

**How Business Savvy are Micro-Enterprises? The Case of Home-Based Businesses in
New Zealand**

Professor Delwyn N. Clark

Waikato Management School, University of Waikato, Hamilton, New Zealand

Email: dnclark@mngt.waikato.ac.nz

Heather Douglas

Home Business New Zealand, Auckland, New Zealand

Email: heather@homebizbuzz.co.nz

Stream: Entrepreneurship, Small Business and Family Enterprises

How Business Savvy are Micro-Enterprises? The Case of Home-Based Businesses in New Zealand

ABSTRACT

Micro-enterprises represent significant proportions of small firms in most economies yet they are not routinely profiled or studied. This paper examines business processes and activities of micro home-based businesses (HBB) from an empirical study of 522 firms in New Zealand. Key findings profile the microscopic scale of HBB and their flexibility in operating both at and away from home. The importance of sources of finance, marketing activities, relationships, and business indicators for HBB are evaluated. Aspirations for growth were very high, with HBB reporting personal factors as the most important resources for growth, followed by functional business activities and expertise. Further, high levels of GST registration and international business activities indicate that many HBB are quite business savvy.

Keywords: Micro-enterprises, home-based business, self-employment/owner managers, business creation, growth, entrepreneurship/family business models

INTRODUCTION

Micro-enterprises represent significant proportions of the small firms in most countries and are reported in aggregate government enterprise statistics (OECD 2004), yet they are not routinely included in major studies of business practices and processes. Although the definitions of small firms vary around the globe, the OCED (2005) advises that micro-enterprises have less than ten employees or €2M revenue. There are methodological as well as practical reasons for studying larger-size firms in preference to micro-size firms - hence most management theories have been developed from studies in large firms. Research issues for micro-enterprise include sampling issues, such as access to reliable databases for micro-enterprises, and concerns about achieving reasonable response rates - as whenever owner-managers of very small enterprises take time out for research it impacts directly on the achievement of their core business activities. In spite of these concerns, there is an imperative to understand the performance of micro-enterprises as they potentially contribute to national, regional and local strategies for economic development and employment growth.

Since it has been recognised that small firms are fundamentally different from large firms (Friedlander & Pickle 1968, Preston 1977, Edmunds 1979, Welsh & White 1981, Churchill & Lewis 1983, d'Amboise & Muldowney 1988), there has been significant research on SMEs (usually 10-250

FTE). This means that there is now an extensive literature on SMEs which spans the full spectrum of business disciplines (e.g. accounting, finance, marketing, HRM, operations management, information systems, innovation, strategy) and management issues. Further research is needed to examine the similarities and differences between micro-size firms and their larger counterparts. Are micro-enterprises fundamentally different from SMEs? How business savvy are micro-enterprises? This exploratory study will begin to fill this gap by examining a series of core business activities in home-based micro-enterprises which are often perceived to be informally-operated leisure or craft operations.

Home-based Businesses

Home-based businesses (HBB) are enterprises which operate *at* or *from* the owner's home residence. The business owner is self employed and uses his/her home residence for some of the core business activities to generate income (Monin & Sayers 2005). Jay and Schaper (2003) illustrate the two major types of HBB as follows: (1) firms operating *at* home, where most of the work is carried out at the owner's residence e.g. accounting or professional practices; and (2) firms operating *from* home, where the owner/operator does most of the work out in the field or at a client's premises but the administration, record-keeping and supplies are maintained at home e.g. tradespeople such as carpenters or plumbers. While HBB encompasses a variety of different businesses, they are ongoing legitimate businesses (Walker & Brown 2004), with the owner's home as the physical business address for tax purposes (Sayers 2005), and do not include teleworker employees or contract workers who work at home but are not self-employed (Monin & Sayers 2005).

Although they are rarely profiled in official statistics, HBB have been recognised as a major sector within micro-enterprises (Good & Levy 1992; Phillips 2002; Jay & Shaper 2003; Mason, Carter & Tagg 2009). Prior research on HBB has examined workforce issues such as working at home, lifestyle and work-family issues (Butler & Modaff 2008; Gelardin & Muscat 2009; Sayers and Monin 2005; Walker and Brown 2004; Baines & Gelder 2003; Fitzgerald & Winter 2001; Owen & Winter 1999), gender (Thompson, Jones-Evans & Kwong 2009; Walker, Wang & Redmond 2008; Holmes, Smith & Cane 1997; Walker & Webster 2004; Losococco & Smith-Hunter 2004), the role of ICTs to

facilitate growth (Phillips 2002; Douglas 2005; Keen & Sayers 2005; Van Gelderen, Sayers, & Keen 2008), and the contribution to economic development in specific sectors including rural vs urban comparisons (Rowe, Haynes and Stafford 1999).

