

Exploring the Disabled Self-Employed

Summary of Labour Force Survey data on the characteristics and attitudes of the UK's disabled self-employed

About IPSE

IPSE, the Association of Independent Professionals and the Self-Employed, is the representative body for the UK's self-employed community, including freelancers, contractors, consultants and independent professionals.

About Community

Community is a modern trade union with over a hundred years' experience standing up for working people. With roots in traditional industries, Community now represents workers across the UK in various sectors, including the self-employed.

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Data and methods

The principal data source used is the Office for National Statistics (ONS) Labour Force Survey (LFS) – the largest household study in the UK covering the employment circumstances of the UK population. The data was extracted by Professor John Kitching from Kingston University's Small Business Research Centre. All the LFS data refers to quarter two (April–June) of 2018 unless specifically specified otherwise, with the exception of the questions on reasons for becoming self-employed which relate to quarter four (October–December) 2017, because this question is only asked in that quarter.

This summary was produced in partnership with Community and written by Inna Yordanova, Research Officer at IPSE.

Definitions

This summary refers to four main groups within the UK labour market. These include:

- **Self-employed:** Refers to the UK's solo self-employed population or those within the self-employment sector who work entirely on their own and do not have employees.
- **Employees:** Refers to those who are in employment and paid a wage by an employer for the work they do.
- **Self-employed with disabilities:** Refers to the UK's solo self-employed with a disability. Disability is defined as under the Equality Act 2010 – a physical or mental impairment that has a 'substantial' and 'long-term' negative effect on the ability to do normal daily activities.¹
- **Employees with disabilities:** Refers to those who are in employment and paid a wage by an employer for the work they do and have a disability.

The data on employees and self-employed with disabilities, as well as the UK's employees overall refers to main jobs only to allow for an accurate comparison.

¹The Equality Act 2010 doesn't apply to Northern Ireland.

Key characteristics

Number

More than seven million people (7 274 000) aged 16–64 in the UK are classified as disabled under the Equality Act 2010.²

In terms of their labour market situation, over four million (4 081 000 – or 56%) of those classified as disabled are economically active meaning that they are either employed or seeking employment. Furthermore, around half (51%) are in employment, accounting for 3,723,000 people.³

Disabled people are a significant and growing section of the UK's self-employment sector.

Over a seventh (16%) of those classified as disabled that are currently in employment are working as self-employed in their main jobs. This accounts for 611,000 people which means that 14 per cent of all solo self-employed are classified as disabled under the Equality Act 2010.

Disabled people have been rapidly entering the labour market in the last five years, with a marked increase in the number of both disabled employees (increase of 33%) and disabled self-employed (increase of 30%) since 2013. In comparison, the total number of people in employment in the UK increased by eight per cent in the same period.⁴

Gender

The gender breakdown for the UK's disabled self-employed is uneven. More than three in five are men (61%) and less than two in five are women (39%). This trend is very similar for the UK's self-employed overall (Figure 1).

Interestingly, the opposite trend can be observed among employees with disabilities where more than half are women (58%) and 42 per cent are men.

Despite the higher proportion of disabled men in self-employment, there has been a surge in the number of disabled women choosing this way of work – up 48 per cent only in the last five years alone. This rise is significantly higher than the rise in the number of disabled women becoming employees which increased by 39 per cent in the same period.

There is also a difference in the reasons why disabled men and women enter self-employment.

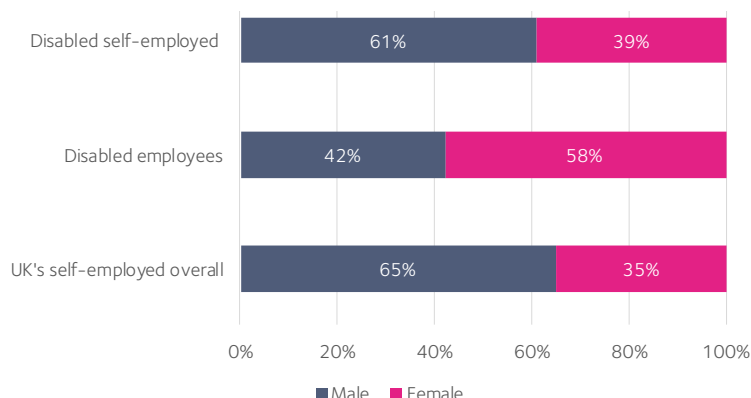
The data shows that the top reason for disabled men to enter self-employment is better work conditions or job satisfaction (22%), while the main reason for disabled women is the nature of their job or chosen career (23%).

However, this does not necessarily suggest that self-employment is more likely to be a positive choice for disabled men than women.

The analysis further shows that a greater proportion of disabled men (16%) enter self-employment because they could not find other employment or because of redundancy in comparison with disabled women (6%).

Therefore, future research should shed more light on the differences between these two groups when it comes to their motivations for entering self-employment.

Figure 1. Disabled employees, disabled self-employed and UK's self-employed overall by gender.



Source: LFS, Q2 2018 (N for disabled employees = 3 331 000; N for disabled self-employed = 611 000, N for UK's self-employed overall = 4 425 000)

²ONS Labour Force Survey, (Release date: 19 February 2019). A08: Labour market status of disabled people. Note: Data refers to Q2 2018 for comparative purposes. In this instance only the data refers to 16–64 olds. ³Ibid. ⁴ONS Labour Force Survey, (Release date: 19 February 2019). EMPO1 SA: Full-time, part-time and temporary workers (seasonally adjusted). Note: Data refers to Q2 2013 and Q2 2018 for comparative purposes.

Age

The largest proportions of the UK's disabled self-employed are aged 50-59 (28%) and 60+ (26%) – accounting for more than half of the whole group (54%). A further quarter (24%) are aged 40-49 (Figure 2).

