

Written submission to Matthew Taylor Review of Employment Practices in the Modern Economy: Self-employment and Disability

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This written submission is made in a professional capacity and draws on our past and current academic research in the area of disability. It supports oral evidence presented at the public discussion on April 12th in Cardiff and addresses the theme on opportunities for under-represented groups. It focuses on self-employment among disabled people and draws on evidence from our own quantitative research and qualitative data collected as part of the All Party Parliamentary Group (Disability) (APPG(D)) Inquiry 2016, which incorporates evidence provided by disabled entrepreneurs, disabled people's user led organisations (DPULOs), academics and practitioners. We are two of five authors of the report to this inquiry.

Background

1. Self-employment is recognised as important in achieving policy objectives including full employment and narrowing of the disability employment gap (currently 32 percentage points). However, self-employment is polarised in terms of job quality, more so than is paid employment, and the recent growth in self-employment has been disproportionately in the bottom tail of the job quality distribution (D'Arcy and Gardiner, 2014; Baumberg and Meager, 2015). Disabled people are over-represented in self-employment (16% compared to 13%) and they are over-represented in the lower tail of the job quality distribution. The dilemma for policy-makers in promoting and supporting self-employment for disabled people is whether this results in further exposure of a group already vulnerable to low quality work. The dilemma is made more difficult because the data which might inform policy in this area are scarce. Our submission covers four themes: push and pull motivations for self-employment, quality of self-employed work, barriers for disabled people in self-employment and data deficits as an impediment to effective policy-making.

Push versus pull

2. It is useful to distinguish between negative 'push' factors, where self-employment is chosen because of a lack of opportunities within paid employment, and positive 'pull' factors that include motivations for independence, perceived business opportunities and job flexibility. The push-pull distinction has important policy implications since it affects the extent to which self-employment can be viewed as a 'first best' outcome in the form of a genuine and positive choice for disabled people which deserves policy support as opposed to a 'second best' outcome reflecting barriers in the employed sector where the latter might be a more appropriate alternative focus for policy-making.

3. The nature and balance of push and pull factors are likely to be different for disabled people. Jones and Latreille (2011) highlight greater flexibility of hours, work duties and work location as particularly important pull factors for disabled people and this is consistent with evidence that disabled self-employed people are more likely to work from home and within their local authority of residence. Similar evidence was submitted to the APPG(D) Inquiry 2016 *“those with mobility problems can manage whole projects from the comfort of their own living room and never have to deal with issues related to their problems with moving around physically.”* (Independent Professionals and the Self-employed (IPSE), written submission, APPG(D) para. 2.8). The APPG(D) Inquiry highlighted a range of push and pull factors, which are often experienced simultaneously and difficult to distinguish in practice. Restricted opportunities in paid employment such as those arising from marginalisation of disabled people by employers were highlighted as an important push factor. *“There are no good jobs with the right support and flexibility for disabled people. There are often attitude barriers for disabled people at work. Often managers don’t understand disabled people’s access needs and how their impairment affects their work. It is therefore easier to work for yourself so you will not get discriminated against.”* (People First, written submission, APPG(D) para. 2.4). *“For me self-employment is the only practical solution allowing me to work. I am more productive and can manage my health problems better than I could when I was employed. I have tried working for an employer but have never received the correct level of support that I need to do my job.* (Philip Barton, written submission, APPG(D) para. 2.5). *“For a disabled person, self-employment may be the only opportunity to find work and be a part of and contribute to the wider labour market.”* (IPSE, written submission, APPG(D) para. 2.9). *“The option of being self-employed is far more attractive than not being employed at all.”* (Achievability, written submission APPG(D) para. 2.3).

Work quality and rewards in self-employment

4. Outcomes in self-employment, including in relation to pay and job satisfaction, have polarised further since the recession (D’Arcy and Gardiner, 2014; Baumberg and Meager, 2015) with the deterioration in pay linked to rapid and disproportionate growth in part-time self-employment (D’Arcy and Gardiner, 2014). While part-time employment offers benefits for disabled people in terms of accommodation (see Jones, 2007), the over-representation of disabled workers in part-time employment means the disability employment gap is an underestimate of the total difference in work quantity.
5. Disability-related gaps in job quality in paid employment are evident in large scale nationally representative survey data even after controlling for personal and employment-related characteristics (see Jones *et al.*, 2006; Jones 2016). The data available on disabled people in self-employment are much more limited but Jones and Latreille (2011) are able to report that disabled people are significantly more likely to be ‘working for self’ and that self-employed disabled men are more likely to have ‘no employees’. Boylan and Burchardt (2002) find evidence of a disability earnings penalty for self-employed men.