There are a number of different types of HBB which are commonly recognised; these include the entrepreneurial start up HBB in which a new business is established from an innovative new product or service which is developed in the home or garage; as this business scales up it usually moves to other premises (e.g. Apple, 42 Below), but the time it takes to outgrow the home premises depends on many factors. A second type of HBB is established to provide self-employment by people who are keen to be their own boss, or retiring, or being made redundant; these businesses can be in a wide range of industries including professional consultancies, trades or electronic business. A third type of HBB is the part-time 'hobby' business which is established to simultaneously pursue an interest and generate an income; these are generally perceived to be very small scale operations which are not 'serious' businesses. While each of these types of HBB serves an important purpose in generating income for the owner, it is clear that HBB also contribute to economic development by providing employment and contributing goods/services for their customers (Phillips 2002; Masakure, Henson & Cranfield 2009).

Growth of the HBB sector has been noted in the UK (Mason, Carter & Tagg 2009), US (Phillips 2002; Good & Levy 1992) and Australia (Jay & Shaper 2003) in response to a range of factors including changes in societal attitudes to flexible work and lifestyles, access to information and communication technologies, increases in outsourcing and contracting out, and economic cycles driving business restructuring and redundancies. Motivations for HBB ownership include a mix of financial and non-financial factors such as personal satisfaction, independence and flexibility (Walker & Brown 2004; Sayers & Monin 2005; Soldressen, Fiorio & He 1998). Prior research suggests that lifestyle factors are more important than financial motivations for the majority of HBB, and most are content for their business to stay very small (Walker & Brown 2004; Van Gelderen, Sayers & Keen 2008).

While there are constraints to the size of individual HBB in terms of the scale of business operations that can be operated within home residences, there are also regulations over the business

activities that can be operated within residential-zoned areas. Although these types of constraints apply specifically to the HBB sector, they do not appear to limit the overall growth of the sector. Financial, human and organisational resource constraints have been examined in relation to innovation in small firms (Hewitt-Dundas 2006), but not it appears in micro-enterprises. Furthermore, the acquisition and application of resources has been signalled as one of the most salient and under-researched issues affecting micro-enterprises and small businesses (Morris 2001).

Research to profile HBB and understand how they conduct their businesses processes and activities is important to provide evidence and insights for HBB owner/managers, entrepreneurs, advisors, academics and policy makers. This empirical study aims to begin to fill this gap by examining core business processes and orientations of HBB and addressing the key question *how business savvy are HBB?* A series of specific research questions on the business processes and activities will be considered to evaluate the factors that are important for HBB, including:

- (1) *What are the characteristics of HBB?*
- (2) *Where do HBB conduct their business activities?*
- (3) *Which sources of finance are important for HBB?*
- (4) *Which marketing activities are important for HBB?*
- (5) *Which relationships are important for HBB?*
- (6) *How do HBB perform on key business indicators?*
- (7) *Which resources are important for HBB with growth aspirations?*
- (8) *Which marketing strategies are important for HBB with growth aspirations?*

For each question, analysis of differences by perceived performance level will be considered.

METHODOLOGY

For this exploratory study, data was collected from a sample of self-employed business owners who operate at or from their home residence in New Zealand. As the government and commercial databases exclude micro-enterprises, the database developed by Home Business New Zealand was utilised for this project; note, it was the only source of HBBs available in New Zealand. As Home Business New

Zealand operates as a specialist online community for members who are engaged in running HBB, this is a specialist population which allows for a multi-industry sample.

A web-based survey instrument was developed and then pilot-tested to check on content, readability, timing, accurate data capture and flow of responses. The questionnaire included sections on business activities and processes including their business profile, plans for growth, community and collaborations, use of information and communication technologies, as well as key business activities. The invitation to participate in this study was sent to members of Home Business New Zealand via the HomebizBuzz online community in November 2009. The opening questions made sure that only respondents who were operating a HBB completed the survey; excluding contract workers and other people working at home for another employer. Although 667 HBB owners responded to parts of this survey (21.7%), there were 522 respondents who completed all of the questionnaire by the December 2009 closing date (17.0%). For this paper, only the 522 completed surveys were considered usable for analysis and the key findings are based upon their responses. This is a multi-industry sample which broadly reflects the population of economically significant HBB from the New Zealand Linked Employer-Employee Database. Data analysis included descriptive statistics and significance testing using Chi-square for categorical variables (Martin and Bateson, 2007).

