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## **'Futures' of home-based business: A literature review**

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## **Abstract**

**Title:** 'Futures' of home-based business: A literature review

**Keywords:** home-based business, sustainability, viability, growth, family life

**Category of paper:** Literature review

**Purpose of the research/paper:** There are three key concerns for the home-based business sector: viability; sustainability; and the potential for growth. Major indicative studies are used to discuss available evidence.

**Findings:** There is general agreement that this sector is growing. Varying views exist on the capability of home-based businesses to generate employment. Studies of performance of home-based business and the relationship of financial and non-financial matters to performance have received little attention. There has been some identification of factors associated with size and profitability. Research into the relationship between home and business has focused on the effect of the family on the business.

**Implications for practice:** Research to date suggests there is a strong need to develop an overall framework for appropriate policies and programs for home-based businesses.

**Implications for theory:** Research is needed on factors that affect home-based businesses as a site of growth for employment; the way in which the home and family support the business; and the viability and sustainability of household livelihood practices.

**Value of the paper:** This examination further highlights the fragmented and limited nature of knowledge about this sector. It suggests the need for a more coherent information base and theory development to inform policy.

**Number of pages:** 16

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**Section headings:** Abstract, Introduction, The potential for growth, Measurement of performance, Employment patterns and potential, Sales performance, profit performance and profit to sales ratio, Impediments and barriers, The home-based business and family life, Regulations, policies and programs, Conclusions.

# **'Futures' of home-based business: A literature review**

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## **Introduction**

There are three key concerns for the home-based business sector: the viability of individual home-based businesses; the sustainability of home-based businesses as a sector of the economy; and the potential for growth from individual or clusters of home-based businesses to mainstream businesses. These concerns have been a significant platform for research of home-based businesses.

Australian studies have focused either in part or in full on key drivers, motivators, determinants, needs and issues that support the growth, profitability and sustainability of the sector. This has included examining a range of areas such as business networks, increasing the home-based business profile, patterns of employment and information, technology and training needs (HiTech Marketing Services 1998; Houghton et al. 1999; Stanger n.d.; Business Enterprise Centre Ballina & Byron n.d.; Holmes, Smith & Cane 1998). Studies have also focussed on reasons for growth (Stanger n.d.); barriers and constraints for growth (Business Enterprise Centre Ballina & Byron n.d.; HiTech Marketing Services 1998; Houghton et al. 1999); impact of regulations (Business Enterprise Centre Ballina & Byron n.d.; HiTech Marketing Services 1998; Houghton et al. 1999; Standen 1998; Stanger n.d.); and financial and/or non-financial measurements of performance (Stanger n.d.). Home-based business self-perceptions and community perceptions (Business Enterprise Centre Ballina & Byron n.d.; Standen 1998) and relationships between home and business and family (Business Enterprise Centre Ballina & Byron n.d.; Standen 1998; Stanger n.d.) have also been the subject of some studies.

These major indicative studies are used to discuss viability, sustainability and growth concerns from different directions: the potential for growth; measurement of performance; employment patterns and potential; sales performance, profit performance and profit to sales ratio; impediments and barriers; the home-based business and family life; and regulations, policies and programs.

## Potential for growth

Within the studies of home-based businesses there is general agreement with some dissent that this sector is growing (Senate Employment Workplace Relations and Education References Committee 2003; Stanger n.d.) and that they are one of the fastest growing groups of business enterprises (Jay & Schaper 2003). Australian Bureau of Statistics (2002 in Walker & Still 2003) figures show that home-based businesses operated by women are the fastest growing business sector. The most recent Australian Bureau of Statistics data (Australian Bureau of Statistics 2002 in Walker & Still 2003) indicates an annual growth rate of 16% for home-based business compared to an annual growth rate of 11% for small business. The Senate Employment Workplace Relations and Educations References Committee (2003) confirms the rapid growth in business conducted *in the home* rather than just *from the home* with a slightly higher 18 percent growth rate in this area. Stanger's (n.d., p. 6) review of the reasons for growth identified a number of factors cultivating this growth (Table 1). However, Standen (1998) found in his analysis of Australian Bureau of Statistics data on the number of home-based businesses between 1992 and 1995 that home-based business does not appear to be growing quickly in Australia.

