

KNOWLEDGE DISTRIBUTION NODES AND HOME BASED BUSINESSES: ROLE OF LOCAL BUSINESS ASSOCIATIONS AND LOCAL COUNCIL IN CASEY LGA

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ABSTRACT: This paper examines the structure, function and role of local business associations in home based business development within an urban region. Casey local government area (LGA), Victoria, is the focus, where nine local business associations in the area (as well as the local council) are evaluated in the context of support for local-based business development. The evaluation draws upon primary data collected by surveys of local home based businesses, and follows up by semi-structured interviews of representatives from these business associations and the local council. This paper identifies that local business associations are fragmented and have significant overlap in their activities, of which the commonest activity is acting as a knowledge distribution node. The cash strapped local council is the most important node. All are restricted by vision and resources. As a result, the services provided have little impact on sustainable business development in Casey.

Key Words: Local Business associations, Business development, Home Based Businesses, network analysis, knowledge distribution nodes

1. INTRODUCTION

Business associations are widely recognised as catalysts for economic and business development in any economy. While the role of industry, regional and national business associations is well described in literature, there is little academic research on the role of local business associations in supporting home based businesses (HBB).

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The purpose of this paper is to widen our understanding of the knowledge distribution functions of local business associations (and local council in this context) and their contribution to business development. This is done by using network analysis as a tool, for the development of HBB in the Casey Local Government Area (LGA) which is used as a case study. Casey is a part of the greater Melbourne area, growing due to population factors and located on the outskirts of the continuum of urban sprawl of the Victorian state capital (Jain 2007).

This paper briefly reviews the literature on the role of business associations in business development. The research method is then described. This is followed by a discussion of results and an outline of policy and research implications from the study.

2. ROLE OF BUSINESS ASSOCIATIONS

Business associations and chambers of commerce are membership organisations engaged in promoting the business interest of their members (U.S. Legal 2009). The structure, role and effectiveness of business associations depend on the legal framework of the country and state (or province) they operate in. Business associations can be nationally linked or locally based. Table 1 provides a brief summary of the characteristics and functions of business associations across a wide range of regions around the world as described in the literature. Business associations can be rudimentary, providing only networking services, or at the other end of the spectrum, they can be influential full service organisations.

Table 1. Summary of Characteristics and Functions of Business Associations Worldwide. Source: the Author.

<i>Region</i>	<i>Characteristics of business associations</i>	<i>Functions of business associations</i>
USA (McCormick <i>et al.</i> , 2008; Moret <i>et al.</i> , 2008).	Self funded: direct membership subscription, taxes, local government, foundation grants Defined by membership	Leadership Organisational capabilities and strategies to target prospective investors Information Policy research Lobbying Public and media relations Marketing Fundraising Political relationships established
Canada (Gertler & Wolfe, 2004).	Sector spanning Operate nationally Poor funding of regional/ local business association	Limited scope Networking
UK Bennet (1998a) Bennet (1998b) Fallon & Brown (2004)	Voluntary Influenced by geographic area Those approved by national association of British Chambers of Commerce were more influential	Selective or collective services Special cells for migrant businesses
Europe Bennet & Krebs (1994)	Can be taxpayer funded or independent	Initiation, planning and execution of programs for business development
Italy (Braczyk <i>et al.</i> , 1998; Cooke <i>et al.</i> , 2000; Otatti, 2004) (Bacaria <i>et al.</i> , 2004)	Usually for SMEs	Forum for expression of needs of local business Knowledge distribution Marketing centres Resource centres
Germany (Braczyk <i>et al.</i> , 1998; Maennig, & Ölschäger, 2011)	Usually for large enterprises	As above
Singapore (Yun, 2004) (Singapore Business Federation, 2010)	Government funded	Bridge between government and business Facilitate co-ordination between public agencies and businesses Help government with business policy issues
China (Foster, 2003; Zhang, 2007)	Government funded Developed as government led or grassroots initiated in entrepreneur driven regions	Democratisation of China Reduction of authoritarian regime Obtaining permissions for entrepreneur driven capitalistic activity
Developing and Transition economies (Moore & Hakmai, 1993)	Various	Promote private sector Lobby for interest groups Promote political pluralism Strengthen property rights Facilitate horizontal and vertical co-ordination in businesses Reduce information costs Upgrade worker training

