

# The Home Entrepreneur Systems Model



The Home Entrepreneur Systems Model:  
A Grounded Theory of Home-based Business  
Needs and Practises

By

Ronald Pierce-Lyons

**CAMBRIDGE  
SCHOLARS**

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P U B L I S H I N G

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A Grounded Theory of Home-based Business Needs and Practises,  
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## ABSTRACT

The aim of this research was to enhance understanding of home-based business at both an individual level and a societal level. Since the 1980s the working environment in Australia has undergone significant change. Traditional full-time employment has steadily declined while the number of small businesses and self-employed people has steadily increased. Home-based businesses make up an estimated 67% of all small business in Australia and estimates of their numbers continue to rise. They now play a significant role in the Australian economy and have attracted the interest of academics and policy makers alike. While existing empirical research has mapped out many of the general demographics of home-based business operators and of the sector, there are no grounded theories which offer deeper understanding of the home-based business phenomenon.

A review of existing home-based business literature identified four areas of concern: a lack of theory underpinning home-based business research; a narrow research focus across studies; sampling difficulties due to the hidden and inaccessible nature of home-based businesses; and inconsistent definition and consequent lack of conceptualization of home-based businesses across studies. This research sought to address these concerns. The findings are presented as a theory which is grounded in data which consisted of direct accounts of the experiences of home-based business operators. Qualitative interviews were conducted using storytelling techniques in order to ensure a broad research focus while examining a wide variety of home-based business experiences. Purposive and theoretical sampling was used to enhance the sample diversity and capture data that were as rich and varied as possible. And finally, to explore the conceptualisation of home-based business, this research did not limit research participation to those who met an a priori definition, but was open to anyone who self-identified as a home-based business operator.

The research question, which was refined as the qualitative study evolved, became: What needs are met through the operation of a home-based business and how do these needs interplay with home-based business practise? Grounded Theory methodology was employed in all

stages of this research, so that analysis and theory construction took place throughout sampling, interviewing and transcribing, coding the data, describing the coded data, modelling and writing the findings. Data were gathered through 19 semi-structured interviews with home-based business operators practising in the Cairns area of Far North Queensland. The participants were drawn from a growing pool of home-based business operators (final count 127) who volunteered to be interviewed. The volunteer pool was established through media releases, industry partner contacts, requests made at industry-sponsored, home-based business seminars and through snowballing. As volunteers were added to the pool they were contacted and further information regarding their personal and business circumstances was gathered. This information was used to inform purposive and theoretical sampling and also helped demonstrate the diverse nature of home-based businesses. When interviews were conducted they were transcribed and analysed for themes; as themes were identified they were assigned codes and data from existing transcripts was grouped together under the emerging codes. Coded data was continually reviewed to look for new themes and connections between themes to develop theory. A coding system was eventually developed through iterative cycles of description, conceptual ordering, and theorising. Interviews continued until data reached a point of theoretical saturation, where no new data were found which could not be fully authenticated through the emergent theory.

The findings of this research are presented in the form of a systems model of needs entitled the *Home Entrepreneur Systems Model*. This model relates to home-based business operators who seek more than 'making money' through the practise of their home-based businesses. The model consists of two features. The first is a dynamic multifaceted home-based business *practise* which is located at the core of the model. Four unique dimensions of *household*, *business*, *family* and *home* were identified as essential constructs which all contribute to the experience of home-based business practise. With the dynamic nature of these dimensions, home-based business is better understood as the verb 'practise' rather than as a noun. The second feature of the model contains five interconnected lifestyle needs which orbit home-based business practise. These needs were identified as *security*, *autonomy*, *balance*, *meaning* and *community*. The last two of these needs do not appear in previous home-based business research. All elements of the model are interrelated and considered to be part of a system which is held together by a focus of *home entrepreneurship*.

The *Home Entrepreneur Systems Model* presents a holistic view of home-based business and offers a new approach to conceptualising and understanding home-based business. The model contributes to understanding the home-based business phenomenon in several ways. It allows greater conceptualisation of home-based business which has important implications for future HBB research. Recognising a home entrepreneur focus as separate from a traditional business entrepreneur focus has implications for future directions of entrepreneurship theory and its integration with HBB research. The model also offers insights into the diverse range of home-based businesses and how they are often part of mixed income sources. It highlights the need for future research into the growth of home-based business as an income supplement rather than the sole livelihood of operators. This research provides a theory which will need to be examined across cultural, gender and class differences within Australia as well as overseas. As the research was conducted in a region where tourism is a dominant part of local industry, the theory should also be examined across regions with varying economic activities and lifestyle concerns to test the transferability of the *Home Entrepreneur Systems Model* and gain a deeper understanding of home-based business.

