POLICY BRIEF ON **SUPPORTING PERSONS WITH DISABILITIES IN ENTREPRENEURSHIP**

ENSURING INCLUSION IN A POST COVID-19 ECONOMY

European Commission

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BETTER POLICIES FOR BETTER LIVES

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KEY MESSAGES

- **Nearly one-in-five people in OECD and European Union countries live with some form of disability.** Entrepreneurship and self-employment policies therefore need to be responsive to the needs of this large group. Moreover, the number of people with a disability is increasing due to population ageing and factors such as a growing incidence of non-communicable diseases, e.g. mental health conditions and cancers (some of which are related to ageing). Not everyone with a disability is equally disadvantaged since disabilities can vary greatly according to type, severity, cause and duration.
- **People with disabilities are less likely to work and also lag in self-employment.** Among those available to work in European OECD countries, only about 5% of people with disabilities are self-employed. This is lower than the share among those without disabilities (9%).
- **However, about one-in-seven people with a disability who are working as self-employed**. This is similar to the share of the self-employed among working people without disabilities, suggesting that self-employment is a viable route into work for many and that there is significant untapped potential of self-employment as a route to labour market attachment for many people with disabilities.
- **The majority of businesses started by people with disabilities are small and have low growth potential.** Many were started due to a lack of employment opportunities. Policy action therefore also needs to pay attention to encouraging sustainable business creation and projects that provide a good income.
- **People with disabilities, on average, face greater barriers in business start-up and development due to lower levels of education, less work experience and negative social attitudes.** In addition to challenges related to skills and finance gaps, obstacles to self-employment include limited access to entrepreneurship support, disincentives related to interactions between income and income support, and difficulties building networks. Moreover, many people with a disability do not see themselves as having entrepreneurial potential.
- **Addressing the barriers to entrepreneurship for people with disabilities can offer a route into the labour market for more people.** As well as helping more people with disabilities to earn a liveable income, this would boost self-confidence and improve mental health. Action in this area is particularly important in a post COVID-19 economy because people with disabilities were among the most likely to lose their job during the pandemic.
- **Governments can do more to promote good quality self-employment for people with disabilities.** Priority actions for government are to:
  - Continue to address obstacles to labour market participation, including education gaps and discrimination.
  - Build an entrepreneurial identity among people with disabilities by promoting role models, highlighting the potential of entrepreneurship in disability strategies and reducing exclusion in ecosystems by educating the main actors about disability issues.
  - Ensure that there are pathways back into income support systems when start-ups are not successful such as bridging allowances that provide temporary income support.
  - Adjust the delivery of entrepreneurship support schemes for the needs and capabilities of individual participants by offering more individualised support such as coaching and co-designing schemes with disability organisations whenever possible.
  - Invest in collecting more data on people with disabilities, including measuring the impact of dedicated entrepreneurship schemes.

1 THE GROWING PREVALENCE OF DISABILITY

Over 1 billion people worldwide are estimated to live with some form of disability (World Health Organization, 2020[1]). Of these, as many as 190 million (3.8%) people aged 15 years and older having significant difficulties in functioning, often requiring healthcare services. Within OECD countries, surveys suggest that about 18% of people experience some form of disability (OECD, 2022[2]).

The United Nations (UN) currently defines persons with a disability as "those who have long-term physical, mental, intellectual or sensory impairments which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with others" (United Nations, 2006[3]). While definitions are evolving, disability can be viewed as the outcome of an interaction between health conditions (e.g. cerebral palsy, depression, lung disease) and environmental factors (e.g. inaccessible transportation, air pollution, limited social support) (World Health Organization, 2019[4]). There is evidence of correlations between disability and several personal characteristics such as age and gender (OECD, 2022[2]). Older people are more likely to have a disability since the likelihood of having a non-communicable disease (i.e. a disease such as Parkinson's disease or diabetes that is not transmissible directly between people) increases with age due to an accumulation of health risks over time (World Health Organization, 2011[5]). Surveys suggest that women are more likely than men to be affected by some health conditions such as depression and anxiety, and are more likely to self-report having a disability due to gender differences in perception and (self-)stigma (OECD, 2022[2]).

Disability is diverse and not everyone with a disability is equally disadvantaged. Disabilities can be categorised by type (e.g. pain-related, flexibility, mobility, seeing, hearing, learning, developmental, mental health), intensity or severity (e.g. mild, moderate, severe, and very severe), cause and duration or permanence. People can experience multiple impairments at the same time and the likelihood of this increases with age.

The prevalence of disability varies substantially across countries. Differences in stigma, self-stigma, perception, culture, attitudes and awareness play an important role in explaining variations in disability prevalence across countries and within countries over time (OECD, 2022[2]). Other contributing factors include the exclusion of mental health conditions from screening instruments in some countries and differences across countries in terms of: age distribution, income levels and mortality rates of certain non-communicable diseases (e.g. cardiovascular disease) (European Commission, 2022[6]).

The proportion of people who experience disability appears to be growing in most European Union (EU) and OECD countries. A significant factor for this increase is population ageing, which is estimated to account for about half of the increase (OECD, 2022[2]). For example, the share of 50-69 year olds in the working population increased from 32% in 2005 to 38% in 2018 in EU countries where data are available. Other factors include an increased prevalence of non-communicable diseases (some of which are related to ageing). In 2008, the World Health Organization estimated that non-communicable diseases accounted for about 36 million deaths worldwide (63% of all deaths) and this is expected to increase to about 55 million (about 75% of all deaths) by 2030 due to a combination of genetic, physiological, environmental and behavioural factors (e.g. tobacco use, physical inactivity, the harmful use of alcohol and unhealthy diets) (World Health Organization, 2013[7]).

The importance of inclusion

The high prevalence of disability underscores the importance of strengthening the inclusion of people with disabilities in all aspects of society and work. Supporting people with disabilities in the labour market – including in entrepreneurship – is relevant to achieving the United Nations' Sustainable Development Goals (SDGs) and building inclusive and diverse societies and economies. This political objective is described further in the United Nations Convention on the Rights of Persons with Disabilities, which was adopted in 2006 by the General Assembly of the United Nations by 181 countries and the EU (United Nations, 2006[3]).

Strengthening social inclusion and diversity has many benefits for economies. Many labour markets in EU and OECD countries continue to suffer from a lack of adequately skilled personnel and people with a disability are increasingly viewed as a potential pool of labour that can help address these shortages (Akbari and MacDonald, 2014[8]). In addition, firms that employ or partner with people with disabilities tend to have higher employee retention rates, as well as increased innovation due to greater workforce diversity (ILO, 2016[9]).

There are also enormous individual benefits to increasing social and economic inclusion for people with disabilities, such as improved living standards and health. The main benefit is that greater participation in the labour market can increase opportunities to generate income and decrease the risk of falling into poverty. Adults in the EU with a disability are more than 60%

more likely to live in households that report having difficulties making ends meet (Eurostat, 2021[10]). Greater inclusion of people with a disability in the labour market can also improve their health, potentially reducing the need for additional public healthcare services. Evidence shows that increased participation in society leads to improved mental health, including enhanced self-esteem (World Health Organization, 2011[5]; Shier, Graham and Jones, 2009[11]) and better overall health (Crowther, 2001[12]). By consequence, this can reduce the long-term costs of healthcare and social services (Deloitte, 2019[13]).

2 ENTREPRENEURSHIP CAN HELP SOME PEOPLE WITH DISABILITIES BE ACTIVE IN THE LABOUR MARKET

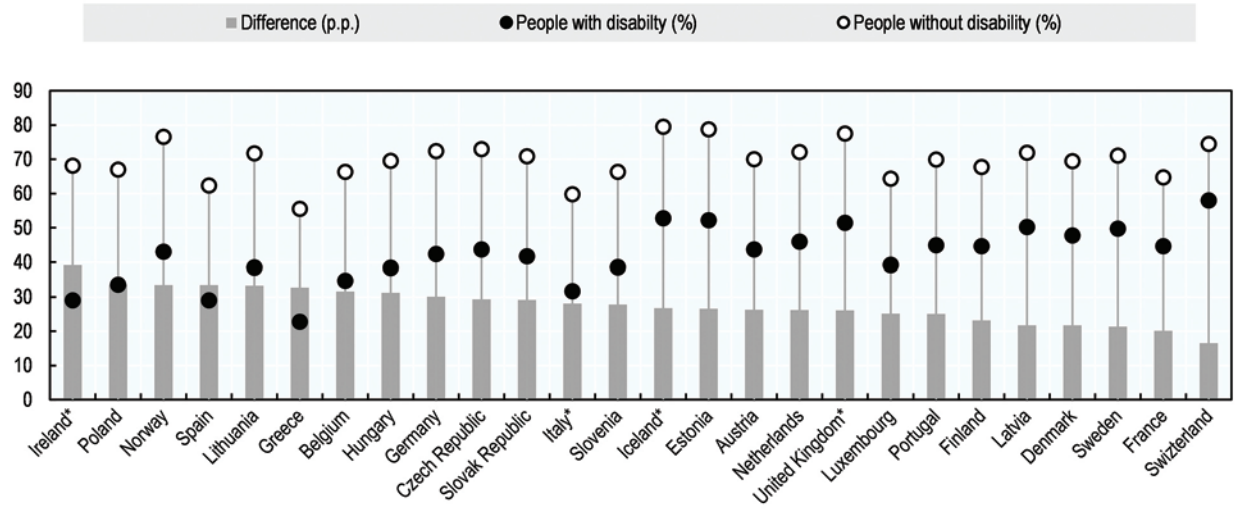
People with disabilities are less likely to work…

While some people with disabilities may not have the potential to be active in the labour market, many can and want to (MacDonald, Prinz and Immervoll, 2021[14]). The potential for participation in the labour market largely depends on the accommodation of the workplace in addition to other elements that are similar for persons without disabilities, including for example skills and work experience. The suitability of an individual for a specific job varies on a case-by-case basis, much like it does for all workers.

