

HOME BASED BUSINESS IN SUBURBAN PERIPHERAL REGIONS AND GOVERNMENT POLICY: A CASE STUDY OF CASEY, MELBOURNE, AUSTRALIA

Ameeta Jain

Senior Lecturer, School of Accounting, Economics and Finance, Deakin University, Burwood, Victoria, 3125, Australia.

Email: ameetaj@deakin.edu.au

Jerry Courvisanos

Associate Professor, School of Business, University of Ballarat, Ballarat, Victoria 3353, Australia.

Email: j.courvisanos@ballarat.edu.au

ABSTRACT: Home based businesses (HBB) are increasingly becoming an alternative to salaried employment. This research explores the potential for HBB to contribute significantly to the economic development of peripheral metropolitan centres. Without economic development, these centres remain dormitory suburbs with unresolved associated social and ecological issues. By mapping the diversity and limitations of HBB in the City of Casey, an outer suburban peripheral area of Melbourne, Australia, this study aims to evaluate what exists and the response by governments at all levels to further business development. This study finds that the role of government is restricted to broad initial start-ups, with no programs or support for the type of innovative HBB that need to be husbanded and encouraged to grow outside of the narrow confines of their home base.

KEY WORDS: Peripheral urban development, government policy, Home based business, economic development

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1. INTRODUCTION

Home based businesses (HBB) are micro-enterprises located at home which have become increasingly an alternative to traditional salaried employment (Burgess and Strachan 2001; Kean *et al.*, 1994). Such an alternative is required in developed economies, where traditional fully employed positions in the workforce are shrinking (Jain and Courvisanos, 2009). HBB provide the basis for relatively simple local-based endogenous economic development (Stimson *et al.*, 2009), since these businesses are very small and generally carried out at or from home (Statistical Clearing House, 2007).

HBB are seen as potentially providing employment and bolstering local endogenous economic development (Fritsch and Schindele 2011; Mason *et al.*, 2011). Whilst there is academic evaluation of HBB in general, and in the broad urban space (Ali, 2011; Baister, 2009; Beale, 2004; Enterprise Nation 2009; Mason *et al.*, 2011; Sayers and Monin 2005; van Gelderen *et al.*, 2008; Walker *et al.*, 2008; Walker *et al.*, 2002; Wang *et al.*, 2008), HBB have not been studied from the perspective of peripheral suburbs where they are increasingly being seen to fill a void for non-existent jobs. The role of government in supporting HBB in successful business development, and the perceptions of these businesses to such support has not been evaluated. Using Jain's (2009) model of regional economic development, this paper examines HBB in the context of a peripheral region and public policy to support such economic activity.

The City of Casey (Casey) is the peripheral region that contextualises this study. Casey is an outer suburb local government region on the South Eastern outskirts of Melbourne and the most populous local government area (LGA) in the state of Victoria.

This research focuses on Casey as a case study. The aim is to explore the role of HBB in the region and to map the perceptions of HBB towards government business development policy, as well as the usage and perceived usefulness of these policies within the region. This paper begins with a review of the literature on HBB, and then identifies where this paper aims to contribute. Subsequently, the paper provides a description of HBB and outer suburban regions, with a focus on Casey, from which emerges the research questions. Methodology, description of data collection and an analysis which addresses the research questions follows. A discussion of the implications of this case study for wider theoretical and policy issues is then raised before a conclusion completes the paper.

2. HOME BASED BUSINESS: LITERATURE REVIEW

HBB are small/micro businesses that are difficult to identify as they are run from, or at home (Australian Bureau of Statistics, 2002), are generally non-employing, are often bordering on the edge of the law (in terms of and use, generating cash revenue), and are substantially not the primary occupation of the owner (Wang *et al.* 2008). These businesses are often ignored by academics (Sayers and Monin 2005).

Academics and governments have traditionally considered HBB to be a part of the broader classification of small and micro-businesses (Ali, 2011; Storey, 1998), but there is a growing body of research which is dedicating much more attention to the characteristics, plight, and potential for growth of HBB (Earles *et al.*, 2006; Pierce-Lyons, 2009).