# CHAPTER ONE

## INTRODUCTION

In recent decades the working environment in Australia and around the world has changed significantly. Large employers have become more inclined to outsource work and minimize the number of their full-time employees; consequently the number of small businesses and self employed people have steadily increased (Handy, 2002; Pink, 2001; Schaper, 2006). Home-based businesses (HBBs) make up an estimated 67% of all small business in Australia and estimates of their numbers have grown rapidly (ABS, 1995, 2004). They now play a significant role in the Australian economy and have attracted the interest of both academics and policy makers (Earles, Lynn, & Pierce-Lyons, 2006; Standen, 1998). Current research does provide a broad overview of many of the characteristics of the HBB sector such as its relative size, the demographics of HBB operators and some gender differences amongst them (Earles, et al., 2006; Houghton & CREEDA, 1999). However, our understanding of the HBB phenomenon and its implications remains limited and consequently there is a policy vacuum surrounding HBB (Australia Parliament Senate Employment Workplace Relations and Education References Committee, 2003). As HBB research appears to be still in its infancy, most of the research to date could be considered to be what Watkins-Mathys and Love (2005) refer to as *pre-paradigmatic* research which focuses on understanding structure and pattern but does not attempt to interpret meaning. This thesis seeks to go beyond a pre-paradigmatic focus to create grounded theory which explores the meaning of HBB from the point of view of those who engage in it.

### **Research Aim**

The aim of this research was to enhance our current understanding of HBB practices at both an individual level and at a societal level.

## Research Question

The grounded theory developed from this study addresses the question: *What needs are met through the operation of a HBB and how do these needs interplay with HBB practise?* A preliminary grounded theory research question was developed during the research proposal and used as a methodological tool throughout the research process. This preliminary question was: What HBB belief systems and practices exist? This original research question was designed to explore the meaning of HBB to HBB operators and to enhance conceptualisation and understanding of HBB. While it can be argued that this preliminary question has been answered in the findings, the final research question listed above represents a more meaningful query in regard to the inherent answer produced by the findings.

## Methodology and Design

Grounded theory methodology was employed throughout the design and analysis of this research. As is typical of grounded theory, analysis took place during the literature review, sampling, data collection, data manipulation, mapping of the findings and throughout the thesis write-up (Charmaz, 2006). In short, grounded theory methodology was employed throughout all stages of this research. (See pages 35 to 55 for details of grounded theory techniques used in this research.) Data were gathered through semi-structured interviews with HBB operators practising within the Cairns region. Storytelling techniques were employed during interviews, encouraging participants to tell stories about their experiences of HBB. Purposive and theoretical sampling was used to capture as diverse a sample as possible to enhance the richness of the data. The only essential criterion for research participation was that participants self-identified as HBB operators.

## Rationale for Methodology and Design

Existing HBB research has been conducted across a range of academic disciplines as well as levels of government. A review of this literature has identified four areas of concern (See pages 30 to 34 for detailed examination of the four concerns.) The first was a lack of theory underpinning HBB research. In response to this lack of theory, this project utilised a Grounded Theory methodology. The second concern was with the narrow research focus across studies. In order to broaden the focus of

HBB research beyond economic concerns, the diverse experiences of people engaged in HBB were accepted and recorded as data, and analysed. The third concern was the inconsistent conceptualisations and lack of a definition for HBB across studies. In order to widen our conceptualisation of HBB, research participation was open to anyone who defined themselves as a HBB operator. Thus the approach used was to contain the research focus to HBB experiences but not to limit it to preconceived ideas held by the researcher or by the industry partners. (See following section for industry partner details.) The fourth concern was with the way in which the hidden and inaccessible nature of HBBs may have affected sampling methods across previous research. The lack of a HBB database, compounded with the hidden nature and limited accessibility of many HBBs, has made it difficult for researchers to find a representative sample group, and consequently may have obscured our understanding of HBBs. The current research made no attempt to find a representative sample; rather it used purposive and theoretical sampling in order to enhance the sample diversity in the hope of capturing theory-informing data that were as rich and varied as possible.