Australian business associations are inherently different from those elsewhere given the differences in the political economy, legal framework and government structure under which these associations operate. This is also likely to be due to the nature of the Australian industry, with some large corporations that control a large proportion of the market and their powerful lobby groups and industry based associations on the one hand; and a large number of disorganised small and micro businesses with smaller local-based business associations on the other hand. It is also possible that the spatial fragmentation of these small businesses across the vast geographic distances hinders the formation of broad based associations and lobby groups. In general business associations in Australia are similar to those in the UK in that there is voluntary membership. However, this differs to those in Germany, France and Japan where they have a more formal role (Bennett 1998). Business associations in Australia are funded by membership subscriptions as opposed to China (Foster 2003; Zhang 2007) and Singapore (Yun 2004) where they are almost exclusively state funded.

Industry based business associations such as the Melbourne Woolbrokers Association in Australia have a long history of fostering 'competitive collaboration' where "Previously cultivated levels of respect, trust and reputation enabled competitors to put their differences aside in pursuit of a common aim" (Merrett et al. 2008). Bell (1994) and Broad (2001) describe how in the 1980s Australian business associations became more active in complex lobbying; explored options for associational activity; developed research based advocacy; expanded their range of services to their members such as training, advice on business strategy and assistance with enterprise bargaining, and formed cooperative alliances. Industry wide business associations in Australia have been strong proponents of the tariff structure protecting local industry, effectively lobbying various governments against abolishment of tariffs (Eccleston 2000) and shaping public policy in favour of the local tariff protected industries (Bell 1995).

Local Business Associations are distinct from industry based organisations in that they offer specific services to their members rather than collective benefits (Bennett 1995). They tend to be small, with a fragmented structure, where each business association tended to focus on one or a few services for their members (Bennett 1995; Bennett 1998). In England local business associations were found to bridge the gap between individual firms and the government's business support services (Edwards et al. 2002). Local business associations are recognised as

providing their members international, national and local promotion opportunities; a register of premises; general advice; advice for start ups; and a business directory (Bennett and Krebs 1994). By virtue of building and maintaining social relationships and networking, local business associations may be able to create relational and social capital and therefore an innovative milieu (Maennig and Öschlager 2011).

Local business associations work as knowledge distribution nodes, where they provide their members with information about government programs and legislative requirements. Knowledge nodes are defined as “a virtual artefact ... which provides a communication surface within people” (Christiansson 1996). They are a repository of information. These nodes have links to the users of this information (in this case local HBB and other members). Local business associations are classified as knowledge distribution nodes in this paper as they are a repository of tacit human knowledge (Bontis 1998) stored and distributed by humans as opposed to the digital knowledge nodes described in networking literature (Christiansson 1996; Howard 1989). In these nodes, the knowledge is acquired from the internet, government departments, other business support groups and local business leaders, as shown in the data collected from surveys and focus group interviews. Local business associations generate their own knowledge networks by their networking activity as described later in this research. There is a dearth of academic evaluation of the role of local business associations supporting HBB, and no evaluation of their knowledge distribution role in particular. This paper focuses on local business associations through examination of their operation in a particular region, Casey LGA.

3. LOCAL BUSINESS ASSOCIATIONS IN CASEY

At the time of data collection, there were nine local business associations in Casey. Five of these, Women Making it Work, Monash University Berwick Business and Education Group (MUBBEG), Business Network International (BNI), Casey Cardinia Development Network and Casey Business Development Group (CBDG), were the associations looking at business development throughout Casey. The suburb based business associations were Berwick Chamber of Commerce, Cranbourne Chamber of Commerce, Hampton Park Networking Group and the Narre Warren Chamber of Commerce, located in smaller precincts within Casey that are predominantly residential and retail. CBDG, the oldest business association in the region, ceased operations in July 2008 due to increasing

competition from other associations opening in the area, lack of member attendance, and a lack of leadership and personnel.