Note, Statistics New Zealand has recently estimated (for this project) that 68% of the working proprietor SMEs (with less than 20 employees) in their LEED database were HBB; this tally of 176,991 firms from the 2008 tax year only includes enterprises that are considered to be economically significant (another 19% of SMEs are excluded as they are too small). HBB represents a significant sector in New Zealand which is important given the government's goals for improving economic growth and productivity, yet there have not been any official studies of these micro-enterprises to date.

RESULTS and DISCUSSION

Key results from this sample of HBBs will be reported and discussed in this section to address each of the research questions. First, a brief profile of the companies will be provided and then findings on their business processes and activities including location of business activities, sources of finance,

marketing activities, key relationships, business indicators, resources for business growth and marketing strategies will be presented.

Profile of HBBs

To answer question one, a brief profile the HBBs featured in this project will be provided including information on the size, revenue, age and business registration of the firms, as well as the work hours of the business owners. As shown in Table 1, the HBB are very tiny enterprises with the majority involving 0-1 full-time and/or 0-1 part-time employees. The average number of full-time employees was 0.85 and the average number of part-time employees was 0.87. As HBB owners are self-employed and spend on average 32 hours working on their business each week, there is a lot of variation in work time spent on HBBs. Many of the HBB owners work part-time on their own home business as well as running another business (23%), or working as an employee for another organisation (24%). Yet 29% of these HBB owners work more than 40 hours per week on their home business. Over half of the HBB owners generated more than 60% of their personal income from their HBB. In terms of annual revenue, these HBB are also very small as only 44% generated more than \$50,000 per year; yet 8% of the HBB were earning more than \$250,000 per year. Although the average age of these micro-enterprises was 7 years, 28% had been in business for more than 10 years. In terms of business registration, the majority were limited liability companies (56%) and one third were operating as sole traders or individual proprietorships; 76% of the HBBs were registered for Goods and Services Tax (GST).

Insert Table 1 about here

Location of Business Activities

By definition, HBB operate at, or from, the home residence of the business owner. The range of business venue options was examined to address question 2 including the use of rooms within the home residence and also the venues away from the home residence. Table 2 shows the results for the

HBB according to their perceived comparative performance levels (above, at or below the industry average; and a fourth group who “Don’t Know” how their performance compares with others).

The majority of HBB were operating from a dedicated room or office inside their home residence, and many HBB were also using shared spaces for work and family activities; one in five HBB used a dedicated room outside the main house for business activities. In addition to these *at home* venues, many HBB were carrying out business activities in a range of other venues *away from home*. Over half of the HBB were using premises which are owned or operated by their clients e.g. businesses offering services such as consultancy. Similarly, almost half of the HBB were using venues which are owned or operated by other businesses, such as cafes or public spaces. This is very interesting as it provides evidence that many HBB prefer to conduct some of their business conversations away from their home residence, potentially to assist clients with access/availability or for their own privacy and security reasons. Significant proportions of the HBB were mobile and using their vehicles for some business activities (average 38%) e.g. many trades involve use of specially equipped vehicles and travel to work for clients at their locations. One in five HBB also hire premises for short-term specific purposes such as meetings or events, and 12% use premises that they own or operate for their business e.g. professional kitchen, salon, or storage facility. These results are important as they show that HBB operate both *at and from home*. Significant differences by perceived performance levels were found for the shared room usage at home and using premises operated by clients. Further research is needed to investigate these differences as half of the HBB without comparative industry performance knowledge were using shared rooms, and two thirds of the HBB performing below the industry average were operating at their client’s premises.