## **History of the Research**

This project has grown out of a preliminary HBB research project undertaken in 2004 by James Cook University's (JCU's) School of Social Work and Community Welfare (SWCW) in conjunction with the Far North Queensland Area Consultative Committee (FNQACC). The project involved an extensive literature review on HBB as well as conducting research into local conceptualisations of HBB. The outcome of that project was to publish a series of HBB discussion papers and to establish an agenda for further research (Earles & Lynn, 2004). This research has taken on that agenda and has been a university and industry collaborative effort. It was jointly funded by JCU, the Australian Research Council, FNQACC and Cairns Region Economic Development Corporation (CREDC). Both FNQACC and CREDC received government funding to promote economic development and hoped this research would help them to better understand part of their client base.

## **Ethical Considerations**

This project was approved by the ethics committee which governs JCU's research procedures. It is classified as a Category One project which necessitated that the research follow guidelines to ensure that it

would not involve significant psychological distress or physical discomfort to participants. Similarly, it could not use deception. To adhere to these guidelines, all participation had to be voluntary with no direct solicitation from the researcher. This ensured that no person suffered psychological stress from a perception that an investigation of their business was being sought. An Informed Consent form needed to be signed before any participation began and, before signing, participants were informed of the nature of the research, of their rights to withdraw at any time, and also details of where they could lodge a complaint if necessary. To avoid psychological distress, no questions were ever asked regarding income, home ownership, business registration or taxation. Similarly, participants were guaranteed confidentiality. In order to protect participant confidentiality, all data has been kept in a secured location (to be destroyed after five years), and none of the participant's names or the names of their businesses have been revealed. Participants have been given pseudonyms in the thesis and, in cases where they might have been identifiable through the nature of their occupations, the occupations have been modified and placed inside square brackets.

## **Positioning of the Researcher**

The researcher began university study in the Social Sciences as a mature-aged student with a diverse history of employment. The researcher's work history included occasional ownership and partnering of small businesses, most recently a Bed and Breakfast with an attached Café operated as a HBB, which was sold in order to attend university. The researcher's undergraduate studies included subjects across a wide range of Social Sciences and culminated in an honours degree in psychology. The researcher came to this project with no previous experience in qualitative research. Consequently, the qualitative research methodology and design were frequently reviewed and carefully documented as part of socialisation into interpretist paradigms and qualitative methodologies. As mentioned above, this project was partially commissioned by two industry partners whose primary interest was to promote economic development. They both hoped to gain a better understanding of the local HBB sector, as they saw it as a source of future clients. Before starting this project the researcher was unaware of the existence of either industry partner and had had no involvement with any economic development organisation. Both industry partners offered financial services and incentives for small business and consequently had a strong focus on economic issues. Their interest in this research was to find ways in which they could engage with



and promote the HBB sector. As a doctoral student in the Social Sciences, the researcher's focus was to develop research skills and to explore the social world of HBB operators.

## Clarification of Terms

There are three levels of critical terms which are used frequently throughout the thesis and which need to be clarified.

The first level of term is the *core subject* of this research which is the HBB.

Home-based Business (HBB): As mentioned above, there is no accepted definition of this term across literature, and in this research HBB was not defined for the purpose of sample selection. This research did not limit research participation to those who fitted a predefined criterion; rather research participation was open to anyone who self-identified as a HBB operator. (See page 38 for further details of sampling.) Within this research an emergent conceptualisation of HBB as a multi-faceted phenomenon is articulated.

The second level of terms includes *theoretical constructs* used in this research to examine core components of HBB practise. To enhance current understandings of HBB as a multi-faceted phenomenon, four constructs which are theoretical dimensions of HBB experience have been introduced. They are *Household*, *Business*, *Family* and *Home* and within this thesis, when they are used to describe dimensions of HBB experience, they have specific definitions. The use of these constructs to describe the HBB practise components is emergent from this research. It is important to acknowledge that the model presented in this thesis does not stand on the precise definition of any of these constructs, but rather on their existence and interaction. The important contribution of these constructs is that they demonstrate that HBBs are multifaceted systems which are influenced by many dimensions of experience. While each construct focuses on one dimension of HBB experience, they can each be viewed as containing all the other constructs so that the household contains the business, family and home; the business includes the household, family and home; the family construct encompasses the household, business and home and the experience of home includes the household, the business and the family.