4. METHODOLOGY AND SAMPLE SELECTION

The first part of the research¹ comprised a survey of HBB in Casey. HBB can be defined as those 'businesses operated from home' (Australian Bureau of Statistics 2004).

Between 2001 and 2008 the population of Casey grew by 31.2%. At the same time the number of jobs grew by only 29.2%, two percent less than the rate of population growth. Such lack of jobs provides one strong incentive for HBB to emerge in a region (Blanchflower 2000; Bogenhold and Staber 1991). The HBB sector is the most rapidly growing part of the economy, and called the hidden engine of growth by Wang *et al* (2008). HBB, have increasingly become an alternative to traditional salaried employment (Burgess and Strachan 2001; Kean et al. 1994). With continuous loss of manufacturing, financial constraints following the 2008-2009 GFC, neo-liberal austerity measures, increasing overseas competition, and the exodus of local jobs to larger commercial and industrial centres, HBB have become the forced alternative out of necessity. However, HBB start-ups typically occur in easy to enter competitive industries that have high rates of business failure (Johnson 2004; Shane 2009). From a regional development perspective, HBB are seen as potentially providing employment and bolstering local economic development (Deming 1994; Sayers and Monin 2005). The ABS has also acknowledged the importance of these businesses in the Australian Economy and business development (Statistical Clearing House ABS 2007). The HBB group was selected for this research on the basis of the significance of its employment and their potential for local economic development in Casey.

67.4% of the total number of small businesses were HBB as of June 2004 (Australian Bureau of Statistics 2004). Based on ABS estimates there should be about 6,000 HBB in Casey. HBB was identified as a high growth sector in the Business Development Strategy of the local council (City of Casey 2002) and HBB are scattered throughout Casey. The aim of the survey was to assess the uptake and usefulness of local business

¹ The research data was collected as a part of a larger project evaluating business support for regional development. The questions and data are available on request from the author.

association and council programs and services used by HBB. A program or policy is 'useful' if it helps the user achieve their predefined objective.

The survey instrument based on the model of regional and urban business development (Jain 2009) was sent to all HBB on The City of Casey² business register. The survey participants were asked about the usefulness of programs run by business associations and the local council. The survey was conducted between April and August 2008. 724 HBB were surveyed, of which 140 replied giving a response rate of 19.3%. This is similar to 18% response rate in a study of HBB in Western Australia (Wang et al. 2008), considered to be within the acceptable 17% to 60% range for similar surveys (Hart 1987). Given that the survey responses did not present a widely divergent view of utilisation and usefulness of business association programs, it can be extrapolated for the entire population, as the non response bias in this sample is considered to be low (Armstrong and Overton 1977).

The survey was followed by semi-structured interviews of representatives from the nine business associations and the Casey Council. Interviews were conducted between November 2008 and January 2009. These interviews aimed to identify membership in the association and the interviewee's perspective on the effectiveness of the programs, and if there were other initiatives that could work better.

5. RESULTS FROM SURVEYS

The survey demonstrated that 56% of HBB used the services of business associations in Casey. In particular:

- 12% of the respondents had attended the programs of the Casey Business Development Group.
- 9% were members of a networking group called Women Making it Work.
- A much smaller percentage of respondents reported that they had attended some meetings/seminars held by their local chambers of commerce or another networking group

A minority of five of the 140 responding HBB used industry specific, state level or national business associations. Evaluation of the role of these non-local business associations is outside the scope of this research.

² In this paper, *The City of Casey* is used to refer to the local government as an institution (also called Casey Council) and *Casey* to the LGA region itself, even though both relate to the same geographic area.

The survey data about the utilisation/uptake of programs (program adoption) has been analysed using network analysis tools. Network analysis has been used in the assessment of the strengths of the relationships between stakeholders in regional economies (for example see Martinez-Fernandez 1999). Strong relational and social networks, improved entrepreneurship and a healthier economy go hand in hand (Camagni 1991; Huber 2009; Klyver et al. 2008; Maennig and Ölschläger 2011). Network analysis permits the identification of the key stakeholders and the strength of their association with other players in the local environment.

