



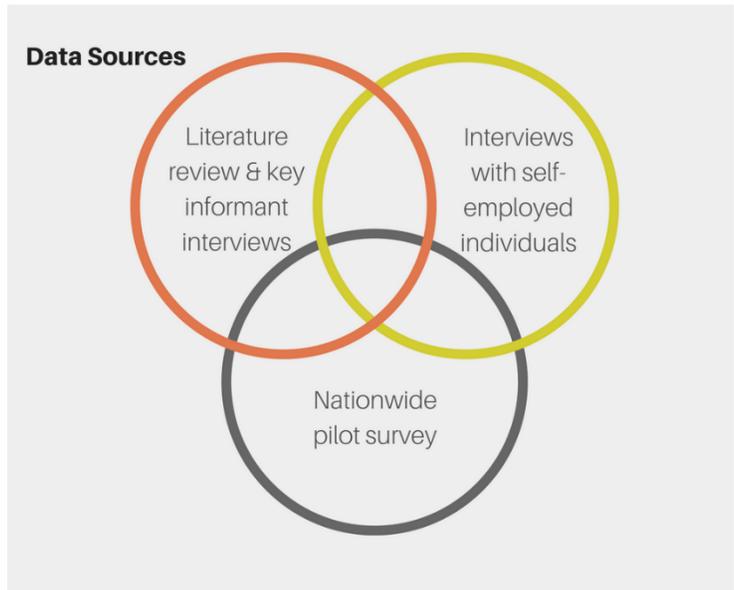
Self-Employment Starts with You!

#1: *Characteristics of Businesses and Business Owners*

About the project

The *Self Employment Starts with You* (SESY) study used qualitative and survey data to examine self-employment as a strategy to improve career options for individuals with a psychiatric disability. The goal was to understand the experience of current business owners, and provide useful information to aspiring business owners.

The people in this study have a history of psychiatric disability, as indicated by having used mental health services or disability benefits and accommodations. They are operating U.S.-based business enterprises with fewer than five employees. The reports in this series include responses from the 60 self-employed individuals who qualified for and completed the SESY survey in the summer of 2017.



The SESY survey was an important first step in learning about small business owners who have used mental health services. The project was conducted by individuals who identify as having a psychiatric history. This type of research is useful for raising awareness and identifying areas for future research.



For more information on self-employment, visit www.ReclaimingEmployment.net

You can find the other reports in this series and more information about the study at www.LiveLearnInc.net/Entrepreneurship

Reclaiming Employment through Self-Employment

Self-Employment is defined as an individual who works for him or herself, either as an unincorporated sole proprietor/independent contractor, or through ownership of a business.

Entrepreneurship is “any attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of an existing business, by an individual, a team of individuals, or an established business”

(Global Entrepreneurship Monitor, 2017)

Individuals with psychiatric disabilities have the highest unemployment rate of any disability group, despite their desire to work.¹ While people with psychiatric disabilities are one of the largest and most rapidly growing Social Security Disability beneficiary groups,² mental health services are often siloed from employment supports.³ There are well-documented issues with access to, and successful employment after, vocational rehabilitation services for people with psychiatric disabilities.⁴

Facing frequent job turnover⁵ and lower wages,⁶ people with psychiatric disabilities are also more likely to report having been fired.⁷

While these workers experience similar employment barriers as other low-wage, low-skill workers, particular forms of discrimination against this group, such as the belief that mental health problems can be controlled by the individual experiencing them,⁸ may impact employment prospects.

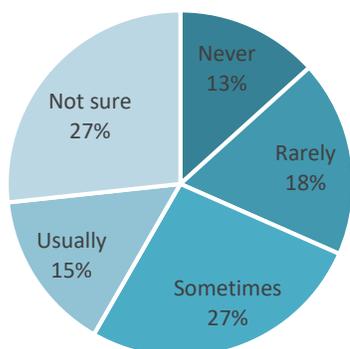
At the same time, some research suggests that self-employment may be a particularly good fit for individuals with psychiatric histories.⁹ Many people with psychiatric disabilities are willing to challenge the status quo, whether due to experiences within a controlling and sometimes dehumanizing service system, the tradition of advocacy within the mental health consumer/survivor movement, or individual character traits.¹⁰ These same tendencies can be a powerful advantage in a business owner.