This study focuses on public policy support for HBB in peripheral urban regions. Consistent with the market failure argument (see Legge and Hindle 2004, pp. 233-9), HBB – especially those in peripheral regions – suffer from inability to take advantage of the power of the market. This is due to externalities not being accounted (e.g. employment creation in region), large sunk costs needed to establish strong market presence, distortions through monopoly power, and lack of “public interest” (e.g. community building through HBB). However as Van Gelderen *et al.*, (2008) note, policy makers and governments are unable to quantify the economic importance of HBB in order to gauge the importance of HBB for public policy support. To HBB the closest and first point of contact with the public sector is local government. Local Government is often perceived as “business regulators” rather than facilitators, with few local governments actively defining policies for HBB development. Thus, HBB “fly” under the legislative radar with only an *ad hoc* role of local government, limited perspective of state/provincial government and invisibility to national/federal government (Jain and Courvisanos 2009).

HBB need to access public information, advice, support and infrastructure that are all crucial for their survival (Chrisman and McMullan, 2004; Mattare *et al.*, 2010). Ali *et al.* (2011) note, this information and identification problems are particularly severe when it comes to HBB and their needs. Business associations and other local networks provide such assistance, but in Australia this is on a very limited scale (Jain, 2011).

Regional research on HBB provides the specific focus of this study. A number of studies examine various aspects of the nature of HBB in regions; their make-up (Mason *et al.*, 2011; Rowe *et al.*, 1999), services provided (Burgess and Strachan 2001; Sayers and Monin 2005), their incomes (Wang *et al.* 2008), their role in tourism (Harris *et al.*, 2007), and gender make-up of their owners (Burgess and Strachan 2001; Mason *et al.*, 2011; Rowe *et al.*, 1999; Sayers and Monin 2005; Wang *et al.*, 2008).

None of these regional studies of HBB investigate such businesses from a regional development focus with an examination of the role of all levels of government in supporting HBB. Due to their special characteristics, HBB in suburban peripheral regions need specific examination in terms of intervention and policy. This paper examines HBB in the urban peripheral region of Casey as an exploratory case study. Pierce-Lyons (2009) advocates developing a grounded theory of HBB needs and practices. In the light of this need, this study offers a first step into developing a grounded theory of HBB in peripheral urban regions by evaluating the characteristics of HBB, identifying their perceived needs and wants, specifying utilisation of existing business policy and support structures, and recognising shortcomings in government policies. The fact that there is a neglect in policy and research terms of peripheral regions like Casey (Jain and Courvisanos 2009), adds an extra dimension to this HBB regional policy study.

3. OUTER SUBURBAN REGIONS AND CASEY

The *2001 State of the Regions Report* (National Economics, 2001) divides metropolitan Australia into core metropolitan (central cities) and dispersed metropolitan or outer suburban regions. The term outer suburban regions has been loosely used to describe all non-core, or peripheral, regions as they are economically worse off, export primary produce or resources and import high value added products and services. Using this definition of outer suburban regions (National Economics, 2001), Casey qualifies as an outer suburban region within Greater Melbourne.

Casey as a peripheral suburban region was chosen for this case study because of its strong population growth but limited economic development. This region provides a significant first in the form of a thorough examination of HBB in peripheral urban regional development and a critical evaluation of the role of government policy in the business development of HBB.

There were about 800 HBB listed with the Casey Council (local government authority for Casey) in 2008. Historically, HBB has employed over 16% of the employed people in the region (City of Casey, 2002). In 2009, HBB generated an estimated employment as high as 23%; 35.6% of the businesses in Casey were HBB (Australian Bureau of Statistics, 2010). The lack of business support and development policies is considerable, despite the implied collective economic importance of HBB to the Casey region.

The basic research questions for this paper can now be stated:

1. In the context of business development within outer suburban regions, what is the nature of HBB in Casey?
2. What role does government policy play in supporting HBB in the region?
3. What is the HBB perception of these government support policies?

In Jain (2009) an integrated model of regional development synthesises the complex interplay of all the determinants of development. On the outer ring of this model there are three major independent determinants: natural factor endowment, proximity to a nodal centre and government policy. Casey is limited in factor endowment to cheap land and the population growth that follows. All nodal centres are outside the study region with the CBD 44 kilometres away. Thus for development, government policy emerges as *the* significant determinant. The answers to the three research questions above enable deeper scrutiny of HBB in peripheral regions. The theoretical implications from this scrutiny aim to understand the role of government policy in support of economic development in outer suburban regions through HBB.