 Insert Table 2 about here

Sources of Finance for HBB

Given the micro-scale of HBB and their inter-connectivity with family, lifestyle and/or other employment, the importance of a series of sources of finance for HBBs was examined (for question 3). Table 3 shows the mean importance value (from 5-point Likert scale) and the proportions of HBB

rating each source as 'important' and 'very important' - according to their perceived comparative performance levels. Reinvestment of profits into their business was the most important source of finance for these HBB; which potentially acts as a constraint on the growth of HBB given their small scale. However, of the HBB committed to growing their businesses, 43% were reinvesting 11-50% of turnover and a further 25% of HBB were committing over 50% of turnover to growth of the business. Funds derived from other employers was the second most important finance source overall; however, significant differences were found by perceived performance levels and the trend shows lower levels of importance for salary-based funding as the comparative performance levels increase. This same pattern of importance levels was found for use of short-term loans from private sources e.g. family. Significant differences were also found for the use of home residence mortgages; while there was no trend in the importance levels by comparative performance, only 18% of the HBB without comparative industry performance knowledge rated this as an important source of funding. Overall, the results show that short or long-term loans are not perceived to be as important by HBB as other most of the other sources of finance.

Insert Table 3 about here

Marketing Activities of HBB

Marketing and promotion activities enable companies to reach new and existing customers. To address question 4, the importance of a series of marketing activities for HBB were examined. Table 4 shows the mean importance value (from 5-point Likert scale) and the proportions of HBB rating each marketing activity 'important' and 'very important' - according to their perceived comparative performance levels. Word of mouth promotion and face-to-face networking was the most important marketing activity for HBB; with the highest mean importance and approximately 90% rating this as 'important' or 'very important'. Getting feedback directly from your customers was the second most important marketing activity overall; significant differences in importance levels by perceived comparative performance were found, with lower importance levels (80%) reported by the higher performers. Significant differences by comparative performance levels were also found for

‘advertising your products/services’, with lower levels of importance as the comparative performance levels increase. Significant differences were also found for ‘doing market research on your customers’ preferences’, with approximately 50% of HBB rating this marketing activity highly, compared with 40% of the HBB without comparative industry performance knowledge. Significant differences were also found for the use of ‘social networking activities’.

Insert Table 4 about here

Key Relationships and Resources for HBB

The importance of key relationships and access to resources by HBB was examined to address question 5. Table 5 shows importance value (from 5-point Likert scale) and the proportions of HBB rating each relationship or resource as ‘important’ and ‘very important’ - according to their perceived comparative performance levels. Good relationships with key customers was the most important factor; with access to the internet in second place, and good relationships with suppliers with the third highest mean importance rating. Overall, these relationships have relatively high mean importance ratings which indicate that they are perceived to make important contributions to the success of HBB. Significant differences were found for only two of these factors – good business networks and having a professional coach or mentor.

Insert Table 5 about here

Indicators of Business Activities

To gauge the extent of the business activities being conducted by HBB, questions were asked about aspirations for growth, Goods and Service Tax (GST) registration, international business activities, and website adoption. Table 6 shows the proportions of HBB engaged with these activities by perceived comparative performance levels (for question 6). Aspirations for growth were very high for these HBB and significantly different by perceived performance levels, with lower levels of growth reported by HBB with higher comparative performance. Significant differences in the proportions of

HBB registering with the Inland Revenue for GST were found; with higher levels of GST registration being reported by the HBB with higher perceived performance levels. Note, as the threshold for GST registration increased in 2009 to annual revenue of \$60,000, these results show that many HBB have voluntary registration (as 51% of these HBB has annual revenue less than \$50,000). The levels of engagement in international business activities were much higher than expected for HBB which are perceived to target primarily local or regional markets. Similarly, finding almost two thirds of the HBB had a website for their business was interesting; however, as this is a specialist sample from an online HBB community this result is not surprising.

Insert Table 6 about here

Resources for Business Growth

For the HBB with growth aspirations, the importance of a series of resources for the ability of HBB to grow their businesses was examined to address question 7. Table 7 provides the mean importance (from 5-point Likert scale) and the proportions of HBB rating each resource as ‘important’ and ‘very important’ - according to their perceived comparative performance levels. The two most important resources for growth of HBB were personal factors relating to the HBB owners themselves – their aspirations, energy and commitment, as well as their time; both with mean importance levels over 4.5. The next group of resources with very high mean importance levels (above 3.5) are core resources for business growth including advertising, marketing, computer/IT skills and equipment, followed by accounting and financial expertise.

Significant differences by comparative performance levels were found for four of these resources – advertising and promotion, marketing expertise, computer hardware and software upgrades, and funds to invest in developing new products/services. For each of these resources, the highest levels of importance ratings were found for the HBB with perceived performance below their industry average; this signals that these resources are either lacking or perceived to be more influential within the industry/sectors of the HBB who perceived their performance as lagging their peers/competitors.