The proportion of people in the 60+ age category is a lot lower among disabled employees (14%) and the UK's self-employed overall (18%).

Literature has identified many reasons why older individuals decide to choose self-employment. This could be economic reasons, such as increasing their income after retirement, or non-economic reasons, such as achieving more satisfactory work-retirement balance.⁵ It would be interesting to explore whether the same factors influence older disabled individuals to enter self-employment.

The lowest proportion of the UK's self-employed with disabilities fall into the 16-29 age category, accounting for only seven per cent. However, there has been a surge in the number of disabled self-employed in the 16-29 age group which almost doubled (97% increase) in the last five years (Appendix 1).

The proportion of 16-29 year olds remains higher among disabled employees where they account for almost a fifth (19%) of this group and among the UK's self-employed overall where this proportion is 12 per cent.

Differences in the number of disabled self-employed individuals in each of the age groups can partly be explained by the data on their main reason for choosing this way of work.

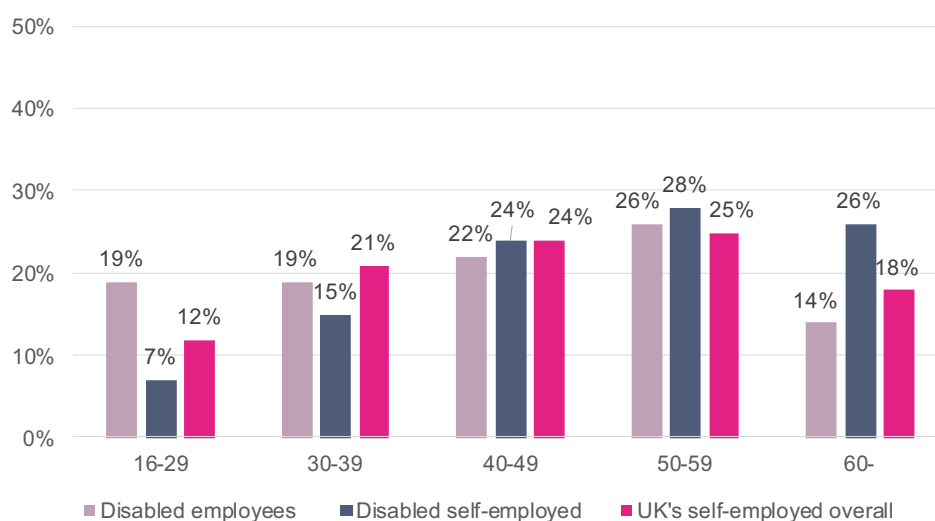
The analysis shows that the main reason why disabled self-employed in the 16-29 age group entered self-employment is because of the nature of their job or chosen career (32%), followed by not being able to find other employment opportunities (15%).

Better work conditions or job satisfaction seems to be the key reason for disabled individuals of all other age groups to enter self-employment, followed by nature of the job or chosen career, suggesting that self-employment is a positive choice in the majority of the cases.

The only exception can be observed among disabled self-employed individuals aged 60 or above, who outline maintaining or increasing income as a second key factor for choosing self-employment after better work conditions and job satisfaction, which supports the theoretical suggestion outlined above that both economic and non-economic factors influence older individuals to enter self-employment.

The quantitative data, therefore, suggests that it would be interesting for future qualitative research to shed more light on the reasons why disabled self-employed in the different age groups choose this way of work.

Figure 2. Age bands of disabled self-employed, disabled employees and the UK's self-employed overall.



Source: LFS, Q2 2018 (N for disabled employees = 3 331 000; N for disabled self-employed = 611 000; N for UK's self-employed overall = 4 425 000)

⁵Kitching, J. (2016), *Exploring the UK freelance workforce in 2015*. IPSE.

Location

The highest proportions of self-employed people with disabilities can be found in South East England (20%), Greater London (13%) and South West England (12%) (Table 1). This does not differ significantly from the location of disabled employees but presents a relatively more even split in comparison to the UK's overall self-employed population which can be found mostly in

South East England (20%) and Greater London (19%), followed by South West England (11%).

High numbers of self-employed people with disabilities can also be found in the West Midlands (10%), Yorkshire and Humber (9%) and North West England (8%).

Table.1 Location of disabled self-employed, disabled employees and the UK's self-employed overall.

LOCATION	DISABLED SELF-EMPLOYED	DISABLED EMPLOYEES	UK'S SELF-EMPLOYED OVERALL
South East England	20%	19%	20%
South West England	12%	9%	11%
Greater London	13%	11%	19%
East of England	4%	4%	4%
East Midlands	7%	7%	6%
West Midlands	10%	9%	8%
North East England	4%	5%	3%
North West England	8%	11%	8%
Yorkshire and the Humber	9%	9%	7%
Wales	6%	5%	5%
Scotland	6%	8%	6%
Northern Ireland	2%	2%	2%

Source: LFS, Q2 2018 (N for disabled employees = 3 331 000; N for disabled self-employed = 611 000, N for UK's self-employed overall = 4 425 000)

Professional profile

Occupation

More than two in five (42%) of the disabled self-employed are concentrated in the three most highly skilled occupational categories SOC1-3, meaning they are skilled, well-qualified and have higher educational qualifications (Appendix 2). In comparison, over a third (36%) of the disabled employees are concentrated in these three groups.

The highest proportion of the UK's self-employed with disabilities work in skilled trades occupations (SOC5) with more than one in four (26%) working in this group as opposed to only six per cent of the disabled employees. This diverse group includes skilled agricultural and related trades, skilled metal and related trades, skilled construction and building trades, textile and printing trades, as well as a range of other skilled trades.

At the other end of the spectrum, the lowest proportion of disabled self-employed people can be found in the administrative and secretarial occupations (SOC4 – 4%) and the sales and customer service occupations (SOC7 – 3%) which might be associated with the fact that these occupations have been traditionally dominated by a higher number of employees.

