

## SELF-GENERATED ECONOMIC ACTIVITY AS A FORM OF EMPLOYMENT FOR PEOPLE WITH DISABILITIES

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### ABSTRACT

The article presents the factors that limit starting one's own business. Self-employment is one way to integrate disabled people into the labour market and to utilize resources from the labour force of disabled people. The results are obtained on the basis of a study conducted by the author in the Mazowieckie Voivodeship among people with disabilities. The conducted research shows that self-employment is not willingly chosen by people with disabilities. People with disabilities see many negative factors (reasons) that make it difficult to set up and run their own businesses. Their state of health and a lack of resources are the main hindrances to starting a business. The tools/instruments used by the state to facilitate self-employment are also indicated. Through self-employment people with disabilities create a workplace (position) for themselves and decide to enter or return to the labour market. Bureaucratic support and appropriate motivation to take up professional activity is also very important as it reduces the number of those who remain unemployed.

**Key words:** self-generated business activity, labour market, disabled people, self-employment, PFRON

**JEL codes:** J2, J6

### INTRODUCTION

Nations and their citizens strive for the highest possible employment and try to counteract unemployment. An important element of human life is work [Jabłońska-Porzuczek 2019]. Self-employment is one way to offset the negative phenomenon of unemployment and to activate people in the labour market. Disabled people are one of the most difficult social groups in terms of professional activation. One of the basic challenges in researching the situation of people with disabilities in the labour market is the wide variance in definitions of disability, and in the criteria. Disability is a multiform, diverse and dynamic phenomenon, therefore it is difficult to define it unequivocally [Kołaczek 2006]. Without having a single definition of disability,

it is not easy to assess the phenomenon of disability [Golinowska and Sowa 2012].

In economics, disability means limited earning capacity, in medicine it means limitation of the body's efficiency, and for a sociologist – difficulties in social adaptation [Garbat 2013b]. Employers prefer people who show great independence, the ability to cope with problematic situations, who are able to work under time pressure.

In economics work is understood as activities performed in the production process in order to produce goods to satisfy people's needs [Lange 1966]. Smith and Ricardo recognized work as one of the three basic (apart from land and capital) factors of production [Jagoda and Klimeczak 2011]. Marx and Engels [1968] claimed that: "The labour process is a deliberate

activity aimed at creating use values, adapting what nature provides to human needs, it is a general condition for the exchange of matter between man and nature, the eternal natural condition of human life therefore a process independent of any form of this life, rather a common process of all its social forms [own translation]”. Economic sciences deal with labour issues in the context of the labour market where entities willing to recruit an employee report demand for labour and people ready to undertake it represent the supply side. According to Rajkiewicz [1958], the labour market is a place that characterizes the relationship between the supply of labour and the demand for labour. It is the willingness to work offered and the demand for this work and not for an exchange of goods. In the labour market work is a commodity which can be understood as labour potential (labour power) or as work performance (i.e. labour service). According to Marx, the labour power is “the aggregation of the physical and mental capabilities existing in a human being, which he exercises whenever he produces a use-value of any description”. Work is a specific commodity because it is connected with human consciousness [Unolt 1996].

Employment can be understood as the involvement of human strength and skills in the work process. Its purpose is to meet human needs. In a broader sense, it includes subordinated and self-employed persons, while in narrow terms it covers only self-employed persons. This is also related to the concept and aspects of self-employment. According to Eurostat, a self-employed person is a person running his or her own business, farm or professional practice without hiring any employees [Eurostat 2011]. Blanchflower [2000] considers self-employment to be the simplest form of entrepreneurship.

Self-employment for disabled persons allows them to use their opportunities optimally and to create appropriate working conditions adapted to their limitations. Self-employment is vital to the economy. It is often considered as a way to counter unemployment for people who return to work. It should be highlighted that running a business is working for oneself, which is associated with various consequences and responsibility, as well as bearing risk in the event of failures. Self-employment is characterized by lower employment stability than full-time employment, among other

reasons, because in the case of sickness or sick leave a person does not work and thus does not earn money, the same is in the case of holidays.

Professional activity gives people with disabilities a sense of self-fulfilment, financial independence, and in particular it prevents social exclusion. As emphasized by Kalinowski [2018], social exclusion causes many types of needs to be unsatisfied, including health protection, education or living conditions as well as leisure and access to culture.

