the Small Business Services*, Department of Trade and Industry, London 2002.
- Bruce D., Schuetze H., *The labour market consequences of experience in selfemployment*, "Labour Economics" 2004, no. 11, pp. 597–598.
- Clark D., Drinkwater S., *Ethnicity and self-employment in Britain*, "Oxford Bulletin of Economics and Statistics" 1998, no. 60, pp. 383–407.
- Grammenos S., ANED – *Academic Network of European Disability Experts, European comparative data on Europe 2020 & People with disabilities*, Final Report, Utrecht, January 2017.
- International Labour Organization, *Media Guidelines for the Portrayal of Disability*, Geneva 2010.
- Jones M., *Disability and the Labour Market: A Review of the Empirical Evidence*, "Journal of Economic Studies" 2008, vol. 35(5), pp. 405–424.
- Kitching J., *Entrepreneurship and self-employment by people with disabilities*, OECD, 2014 <http://www.oecd.org/cfe/leed/background-report-people-disabilities.pdf> (accessed: 17.12.2020).
- Larsson S., *Disability Management and Entrepreneurship: Results From a Nationwide Study in Sweden*, "International Journal of Disability Management" 2006, vol. 1, pp. 159–168.
- Malcolm H., Momm W., *Self-Employment for Disabled People – Experiences from Africa and Asia*, International Labour Organization, Geneva 1989.
- Pagan R., *Self-employment among people with disabilities: evidence for Europe*, "Disability & Society", March 2009, vol. 24(2), pp. 217–229.
- Piggott L., Sapey B., Wilenius F., *Out of touch: Local government and disabled people's employment needs*, "Disability & Society" 2005, vol. 20(6), pp. 599–611.
- Shima I., Zolyomi E., Zaidi A., *The Labour Market Situation of People with Disabilities in EU25*, European Centre of Social Welfare Policy and Research. Policy Brief, February 2008.
- Yamamoto S., Unruh D., Bullis M., *The viability of self-employment for individuals with disabilities in the United States: A synthesis of the empirical-research literature*, "Journal of Vocational Rehabilitation" 2011, no. 35, pp. 117–127.

Podstawowe bariery samozatrudnienia osób niepełnosprawnych w Polsce i innych krajach – wyniki badań

Niniejszy artykuł dotyczy identyfikacji barier, z jakimi borykają się osoby z niepełnosprawnościami, zarówno w momencie rozpoczynania działalności gospodarczej na własny rachunek, jak i w trakcie jej prowadzenia. W tym celu w 2018 roku przeprowadzono badanie ankietowe, które objęło 466 spośród blisko 15 tysięcy osób niepełnosprawnych prowadzących działalność gospodarczą w Polsce i zarejestrowanych w Państwowym Funduszu Rehabilitacji Osób Niepełnosprawnych (PFRON). W świetle wyników badań ankietowych i studiów literaturowych, a także analizy danych statystycznych można stwierdzić między innymi, że niepełnosprawność jest często poważną przeszkodą w wejściu na rynek pracy w postaci pracownika. Jednocześnie niepełnosprawność może, pod pewnymi warunkami, być bodźcem do poszukiwania alternatywnych form aktywności na rynku pracy, np. poprzez samozatrudnienie. Podjęcie przez osoby niepełnosprawne wyzwania, jakim jest samozatrudnienie, zgodnie z odpowiedziami respondentów, opiera się na czynnikach ekonomicznych, socjologicznych i psychofizycznych. Ankietowani wskazywali również na wiele barier, z którymi musieli się uporać – zarówno na etapie planowania procesu samozatrudnienia, jak i podczas prowadzenia działalności gospodarczej.

Słowa kluczowe: niepełnosprawność, przedsiębiorczość, bariery

JEL: H7, I15, J2, J14