Insert Table 7 about here

Marketing Strategies for Business Growth

For the HBB with growth aspirations, plans to increase sales of products/services using a series of marketing strategies (Ansoff, 1957) were examined to address question 8. Table 8 shows the proportions of HBB engaged with these marketing strategies reported by perceived comparative performance levels. All of these product/market growth options were important for high proportions of the HBBs' targeting growth. It was interesting to find that the HBB with comparative performance below the industry average have higher levels commitment to growth for each of these marketing strategies. However, significant differences in marketing strategies by perceived performance levels were only found for two of these growth options – market development (selling current products/services to new customers) and diversification (selling new products/services to new customers). Yet micro-enterprises such as HBB could be assumed to adopt a market penetration strategy - committing to sell more of their *current* products to their *current* customers. Further, with limited resources and scale, the ability of HBB to simultaneously adopt each of these marketing strategies seems ambitious, particularly as much larger firms are more inclined to focus on a specific strategy for each period of time (product-specific sequential targeting).

Insert Table 8 about here

CONCLUSIONS and FURTHER RESEARCH

This paper has addressed a series of research questions and reported key findings from an exploratory study of business activities in 522 HBB in New Zealand. As this is the first major empirical study of the *business* dimensions of HBB, the results provide new evidence and insights which are relevant for HBB managers, entrepreneurs, advisors, academics and policy makers.

The HBB profile results capture the microscopic scale of these enterprises in terms of employees (averaging less than one person) and revenue (71% generate less than \$100,000). Yet these statistics reflect a range of different business models as many HBB owners work part-time on their business (average 32 hours per week), as well as running another business (23%) or working as an employee for another organisation (24%). HBB were operating both *at home* and also in a range of venues away *from home* which reflects a high level of flexibility and mobility in their business activities. While reinvestment of profits was the most important sources of finance for these HBB, those firms performing above the industry average were less reliant on salary payments or short-term loans from family. The most important marketing activities included a mix of informal (word of mouth, direct customers) and traditional approaches (target markets, distinctive name). Strong relationships with customers and suppliers, and getting ideas and information for business from the internet, were perceived to be key success factors for HBB.

In terms of business savvy, the study found very high aspirations for growth of HBB, high levels of GST registration, significant involvement in international business activities and use of ICTs such as websites. Personal aspirations, energy, commitment and time were perceived to be the most important resources for growth of HBB, followed by functional business activities and expertise in advertising/marketing, ICT and accounting/finance. To increase sales, HBB signalled they were adopting multiple marketing strategies simultaneously, which is ambitious given their scale but reflects their personal commitment to the business. Overall, these results differ from prior studies by showing that HBB owners are quite serious about their growing their business and business savvy; this contrasts with earlier work which signals that HBB are primarily motivated by lifestyle factors.

Limitations of the study include potentially higher levels of computer literacy and online business activities by sampling from an online community. Other issues associated with the web-based surveys apply to this project including email sampling issues (spam filters, current addresses), and non-completion of questionnaires (respondents who stop before finishing all the questions are excluded from the analysis as incomplete data is not usable).

Further analysis of results from this study of HBB is planned to examine these areas in more detail and to consider the processes and performance of the different business models, to evaluate the

use of ICTs, and to examine the use of outsourcing, external contractors and collaborators. Detailed comparisons with prior SME and family business research will also be discussed. Further research will include conceptualisation of HBB business models, qualitative studies to explore specific issues arising from the study in more depth, as well as considering the implications of these findings for a range of stakeholders including policy makers.

REFERENCES

- Ansoff I (1957) Strategies for Diversification, *Harvard Business Review* 35(5), 113-124.
- Baines S and Gelder U (2003) What is friendly about the workplace in the home? The case of self-employed parents and their children. *New Technology, Work & Employment* 18(3), 233- 234.
- Butler JA and Modaff DP (2008) When work is at home: Agency, structure and contradictions, *Management Communication Quarterly*, 22(2), 232-257.
- Churchill NC and Lewis VL (1983) The five stages of small business growth, *Harvard Business Review* 61(3), 30-50.
- d'Amboise G and Muldowney M (1988) Management theory for small business: Attempts and requirements, *Academy of Management Review* 13(2), 226-240.
- Douglas H (2005) Creating a virtual home for home business in New Zealand, in Sayers J and Monin N (2005) *The global garage: Home-based business in New Zealand*, Victoria, Australia: Thomson/Dunmore Press, 293-302.
- Fitzgerald MA and Winter M (2001) The intrusiveness of home-based work on family life, *Journal of Family and Economic Issues* 22(1), 75-92.
- Edmunds SW (1979) Differing perceptions of small business problems, *American Journal of Small Business* 3(4), 1-14.
- Friedlander F and Pickle HB (1968) Components of effectiveness in small organisations, *Administrative Science Quarterly* 13, 289-304.
- Gelardin S and Muscat E (2009) The emerging workforce caregiving housing dilemma, *Business Renaissance Quarterly* 4(2), 59-85.