Overall, there is a substantial gap in employment rates between people with disabilities and those who do not. Across OECD countries in Europe, this gap ranges from 17 percentage points (p.p.) in Switzerland to 39 p.p. in Ireland (Figure 2.1). The variation in employment rate gaps across countries is explained by differences in the approach used to address work opportunities, including thresholds, as well as differences in policies to support labour market integration (Geiger, van der Wel and Tøge, 2017[15]). Other factors that influence employment rates include general cultural perceptions and attitudes towards disability, which may be supportive or constraining, the availability of support programmes, the regulatory context and the interaction between access to income supports (e.g. disability pension) and earned income from employment and self-employment, and the industrial and sectoral characteristics of labour markets. It is also important to recognise that there is a significant gender gap as well. Women with disabilities in the EU are about 30% less likely to be in full-time employment than men with disabilities (Inclusion Europe, 2020[16]).

Figure 2.1. Employment gaps between those with and without disability are at least 17 percentage points in Europe

Employment rates, 2019



Note: * denotes data for 2018. The estimates are based on two questions from the European Union Statistics on Income and Living Conditions (SILC): PH020 (suffer from any chronic illness or condition) and PH030 (limitation in activities because of health problems). The data in this figure report the proportion of people who respond "yes" to PH020 and either "yes, strongly limited" or "yes, limited" to PH030.

Source: (OECD, 2021[17])

…and also lag behind in self-employment…

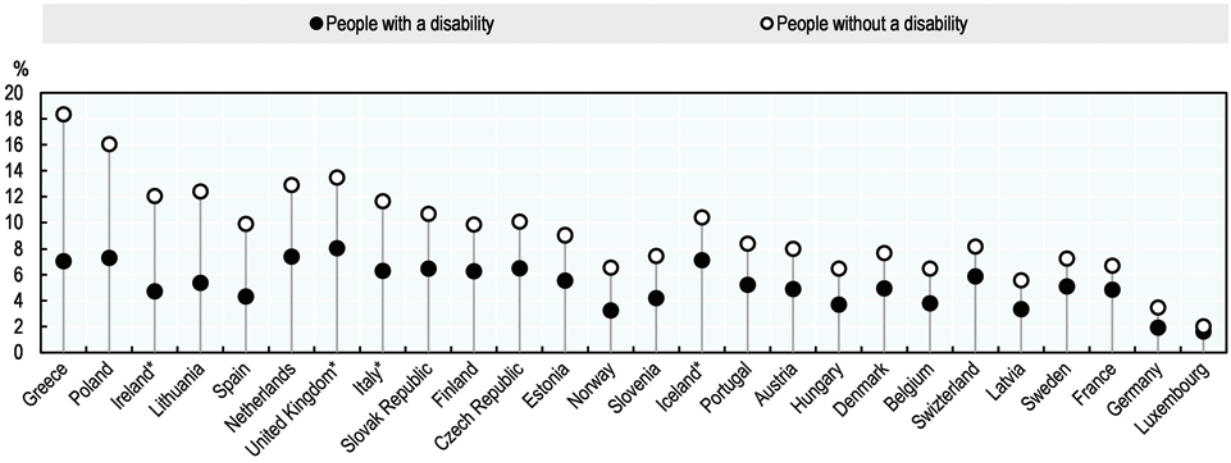
The share of people with disabilities in the labour force who are self-employed is lower than that of those without disabilities. Within European OECD countries, about 5% of people with disabilities available for work were self-employed in 2019 relative to 9% of those without disabilities. At the country level, this gap ranged from more than 11 percentage points (p.p.) to less than 0.5 p.p. (Figure 2.2). These estimates are derived from the EU Statistics on Income and Living Conditions, which

collect cross-sectional and longitudinal data on income, poverty, social exclusion and living conditions.

People with disabilities operate a wide range of businesses. There are no "typical" businesses – the specific nature of their ventures, as with all entrepreneurs, is dependent on context (e.g. personal motivations, skills and experience) and market opportunities. These businesses are either supported or constrained by mediating factors such as education, location, age, and work ability related to their disability, which may be hampered by hearing, reading, speech, vision, psychological factors, and physical limitations (Boman et al., 2015[18]). The likelihood of working as self-employed varies substantially among people with disabilities. People with severe and multiple disabilities are less likely to be self-employed. Moreover, most research shows a gender gap among self-employed people with disabilities that is approximately the same as among the overall population of the self-employed (Gouskova, 2020[19]).

Figure 2.2. Among those available to work, fewer people with disabilities are self-employed

Share of self-employment in labour force, 15-64 years old, 2019 or most recent year



Note: * denotes data for 2018. The estimates are based on two questions from the European Union Statistics on Income and Living Conditions (SILC): PH020 (suffer from any chronic illness or condition) and PH030 (limitation in activities because of health problems). The data in this figure report the proportion of people who respond "yes" to PH020 and either "yes, strongly limited" or "yes, limited" to PH030.

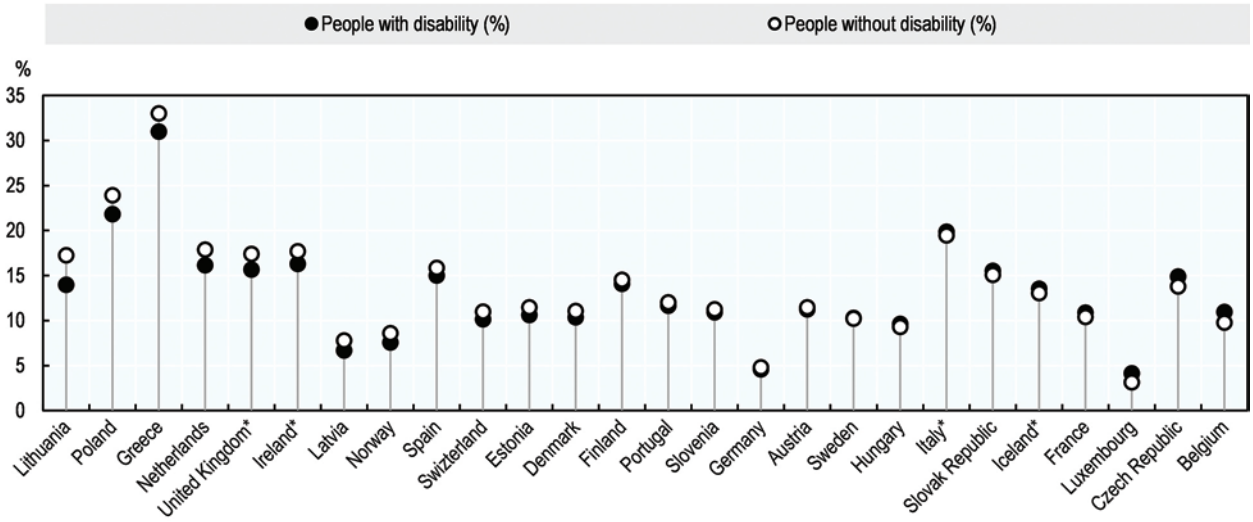
Source: (OECD, 2021[17])

...but there appears to be untapped potential for self-employment as a route to labour market attachment

A different picture emerges when self-employment is viewed relative to employment. In most EU and OECD countries, about 13-15% of people with disabilities who were working in 2019 were self-employed (Figure 2.3). In seven EU Member States, people with disabilities were slightly more likely to be self-employed in 2019 than those who do not experience disability: Hungary, Italy, Slovak Republic, France, Luxembourg, Czech Republic and Belgium. This suggests that self-employment is a viable route into work for many people with disabilities and that there is significant untapped potential for self-employment to be a route into to the labour market for more. Further, this potential may be growing given some of the trends in the way in which work is organised and the acceleration of some of these trends during the COVID-19 pandemic. While it is not yet clear whether all of the changes will be permanent, many of these shifts hold promise for increasing opportunities for people with disabilities in the labour market, notably in entrepreneurship.

Figure 2.3. One-in-seven people with disabilities who work are self-employed

Share of self-employment in labour force, 15-64 years old, 2019 or most recent year



Note: * denotes data for 2018. The estimates are based on two questions from the European Union Statistics on Income and Living Conditions (SILC): PH020 (suffer from any chronic illness or condition) and PH030 (limitation in activities because of health problems). The data in this figure report the proportion of people who respond "yes" to PH020 and either "yes, strongly limited" or "yes, limited" to PH030.

Source: (OECD, 2021[17])

The first significant shift has been an increase in the number of people working from home. It is estimated that about 40% of workers have been mostly working at home since the onset of the pandemic (OECD, 2020[20]). As society and the marketplace open up to this transformation in the nature of work, opportunities for individuals wishing to develop self-employment and subcontracting activities are likely to accelerate. This may create more opportunities for entrepreneurs and employees with disabilities since some face mobility challenges so working from home can often remove this barrier to work (OECD, 2021[21]). Moreover, others may not wish to reveal their disability to clients or partners and working from home provides greater opportunities for those who wish to conceal their disability. However, realising this potential will require continued progress in addressing accessibility barriers in ICT. There is also a risk that running a business out of the home will reduce the visibility of entrepreneurship by people with disabilities, potentially reinforcing misperceptions and negative social attitudes.