The occupational spread of disabled self-employed is similar to the occupational spread of the UK's self-employed overall, where almost half (46%) are concentrated in the highly skilled occupational categories

SOC1-3, the highest proportion (25%) are concentrated in SOC5 and the lowest proportion are concentrated in SOC7.

Descriptions of self-employed status

The vast majority (78%) of self-employed people with disabilities identify as working for themselves, one in five (19%) identify as running a business or professional practice and about one in seven (14%) describe themselves as doing freelance work (Appendix 3).⁶

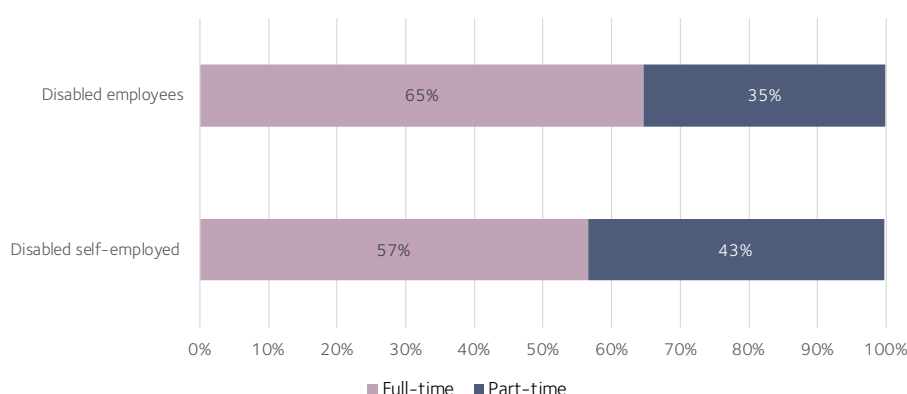
The findings are not significantly different for the UK's self-employed overall, suggesting that the way self-employed people identify themselves reflects their way of work, rather than their personal circumstances.

Full-time versus part-time self-employment

Similar proportions of the disabled self-employed work full-time (57%) and part-time (43%) which is rather different to disabled employees for whom working full-time is more predominant (65%) in comparison to working part-time (35%) (Figure 3).

This is hardly surprising considering that people often choose self-employment as a career option because of the freedom and flexibility it provides, including in the form of part-time work. Previous IPSE research has shown that the three most popular reasons for entering self-employment are being in control of own work (60%), having greater control of working hours (57%) and enjoying the freedom to choose where to work (56%).⁷

Figure 3. Full-time and part-time self-employment for disabled self-employed and disabled employees.



Source: LFS, Q2 2018 (N for disabled employees = 3 331 000; N for disabled self-employed = 611 000)

⁶Percentages do not sum to a 100 for this question as respondents could choose multiple options. ⁷ComRes (2017). Survey of the disabled self-employed conducted on behalf of IPSE, London. Unpublished.

Attitudes and motivations

Reasons for becoming self-employed

The most common reason for disabled people to choose self-employment is better work conditions or job satisfaction as outlined by over a fifth (21%) of all respondents (Appendix 4).

Other disabled people chose self-employment because of the nature of their job or chosen career (19%) or to maintain or increase their income (9%).

Six per cent of disabled people also chose self-employment because they could not find other employment, and further six per cent did so because of redundancy.

Over a fifth (22%) of the disabled self-employed respondents selected the 'other' category suggesting that future research should shed more light on other potential reasons why people with disabilities choose self-employment.

Overall, the reasons of disabled self-employed to choose this way of work do not differ significantly from the UK's self-employed.

Reasons for looking for another job

Only three per cent of the disabled self-employed are looking for another job, in comparison with eight per cent of the disabled employees.

The most common reason for looking for another job among the disabled self-employed is unsatisfactory pay (39%) which is the case for almost two in five of the respondents to whom this question applies (Appendix 5). Other factors include present job coming to an end (22%) or other unsatisfactory aspects of the job (36%).

Disabled employees identify similar reasons for wanting to change jobs including unsatisfactory aspects of the job (29%) and unsatisfactory pay (23%). The only exception is that over a seventh of them (16%) want to change occupation as opposed to only three per cent of the disabled self-employed.

Trade union membership

Only six per cent of the disabled self-employed are members of a trade union or staff association, as opposed to almost a third (29%) of disabled employees. Future research should explore the reasons behind this trend and

whether it is caused by an absence of bodies representing the interests and needs of the disabled self-employed or this is rather associated with lack of awareness, relevance or engagement with already existing bodies.

Length of time in self-employment

Near half (44%) of all self-employed with disabilities have been in self-employment for ten or more years, which is five per cent higher than the same proportion among the UK's self-employed overall (39%) (Figure 4).

Of this proportion of disabled individuals who are self-employed for ten years or longer, the highest percentage chose this way of work because of better work conditions or job satisfaction (22%) and the nature of their job or chosen career (22%), followed by a desire to maintain or increase income (12%), showing that self-employment is most likely to be a positive choice for them.

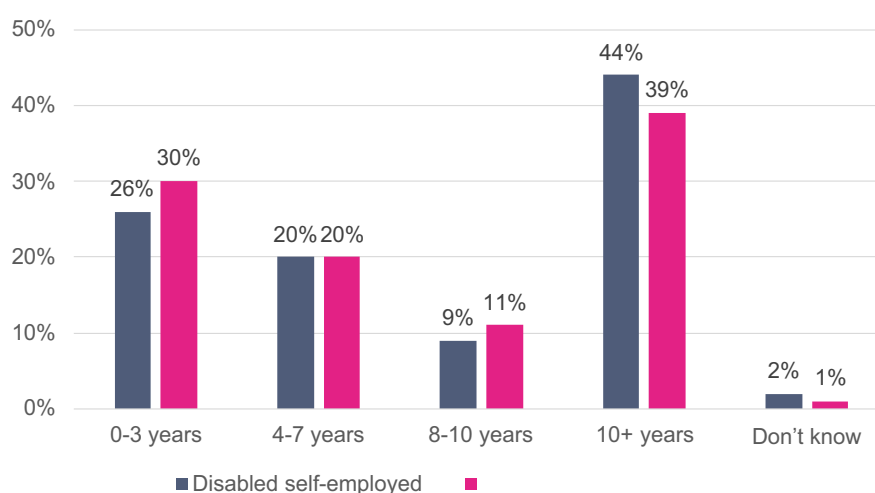
A quarter (26%) of disabled self-employed people have been in self-employment for less than three years and one in five (20%) have been self-employed for four to seven years, which does not differ significantly from the trends observed among the UK's self-employed overall.

