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An Assessment of the Nature and Extent
of

Home-based Business Activity in Calgary

by

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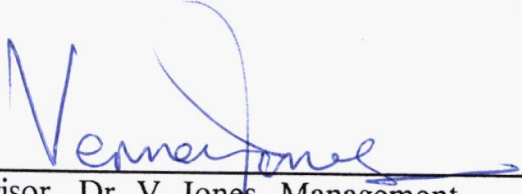
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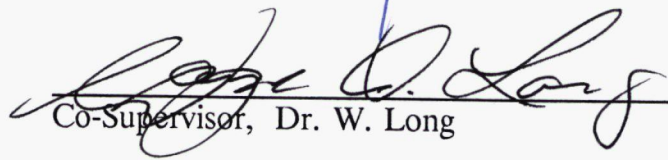
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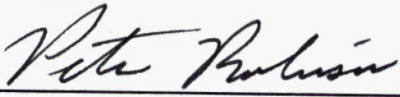
The undersigned certify that they have read, and recommend to the Faculty of Graduate Studies for acceptance, a thesis entitled "An Assessment of the Nature and Extent of Home-based Business Activity in Calgary" submitted by Leslie Patricia Roberts in partial fulfilment of the requirements for the degree of Master of Business Administration.



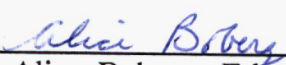
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ABSTRACT

The purpose of this study is to gather more information on home-based businesses operating in the city of Calgary, Alberta, Canada. The objectives of the study are first, to obtain an estimate of the number of part-time and full-time businesses operating in the city; second, to identify the types of businesses being operated and by whom; and third, to investigate the nature of home-based occupational work including advantages, disadvantages, as well as obstacles facing home-based business owners. In addition, this study will provide some insight into the potential contribution of home-based businesses to local economic development.

A random telephone sample of 455 Calgary households and two focused discussion groups with home-based business owners were completed. Findings indicated that home businesses are being operated in 15.60 percent of Calgary households. Most businesses were service-oriented and were considered the primary source of household income by the owner/operator.

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DEDICATION

To Mom and Dad, thank you.

Table of Contents

APPROVAL PAGE	ii
ABSTRACT	iii
ACKNOWLEDGEMENTS	iv
DEDICATION	v
TABLE OF CONTENTS	vi
LIST OF TABLES	viii
LIST OF FIGURES	ix
Chapter I. INTRODUCTION	1
A. RESEARCH QUESTIONS	3
B. JUSTIFICATION	5
C. DEFINITION OF TERMS	5
Chapter II. REVIEW OF LITERATURE	9
A. MODELS OF ECONOMIC DEVELOPMENT	9
1. Measuring Economic Development	12
2. Models of Municipal Economic Development	14
B. HOME-BASED BUSINESS RESEARCH	19
1. Social Implications of Home-based Work	21
2. Descriptive Studies of Home-based Entrepreneurship	25
3. Home Enterprise. Canadians and Home-based Work	27
C. SUMMARY	32
Chapter III. RESEARCH DESIGN AND METHODS	33
A. RESEARCH DESIGN	33
B. RANDOM TELEPHONE SURVEYS	34
1. Population and Sample	34
2. Data Collection Instrument	36
3. Procedures	38
C. FOCUSED DISCUSSION GROUPS	38
1. Population and Sample	38
2. Interview Guide	39
3. Procedures	40

D. MEASURES	40
E. ETHICS	42
Chapter IV. PRESENTATION OF RESULTS	43
A. RANDOM TELEPHONE SURVEYS	43
1. Extent of Home-based Business Activity in Calgary	44
2. Characteristic Profile of Home-based Businesses	47
3. Demographic Profile of Home-based Business Owners	56
4. Summary	58
B. FOCUSED DISCUSSION GROUPS	61
1. Nature of Home-based Work	62
2. Economic Development Potential of Home-based Businesses	64
3. "Wish List" of Products, Services and Programs	65
4. Summary	68
Chapter V. CONCLUSIONS	69
A. DISCUSSION OF RESULTS	69
B. LIMITATIONS OF MEASUREMENT	73
Chapter VI. RECOMMENDATIONS AND IMPLICATIONS FOR FURTHER RESEARCH	76
REFERENCES	81
APPENDICES	
Appendix A. Home-based Business Informational Research Questionnaire	91
Appendix B. Home-based Business Questionnaire	93
Appendix C. Sample Consent Form	97
Appendix D. Interview Guide and Agenda	99
Appendix E. Research Ethics Committee Certification	102
Appendix F. Vancouver Home-based Business Association Newsletter	104

List of Tables

Table 2.1	Summary of <i>Home Enterprise</i> Findings	29
Table 4.1	Aggregate Telephone Survey Responses	45
Table 4.2	Percentage of Source of Income and Amount of Time Spent.	48
Table 4.3	Type of Business, Industry or Service	49
Table 4.4	Number of Part- and Full-time Employees	53
Table 4.5	Demographic Profile of Home-based Business Owners by Gender	56
Table 4.6	Comparison of Survey Results to Other Canadian Studies .	59
Table 4.7	Major Motivational Factors	64
Table 4.8	Economic Development Potential	65
Table 4.9	"Wish List" of Programs, Products and Services	67

List of Figures

Figure 4.1.	Reasons Given for Why Home Business not Started . . .	46
Figure 4.2	A Profile of Home Business - Calgary vs. Canada . . .	50
Figure 4.3	Type of Business Structure	51
Figure 4.4	Number of Years in Operation	52
Figure 4.5	Gross Business Income Distribution by Gender . . .	54

Chapter I. INTRODUCTION

Profound changes are occurring in the post-industrial workplace and workforce. A very visible change in North America is the emergence of the home-based business phenomenon. In Canada, data indicate that individuals in one of every four households are performing some form of occupational work from home (Orser and Foster, 1992). This figure includes three variants of the home-based worker: telecommuters, supplementors and home-based self-employed entrepreneurs. Telecommuters are those who are employed outside the home and who substitute work at home for work in the office. Supplementors are those who bring work home from their place of employment. Home-based self-employed entrepreneurs are sole proprietors, partners, or corporations working in or from the home. It is the last element, the home-based self-employed, which is the principal area of concern of this study.

Entrepreneurs are at work in their homes offering a variety of business, professional and personal services; working independently in sales (agency, representative), journalism, or graphic, visual, fine arts; operating retail/wholesale trade, manufacturing (food, textile, arts, crafts), construction and trades, finance, insurance and real estate businesses; and managing agricultural, forestry, mining and fishing operations.

Recent literature suggests that there are three forces contributing to the home-based work phenomenon: a) advances in information and telecommunication technology (Martin, 1981; Bell, 1974 and 1980; Porat, 1977),

b) changing societal values including a desire for greater freedom, flexibility, and autonomy (Good and Levy, 1992; Christensen, 1988), and c) economic restructuring (Orser, 1991; Bailyn, 1989).

In the fall of 1990, the Federation of Canadian Municipalities (FCM) and a number of small/home business organizations, and federal and provincial small business agencies formed The Home-based Business Project Committee. Its mandate was to investigate the nature and extent of home-based business activity in Canada and review municipal regulations as they affect home-based enterprise. The results of the study, *Home Enterprise: Canadians and Home-based Work*, (Orser and Foster, 1992), the first national study of the home enterprise phenomenon in Canada, were released in the spring, 1992. The findings indicated approximately 23 percent of working Canadian households were involved in some form of home-based work activity, representing over 2 million homes. Over 50 percent of these workers are home-based self-employed entrepreneurs and represent over 1.25 million home-based businesses in Canada.

This paper is a step toward a greater understanding of home-based businesses and home-based business ownership in the city of Calgary. Chapter One includes the research questions, a brief discussion of those factors likely contributing to the growth of the home business phenomenon, the justification for a local research project in the area of home-based businesses, and a review of the objectives and definitions contained in the research.

Chapter Two begins with a review of entrepreneurship and economic development literature and of the more significant home-based business research

studies that have contributed to our knowledge and understanding of home enterprise in Canada. Chapter Two concludes with a discussion of the significance of the national study *Home Enterprise. Canadians and Home-based Work* (Orser and Foster, 1992) but also a discussion of those elements of the national study from which no conclusions could be drawn at the municipal level.

Chapter Three describes the research design and methods used in the study. It also includes a description of the population, samples, procedures, and instrumentation. The results and analysis are presented in Chapter Four. The results and limitations of the study are discussed in Chapter Five. Finally, Chapter Six includes recommendations and a discussion of directions for further research.

A. RESEARCH QUESTIONS

The problem addressed in this study is the assessment of the nature and extent of home-based business activity in Calgary. More specifically, the characteristics of the businesses, a profile of the founders, and a compilation of the major difficulties faced by the home-based business owner are examined. Specific research questions which are addressed include:

1. What is the extent of home-based business activity in Calgary? In how many households is a full-time or part-time business operating? How and why does this result differ from the results of the national study?

2. What can we learn about the types of home businesses operating in Calgary? What are the demographic characteristics of the owners? Are they younger, older, male, female, well educated, not so well educated?
3. To what extent does home-based business activity contribute to local economic development? How does Calgary compare to the national average in terms of job creation, income generation or additional business generated? If Calgary differs, why?
4. How do the owners think and feel about their decision to start and run a home-based business? Were they pushed or pulled into home-based entrepreneurship? Are they planning to grow their business and migrate into commercial space or are they happy with the current level of operation and why?
5. What can be done to help home-based business owners improve the likelihood of their success?

These research questions provide a basis for comparison with those obtained by Orser and Foster (1992) and provide a foundation for comparing other regions and sub-regions across the country should further data be compiled in this area.

B. JUSTIFICATION

The growth of home-based businesses offers a new opportunity for local economic development. Municipalities will need to recognize and address this growing trend. (Orser and Foster, 1992, p. 5).

In the study, *Home Enterprise. Canadians and Home-based Work* (Orser and Foster, 1992) the authors called for municipalities to read the study, develop a solid understanding of the issues and characteristics of this growing sector of the economy and reflect on the importance of the findings for their community.

The *Home Enterprise. Canadians and Home-based Work* study defined the extent of home-based activity on a national level in Canada. However, no empirical research has been published which would clearly define the nature and the character of this economic activity in Calgary for commercial business or municipal purposes. A study of home-based businesses in Calgary would facilitate increased awareness and understanding of the economic and social importance of home enterprise activity, and could subsequently assist local private and municipal decisions regarding home-based business activity. As well, a more thorough understanding of the characteristics of home business owners and the plans they have for their businesses may provide insight into the economic development potential of home-run businesses.

C. DEFINITION OF TERMS

For this study, Kraut's typology of the three variants of home-based workers - telecommuters, supplementors and home-based self-employed

entrepreneurs - will be used.¹ As Kraut's typology has been selected by several home-based business researchers in previous studies, in particular Orser and Foster (1992), its use in the present study will allow results to be more directly compared. For the purposes of this study, the following definitions will be held:

1. **Home-based business** refers to any full-time or part-time profit-oriented business or enterprise operated in or from a business owner's place of residence in Calgary. This definition excludes telecommuters, supplementors, multi-level marketing organizations and manufacturer's sales agents or representatives, and is concerned strictly with self-employed individuals.
2. **Home-based income generation** includes work or production that results in income and is performed in or from the home instead of at an employment or business location (Capjack, 1990).
3. **Formal home-based business** refers to those businesses which appear in municipal, provincial or federal statistics as legitimate, registered home-based businesses, i.e. Revenue Canada - Taxation records or City of Calgary Home Occupation records.
4. **Home-based business owner** is the person (or persons) who performs the work and decision-making functions affecting the operation and

management of the business, carry a substantial equity position in the business and reside at the same address as the business.