- Good W and Levy M (1992) Home-based business: a phenomenon of growing importance, *Journal of Small Business and Entrepreneurship* 10(1), 34-46.
- Hewitt-Dundas N (2006) Resource and capability constraints to innovation in small and large plants, *Small Business Economics* 26: 257-277.
- Holmes S, Smith S and Cane G (1997) Gender issues in home-based business operation and training: An Australian overview, *Women in Management Review* 12(2), 68-73.
- Jay L and Schaper M (2003) Which advisors do micro-firms use? Some Australian evidence, *Journal of Small Business and Enterprise Development* 10(2): 136-143.
- Keen C and Sayers J (2005) Smart, fast, small and virtual: Innovative home-based Internet businesses (HBIB) in New Zealand, in Sayers J and Monin N (2005) *The global garage: Home-based business in New Zealand*, Victoria, Australia: Thomson/Dunmore Press.185-203.
- Losococco K and Smith-Hunter A (2004) Women home-based business owners: Insights from comparative analyses, *Women in Management Review* 19 (3), 164-173.
- Martin P and Bateson P (2007) *Measuring behaviour: An introductory guide*, 3rd ed. Cambridge: Cambridge University Press.
- Masakure O, Henson S and Cranfield J (2009) Performance of micro-enterprises in Ghana: A resource-based view, *Journal of Small Business and Enterprise Development* 16(3):466-484.
- Mason C, Carter S and Tagg S (2009) Invisible businesses: The Characteristics of Home-based Business in the United Kingdom, *Regional Studies*, (forthcoming, online from 1 June 2010)
- Monin N and Sayers J (2005) Introduction, in Sayers J and Monin N (Eds) *The global garage: Home-based business in New Zealand*, Victoria, Australia: Thomson/Dunmore Press.1-15.
- Morris MM (2001) The critical role of resources, *Journal of Developmental Entrepreneurship* 6(2): v-vii.
- OECD (2004) Promoting Entrepreneurship and Innovative SMEs in the Global Economy, *Second OECD Conference of Ministers Responsible for SMEs*, Paris, 42 p.
- OECD (2005) OECD Glossary of Technical Terms: Small and medium enterprises, *OECD SME and Entrepreneurship Outlook* Paris: OECD.

- Owen AJ and Winter M (1991) Research note: The impact of home-based business on family life, *Family Business Review* 4, 425-432.
- Phillips BD (2002) Home-based firms, e-commerce, and high technology small firms: Are they related? *Economic Development Quarterly* 16(1), 39-48.
- Preston L E (1977) The world of small business: A suggested typology, *American Journal of Small Business* 1(4), 13-19.
- Rowe BR, Haynes GW and Stafford K (1999) The contribution of home-based business income to rural and urban economies, *Economic Development Quarterly* 13(1), 66-77.
- Sayers J (2005) Looking back to the future, in Sayers J and Monin N (Eds) (2005) *The global garage: Home-based business in New Zealand*, Victoria, Australia: Thomson/Dunmore Press.17-38.
- Sayers J and Monin N (Eds) (2005) *The global garage: Home-based business in New Zealand*, Victoria, Australia: Thomson/Dunmore Press.
- Soldressen LS, Fiorito SS and He Y (1998) An exploration into home-based businesses: Data from textile artists, *Journal of Small Business Management* 36(2): 33-44.
- Thompson P, Jones-Evans D and Kwong C (2009) Women and home-based entrepreneurship: Evidence from the United Kingdom, *International Small Business Journal* 27(2), 227-239.
- Van Gelderen M, Sayers J and Keen C (2008) Home-based internet businesses as drivers of variety, *Journal of Small Business and Enterprise Development* 15(1): 162-177.
- Walker E and Brown A (2004) What success factors are important to small business owners? *International Small Business Journal* 22(6): 577-594.
- Walker E and Webster B (2004) Gender issues in home-based businesses, *Women in Management Review* 19(7/8), 404-412.
- Walker E, Wang C and Redmond J (2008) Women and work-life balance: is home-based business ownership the solution? *Equal Opportunities International* 27(3), 258-275.
- Welsh JA and White JF (1981) A small business is not a little big business, *Harvard Business Review* 59(4), 18-32.