4. METHODOLOGY

The case study approach was adopted because Casey is considered to be representative of a non-core peripheral urban growth centre and there are no previous academic studies on Casey or any other peripheral urban region in Australia. This very lack of research and literature justifies the

use of an exploratory case study methodology (Yin, 2003) and of Casey as the revelatory specimen.

A dedicated survey instrument was designed for the evaluation of the HBB in Casey, their profile, economic status and their utilisation and perception of government business support policies. The survey instrument was based on the framework of analysis in Jain (2009) and consisted of closed and open ended questions.

The survey was mailed out to the 801 HBB registered with Casey Council over the second and third weeks of May 2008. A follow up phone call was made after two weeks to try and get responses over the phone. A total of 140 responded. 81 of these responses were obtained over the telephone. This gave a response rate of 19.5% after excluding incorrect addresses and businesses that were no longer operating. This response rate is similar to the expected response rate of about 20% for similar surveys (Statistical Clearing House, 2007).

This was followed by four focus group discussions with local businesses, representatives of local business associations in the area and representatives of government departments from all levels of government (federal, state and local) who administer business development policy (Jain, 2011). Casey had nine business associations at the time of the study, each association based on a suburb rather than an industry or industrial sector. This resulted in a fragmented business association network (Jain 2011). During the course of the study, some of the business associations amalgamated in an effort to gain relevance and economies of scale (for a detailed discussion see Jain 2011). The focus groups allowed reflection by the participants on the survey data and discussion of the perceptions about government policy, and business development in Casey. Together, the two methods provide external validity by allowing for amalgamation and confirmation with multiple sources of data (Bonoma, 1985).

5. SURVEY RESULTS

Nature of HBB in Casey

The results of the survey show that in Casey these businesses are generally very small and independent with a majority of them having annual turnover of less than \$50,000 (see Table 1). This is similar to the characteristics of HBB reported from the UK (Mason *et al.*, 2011). In Casey, nearly two-thirds of HBB only employed the owner and did not employ other people. This is much higher than the 24% recorded by Ali

(2011) in Western Melbourne. In addition the number of non-employing businesses in Casey exceeded that of WA (about 50%) (Walker, Wang and Redmond 2008) and the response rate from a previous survey in 2007(Statistical Clearing House, 2007).

Table 1. Characteristics of HBB in Casey (n=140).

| | Respondents | |
|---|-------------|------------|
| | Number | Percentage |
| Number of employees | | |
| No hired employees (self employed only) | 89 | 64 |
| 1-4 Employees | 45 | 32 |
| 5-19 Employees | 6 | 4 |
| Annual turnover | | |
| <\$50,000 | 67 | 48 |
| \$50,000 to \$100,000 | 34 | 24 |
| \$100,001 to \$250,000 | 23 | 16 |
| \$250,001 -\$1,000,000 | 13 | 9 |
| > \$1,000,000 | 3 | 2 |

Source: the Authors

The HBB survey respondents show a fairly broad coverage of industries to which they attribute their activity similar to previous studies from WA and Victoria (Walker *et al.*, 2008). The largest group, at 22% of the total, identified themselves as being in the building and maintenance industry, including plumbing, carpentry and lawn-mowing. Professional services included IT services, consultancy services, at 11% each, massage and allied health at 11%, financial services at 5% and book keeping and accounting services at 3.6%. The other HBB were too diverse to be classified.