## **MATERIAL AND METHODS**

The data was collected by the use of a questionnaire, which was directed to people with disabilities living in the Mazowieckie Voivodeship via the Internet, public institutions and non-governmental organizations. People from the following poviats constituted the greatest number of respondents: Makowski, Legionowski, Plock, Warsaw, Pułtusk and Mława. In total, the respondents came from 24 poviats of the Mazowieckie Voivodeship. The time scope of the research covered the years 2004–2018, and 301 people took part in the study.

The study group consisted of women and men aged 18–64. The study covered the disabled people who had a document confirming their disability issued by an appropriate body and who had a certified degree of disability. The questionnaire contained, inter alia, questions on running their own business.

## **RESULTS AND DISCUSSION**

The professionally active people who took part in the study are mainly employees employed under an employment contract. A very small percentage of the respondents (less than 4%, i.e. 12 people), ran their own business and only 39 people declared that they thought about this form of employment. Despite that self-employment is one of the ways of starting work and getting out of unemployment, it is not a form of employment preferred by people with disabilities. People with disabilities less often than others decide to start and run their own business [Gittlieb et al. 2015].

The table presents the most important information about persons who expressed interest in starting their own business in the future. Men (54%) were more

**Table.** Characteristics of the respondents answering the question: “Have you thought of starting your own business”?

Category		Yes	No
		<i>n</i>	
Sex	woman	18	131
	man	21	121
Place of residence:	village	10	124
	city up to 5 000 inhabitants	0	42
	city of 5 000–10 000 inhabitants	3	11
	city of 11 000–20 000 inhabitants	4	14
	city over 20 000 inhabitants	22	61
Education	incomplete / incomplete primary	0	13
	primary	0	70
	gymnasium	1	9
	vocational	1	55
	secondary general education	5	26
	secondary vocational	5	14
	post secondary	4	16
By which authority is your certificate of disability / incapacity for work issued?	higher (different faculties)	23	49
	issued by the ZUS certifying physician	8	84
	issued by the KRUS <sup>c</sup> certifying physician	0	0
Degree of disability / incapacity acc. to the ZUS <sup>a</sup>	poviat / municipal disability adjudication teams	31	168
	certificate of total incapacity to work and live independently	2	18
	certificate of the inability to exist independently	2	6
	certificate of total incapacity for work	1	28
	certificate of partial incapacity for work	3	32
Degree of disability / incapacity acc. to PCPR <sup>b</sup>	certificate of incapacity to work on a farm	0	0
	considerable degree / disability group I	11	45
	moderate degree / disability group II	19	116
Type of disability	light degree / disability group III	1	7
	motor disability	19	77
	intellectual disability, e.g. mental retardation and mental illness	3	99
	disability related to neurological diseases	13	77
	disability of the organs of sight, hearing and speech	12	34
	disability related to diseases of internal organs, e.g. respiratory and circulatory systems; digestive system, etc.	2	33
	different, other	0	5

<sup>a</sup> Social Insurance Institution (Zakład Ubezpieczeń Społecznych).

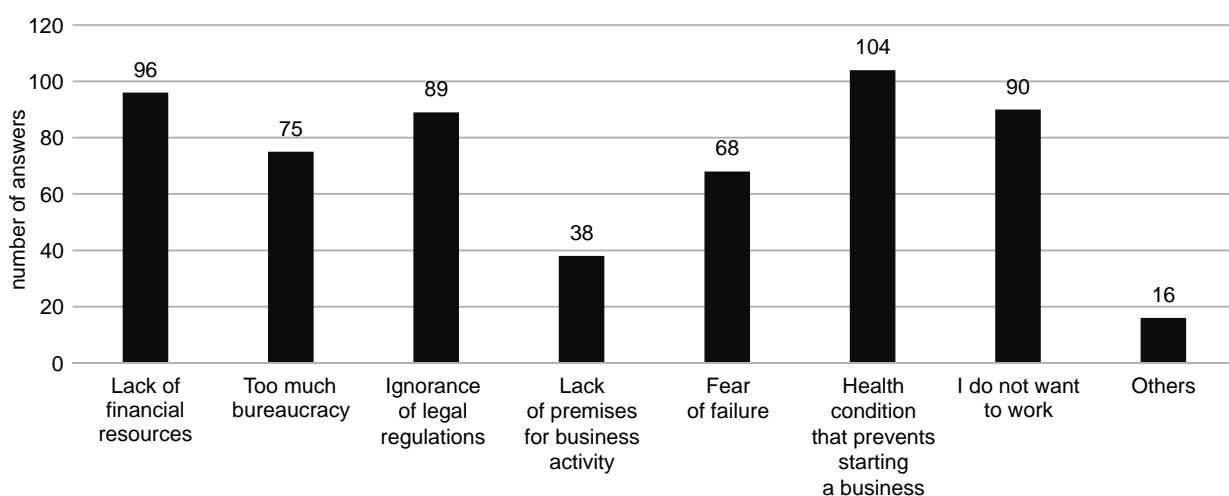
<sup>b</sup> County family assistance centres (powiatowe centra pomocy rodzinie).