The top two reasons for entering self-employment for these two groups (self-employed for less than three years and 4-7 years) of disabled individuals are also better work conditions or job satisfaction and nature of their job.

However, disabled self-employed who have been in self-employment for less than three years (11%) and for four to seven years (9%) are more likely to have entered self-employment because they could not find other employment in comparison with those disabled people who have been self-employed for over ten years (5%).

This can perhaps suggest that the reason for entering self-employment is associated with the chance of remaining self-employed in the long-run and those for whom self-employment was a positive choice are more likely to remain self-employed. However, further research is needed to confirm this hypothesis.

Figure 4. Length of time in self-employment for disabled self-employed and UK's self-employed overall.



Source: LFS, Q2 2018 (N for UK's self-employed overall = 4 095 000; N for disabled self-employed = 611 000). Note: Question only asked of those self-employed in main jobs.

Interaction with the benefit system

According to the LFS data, only one per cent of all solo self-employed people receive sickness and disability benefits, while 14 per cent of them are classified as disabled under the Equality Act 2010.

Forty-one per cent of all self-employed with disabilities and 30 per cent of all employees with disabilities receive at least one type of the state benefits, listed in the LFS survey.⁸

Out of those self-employed disabled people who do receive at least one of the state benefits listed, the highest proportion receive tax credits (40%), followed by child allowance (33%) and pension benefit (32%) (Figure 5).

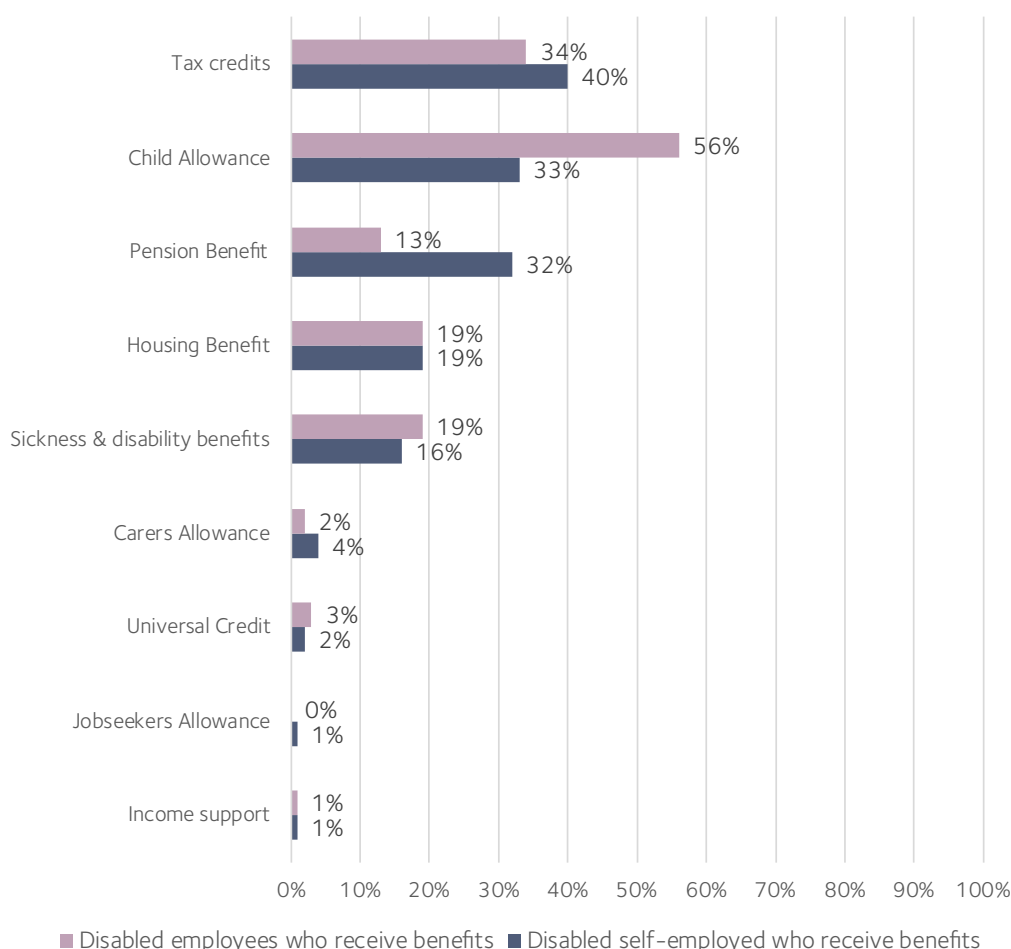
Just over one in seven (16%) of the disabled self-

employed receive sickness and disability benefits while only two per cent receive Universal Credit (UC).

It would be interesting to track this finding in the long term as from July 2019, DWP and HMRC will start to move not only ESA claimants but also tax credit claimants across to UC. The process is expected to be completed by March 2023.

The most commonly received benefits for disabled employees differ from those received by disabled self-employed people. For disabled employees, the most commonly received benefits are child allowance (56%), tax credits (34%), housing benefit (19%) and sickness and disability benefit (19%).