Discrimination and Hardship at Work are Common

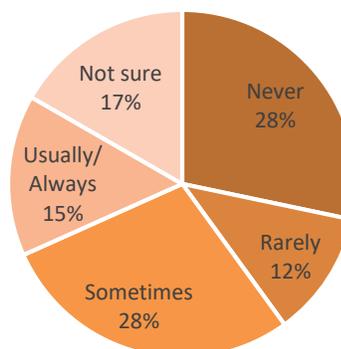
Personal experiences at work and school provided a backdrop to self-employment in the survey. Both discrimination and difficulty with employment and education were common experiences among the 60 SESY survey respondents. More than two-thirds of respondents reported at least “sometimes” experiencing employment discrimination. Experiences of discrimination in education settings were only slightly less common. Discrimination at work can cause additional emotional distress, making it difficult to fully engage in wage employment.¹¹

Frequency of experiences of discrimination among 60 survey participants:

Employment Discrimination



Education Discrimination



We wanted to understand how people had experienced problems that may contribute to their choice to be self-employed. Respondents were asked about problems they may have had when they were working for someone else (not self-employed).

Problems at Work

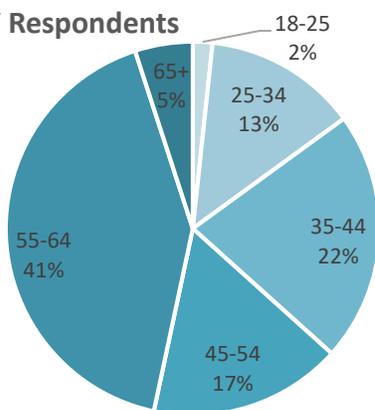
✓ Negative attitudes on the part of supervisor	48%
✓ Negative attitudes on the part of coworkers	38%
✓ Not enough education or training	32%
✓ Getting less pay than others in a similar job as you	23%
✓ Employers assumed you can't do the job because of disability	22%
✓ Mental health service providers discouraged you from working	20%
✓ Needing special features or accommodations on the job	20%

The most common problem at work was experiencing negative attitudes from supervisors and coworkers. About 20% reported that mental health providers had discouraged them from working.

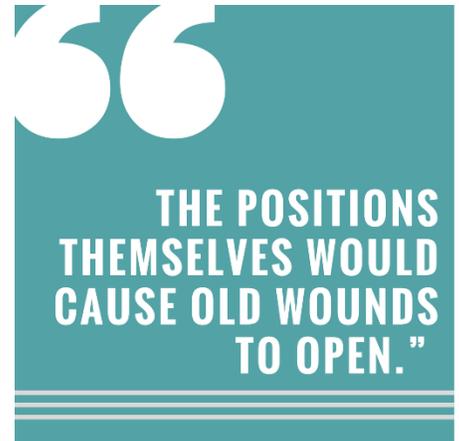
A Mature, Experienced Workforce

Many of the SESY survey participants were nearing or of retirement age, with nearly 47% over the age of 55. A smaller proportion – 15% -- were under 35 years old. Using U.S. Census data from the Annual Survey of

Age of SESY Respondents



Entrepreneurs, the Small Business Administration (SBA) has identified similar trends in the general population: increasing self-employment of older adults and decreasing among Millennials.



According to the U.S. Census, about 70% of small business owners are white and only 35% identify as female. The SESY survey saw a larger proportion of white respondents (83%) and female respondents (83%). About 30% of SESY

respondents had less than a Bachelor’s degree. In the general population, this number is slightly higher (48%). Almost half of SESY respondents reported substantial work experience (20 years or more) prior to starting their business, and 64% previously worked for a similar business/organization.

Similar to trends reported by the federal Small Business Administration (SBA), most SESY respondents lived in urban or suburban areas, with less than 20% operating a business in a rural area.