A second trend, which is related to working from home, has been the acceleration of internet-based business activities. Consumers have begun to embrace online purchasing as conventional retail has faced considerable challenges. This fast-tracking of digital consumerism provides new opportunities for people with disabilities working from home. Moreover, there are continuously emerging tools for generating revenue online such as the growing number of e-commerce platforms that facilitate and manage online sales for small businesses. Extensive new delivery systems that have grown during the COVID-19 pandemic also create opportunities for home-based businesses to sell and ship products. This provides people with disabilities with greater abilities to overcome barriers and transcend structural barriers by upending dominant labour market practices. These new opportunities are particularly important for those living in rural areas.

Third, and building on the second trend, is a continued emergence of crowd-working and the sharing economy. These economic and market transitions are likely to create work opportunities for people with disabilities, particularly opportunities for the self-employed. Consumers are increasingly willing to purchase specific service work at a distance by employing new communication services (e.g. Zoom). Crowd-work, whereby separate tasks are farmed-out to individuals over a wide geographical location provides an important opportunity for entrepreneurship by people with disabilities (Zyskowski et al., 2015[22]). Not only can entrepreneurs with disabilities engage in crowd-work themselves, but they can also subcontract crowd-work for elements of their business that they are unable to fulfil.

Finally, technological advancements are creating new opportunities for assistive technologies that allow more people to be active in the labour market, including in self-employment. These include, for example, braille keyboards and mouth operated mice, as well as eye-movement recognition systems and speech synthesizers. These technological innovations continue to improve an individual's capability to adapt to their respective disability, their capacity to reach markets, and their capability to organise a successful firm that may require input from various individuals, such as bookkeepers, accountants, and delivery staff (Vaziri et al., 2014[23]). Adapting contemporary technology for people with disabilities is a growing industry in itself, one frequently designed and run by entrepreneurs with disabilities (de Witte et al., 2018[24]). While the use of such technologies would increase the costs of doing business for some entrepreneurs with disabilities, the majority of governments offer financial support for equipment and adapting workplaces to the needs of people with disabilities.

3 CHALLENGES AND BARRIERS TO BUSINESS CREATION AND SELF-EMPLOYMENT

People with disabilities typically operate smaller businesses with lower growth potential

While self-employment rates indicate economic opportunity, most research tends to suggest that the businesses operated by people with disabilities are typically small and have low growth potential. International data tend to show that relative to persons without a disability, those with a disability are more likely to be dependent self-employed (i.e. they rely on one or a very small number of clients) and are less likely to express a preference for self-employment (OECD, 2022[2]). Similarly, panel data from the United States shows that entrepreneurs with a disability were more likely to have lower incomes, smaller start-up investments, lower levels of education, and worked in smaller teams (Renko, Harris and Cardwell, 2015[25]). Nonetheless, evidence from France suggests that people with disabilities can create sustainable businesses. A study by the *Direction de l'animation de la recherche, des études et des statistiques* (2015) found that businesses started by people with disabilities had a three-year survival rate of 75%, which was above the overall average of 63%.

This (limited) evidence suggests that entrepreneurship can be a viable activity for some people with disabilities, driven mainly by three factors. First, from an opportunity standpoint, people with disabilities may face lower opportunity costs and associated risks in business creation due to their under-employment. Second, support for people with disabilities is changing due to the growing recognition among disability experts and support providers that people with disabilities benefit from engaging in "real world" situations rather than training for hopeful or anticipated opportunities. This philosophy lends itself well to entrepreneurship support since business creation is unpredictable and allows individuals to be supported as they engage in their activities. Third, some argue that a number of mental health issues such as Attention deficit hyperactivity disorder (ADHD) can be an advantage in entrepreneurship since they can lead to a greater degree of proactiveness (Wiklund et al., 2018[26]). Fourth, it is also important to recognise that demographic change (e.g. labour and skill shortages) and advancements in digital technologies (e.g. assistive technologies) are helping to open up opportunities in entrepreneurship for people with disabilities (Martin and Honig, 2020[27]). Finally, many countries are addressing accessibility challenges through legislation that requires public and private actors to ensure that websites, mobile applications, services and more are accessible (Box 3.1). While many of these changes are still coming into force, it is anticipated that such changes will remove barriers to work and participation in society for people with disabilities.

Box 3.1. Overview of recent EU accessibility legislation

European Accessibility Act (EAA)

The EAA was formally adopted by the European Union (EU) on 7 June 2019 and its main goal is to address diverging accessibility requirements across EU Member States by creating a common set of accessibility guidelines. EU Member States have two years to translate the act into national laws and then four years to apply them. The EAA covers products and services that are the most relevant for people with disabilities, including computers, ATMs and banking services, smartphones, transportation services, and mobile applications. However, the Act has an undue burden exemption that can be used by firms with fewer than 20 employees.

EU Web Accessibility Directive

The Directive was passed on 26 October 2016 by the EU Parliament and the Council of the European Union. It seeks to standardise and harmonise frameworks around the accessibility of websites and mobile applications of public sector organisations except for public sector broadcasters and non-governmental organisations that do not provide services specifically for people with disabilities. All new and existing public sector websites and mobile applications were required to comply with this Directive since June 2021.

Harmonised Accessibility Standards

This EU Directive sets the minimum standard for accessibility that covers all information and communication technology (ICT), including mobile phones, electronic documents, software and web content. It points to Web Content Accessibility Guidelines (WCAG) version 2.1 AA as the minimum level of compliance. The ICT covered continues to evolve so the European Commission has a Rolling Plan on ICT Standardisation that calls for regular updates and the development of new testing methodologies. The Directive calls for EU Member States to have an accessibility statement, monitor progress made and start reporting publicly as of 23 December 2021 and every three years thereafter.

The barriers faced in entrepreneurship tend to be greater

People with disabilities face considerable challenges and barriers to obtaining satisfying work opportunities, including in entrepreneurship. While some of these challenges are similar to those faced by all entrepreneurs, disability presents several unique obstacles. These barriers can reduce the likelihood of successfully creating a business as well as inhibiting the sustainability and growth of start-ups. Barriers can be grouped under three categories: regulatory disincentives; individual barriers to business creation; and low levels of awareness of disability issues in the entrepreneurship support system.

Regulatory disincentives

Social security systems are designed to provide people with disabilities various forms of financial assistance, depending on their specific context. These systems can offer both incentives and disincentives to business creation – and work in general – for people with disabilities. The primary disincentive for entrepreneurship would be that potential entrepreneurs may not want to forgo a secure income (i.e. various social security supports) for an uncertain one (i.e. entrepreneurship income). In addition, entrepreneurs and the self-employed often have more limited access to incapacity benefits (i.e. sick leave, disability and workers' compensation) as rules for accessing these benefits vary considerably by country (OECD, 2019[28]). This creates a significant challenge when entrepreneurs cannot regain access to benefits in the event that the business is not successful (Cooney and Aird, 2020[29]). A central issue is that the eligibility criteria for many of income supports include being registered as unemployment. This criterion is not likely met when a self-employed person stops their activity, creating a disincentive for entrepreneurship for benefit recipients.

In addition, frequent changes in policy and legislation can be difficult to follow. For people with disabilities these changes can relate to the individual persons (e.g. disability status, access to benefits) as well as the business (e.g. licensing requirements, taxes and social security contributions).

Finally, people with disabilities can encounter difficulties around business registration and interacting with online government websites (Ferri and Favalli, 2018[30]). Research finds that many government websites are still not compliant with accessibility requirements, making it difficult for people with disabilities to use online portals for business to pay tax or social security contributions.

Barriers to business creation for individuals

Ableism and discouraging social attitudes

There continue to be many biases against people with disabilities due to ableism (Wolbring, 2012[31]; World Health Organization, 2011[5]; Sefotho, 2014[32]). Ableism is a type of discrimination against people with disabilities based on the belief that they typically have lower levels of ability, which limits their opportunities and restricts access to resources. This makes it more difficult for people with disabilities to be accepted by lenders, investors, trainers and other support providers, and in the general marketplace. Ableism leads to accessibility challenges since places, products and services are too frequently designed without consideration for the full range of the population. It is often rooted in unfamiliarity because many people do not have first-hand experience interacting with people with disabilities.

Self-identity and self-confidence

Psychological issues such as self-confidence, mind-set and a fear of failure are also a major hurdle to business creation for people with disabilities (Cooney and Aird, 2020[29]). Many do not "see themselves" in the marketing material for self-employment training and opportunities and therefore do not envisage themselves as an entrepreneur.

Lower skills levels

On average, people with disabilities are less likely to complete formal education and are therefore often considered to have lower levels of skills (Prókai and Szerepi, 2017[33]; MLSP, 2020[34]). For example, people with disabilities in Ireland are more than three times as likely as the overall population to have completed only a primary level education (Cooney and Aird, 2020[29]). Entrepreneurship researchers point to specific skills gaps in the areas of financial literacy and knowledge about how to reach markets (Prókai and Szerepi, 2017[33]), as well as difficulties accessing appropriate support and training (Cooney and Aird, 2020[29]). Consequently, people with disabilities often start small self-employment activities with lower growth potential.

Access to finance

Low levels of capital and difficulties accessing finance is a common barrier for all entrepreneurs, but likely a greater barrier for entrepreneurs with disabilities since they, on average, have less experience with entrepreneurship or in work more broadly (Simeonova-Ganeva et al., 2013[35]). Therefore many people with disabilities have little savings or assets that can be used as collateral for a start-up loan (Cooney and Aird, 2020[29]). This challenge is further compounded by the scale and nature of the business activity in start-ups launched by people with disabilities, as well as unknown levels of risk related to their disability and negative perceptions by lenders and investors about the potential of the individual to undertake their business activities.