Figure 5. Benefits received for disabled self-employed and disabled employees.



Source: LFS, Q2 2018 (N for disabled employees who receive benefits = 1 010 000; N for disabled self-employed who receive benefits = 250 000). Note: The data refers to the proportion of disabled self-employed and disabled employees who do receive benefits.

⁸The LFS survey does not provide an exclusive list of all state benefits received by disabled employees/self-employed. The options listed include Tax Credits, Child Allowance, Pension Benefit, Housing Benefit, Sickness and Disability Benefits, Carers Allowance, Universal Credit, Jobseekers Allowance, Income Support.

Education and training

Educational qualifications

The self-employed and employees classified as disabled are educated to an equivalent level. Over a quarter of both groups are qualified to a degree or equivalent; and over a fifth of both groups are qualified to GCE A level or equivalent (Figure 6).

Eight per cent of both employees and self-employed people with disabilities have received a postgraduate qualification, which is a masters' degree for more than a half (52%) of the people in both of these groups.

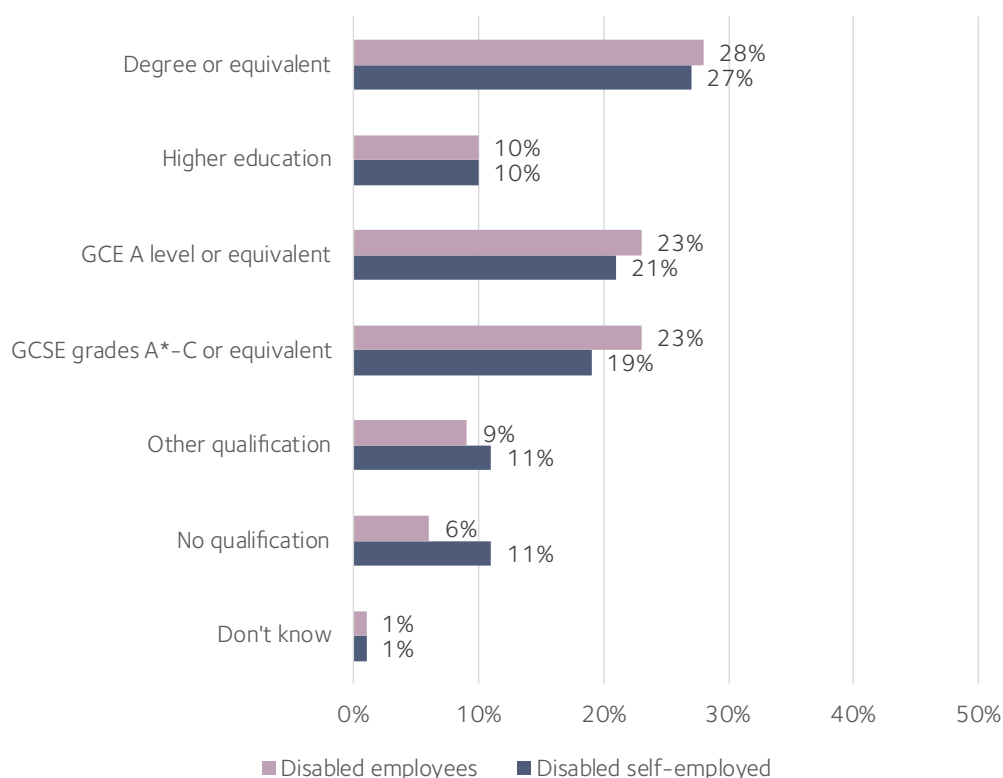
One difference between the two groups is that the proportion of disabled self-employed people who have no qualifications (11%) is almost twice as high as the

proportion of disabled employees with no qualifications (6%).

This finding is perhaps concerning, considering that previous research has found that self-employed people at risk of vulnerability generally have lower qualification levels which makes it more difficult for them to escape low pay.⁹

The UK's self-employed overall and employees overall tend to have achieved higher educational qualifications than the disabled self-employed and disabled employees. Just over a third of the UK's employees (35%) have a degree or equivalent as well as a similar proportion of the UK's self-employed (34%).

Figure 6. Educational qualifications of disabled self-employed and disabled employees.



Source: LFS, Q2 2018 (N for disabled employees = 3 331 000; N for disabled self-employed = 611 000).

⁹IPSE and Community, (2017). *Under Pressure: Enabling the vulnerable self-employed to break free*.

On and off job training

Continuing training and development is important for freelancers in order to keep abreast of technological, economic, legal and other issues in their respective occupational fields. There are large differences in the number of disabled self-employed people and disabled employees reporting job-related training in the previous three-month period.

Only 13 per cent of the disabled self-employed reported undertaking job-related training in the last three months, compared to more than twice as many of the disabled employees (27%) who had done so (Table 2).

Similarly, 14 per cent of the UK's self-employed overall reported undertaking job-related training in the last three months, compared to 26 per cent of the UK's employees overall.

Table 2. Job-related training or education in the last three months for UK's self-employed overall, UK's employee overall, disabled employees and disabled self-employed.

	DISABLED SELF-EMPLOYED	DISABLED EMPLOYEES	UK'S SELF-EMPLOYED OVERALL	UK'S EMPLOYEES OVERALL
Yes, some job-related training or education in the last 3 months	13%	27%	14%	26%
No, job-related training or education in the last 3 months	79%	70%	82%	73%
Does not apply	8%	2%	4%	1%

Source: LFS, Q2 2018 (N for UK's self-employed overall = 4,425,000, N for employees = 27,340,000, N for disabled employees = 3 331 000; N for disabled self-employed = 611 000).

This trend raises questions about whether disabled self-employed people and the UK's self-employed overall engage in sufficient learning and training activity to support their skill development needs as well as what the potential consequences are for their career progression, income levels and ability to access more or higher quality work opportunities.