Household: is defined as a physical construct which includes the physical dwelling, the people who reside there, their income and their assets. (See page 173 for more details.)

Business: is defined as a social construct surrounding the activity of work. (See page 176 for rationale of this construct.)

Family: is defined as a biological construct held together by emotional, genetic and legal bonds. (See page 178 for discussion of biological predispositions which support the line of reasoning for viewing family as a biological construct.)

Home: is defined as a psychological construct dependent on individual experience. (See page 184 for the rationale of this construct.)

The third category of terms is *emergent* terms which have taken on a more specific meaning through the grounded theory analysis.

HBB Practise: The large diversity found across the four theoretical constructs listed above offers insight into previous difficulties of conceptualising or defining HBB. Because of the dynamic and multifaceted nature of HBB, which involves continual interplay between these four constructs, HBB has been described as a ‘practise’ (verb) rather than a ‘practice’ (noun). This protocol is used throughout the remainder of the thesis.

Lifestyle Needs: Five specific lifestyle needs (or values) were identified through data analysis and are presented in the findings under the following five headings: security, autonomy, balance, meaning and community. Use of the term lifestyle needs in this thesis is limited to these five topics.

Home Entrepreneur: The definition of the term entrepreneur varies across studies. (See page 157 for discussion of the conflicting views on entrepreneurship.) In relation to the Home Entrepreneur Systems (HES) model which emerged from this study, the term entrepreneur is used to describe anyone who applies continual focused attention toward creating a successful enterprise. The term home entrepreneur emerged to describe individuals whose enterprise encompassed all aspects of their experience of home. This term differentiates a home entrepreneur from a business entrepreneur whose focus is on business and from a social entrepreneur

whose focus is on social issues (Dees, 1998). A home entrepreneur then has a continued focused attention on all of the four constructs which make up a HBB.

## **Research Considerations**

Grounded theory takes an interpretive approach to research and acknowledges that truth / meaning is co-created by both the researcher and the research participants. (See pages 59 to 62 for discussion of the philosophical assumptions underpinning this research.) Therefore, in order to ensure the transparency of this research, it was important to disclose any known influences which could impact on the findings of the research. The following subsections describe conditions and events which could conceivably have influenced this research. No attempt has been made to measure or analyse these influences; they are acknowledged here purely to help the reader judge the validity of the research findings.

### ***Local Demographics in Context***

The Cairns region is known internationally as a tourist destination and is promoted as a lifestyle experience in a relaxed tropical setting with close proximity to rainforests and the Great Barrier Reef (Queensland Government, 2009). In June 2006 the resident population was estimated to be 137,000 (ABS, 2006b). However, during the tourist season of June through August, this population typically increases by an estimated 30,000 (Geoscience Australia, 1999). With an economy dependant on tourism Cairns is often described as having a transient population. This is not due solely to annual migrations of tourists and tourism workers; the resident population also fluctuates periodically with a history of boom and bust cycles tied to national and international economic and political factors affecting the tourist industry. Throughout 2006 and much of 2007 the Cairns region was experiencing severe housing shortages. There was a near zero vacancy rate in rental accommodation and property values were at an all-time high. This could be partially explained by a rapid increase in population within the Cairns area which grew by 3.9% in 2006 following a 3.6% increase in 2005 (ABS, 2006b). However, despite the above average population growth in Cairns, the housing shortage was experienced in all regional centres across Australia.

### ***Economic and Political Events in Context***

During the course of this research, significant economic and political changes were taking place in Cairns as well as across Australia and around the world. The economic rise of China and India lowered the cost of new technologies and manufactured goods, making it difficult for Australian companies to compete in manufacturing. Perhaps the most significant effect of the booming Asian economies was the subsequent commodities boom which resulted in record profits for the mining industry in Australia (Dalli, 2007). At least partially driven by this mining boom, the Australian economy had shown steady growth over the previous ten-year period. Although this windfall for the mining sector was not distributed evenly across the Australian economy, it was credited by many as contributing to the lowest unemployment rate recorded over the past thirty years (ABC News Online, 2006).

In November 2007, despite the reportedly strong economy with record low unemployment, the Australian public voted out a Liberal government which had held office for almost twelve years. The Australian Labor party was swept to victory in what was reported as a landslide victory which recorded the largest voter swing in a federal election over the past 27 years (Parliament of Australia, 2009). This election took place after most of the research interviews were conducted and could be of interest because it suggests that anti-government sentiment was prevalent across the population.