The survey data was analysed using UCINET (Borgatti et al. 2002). NETDRAW (Borgatti 2002) was used to obtain sociograms (graphic displays) of program utilisation. The data set produced by the survey is a rectangular matrix with each business treated as an “ego” or “node” (Hanneman and Riddle 2005). Each business association is treated as an attribute. This type of analysis is used for the identification of the attributes to which each node is connected. The sociograms give a visual display of the number of connections of each attribute and node, and an overall display of the network. Further “...use of egocentric methods...which focus on the individual...we get a pretty good picture of the local networks” (Hanneman and Riddle 2005). The sociogram obtained on NETDRAW makes it easy to appreciate the relative numbers of businesses using the services of various business associations, including the City of Casey. In this diagram, the City of Casey is also treated as a business association as it performs some of their knowledge distribution and networking functions as well. Figure 1 clearly shows that uptake of the programs of the City of Casey is much more than all of the other business associations combined. Measures of centrality for the various business associations obtained using UCINET are shown in Table 2.

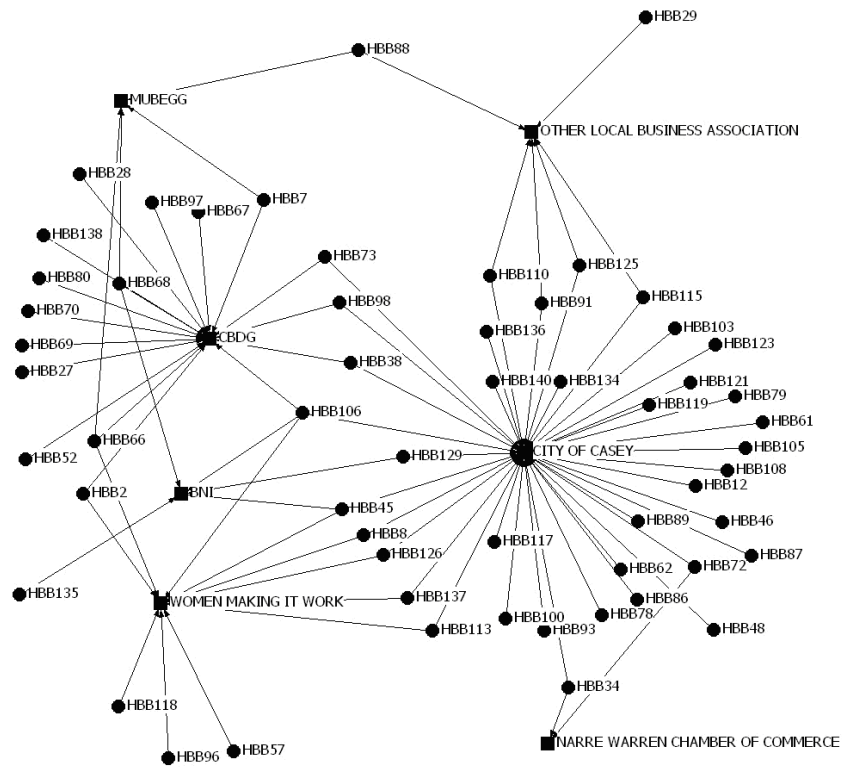


Figure 1. Network Diagram Demonstrating Relationship Between Home Based Business and Local Business Associations. Source: the Author.