Higher cost of doing business

There are also some financial challenges related to other issues beyond starting-up a business. The acquisition of insurance can be difficult for people with disabilities or chronic health problems and the premiums are higher. In addition, many

entrepreneurs with disabilities face additional costs of doing business (e.g. need to purchase special equipment or hire more assistants), which may decrease the competitiveness of the business (Kyröläinen, 2020[36]).

Mobility

Mobility continues to be a significant constraint to accessing employment for some people with disabilities. Mobility challenges go beyond those with mobility limitations. It includes all elements of the "accessible journey chain" such as public transport, poor pathways and weak signage, which all contribute to creating unnecessary barriers to moving around a local area for people with disabilities (Park and Chowdhury, 2018[37]).

Low levels of awareness of disability issues in the entrepreneurship support system

A major obstacle to entrepreneurship for people with disabilities is unintentional bias and insufficient understanding of disability issues within public agencies and non-government support organisations. Employment officers rarely offer support to entrepreneurship for people with disabilities because they do not understand the potential and flexibility that self-employment can offer to this population. This is particularly true for people with mental health disabilities (Martin and Honig, 2020[27]). Moreover, counsellors are often unaware of the specific issues associated with different types of disability and are often not able to provide suitable services for them.

A second issue is that many entrepreneurship support programmes are inaccessible for people with disabilities since they tend to favour innovative and high-potential projects. Moreover, the support offered is not always appropriate for the varied population of entrepreneurs with disabilities in terms of content or delivery methods.

The COVID-19 pandemic increased the challenges for many people with disabilities

People with disabilities faced increased challenges through the COVID-19 pandemic, including increased difficulties accessing healthcare and support services, education and information about managing their lives through the pandemic. For example, about 18.5% of people with disabilities in the EU reported that they faced greater difficulties in getting the amount of home care needed between June and August 2020 relative to their situation prior to the pandemic, mostly because carers could not get to their home (European Commission, 2021[38]).

People with disabilities were also more likely to be impacted negatively in the labour market. Although little research has been conducted in the EU (Inclusion Europe, 2020[16]; European Disability Forum, 2021[39]), some insights can be gleaned from surveys conducted in Canada and the United States. A survey on the impact of the COVID-19 pandemic on Canadian families with children with disabilities by Statistics Canada found that 61% of respondents (15-64 years old) reported a major or moderate impact from COVID-19 on at least one type of financial obligation or essential need (Statistics Canada, 2021[40]). Moreover, respondents with multiple long-term conditions were more likely to report impacts on financial obligations or essential needs (71%) relative to those with one long-term condition (50%). This is more than double the proportion of the overall population that indicated difficulties meeting financial obligations or essential needs (Messacar and Morissette, 2020[41]). The difference between those with and without disabilities is largely due to a higher likelihood of having a reduction in hours worked or the loss of employment. Similar statistics are reported in the United States where about 20% of those with disabilities have lost their job due to COVID-19 (Kessler Foundation, 2020[42]). These negative income shocks tend to have a greater impact on people with disabilities due pre-existing socio-economic exclusion and a lack of coping mechanisms since many already live in poverty (Banks et al., 2021[43]).

POLICY ACTIONS TO SUPPORT THOSE WITH DISABILITIES IN ENTREPRENEURSHIP

Governments approach disability policy from different perspectives, which shapes the overall approach taken to providing entrepreneurship support to those with disabilities. There is an increasing trend towards framing people with disabilities as having "normal" needs, not "special" needs. Previously, the approach to disability policy was based on the need for different specific and medical needs to be met with specific interventions. Although the use of dedicated interventions can be more effective, there is a risk that they may be stigmatising, expensive, have a limited reach and increase segregation. A more participative approach can reduce negative attitudes, be more sustainable, more cost effective and does not require individuals to self-identify a disability nor have one diagnosed. However, the risk of this approach is that specific needs or challenges go unaddressed. There is a tension between these two approaches in that they place an emphasis on either "sameness" or differences.

Countries vary considerably in how they approach supporting entrepreneurship for people with disabilities. This includes the way that programmes themselves are designed and delivered, as well as the institutional structures and ecosystems under which they operate. These factors directly impact the incentives and disincentives that people with disabilities face in entrepreneurship, as well as the approaches used to provide support.

In most EU Member States, support for people with disabilities is strongly entrenched in European law with the ratification of UN conventions, and is generally assumed to be a responsibility of the state (Vornholt et al., 2018[44]). Entrepreneurship support in this context is most likely to occur through initiatives supported directly by the government. One of the strengths of this approach is that vocational training and rehabilitation is very advanced in many countries, which provides a foundation that could easily extended to support people with disabilities in entrepreneurship.

Outside of the EU, a contrasting approach is often taken in countries such as the Australia, Canada, United Kingdom and United States. Entrepreneurship promotion and support for people with disabilities is much more likely to occur in the NGO sector and social economy, and frequently includes partnerships with for-profit firms. Although this approach can offer effective support since it is developed from within the support ecosystem, it can be less successful at engaging policy makers if they are not involved in designing and implementing it. This can result in fragmented systems when initiatives are uncoordinated, potentially leading to duplication of efforts. Moreover, it can be more difficult to influence positive changes in the legal and institutional structure unless policy makers are engaged.

Governments can use a wide range of policy instruments to support people with disabilities in the labour market, including measures that seek to address education gaps, improve access to the labour market, reduce discrimination and increase access to suitable health care. Addressing these broader challenges will help make entrepreneurship a more feasible and attractive activity for more people with disabilities. In addition, governments can use targeted and tailored measures to increase the chances that start-ups created by people with disabilities become sustainable businesses that can generate a living wage and potentially create jobs for others:

1. Increase the visibility of entrepreneurship by people with disabilities;
2. Boost entrepreneurship skills through training and peer-learning;
3. Improve access to start-up finance;
4. Ensure that the local ecosystem is supportive of entrepreneurs with disabilities; and
5. Use income support systems to support entrepreneurship.

1. Increase the visibility of entrepreneurship by people with disabilities

Goal

Entrepreneurship could be an attractive labour market activity for more people with disabilities but levels of awareness about the potential of entrepreneurship remains relatively low. Governments could seek to inspire more people with disabilities to consider entrepreneurship as a labour market activity by giving greater visibility to entrepreneurs with disabilities. Efforts need to be targeted at the population of people with disabilities, as well as business support organisations and the general public to address negative stereotypes. These should complement broader actions to reduce discrimination against people with disabilities, including legislation that prohibits various types of discriminations.

Approach

The most common approach to raising awareness about disability issues is to develop a strategy that calls for greater

inclusion of people with disabilities in society and work. These strategies can occur at international, national, regional and local levels. Self-employment is an important topic to cover since it offers a pathway to work and social inclusion for a sizeable part of the population. Many disability strategies explicitly cover self-employment, including for example, the new EU disability strategy (Box 4.1). It calls for EU Member States to implement more inclusive entrepreneurship policies and greater dedicated support for people with disabilities.

To be effective, strategies should be accompanied by an action plan that outlines clear actions, responsibilities and timelines for results. Effective strategies often seek to address a number of entrepreneurship issues, including:

- Raising awareness about the potential of entrepreneurship among those with disabilities by educating and training employment services officers and entrepreneurship support organisations;
- Educating the general population about disability issues and the contributions of entrepreneurs with disabilities;
- Strengthening dedicated support programmes for entrepreneurs with disabilities when there is sufficient demand;
- Improving disability inclusion within general entrepreneurship programmes by, for example, (i) adjusting in-take mechanisms to consider criteria beyond profits and innovation activities; (ii) reserving a number of places for entrepreneurs that fall outside of the main selection criteria; (iii) using promotional and teaching materials that are more sensitive to disability issues by depicting some examples of entrepreneurs with disabilities; and (iv) giving greater consideration to the location of support schemes and physical accessibility barriers.

A critical success factor is that strategies are co-created with representative disability organisations so that they are engaged in decision-making and the design of entrepreneurship support. This will help to ensure that approaches are appropriate and supported by the community.

Box 4.1. Union of Equality: Strategy for the Rights of Persons with Disabilities 2021-30

The new Strategy for the Rights of Persons with Disabilities 2021-30 was adopted in March 2021. It builds on the previous European Disability Strategy 2010-20 and seeks to ensure that all persons with a disabilities in Europe, regardless of their gender, racial or ethnic origin, religion or belief, age or sexual orientation:

- Enjoy their human rights;
- Have equal opportunities, equal access to participate in society and economy;
- Are able to decide where, how and with whom they live;
- Move freely in the EU regardless of their support needs; and
- No longer experience discrimination.

The Strategy reflects both the diversity of disability (e.g. long-term physical, mental, intellectual or sensory impairments) as well as the risks of multiple disadvantage faced by women, children, older persons, refugees with disabilities, and those with socio-economic difficulties.

In addition to a set of actions and flagship initiatives in areas such as accessibility, quality of life and equal participation, the Strategy also draws attention to the potential of self-employment and entrepreneurship for some people with disabilities. Specifically, it calls on Member States to develop more inclusive entrepreneurship policies and to facilitate self-employment and entrepreneurship, including for persons with intellectual and psychosocial disabilities, through providing support on legal and business matters, including by using the EU funds.