NOTES - CHAPTER I

1. Many and varied typologies of home-based work have been used by researchers in the United States and Canada making comparison difficult. For example, Christensen (1987) suggests a broad definition of "home work" including any paid work done in or from the home, regardless of the employment status of the worker. Others introduce definitional parameters that qualify the home-worker among categories of home-work based on: number of hours worked (Horvath, 1986); mode of transportation to work i.e. "worked at home" (Beresford, 1985); primary facility i.e. "residence of the owner or in surrounding buildings such as a studio or garage" (Priesnitz, 1987); or producers of goods and services that operate in or from the home (Kraut, 1988).

Chapter II. REVIEW OF LITERATURE

This chapter explores two areas of literature which contribute to our understanding and interpreting the results of the present study. First, a discussion of relevant economic development measurement and models is presented. Second, significant home-based business research studies including a discussion of the societal impact of home-based work are reviewed in order to establish a theoretical context for the present study. This chapter concludes with a discussion of the significance of the Canadian national study of home-based businesses and of certain elements of the study which lacked adequate information for policy formation at the municipal level.

A. MODELS OF MUNICIPAL ECONOMIC DEVELOPMENT

Entrepreneurial activity is steadily increasing and is now recognized as a dynamic and vital force in current economic movements in North America. Several studies attest to the role of small businesses as creators of employment, economic vitality and wealth (Niehouse, 1986; Drucker, 1985 and 1990; Brockhaus, 1988; Swain, 1985; Birch, 1987). One measure of the increase in activity can be found in the number of self-employed individuals in Canada. According to Statistics Canada, the number of self-employed Canadians increased from 9.0 to 11.34 percent of the total of employed Canadians between 1981 and 1991. Furthermore, an additional 5.6 percent of Canadians declared themselves "self-employed" between January, 1992 and March, 1993. As well, the share

contributed by small businesses to gross domestic product (GDP) increased from 33 percent in 1981 to 38 percent in 1991 (Growing Small Businesses, 1994).

Accompanying the reported increase in entrepreneurial activity is renewed interest in entrepreneurship by researchers, educators, and policy makers (Botting, 1990). Vesper (1982) concurs suggesting three broad waves are sweeping the area of entrepreneurship. First, there is an explosion of literature on the subject, from biographies to how-to books in the popular press. Second, there is an increase in the number of course offerings in entrepreneurship at the college and graduate level. He suggests that this increase is due in part to an increased desire for information on the subject. Finally, there is increased interest from Government at the federal level in the area of small business.

McMullan and Long (1990) concur with the increase in interest in entrepreneurship, suggesting that there is evidence that entrepreneurship is emerging as a new discipline. The formation of new professional associations, specialized trade journals, a new body of scientific research, and distinctive forms of educational programming can be taken as signs of a new discipline. The extent to which entrepreneurial activity contributes to municipal economic development activity is the subject of the following section.

In his extensive writings on the subject of entrepreneurship, Schumpeter (1934), as cited in McMullan and Long, (1990) and Harding and Jenkins, (1989), suggests that entrepreneurship and the resulting "[economic] development is a distinct phenomenon, entirely foreign to what may be observed in the circular flow or in the tendency towards [economic] equilibrium". He argues that

development is "spontaneous and discontinuous change in the channels of the flow, disturbance of economic equilibrium, which forever alters and displaces the equilibrium state previously existing," (Schumpeter, 1934, p. 56), and can occur with one or all of the five following cases:

1. the introduction of a new good or of a new quality of good,
2. the introduction of a new method of production,
3. the opening of a new market,
4. a new source of supply of raw materials or half-manufactured goods,
5. the new organization of an industry.

To Schumpeter, entrepreneurship is the carrying-out of new combinations of the means of production and the entrepreneur is the person or group of persons who make it all happen. He suggests that economic development occurs as a result of change within the sphere of economic life as opposed to those changes forced upon it from without (Schumpeter, 1971).

Until recently, few definitions of economic development have included social factors. One definition that utilizes both social and economic indicators was developed by The Economics Society of Northern Alberta (1994), where increased per capita disposable income, increased employment, increased investment opportunity and improved quality of life are taken as signs of economic development. It is this "new and improved" definition of economic development which is supported here.

1. Measuring Economic Development

How, then, is the economic development potential of businesses measured? Typically, one or a combination of three estimates is applied: 1) new job creation, 2) income generation and 3) additional business generated. These estimates are described in more detail below.

Birch (1981), as cited in McMullan and Long (1990), contends that the most evident consequence of new venture start-ups is more new job creation. After studying the records of 5.5 million firms during the period 1969 - 1976, he concluded that roughly 80 percent of new jobs are created by firms that had fewer than 100 employees in 1969. In a subsequent study, Birch (1987) finds that US companies with fewer than 20 employees create 98 percent of all net new jobs. Small enterprise, he says, not giant corporations, are the major force that drives a volatile but growing economy. The job creators are the relatively younger ones that start-up and expand rapidly.

A review of Canadian data supports the contribution of microbusiness to employment. Between 1979 and 1987, businesses with fewer than five employees accounted for 51 percent of the new jobs created in Canada (The State of Small Business, 1989). In 1991, there were over 106,000 employers in Alberta. Over seventy-three percent of these businesses employed less than five people, accounting for over \$3.1 billion in wages paid to over 143,000 employees (Statistics Canada). Another Canadian report noted that it was the firms with fewer than 5 employees that created fifty percent of new jobs between 1979 and 1987 (The State of Small Business, 1989). Between 1989 and 1991, businesses with

fewer than five employees in Alberta were responsible for creating over 69 percent of net new jobs (Statistics Canada).

Others have considered income generation as a measurement of wealth creation and subsequently, potential economic development (Preisnitz, 1987; Capjack, 1990; Orser and Foster, 1992). Orser and Foster (1992) report that the median gross business income for self-employed Canadians with business incomes over \$25,000 was \$68,100 for females and \$70,400 for males in 1989.

Another perspective of economic development is the amount that businesses spend on products and services for their operation. Orser and Foster (1992) report that the higher the business gross income, the greater the expenses for materials, supplies, advertising and professional fees. For example, Link Resources estimates that 68 percent of computers sold in the United States in 1991 were purchased for use in a home office (Globe and Mail, Jan. 4, 1992). American home-based businesses spend an average of \$740.00 annually on equipment and \$240.00 on supplies per business which translates into a \$10 billion market in the United States. Orser and Foster (1992) report higher operating expenses for Canadian home-based operators, averaging \$3,100 spent for purchases, supplies and materials in 1989 for firms earning over \$25,000 gross business income.

Vesper (1982) suggests that in addition to job creation, income generation and additional business generated, "virtually all new ventures, almost by definition, contribute innovations to the economy, regardless of what their lines

of business may be," (Vesper, 1982, p. 112). He also recognises the importance of what he calls "the pursuit of happiness" of entrepreneurship as a path for career happiness not available to those choosing employment over self-employment.

2. Models of Municipal Economic Development

In addressing the potential contribution of home-based businesses to local economic development, two municipal approaches can be distinguished (Shapero, 1983; Birley, 1986). The first is a "top down" model of municipal economic development that focuses on corporate employment and holds that work and labour are transacted "in the public sphere" while the home remains "the private sphere". The second is a "bottom up" model of growth and is based on small and medium venture development. This model is based on the view that entrepreneurship contributes to sustainable economic development. These models are discussed in greater detail below.

The traditional approach to local economic development has been the "top down" model (Stohr, 1981; Taylor, 1981). This model supports the enticement and relocation of large, clean industry periodically leaving neighbouring municipalities in a position of competition as they struggle for self-sufficiency and autonomy (Birch, 1987). Large operations are often lured through tax discounts on land, sewage and water, and in some cases tax holidays (Orser and Foster, 1992). In Calgary, municipal economic development often involves economic diversification initiatives in order to reduce its reliance on the agriculture and oil and gas industries.

This approach to development and diversification has been criticized as "foot loose" with limited success. Stankovic (1991) reports that the positive effects of top down development are often exaggerated and the negative impacts downplayed.

The number of firms relocating is relatively small, the majority of these moves take place over distances of less than twenty miles; while small municipalities have a very limited influence on corporate decision makers (Stankovic, 1991 as cited in Orser and Foster, 1992, p. 45).

The top down model to economic planning is recognized as critical to Canada's international competitiveness and productivity, but it is not recognised as stimulating growth. Home-based businesses are considered a part of the bottom up model of municipal economic development. The bottom up model is considered complementary to, rather than a replacement of, the top down approach.

The bottom up model of economic development has been referred to as the "sustainable" community concept, which implies less reliance on resources and supplies. Instead, the economic development initiatives are targeted to fostering community self-reliance and the use of local resources. Home-based entrepreneurship is recognized as a subset of the sustainable development concept. A number of studies support this perspective (Botting, 1990; Dykeman, 1989). Reporting on a survey of 112 municipalities of B.C., Bowden (1991) suggests that municipalities are well aware of the economic development and job creation potential of home-based businesses; 40 percent of respondents indicated

that they believed home-based businesses were contributing an additional 50 - 100 percent to economic activity in their municipality.

Stankovic (1991) summarized the trend and the contribution of entrepreneurship and small business to communities as follows:

- Local businesses expand in their communities of origin and are important agents for economic revitalization in older, inner city neighbourhoods.
- Local businesses are an important source of labour for the local unemployed labour force and through community-based initiatives, for "marginal" workers like the physically challenged.
- As a supplier and consumer of local goods and services, local businesses strengthen the local interdisciplinary linkages.

Bowden (1991) suggests several positive effects of home-based business activity on municipalities:

- Increased employment and opportunities for many people who would otherwise be unemployed, such as the elderly and disabled.
- Increased disposable income benefit the community both socially and economically.

- Police statistics indicate that the presence of adults in neighbourhoods during the day significantly reduces theft and vandalism, thus increasing the safety and security of a community.
- Small businesses including home-based businesses, create jobs as the number of large manufacturing and production oriented jobs continue to decrease.
- The home serves as a natural business incubator where small businesses can grow.
- A less tangible benefit is that home businesses appear to reinforce "traditional values" by promoting self-sufficiency and a sense of community.

Bowden also discussed possible negative effects of home business activity which depend on the type of home occupation, its size of operation, and its location. These include:

- Change in the character of the neighbourhood due to increased traffic and parking, noise and changes in neighbourhood appearance.
- Nuisance to neighbours who were not anticipating home business activity.

- Home occupations can place additional strain on local services and facilities, such as water, sewer and garbage disposal.
- Many local business owners perceive that home businesses create unfair competition in that they are not subject to high overhead costs found in commercial areas, and more rigid licensing requirements.

Bowden argues that if left completely unregulated, both the positive and negative effects caused by home businesses will materialize, "unfortunately, the way many communities regulate home occupations to ensure the elimination of the negative effects of home businesses also terminates the opportunity for communities to take advantage of those businesses that would have a positive impact on the municipality," (Bowden, 1991, p. 26).