**Table 1: Reasons for growth**

<b>Stanger (n.d.)</b>
<ul style="list-style-type: none"><li>• dissatisfaction with mainstream employment;</li><li>• unemployment, layoff or redundancy due to corporate down-sizing/restructuring, industry/work reform creating an available labour supply;</li><li>• increased outsourcing or subcontracting by larger companies and government bodies;</li><li>• change in societal values regarding lifestyle, freedom, independence and flexibility in time commitments, increased time for family commitments and home responsibilities;</li><li>• increase in availability and affordability of information and communication technology for use in the home-based business and telecommuting;</li><li>• increasing number of women participating in the workforce;</li><li>• increase in the level of education of the workforce; and</li><li>• growth in the tertiary or services sector in competitive markets which is suited by the structure of small businesses, and the concomitant decline in manufacturing and resource based activities .</li></ul>

Source: Developed for this paper

The potential for growth is shaped by the owner/operator's desire for growth, performance issues and the effectiveness of strategies/programs to encourage growth and viability. While studies (Gray 2002, and Walker 2002 in Walker & Still 2003) have shown that most small businesses do not want to grow, research generally concludes that men indicate a stronger intention to grow the business, than women, with more initial self-confidence, risk taking and financial motivation to begin a business (Buttner & Moore 1997, and Marlow & Strange 1994 in Walker & Still 2003). Generational differences have also begun to emerge in studies of small business in Australia and other countries that are suggesting that '...younger women are less risk-averse than their older counterparts and are more interested in wealth creation through growing the business' (Still & Walker 2003, p. 3).

In Australia under Governments of all political persuasions growth of small business is seen as important to the growth of the economy. However there is a fragmented policy context of enterprise promotion and small business support. Concern and support for the viability, sustainability and growth potential of small business appears to be based on a model of individual behaviour that is related to the economic idea of seeking out opportunity. In this context, enterprise formation is individualised and encouraged with appeals to personal motivation, attitude shifts and individual behavioural change (Gray 1998 in Oughton & Wheelock 2003). The focus is on the business as the livelihood unit rather than the household as the unit of livelihood. Such an approach distracts from the important issues of social wellbeing that influence business decisions and behaviour.

## Measurement of performance

The measurement of performance of small and medium enterprise (which is relevant to home-based business) has received considerable research attention. This literature proposes that multiple dimensions of performance are preferable. Despite this, interest in the economic significance of small business and micro-businesses dominates over examination of the livelihoods they support (Oughton & Wheelock 2003) and the non-financial measures of performance.

Stanger (n.d.) reviews the small and medium enterprise literature on the measurement of performance to investigate the factors that are likely to be associated with the performance measures of size (employment and sales) and profitability (profit and profit to sales) in home-based businesses. These measures are predominantly focused on individual enterprise. Factors identified as influencing home-based business performance are gender, family responsibilities, financing, government regulations, technology, business expenses, proportion of expenses spent on labour, hours worked, degree of formal planning, outsourcing or sub-contracting, age of business, industry sector, household location, usefulness of networking organizations, owner self-funded super coverage, bartering, similarity of previous work experience, sales and employment. He utilises the information to develop alternative hypotheses for future research.

Oughton & Wheelock (2003) challenge the traditional economic approach that underpins much of this research. They argue that 'for consumption as well as labour supply decisions, the crucial unit is not the individual, but the household' (Oughton & Wheelock 2003, p. 5) and '...it is the growing insecurity of livelihoods, rather than ...unrealised ambitions for entrepreneurship, which lies at the heart of much micro-business behaviour' (2003, p. 2). They found in their 'bottom-up' look at the economics of business life and how households turn to some form of small enterprise as all or part of their livelihood to maintain themselves in a changing economic environment that: it is not possible to study micro-businesses in isolation from the households and communities within which they are located; values applied to running a business are intimately linked to the values and mores of the household; decisions are reached which both affect and are affected by complex social environments structured by power relations and norms; behaviour of the micro-businesses was structured at the intersection of the household and the market; and entrepreneurial behaviour will be affected in part by the extent to which the business activity accounts for livelihood security.