Role of Support Programs

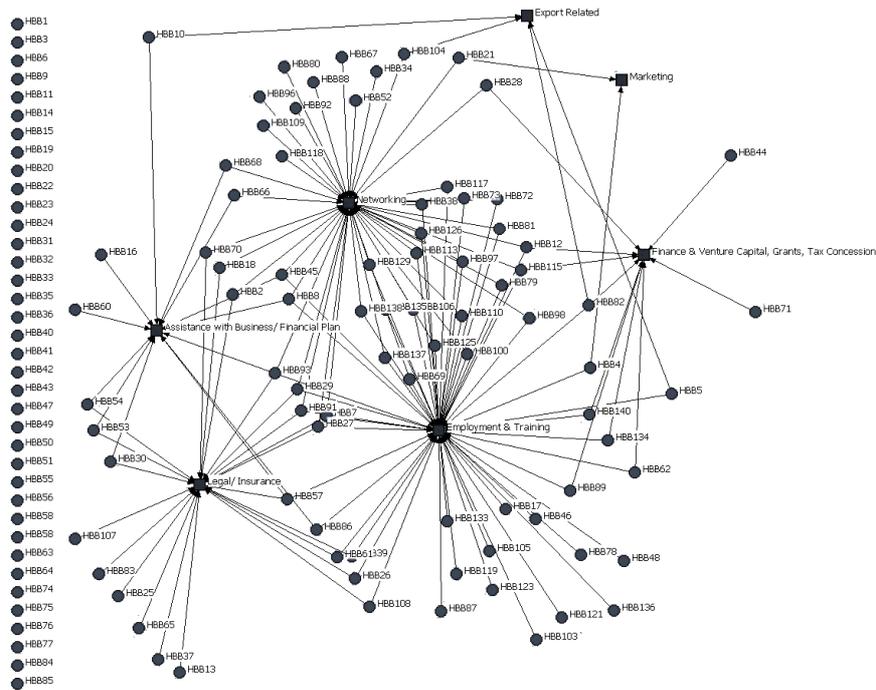
Businesses were asked to state and rank the importance of the government and business association support programs they used. A list of 68 programs was included as a reference. The program categories (Assistance with business plans, Employment and training, Export related programs, Finance, venture capital, grants and tax concessions, Legal/insurance matters, Networking forums and marketing) allowed

further analysis that could link to the Jain (2009) model. Businesses were asked to include other programs they found relevant and useful in their responses even if these programs were not on the supplied list. A further 23 programs were identified in this way and included in the following analysis.

As a summary, 60% of respondents used at least one program offered by government or obtained support from business associations. Casey Council seminars were the most used service with 26% of respondents attending, followed by 15% for seminars held by the Australian Taxation Office and 9% for training courses at the local Technical and Further Education (TAFE) college. TAFE institutions established in Australia provide apprenticeships and pre-apprenticeships in engineering, hospitality, horticulture, building and construction, plumbing, certificates, diplomas and certificates. They offer flexible and part time learning both for the general public and industry.

Utilisation of programs was analysed by using UCINET (Borgatti *et al.*, 2002) and then applying NETDRAW to graphic display sociograms (Borgatti, 2002). Figure 1 is a network diagram that graphically displays only the categories of programs used by HBB. For this analysis to be manageable and to provide generalised results, categories of programs that were very similar were combined. Five combined program categories were developed: (i) "Assistance with Business Plans" together with "Financial Planning", (ii) "Finance and Venture Capital" together with "Grants and Tax Concessions", (iii) "Employment and Training", (iv) "Legal/Insurance", and (v) "Networking".

The data set produced by the survey is a rectangular matrix with each business treated as an "ego" or "node" (Hanneman and Riddle 2005, p. 9). Each category is treated as an attribute. This type of analysis is used for identification of the attributes to which each node is connected. 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, p. 9). The sociograms obtained on NETDRAW make it easy to appreciate the relative numbers of businesses using programs. This visual display demonstrates that the attributes of "Employment and Training" are the most connected followed by "Networking" and "Legal/Insurance" for HBB.



Source: the Authors. Note: HBB listed on the left of the diagram did not use any business support programs

Figure 1. Network Diagram Demonstrating Category of Business Support Program Used by Home Based Businesses (HBB) in Casey.

Further, programs providing “Employment and Training” support have the highest degree of association with, or utilisation by, HBB. “Networking” assistance is next highest. In relation to connectedness, the same two combined attribute categories showed higher “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 HBB and programs live/operate, in this instance) than the other three combined categories. Figure 1 and Table 2 provide an account of the utilisation of groups of support categories, with the most used employment and networking programs. Whereas programs providing export related or marketing assistance, help with business and financial planning, information on finance, venture capital and tax concessions, or advice on

legal and insurance matters, had lower measures of centrality closer to zero, suggesting that these programs attracted fewer HBB. These programs were further separated from their target audience, the “egoes” or “nodes” representing local HBB. Therefore, these programs had a lower “Degree” of association with local HBB, and a lower “Closeness”. The lower “Betweenness” of these types of programs suggests that these programs appeal to a smaller number of HBB. Similarly, a lower “Eigenvector” value demonstrates higher distance of programs from their target businesses, or low utilisation of programs by HBB.