Frazer (1988) reports that the social benefits claimed for home-based businesses include lower consumer prices; increased employment; incubation of new enterprises; increased capital formation; decreased use of public highways, transportation and fuel; and greater consumer choice due to the filling of economic niches by these enterprises. She also recognises the social costs associated with home-based work which may include detrimental effects on a neighbourhood, overburdening of public services and facilities, unfair competition, and tax evasion.

The bottom up model of municipal economic development, which incorporates home-based businesses as a legitimate undertaking, a service to local

constituents and a reflection of changing work norms, is likely to receive more and more attention from policy makers as corporations continue to downsize (Stankovic, 1991; Dykeman, 1989; Bowden, 1991). The federal government has recognized the important social and economic contribution of entrepreneurship, and has expressed its intention to develop, grow and create better opportunities for Canadians through support of small businesses (Growing Small Businesses, 1994). The following section reviews those studies that have added to our understanding of home-based entrepreneurship in Canada.

B. HOME-BASED BUSINESS RESEARCH

Since 1987, several studies have appeared which trace the development of new venture start-ups and report that anywhere from 50 to 70 percent of businesses are started in the home (Good and Levy, 1992; Pratt, 1991). Reporting on a study of newly registered or incorporated firms in Alberta between the period January 1987 and September 1991, Steier and Greenwood, (1991) indicate 52 percent of new businesses were started in the home, defined as the location of the registered office of the corporation.

An analysis of 1981 Canada Census data indicates that 6.5 percent of the workforce was home-based in 1981 compared to 8.6 percent in 1991. This increase is perhaps artificially low because of the decline in employment in the agriculture, forestry, and fishing sector (Statistics Canada - Perspectives on Labour and Income, 1986).

Current literature in the areas of home work and home-based businesses in Canada can best be described as exploratory. Until very recently, empirical research in Canada consisted of few sketchy studies covering narrow regional issues. However, more research has been performed in the United States. Canadian researchers often resorted to extrapolating U.S. data in order to obtain a glimpse at the Canadian scene, a process which assumes comparable societal characteristics.

Home-based business research had its beginnings as the study of "remote" work, i.e. telecommuting, in the nineteen seventies. Several researchers contributed to an understanding of home businesses indirectly. Jack Nilles coined the term "telecommuting" in his early research into reduced energy use. By substituting the automobile with a computer terminal, Nilles proposed that office work could be done in the home or in satellite offices located close to worker's homes in order to partially or completely eliminate the commute to the centralized office site. Thus, Nilles is credited with pioneering the study of remote office work (Nilles, 1974 as cited in Venini, 1988).

Olson (1983), Pratt and DeSanctis (1984), Christensen (1985) and Ramsower (1989) performed several of the earlier studies and accounts of homeworkers and home-based remote office work, i.e. telecommuting. A subsequent work by Olson in 1985 questioned readers of *Datamation Magazine* about the desirability of home-based work, either full- or part-time (Olson, 1985). This was the first major study to distinguish the home-based worker from the home-based entrepreneur.

Since the mid-1980's, several studies have appeared that deal specifically with the home-based entrepreneur - some concentrating on the socio-psychological aspects of homework (Ramsower, 1989; Daniels, 1983), on the potential economic impact of home-based self-employment (Good and Levy, 1992), and others grapple with a multidisciplinary approach (Priestnitz, 1987; Capjack, 1990; Orser and Foster, 1992). It is difficult, and perhaps short-sighted, to isolate a study of home-based work in one discipline or another. Home-based work is one alternative work arrangement involving both social and economic implications. The following section begins with a review of those studies that highlight the social implications of home-based work and is followed by a review of the more economically-based studies.

1. Social Implications of Home-based Work

Many researchers, such as Christensen (1987), suggest that the significant increase in entrepreneurship and home-based work is due in part to changing societal values related to family, work and money. In a survey of 14,000 American home-based workers, her results indicated that the homeworkers chose to work at home 1) to ease conflicts between work and family life, 2) to increase autonomy, and 3) to move away from the bureaucracy and office politics associated with larger organizations.

Christensen (1987) also attempted to disprove the technological determinist argument, which sees the increase in home-based activity as a result of improved access to computer technology. She found that only one in three home-based

workers and entrepreneurs use computer technology to perform their work, suggesting that computers are used as tools to perform work, but are not the reason for selecting home-based work. She concluded that values, not computers, drive the initial decision to work at home.

Christensen also reported that "home-based women" workers and entrepreneurs need to renegotiate work and family obligations. Even though homework presents a relatively simple solution to complex work and family problems, the present day division of labour, forces women to perform home and work duties often single-handedly. She suggests that the pre-industrial organization of family labour is better suited to today's home-based work.

Plummer (1989) suggests that as a society, we are becoming less concerned with social status and outer appearances and are becoming more sensitive to the need for self-fulfilment and personal satisfaction. Plummer states that "new attitudes have meant that work should not be burdensome, but fun. Many want to ensure that their future workplace will be enjoyable, hence their intentions to work for themselves rather than someone else in a large and potentially bureaucratic workplace," ("Changing Values", *The Futurist*, p. 22).

Orser (1991) argues that traditional economic and social paradigms are not necessarily appropriate in the study of home-based entrepreneurship. She argues that existing paradigms fail to consider evolving work and family norms.

The traditional production model of economic theory is based on a "rational exchange" process and does not incorporate or factor the values, emotions, and sentiments of the work force. Exploratory research on home-based entrepreneurs indicates that homework may present different patterns of satisfaction than on-site entrepreneurs

and corporate workers; conventional theories of work motivation and reward structures may also be inappropriate. (Orser, 1991, p. 8).

She cautions researchers, academics and policy makers to bear in mind the limitations of traditional paradigms when designing research or formulating new policies to regulate home-based activity.

Olson (1989 b) reports that home-based work offers freedom and flexibility of scheduling, autonomy, convenience and higher productivity due in part to less commuting. Respondents listed isolation, increased stress and longer hours as disadvantages to working from or in the home. Olson discusses the potential of home-based work to add to the possible conflicts of combining home and work locations, such as child-care issues and division of labour in the household.

King (1990) concurs with these results. His study of home-based work found that most preferred the flexibility and autonomy that working at home offered. He also reported that interruptions and the distractions of mixing home and family life were cited by participants as disadvantages. Good and Levy (1992) report that for many people, the choice to operate a home-based business appears to be a lifestyle decision reflecting a personal career choice and not one based necessarily on financial considerations. They argue that the home is becoming an incubator for many new businesses due to its lower start-up costs and reduced risks.

Priesnitz (1991) reported that home-based business owners sought to take more control of their own lives. In short, she assumes our value system is changing, and changing the way and the importance of work. Other values, rather

than loyalty to one organization for most of our careers, are receiving a higher priority. In a special report on Canadian society and changing social trends, Statistics Canada (1991) reported that more and more Canadians are opting for 1) more flexibility in employment, 2) more recreation and leisure time, and 3) more time with family members, at the expense of lower income if need be.

Olson (1989 b) and Costello (1989) report in two independent studies that men and women enter the home-based workforce in different ways and for different reasons raising important issues regarding the gender segmentation of the labour market. They suggest that more highly paid forms of home-based entrepreneurship tend to be the preserve of professional males who may bargain for work prior to leaving the job market, thus prearranging their sources of income (Olson, 1989 a and b). On the other hand, women tend to turn to home-based work in an attempt to find a solution to the conflict between work and family demands (Costello, 1989). Costello suggests that home-based work is a solution that can have many costs, with women bearing the burden of trying to juggle work and child care in the same space and time.

Allen (1985) suggests that the future of home-based entrepreneurship requires a re-visioning of the relationship between home and work life and a restructuring of the class, race and gender relations which help to constitute both home and workplace. Her work concurs with Christensen (1987) that for women, home-based entrepreneurship can mean added difficulty as they struggle to balance work and family life within the home.

The popular press is loaded with reports of a new social arrangement. Naisbitt (1982) and Toffler (1980) have each predicted the trends that now seem upon us - cocooning, burrowing, telecommuting, homepreneurship. What is needed is a more thorough understanding of the reasons behind the choice of home-based entrepreneurship, thus contributing to our knowledge of what may be a new social paradigm. The next section reviews those economically-based studies that contributed to our understanding of the characteristics of home-based businesses.

2. Descriptive Studies of Home-based Entrepreneurship

In Canada, Priesnitz (1987) has reported from an on-going study of women-owned home-based businesses that the businesses are young, 63 percent have been operating only 2 - 5 years and preclude longitudinal studies. As well, Priesnitz reports 10 percent of the businesses are professional, 25 percent are craft-related, 25 percent offer business services, 10 percent offer child care, and the final 20 percent are involved in a variety of businesses. Priesnitz also reports that nearly one-half of the respondents indicated gross earnings of between \$15,000 - \$50,000 annually; 40 percent use their home business as their sole income; 50 percent invested under \$1,000 start-up capital with the major sources of funding being personal savings, family and friends.

In a study of rural home-based entrepreneurship in Alberta, Capjack (1990) reports the typical home-based business owner studied was a well-educated

married female over the age of 40 with small children living at home. Over half of the businesses involved fabrics, sewing or crafts. Over half of the businesses were supplementing the family and/or farm income. Capjack reported that the average hourly income was \$7.50 per hour and that most home-based business owners felt that their salary was not adequate compensation for their time and expertise. Owners mentioned that they liked being available to care for their children at home, and enjoyed the challenge and flexibility of home-based work.

Good and Levy (1992), reporting on a study of 160 new business registrations and incorporations in the province of Manitoba, found that 113 (70 percent) were reporting principal operations from home. Thirty-eight percent of the start-ups were engaged in service-type operations, and another 18 percent in retail and 12 percent in construction. They reported that the results of the study concurred with those of a study by the National Centre for Policy Analysis which found approximately 63 percent of the sole proprietorships in the U.S. in 1980 were located in somebody's home.

The Canadian Federation of Independent Business (1994) reporting on a survey of 2900 members indicated that 9 percent of respondents were operating a business from their homes. They also reported that the presence of home enterprise in the marketplace was significant as 32 percent of respondents indicated that home businesses were among their suppliers and 53 percent indicated that home businesses were among the customers of their own businesses. Ted Mallet, senior economist for the CFIB, argues that home-based businesses are not responsible for creating unfair competition. Instead, he feels the problem

lies with a discriminatory tax structure that has been exposed by the home business phenomenon, where high property taxes are profit-insensitive and severely restrict the abilities of businesses to develop and create jobs. He concludes that home-based businesses are deeply rooted throughout the economy and are far from marginal in their economic impact. The following section reviews the significance of Canada's national home-based business study, *Home Enterprise. Canadians and Home-based Work* (Orser and Foster, 1992).

3. Home Enterprise. Canadians and Home-based Work

The most substantial study of home-based entrepreneurship in Canada to the present time was released in 1992. *Home Enterprise: Canadians and Home-based Work* (Orser and Foster, 1992) was the first empirical study of home-based entrepreneurship at the national level. The mandate of the Home-based Business Project Committee, comprised of a number of federal, provincial and territorial representatives, was fourfold. The objectives were first, to investigate the extent of home-based work in Canada; second, to assess the economic impact of home-based entrepreneurship; third, to identify the regulatory issues relating to home-based enterprise; and fourth, to provide guidelines to municipalities for promoting a positive community environment which could enhance home-based economic activity. Underlying the objectives of the research was the broader question of whether home-based work is a temporary stopping-off point for Canadians, or whether it is a sign of changing work norms.