Source: (European Commission, 2021[45])

In addition to high-level strategies, governments have a range of tools that can be used to boost the visibility of entrepreneurs with disabilities. These include role models who can demonstrate to others with disabilities and entrepreneurship support organisations that people with disabilities can start sustainable businesses. Role models can be promoted in awareness campaigns aimed at business support organisations and the general public. One common method of identifying role models is through awards initiatives. Governments can also increase the visibility of disabled entrepreneurs by supporting networks for entrepreneurs with disabilities, which often help to diffuse information about entrepreneurship to people with disabilities and organise events to help members build professional networks. Many of these activities are undertaken by local governments, disability organisations and other types of non-government actors, including social enterprises.

Governments can also do more to engage the business community in disability issues – both from employment and entrepreneurship perspectives. Potential actions include promoting disability issues within the business community to address discrimination and accessibility issues. An example of an approach is the Malta Business Disability Forum, which brings together the business community and disability organisations to identify barriers to employment and entrepreneurship and propose appropriate solutions (Box 4.2).

Box 4.2. Malta Business Disability Forum

Intervention type: Forum that aims to build closer ties between the disability and business sectors.

Description: The Malta Business Disability Forum (MBDF) was launched in December 2019 and is chaired by the Commission for the Rights of Persons with Disability (CRPD). Other partners in the Forum include the Malta Chamber of Commerce, Enterprise and Industry and the Malta Employers' Association and the GRTU – Malta Chamber of SMEs as founding members. These have been joined by the Malta Federation Organisations of Persons with Disability; the Faculty for Social Wellbeing; the Office of the Commissioner for Mental Health; the Gozo Business Chamber and the Local Councils' Association.

The aim of the Forum is to improve accessibility for persons with disabilities in business and employment. It will also act as a point of reference for government and policy makers to identify issues that require action and to provide feedback to new policies. The Forum will commission research on disability and business to provide evidence for action and to show the business and employment potential of persons with disabilities, as business owners and consumers.

Results achieved: The Forum is playing an important role in providing feedback on the final draft of the Employment Guidelines that were issued by the CRPD in October 2020.

Lessons for other initiatives: This forum offers an example of how the public sector can engage business leaders on disability issues. This helps not only to raise awareness about disability issues in the workplace but also to facilitate public and private sector partnerships to improve knowledge and statistics about disability through, for example, joint research projects.

Source: (Commission for the Rights of Persons with Disability, 2019[46])

2. Boost entrepreneurship skills through training, peer-learning and coaching

Goal

The chances of successfully starting a sustainable business are greater when the entrepreneur has a broad set of skills that includes opportunity recognition, risk management and business management skills. People with disabilities, on average, have had fewer opportunities to build up these skills due to barriers to education and the labour market. Addressing these obstacles would create more opportunities in entrepreneurship for people with disabilities but governments can also address these skills and experience gaps through tailored entrepreneurship training, individual coaching and peer-learning.

Approach

The entrepreneurship skills needed by people with disabilities do not differ greatly from those needed by any entrepreneur. This covers hard (e.g. basic accounting) and soft skills (e.g. leadership, opportunity recognition). However, effective programmes should also seek to enhance self-efficacy, which reflects the belief in one's ability to succeed (Bandura, 1989[47]) and some attention will be needed on how to manage a business while simultaneously managing their personal situation and challenges.

There is a growing literature that shows that entrepreneurship training is most effective when based on practical projects to simulate real experience and daily business activities. The objectives of entrepreneurship training are typically to increase motivation for business creation and to provide the skills needed to develop a business idea and to see it through to the launch of a business. Training methods often include a mixture of case studies with real business situations, simulations, games and the creation of small-scale business activities.

An important consideration for training programmes for people with disabilities is the location and physical setting. For certain disabilities, the accessibility requirements (e.g. avoidance of physical barriers) can be suitable for people with a higher amount of mobility, but it may not be suitable for other groups. For people with greater mobility restrictions, digital tools may offer a flexible and individualised approach that can help make training more inclusive. Moreover, digitisation can play a dual role in entrepreneurship training programmes for people with disabilities since it can help achieve more inclusive learning as well as be a core part of the entrepreneur's business model (Hamburg and David, 2017[48]).

A critical success factor for entrepreneurship training for people with disabilities is that the content and methods are co-created with the targeted entrepreneurs and trainers. The format, content and local should be determined by the needs of the targeted entrepreneurs. For some, this will involve a high level of person-to-person interaction while others will have more success in online environments that provide greater independence.

There is little evaluation evidence on the impact of entrepreneurship training for people with disabilities. However, an assessment of a small entrepreneurship training programme offered at the University of Castilla-LaMancha in Spain in 2018-19 found that there were no significant differences between the outcomes of people with disabilities and those who do not. Both groups seemed to benefited from the programme in terms of an improved "attitude toward enterprise", increased creativity and leadership (Muñoz et al., 2019[49]).

Entrepreneurship coaching is often effective since this support is individualised and intensive (OECD/European Union, 2014[50]). However, coaching is rarely offered as a stand-alone support for entrepreneurship with disabilities. Instead, it is often included as a part of integrated schemes, particularly after pre start-up support has been provided. An example of integrated approach that places an emphasis on coaching is "Enterability" in Germany (Box 4.3).

As with all entrepreneurship coaching relationships, the main factors that determine the effectiveness of the relationship for entrepreneurs with disabilities are the match between the entrepreneur and the coach, and having clear objectives for the relationship and structure for how it is organised. The coaching aspect covers basic business management support (e.g. financial management), as well as issues related to disability (e.g. technical aids, managing health). However, there is a risk that individual coaching can create a relationship of dependence so coaches must set boundaries for the entrepreneur.

In addition to traditional entrepreneurship training coaching programmes, some new approaches are emerging. One new approach is to use "flipped" classrooms that provide tools and video instruction that can be undertaken at the convenience of the participant from their own homes. Weekly online group training sessions can provide a forum for both individual and group discussion, review, brainstorming and participation. Graduating participants can be directed into mastermind sessions where they support each other in their entrepreneurial journeys.

Another emerging approach is the use of virtual business incubators. In this model, trainers and coaches facilitate peer support in which participants are able to apply ideas after each weekly meeting, and bring their implementation insights to subsequent meetings to benefit other participants. These programmes typically include the opportunity for engaged peer-to-peer networking, periodic remote (virtual) mentoring, and the provision of tools that facilitate contingency planning, financial planning, experimentation and assessment (Honig, 2004[51]). Contingency planning is based on experiential learning, and employs iterative planning steps to validate or invalidate different premises, focusing only on the essential elements of planning for different nascent entrepreneurial stages (Honig, 2004[51]). This is an important innovation for entrepreneurs with disabilities due to the reliance on a digital channel that can contextualise physical and cultural barriers, and can provide the necessary diversity and flexibility to engage persons with a disabilities (Krüger and David, 2020[52]). Thus, the virtual incubator provides an opportunity to develop a community of practice that encourages knowledge translation and diffusion regarding a shared set of problems on an important topic (Bezyak et al., 2018[53]).

Box 4.3. Enterability, Germany

Intervention type: Integrated entrepreneurship scheme that supports people with a severe disabilities.

Description: Enterability is offered by Berlin Integration Office (*Integrationsfachdienst*) as of 2013, having been established in Berlin in 2004 by Social Impact gGmbH.

The main goal of Enterability is to offer entrepreneurship as a method of labour market participation and social inclusion for people with severe disabilities by providing services to those who want to start a business or are already self-employed. The programme ensures its services are accessible to all clients. This includes, for example, the choice of location and physical setting, the use of sign language interpreters, the incorporation of digital tools and the ability to offer home visits. In 2019, 33% of the supported clients had cancer or autoimmune disorders, 18% were affected by mental health impairment, 15% by brain injuries and neurological problems, 14% by vision disability, 12% had a physical disability and 8% were deaf or hard of hearing.

Enterability follows an integrated approach that combines classical start-up advice with expertise in disability-related matters. A key element of the programme is discussing and analysing the clients' disabilities and their consequences on working life. Highly qualified personnel offer tailored support, adapting delivery methods and content to each individual's situation and needs. The entrepreneurship training covers a range of subjects, including assistance in developing sustainable business models, information and consulting with regard to financing, formal processes and social security, coaching regarding health prevention, advice on public support measures for people with disabilities and hands-on assistance with paperwork. This tailored training is complemented by seminars on general entrepreneurship topics, such as marketing, accounting, legal and fiscal matters. Enterability also facilitates peer-to-peer networking and organises different groups and events, allowing participants to exchange experiences, discuss relevant topics and identify potential partners.

Results achieved: From February 2004 to the end of 2021, Enterability supported more than 1 700 people with severe disabilities who wanted to start their own business. More than 500 participants entered full-time self-employment in Berlin with an additional 500 participants engaged in self-employment as a part-time activity. In 2015, the scheme received the European Enterprise Promotion Award in the category "Inclusive und Responsible Entrepreneurship" from the European Commission. Due to the success of the programme, the Enterability model has been replicated in other regions, including the German federal state of Saxony-Anhalt in the period 2011 to 2014.

Lessons for other initiatives: The model provides a blueprint for a comprehensive support programme that effectively supports business creation and management alongside managing disability-related challenges. The key elements are tailoring the applied methods and contents to the individual situation and needs of each client as well as considering the disabilities and their consequences on working life during the whole support process.

Source: (enterability, 2021[54])

3. Improve access to start-up finance

Goal

Most entrepreneurs face obstacles when seeking external finance. Policies to support entrepreneurs in accessing financing are rooted in addressing market failures, including information asymmetries and financing gaps. For instance, those entrepreneurs without a credit history – including those with disabilities – may have a larger financing gap. There is a need for governments to address challenges on both sides of the financial market. This includes improving access to start-up financing and boosting financial literacy among those who experience disability, as well as educating the supply-side of the market about disability issues (see page 21).