While gender is recognised as a significant factor in micro-enterprise performance little work has focused on this issue. Johnson and Storey (1993 in Sandberg 2003) found in their longitudinal study of 298 UK micro-enterprise businesses, of which 56 were female owned, that women operators had created more stable enterprises than their male counterparts. On average though the sales turnover was lower for women.

## **Employment patterns and potential**

The Senate Employment Workplace Relations and Education References Committee (2003) found that self-employment is a major feature of the home-based business sector, however there are varying views on the employment aspirations and potential of home-based business. While some studies suggest that there is untapped growth and job potential in the home-based business sector, there is also a proportion of the sector that has no intention of growing or expanding their business beyond certain limits. The Inquiry indicated that there is a need for increased research of factors affecting the growth potential.

Stanger (n.d., p. 9) found a number of limitations to the reported measures of levels of employment in home-based business in Australian studies and studies in other countries. These were variability in the reporting format, that is, range of employees as compared to averages; the definition of paid employee and the inclusion of paid owner(s) and independent contractors; the inconsistent weighting of part-time and full-time employees; the use of non-representative convenience samples; variations in the national and international economic conditions; and differences in the definition of home-based business used.

Stanger's (n.d.) review of studies of levels of employment in home-based business found that overseas studies report employment levels of 0 to 50 persons and Australia had a much lower range of employment between 0 to 3 persons with means between 0.6 and 1.66 employees. Figures within Australia are complicated by the fact that the Australian Bureau of Statistics does not differentiate between part-time and full-time employment. It also excludes home-based businesses in which the owner usually worked more hours away from home than at home.

Stanger (n.d.) found the following employment patterns in his mail survey of 4,133 Victorian Home-based businesses: average number of full time equivalent non co-owner paid employees was 0.61; the casual basis of work, both unpaid and paid, is the most common followed by part-time and then full time; male respondents had more part time and full time non co-owner unpaid and paid workers; and female respondents had more persons working on a casual basis. Stanger (n.d.) concludes that a small increase in employment per business on average could create quite a significant number of jobs nationally.

Regional studies (Business Enterprise Centre, Ballina & Byron n.d.) suggest that new businesses in the new economy businesses (under 9 years old) generated the most employment. However they were cautious about the employment generation capability of home-based businesses. They identified a number of issues and factors that work against employment growth and development of home-based businesses: lifestyle; geographic constraints; competitive forces that can soak up available demand; entrepreneurial styles and competence; and domestic factors.

## Sales performance, profit performance and profit to sales ratio

Sales performance is the most commonly reported measure of performance in studies of home-based businesses. However again direct comparison is difficult due to the reasons mentioned above (see employment) and variations in reporting measures. Stanger's (n.d.) review found that annual sales range from 0-\$500,000. A more recent study indicates that 30% of respondents reached annual sales of over \$105,000 with the next most common being \$5,001 to \$15,000 (11%). The mean level of sales was \$87,062 (males \$101,823 and females \$57,682).

There are limited findings on home-based business profit. Stanger (n.d.) indicates profit earned is generally not large and likely to be less than small and medium enterprises. However given the potential contribution of profit to household income and that little is known about factors influencing profit generated by home-based business, Stanger (n.d.) suggests that profit is a measure of economic benefit worthy of investigation. Based on limited data, profit to sales ratio in home-based businesses was found to vary considerably. As a measure of performance, very little is understood about the factors that influence profit in home-based businesses and the reasons for the variations.

## Impediments and barriers

A number of the studies undertaken in Australia have identified impediments and barriers/constraints to growth and/or sustainability (Table 2) and these vary according to the stage of development of the business. The most comprehensive study of the effect of regulations on small business, undertaken by the Senate Employment Workplace Relations and Education References Committee (2003) identified numerous barriers in relation to their growth. These are both micro and macro in nature and include economic and social barriers to growth that are a combination of policy, regulation, training, program, management and place issues (Table 2).