Table 1: Profile of HBBs in Sample

Characteristics	Number	Percentage
Age of Firm		
• < 5 years	227	43.5
• 5-9 years	148	28.4
• 10-14 years	71	13.6
• 15-19 years	39	7.5
• 20 + years	37	7.1
Firm Size		
• 0-1 full-time employees	451	86.4
• 2-4 full-time employees	63	12.1
• 5-9 full-time employees	4	0.8
• 10 and above full-time employees	2	0.4
• 0-1 part-time employees	432	82.8
• 2-4 part-time employees	74	14.2
• 5-9 part-time employees	7	1.3
• 10 and above part-time employees	6	1.1
Gross Annual Revenue (NZ\$)		
• < \$25,000	166	31.6
• \$25,001-\$50,000	101	19.4
• \$50,001-\$100,000	104	19.9
• \$100,101-\$250,000	80	15.3
• \$250,001-\$500,000	32	6.1
• More than \$500,000	12	2.3
• Don't Know/Not sure	28	5.4
Business Registration		
• Limited Liability Company	291	55.7
• Sole Trader	170	32.6
• Partnership/Limited Partnership	40	7.7
• Other	11	2.1
• Don't know	10	1.9

Table 2: HBB Business Location

Business Venue Options	Above Industry Average 86	At Industry Average 240	Below Industry Average 103	Not Known 93	Probability
At Home Residence					
In a dedicated room or office inside your house	71%	72%	69%	58%	0.08
In rooms which have shared use for other household activities as well	41%	34%	45%	52%	0.02
In a dedicated room, office, garage, gallery, granny flat etc outside the main house	24%	25%	21%	15%	0.28
Away From Home Residence					
In premises owned or operated by your clients	50%	59%	64%	41%	0.004
In venues which are owned or operated by other businesses (cafes, public spaces)	48%	49%	53%	44%	0.63
From your vehicle	38%	37%	46%	29%	0.12
In premises hired for short-term specific purposes (meetings, events)	22%	22%	27%	13%	0.11
In premises owned or operated for your own business	12%	11%	16%	11%	0.64

Notes: bold highlighted Chi-square probability values are statistically significant, $p < 0.05$

Table 3: Sources of Finance for HBB by Perceived Performance

Sources of Finance	HBB	Percentage (Important and Very Important)				Probability
	Mean Importance*	Above Industry Average	At Industry Average	Below Industry Average	Not Known	
	522	86	240	103	93	
Reinvestment of profits into the business	3.57	48%	54%	55%	53%	0.72
Salary you/family receives from other employers	3.23	24%	39%	41%	47%	<0.001
Bank overdraft	2.73	36%	27%	35%	26%	0.22
Mortgage on home residence	2.60	31%	26%	36%	18%	0.04
Factored invoices	2.36	15%	16%	25%	13%	0.13
Short term loans from private sources e.g. family	2.24	8%	14%	26%	24%	<0.001
Short term loans from public sources e.g. banks	2.22	14%	17%	24%	17%	0.26
Long term loans	2.22	12%	20%	22%	15%	0.20
Equity investments	1.87	7%	9%	17%	8%	0.09

Notes: * HBB mean importance from 5 point Likert scale
 Bold highlighted Chi-square probability values are statistically significant, p<0.05

Table 4: HBB Marketing Activities by Perceived Performance

Marketing Activities	HBB Mean Importance*	Percentage (Very Important and Important)				Probability
		Above Industry Average	At Industry Average	Below Industry Average	Not Known	
	522	86	240	103	93	
Word of mouth and face to face networking	4.58	91%	88%	91%	87%	0.74
Getting feedback directly from your customers	4.41	80%	87%	90%	87%	0.045
Identifying target markets for your products/services	4.36	83%	80%	90%	87%	0.11
Having a distinctive name for your business	4.09	77%	76%	80%	72%	0.67
Advertising your products/services	4.03	66%	66%	77%	81%	0.025
Having a logo	3.79	62%	62%	68%	62%	0.20
Doing market research on your customers' preferences	3.55	49%	47%	51%	41%	0.010
Collecting information on your competitors	3.41	50%	48%	58%	44%	0.21
Getting stories about your business into the media	3.29	43%	43%	57%	41%	0.06
Social networking activities (e.g. Facebook, MySpace, LinkedIn, Twitter, etc.)	2.75	24%	23%	35%	33%	0.048
Having a registered trademark	2.66	24%	24%	28%	28%	0.82