Approach

The two most common approaches used by governments to improve access to start-up funding for entrepreneurs with disabilities are grants and microfinance. Among grant schemes, there are two types, namely grants to support business creation and grants to purchase equipment or contribute to hiring personal assistants. While not always recommended for supporting business start-ups, grant schemes can be appropriate for people with disabilities given the relatively small financial needs in most cases and the greater potential consequences of incurring debt. In most cases, both types of start-up grants for people with disabilities are for very modest amounts – typically for EUR 5 000 or less. Many have conditions, including own-investment and a requirement to sustain the activity for a certain amount of time. For example, both of these types of grants are used by *Association de Gestion du Fonds pour l'Insertion Professionnelle des personnes Handicapées* (Agefiph) in France (Box 4.4). An additional temporary grant is also offered to existing clients to help them manage COVID-19 related challenges.

There are two critical success factors for grant schemes. First, the assessment of the activity must give strong consideration to its feasibility and potential for being sustainable. This is true for all entrepreneurship grants since the funds will not be

recovered, but it is particularly important for this target group since they face, on average, a greater risk of inactivity and poverty. Supporting a business with little chance of success can be damaging to the entrepreneur's mental health and financial situation. Second, grants will have a greater chance of leading to sustainable businesses when they are complemented by entrepreneurship training and coaching (Marchese, 2014[55]).

Another common approach used is to provide microfinance, i.e. small loans of less than EUR 25 000 that are typically accompanied with training and coaching. In some cases, microfinance for entrepreneurs with disabilities is offered at reduced interest rates and with greater flexibility for repayment. An example of a flexible approach is the Risk-sharing MicroFinance facility in Bulgaria (Box 4.5), which provides small loans to entrepreneurs from groups at-risk of labour market exclusion including people with disabilities.

Although there is some evaluation evidence to show that microfinance can be effective for inclusive entrepreneurship (OECD/European Union, 2019[56]; OECD/The European Commission, 2013[57]; Marchese, 2014[55]), little is known about schemes that focus on providing microfinance to entrepreneurs with disabilities. A fairly recent evaluation of a loan programme for entrepreneurs with disabilities in Canada utilised a five-year investment of approximately CAD 7.5 million (approximately EUR 5 million) to provide a total of CAD 20.5 million (approximately EUR 13.8 million) to support 273 businesses and create 1 134 jobs (Western Economic Diversification Canada, 2016[58]). The evaluation, however, found that the programme could have significantly lowered the per-person delivery costs – as well as expanding access to homebound individuals – by using online education materials. However, the Enterability scheme in Germany shows that this is not always a suitable approach for people with disabilities.

Box 4.4. Subsidies from Agefiph, France

Intervention type: Financial aid business creation and self-employment for people with disabilities.

Description: The *Association de Gestion du Fonds pour l'Insertion Professionnelle des personnes Handicapées* (Agefiph) is a partner in delivering employment policy for people with disabilities. Its overall mission is to support the integration of disabled people into the labour market. Its mission is, in part, governed by an agreement with the government and includes 40% of the Board of Directors are appointed by the government.

Agefiph offers various supports for employment and business creation, including three types of grants for business creation or the take-over of an existing business:

- Business creation assistance (*Aide à la création d'entreprise*) grants of up to EUR 5 000 are offered to help finance a new start-up. The applicant must have a disability and must be the manager of the company. They must have start-up capital of at least EUR 7 500, of which EUR 1 500 must be their own funds. Seasonal activities, associations, Real Estate Civil Societies, Integration Companies through Economic Activity and De facto Companies are not eligible for support. The aid can be combined with common law aid and other aid from Agefiph.
- Agefiph offers travel assistance to compensate for disability (*Aide aux déplacements en compensation du handicap*). This assistance is granted to cover disability travel expenses related to commutes between home and work, including adapted equipment to be installed on an individual vehicle, fitting out of an accompanying third party's vehicle, taxi, adapted transport. The maximum support offered EUR 5 000.
- Special COVID-19 financial support of up to EUR 1 500 is offered as of 1 March 2021 (*Aide exceptionnelle au soutien à l'exploitation d'une activité*). To be eligible, the entrepreneur must have created or taken over a business after 1 January 2017 and have received some form of financial support from Agefiph for this activity. They must also have fewer than 10 employees and have a taxable revenue of less than EUR 60 000. In addition, supported entrepreneurs are offered 10 hours of individualised support to promote the relaunch of their activity.

Results achieved: The business creation assistance was used by 3 985 people in 2019. The total budget was EUR 19.9 million, up from EUR 18.0 million in 2018.

Lessons for other initiatives: The scheme has been adapted for the COVID-19 pandemic by offering clients an additional small grant, provided that certain conditions are met. This demonstrates the need to consider the broader economic context as well as the individual's personal situation when designing grant schemes.

Source: (Agefiph, 2020[59])

Box 4.5. Risk-sharing MicroFinance facility, Bulgaria

Intervention type: Microfinance at reduced interested rates.

Description: The financial instrument under the OP HRD 2014-20 "Microcredit with shared risk" aims to support the creation and development of start-ups and social enterprises. It supports business creation for specific target groups, including people with disabilities, registered long-term unemployed (6 months) and youth.

The instrument was established in October 2015 and was operational in 2016. The loans range from BGN 5 000 to BGN 48 895 (EUR 2 550 to EUR 25 000). The loans can be used to acquire tangible and intangible assets for development or expansion of a business activity and for other expenses related to the main business activity.

Loans are offered through financial institutions and each co-finances at least 20-30% of each loan. The loans are repayable over 10 years. It is possible to obtain a grace period for the principal and interest of up to 3 years (this was extended from 2 years due to COVID-19).

The fund of funds that finances the scheme is co-financed by the European Social Fund.

Results achieved: As of the third quarter of last year, 35% of the agreed resource with financial intermediaries was invested in loans. In 2019, five operational agreements were signed for the implementation of a financial instrument for the residual resource with a total value of BGN 20.5 million (EUR 10.5 million) (FMFIB, 2018[60]).

Lessons for other initiatives: This approach demonstrates the effectiveness of public-private risk sharing.

Source: (Cherkezov, 2018[61])

Another unique opportunity for providing financial support to entrepreneurs with disabilities is through community currencies. Community currency is a local financial tool issued and accepted by local stores and businesses (Seyfang and Longhurst, 2013[62]) and are typically traded on par with the national currency to encourage community development and provide local identity. They are designed to promote social equity and community building by facilitating the creation of community social exchange networks and financial credit for marginalised groups (Williams, 1996[63]). The objective is to encourage local transactions to develop mutual markets that encourage small-scale entrepreneurship and community-oriented activities.

These types of currencies have been implemented by national governments in Brazil and Venezuela, and by local communities in, for example, Ithaca, New York through "Ithaca hours", in Germany with regional money and in France with the system of local exchange (*système d'échange local*) (Seyfang and Longhurst, 2013[62]; Siqueira et al., 2020[64]). Much of this development is led by the non-governmental sector, enhancing the capabilities of bottom-up grass roots economic growth, self-reliance, and local prosperity. Community currencies reduce the demands for relocation from existing communities to obtain employment and also help compensate for the lack of banking facilities typically provided to the poor. They complement national currencies but do not replace them. However, they provide an important avenue for entrepreneurial growth that may be quite suitable for people with disabilities. For example, a programme in the *favelas* of Brazil supported a market for micro-improvements in the quality of informal housing and small manufacturing and services and created a new entrepreneurial role for small contractors and business investors (Fare, de Freitas and Meyer, 2015[65]; Majuri, 2019[66]).

4. Ensure that the local ecosystem is supportive of entrepreneurs with disabilities

Goal

Entrepreneurship ecosystems focus on the factors that co-ordinate and enable entrepreneurship in a specific geographical region (Stam and Spigel, 2016[67]). These ecosystems are increasingly conscious of inclusion issues and are becoming more accommodating of diversity (Krüger and David, 2020[52]). Governments can help ecosystems become more inclusive, including for people with disabilities, by improving access to key ecosystem pillars such as business incubators and by opening up entrepreneurship networks. Strengthening entrepreneurship ecosystems is particularly important during the COVID-19 context since people with disabilities – and related support organisations – have been strongly impacted.

Approach

An entrepreneurship ecosystem is a system of actors that are bound by a culture of trust and collaboration. The system allows for the matching of ideas with skills, finance and support so that entrepreneurs can access the resources needed at different stages of business development. In practice, an effective entrepreneurship ecosystem includes many ingredients including supportive policies and regulations, sufficient access to finance, role models and positive social attitudes towards

entrepreneurship, a strong support infrastructure (e.g. universities, accountants, lawyers, technical experts, business advisers), effective networks and the availability of skills.

Some entrepreneurship ecosystems are friendlier for people with disabilities than others. For example, guide dogs are typically trained in specific cities world-wide, and the accompanying requirements of guide dog training serve to open up additional opportunities in those locations. This includes a disproportionate number of visitors (i.e. consumers) who will seek and make use of dedicated services. Thus, disability-friendly entrepreneurial ecosystems are likely to emerge around those niche sectors, offering greater support to entrepreneurs with disabilities.