**Table 2: Summary of impediments and barriers to growth/sustainability**

<b>Senate Employment Workplace Relations and Education References Committee (2003)</b>	<b>Business Enterprise Centre Ballina &amp; Byron (n.d.)</b>
<ul style="list-style-type: none"> <li>• Regional location</li> <li>• Access to finance</li> <li>• Effect of regulation</li> <li>• Recruitment-related issues</li> <li>• Cash flow</li> <li>• Costs of employment</li> <li>• Unfair dismissal laws</li> <li>• Limited management resources</li> <li>• Limited advice and information or a maze of information</li> <li>• Confusing array of bureaucratic</li> </ul>	<ul style="list-style-type: none"> <li>• Conflict between home and business</li> <li>• Problems with space at home</li> <li>• Need for establishment and development of a home-based business alliance/network that acts as a key focal point, maximises access to IT, access to appropriate training such as the process of emotional adjustment to the role of entrepreneur</li> <li>• Need for an integrated regional strategy for home-based business</li> </ul>

<p>entities each with various missions and responsibilities that are largely unknown</p> <ul style="list-style-type: none"> <li>• Piecemeal programs at all levels of Govt - not clearly defined</li> <li>• No overriding policy framework at govt level</li> <li>• Lack of long term vision at govt level</li> <li>• Lack of leadership at federal level</li> <li>• Business skills</li> <li>• Identified mentoring support in regions – further impacted by funding and lack of mentors</li> <li>• Networking</li> <li>• Taxation</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of adequate skills/knowledge particularly in the context of life philosophies and ethical business</li> <li>• Access to capital</li> <li>• Infrastructure</li> <li>• Corporate networks</li> <li>• Skills</li> <li>• Lack of economies of scale</li> <li>• Policy distortions</li> <li>• Lack of adequate business skills</li> <li>• Poor access to markets</li> <li>• Image</li> <li>• A regional market that is often the sole outlet for products</li> <li>• The bias to lending from traditional lending sources – need for micro-credit</li> </ul>
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Source: Developed for this paper

The study undertaken by the Business Enterprise Centre Ballina and Byron (n.d.) of the NSW Far North Coast found a number of similar issues related to the areas of geography, policy, management and training. In addition they identified issues concerned with the relationship between home and business and finance (Table 2). A number of these findings are consistent with those identified in the Australian National Training Authority (1996) study of home-based business training needs.

The impediments and barriers identified in these studies are very general and broad in nature with little examination in terms of individual and firm characteristics (for example, age, ethnicity, gender, or age of firm). However the Business Enterprise Centre Ballina and Byron (n.d.) study did indicate that most Aboriginal businesses are based in the home, and the issues this group confronts are around lack of business knowledge and process as well as cultural factors.

Orser and Foster's (1992) comparative study of performance between rural and urban home-based businesses in Canada found a positive relationship between sales and being located in an urban area, as compared to a farm or rural location. This was largely attributed to higher population densities providing greater opportunity for increasing sales and concentrated markets. In contrast, the Senate Employment Workplace Relations and Education References Committee (2003) attributed the fundamental effect of location as being due to particular constraints and higher overheads, particularly in remote Australia, for example, high transport and communication costs, telephone costs, fuel and travel, limited facilities such as fast internet services, shrinking markets, and flow-on effects of agricultural downturn.

Within the different studies there are no indications as to whether some issues are of greater significance than others in relation to acting as a barrier to growth. Other studies have focused on the negative factors to operating a home-based business. It is unclear whether these are simply



negative factors about the experience or factors that may also be an impediment to growth/sustainability. A regional study of home-based business in two regions (Houghton & CREEDA 1999) focused on social and cultural factors that effect the operation of a home-based business. They include client perceptions of home-based business as not legitimate business; working in isolation and the difficulties of having replacement or part-time staff in your home while you are away; risks involved in blending home and work, particularly in relation to mentally moving between home and work and interruptions and distractions by family; and possible complaints from neighbours.