There are also differences in whether the job-related training was undertaken on the job or away from the job (Table 3).

Around half of both disabled employees (50%) and UK employees overall (48%) who undertook job-related training in the last four weeks had done on the job training, compared to less than a third (31%) of the UK's self-employed overall and only around a fifth (21%) of the disabled self-employed.

The opposite trend can be observed with regards to

training away from the job.

Over three in five (62%) of the disabled self-employed and over a half (53%) of the UK's self-employed overall who undertook training in the last four weeks, had done it away from the job, compared to a third of disabled employees (33%) and employees overall (33%).

This can perhaps be explained by the nature of the working style characterising self-employment and the different relationship these two groups have with their employer/engager as we can observe similar trends among employees and the self-employed overall.

It has also been previously noted that the self-employed rely more heavily on training away from the job and they are less likely to engage in on the job training because they might be excluded from such opportunities by their engager, may lack the time and/or money to do so or because of tax reasons.¹⁰

Table 3. On/off job training or education in the last four weeks for UK's self-employed overall, UK's employee overall, disabled employees and disabled self-employed.

	DISABLED SELF-EMPLOYED	DISABLED EMPLOYEES	UK'S SELF-EMPLOYED OVERALL	UK'S EMPLOYEES OVERALL
On the job training	21%	50%	31%	48%
Training away from job	62%	33%	53%	33%
Both	17%	16%	15%	19%

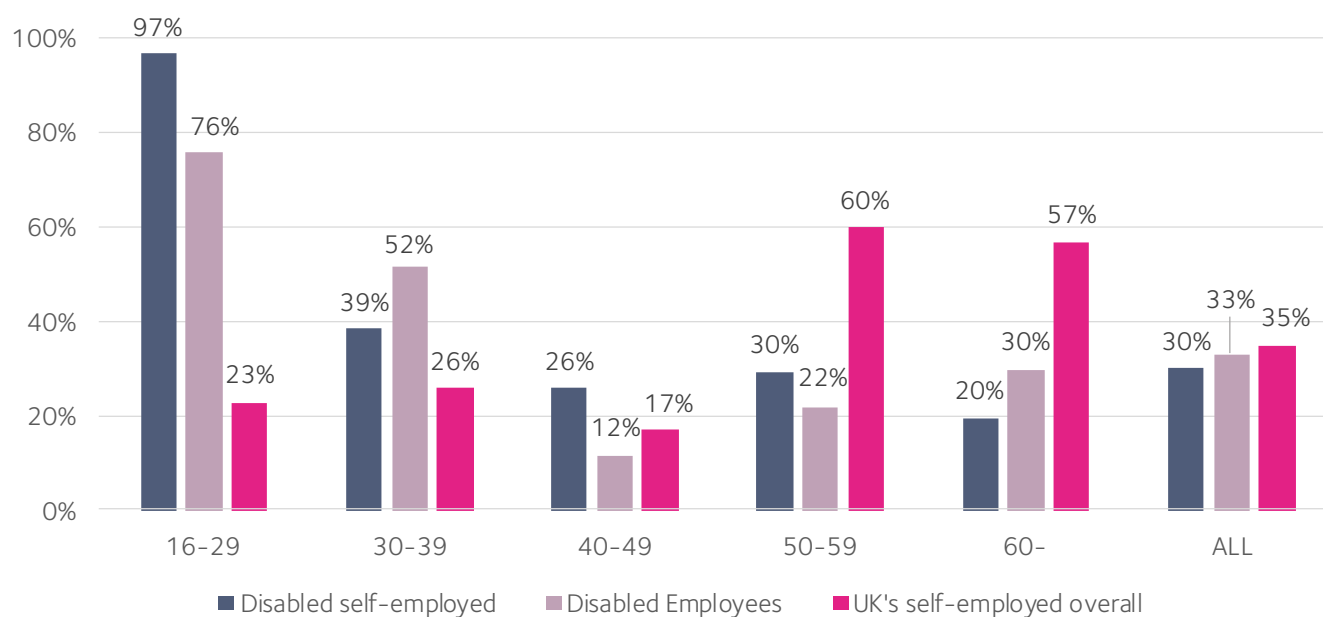
Source: LFS, Q2 2018 (N for the UK's self-employed overall = 266 000, N for the UK's employee overall = 3,688,000, N for disabled employees = 468 000; N for disabled self-employed = 50 000).

Note: Calculated as percentage of those who took part in job related education or training in the last four weeks.