Table 2. 2-Mode Centrality Measures for columns of Business Associations. Source: the Author

Business Association	Degree	Closeness	Betweenness	Eigenvector
City of Casey	0.231	1.516	0.110	0.951
CBDG	0.104	1.115	0.049	0.184
Women Making It Work	0.066	0.990	0.022	0.197
MUBEGG	0.022	0.735	0.002	0.023
Business Network International	0.027	0.924	0.006	0.091
Narre Warren Chamber of Commerce	0.011	0.729	0.000	0.044
Other Local Business Associations	0.049	0.933	0.017	0.112

The City of Casey has the highest Degree [of association], Closeness (the inverse of the sum of lengths of geodesics to every other vertex), Betweenness (centrality measure of a vertex in a graph) and Eigenvector (linear transformations of a vector space in which the businesses and programs live in this instance) as shown in Table 2. The degree of Closeness and Betweenness are used to identify the leader amongst the network. This confirms statistically that the Council has the most “power” amongst all the business associations, followed by the CBDG. Higher degree of Closeness means that Casey Council is closer to more businesses than any other business association. A higher degree of Betweenness means that the City of Casey is advantaged as it lies between, or is the common “actor” or “ego” in between the businesses. In other words, The City of Casey is close to the centre of the action in this

network. This is confirmed by its highest Eigenvector value of all the business associations, which indicates that the City of Casey is the most central in this network. Despite being the second most popular business association, CBDG had to close operations. The cause of this closure included: lack of leadership, lack of members willing to volunteer for offices in the business association, history of leadership, membership issues and increasing competition posed by other local business associations.

The usefulness of the business association programs utilised by businesses was graded on a scale of 1 (very useful) to 5 (obstructive). HBB found the median usefulness of programs to be about 1.67 on this scale. HBB rated the programs run by Narre Warren Chamber of Commerce and the Casey Business Development Group to be less useful than those by all other business associations. Of the nine business associations, HBB reported using six business associations, with no HBB reporting using the services of Berwick Chamber of Commerce, Cranbourne Chamber of Commerce or the Hampton Park Networking Group. Although the penetration of business associations in Casey is low, the businesses that used their services found them useful.

Of the types of services used from the business associations and the local council, there is a preponderance of information providing services, particularly those that help in compliance issues such as seminars by the Australian Taxation Office (ATO) and Worksafe. General information services have been used by 57.3% of HBB. In essence, these programs and services are mainly providing information about various aspects of running a business, including but not limited to business planning, legal and tax compliance and access to other government services. There are a large number of organisations providing these services in various forms, ranging from seminars by the Council, business association meetings, and government department websites. There is a large overlap in the services of business associations and government departments resulting in the inefficient use of resources. This is evident from the similarity of programs provided, as became apparent in the interviews with business association representatives.

6. RESULTS FROM INTERVIEWS

A broad framework of questions was used as a format for semi-structured interviews with business associations and Casey Council. This provided a structure to the interview, and facilitated comparisons of the various

responses. The average length of interview was 34.5 minutes with a range of 14.5 minutes to one hour and thirteen minutes.

Table 3. Number of members of various business associations. Source: the Author.

<i>Business Association</i>	<i>Approximate number of members</i>		
	<i>Total</i>	<i>HBB Number (%)</i>	<i>SME Number (%)</i>
Berwick Chamber of Commerce	50	2 (4%)	48 (96%)
Casey Cardinia Referral Network	25	20 (80%)	5 (20%)
Cranbourne Chamber of Commerce	40	15 (37.5%)	25 (62.5%)
Hampton Park Networking Group	65	26 (40%)	39 (60%)
Monash University Berwick Business and Education Group (MUBBEG)	20	Not available	Not available
Business Network International (BNI)	20	10 (50%)	10 (50%)
Women Making It Work	70	35 (50%)	35 (50%)
Casey Business Development Group	40	Not available	Not available
Narre Warren Chamber of Commerce	40	1 (2.5%)	39 (97.5%)

From the interviews details of membership numbers were provided (see Table 3). From Table 3 it can be identified that each Casey business association had on average 45±7.01 (mean ± std. deviation) paid members each. 35% of the members of the local business associations in Casey are HBB, with the majority of the rest being SMEs. MUBEGG and Cranbourne Chamber of Commerce had a handful of manufacturer members and with representation from the retail sector, again HBB or

SMEs. All the groups tended to have local members, rather than being sector based, with no large businesses as members. Hampton Park Networking Group had a broad based membership that included non business residents and community groups as well.