<sup>c</sup> Agricultural Social Insurance Fund (Kasa Rolniczego Ubezpieczenia Społecznego).

Source: Author’s own study based on author’s research.

interested in starting their own business than women (46%). Self-employment was considered mainly by people living in cities with more than 20,000, 56% of the population, as well as people with higher education (59%). Mostly people with moderate (disability group II) and significant (disability group III) disability issued by the county family assistance centres considered starting their own business in the future. Almost half (49%) with a moderate disability and less than 29% with a significant one seek/think of self-employment. About 22% of the respondents intending to undertake such activity had a different degree of disability than those above. Analysing the willingness to self-employment in terms of the type of disability, it can be observed that the greatest number of applicants are with motor disabilities and neurological diseases as well as with problems related to the organs of hearing, speech and sight. As other studies show, the level of education has an impact on self-employment. Self-employed persons were characterized by higher education [Kmieć 2017]. Women often take up this form of employment due to the lack of full-time employment and the fact of combining work with family responsibilities. The decision to take up a job is influenced by many factors, including socio-economic characteristics such as health, age, sex, education, skills and experience [Kukulak-Dolata 2006, Drejerska 2010, 2018].

People declaring their willingness to be self-employed saw many problematic aspects related to economic activity, ranging from lack of health to, for example, a shortage of time (indicated by the respondents). In the first place, the respondents indicated that poor health (19%) does not allow them to set up and run their own business (the figure). The lack of financial resources made it impossible for 17% to take up this form of work. Another problem was the lack of knowledge of legal aspects (16%). In addition to legal issues, business activity is associated with broadly understood bureaucracy, which was indicated by 13% of respondents in this group. Without giving a reason, 16% of respondents did not want to start their own business. For 12% of respondents, significant was the fear of failure and the lack of faith in their own abilities to create a prospering business. The category “others” included such problematic issues as lack of experience and idea, “medical certificate disqualifies taking up a job”, education, and one of the answers was also lack of time. An important aspect that people with disabilities pay attention to when taking up professional activity is the condition of the technical infrastructure. Poland is diversified in terms of its condition and technical infrastructure, the development of technical infrastructure in the Mazowieckie Voivodeship has increased [Pomianek 2020].



**Fig.** Reasons for not starting one’s own business  
Source: Author’s own study based on author’s research.

Other studies confirm that many factors influence the professional activity of disabled people in relation to starting a business. Disabled entrepreneurs see the most important barriers in the technical infrastructure, legal aspects and insufficient financial support. A significant determinant of running a business are issues related to disability that is poor health [Garbat 2013a].

Kobus-Ostrowska [2014] focuses her considerations on the forms of alternative support that a disabled or unemployed person can receive on the labour market. She pays great attention to the possibility of receiving support, e.g. for starting one's own business, social cooperative and financing social security contributions. She lists various forms of support for professional activation, e.g. internships, vocational preparation, trainings and courses. Support related to starting one's own business in the studied sample does not seem to be of great importance, because only less than 13% of people are interested in starting their own business, with courses and training showing more interest.

There are many forms of support for people with disabilities and for setting up a business by people with disabilities. Schools, courses and various work preparation projects ignore the fact that acquiring basic skills in a given field will not guarantee the acquisition of a client. It is not sufficient for a disabled person to gain basic knowledge of creating websites [Panek 2020]. An important form of supporting the entrepreneurship of disabled people is the refund of some social security contributions, since disabled people or entrepreneurs, like others, are obliged to pay contributions for running a business [Politaj and Koza 2016]. This assistance can be obtained from the State Fund for Rehabilitation of Disabled Persons (Państwowy Fundusz Rehabilitacji Osób Niepełnosprawnych – PFRON). In order for a person to be able to apply for funds for their own business activity, they should be registered in the poviats labour office as an unemployed person or a jobseeker and should not have any financial arrears towards PFRON. In this regard, PFRON offers, among others, funds to start one's own business and reimbursement of social security contributions ([www.pfron.org.pl](http://www.pfron.org.pl)).