¹⁰ *Kitching, J. (2016), Exploring the UK freelance workforce in 2015. IPSE.*

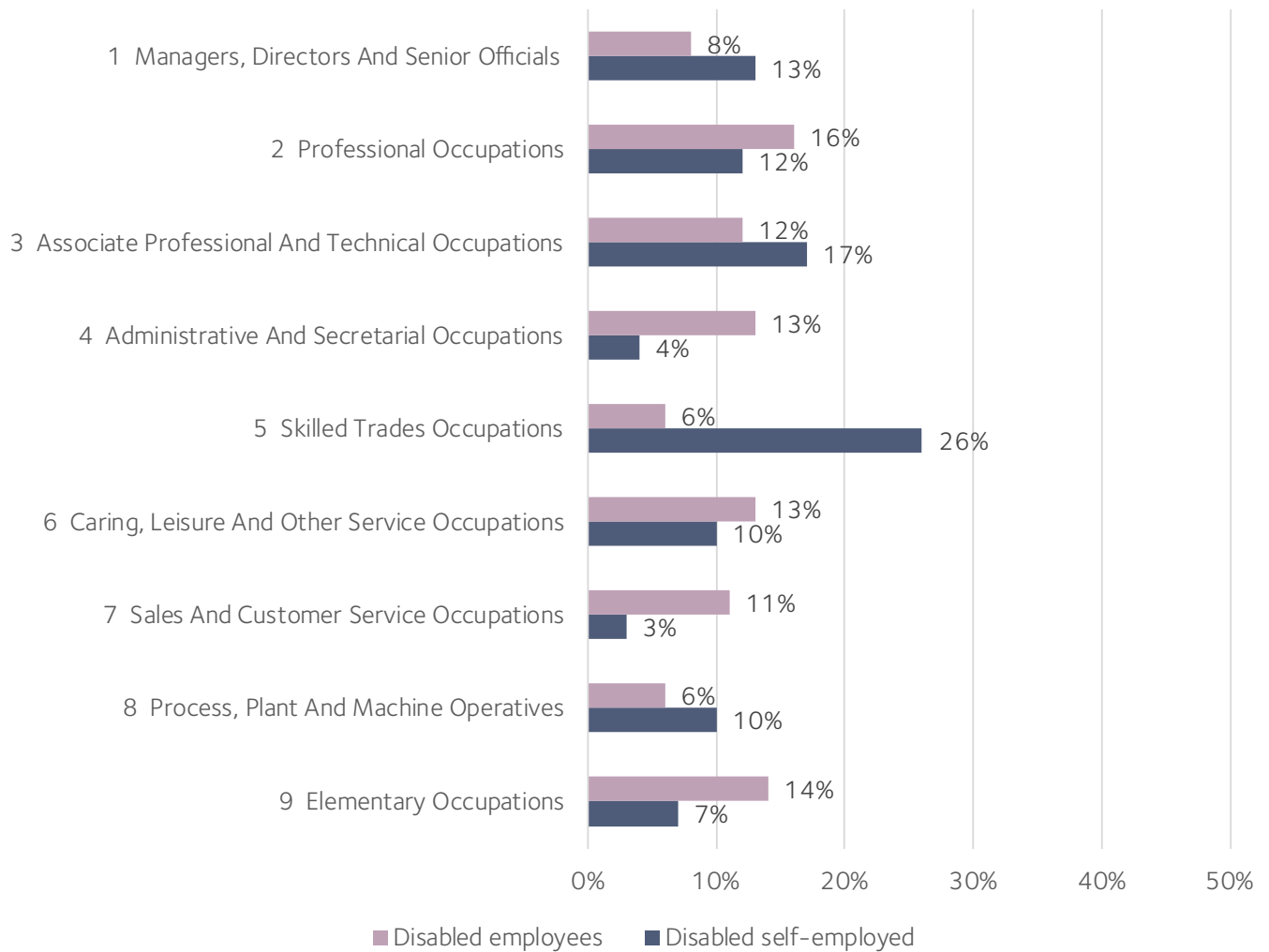
Appendices

Appendix 1. Percentage increase in the number of disabled self-employed, disabled employees and UK's self-employed overall since 2013 by age group.



Source: LFS, Q2 2018 (N for disabled self-employed = 611 000, N for disabled employees = 3 331 000, N for self-employed overall = 4,425,000)

Appendix 2. Occupational profile of disabled self-employed and disabled employees.



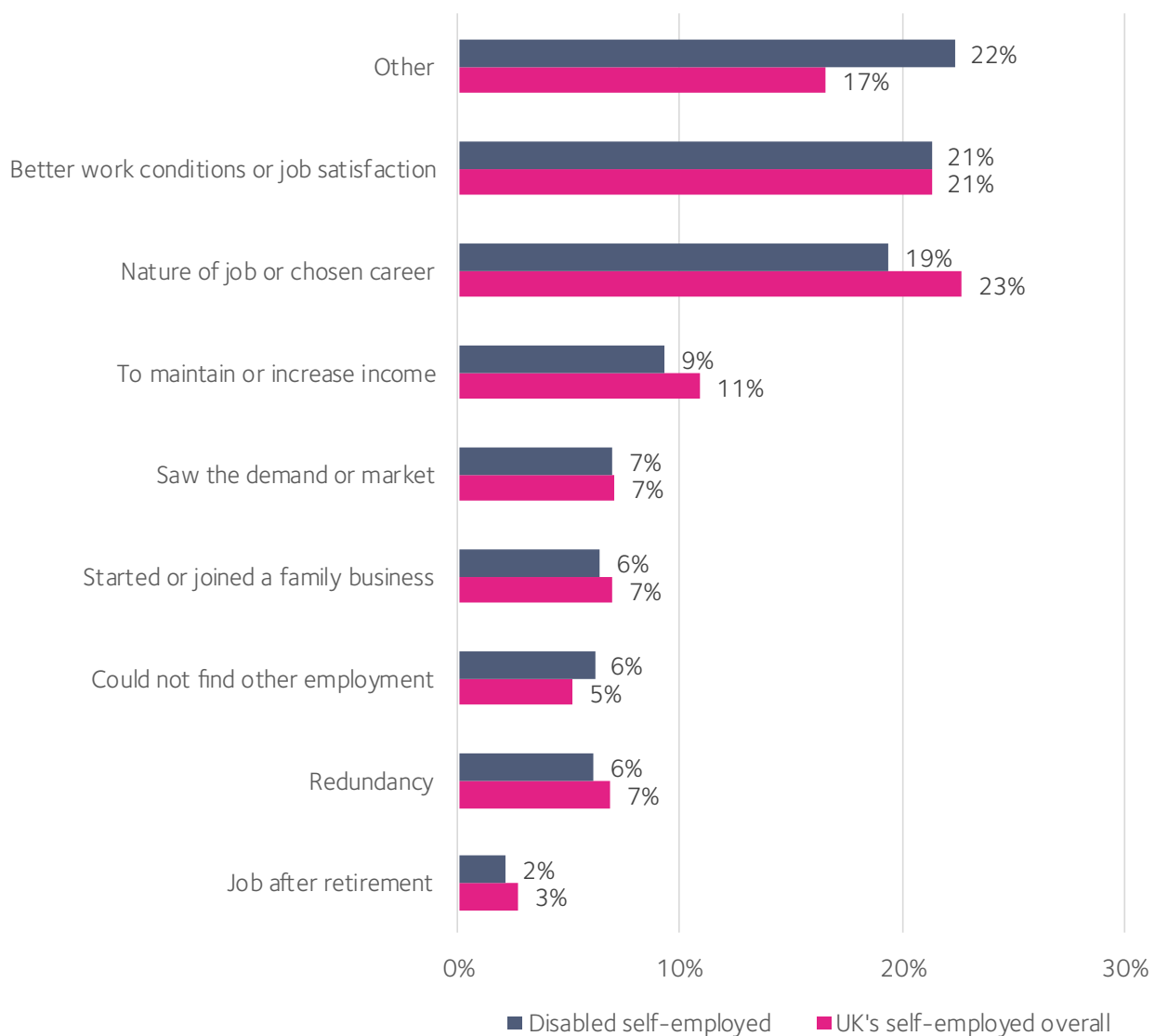
Source: LFS, Q2 2018 (N for disabled employees = 3 331 000; N for disabled self-employed = 611 000)