One-Quarter of Respondents Have Used SSA Benefits and ADA Accommodations

We asked respondents about mental health services they had used at some point in their lives. Almost all (98%) had used outpatient mental health services, and 67% had been hospitalized for psychiatric or mental health problems. Fewer had used substance use services (23%). Twenty-seven percent had received

Social Security’s Plan for Achieving Self-Support (PASS) Program allows a person with a disability to set aside money or resources that would otherwise be counted toward their Substantial Gainful Activity (SGA) in order to pay for achieving a specific work goal.
www.ssa.gov/disabilityresearch/workincentives.htm

Social Security disability benefits and/or accommodations under the Americans with Disabilities Act (ADA).

Of those who were eligible for Social Security back-to-work supports, 40% made use of a Trial Work Period, 33% used the Ticket to Work program, 27% had used Continuing Eligibility, 13% used Earned Income Exclusion, and 13% used Benefits Planning Assistance and Outreach.

Working from Home Part-Time as an Unincorporated Sole Proprietor

Most respondents had not incorporated a business and were working as independent contractors or sole proprietors. Some had legally formed an LLC or S-Corporation. Close to 85% of the respondents were operating home-based businesses. Many respondents were operating their businesses part-time. According to the U.S. Census, in the general population, most small business owners are working more than 40 hours per week in their business. In contrast, SESY respondents reported working fewer than 40 hours

I HAD SOME OPPORTUNITIES THAT I COULDN'T TAKE ADVANTAGE OF BECAUSE OF THE PASS PROGRAM. I HAD THE OPPORTUNITY TO WORK LONG-TERM ON [A PROJECT], BUT THAT WOULD HAVE REQUIRED ME TO BE OVER THERE RATHER THAN IN MY HOME...AND THE PASS PROGRAM LIMITED ME FROM BEING OUT OF MY HOME."

LEARN MORE ABOUT BUSINESS STRUCTURES!

The 60 respondents to Live & Learn's survey operated their businesses as a...

- 60%** of our respondents **SOLE PROPRIETOR**
A sole proprietor is someone who owns an unincorporated business by himself or herself. This is similar to an independent contractor without a separate legal entity from the owner, who pays self-employment taxes.
- 25%** of our respondents **LIMITED LIABILITY COMPANY (LLC)**
An LLC is a business structure where owners are called members. There is no maximum number of members, but an LLC with only one member is not treated as a separate entity from its owner.
- 8%** of our respondents **S CORPORATION**
S corporations are corporations that elect to pass corporate income, losses, deductions, and credits through to their shareholders.
- 5%** of our respondents **NOT FOR PROFIT**
A commercial nonprofit is a social enterprise legally structured as a nonprofit/501c3 that sells products or services to generate commercial revenue in order to achieve its social purpose.

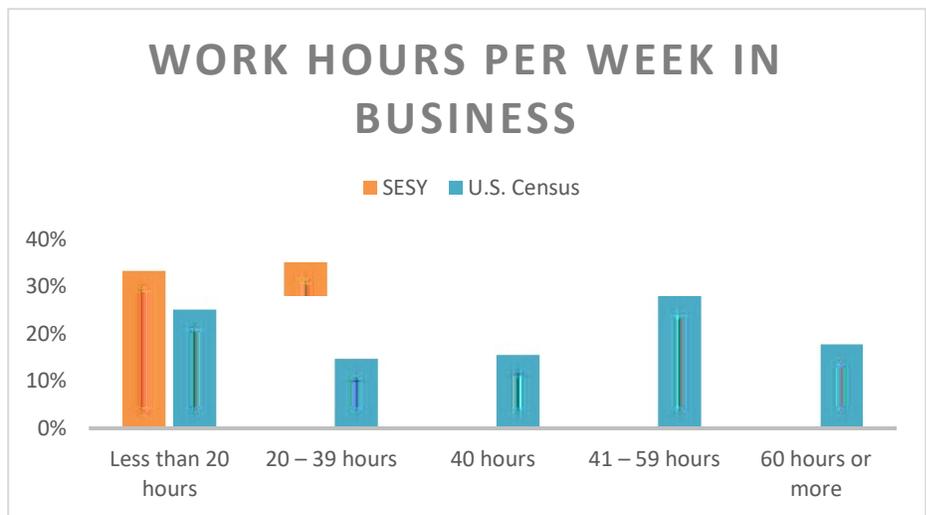
TO READ MORE GO TO:
<https://www.irs.gov/businesses/small-businesses-self-employed/business-structures>

per week. Only 23% of SESY respondents reported that all their income was from self-employment. Other sources of income included paid work from other employment, SSDI or SSI, money from a partner or family, retirement savings, or veterans' benefits.

