Self-Employment May Be a Promising Path to Build Income for People with Psychiatric Disabilities

*Research In Focus: A Weekly Digest of New Research from the NIDILRR Community*

People with psychiatric disabilities have low employment rates, even when compared to people with other types of disabilities, according to recent research. Individuals with psychiatric disabilities who do find jobs tend to be paid less, switch jobs more often, or have longer gaps between jobs than individuals without disabilities or individuals with non-psychiatric disabilities. Workers with psychiatric disabilities may encounter barriers to employment such as discrimination or being misunderstood by their supervisors and coworkers. They may also require job accommodations, such as a flexible work schedule, in order to be successful workers. These accommodations may be difficult to find in a traditional job. Self-employment, however, may provide an alternative means of employment where workers can have control of the work environment and create their own accommodations. Thus, self-employment may hold promise for people with psychiatric disabilities. In a recent NIDILRR-funded study, researchers surveyed self-employed individuals with psychiatric disabilities to find out about their experiences in the workforce, their reasons for choosing self-employment, and the nature of their small businesses.

Researchers studying *Workers with Psychiatric Disabilities and Self-Employment Through Microenterprise* sent an online survey to 60 adults who volunteered for and completed the survey. Recruitment was conducted online via social media and email distribution lists. The respondents were determined to have psychiatric disabilities and being self-employed based on their responses to eligibility questions embedded in the survey. The respondents were asked questions about their psychiatric and work histories; the types of challenges they experienced when holding traditional employment; how important various reasons were for their choice to be self-employed; and the nature of their businesses, including the type of business they owned, what industry they worked in, their work hours and income earned through the business, and whether they had other sources of income.

The researchers found that most of the respondents had some work experience before they started receiving mental health services. Two-thirds of the respondents had at least a bachelor’s degree and about half reported at least 20 years of work experience prior to starting their small business. While working for someone else, respondents reported encountering frequent challenges in the workplace: 48% reported discrimination from a supervisor, 38% reported discrimination from a coworker, and 23% reported getting less pay than others in a similar job.

When asked about their reasons for self-employment, all of the respondents said that having a flexible work schedule and control over their work was somewhat or very
important to their choice. In addition, more than 90% of the respondents rated work-life balance, earning extra income, and the opportunity for innovation as somewhat or very important to their decision.

The researchers found that most of the respondents reported running very small businesses out of their homes. Small businesses that only employ the owner tend to be unincorporated, and more than half of the businesses reported by respondents in this study were unincorporated. About two-thirds of the respondents led service-based businesses in fields such as healthcare, social services, education or training, or technical services. A majority of the respondents were operating part-time businesses, which had gross revenues of less than $50,000 in the 2016 tax year.

Finally, the researchers found that some of the respondents could draw most or all of their income from their business, while others relied on additional income streams. About a third of the respondents drew the majority of their income from self-employment, earning 75% or more of their income from their business. However, about the same number of respondents drew less than 10% of their income from their business. The remaining third earned between 10% and 74% of their income from their business. Participants who needed to supplement their income reported holding additional paid employment outside of their small business or receiving income from a variety of sources including their spouse or partner’s employment, investment income, or Social Security Disability Insurance.

The authors noted that self-employment may be a promising option for individuals with psychiatric disabilities to earn income and do meaningful work. Self-employment may allow these individuals to manage their own workplace accommodations to maximize their success. In addition, the positive status of being a small business owner may help to counteract the stigma that individuals with psychiatric disabilities commonly encounter in the workplace. Rehabilitation providers may wish to explore self-employment opportunities with their clients with psychiatric disabilities.

To Learn More
Reclaiming Employment is an online resource to support entrepreneurship by individuals who have used mental health services. It includes research on self-employment and a growing small business directory.
https://www.reclaimingemployment.net/

The Small Business Administration offers many resources for individuals on the path to starting their own business. This includes a learning center with online courses on planning, launching, growing, and managing a small business. Begin exploring with 10 Steps to Start Your Business.

To Learn More About This Study
Research In Focus is a publication of the National Rehabilitation Information Center (NARIC), a library and information center focusing on disability and rehabilitation research, with a special focus on the research funded by NIDILRR. NARIC provides information, referral, and document delivery on a wide range of disability and rehabilitation topics. To learn more about this study and the work of the greater NIDILRR grantee community, visit NARIC at [www.naric.com](http://www.naric.com) or call 800/346-2742 to speak to an information specialist.

NARIC operates under a contract from the National Institute on Disability, Independent Living, and Rehabilitation Research (NIDILRR), Administration for Community Living, Department of Health and Human Services, contract #GS-06F-0726Z.