Table 2. 2-Mode Centrality Measures for home based businesses and type of programs used.

| Program Categories | Degree | Closeness | Betweenness | Eigenvector |
|--|---------------|------------------|--------------------|--------------------|
| Assistance with Business/ Financial Planning | 0.093 | 0.626 | 0.034 | 0.115 |
| Employment & Training | 0.379 | 0.626 | 0.034 | 0.115 |
| Export Related | 0.029 | 0.566 | 0.003 | 0.030 |
| Finance & Venture Capital, Grants, Tax Concessions | 0.071 | 0.566 | 0.019 | 0.098 |
| Legal/Insurance | 0.157 | 0.670 | 0.071 | 0.216 |
| Networking | 0.321 | 0.885 | 0.153 | 0.628 |
| Marketing | 0.014 | 0.520 | 0.000 | 0.017 |
| Other | 0.000 | 0.000 | 0.000 | 0.000 |

Source: the Authors.

Perceptions of Support Programs

HBB were asked how useful they found the programs used. A Likert scale was adopted with '1' being 'very useful', '2' being 'useful', '3' being 'neutral', '4' being 'not useful', and '5' being 'obstructive'. The majority of the HBB found the programs either 'very useful' or 'useful'. Only ten HBB found the programs as being 'neutral' and one HBB found the government program being actually 'obstructive'. None reported polices/programs used as being 'not useful'. Over 57% of the home based respondents found these programs useful as they provided new information. Networking opportunities and training were the other major reasons that programs were identified as useful.

In order to assess HBB business dependency on government support, HBB were asked to indicate whether they could survive without such support.

The survey data reveals that 89.5% of HBB did not rely on government support to be self-sustaining. On careful examination of this data, out of 140 HBB that responded, there were 13 who stated that they needed government policy for sustainability. The common responses included need for grants, reduction of paperwork, funding for various programs, mentoring and training. The vast majority of HBB (127 of 140) stated that they would survive without government support. By inference these 13 HBB that stated they needed ongoing government support for survival were struggling and may not have good long term viability.

HBB sought a variety of types of support from government. These included: marketing assistance (31%), small business grants and funding (26%), tax reduction and offset (21%), mentoring (6%), and cheaper fuel (5%). This was in addition to the general requests such as reduction of red tape, simplification of the tax structure and GST being the most prominent.

6. FOCUS GROUP DISCUSSION

The focus group discussions confirmed survey results and provided deeper analysis. Participants in the focus groups consisted of 17 of the 140 surveyed HBB, officials from state and federal governments, and four of the nine local business associations in Casey. In addition, there was an officer from the business development unit of Council present in

three out of four focus group discussions. Taken in total, the focus groups were able to convey the views and issues from all the various stakeholders in business development for Casey. Overall, participants held the view that government support was inadequate, as neatly summed up by this participant:

The Federal Government had little or no impact on business development in Casey; State government lacked traction, with little knowledge of support services and some confusion in where to go for what; and local government (Casey Council) lacked resources and strategic focus.

The issues discussed below provide specificity to this participants overall assessment.

From the focus groups it emerged that there seemed to be adequate support for setting up new businesses, particularly for the unemployed. If the business had been operational for a number of years, there are no follow-through support policies and infrastructure. This was clearly stated by one business owner in one of the focus groups:

Council [needs] to be more proactive and commit resources and strategic planning to economic development for businesses who want to set up, but also for those who have been there a long time and require extension of their business skills and support.

Further, a common criticism of the state government support services related to information overload, making it very difficult and time consuming to find relevant information. One business stated:

Perhaps as you mentioned before a one-stop shop, may be at the State Government level where the local governments then tap into and say O.K. We are starting a business and this is what is available in your area.

In other words, HBB would have preferred to be able to contact a single person, if possible at the local council level, and that person would be able to listen to their specific problems and suggest appropriate programs or courses of action.

Casey is seen as outer suburban and too small an area for the State or the Federal Governments to concentrate on. One government official in

one focus group specifically stated that “We have the responsibility for a large part of the state, we do not have the resources for increasing coverage to a small area such as Casey”. This is despite Casey being the largest LGA in the Melbourne Statistical Division in terms of population (Australian Bureau of Statistics 2008b).

The focus groups revealed a lacuna in the support provided to small businesses with the major federal programs targeting larger businesses.