Using primary data collected from a 1991 Gallup Poll and a survey of home-based business members of the National Association of Home-based Businesses, Orser and Foster reported on the uniqueness of the Canadian experience. They report that over 2 million Canadian households are involved in home-based work activity, as a self-employed full-time or part-time business owner, a supplementer (an employee who brings work home), or a telecommuter (an employee who spends the work day at home). Orser and Foster estimated that approximately 1.25 million Canadian households are operating a business in the home, either full-time or part-time, which translates into one out of every fourteen households.

The Orser and Foster study findings shed light on the national characteristics of the home-based business phenomenon in Canada. Their findings were significant and sometimes surprising. Their major findings are summarized in Table 2.1. Orser and Foster conclude that further research must be conducted into the economic and societal importance of home-based work.

The national study results cannot be generalized to any one particular region or municipality of Canada due to limitations of the research instruments and collection plan used as subtle attitudinal and behavioral differences exist between and across regions of the country.

Table 2.1 Major Findings of the Orser and Foster Study (1992).

COMPONENT REVIEWED	SUMMARY OF FINDINGS
PRODUCTION	The National Home-based Business Project Committee
SOURCE OF DATA	1991 Gallup Poll of 1040 Canadians and Home-based Business Owners survey
CLASSIFICATION OF HOME-BASED WORKER USED	Based on Kraut's typology: home-based self-employed, supplementer, or telecommuter
ESTIMATE OF HBB ACTIVITY	1.25 million home businesses, or one out of every fourteen households
OWNERSHIP STATUS	No major gender differences in propensity to be self-employed for the primary job. Men are more likely to be self-employed for the secondary job. Incorporated businesses (8 percent) are more likely to be full-time, primary income home businesses
DISTRIBUTION OF WORKING TIME	42 percent of self-employed spend all or most of their time at home. Those who work at home also indicate spending a great deal of time in their vehicles (30 percent of time) or at client locations (32 percent)
TYPE OF BUSINESS, INDUSTRY OR SERVICE	The top three categories reported: business services - 33 percent; manufacturing and processing - 23 percent; retail trade - 14 percent. Fifty percent of the home-based businesses surveyed are service-oriented.
LENGTH OF TIME IN BUSINESS	65 percent less than three years of age
DEMOGRAPHIC PROFILE OF THE HOME-BASED WORKER	More males than females (58 percent), 22 percent of full-time workers are over the age of 50, bimodal income distribution, 48 percent of home-based workers live in a rural area, 60 percent reported high school or less education
AVERAGE ANNUAL GROSS BUSINESS REVENUE	\$30,300.00
JOB CREATION	2.28 full-time jobs, 1.38 part-time jobs including the owner
ADDITIONAL INCOME GENERATED	\$3,100.00 average spent on office equipment; the higher the gross business income, the greater the amount spent for materials, supplies, advertising and professional fees

CONCLUSIONS	<p>Home-based work is a sign of changing work norms because of: increased number of women in the workforce, increase in service-oriented businesses, corporate downsizing, increased education, increased value being placed on family obligations, technological innovations</p> <p>Home-based business is an important contributor to local economic development and is likely to continue over the next decade</p> <p>Further research should be conducted on the social and economic importance of home-based activity, particularly qualitative research to enhance information already collected on attitudes and behaviours of home-based business owners</p>
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Source: Compiled from Home Enterprise. Canadians and Home-based Work (1992) published by the National Home-based Business Project Committee.

The Gallup Poll conducted for the study surveyed 1040 adults across Canada, stratified by six community size groups. It is possible for a small sample to miss the subtleties of home-based labour. For example, it is not known how many surveys were actually completed in each municipality, but 105 enumeration areas were selected. This means that approximately 10 surveys were completed in each enumeration area. It is impossible to statistically validate a sample of 10 persons, therefore, much of the detail of home-based municipal activity has not been discovered. This limitation of the study was clearly identified by the authors. Orser and Foster recommended that their study be replicated in other areas of Canada so that a more complete picture of the phenomenon could be drawn.

As well, the home-based business owners survey sample was not a random sample of all Canadian home business owners. The majority of the members of

the association reside in eastern Canada, therefore, it is possible that the results obtained from the survey are biased in that the local or regional issues of eastern Canada are overrepresented.

The research strategy of the national study did not include the collection of qualitative data which would allow for a more thorough investigation of antecedent factors, such as the motivations behind the selection of home-based work, the owners satisfaction with the decision to work at home, and the advantages and disadvantages of home-based work.

The data collection and sample selection plans of the national study prevent an interpretation of the results other than at a national level. It is possible that pockets of higher or lower home-based business activity exist across the country. The challenge is to locate those areas of Canada in which the economic and social contribution of home-based businesses is most significant.

Replication of the national study in various municipalities would identify those areas of home-based activity in Canada which are significantly different from others. In this way, we can be made more aware of the relative strengths and weaknesses of regional home business activity. Identifying the more significant areas will allow for analysis of those factors contributing to the success of home business activity and for implementation of measures to improve the contribution of home businesses in those areas where activity is lower.

Replication will also allow for an analysis of the types of home businesses being operated around the country and of the demographics of the owners. Is there a relationship between level of education and the incidence of home-based

work? Are the owners more likely to be younger or older, male or female? These are a few of the questions that may be answered with comparative municipal data.

Estimates of the economic and social contribution of home-based businesses across the country will help to legitimize this form of work and may enhance our understanding of the changing social and economic trends that are contributing to this phenomenon.

C. SUMMARY

This chapter began with a discussion of the literature in two relevant areas: 1) models of municipal economic development and 2) home-based business research, providing the basis for developing the theoretical background of the present study. Home-based business research must continue to explore the many and varied economic and social issues arising from home-based work. Ideally, home-based entrepreneurs will come to be recognised as a distinctive segment of societal and economic development. Only then, will home-based entrepreneurship be effectively supported and encouraged in Canada.

Chapter III. RESEARCH DESIGN AND METHODS

This chapter reviews the research design selected for the study, the populations, sample selection, instrumentation and calculations used during the random telephone surveys and the focused discussion groups. In addition, the rationale behind the survey instruments developed for the telephone surveys and the interview guide developed for the focused discussion groups will also be presented.

A. RESEARCH DESIGN

A research design and method was developed which would capture sufficient information to answer the research questions proposed in Chapter One as well as to provide data that could be sufficiently compared to that of other Canadian studies. The lack of empirical research on the phenomenon and on the characteristics of home businesses in Calgary supports a descriptive research strategy. A combination of qualitative and quantitative methods was chosen for this study.

Quantitative data was collected during the administration of 455 random household telephone surveys. The surveys provided an estimate of the total number of home-based businesses operating in the city of Calgary and of the demographic characteristics of the home-based business owners.

Qualitative techniques were used in order to assess the complex issues

surrounding home-based business ownership in Calgary. Discussion groups provided an opportunity for the researcher to get beneath the surface of home business characteristics and to discuss those activities and issues with the owners which may not be adequately covered with a survey instrument, such as the fundamental motivations behind their decision to start a home business.

The research design chosen required the collection of data from two separate populations. These are discussed below.

B. RANDOM TELEPHONE SURVEYS

1. Population and Sample

No sample frame exists which lists all home business owners in Calgary. Fragmented lists are available from various organizations and associations, but such lists would not insure a random city-wide sample. The survey population, therefore, includes all Calgary Census Metropolitan Area (CMA) households with an active residential telephone number. The Calgary Civic Census published in April, 1993 estimates 274,000 Calgary CMA households.

A personal computer was used to randomly generate a list of 3000 Calgary telephone numbers using all 98 Calgary telephone prefixes, i.e. 242, 246, etc. listed in the Calgary and Area White Pages Telephone Directory. This process assumes an equally random chance for every neighbourhood in Calgary to be selected, thus reducing selection bias.

Using the sample proportion calculation (Emory and Cooper, 1991, p. 258)

below, an estimate of the sample size required to achieve a standard error of the proportion no greater than .0255 was found to be 110 completed surveys.

$$1) \quad \sigma_p = \sqrt{\frac{pq}{n-1}}$$

$$2) \quad \frac{.05}{1.96} = \sqrt{\frac{.0833 \times .9167}{n-1}}$$

$$3) \quad .0255 = \sqrt{\frac{.0764}{n-1}}$$

Solving for n:

$$4) \quad n = \frac{.0771}{.0007}$$

$$5) \quad n = 110$$

An estimate of the proportion of households exhibiting the attribute in Calgary (p) was necessary for the calculation of sample size. A proportion of one in every twelve (.0833) households was used, which reflects a slight increase over the one in fourteen proportion (.0714) reported by Orser and Foster (1992) who forecasted a 10 percent per year increase in home-based business activity in Canada.

2. Data Collection Instrument

Prior to the development of the telephone questionnaire, an informal discussion group was held on November 20, 1993 with 9 home-based business owner participants known to the researcher, all of whom had six or more months of experience operating their businesses. The purpose of the discussion was to gain insight and direction for the design of the survey instrument and to get feedback on the 'sensitivity' of demographic questions. The discussion group also helped to establish a list of potential questions and most frequent responses.

From the initial focus group it was concluded that two questionnaires be developed; 1) a shorter questionnaire for those respondents who were not presently operating a home-based business (Appendix A, "Home-based Business Informational Research Questionnaire"), and 2) a detailed questionnaire for home-based business owners identified during the administration of the survey (Appendix B, "Home-based Business Questionnaire"). It was felt that the data collected from the shorter questionnaire would provide insight into Calgarian's intent to start home-based businesses in the future and their reasons for not starting one yet.

The two questionnaires were developed with the aid of several other home-based business research questionnaires as examples (Orser and Foster, 1992; Priestnitz, 1991; and Capjack, 1990). A qualifying question was developed following Kraut's typology of what is and what is not a home-based business to reduce response error. The question involved giving the respondent a definition

of home-based businesses to eliminate non self-employed home workers, i.e., telecommuters and supplementers from the estimate, thus helping to reduce response and selection error. The question was read to the respondent as follows:

Do you or does any member of your household over the age of eighteen operate a home-based business - that is a profit-oriented business run out of the home either full- or part-time?

If the respondent answered no, the shorter questionnaire was administered which asked the respondent if they intended to start a home-based business within the next two years. If the respondents answered positively to the qualifying question, the longer survey was administered regarding the nature and characteristics of their businesses.

The longer questionnaire solicited information from the respondents on a number of characteristic variables. These included source of income, length of time spent operating the home business, type of business, legal registration, year started, number of full-time and part-time employees, annual gross business income, and frequency of bartering goods and services. Demographic information was also collected from the owners.

At the end of the home-business owner's survey, a short description of the focused discussion groups was given to the respondents. Each home-based business owner respondent was given an opportunity to be selected to participate in the discussion groups. A sample frame was developed using the names of those home business owners identified during the telephone survey who expressed an interest in participating in the discussions. This list was used later in the selection

of the focus group samples (see Section C "Focused Discussion Group Population and Sample").

The surveys were designed to be easy to administer and complete. Completion of the longer questionnaire took no more than 10 minutes and the questionnaires were precoded with the most frequent responses provided during the survey pre-test of 15 surveys.

3. Procedures

The University of Calgary Faculty of Management telephone facility was used on the night of January 4, 1994. A second confirmatory data collection took place on the evening of April 4, 1994. Seven interviewers were selected to participate and were given instruction on the nature of the study in which they were participating and on the administration of the questionnaire. Each interviewer was given a subset of 200 telephone numbers from the list of 3000 randomly generated telephone numbers. The interviewers were instructed to select the numbers in the order presented and not to retry busy signals.