Holmes, Smith and Cane (1997) in their study of gender issues in home-based business found that the most prominent negative factor experienced in operating a home-based business was the lack of stability in income. This was more the case for males as compared with females. The most significant factor for women was social isolation. Holmes, Smith and Cane (1997) provide some possible explanations for this but suggest that the reason that this is more of an issue for women needs further investigation. Other negative factors identified included: the number of hours worked; effects of the business location on the business owners privacy; and home no longer feeling like a 'sanctuary' – an area separate from the work environment (again more significant for women than men).

Holmes, Smith and Cane's (1997) research also suggested that having children at home and the childcare available has affected female home-based business operators on several levels, one of which is the way in which it may limit the training alternatives considered. Gender and the age of children in the household has also been found to be a determinant of sales having a negative impact for females and a positive effect for males (Heck et al. 1995).

## **The home-based business and family life**

A significant motivator to begin a home-based business has been the perceived flexibility it offers and as a solution to the task of juggling the demands of work and family. However studies of home-based business in Australia have found that the most significant issues for home-based businesses is the difficulty of balancing work and family and the disruptions to family life (Australian National Training Authority 1996; Business Enterprise Centre Ballina & Byron n.d.; Peacock 1994), which can impact on performance (Stanger n.d.; Standen 1998). The literature suggests that work-family demands confront the business with different dilemmas to those experienced in a 'formal' office environment (National Australian Training Authority 1996). While research in this area is only relatively recent these findings are consistent with the findings of studies in other countries (Christensen 1988; Pratt & Davis 1985; Good & Levy 1992).

Research about the relationship between the home-based business and family life tends to either focus on the effect of the family on the business or the influence of a business in the home on family life. More attention has been given to the former, particularly in Australia where little research is being done in relation to the effect of the business on family life or the way in which home supports business. Studies in this area have tended to focus on women, on work-family conflict, the levels of intrusion (telephone calls received at home, use of space, clients in the home, conflicts over the use of a family vehicle for home-based work) and often encompass home-based workers as well as only being of a small size. There has been little attention given to the way in

*Australasian Journal of Business & Social Inquiry*, September 2006, v4, n3.

which the home and family may support the business. Standen (1998) suggests that the degree to which the home supports the business depends on how well the physical and social context/resources interact and the psychological judgements about this. Findings in relation to the interaction between the home-based business and family life from across a number of studies from other countries are summarised in Table 3.

Within many of the studies there appears to be an assumption that the difficulties experienced in this area are due to the location of the business in the home or that running a home-based business has different meanings to other forms of work that changes the interaction between business and family. To date there has been little discussion of how this differs to the time-based, strain-based or behaviour-based conflict (Hammer and Thomson n.d.) experienced by those working away from the home or the spatial, temporal and psychological boundaries between work and non-work in the home-based business context (Standen 1998). Research among people 'who work away from home' shows the permeability of these boundaries can have significant impacts on the individual, their work and their family.

**Table 3: Interaction between the home-based business and family life**

Study	Findings
Heck et al. (1995)	<ul style="list-style-type: none"> <li>• Home-based businesses have higher rates of intrusion than in non HB workers;</li> <li>• Highest rates of intrusion being experienced by individuals who perform a personal service and by large households;</li> <li>• No difference in the level of intrusiveness between rural and urban locations and homeownership;</li> <li>• Where there is exclusive space for the business/work there are no space conflicts;</li> </ul>
Fitzgerald and Winter (2001)	<ul style="list-style-type: none"> <li>• The type of intrusion differs for each gender; and</li> <li>• Men and women and their families experience and have to learn to deal with intrusions from HB work;</li> <li>• Income was inversely connected to intrusion; and</li> <li>• Various characteristics of the work, the workers and his or her family are significant in predicting the nature of the intrusion.</li> </ul>
Mills, Duncan and Amyot (1995)	<ul style="list-style-type: none"> <li>• There are no significant differences between women based at home and women who work away from home as a group in their levels of work-family conflict;</li> <li>• Predictive relationships of work-family conflict are dependent on several employment and family variables but workplace location is not one of these; and</li> <li>• Significant predictors included: total hours worked, age of youngest child and total family income.</li> </ul>
Gringeri (1994)	<ul style="list-style-type: none"> <li>• Problems of the separation of work and family are more likely to be the experience of female home-based workers than their male counterparts because male role definitions do not include household tasks and child care; and</li> <li>• Interruptions from family, friends and neighbours because they are not seen as working.</li> </ul>
Christensen 1988	<ul style="list-style-type: none"> <li>• Interruptions from family, friends and neighbours because they are not seen as working; and</li> <li>• Home-based employment does not necessarily eliminate the need for childcare during working hours.</li> </ul>