Business incubators and accelerators are an important ingredient for successful ecosystems (Ratinho et al., 2020[68]; Brown et al., 2019[69]). These are typically bricks-and-mortar establishments where nascent entrepreneurs are encouraged to collaborate, share resources such as meeting space and offices, receive mentoring, and facilitate training and financial support. They also have an important role in building an entrepreneurship community in a local area and can facilitate some of the "pull" factors in entrepreneurship decisions (e.g. raise awareness, provide training, facilitate financial support) as well as help alleviate some of the "push" factors (e.g. overcoming ableism, eclipsing disability identity) (Győri, Svastics and Csillag, 2019[70]).

However, very few incubators have been designed to support entrepreneurs with disabilities. In many cases, this would require accessible facilities, suitable accommodation, specialised trainers and support activities that have been designed to address the obstacles faced by entrepreneurs with disabilities. This has been shown to be an enormous chasm to bridge for conventional incubator managers and facilities (Martin and Honig, 2020[27]), but there are examples of incubators that are dedicated to supporting entrepreneurs with disabilities. One example is the Good Incubator in Australia (Box 4.6). This model leverages motivated and capable support providers in the non-profit and for-profit sectors. Providing financial support to these types of non-government actors is likely to be more effective than starting publicly-operated incubators since these actors are closer to the disability community, which helps build trust between entrepreneurs and support providers, resulting in a more attractive scheme.

A complementary approach is to work with actors in local entrepreneurship ecosystems to increase awareness of the challenges faced by entrepreneurs with disabilities and to offer tools than can be implemented to better tailored support services. This approach has been taken by the recently launched LIAISE project in the EU (Box 4.7). This projects leverages the reach of partner networks to work with business support organisations and investors in five communities of practice, of which one focuses on supporting entrepreneurs with disabilities.

Another factor of building effective entrepreneurship ecosystems is social capital (Davidsson and Honig, 2003[71]). Social capital is the development of networks, both closed high-trust networks, as well as open networks where information is diffused through "friends of friends" (Burt, 2001[72]). These networks can be promoted and developed through targeted support efforts, including business incubators, coaching and mentoring relationships and even media (Neumeyer et al., 2019[73]). Initiatives that specifically build trust and enhance relational capabilities between entrepreneurs with disabilities are particularly important (Theodoraki, Messeghem and Rice, 2018[74]).

Building social capital for people with disabilities requires targeted and specific efforts. Many entrepreneurs are network-oriented by nature, effective at self-promotion and at developing personal relations that facilitate their entrepreneurial activities. People with disabilities, in contrast, may have obstacles that block their ability to engage in social interactions, particularly with community members that are not familiar with their needs and attributes (Martin and Honig, 2020[27]). Developing social capital for people with disabilities relative other entrepreneurs such as women, immigrants, and low-income participants, requires an understanding the necessary communication aids, as well as the types of interactions and communication norms practiced by mental and physical disabilities. This calls for careful attention to the location and accessibility of networking events. An effective approach is to design events and platforms that appropriately introduce entrepreneurs with disabilities with other potential network persons outside the disability environment. This could be facilitated through a short targeted preparatory training for investors, entrepreneurs, lawyers, and similar support actors so that they have a better understanding for the special needs of entrepreneurs with disabilities.

Finally, governments should not overlook the fragility of the supporting ecosystem for entrepreneurs with disabilities in the COVID-19 context. Many small support providers have lost revenue during the pandemic and face challenges about their own sustainability. Entrepreneurs with disabilities are likely more vulnerable to the loss of their ecosystem than other entrepreneurs since they are more likely to rely on these often intensive supports. There are a small number of examples of governments investing in not only specific groups of entrepreneurs but also in other actors in their ecosystems. For example, Canada has injected funds into the women's entrepreneurship ecosystem.

Box 4.6. The good incubator, Australia

Intervention type: Integrated support offered through a dedicated business incubator.

Description: The good incubator is managed by Impact Co. (a private consulting company), with support from LaunchVic (Victoria's Start-up Agency) and the Victorian Department of Health and Human Services (DHHS). It is aimed at any person with a disability (of any kind) that has a business idea or already runs a business.

The incubator provides a range of supports to help people with disabilities enter into or grow their existing business. It includes a 9-week programme comprised of:

- 11 half-day workshops in Melbourne on personal and business development;
- Accessible online modules covering design thinking, minimum viable product development, account, marketing and more;
- Networking and community development events every 2 weeks;
- Group tutorial events every 2 weeks; and
- Individual coaching and mentoring to support personal and professional needs.

Following the programme, participants can participate in 2 half-day workshops to support people with disabilities already running their own business to pitch and market their business ideas.

The incubator was co-designed by people with disabilities. It is offered at no cost to participants and support is available to help cover travel and accommodation for those from outside of Melbourne. Support workers are welcome to support the participation of the entrepreneurs.

Results achieved: The incubator has had two cohorts of participants, one in 2019 and the second in 2020. The businesses operated by participants are varied and some, but not all, are business ideas that seek to improve the well-being of people with disabilities.

Lessons for other initiatives: This model demonstrates that dedicated incubators can work. An important success factor is to work with motivated and experienced support providers in the non-profit and for-profit sectors that are close to the disability community and have experience working with the targeted client-group.

Source: (The good incubator, 2020[75])

Box 4.7. Linking Incubation Actors for Inclusive and Social Entrepreneurship (LIAISE) Project

Intervention type: The project supports a collaboration between the European Union and three partner networks (European Innovation Network, Impact Hub and the European Venture Philanthropy Association) to create a network of networks. The aim is to make entrepreneurship ecosystems in the EU more inclusive by increasing awareness of the challenges faced by under-represented groups and to offer tools to improve the support offered by business support organisations.

Description: The LIAISE project aims to spark the development of an "eco-systemic" change by empowering and supporting business support organisations and investors to better support entrepreneurship and self-employment from under-represented groups including people with disabilities. The logic is that by bringing incubation and business support services closer to people from vulnerable groups, they will have greater opportunities to fully participate in the economy and society.

The LIAISE project supports actors such as business support organisations, impact hubs and investors to increase their capacities to work with people from under-represented groups and expand their outreach to these groups. It also helps potential entrepreneurs from under-represented groups in accessing financial tools to increase their chances of achieving business survival and growth.

LIAISE offers experiential learning opportunities to European business support organisations, which will have the possibility to engage and work with peers, social actors, entrepreneurs from vulnerable groups and experts in thematic Communities of Practices (CoPs). One of the five COPs covers people with disabilities and each CoP works according to the same methodology: (i) Collect information based on experiences; (ii) Monitor ongoing initiatives and programmes; (iii) Pilot new approaches in the fields of inclusive and social entrepreneurship; and (iv) Explore how policy can be strengthened using the participatory process developed by the CoPs.

The LIAISE project is funded by the European Union Programme for Employment and Social Innovation (EaSI) for the period 2021-22.

Results achieved: Members of each CoP meet monthly (since May 2021) and have regular opportunities to exchange during regular events for members of the five CoPs. The CoP related to people with disabilities has contributed good practice cases to a Better Incubation good practice compendium report in November 2021 and supports a contest for entrepreneurs with scalable solutions to social and environmental challenges along with the other four CoPs. The contest will provide three winners with a cash prize of EUR 7 000, 15 hours of coaching, incubation support plus a travel budget to participate in events. The winners will be selected at a conference in December 2022.

5. Use income support systems to support entrepreneurship

Goal

In order to support entrepreneurship by people with disabilities, policy makers need to ensure that social security systems are supportive of those capable of working in the labour market. This includes ensuring that the interactions between various income supports and income from self-employment (or employment) do not result in unnecessary disincentives to work as well as ensuring that those who attempt business creation are not unduly denied benefits in the event that the business does not succeed.

Approach

A significant issue for people with disabilities being active in the labour market is how their disability- and income-related allowances and benefits are impacted by earning income activities, including self-employment. In general, benefits are determined by remaining work capacity assessments and income generated by work and/or entrepreneurship activities (OECD, 2010[76]). In most countries, benefits can be clawed-back if certain levels of income are generated. But the interaction between benefits and income is complex because many people with disabilities receive multiple types of benefits and/or allowances. Some are based on a work ability assessment and some are based on income thresholds. It can therefore be difficult to understand the impact of earning an income from employment or self-employment when receiving public supports and allowances. There could be a strong disincentive for entrepreneurship relative to employment in this respect because entrepreneurship income is variable and not guaranteed whereas income from employment is stable and guaranteed, at least for a fixed period of time.

Governments can address this potential disincentive by streamlining the benefits system for people with disabilities and improving communication around different benefits and allowances. For entrepreneurs, some countries (e.g. Czech Republic) classify self-employment as a secondary activity

so that benefits, allowances and pensions are not affected by self-employment earnings.

More generally, the benefits system also can be used to offer some incentives for business creation and self-employment for people with disabilities. One approach is to provide relief from income tax (e.g. higher amount of non-taxable income) and social security contributions (e.g. reduced contribution rates), which can be phased-out over a period of several years. Another approach is to provide a wage subsidy to those who are self-employed. This type of measure is commonly used to support employment for people with disabilities, but some countries also make it available to the self-employed. One example is the Flexi-job measure in Denmark (Box 4.8).

Finally, some countries support entrepreneurship for people with disabilities through the creation of a specific business status. This status can be used to provide tax and social security relief, along with other types of support (e.g. grants, loans). It can also be used to help people re-access benefits if their business is not sustainable. One example is the status self-employed worker with disabilities (*travailleur independent handicapé*) in France (Pôle emploi, 2020[77]).