Notes: * HBB mean importance from 5 point Likert scale

Bold highlighted Chi-square probability values are statistically significant, $p < 0.05$

Table 5: Key Relationships and Resources for HBB by Perceived Performance Levels

Success Factors	HBB Mean Importance*	Percentage (Very Important and Important)			Not Known	Probability
		Above Industry Average	At Industry Average	Below Industry Average		
	522	86	240	103	93	
I have very good/strong relationships with my key customers	4.67	90%	94%	92%	87%	0.19
I have access to the internet to get ideas & information for business	4.49	87%	88%	80%	88%	0.19
I have very good/strong relationships with my key suppliers	4.11	74%	73%	67%	61%	0.15
My family members are supportive and provide help when needed	3.96	74%	65%	59%	66%	0.18
I have strong links to key people in my industry	3.95	70%	68%	72%	61%	0.33
I have access to good advisors and experts when needed	3.93	66%	70%	70%	60%	0.10
I have good networks with other people running small businesses	3.69	56%	63%	57%	57%	0.02
My home is in a good location for my business	3.56	54%	55%	52%	46%	0.09
I feel well connected and supported in my local community	3.37	48%	46%	49%	42%	0.80
I have access to specialised equipment when required	3.33	44%	42%	33%	36%	0.30
I have a professional coach or mentor to assist with goal setting	3.19	28%	32%	46%	38%	0.04
My friends are supportive and provide help when I need it	3.12	31%	39%	31%	37%	0.45
I have access to other premises when I need them	2.88	27%	31%	30%	24%	0.54

Notes: * HBB mean importance from 5 point Likert scale

Bold highlighted Chi-square probability values are statistically significant, $p < 0.05$

Table 6: HBB Business Indicators by Perceived Performance Levels

Business Indicators	Above Industry Average 86	At Industry Average 240	Below Industry Average 103	Not Known 93	Probability
HBB aspires for growth in next two years (Q20)	84%	93%	96%	95%	0.006
HBB has GST registration (Q12)	83%	81%	65%	68%	0.001
HBB engages in international business activities (Q14)	48%	35%	39%	33%	0.14
HBB has a website for the business (Q36)	65%	64%	62%	60%	0.91

Notes: Bold highlighted Chi-square probability values are statistically significant, $p < 0.05$

Table 7: Importance of Resources for Business Growth

Resource Type	HBB Mean Importance*	Percentage (Important + Very Important)				Not Known	Probability
		Above Industry Average	At Industry Average	Below Industry Average			
	483	72	224	99	88		
Your aspirations, energy and commitment	4.79	96%	93%	93%	95%	0.71	
Your time	4.51	88%	89%	87%	78%	0.11	
Advertising and promotion	4.02	65%	65%	81%	70%	0.03	
Marketing expertise (including branding)	3.98	65%	61%	79%	70%	0.01	
Computer and IT skills	3.78	50%	63%	65%	67%	0.13	
Computer hardware and software upgrades	3.64	42%	58%	63%	48%	0.01	
Accounting and financial expertise	3.54	40%	51%	57%	52%	0.20	
Intellectual property protection	3.20	44%	34%	43%	36%	0.28	
Funds to invest in developing new products/services	3.00	29%	30%	46%	33%	0.02	
Legal expertise	2.98	25%	31%	27%	36%	0.40	
Availability of extra staff	2.71	32%	26%	20%	22%	0.29	
Size of premises at home	2.61	31%	26%	24%	23%	0.70	
Availability of other premises	2.37	15%	19%	20%	23%	0.68	

Notes: * HBB mean importance from 5-point Likert scale

Bold highlighted Chi-square probability values are statistically significant, $p < 0.05$

Table 8: Marketing Strategies for Business Growth

Product-Market Growth Options	Above Industry Average 72	At Industry Average 224	Below Industry Average 99	Not Known 88	Probability
Selling more of current products/services to current customers	82%	81%	88%	82%	0.48
Selling current products/services to new customers	99%	94%	100%	97%	0.04
Selling new products/services to current customers	71%	63%	78%	68%	0.08
Selling new products/services to new customers	76%	71%	88%	77%	0.01

Notes: Bold highlighted Chi-square probability values are statistically significant, $p < 0.05$