Source: Developed for this paper

Standen (1998) suggests that the home as a place of work may have psychological, practical and financial benefits. These include the ability to personalise and customise their workspace in such a way as to give home an extra meaning; intermingling of work and family aids the socialisation of children into work practices and values, reinforcing an ideology that values family over individualism; less gender specialisation in these households; stronger ideological and emotional

supports from the family; and the practical labour support of the family. He also suggests that family paradigms may create different approaches to business strategy and work/family balance.

Wheelock and Baines (1998) combined a gender and institutional perspective to examine the relationship between the informal economy of the household and the formal economy of the labour market in order to understand micro-businesses. They focused on the business family and not just the individual in order to understand micro-businesses. The findings showed the business family was a production unit, in the sense that much of the flexibility of the small business was a consequence of how household livelihood practices bound production and reproduction activities together. Family labour was identified as a major resource within these businesses. In contrast to other studies there was considerably less specialisation between men and women in the division of domestic labour. The study found that self-reliance was an internally created value, linked closely with family dignity and self-respect. This value was based upon self-exploitation and dependency within the business family and provided evidence that market relations did not stand alone. Dependency on the state is being pushed to dependency within the family with its reliance on work from family members. Wheelock and Oughton (1996 in Baines & Wheelock 1998, p. 581) also found that micro-businesses have a flexibility that is in part '...a function of how they are embedded in household and family'. They suggest that this flexibility involves a return to old ways that includes stereotypical gender divisions of labour within the family, a transfer of business risk to the household with a subsequent strain on the institution of the family (Wheelock & Oughton 1996 in Baines & Wheelock 1998, p. 582).

## **Regulations, policies and programs**

There have been several studies in Australia over the past decade that have examined the effect of government regulation on small business, the most recent of these was the Senate Inquiry into Small Business Employment (2003). Beyond this, there has been no significant analysis of policies in this area in terms of their effectiveness and impacts in terms of social inclusion and wellbeing. Commonwealth, state and local government have involvement in policies and programs for support of the small business sector. However their respective roles are not well defined, particularly in relation to home-based business, and the programs and policies are piecemeal, lacking an overall framework (Senate Employment Workplace Relations and Education References Committee 2003).

The Senate Employment Workplace Relations and Education Committee (2003) identified a significant range of broad regulation issues for small business as well as consideration of a national approach to small business development and support, reform of regulations affecting this business sector, and a more coordinated approach to small business policy and programs. It found that the burden of regulation appears to have increased over the past decade with the main areas of burden being in relation to taxation, employment and environment. Recommendations were made to the Commonwealth, states and territories in relation to these matters (Senate Employment Workplace Relations and Education Committee 2003). As a paper on 'small business' per se, it is unclear whether all the regulation issues cited are relevant to home-based business or not and if so how these burdens effect home-based business.

However they did find that home-based businesses were the most overlooked in policies and programs, despite being identified by the Senate Employment Workplace Relations and Education

*Australasian Journal of Business & Social Inquiry*, September 2006, v4, n3.