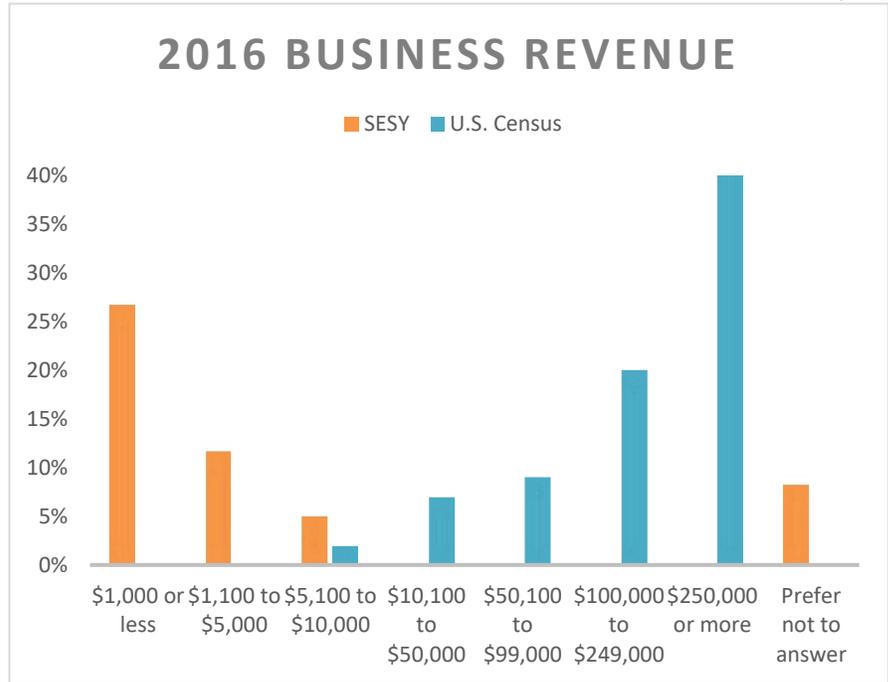
Most survey respondents were operating businesses that grossed less than \$50,000 in revenue in 2016. Only about 15% earned more than \$50,000. This means that the businesses in this sample (the orange bars) are much smaller compared to those in the general population, as reported by the U.S. Census.

Healthcare, Education, Professional Services are Common Business Offerings

Most respondents reported operating service-based businesses (65%), although 30% reported that their businesses provide both services as well



as products. Only 5% reported that their business only provides a product. Most businesses in this survey were in the helping arena, with the most common business activity being in healthcare/social service, training and education. Self-employment may capitalize on the particular interests of many people with psychiatric disabilities, both to enact empowerment through social change and “give back” to the community. This fits within a recovery paradigm¹² as well as increasing trends toward social entrepreneurship.



Primary Business Activity (N=60)

Activity	Percent
1. Health care/social services	26%
2. Training and education	22%
3. Professional/scientific/technical services	15%
4. Arts, entertainment or recreation	10%
5. Communications	7%
6. Personal services	3%
7. Retail store	3%
8. Finance and Insurance	3%
9. Administrative Support	1%
10. Transportation	1%
11. Restaurant, bar, food service or accommodations	1%
12. Other	7%

Conclusion

The respondents in this survey were largely running very small businesses that they worked in only part-time. This suggests either “room to grow,” or that self-employment is acting as a financial bridge or means of exploring adjunctive career opportunities.

Many individuals with psychiatric disabilities end up in unskilled jobs with little opportunity for advancement and even when employed, face additional barriers to successful and satisfying careers, such as discrimination. Self-employment may present an opportunity for career development and success. In the next brief in this series “Being and Becoming Self-Employed,” we will present findings related to the experience of self-employment, the challenges, and strategies for overcoming challenges and reclaiming employment.



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Patricia B. Nemec