Other significant events which heralded change included the airing of the television documentary 'Peak Oil' in July 2006, which predicted oil shortages beginning in 2010 and highlighted the total dependence of Western society on the use of oil. Of equal concern was the growing evidence of global warming and climate change with much of Australia's farming community suffering severe drought and many regional centres experiencing water restrictions with very low levels in water reserves.

The extent to which any of the above events may have impacted on the findings of this research cannot be determined. Perhaps more significant than any single event listed above is the uncertainty produced in the face of so much change at so many levels. This uncertainty was definitely experienced by the researcher and most probably by the research participants.

## Structure of the Thesis

The thesis is structured into chapters, sections, and subsections. Each of these levels of structure are identified in the aforementioned terms throughout the theses. Below the sub-section level, any further levels of structure are identified according to its content. (For example: topic, aspect, dimension, theme, etc.) Levels of structure are denoted by the following fonts and paragraph styles:

### CHAPTERS

#### Sections

#### *Subsection*

*Topic, aspect, dimension, theme etc.*

Quoted material is presented in three different styles. Text taken from other literature is presented within quotation marks, unless it is over three lines long when it is presented as a paragraph with indented margins. Quotations taken from interview data are presented in italics, as paragraphs with indented margins, regardless of their length. Such italicised quotations are restricted to chapter 4 which offers the research findings.

This thesis contains six chapters which include: *Introduction, Literature Review, The Research Process, The Home Entrepreneur Systems Model, Discussion and Conclusions.*

Chapter 1 has introduced the thesis by stating the research aim and questions followed by descriptions of: the methodology and design, the rationale for methodology and design, the history of the research, positioning the research, a clarification of terms used in the theses, and the structure of the thesis.

Chapter 2 presents a preliminary literature review which provides some background information of HBB and offers a justification for the research. The chapter contains three sections. The first section contains subsections which are ordered in historical sequence and help provide a larger view of the current climate under which HBB operates. The second section

reviews major indicative studies of HBB in Australia to provide a broad overview of the findings. It contains two subsections: the first reviews a range of studies which have focused on mapping HBB characteristics; and the second subsection reviews studies which have focused on understanding the economic importance of HBBs. Finally the third section justifies the need for the current research. It identifies four areas of concern with existing HBB research and offers the current study's research design and methodology as a tool for overcoming these concerns and providing greater understanding of the HBB sector and of the individual experience of HBB.

Chapter 3 describes in detail the techniques employed throughout the research process, offers a justification for their use and outlines the stages of theory development which occurred. It contains two sections. The first section describes four elements of the research process: the design, the methodology, the research paradigm and the underlying philosophical assumptions. These detail how the research was done and offer a rationale for why the process was adopted. The second section of the chapter describes in detail how the theory evolved. Consequently, the second section introduces the findings by describing how the main themes within the findings were arrived at through using the design methods described in the first section.

Chapter 4 presents the research findings in the form of a grounded theory of HBB needs and practises. The theory is described through the Home Entrepreneur Systems Model. The chapter is divided into three sections. The first section describes the participants in terms of four different constructs within the model and the second section describes other elements of the model and presents evidence of HBB experience which supports their existence. And finally the third section offers a philosophical analogy which helps to understand the dynamics within the model.

Chapter 5 positions the emergent HES model in relation to existing literature on the different elements which make up the model. It contains five sections. The first section discusses the title of the model and argues for the use of the term 'home entrepreneur' to encompass HBBs which may not be compatible with pre-existing notions of entrepreneurship. The second section looks at the HES model as a theory of needs and compares and contrasts it with other theories of needs. The third section discusses the dynamism of four theoretical constructs found at the centre of the

model and offers insight as to how this dynamism can be understood within a theory of needs. The fourth section discusses other elements of the model in relation to existing literature, and the final section reflects on the HES model in a changing world.

The final chapter addresses aspects of the HES model across four sections. The first section addresses the research question. It reviews concerns with existing HBB research which the research question addresses, reviews the methodology used to pursue the research question, articulates the main points of the model and comments on the revised research question. The second section outlines the contributions which the HES model adds to knowledge and the third considers the implications of the model for future HBB research. And finally, the fourth section discusses the limitations of this research and offers suggestions for future research which could address these limitations and deepen our understanding of HBB.