C. FOCUSED DISCUSSION GROUPS

1. Population and Sample

Those survey participants responding positively to operating a home-based business were asked at the end of the survey if they would like to participate in a discussion group regarding the nature of home-based work. A sample frame of

22 home-based business owners was developed during the administration of the first telephone survey. Every second respondent was contacted to participate. All eleven owners contacted agreed to participate.

All participants were required to be 18 years or older and to have been operating their businesses for at least 6 months, so that some historical perspective had been developed. All participants were informed of the aims and objectives of the study, the nature of their participation, the confidentiality and eventual disposal of research records, and were required to sign a consent form (Appendix C).

The participants were allowed to self-select the focus group date which was more convenient for them to attend.

2. Interview Guide

Qualitative input drawn from the focused group interviews was included to assess the more fundamental motivational and satisfaction factors which have multiple ways of being stated by the respondents. Why was a home-based business chosen as the form of entrepreneurship? What are the disadvantages and advantages of home-based business ownership? More importantly, what do the owners intend to do with their businesses in, say, the next five years? These questions provide interesting discussion points.

Focused discussion groups were included in the data collection plan over the alternative of personal interviews. It was felt that home-based business

owners might enjoy an opportunity to meet other home business owners for the purpose of sharing information on their home businesses and their choice of home entrepreneurship. A friendly and supportive atmosphere was encouraged by the selection of an experienced moderator\facilitator, Sandy Penrose of the New Venture Development Program.

Participants were asked to describe antecedent factors, levels of satisfaction with their selection of a home-based business, plans for future growth and to develop a wish list of potential programs, products and services that they felt might improve the likelihood of their success. An agenda and interview guide was developed with the assistance of the study supervisors and the focus group facilitator (Appendix D).

3. Procedures

Focus groups were held on Saturdays, February 5 and 12, 1994 at 10:00 AM, and were facilitated by a member of the New Venture Development Program of the University of Calgary. The researcher helped with audiovisual equipment and refreshments. The focus group meetings were recorded.

D. MEASURES

The research questions proposed earlier in the study will be addressed with the following measures:

1. Number of Home-based Businesses

The proportion of home-based businesses operating within the city of Calgary was measured in the random telephone survey. This proportion, when multiplied by the number of households in Calgary, gives an estimate of the number of home-based businesses in operation in Calgary.

2. Demographic and Characteristic Variables

Demographic information was obtained from the telephone survey. Respondents were asked to indicate their 1) age, 2) average home-based business gross revenue, 3) marital status, 4) highest level of education, and 5) gender.

Characteristic information was also collected during the telephone survey. 1) primary or secondary income from home-based business; 2) average number of hours worked per week; 3) number of employees, including owner, family members and partners; 4) number of years their business has been operating from home; 5) the type of business or service from the list used by Statistics Canada on the Canada Census, used by Orser and Foster, 1992.

3. Needs, Concerns and Issues of Home-based Work

An assessment of the needs, concerns and issues of the owners was derived from the discussion groups. Participants in the focus groups were asked to discuss their motivations behind the creation of a home-based business, and to describe what they felt were the advantages and disadvantages of working from home.

Participants were also asked to identify commercial or municipal products, programs or services that they felt would improve their current business situation. Appendix D contains the interview guide and agenda used for the focused discussion groups.

4. Economic Development Potential

Focus group participants were asked to describe their future plans for themselves and for their businesses. An estimate of income generation and job creation potential was developed from the questionnaire. The discussion focused on the growth potential of their businesses and what they felt they needed to improve the likelihood of their success. Participants were also questioned on the advantages and disadvantages of operating a home-based business and to comment on the extent to which home-based self-employment has contributed to their personal satisfaction and quality of life.

E. ETHICS

This study was partially funded by the Canada-Alberta Partnership Agreement (CAPA) and a private Calgary donor. It was also reviewed by the Conjoint Research Ethics Committee of the University of Calgary. Each respondent signed a consent form as required by the University of Calgary C.R.E.C. (Appendix E).

Chapter IV. PRESENTATION OF RESULTS

This chapter presents the results and analysis of the data obtained in the random telephone surveys in relation to the research questions posed in Chapter One. This is followed by a discussion of the findings of the focus groups.

Statistical analyses were completed using Minitab® Statistical Software for the personal computer. Frequency distributions and graphical representation of the results were used to appropriately describe the distribution. Cross-tabulations were also used where deemed useful to the analysis.

Content analysis was used to examine the information contained in the focus group sessions. A preliminary pass through the discussion tapes identified general categories of responses for each question. The results of the two focus groups are not represented statistically but are discussed within the body of the text.

A. RANDOM TELEPHONE SURVEYS

The first random telephone survey was conducted on January 4, 1994. Two hundred and twenty surveys were completed, of which 15.45 percent ($n=34$) of respondents were found to be home-based business owners. This proportion was much higher than expected. In order to verify this result, a second random telephone survey was conducted on April 4, 1994 and administered by the same interviewers. An additional 235 surveys were completed. The proportion of the

second sample was found to 15.74 percent ($n=37$) closely matching the result of the first sample. A total of 1946 telephone numbers were called and a total of 457 surveys were completed. Two questionnaires were not useable because of recording errors and two persons refused to participate. With this result, a standard error of ± 3.34 percent of the proportion exists at the 95 percent confidence level.

This sample size was large enough to have a reasonable chance of detecting medium-sized effects (Light et al., 1990, p. 197). A chi square goodness of fit test was performed to determine if the two samples taken were representative of the Calgary population. The three classes examined included: 1) gender, 2) area of the city in which respondents resided, 3) and age of the respondent (in the second sample only). Results indicated that the respondents represented unbiased samples of the Calgary population. Fifty-nine percent and 41 percent of the respondents were male and female respectively ($X^2 = 5.65$, $p < .05$); all areas of the city were represented in the telephone surveys ($X^2 = 8.24$, $p < .05$); and the mean age of the respondents was 36.4 years ($X^2 = 9.26$, $p < .05$).

1. Extent of Home-based Business Activity in Calgary

The first research question proposed in the study regarded the extent of home-based business activity in Calgary. Specifically, in how many households is a full-time or part-time business operating?

Of the 455 completed surveys, 15.60 percent (n=71) of respondents were operating a home business. Of the 71 completed home-based business owner surveys, 57.75 percent (n=41) of respondents were operating a full-time home-based businesses and 42.25 percent (n=30) were operating part-time home-based businesses. Table 4.1 shows the proportion of home-based businesses in Calgary households to be 15.60 percent (n=71). With a standard error of 3.34 percent, the upper limit estimate of the proportion would be 18.94 percent and the lower limit estimate 12.26 percent.

Table 4.1 Aggregate Telephone Survey Responses

	Frequency	Percentage
Home-based Business	71	15.60
Intending to start an HBB	49	10.77
Not operating or intending	335	73.63
Unusable questionnaires and refusals	4*	0.00
TOTAL	455	100.00

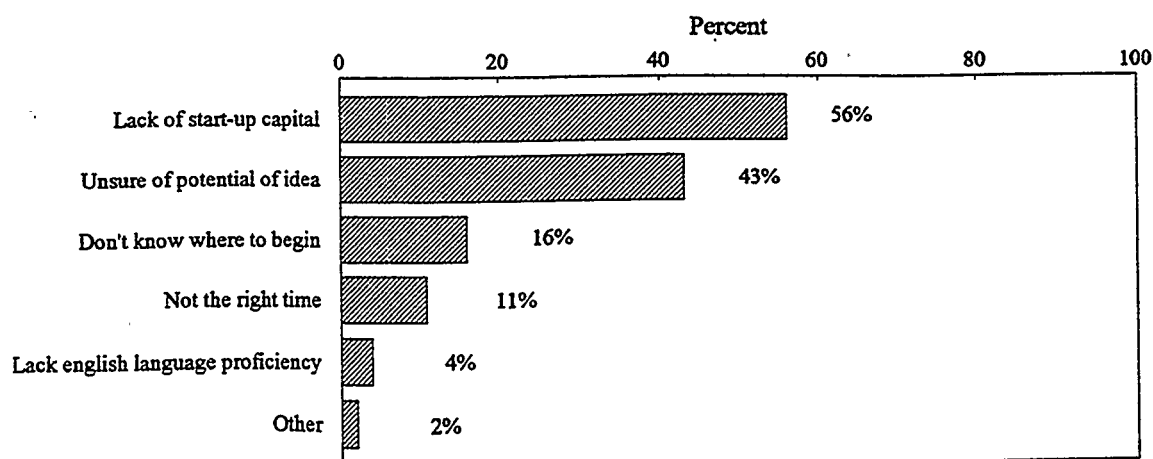
* = not included in calculation of percentage of responses.

Surprisingly, this result is double the national estimate of one in every fourteen households (Orser and Foster, 1992), and slightly higher than an

estimated 12 percent of U.S. homes that are "small business" households (Beresford, 1985 as cited in Orser, 1991).

A second surprising result was that 10.70 percent (n=49) of respondents who were not presently operating a home-based business indicated that they are considering starting a home-based business within the next two years. These respondents were questioned on the reasons why they had not started their home businesses. These responses are presented in Figure 4.1.

Figure 4.1 Reasons Given for Why Home Business not Started



n > 49 due to multiple responses.

The most frequent response for why their businesses had not been started was the need for start-up capital (56.10 percent, n=35), followed by uncertainty

of the market potential of the idea (42.85 percent, n=27). Several respondents indicated that they were just not sure how or where to begin to start a business (16.10 percent, n=10) or that a lack of english language proficiency prevented them from starting a home business (4.0 percent, n=3).

2. Characteristic Profile of Home-based Businesses

The second research question posed earlier in the study concerned the characteristics of the home-based businesses operating in Calgary as well as the demographic characteristics of the owners of these businesses.

Over half of the questions contained in the survey questionnaire obtained information on the characteristics of the home-based business. For 62 percent (n=44) of the respondents, their home-based business was the primary source of household income, as presented in Table 4.2 on the following page.

As reported earlier, 57.75 percent (n=41) indicated that they worked full-time on their businesses which was defined as "all or most of the time". Twenty-five percent (n=18) of the respondents worked half time, and 16.90 percent (n=12) of the businesses were operated "some of the time". These results are slightly higher than Orser and Foster's findings (1992) which reported that 52 percent of home-based businesses in Canada are operated on a full-time basis. A chi square test indicates that there is a relationship between "almost all of the time" work and primary income contribution, meaning that most full-time home businesses are generating primary household income ($X^2 = 79.93$, $p < .05$).

Table 4.2 Percentage of Source of Income by Amount of Time Spent

TIME SPENT	Primary Income (Percentage)	Secondary Income (Percentage)	All (Percentage)
Almost all of the Time (4 or more days)	50.70 (n=36) (e=18.04)	7.04 (n=5) (e=15.59)	57.75 (n=41)
Half of the Time (2 - 3 days)	9.86 (n=7) (e=11.15)	15.49 (n=11) (e=6.84)	25.35 (n=18)
Some of the Time (1 or less days)	1.41 (n=1) (e=7.43)	15.49 (n=11) (e=4.56)	16.90 (n=12)
TOTAL	61.97 (n=44)	38.03 (n=27)	100.00 (n=71)

e = expected frequencies are presented below observed frequencies and are used in the chi square calculation.