Appendix 3. Description of self-employment status for disabled self-employed and the UK's self-employed overall.



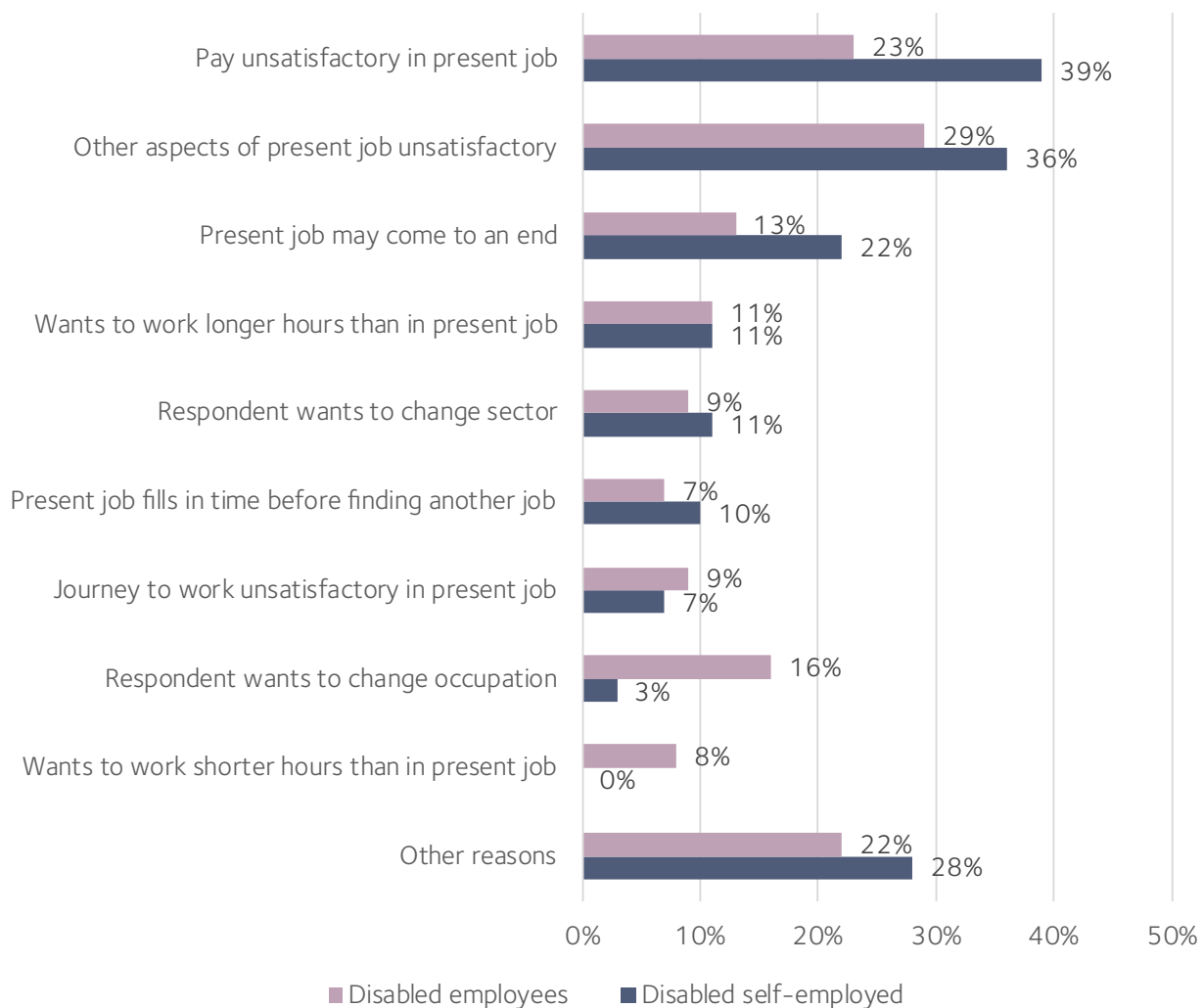
Source: LFS, Q2 2018 (N for UK's self-employed overall = 4 095 000; N for disabled self-employed = 600 000). Percentages do not sum to 100 as respondents could choose multiple options.

Appendix 4. Reasons for becoming self-employed for disabled self-employed and UK's self-employed overall.



Source: LFS, Q4 2017 (N for UK's self-employed overall = 3 395 000; N for disabled self-employed = 499 000).

Appendix 5. Reasons looking for another job for disabled self-employed and disabled employees.



Source: LFS, Q2 2018 (N for disabled employees = 262 000; N for disabled self-employed = 20 000).

Note: This question refers to only those disabled self-employed and disabled employees who are looking for another job. Percentages do not sum to a 100 as respondents could select up to three options.