# CHAPTER TWO

## LITERATURE REVIEW

This chapter provides a review of existing literature which informs HBB practise. It contains three sections. The first section offers an historical account of self-employment, small and medium size enterprises (SME)/entrepreneurship literature, changing economic and political trends and policy development favouring HBB. The second section reviews the scope of existing HBB literature and is divided across headings which describe two broad research platforms; the first platform includes research which has focused on mapping the characteristics of HBB operators and the second focuses on studies which have examined the economic importance of the HBB sector. The third and final section provides justification for the current research.

The historical account presented in the first section of this chapter reviews topics which are not inherently linked (beyond their impact on HBB practise) and which occurred globally. Therefore the search criterion for this section covered a broad spectrum of literature; it was not strictly confined to research publications and covered topics which occurred both overseas and within Australia. A more rigorous search strategy was employed when reviewing the scope of the literature (the second section of this chapter). The search criterion for this section focused on designed studies of HBB within Australia and only included overseas research to highlight gaps in Australian research focus. The literature reviewed in the final section which justifies the current research is confined to published academic works. When discussing research methodologies it includes overseas literature but focuses heavily on Australian studies to justify the need for this project.

### **HBB in a Changing World**

HBBs and other forms of self-employment are by no means a new phenomenon. What is relatively new is the increase in HBB and self-employment. This section contains the following subsections: the fall and



subsequent rise in self-employment; the changing patterns of unemployment and industry practices; the rise in entrepreneurship literature and education; the recognition of HBB as the dominant form of self-employment; and subsequent HBB policy development. These subsections can be seen to be interrelated when considered in relation to HBB, and help to provide a larger view of the current climate under which HBB operates. Each of these topics is discussed separately as a subsection. While the subsections are ordered in historical sequence, no suggestions are offered regarding causal relations between them. For instance, unemployment cannot be explained simply as a result of changing industry practice as many other factors are involved with unemployment, such as change in the demographics of age which results in a greater or less percentage of the population seeking work at a given time (Houghton, 2006). Similarly, no causal relationship is implied between self-employment and unemployment. While it appears logical that many people could be pushed into self-employment when it is difficult to find regular employment, evidence suggests that self-employment increases as unemployment drops (Blanchflower, 2000).

### ***The Fall and Rise of Self-employment***

Reviewing the data on labour force trends in America and across countries with developed economies, Blau (1987) noted that, since the labour force shifted away from agriculture, self-employment steadily declined. This decline was not limited to those involved in agriculture but was also seen across most non-agrarian enterprises (Blau, 1987; Bradley & Roberts, 2004). The decline in self-employment was understood to be the result of mass production making it difficult for individuals to compete against larger firms (Bradley & Roberts, 2004).

Blau (1987) reported that the downward trend in self-employment occurred for at least one hundred years prior to 1970. Similarly, when reviewing self-employment in America, Bradley and Roberts (2004, p. 37) reported that “the portion of the labor force accounted for by nonfarm self-employment, having declined steadily between 1870 and 1973, generally has been expanding since 1976”. The reversal of this long-established trend of declining self-employment has been viewed as a new era of economic development; as noted by Blau (1987, p. 447), it “strongly suggests that a change of a fundamental nature has occurred in the advanced industrial nations that has made self-employment more attractive and/or competitive”.

### ***Changing Patterns of Unemployment, Industry Practice, and the Decline of Full Employment***

To appreciate the many dynamics involved with the rise in self-employment it is important to review trends across the more traditional forms of employment. As noted in the introduction (See page 8.), at the time this research project was undertaken, unemployment was at a thirty-year low. However, this period of low unemployment was a reasonably recent and short-term event. During the three decades preceding the year 2000, unemployment had been viewed as a major concern for societies across the globe (Beck, 2000; Handy, 1984).

The rise in unemployment was associated with changes within many industry practices. Job losses during the 1970s and 80s were often credited to “changes in technology, consumer demand, international competition” as well as economic recessions; during the 1990s corporate downsizing was seen as a major source of job loss (Kletzer, 1998, p. 115). Reviewing the economic and social forces impacting on recipients of the Australian welfare system, Macdonald and Siemon (2000) found that a steady decline in full-time employment over the preceding two decades was a major contributing factor to an increased reliance on social security. They reported that the unemployment rate of over 8 percent across Australia for almost all of the 1990s was complicated by global changes which saw a decline in full-time manufacturing-based employment and a dramatic increase in part-time, temporary and casual employment throughout developed Western economies. While low-paid employment had previously been seen by many as a “stepping stone” to better employment, OECD reports from 1996 suggested that much of the work force found themselves on a revolving door of under-employment and unemployment. (OECD 1996 as cited in Macdonald & Siemon, 2000, p. 4).