Home-based businesses were evident in a variety of sectors as presented in Table 4.3 on the following page for the city of Calgary. By far the largest category was business services and consulting, representing 36.62 percent (n=26) of the sample.

Home-based business owners were offering diverse services such as agricultural consulting, property management, accounting and bookkeeping services, marketing and financial management consulting. Operating a wholesale trade business from the home represented the next most frequent response (16.91 percent, n=12) and included such activities as the sale of gemstones, computer software, photographic supplies and satellite systems. Construction and childcare was performed by an additional 14.08 percent (n=10) each.

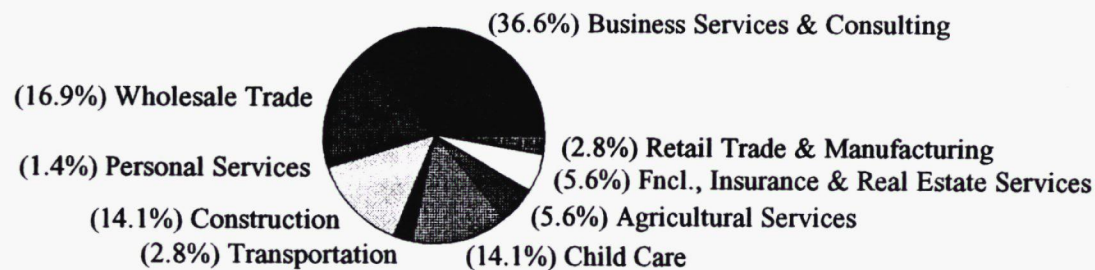
Table 4.3 Type of Business, Industry or Service

Business, Industry or Service	Frequency	Percentage
Business Services and Consulting	26	36.62
Wholesale Trade	12	16.91
Construction	10	14.08
Child Care	10	14.08
Agricultural Services	4	5.63
Financial, Insurance and Real Estate Services	4	5.63
Transportation	2	2.82
Retail Trade and Manufacturing	2	2.82
Personal Services	1	1.41
TOTAL	71	100.00

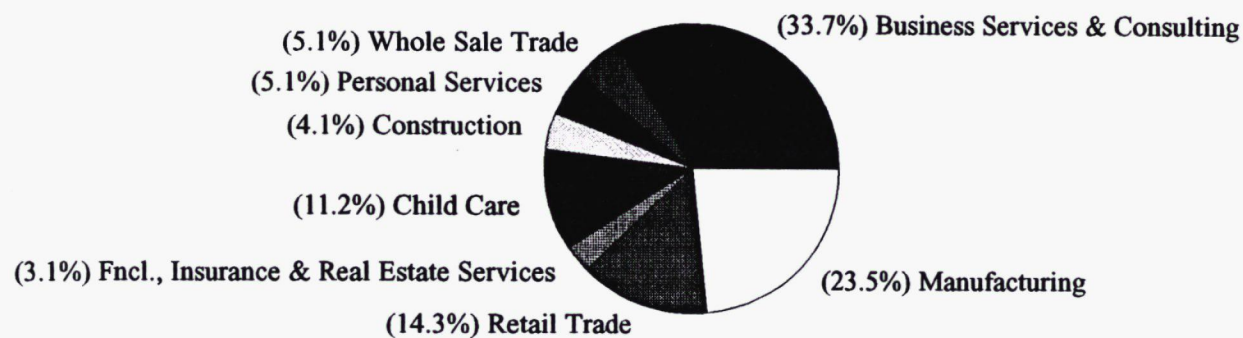
These results concur with the Orser and Foster study with the exception of manufacturing and processing which accounted for 23 percent of total responses, and construction which accounted for 4 percent of responses in the national study. The Calgary study showed lower manufacturing activity (3 percent, n=2) but higher construction activity (14 percent, n=10). Figure 4.2 compares the home-based business type results of the Calgary study with those compiled from the results of the national study.

Figure 4.2 A Profile of Home Business - Calgary vs. Canada

Calgary - Home-based Business Types



Canada - Home-based Business Types

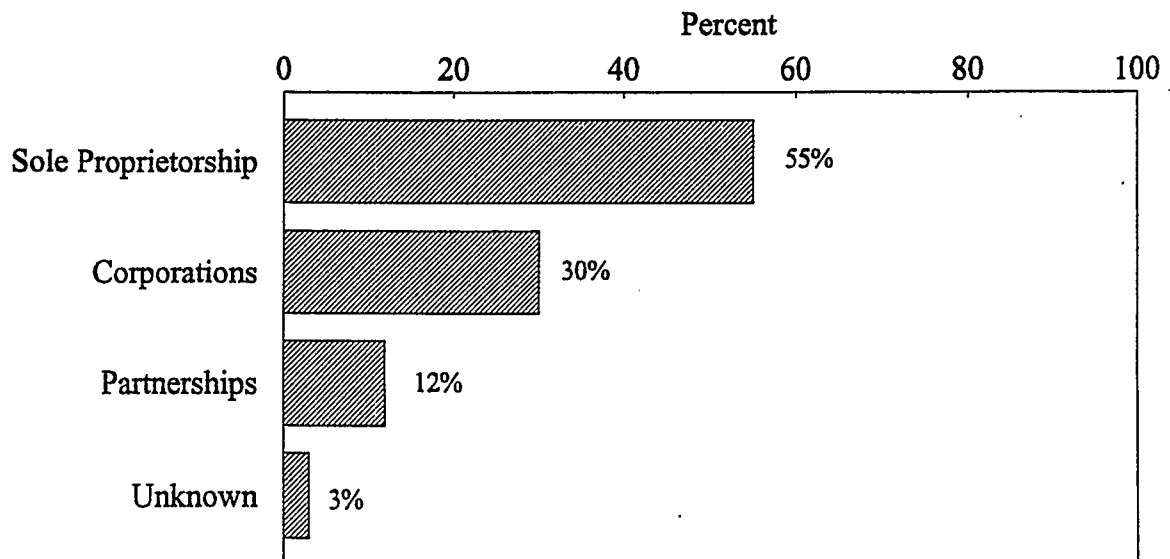


Source: Compiled from Home Enterprise: Canadians and Home-based Work (1992)

The majority of home-based business owners are self-employed, sole-proprietors (54.93 percent, $n=39$), although an additional 28.20 percent ($n=21$) of the businesses were incorporated, and 12.68 percent ($n=9$) of the businesses were partnerships as represented in Figure 4.3. Two respondents were uncertain about what business structure was and how they should respond to the question.

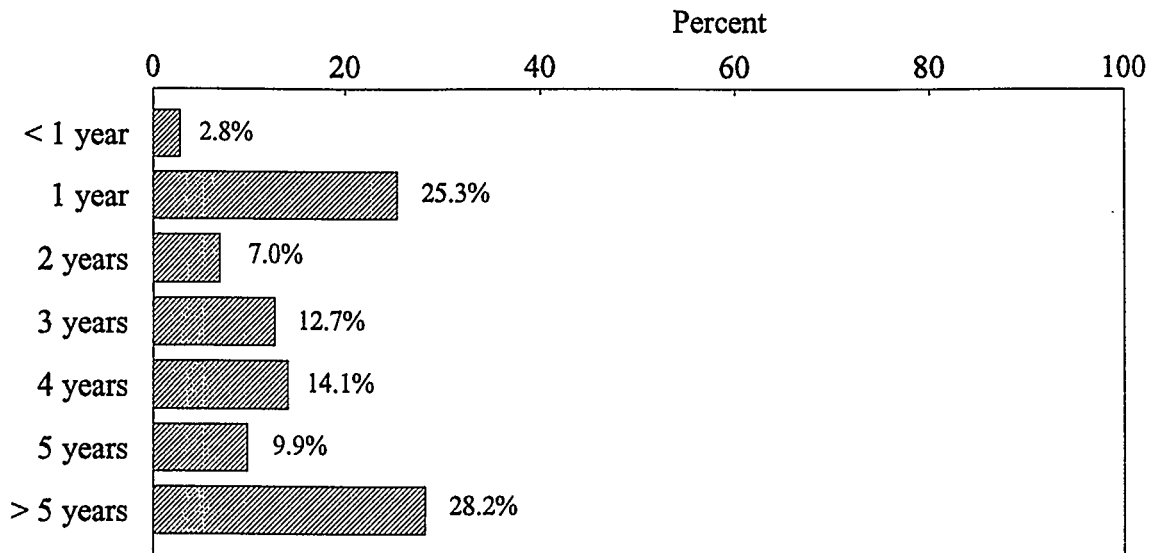
The Calgary sample exhibited a greater number of incorporated businesses than reported by Priesnitz (1991) who found 52 percent sole-proprietorships, only 12 percent incorporated businesses and 10 percent partnerships. Orser and Foster (1992) reported 55 percent sole-proprietorships, 12 percent partnerships and only 8 percent incorporations. (Reported figures do not equal 100 percent). Considering the average cost of roughly \$500.00 - \$1000.00 reported by respondents to incorporate their businesses, this finding is particularly interesting.

Figure 4.3 Type of Business Structure



The results of this study indicate that most of the home-based businesses are new, operating less than five years, with 62 percent having been started during the period 1990-present. This result concurs with Priesnitz (1991) and Orser and Foster (1992). An 18.30 percent increase over the number of home businesses started in 1992 is evident in 1993. An additional 10 percent of the businesses surveyed, however, had been started prior to 1980, as presented in Figure 4.4.

Figure 4.4 Number of Years in Operation



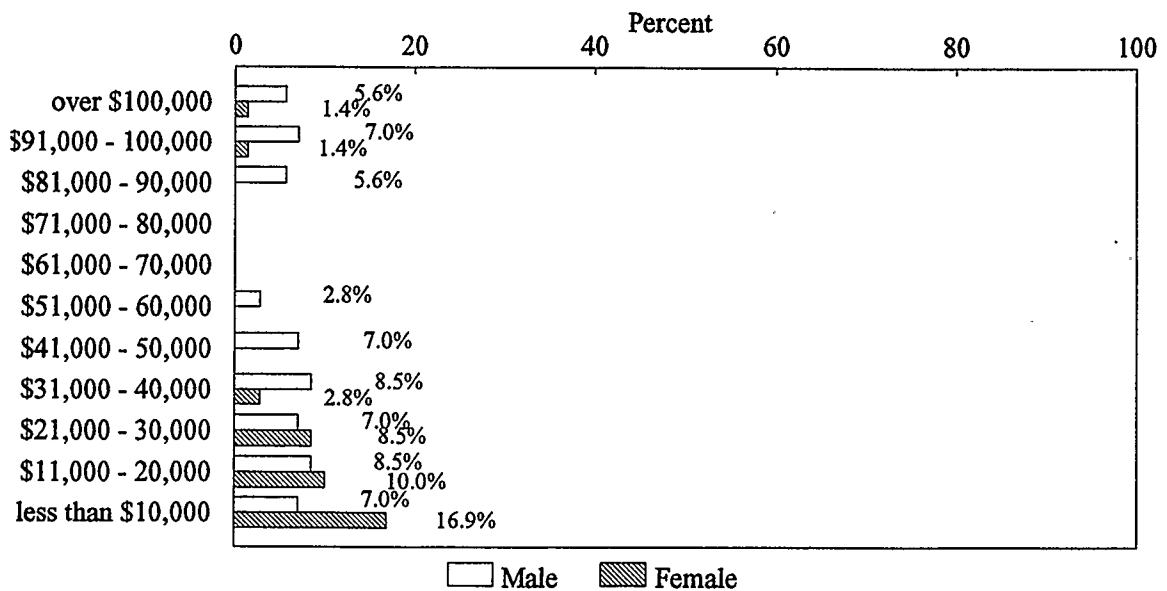
The number of part-time and full-time employees excluding the respondent is reported in Table 4.4. The mean number of part-time employees per business was 2.26, while the mean number of full-time employees was 0.83. The number of employees reported does not include the respondent, therefore these figures represent an estimate of the number of net new jobs created by the business over and above the position created by the owner (as calculated by Priestnitz, 1987 and Orser and Foster, 1992). The median number of employees for both categories was 1.0, implying that for most Calgarians, running a home-based business is a singular effort. The maximum number of part-time and full-time employees reported was 10.0 and 5.0 respectively. Additionally, 15 percent indicated that part-time and full-time work was contracted out on an as needed basis.