Barriers to successful self-employment for disabled people

6. It is often assumed that disabled people can access support for self-employment through, for example, loans, advice and networks, on *a par* with everyone else but this overlooks the barriers that they encounter within mainstream provider organisations, including Government bodies. These barriers are in the form of inaccessible communication, failure to make reasonable adjustments, requirements for additional forms of support e.g. support workers or specialist advice arising from the person's disability, and access to the experience of others through networks. A range of examples were presented to the APPG(D) Inquiry. HMRC provides helpful business information through YouTube but these are not accessible to the deaf community because they are not available with subtitles or with sign language interpretation (Laura Cook, Action on Hearing Loss, APPG(D) para 8.3). More generally, information from mainstream business networks is often presented on inaccessible websites or in inaccessible print formats (Association of Disabled Entrepreneurs, APPG(D), para 4.6).
7. Mainstream business networks (for example, Confederation of British Industry, Chambers of Commerce, Federation of Small Businesses) provide sources of business advice, mentoring, support and contacts but they appear to be ill-prepared to offer disabled entrepreneurs with the advice they need or the opportunity to connect to their peers either by line of business, impairment or both. This is largely through their lack of awareness of disability, what the APPG(D) Report refers to as 'institutionalised disablism' (para. 2.21). The absence of specialist support, for example, with an Access to Work application (APPG(D) para 2.14), extended to exclusion from events, meetings and premises. A written submission to the APPG(D) recounts repeated instances of exclusion from events organised by a local Chamber of Commerce "*because the venues chosen are inaccessible to wheelchair-users.*" (Philip Barton, written submission APPG(D), para. 2.21. DPULO's often fill the gap in providing specialist advice but they are not a substitute for a mainstream business network.
8. Through Innovate UK and the Business Bank, Government finances or facilitates over 500 types of support to business from grants to loans and loan guarantees for both business start-up and growth (APPG(D) para. 3.5). However, the APPG(D) Inquiry found that none of these business finance schemes monitors application rates by disability. Consequently there is no information on the rate of applications, or the success rate of applications, from disabled people or any means of identifying the barriers that they face in securing Government-supported finance for their businesses. As with the mainstream business networks, business development providers can't evaluate the extent to which they are inclusive. Moreover, there is no requirement for them to collect information on disability, monitor access by disability to ensure inclusivity of disabled people.

Conclusion and recommendations

9. As the economy gets closer to full employment, and in line with evidence on the benefits of work and the need to close employment gaps across equality groups, there is increasing

emphasis on improving employment rates among low employment groups, such as older workers, disabled people and informal care-givers. The growth in self-employment offers a potential route to achieving these policy goals. Our submission highlights three concerns in relation to disabled people (1) the benefits of self-employment need to be measured relative to paid employment and need to include a comparison of job quality; (2) the supports for successful self-employment are not inclusive of disabled people; (3) data deficits preclude informed answers to basic questions such as should self-employment be further encouraged among disabled people? What are the barriers to sustainable and successful self-employment for disabled people and what policies might be effective in addressing these?

10. Before promoting or supporting self-employment over paid employment, it is important to know far more about the motivations for and the pathways to self-employment among disabled people and the quality of their self-employment. Self-employment and disability are both low prevalence groups and not adequately covered in existing government surveys. They are also relatively neglected in research compared to paid employment and other equality groups. This latter is demonstrated in two recent examples. A specialist survey of participation in the ‘gig’ economy using nationally representative data on the working age population undertaken by the Chartered Institute of Personnel and Development (CIPD) (2017) and designed to inform this Review distinguishes ‘gig’ workers by age, gender, educational achievement and ethnicity but not by disability. Most importantly, the House of Commons Work and Pensions Committee (2017) on self-employment and the gig economy fails to consider disabled people despite terms of reference which explicitly include the *contribution of self-employment to achieving full employment — especially for disabled people, older people and those with caring responsibilities* and which recognise *self-employment as an important lever in achieving policy objectives such as increased disabled employment rates*.
11. Our recommendations are modest in cost and scope. First, we recommend new research and additional data collection is commissioned to include strengthening the focus on self-employment within existing government surveys, such as the Labour Force Survey. This needs to be supplemented by new and specialised data collection targeted at disabled self-employed people. The latter will provide an opportunity to better understand the barriers and supports in self-employment among disabled people to guide effective policy support in the future. Second, we recommend that BEIS work with an advisory panel of disabled entrepreneurs to develop policy and practice in mainstream business networks and state funded business finance providers and oversee two pilot projects. The first links a DPULO to a main stream business network and to a source of business finance support so that disabled advisors can provide a specialist service to disabled members and applicants and also to raise awareness of disability issues and promote inclusion within mainstream provision. The introduction of diversity monitoring would form an essential part of this. The second builds an inclusive entrepreneurship programme which follows a cohort of disabled potential entrepreneurs through the support system to understand the opportunities and barriers to achieving sustainable self-employment and how inclusion and accessibility might be achieved from the first point of contact.

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