All the business associations had a similar pattern of operation. This included a general meeting with a guest speaker. The frequency of their meetings varied between fortnightly and quarterly. These meetings provided information and networking opportunities. Other business promotional activities included a fashion show and a market night at a suburban shopping strip by one business association.

The City of Casey provides monthly meetings to businesses with speakers from various government departments to provide information and training. Through its website it provides a business directory, details about business opportunities, a business calendar, and information about business groups, business seminars, communications, employment and training and links to business providers. The Council business support officer stated that:

“...Supporting that (business development) is in many areas, ...one of the largest areas at the moment is training, so assisting businesses to train [staff] and gain further education in terms of what they’re actually doing”.

The Council runs seminars in conjunction with Business Victoria which is a State Government of Victoria initiative to assist businesses. These seminars are basic and aimed at potential businesses/ brand new businesses and are usually restricted to 20 attendees. The Council also arranges seminars with the Australian Taxation Office (ATO), each of these seminars attracting up to 100 participants. In addition, the Council helps with marketing information and advice as well as in the formation of strategic alliances with other businesses in Casey.

Business association representatives voiced their perceptions and problems they face in their day to day operations. Thematic analysis assisted with NVivo™ allowed the classification of the problems faced by business associations into broad categories as described below. The major problems identified by these groups could be categorised as internal or external to the business associations.

7. PROBLEMS INTERNAL TO BUSINESS ASSOCIATIONS

1. Lack of leadership in business associations was inferred from the discussions with two business associations’ representatives. One

comment noted the “Lack of volunteers to manage the associations but they’re not willing to stand up (to lead or to work)...” Another business association representative said “the other problem is that lots of people want things done, but very, very few are willing to put their hand up”.

2. History of ineffective operations of business associations with one business association representative stating: “it is very hard to re-convince people that it is in the past and this is a whole new executive and that’s not what we’re about. So we have trouble convincing people.”
3. High cost of membership for small business was a common theme.
4. Lack of payment of dues for activities by businesses as stated by one business association representative: “So we asked for members to pay \$30 and non members \$50 (for this project), and out of the 181 businesses right in Central Berwick, I think we got about \$20 paid [per member]”.
5. Lack of “multicultural” business owner representation on business associations. A business association representative stated: “...because there are a lot of multicultural businesses and not often they can all speak and read English as fluently as we can...”.

8. PROBLEMS EXTERNAL TO BUSINESS ASSOCIATIONS

1. High cost of resolving issues with Council:
“... like with waste disposal [an issue with Berwick market where the council refused to remove garbage without additional payment from local businesses] it’s a good example, there’s a few that aren’t happy with the charge because it’s a very high charge. That’s the issue that we’ve still got with the waste, the charges are quite high”.
2. High expectations of members in that they expect the business associations to sort out their (businesses) problems with the Council and not pay for services negotiated with the Council by the association on behalf of local businesses: “We don't want to pay the Chamber [business association]”
3. Local politics of the area:
“...I have a concern and that is that hierarchy of Council needs to put a greater edge on business development in order for us to achieve what we want to achieve for business. If we don't have

that support in terms of councillors or support, we're not going to get anywhere".

4. Lack of business attraction programs as stated by this business association:

"I think we need to do an investment attraction program so that we can actually tell people what's available in the area. Well it can be a document or it can be a website, web based or whatever, but some promotion about the land that's available, what services Council can give you to help you set up a business, what sort of programs Council run, the training type, your skills development program".
5. Communication issues with non-English speaking businesses were identified as a problem. Further, these businesses were often thought to be suspicious of the motives of the business associations. Therefore these SMEs could not be taken on board easily. As a business association member succinctly puts it:

"... for example, because there are a lot of multicultural businesses and not often they can all speak and read English as fluently as we can. So the information distribution is a lot more difficult for a multicultural business than it is for an Australian business... They may have run a successful business overseas but the processes are different and it's about keeping them informed and making sure that they don't get into trouble because of lack of knowledge".
6. Competition by other associations from surrounding LGAs as shown by this statement was of concern to some local business associations:

"I guess it is the competition from the major areas, not just the retail, but as you said ... it's getting drawn away to these major centres. So I guess... because once they move, they work outside the area, then they also do business with other things [businesses] outside the area".
7. Difficulty in marketing and advertising for small businesses was identified by a business association:

"Marketing and perhaps professional presentation was an issue for some, and again that naivety, they're new to business and just not quite aware about how to present themselves. Marketing was very second rate and that sort of thing, but I guess that's anywhere".