Table 4.4 Number of Part-time and Full-time Employees

	Full-time		Part-time	
Total Number of Employees	Frequency	Percentage	Frequency	Percentage
0	20	28.17	28	39.44
1	46	64.79	16	22.54
2	4	5.63	10	14.08
3	0	0.00	4	5.63
4	0	0.00	2	2.82
5	1	1.41	1	1.41
> 5	0	0.00	10	14.08
TOTAL	71	100.00	71	100.00

This study also found a bimodal distribution of annual gross business revenue as depicted in Figure 4.5 by gender. In general, more businesses earning less than \$20,000.00 were operated by women (27 percent, n=19) than by men (15 percent, n=11). More businesses earning over \$100,000 were operated by men (6 percent, n=4) than by women (2 percent, n=1).

Figure 4.5 Gross Business Income Distribution by Gender



These results are consistent with Orser and Foster (1992) and Priesnitz (1991). The average annual gross business revenue reported was \$35,300.00. Fifty-one percent of the Calgary sample reported a home business revenue below

\$30,000 in 1993, which is substantially lower than the average gross business revenue reported by commercial-site self-employed entrepreneurs as reported by Statistics Canada in 1991 of \$219,000. Pratt (1987) argues that the relatively low gross business income reported by many home-based businesses is due to the youth of these businesses.

Cross tabulation revealed that full-time business services and consulting generated the highest reported gross business revenue of \$91,000 - \$100,000, followed by financial and real estate services with a highest reported revenue of \$41,000 - \$50,000, and construction with a highest reported revenue of \$31,000 - \$40,000. Not surprisingly, the lowest reported gross business revenue generated was part-time or "some of the time" social services (child care) with a median revenue of less than \$10,000.

Estimating self-employed gross business revenue was found to be problematic for a number of reasons indicated by respondents: 1) a portion of goods and services are provided on a cash or barter basis; 2) earnings are often too variable to measure accurately in a given year; 3) reluctance to report their business revenue. In this study, 11 percent of respondents refused to answer.

Respondents were asked if they had traded or exchanged their goods or services for those of other home-based businesses. Forty-five percent of the sample indicated that some barter and exchange had occurred in the past year,

while 55 percent indicated that barter or exchange "never" occurs in the businesses.

3. Demographic Profile of Home-based Business Owners

In reviewing the demographic profile of the home-based business owners surveyed, 59.15 percent (n=42) of the owners were male, 40.85 percent were female (n=27). Table 4.5 presents the demographic profile of the 71 respondents.

Table 4.5 Demographic Profile of Respondents by Gender

Variable	Male		Female	
	Frequency	Percentage	Frequency	Percentage
RESPONDENT'S AGE				
20 - 29	6	14.29	4	13.79
30 - 39	19	45.24	13	44.83
40 - 49	14	33.33	6	20.69
50 - 59	2	4.76	6	20.69
60 - 69	1	2.38	0	0.00
TOTAL	42	100.00	29	100.00
LEVEL OF EDUCATION				
University Grad	17	40.48	3	10.34
College	12	28.57	8	27.59
High School	11	26.19	17	58.62
Grade School	2	4.76	1	3.45
TOTAL	42	100.00	29	100.00

Of interest is the number of husband and wife partners who are working together in the business. Fourteen percent ($n = 10$) were reported to be run with equal responsibility by wives and husbands, and by persons slightly older than those who were going it alone (mean age of 46.50 years for wives and 48.95 years for husbands). Data was not collected on the partner (spouse). Orser and Foster (1992) reported that 58 percent of the business were run by men but did not report an incidence of husbands and wives in partnership operating the home business.

Calgary home-based business owners are on average younger than the national average age of home business owners. The majority of owners were found to be between the ages of 30-39 years, with 59.15 percent ($n=42$) being under the age of 40. A chi square test indicates the age range 30 - 39 years is significant for both males and females as more males and more females are likely to be between the ages of 30 and 39 (X^2 equals 55.36, $p. < .05$). Orser and Foster (1992) reported that 46 percent of home-based business owners across the country were under the age of 40.

This study also found that approximately 56.34 percent ($n=40$) of respondents had achieved a level of education greater than high school, with 28.17 percent ($n=20$) of those surveyed receiving a university education. A chi square test identified a relationship between level of education and gender, where male owners are more likely to achieve a college or university education than female owners (X^2 equals 19.45, $p. < .05$).

4. Summary

This study found many similarities and differences between the Calgary population and those studied in other Canadian home-based entrepreneurship research. The results of the characteristics and demographics survey are compared with the results of three Canadian studies in Table 4.6.

Table 4.6 Comparison of Survey Results to Other Canadian Studies

VARIABLE	Present Study (1994)	Orser Foster (1992)	Capjack (1990)	Priesnitz (1989)
Region and Scope of study	City of Calgary residents only	National study	Rural Alberta residents	National - Canadian Assoc. for HBB's - Eastern Canada
Method	Random telephone survey and discussion groups	Gallup Poll and HBB Assoc. survey	Survey of participants of Econ. Dev. workshop on HBB's	Survey of members of Cdn. Assoc. of HBB's
Estimate of extent of HBB Activity of population	One in every seven households (15.60 percent)	One in every fourteen households (1.25 million HBB's in Canada)	_____	_____
Source of Income from HBB	Primary	Primary	Secondary (supplemental)	Primary
Part-time HBB operation	.42	.48	.55	.51
Full-time HBB operation	.58	.52	.45	.49
Top three business, industry or service reported	1. Business services 2. Wholesale trade 3. Construction	1. Business services 2. Manufacturing and processing 3. Retail trade	1. Sewing and Crafts 2. Food Products 3. Services	1. Wholesale trade and Distribution 2. Consultant 3. Retail
Sole Proprietors	.55	.55	.86	.52
Partnerships	.12	.12	.12	.10
Incorporations	.30	.08	.02	.12
Modal years of operation	3 (Median years = 5.85)	1 - 3	Bimodal < 1 and > 4	2

Employees (excluding owner): Part-time Full-time	2.26 0.83	1.38 2.28	————	1.40 1.85
Median Gross Business Income	Bimodal <20k and >90k	Bimodal <10k and >70k	Mean 8.5k	Bimodal <20k and >70k
Gender	Male = .59 Female = .41	Male = .58 Female = .42	————	Male = .33 Female = .66
Modal Age	59 percent < 40	46 percent < 40	44 percent < 40	79 percent < 45
Median Education	University and College	High School	High School	————

In general, the Calgary population exhibited similar characteristics of:

- Business, industry, or service type with the exception of a higher reported incidence of construction work
- Most businesses have been operating less than five years and report a lower median gross business income than that of commercial-site entrepreneurs
- The mean number of part-time and full-time employees reported was 2.26 and 0.83, respectively.

The Calgary population exhibits several noticeable differences. The results indicate that:

- One in every seven households (15.60 percent) is operating a home-based business which is double the national average (Orser and Foster, 1992)
- An additional 10.70 percent of the sample indicated an intent to start a home-based business
- There appears to be a 10 percent higher incidence of full-time home-based businesses in Calgary than in Canada as a whole
- The owners are younger with most being younger than forty
- The median level of education is college or university
- Husband and wife partnerships comprised 14 percent of the sample.
- Calgary has 3.75 times more registered and incorporated home-based businesses than reported by Orser and Foster, 1992.

In the following section the analysis of the focused discussion groups is presented and summarized.

B. FOCUSED DISCUSSION GROUPS

Discussion groups were conducted with Calgary home-based business owners in order to provide a different perspective for the research: 1) to determine the motivations behind their decision to operate a home-based business; 2) to assess the advantages and disadvantages of working at home; 3) to discuss the owner's plans for the growth of their businesses; and 4) to develop a

"wish list" of products, services and programs that the owners feel would improve the likelihood of the success of their business if available.

Two separate focus groups were conducted during the month of February, 1994 at the University of Calgary, and were facilitated by a member of the Venture Development Group. Although not intentionally planned, the first discussion group was comprised of six male and the second group of five female Calgary home-based business owners.

1. The Nature of Home-based Work

Focus group participants were asked to describe their reasons for starting a home-based business, the advantages and disadvantages of working at home, and their satisfaction with the choice.

Most owners described the nature of their dissatisfaction with corporate\mainstream employment. The time came for most to strike out on their own, either involuntarily due to layoff or impending layoff, or voluntarily due to the desire to run a company of their own. Gender differences in motivation were found. For the men, a desire to leave the bureaucracy of larger corporations (all men were professionals) for the increased personal satisfaction of self-employment. For the women, all participants but one, reported that a desire to be home with their small children and a desire to earn a little extra money were the reasons behind their choice of starting a home-based business.

For these home-based business owners, the advantages seemed to outweigh the disadvantages. Most listed advantages of freedom, flexibility of scheduling, more time for family and household responsibilities and increased productivity due to less commuting and travelling time. Disadvantages of increased number of hours worked, lower income, isolation, distractions\interruptions and low or unprofessional perception of home-based work by the public were discussed.

For the women, home-based work allowed them to spend a great deal more time with their children and attending to family matters. This was not without a cost, however - most found that the hours are unorthodox and sometimes overwhelming. Some work well into the evening to get the work done. As one female participant stated,

"I wish I would learn that I just can't possibly do it all. But at least with a home-based business I can work downstairs in my office until two in the morning and get the work done without having to leave the house." (Transcribed from the focus discussion group recording, February 5, 1994).

For the men, home-based work provided an opportunity to be their own boss although the 100 percent accountability of self-employment came as a rude awakening.

For those participants in creative-oriented work, such as graphic design or interior design, the lack of opportunity to solicit feedback from peers is considered a drawback. Instead, these people found other ways of sharing their ideas with family members, friends and working colleagues.

In general, participants were very satisfied with their decision to start a home-based business. It would seem that the intrinsic rewards of more flexibility and freedom and the personal satisfaction and autonomy gained outweighed the lower (perhaps temporary) income and longer hours of home-based self-employment. A summary of the major motivational factors identified in this section are presented below in Table 4.7

Table 4.7 Major Motivational Factors

TOPIC	SUMMARY OF MAJOR RESPONSES
Reasons for starting a home-based business	Dissatisfaction with mainstream employment, downsizing forcing a review of employment options - home-based businesses were seen as providing increased flexibility and autonomy with lower risk and lower overhead.
Advantages of operating a home-based business	Freedom, flexibility of scheduling, increased time for family responsibilities, increased productivity, personal satisfaction
Disadvantages of operating a home-based business	Longer hours, lower income, isolation, distractions and interruptions, lower professional image of home-based businesses
Satisfaction with the choice	Very satisfying alternative

2. Economic Development Potential of Home-based Businesses

Participants were asked to describe where they saw themselves and their businesses in the next five to ten years. In general, most were comfortable with sole proprietorship and did not indicate that they intended to grow their businesses into commercial-site operations (72.73 percent, n = 8). Most indicated

that there were other market opportunities that existed for their products and services and hoped to get the time to explore some of them in the near future (54.55 percent, $n = 5$).