Changing industry practices have occurred at many levels for a variety of reasons, with many authors noting that these changes have resulted in a decline of traditional full-time employment. Reviewing the motivations of professional British career women who shifted to self-employment, Mallon and Cohen (2001, p. 217) reported that, “in the face of globalisation and other competitive pressures, organizations have slimmed down and de-layered, thus removing the structures that supported the traditional career”. The complex web of social, political and economic changes which threaten traditional ideas of career and full-time employment, while possibly not fully understood, are well documented.

According to Beck (2000, p. 1), “The unintended consequence of the neoliberal free-market utopia is...the spread of temporary and insecure employment, discontinuity and loose informality into Western societies that have hitherto been the bastions of full employment”. Reviewing the global decline in full-time employment Beck concluded that, “The ‘job for life’ has disappeared...rising unemployment can no longer be explained in terms of cyclical economic crises; it is due rather to the successes of technically advanced capitalism” (Beck, 2000, p. 2). Similarly, Robertson (1986, p. 85) suggested that, “The possibility cannot now be ignored that employment may be becoming an uneconomic way of getting much important work done, just as slavery became uneconomic in its time”. While there is no consensus on what the future of employment may be, this short review of the literature indicates that ideas of ‘traditional’ employment are changing dramatically.

### ***The Rise in Entrepreneurship Literature and Education***

While employment with large organisations has declined since the 1970s, employment with SMEs has increased (Dennis Jr., 2005, p. 212; Stevenson & Lundstrom, 2005). The growth in SMEs has generally considered to have been the result of entrepreneurship and consequently a plethora of entrepreneurship literature has been published which promotes entrepreneurship as the dominant paradigm for future employment and economic growth (Gibb, 2000). Entrepreneurship has been credited with/as: “the very cause for the dynamics of economic development” (Pichler & Thurik, 2005, p. 26); “spur[ing] business expansion, technological progress, and wealth creation” (Lumpkin & Dess, 2005, p. 83); “reduc[ing] unemployment in an economy” (Stevenson & Lundstrom, 2005, p. 177); “major contributors to job creation and economic growth” (Amit, Glosten, & Muller, 1993, p. 815); “the Napoleon of our economy controlling its direction and its strength” (Churchill, 1995, p. 159), and “the most potent economic force the world has ever experienced” (Kuratko, 2005, p. 577).

Bradley and Roberts (2004, p. 38) equated the growth in self-employment with the growth in entrepreneurship and noted that “entrepreneurship, measured as the number of commercial firms per capita, nearly has tripled between the late 1970s and the mid 1990s and is significantly higher than at any time in the past hundred years”. They further noted that, “According to some observers, the contemporary period

is the 'era of the entrepreneur', in which the entrepreneur is viewed increasingly as a folk hero" (Bradley & Roberts, 2004, p. 38).

Paralleling the growing praise of entrepreneurship (and perhaps driving it), has been the rise in entrepreneurship literature and the growth of entrepreneurship education. SME literature can be traced back to a 1960s study which investigated the structures of organisations in relation to their size (Torres, 2003). Since that time there has been a steady growth of SME literature which has merged with the field of entrepreneurship, resulting in a proliferation of academic journals dedicated to entrepreneurship and SME research (Hill & McGowan, 1999). The International Council for Small Business, which formed more than 50 years ago with the aim to promote entrepreneurship and small business, currently has affiliations in 11 countries and a focus on sharing research knowledge of entrepreneurship (Van der Horst, King-Kauanui, & Duffy, 2005).

Alongside the growth in entrepreneurship literature there has been a growth in entrepreneurship education. Katz (2003) reports that the first entrepreneurship course held in America was in 1947 with 188 students attending the Harvard Business school; by 1994, students of entrepreneurship schools across America exceeded 120,000 and estimates of the numbers in 2000 had grown to close to 200,000. A similar growth rate of entrepreneurship education was evident in the UK and throughout most European countries (Galloway & Brown, 2002). Australia has also had a similar history of expanding entrepreneurship journals and education programs (Hindle & Rushworth, 2002).