HBB were of the opinion that their business would be sustainable even in the absence of government support policies, but there was some ambiguity detected in the responses at the focus group discussions not evident in the survey results. HBB stated that they went into business expecting that they were going to succeed and not because of any government support, but then expressed some concern. Both aspects are explicitly stated in the following by an operator as:

To answer your question, of course we'll survive, I think anyone who's established a business based on a clear plan and vision and understanding of what they want to achieve, yes they will survive. We will survive better if we had some good resources to assist in that part.

HBB wanted relevant resources that are available at an affordable price from business associations and government. Even government representatives in the focus groups acknowledged that they could do more in some areas. The Council representatives recognised that even though the council acknowledged on their website that HBB were important for the sustainable growth of Casey, they had not been as receptive as they thought was needed in order to support businesses because this was not seen as a priority for the elected Aldermen on Council. Further, no government authority had the necessary financial resources to provide financial support and incentives for business.

The focus group discussions brought forth a well-defined wish list by local HBB and business associations which are listed below in no particular order. These are very similar to the answers obtained in the survey:

- Improvement of infrastructure for business such as good transport and reliable broadband.
- Accommodation for HBB looking to expand outside the home, in particular a business incubator.
- IT support from council, especially for women-run HBB who felt insecure with dealing with male IT professionals in the market place.
- Special cell at council to address needs of migrant businesses which were felt to have needs different to locally owned businesses.
- Increased mentoring support appropriate for the stage of the business; for new and established businesses.
- Advertising and marketing support.

Ali (2011) found a similar set of public policy support demands by HBB in the western suburbs of Melbourne (n=54). Thus, despite professed self-sustainability arising out of self-reliance, the edge of chaos can always be “around the corner” (Burchell and Kolb 2006) with public support for security of work/business (of HBB operators) and business development (for the region) being relevant and important.

7. CASEY HBB IN CONTEXT

A comparison between the Casey data and the data from the entire country and Victoria (Australian Bureau of Statistics, 2005) is instructive. Casey HBB data shows a difference to that of the state and the national patterns that are similar, as seen in Table 3. All three data sets show that the most rapid growth in the numbers of HBB occurred between 1 and less than 5 years prior to the survey, i.e. the period 2004-2007. However, for that period HBB were about 6-7 percentage points higher than state and national, or 15% higher than the state/national average. This period coincides with the rapid influx of population into the region, thus the higher percentage in Casey could be a reflection of the increase in

population in Casey over the national average. The national population changed at an average rate of about 1.4% (Australian Bureau of Statistics, 2008a) as opposed to Casey where the change was 3.4% on average through this period (Australian Bureau of Statistics, 2008b).

Table 3. Comparison of Length of HBB Operation Casey and Australia

| <i>Length of business operation</i> | <i>Casey (2008)¹</i> | <i>Australia (2004)[*]</i> | <i>Victoria (2004)[*]</i> |
|-------------------------------------|---------------------------------|-------------------------------------|------------------------------------|
| Less than 1 year | 9% | 16.9% | 16.6% |
| 1 to <5 years | 42% | 36.2% | 35.1% |
| 5 to <10 years | 26% | 17.6% | 16.3% |
| 10 years or more | 24% | 29.3% | 32.1% |

^{*}Source: Australian Bureau of Statistics(2005). ¹Source: Current survey data (2008).

The most significant difference in Table 3 between Casey and the state/national data on length of operation is at the “less than one year” level. The number of new HBB decreased in the year prior to data collection (i.e. 2007) with Casey showing a 7.6-7.9% lower number of new (less than one year) HBB, despite continued stronger than state/national population growth in Casey. Additionally there does not appear to have been any significant local, state or federal government policy change.

Population change, as identified in the Jain (2009) model, is a significant factor in the pattern of HBB start-ups and subsequent survival. This factor is the likely explanation for the discrepancy in the data between Casey and HBB studies in western Australia (Walker, Wang and Redmond 2008; Wang *et al.* (2008) as well as patterns in the rest of the country (see Table 3) for businesses operating for a period of 5 to less than 10 years. The initial rapid rise in the Casey LGA population coincided with the sharp increase in HBB start-ups. This ensured a commensurate increase in the number of HBB, at a rate more than the national and state averages.