8. Short staffing in the Business Development Unit of the Local Council expressed as “Business development groups inside Council are very short staffed at the moment”
9. Lack of a business incubator was a concern for businesses wanting to expand outside the home into a commercial space for example “...it would be nice to see some sort of business incubator around here too”
10. Lack of support for established businesses was another concern:
“In the beginning the programs were very useful but they need something when the business has got a head start, they are probably in their fifth or the sixth year, that’s when they need the sort of information and help they need at that time. There is no help at this time”.

Addressing each of these themes is of relevance if business development in Casey is to improve.

Six of the nine business associations interviewed have a formal feedback and assessment program in place and this feedback indicated that businesses found their services useful/effective. Three associations relied on members renewing their subscription as proof that services were useful or alternatively on comments and verbal feedback from members. The Cranbourne Chamber of Commerce was the only one that stated that members were not happy with their services. To address these concerns, new measures such as a newsletter, networking meetings and recognition of membership were introduced. Casey Council has a formal feedback form for the appraisal of its services and seminars. The Council officer stated:

“... on the evaluation forms for all of the seminars, the last question is that “Is there any further assistance that Council could help with other training seminars?”, and most people will pick something. And that will help and assist in forging the calendar for the next year”.

9. ANALYSIS AND POLICY IMPLICATIONS

Network analysis clearly shows that local business associations are a diverse and fragmented lot in Casey, similar to that described in the UK by Bennett (1995). These associations are small with an average membership of only 45 members, due to their suburb based approach, lack of associational activity of their members and the small size of businesses they represent. The central agent in the region is the Casey Council itself. Business associations in Casey have a significant overlap

in their programs with each other and with those services provided by Casey Council. The newness of the region, the small size of the local business associations and the inherent local nature of local business associations in Casey has resulted in poor attendances at their seminars and business breakfasts.

Local business associations appear to provide some knowledge distribution support for new businesses, with little or no support for established businesses. These business associations are the only bodies representing HBBs, as there is no large business association or other powerful lobby group championing their cause. These local business associations have the potential to encourage and support HBB development in all phases of their development by appropriately targeted strategies and programs, not currently available. Local business associations can certainly aim to provide support to their members and lobby state and federal governments on behalf of these members by making them aware of appropriate policy and financial incentives. Given sufficient funds (from the state/ federal government), Casey Council can even go further than being a knowledge distribution node and develop a business incubator in the region that will support HBB looking at moving out of home to a suitable business premises.

The activities of business associations in Casey are at least superficially similar to those described in the regional innovation literature (Cooke and Morgan 2000). These are based around knowledge distribution activities including business breakfasts, provision of information, networking and providing a conduit between businesses and governments. One of the associations (BNI) met with the express purpose of generating new business for members by providing referrals to each other. However, the other functions of local business associations described in literature: international/national and local promotion, collective bargaining, and provision of a business directory (Bennett and Krebs 1994) are deficient. There are no specialised services for businesses, little or no government lobbying by local business associations and certainly no significant collective benefits in Casey unlike business associations in the UK as described by Bennet (1998). Similarly, local councils overseas offer local businesses guides to sources of finance, provide premises/land and local and national advertising (Bennett and Krebs 1994), all non-existent in Casey.

Occasionally business association meetings are held with council members present. This is important in lobbying the council and making the council aware of business needs. However there is no interaction with state and representatives on a regular basis. State and federal

governments are the major source of funding and financial assistance (if any) for businesses. Interaction with these levels requires a coherent multipronged approach with a well thought out agenda. This is only possible if the business associations are able to increase their individual size or form a collective overseeing body that will have the clout and is able to link more effectively to government economic development policies.