While entrepreneurship literature recognises the role entrepreneurs play in continued economic growth, many sociologists believe it ignores fundamental social and economic changes which are sweeping the globe. According to Beck (2000, p. 4), "insecurity prevails in nearly all positions within society...this may be symbolically covered over – discursively 'sweetened' as it were – by the rhetoric of 'independent entrepreneurial individualism'". Although issues of social change have been raised, the dominant paradigm adopted by governments around the world has been the pursuit of economic growth through the promotion of self-employment (Walker, 2004).

### ***The Recognition of HBB and Subsequent Policy Development***

As academic interest in entrepreneurship and self-employment grew, research revealed that the majority of small businesses were conducted at home. One of the earlier reports acknowledging the possible importance of HBB was prepared in America by Pratt and Davis (1985) in which they proposed a methodology for investigating the economic importance of HBB. Early Australian studies that focused on gender differences within home enterprises were among the first to recognise the growing number of HBBs (Dawson & Turner, 1990; Walker, 1987). Peacock (1991) produced one of the earliest Australian papers to recognise the economic importance of HBB. He referred to HBB as an 'iceberg' of home workers which played a much larger role in the economy than was commonly recognised (Peacock, 1991).

The growth of HBB and the increasingly important role it played in the economy was also noted in overseas research as early as 1992 (Furry & Lino, 1992; Good & Levy, 1992). Throughout the 1990s Australian research into HBB was often funded by government agencies with the aim of gaining a better understanding of the size and characteristics of HBB and the potential of this growing sector to be a source of future employment (Houghton & CREEDA, 1999). Commenting on the growing contribution which HBB made to both Australian and global economic growth, Schaper (2002, p. 3) reported that, "home-based firms constitute one of the fastest growing groups of all business enterprises in Australia. In recent years, the rate of increase has significantly outstripped the general growth in all small businesses". Similarly, Walker and Webster (2004, p. 405) reported that, "HBBs are the fastest growing business sector with an annual growth rate in 2001 of 16 per cent, compared to 11 per cent for small business in general, thus making them an important contributor to the national economy".

As HBB became widely recognised as the largest percentage of all small business in Australia, studies of HBB were often published with SME/entrepreneurship literature. Consequently, HBB operators have often been portrayed both as 'heroic' entrepreneurial figures, and as having had idealised, flexible lifestyles with a perfect balance between work and family. This portrayal took place not just in academic literature but was also widely used in popular media (Mirchandani, 2000).

Another development which may have impacted on HBB practise in Australia was the implementation of government policies to assist small

and HBB by offering a wide range of support programs such as training schemes, increased access to funding and employee relations information and support (Australia Parliament Senate Employment Workplace Relations and Education References Committee, 2003). The 2003 Australian Senate review into small business employment (referenced above) made dozens of recommendations to increase and improve small business support. However, at that time there were already many government programs providing assistance to small and HBB; as noted by Jay and Schaper (2003, p. 136), “Over the last 20 years, governments across Australia have spent considerable funds attempting to provide support for new small firms, principally through the establishment and maintenance of advisory agencies for small business operators”. Similarly, in 2005 the Australian Federal government established a \$50 million ‘Regulation Reduction Incentive Fund’ which provided incentives for local governments to make regulatory compliance easier for “small business and in particular home-based business” (AusIndustry, 2005).

Policy changes designed to encourage HBB in Australia occurred at all levels of government, with most municipal councils “increasing flexibility in local government zoning and regulations” (Schaper, 2002, p. 3). Government policy to assist HBB and SMEs was not unique to Australia: as noted by Wren and Storey (2005, p. 231), “Virtually all industrialised countries now utilise taxpayers’ money to offer ‘soft’ business support to small and medium sized enterprises”.

At the time of this research, FNQACC (an Industry Partner in this research) had received Federal government funding to conduct free HBB seminars which offered training information and networking opportunity to local HBB and small business operators. (See page 3 for details of Industry Partners). During 2007, the amount of published information on HBB start-up, management, training, and promotion could only be described as overwhelming for anyone who wished to utilise all the support available to HBB operators. Despite the wealth of information and assistance available to HBB operators, studies have shown that few operators actually use these services (Jay & Schaper, 2003). These findings highlight the need for a greater understanding of the beliefs and practises of HBB operators.