Committee (2003) as the most significant segment of small business. Recommendations included the need to consider ways of improving understanding of home-based business in order to develop appropriate policies and programs; and the Commonwealth, states and territories, in consultation with local government, developing national model legislation for home-based business (Senate Employment Workplace Relations and Education Committee 2003).

Current programs were identified as not being well known, as well as not meeting the needs of Indigenous Australians. A recommendation was made that the Small Business Ministers Council should consider some specific initiatives to foster enterprise development in Indigenous communities (Senate Employment Workplace Relations and Education Committee 2003).

Amongst the regional studies there is no consistent agreement about the effect of local Council regulations. This may be due to the significant variation between local authorities in attitudes towards home-based business (Senate Employment Workplace Relations and Education Committee 2003). The most significant regional study in Australia to date (Houghton & CREEDA 1999) found that there was some concern expressed by home-based businesses in relation to local government levels of service and decision-making processes; difficulties in completing registration processes; and consistency and clarity in regulations. However this was not explained in detail.

In contrast, the Business Enterprise Centre Ballina and Byron (n.d) found few respondents indicated specific issues with local Council regulations, but some expressed a generalised sense of frustration with Council policies. Beyond this some home-based businesses are non-compliant to regulations for philosophical reasons whilst others were unintentionally non-compliant and felt trapped because of poor record keeping and fear of retribution from the Australian Taxation Office. Orser and Foster's (1992 in Stanger n.d.) Canadian study of home-based business also found that 40% of owner/operators were not aware of regulations affecting their business and that this did not improve very much with time in operation.

In contrast, Stanger (1998) suggests that the impact of regulations is not considerable and offers examples of the types of regulations that may restrain home-based business. For example, the maximum amount of home floor area than can be devoted to business; use of signs advertising the business, and customer parking; and amount of materials that may be stored outside the home. In addition municipal regulations may be outdated and bias certain types of home-based business, which can discourage those who attempt lawful operation.

Literature from other countries suggests that regulations at all levels are outdated and restrictive. There is also general agreement amongst researchers that zoning regulations and registration requirements are the most important in the sense that they limit the scope of the business and activities allowable in the home. These include traffic conditions, and parking; noise; odour; aesthetics; nuisance to neighbours; unfair competition due to lower overheads; and additional strains on local services (Stanger n.d.).

The Senate Employment and Workplace Relations and Education References Committee (2003) identified similar findings for home-based business in relation to local government. They found that businesses may not need to register with local councils and that many prefer not to out of fear of being penalised. This fear contributes to obscuring the nature, and number of home-based

businesses in any area. They suggested a need for a more consistent approach by councils to home-based business as a means of fostering the development of this sector.

## Conclusions

Among studies of home-based business there is general agreement that this sector is growing. Within this women are a significant component of this growth. There is also emerging evidence that younger women are less risk-averse than older women and more interested in growing their business. Varying views exist on the capability of home-based businesses to generate employment and its potential as a sector. There are indications that there are a number of factors that work against employment growth suggesting a need for increased research of factors that affect home-based businesses as a potential site of growth for employment.

Studies of performance of home-based business and the relationship of financial and non-financial matters to performance have received little attention. There has been some identification of factors likely to be associated with the size and profitability of home-based businesses. These measures are focused primarily on the individual enterprise. These include macro and micro policy at all levels of government, financial and social and cultural factors in the relationship between home, business and the market. Research to date suggests there is a strong need to develop an overall framework for appropriate policies and programs for home-based businesses at all levels of government and for local councils to develop a more consistent approach to home-based businesses in order to foster development of this sector.

Research into the relationship between home and business has tended to focus on the effect of the family on the business with little attention being given to the way in which the home and family support the business and the relationship between household livelihood practices and the viability of the home-based business. The narrow definition of performance from a traditional economic position limits the ability to understand the broader sustainability issues that emerge as a result of household livelihood practices and the relationship of the household to the market.

This examination of studies and articles related to the viability, growth and sustainability of home-based businesses further highlights the fragmented and limited nature of knowledge about this sector of small business. It suggests the need for a more coherent information base and theory development to inform the development of effective strategies, policies and programs for this sector.

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