Amalgamation of business associations would provide them with a much larger mandate to look after the interests of their members. At the same time, one large Casey-wide association would have a better capacity to lobby government departments and help its members on a regional basis. A large focussed business association would be able to more effectively provide feedback to the various layers of government as shown in the framework of analysis. Even though the newly formed Casey Business Forum ³ (CBF) may be able to provide the sort of services as seen in Europe and the USA, there is no certainty that it will have the required funds, manpower or mandate to perform these activities successfully. Therefore, funds from the government or collected from businesses are needed to make this happen.

³ In May 2009, perhaps in a small measure as a result of the discussions generated by this research, and in large measure due the operational problems faced by local business associations; five of these associations formed a forum called the Monash Casey Business Forum (MCBF) which includes Monash University, Chisholm Institute of TAFE, Victoria Police and Melbourne Football Club. Whilst each of these associations continue to exist as a separate entity, with separate activities; business breakfasts and monthly meetings with invited speakers are now held as common functions under the banner of MCBF. Even though this may have happened even without this researcher intervening, it is not inappropriate to assume that this research could have highlighted the advantages of this move to the relevant stakeholders and hastened this process. This forum provides a business breakfast one month and an evening meeting the following month. It met for the first time on 24 July 2009 with an attendance of 80 businesses. The subsequent breakfasts have had an average attendance of 50 businesses. It is hoped that members from different associations network better and cross market their products and services. Just after the very first meeting, the name of this combined forum was changed to Casey Business Forum (CBF) as it was thought that the issues being discussed were more of business and community relevance.

At the time of this research, business associations were functioning only as fragmented knowledge distribution nodes with only partial local networking. There is no innovative milieu, no established social or relational capital that could encourage regional development (Maennig and Ölschläger 2011). Perhaps the low level of function and service provision by the local business association is related to the nature of the businesses they represent: predominantly HBB and SMEs, both of which are not well organised. These sectors have low level of competition, poor organisation between firms, overall sector value in terms of absolute revenue, lack of cross border trade by their members, and lack of government intervention, which results in weak business associations as explained by Bennett (1999). Casey Council, which does not have the financial resources to provide financial help to businesses, is working as a knowledge distribution node or as a business association itself. Perhaps the other layers of government need to channel their development programs and services through Council or one large business association to achieve increased impact and utilisation.

In summary, business associations in Casey need to develop their leadership skills, increase membership and market penetration, promote inclusivity, lobby for socio-political change and for government funds, provide more training opportunities to the local businesses, increase networking, reduce the cost of information, provide marketing help for local/ national/ international markets, provide a guide to sources of finance, and directly cater to local needs. This will increase the impact of their programs by increasing business and economic development. Once the local business associations are able to go along this path of business support, they will be more in line with their counterparts overseas. On the other hand this may not happen as the inherent weakness of local business associations in Casey may well be the reflection of a parallel weakness in the HBB they represent, and therefore beyond redemption.

10. CONCLUSION AND FUTURE RESEARCH IMPLICATIONS

This research shows that local business associations have the limited role of providing information by functioning as knowledge distribution nodes, and provide minimal business support activity for HBB in urban regions such as Casey in Australia. Local business associations, which are fragmented and have duplication of services, are not successful in fulfilling all the roles and function of business associations as seen in state and national level business associations. They have limited market penetration and uptake of their services. The local council in its role as a

business association seems to be the most popular and well networked local business association, and offers the most services to local businesses.

This study also highlights the lack of academic research on the interaction of local business associations and HBB. In this research this interaction has been mapped in a small time frame. It would be pertinent to evaluate this dynamic interaction over a longer period of time. This would then allow for the assessment of this interaction with change in government policy and change in the nature of business associations themselves. An understanding of this interaction in Casey and other similar urban developing regions could help in the formulation of appropriate structures for business associations and accompanying government policies for the support of local business associations in such regions.

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