HBB employment data provides another noteworthy variation between Casey and the state and nation. Table 4 shows that there is a significant difference in the percentage of HBB firms in Casey with 1 to 4 employees (32%) compared to the state (20.2%) and the somewhat closer national percentage (28.1%). Even though Casey is the largest LGA in

the Melbourne Statistical Division in terms of population (Australian Bureau of Statistics 2008b), Casey HBB in 2008, also tended to have a greater percentage of firms with 5 to 19 employees (4%) than either the 2004 state (0.9%) or national (3.1%) averages. This means that 36% of all Casey HBB firms employed workers, compared to state (21.1%) and national (31.2%). The percentage of HBB that employ workers at the national average in 2010 was much higher than 2004. This was probably due to necessity employment as traditional salaried jobs dried up nationally after the 2008-09 Global Financial Crisis (GFC), forcing some people into HBB employment through family or friends, as seen in earlier recessions (Rowe *et al.*, 1993). There is no later data for Casey HBB employees, but if this pattern is followed, it could be surmised that the HBB firms with employees will have been much greater than the national average due to the GFC.

Table 4. Percentage of HBB by Number of Employees: Casey and Australia.

| <i>Number of employees</i> | <i>Casey (2008)¹</i> | <i>Australia (2004)*</i> | <i>Australia (2010)#</i> | <i>Victoria (2004)*</i> |
|----------------------------|---------------------------------|--------------------------|--------------------------|-------------------------|
| Self-employed only | 64% | 68.8% | 40% | 78.9% |
| 1-4 | 32% | 28.1% | 47% | 20.2% |
| 5-19 | 4% | 3.1% | 13% | 0.9% |

*Source: Australian Bureau of Statistics (2005). ¹ Source: Current survey data. #Source: Australian Bureau of Statistics (2010).

8. DISCUSSION AND POLICY IMPLICATIONS

The analysis above delivered basic answers to the three research questions; scrutiny of these answers enables appreciation of HBB in economic development and the role of government policy in peripheral regions. The data revealed the nature of Casey HBB as being diverse, niche and small; the role of public policy support as very limited; and perceptions by HBB of this limited support as contradictory through self-reliance but with wish lists for government. These answers reflect severe limiting of economic development in the LGA to primarily the population growth endowment factor in Jain (2009) model. The push towards endogenous business development (EBD) is hampered by the lack of a coherent approach to such development by any (and all) levels of government.

From this HBB perspective the absence of EBD in the Casey region can be understood through the lens of fragile HBB and weak public policy support. The theoretical implication emerging from this is the need to formulate appropriate government policy to improve EBD by support for a stronger more self-sustainable HBB sector that then has the option to grow into specific sectors of industries – whether in IT, building and maintenance, health or consultancy services. In a globalised world, where local embeddedness of industry and services (see Dawley, 2007 for discussion) is needed to create and preserve competitive advantage, the development of these HBB is the start of the process in such a peripheral region. This will provide for eventual stronger business development, which is required for sustainable economic development in any region, but particularly peripheral regions with very limited endowments that are distant from nodal centres. In comparison with state and national figures on HBB, Casey has strong potential for significant growth in EBD, which then axiomatically leads to community development (Rowe *et al.*, 1999), improving the social health and status of a region that has been experiencing public policy neglect (Jain and Courvisanos 2009).

At a policy level, the analysis of the HBB in Casey reveals that though they did not rely on government support and business development policies for sustainability, they *did* find the various programs undertaken as useful if only for information and particularly for new HBB starting-up. This is similar to Walker *et al.* (2008)'s report, which stated that government and business support units did not contribute greatly to HBB. What is clear is that no level of Australian government provides coherent support policies targeted at HBB. Lack of follow-up support policies after initial HBB set-up is an area of significant neglect identified. Such aspects of public policy have the potential for enhancing HBB sustainability into the future in these outer suburban regions. Local governments lack resources and in some cases, like Casey Council, strategic focus.¹ Thus there is need from higher levels of government to resource HBB support programs, or provide local governments with resources to support HBB. A regional approach (as with rural areas) incorporating groups of outer suburban LGAs by higher levels of government in relation to HBB programs like the ones itemised in the “wish list” of this study may be of relevance for regional EBD (Stimson

¹ For details on this lack of strategic focus by Casey Council see (Jain 2010)

et al., 2009). This would also alter the perception of local government from “business regulator” to “business facilitator”.

The problem that has been revealed from this study is that the role of government is limited to broad initial start-ups, with no programs or support for the type of innovative HBB that need to be husbanded and encouraged to grow outside of the limited confines of their home base.