The amount of the subsidy for starting one's own business depends on the period of commitment to run a business by disabled people [Politaj and Koza 2014]. In the case of a minimum of 12 months, the amount of

the subsidy cannot exceed six times the average salary. If the entrepreneur undertakes to conduct business for a minimum of 24 months, then the amount of the grant will be from six to 15 times the average salary. The other form of assistance that can be obtained from the PFRON as part of co-financing for business activity is the reimbursement of the ZUS contributions (pension scheme and disability insurance). The amount of co-financing (refund) of contributions depends on the degree of disability. A person running a business with a significant disability receives the reimbursement of 100% of the amount of compulsory contributions for retirement and disability insurance. In the case of a moderate disability, the refund is 60% of the amount of compulsory contributions, and 30% for a light disability.

A person applying for a contribution refund is required to register in the PFRON system for handling subsidies and refunds – SODiR (<https://www.sod.pfron.org.pl>). The minimum amounts of co-financing for contributions in 2020 are: in the case of the pension contribution PLN 612.19, the disability insurance PLN 250.90. For the first two years, the amount of these contributions is respectively the pension insurance amounting to PLN 152.26, while the disability insurance is PLN 62.40 [PFRON 2020]. Contributions are calculated and paid according to the rules specified in the Social Insurance Act of 13 October 1998 (Art. 8 sec. 6). The PFRON grants reimbursement of contributions on the basis of declarations indicated in the relevant applications and after verification of all data contained therein.

## CONCLUSIONS

The conducted research shows that people with disabilities choose other forms of professional activity and income than running their own business. A very low percentage of respondents currently run their own business and also few people declared interest in this form of employment and earning money.

People with higher and university education, as well as living in larger cities with more than 50,000 residents, showed a greater willingness to self-employment. This was also influenced by the degree and type of disability the person had. People with a moderate disability and physical disability are planning

to take up self-employment in the future. This may prove that such people know their limitations and can adjust the type of work and other conditions related to professional activity to their disabilities (imperfections). Self-employment also provides the individual the opportunity for self-realization and personal development, and allows one to arrange work according to their needs. At the same time, it should be noted that it is also associated with self-discipline and organization, as well as other duties that are not applicable in the case of working for another employer.

The main reasons for not taking up this type of employment are poor health and lack of financial resources. There are also legal aspects that disabled people are not familiar with, and their reluctance to work. There is no adequate system of motivating people with disabilities to take up employment and professional activity, which also influences the commencement of self-employment, as it provides lower job stability and requires greater creativity and willingness to work.

For enterprising people with disabilities, running a business is not only a source of income, but also a way to avoid marginalization and return to full social life.

In order to activate the professionally inactive community, it is important to identify the reasons for their inactivity and to take actions increasing the chances of their entering the labour market and preventing the occurrence of exclusion. The constant mismatch between the demand and supply of labour is a permanent negative phenomenon which, if possible, should be limited and counteract low professional activity among disabled people.

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## **WŁASNA DZIAŁALNOŚĆ GOSPODARCZA JAKO FORMA ZATRUDNIENIA OSÓB NIEPEŁNOSPRAWNYCH**

### **STRESZCZENIE**

W artykule przedstawiono czynniki ograniczające zakładanie własnej działalności gospodarczej. Własna działalność gospodarcza stanowi samozatrudnienie, które jest jednym ze sposobów włączenia osób niepełnosprawnych do rynku pracy i wykorzystania zasobów siły roboczej, którą one dysponują. Wyniki opisane w pracy uzyskano na podstawie badania własnego przeprowadzonego w województwie mazowieckim wśród osób niepełnosprawnych. Z przeprowadzanych badań wynika, że osoby niepełnosprawne niechętnie decydują się na samozatrudnienie, gdyż dostrzegają wiele czynników utrudniających rejestrację i funkcjonowanie takiej formy działalności gospodarczej. Dotyczy to przede wszystkim stanu ich zdrowia oraz braku środków. W pracy przedstawiono także narzędzia/instrumenty stosowane przez państwo, które mają ułatwiać rozpoczęcie własnej działalności gospodarczej. Poprzez samozatrudnienie osoby niepełnosprawne tworzą dla siebie miejsce (stanowisko) pracy i decydują się na włączenie do rynku pracy lub powrót na ten rynek. W tym procesie istotne jest wsparcie w zakresie radzenia sobie z biurokracją i odpowiednie zmotywowanie do podjęcia tej formy aktywności zawodowej.

**Słowa kluczowe:** własna działalność gospodarcza, rynek pracy, osoby niepełnosprawne, samozatrudnienie, PFRON