A related issue is re-qualifying for supports when the business activity is not sustainable. In many countries, access to benefits is dependent on being registered as unemployed. But those who exit self-employment typically do not qualify as unemployed, which again is a disincentive for entrepreneurship for people with disabilities. This issue can be overcome by providing clear pathways and bridges back to benefits. For example, governments (e.g. Ireland) can use a temporary allowance to cover the loss of state income support.

Box 4.8. Flexi-job, Denmark

Intervention type: A wage subsidy that is available to people with disabilities, regardless of whether they are working as an employee or as a self-employed person.

Description: People with a disability may be granted a disability pension under certain conditions. As a general rule, the individual must be a Danish citizen, have permanent residence in Denmark, or have lived in Denmark for at least 10 years from their 15th birthday.

In addition, they must have had a workability assessment conducted through a "resource scheme", which takes into account several factors including physical and mental health, education, previous jobs, and social networks. A disability pension will be granted if the assessment concludes that workability is substantially and permanently reduced in such a degree that self-providing from any kind of work is not possible.

Those who have been assessed as having a reduced workability can work through the flexi-job schemes. Under this scheme, the local job centre assesses the possible work intensity and number of hours per week that can be worked. Individuals will be paid a salary by their employer and also receive a flexible pay subsidy from the local authority. For example, the employer has to pay for 10 hours of work if the individual works 20 hours a week and their work intensity is only 50%. In addition, the individual receives a flexible pay subsidy as a supplement from the local authority. This is calculated on the basis of an amount corresponding to 98% of the maximum level of unemployment benefit.

Self-employed people can also access the flexi-job scheme. As with employees, individuals can draw an income from their business and also receive a pay subsidy to continue working in their business. The amount of the subsidy is computed based on the business' earnings and the individual's workability assessment.

A flexi-job is granted for 5 years for those under 40 years old and then workability needs to be reassessed.

Results achieved: Monitoring data do not distinguish between those working as employees and those working in self-employment. Nonetheless, the scheme has demonstrated some success at increasing labour market activity rates of people with disabilities. However, evaluations show that the main success factor was labour market attachment prior to entering the scheme (Munkedal, Weye and Fonager, 2019[78]).

Lessons for other initiatives: This type of measure can be used to empower people with disabilities by subsidising labour market activities, including the self-employed. This offers an incentive for those who are capable of working to do so, and can also represent some savings for the government relative to paying a full suite of disability benefits, allowances and pensions to an individual.

Source: (European Commission, n.d.[79])

5 CONCLUSIONS AND POLICY RECOMMENDATIONS

People with disabilities account for a large share of the population in OECD and EU countries (about 18%). The number of people with disabilities is growing largely due to population aging, but also other factors such as an increased prevalence of non-communicable diseases. Disabilities vary greatly in nature, severity, cause and duration. This heterogeneity makes it difficult for governments to ensure that everyone can get the right support, but it also creates an opportunity to go further in providing individualised support for everyone.

The proportion self-employed among people with disabilities who work is similar to that of people without disabilities. This suggests that self-employment can be a feasible type of work and that there is untapped potential for self-employment among people with disabilities. However, there are questions for governments about who should be supported and under which conditions since many people with disabilities operate small businesses with little growth potential. Entrepreneurship involves risk for everyone and, on average, people with disabilities may face greater consequences if their business does not succeed due to debt that may have been incurred, negative mental health effects and potential difficulties re-entering income support systems. Nonetheless, many people with a disability succeed in establishing a sustainable business and entrepreneurship can offer a flexible method of working.

Improving the social and labour market inclusion of people with disabilities is a political objective in OECD and EU countries and governments can do more to support entrepreneurship by people with disabilities. Government actions should be focussed on increasing opportunities for people with disabilities to start businesses by addressing exclusion in the entrepreneurship support system and offering dedicated schemes when there is sufficient demand. Public support schemes need to avoid supporting precarious work so they should help entrepreneurs understand appropriate pathways for business growth and also dissuade those who are unlikely to succeed. Priorities for strengthening public entrepreneurship support for people with disabilities are:

- **Seek to build an entrepreneurial identity.** This is a major hurdle for any person seeking to become an entrepreneur, but one that is particularly difficult for people with disabilities who already face discrimination and other obstacles to labour market participation. Governments should continue to raise awareness about the potential of entrepreneurship as a feasible labour market activity for people with disabilities in disability and entrepreneurship strategies. It is also important to promote role models with different profiles (e.g. different types and severities of disability, gender) to counter negative social attitudes and demonstrate that people with disabilities can succeed in entrepreneurship. There is also a need for greater awareness of disability issues within business support organisations so that they are better-equipped to provide support to entrepreneurs with disability, which calls for more awareness raising and training for support providers.

- **Use training and coaching schemes to build business management skills and build networks.** Addressing entrepreneurship skills gaps is one of the most common types of tailored entrepreneurship support offered for people with disabilities, which has benefits for increasing the chances of success in entrepreneurship and potentially boosting an individual's employability. Limited evidence appears to show that entrepreneurship training can be as effective for people with disabilities as those without disabilities, but schemes such as Enterability in Germany suggest that relatively more intensive support is needed such as coaching to address individual needs. This is particularly important when supporting females with disabilities because there are often gender differences in self-perception. Training and coaching schemes could place a greater emphasis on digital businesses and digital skills when appropriate due to the growing opportunities for online business activities, which is especially important for those living in rural areas where local markets are likely small. Schemes also need to place a strong focus on building networks to help the businesses become sustainable and increase their chances of growing. This can also help participants identify new business and employment opportunities if their business is not successful.

- **Offer financial support in increasing amounts based on demonstrated success.** Many entrepreneurs with disabilities start small-scale activities so most will not likely need a large amount of start-up funding. While start-up grants are not always advised, they can be suitable for this target group because small grants may be sufficient to launch their business and governments should generally avoid encouraging people with disabilities to take on debt since many have limited income. Start-up grants will be more effective if they are accompanied by training and coaching. Governments also need to be careful to avoid providing grants to self-employed workers doing precarious work. Larger amounts of finance could be offered to more established activities using microfinance schemes. It is also possible for governments to provide temporary indirect financial support through reduced income tax and social security contributions as is done in France.

- **Adjust the delivery of support schemes for the capabilities of individual participants.** People with disabilities interested in starting a business may need support delivered with a different intensity and pace than typically used. Even among those with disabilities, there is a wide variety of support needs that vary according to type and severity of disability, as well as the strength of individual's networks and care support. For example, someone with mobility constraints requires a different type of support from someone with auditory limitations. The incubator model shows promise for delivering standard bundles of support in individualised ways. Recent experience in Australia shows that a key success factor is making strong linkages with diverse actors in the local ecosystem to help deliver support and develop commercial relationships with business in the incubator.

- **Ensure pathways back into income support systems.** Research shows that a fear of failure is a barrier to entrepreneurship for people with disabilities because there are often uncertainties about the implications of earning self-employment income on income supports. This can be addressed by improving the availability and accessibility of information. Another challenge is re-qualifying for income supports when business start-up is not successful. Some countries such as Ireland have started to address this barrier with a bridging allowance that provides basic financial support for the period in between self-employment and re-entry into income support systems.

A critical success factor for many entrepreneurship schemes for people with disabilities is that they are co-created with the targeted population. Too often policies are designed by "outsiders" who have little or no knowledge of the specific challenges faced by the intended recipients. An important first step would be for policy makers to collaborate with people with disabilities, representative organisations, researchers and businesses regarding the design and implementation of policies and programmes.

Finally, governments could invest more in collecting data on people with disabilities, including measuring the impact of entrepreneurship schemes. People with disabilities account for a sizable and growing share of the population yet relatively little is known about this population and their labour market activities. Moreover, time trends and comparisons across countries are difficult. This calls for greater investments in developing statistics on people with disabilities, including on their entrepreneurship activities. In addition, greater efforts are needed to measure the effectiveness of entrepreneurship support – dedicated and not – for people with disabilities. These efforts need to consider the relative costs of running the scheme, inclusive of the time and resources invested by scheme and network-related persons, as well as monitoring the economic, health, and emotional success of the scheme.

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This policy brief, prepared by the OECD and European Commission, explores the potential of entrepreneurship policy to support the labour market participation of people with disabilities. Disabilities vary widely in type, severity, stability, duration and time of onset, and these characteristics influence individual capacities and willingness to be active in the labour market. Self-employment can be appropriate for some in this population because it can provide more flexibility than paid employment in terms of workload, work schedule and work location, which can allow for better management of disability and lifestyle. This brief provides an overview of the policy rationale for entrepreneurship support for people with disabilities and provides a brief overview of the scale and nature of self-employment activities by people with disabilities and suggests potential actions for governments.

The policy brief is part of the SME and Entrepreneurship Paper series that provides comparative evidence and analysis on SME and entrepreneurship performance and trends and on a broad range of policy areas, including SME financing, innovation, productivity, skills, internationalisation, and others (https://doi.org/10.1787/f493861e-en). Policy briefs are short reports designed for policy makers and practitioners, which are part of a series of documents produced by the OECD on inclusive entrepreneurship with the support of the European Commission. The series includes policy briefs on a range of topics including for example youth entrepreneurship, evaluation of inclusive entrepreneurship programmes, access to business start-up finance for inclusive entrepreneurship.

Other OECD-European Commission publications on inclusive entrepreneurship include The Missing Entrepreneurs report series (https://doi.org/10.1787/43c2f41c-en) and Inclusive Business Creation: Good Practice Compendium (https://doi.org/10.1787/9789264251496-en). These publications and more can be accessed at: https://www.oecd.org/cfe/smes/inclusive-entrepreneurship.

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