Looking to wider implications via comparisons with overseas studies, HBB in Australia comprise a significant portion of small businesses, similar to recent studies from the UK (Mason *et al.*, 2011) and the USA (Beale 2004). The diversity of HBB in all three countries is similar. The reasons for increasing HBB development are similar too as cited above. The needs and wants are also similar, and are identified by three UK studies as: help in moving to new premises, tax relief, information about tax and legislative compliance (Abacus Insight, 2008; Bennett and Robson 2003; Enterprise Nation, 2009). The public policy neglect of HBB is another common binding factor across all three nations. As a result, a coherent development strategy to emerge for the diversity of HBB requires a more robust theoretical understanding of local embeddedness as set out in Jain (2009) and applied to the issue of HBB in this paper.

Some progress in addressing HBB in the periphery can be gleaned by the Horsham (UK) studies (Abacus Insight, 2008; Baister, 2009) where more than half of the HBB were in rural areas, exhibiting the same isolation as the HBB in Casey. Such isolated HBB in rural UK and in peripheral suburban Casey emphasise the need for maintaining and improving public infrastructure including broadband access, transport, banking and postal services. The difference between the HBB experience in Horsham and Casey is that in the former there are dedicated programs set by local councils and the national government through Regional Development Authorities, unlike in Australia (Enterprise Nation, 2009).

Jain and Courvisanos (2009) argue that the situation of policy neglect of economic development in Australia is common to all outer regions of large metropolitan urban centres. Outer suburban regions inherently suffer from economic, locational and social disadvantage in comparison to central regions (Andrew and Feick 2010). There is also significant ecological disadvantage in the periphery with (i) “rapid consumption of environmental resources” due to strained social facilities related to smog, noise, waste, traffic and polluted watercourses (Self 1995, pp. 250-3); and (ii) “greater dependence on motor vehicles” with higher energy use per resident (Moriarty, 2002). HBB have the potential to reduce this economic and ecological disadvantage by increasing employment and

gross regional product (GRP) in the peripheral region itself. Therefore they deserve more attention than they get from policy makers and governments.

Governments need to view HBB from a more business centric, rather than town planning, stance (Walker *et al.*, 2002), with a potential “engine” for growth (Wang *et al.*, 2008). Casey, like many other LGAs across Australia has strict restrictions on what HBB are able to do: only one person in the dwelling may work in the business without a permit and two with a permit, the business may not affect the character of the place and advertising, signage and the number of domestic and commercial vehicles that can use the space are restricted. These are all detrimental to the development of HBB in the region.

9. CONCLUSION

HBB need to be investigated in much more detail by applying a regional economic development theoretical lens, which is severely lacking in Australian regional studies, and only beginning to emerge in the UK. From such a lens, coherent endogenous development public policy implications can arise. Given the alternative employment generation of HBB, especially in periods emerging out of job crisis, and the community development importance of HBB in outer suburban peripheral regions of policy neglect; it is pertinent for governments to direct more appropriate funding and policy measures to understand, support and develop HBB.

Policies are needed to provide stronger guidance rather than just information to HBB start-ups; while existing HBB need specifically relevant sustainability type advice and support. Such policies at a broad outer suburban regional level could be possible solutions to the job leakages and lack of economic and ecological sustainability of outer suburban peripheral regions like Casey. To be more specific about policy in this area, much more research needs to be conducted on the setting up, existence and potentialities of HBB in outer suburban peripheral regions in recognition of their promotion of economic and social activity.

This study presents an empirical investigation of the Casey peripheral region that is set in an integrated complex theoretical framework. It explores the fragility of HBB within this peripheral urban environment through the lens of endogenous regional development and the factors

required to evolve and sustain business development. The role of government policy in this process is the focus. Theoretical implications emerge that indicate the need to formulate appropriate government policy to improve endogenous business development towards a stronger more self-sustainable HBB sector in Casey. The influence of government in the study was seen to be limited to start-up HBB in a very *ad hoc* manner. This resulted in lack of awareness by many HBB of both the difficulties of growing and the various government levels and their roles of support/inhibiting the process. Governments need to be more proactive in the context of economic geography (and not town planning) for the locational specific nature of HBB and their proximity to urban centres. The potential for growth by some HBB who want to grow is waiting to be addressed.

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