Others saw themselves selling their businesses in order to pursue other entrepreneurial ventures (18.18 percent, $n = 2$). Some felt that they would like to hire additional staff in order to lessen their work load. Respondents were also asked whether they would ever consider returning to employment. Only one participant indicated that they would consider returning to work for someone else. A summary of the major responses to this section is presented in Table 4.8 below.

Table 4.8 Economic Development' Potential

TOPIC	SUMMARY OF MAJOR RESPONSES
Where do you see yourselves and your businesses in the next five years?	Generally satisfied with present situation, but would like to lower the number of hours worked and improve the revenue generated
If you were offered employment, would you leave your home business?	With the exception of a few who said they would return to employment for a large income, most home-based business owners would not return to employment because of the lost freedom, flexibility and autonomy

3. "Wish List" of Products, Services and Programs

The second half of the focused discussion groups revolved around the development of a hypothetical "wish list" of products, services and programs that, if available, would improve the likelihood of the success of their businesses. This section evoked the most lively discussion from participants as it drew on their

experiences of starting a home-based business and on the frustrations that many of them faced in the beginning.

To most participants the "where do I begin?" question was somewhat daunting. Most of the owners had not had self-employment experience and were not sure of where to go to get assistance. The participants suggested a number of possible sources of help in the early stages.

Most participants recognised the value of a home-based business organization or society, but none exists in Calgary at the present time. Most felt that an association would provide the support and first-level assistance necessary when starting out. Another suggestion took the form of a guide book for starting a home-based business in Alberta - a where-to-go self-help manual. Another suggestion was to improve\increase the number of public entrepreneurship seminar and course offerings at a non-university level. Some indicated that a university atmosphere can be intimidating and felt that a college-level offering would be more appropriate. Some suggested more specific courses such as beginning accounting and bookkeeping for home-based businesses, or a discussion of the relative advantages\disadvantages of incorporation, writing a business plan and raising venture capital.

A good deal of the discussions revolved around the issue that home-based businesses are not perceived as professional operations. One participant explained that when she told a prospective client that her office was in her home, the client responded that she was sorry, but she was looking for a "real" business.

The participants indicated home-based businesses deserve more credibility than they receive by the public and the media. Most suggested that the results of this study be shared with members of the media in Alberta to draw attention to the sheer numbers of home-based businesses operating and the high level of satisfaction exhibited by the owners. One participant commented, that until now, there was no proof of the size of the market,

"The public and media know there are home businesses out there, but nobody knows for sure how many. I think home-based businesses are ignored unnecessarily by the media. They need to be educated. Then, maybe, the public's perception of us will improve." (Transcribed from the focus discussion group recording, February 12, 1994).

One participant offered his solution to the "unprofessional" image - he rented a post office box with a downtown address.

Table 4.9 "Wish List" of Programs, Products or Services

TOPIC	SUMMARY OF MAJOR RESPONSES
What products, services or assistance do you think could have improved the success of your business in the beginning, or could help you now as your businesses grow?	<ol style="list-style-type: none"> 1. Home-based business association in Calgary to assist with start-up, provide networking and on-going support 2. Home-based business "Guide Book" - a how to get started in Calgary book 3. Courses for home-based entrepreneurs 4. Develop relationships with key media who may positively influence the public's perception of home-based businesses 5. Media release of the results of this study

4. Summary

The discussion groups proved to be a valuable exercise. The participants gave freely of their time and information. Most seemed pleased with the opportunity to share their experiences with others who had faced and overcome similar obstacles.

In general, the home-based experience appears to be a positive one, allowing freedom, flexibility and autonomy. The price of freedom is not cheap. Most owners work many more hours for less income than they did when they were employed, but as one participant remarked, "it's the most fun I've ever had."

Chapter V. CONCLUSIONS

The purpose of this study was to assess the nature and extent of home-based business activity in the city of Calgary, Alberta by estimating the number of home-based businesses operating in the city and assessing the type of business being operated; and by attempting to gain insight into the experience of home-based business ownership by assessing the motivations for selecting home-based employment, advantages and disadvantages, the potential growth of these businesses and the development of a "wish list" of products, services or programs that the owners feel may improve the likelihood of the success of their business.

A. DISCUSSION OF RESULTS

The 15.60 ± 3.34 percent of households in which a home-based businesses is operating in the city of Calgary is a much higher proportion than originally expected. The Calgary Civic Census (April, 1993) reports approximately 274,000 households in Calgary, suggesting that between 33,592 and 51,895 full- or part-time home-based businesses are operating in the city. This estimate assumes that the number of households did not change significantly between April, 1993 and collection of the data for this study, January 4 and April 4, 1994.

This result may be explained, at least in part, by Calgary's entrepreneurial spirit which, according to Dr. Robert Mansell, University of Calgary economics professor, has historical roots and has "manifest a great deal of independence,

self-reliance and necessary fortitude in Alberta, but more noticeably in Calgary," (The Calgary Sun, "City Has Spirit", April 24, 1994, p. 29). Of course, economic restructuring and corporate downsizing in the oil patch are also possible contributors to Calgary's relatively high proportion of home-based business activity.

An additional 10.70 percent of the survey respondents indicated that they were considering starting a home-based business in the near future. Should these people start their businesses, it is conceivable that the proportion of home-based businesses operating in the city would increase to as high as 81,213 home businesses. Of course, intending to start and actually starting a home business are two different activities. However, this estimate does provide a rough measure of the interest in home-based self-employment. As most respondents indicated a lack of capital and/or a lack of certainty regarding the potential of the idea as reasons for not starting their businesses, financial and marketing planning appear to be important pre-start-up subjects.

Fifty-nine percent of those sampled were male. The owners are younger, with most 30-39 years of age; the businesses are of a professional\service orientation with a high proportion being operated full-time. Consulting services were being provided in a variety of sectors, from agricultural and telecommunications to marketing and financial management. Home-based businesses in Calgary seem to be more of a "white-collar", professional nature.

These results shed light on two interesting points. First, only one respondent indicated that her business was craft-related. This finding may help to dispel a common misconception that most home-based businesses are being run by women for the purpose of craft sales (as cited by Orser and Foster, 1992). However, the analysis of gender differences presented in this study does not adequately cover the complexities of the issues or the subject area. Second, service-based businesses accounted for over 60 percent of the total. This result concurs with the popular view that society is heading toward knowledge-based work (Drucker, 1990).

Over 30 percent of the businesses studied were registered and incorporated in the Province of Alberta. One explanation for the high number of incorporated home businesses in Calgary might be the number of well educated employees who, forced out of mainstream employment by corporate downsizing, end up consulting in the industry they left. Considering the substantial legal fees required to register a corporation in the Province of Alberta and the relatively high level of education achieved by respondents, home-based business appears to be serious business in Calgary.

In general, the firms are young with most being three years of age. This is one explanation for the lower reported mean gross business revenue. Most of the participants in the focused discussion groups were not so much concerned with the lower income as they were with the lack of freedom and flexibility of waged employment. Most participants were satisfied with their decision to start a home-

based business and enjoyed the benefits of more time with family, autonomy and greater personal satisfaction.

From the discussion groups, it was clear that some home-based businesses lack a positive and professional image in the eyes of the public. Several suggestions were made that the participants felt would improve the likelihood of their success. These included: the creation of a home-based business association or society that the new business owner might look to for support and encouragement, more effective communication of home-based business owner's needs to the market through improved use of the media, a guide book answering the where-do-I-start kinds of questions, and educational and informational courses for the public on the specifics of operating a small business.

Most of the owners interviewed felt that they were satisfied with the size of their businesses at the present time, although several did mention their desire to grow their businesses large enough to serve international markets. The others, however, had no intention of getting larger. This result would provide support for Orser's (1991) argument that the traditional production model of economic theory does not factor in the values, sentiments and emotions of the work force.

The Calgary results proved to be different from those reported by Orser and Foster (1992) in many significant and interesting ways. Replication of this study in other areas of the country would provide comparative data.

B. LIMITATIONS OF MEASUREMENT

According to Emory and Cooper (1991), there are four major error sources of measurement that may contaminate the results of a research study. These sources are the respondent, the measurer, the instrument and the sample. Each of these sources and the steps taken to minimize these sources of error in the present study are discussed below.

1. The Respondent

The respondent can be considered a source of error through psychological or physiological factors, or situational factors. Lack of knowledge that leads to guessing, reluctance to express strong feelings, fatigue, boredom, or anxiety limit their ability to respond accurately. If the respondents feel that anonymity is not assured, they may be reluctant to express certain feelings. The respondent may be reluctant to identify him\herself as a home-based business owner, particularly if they are not claiming the income earned or are not properly licensed. Home-based work has multiple meanings and definitions (Pratt, 1987). It is possible that respondents may not consider themselves as home-based business people even though they are generating an income for the household by selling crafts, giving lessons, etc. These factors could mean that home-based work activity would be underrepresented in the results.

In order to minimize this source of error, interviewers were instructed to inform the respondent that the interviewers were working on a study being

conducted by the University of Calgary for the purposes of understanding the changing nature of work. The respondents were also informed that the data collected would be kept confidential and eventually destroyed. As well, respondents were read a definition of what was considered a home-based business for the purposes of this study and were provided examples for clarification, if necessary.

2. The Measurer

The measurer can be considered a source of error due to careless recording, incorrect coding or tabulation, and faulty statistical calculation. The interviewer can distort responses by rewording or paraphrasing, or leading the respondent.

In order to reduce the likelihood of measurement error, interviewers were instructed on the proper administration of the survey, including all preamble and wording of questions. The survey was precoded with the most frequent responses collected during the survey pre-test. Several practise surveys were conducted before the actual data collection began. Minitab® Statistical Software was used in order to minimize statistical calculation error.

3. The Instrument

The survey instrument can distort the results by being too confusing or ambiguous or by not sufficiently covering the subject.

Several questionnaires used in prior home-based business research (Orser and Foster, 1992; Bowden, 1991; Capjack, 1990; Priestnitz, 1989) were reviewed in order to develop the questionnaire used in this study. The results of the survey pre-test identified those questions requiring further clarification in order to reduce the ambiguity or clarify the meaning of the question.

4. The Sample

Sample selection is another potential source of error which reduces the generalizability of the results to the larger population. Some home-based business owners are often reluctant to identify themselves which makes classification difficult. Larger samples than normally required for statistical analysis are often needed for home-based business research in order to capture the many heterogenous sub-groups (Orser, 1991). Seasonal or part-time employment are examples of some types of work that may be underrepresented in the responses. 455 surveys were completed in this study providing a ± 3 percent variance. However, the small sample selected for the focus discussion groups precludes the generalizability of the results and analysis.

The following chapter presents recommendations to improve the environment in which home businesses are operating in Calgary, and direction for further research.

Chapter VI. RECOMMENDATIONS AND IMPLICATIONS FOR FURTHER RESEARCH

This chapter presents recommendations to improve the information available for new business start-ups and to improve the environment in which home-based businesses operate in Calgary in particular and in Canada, in general. As well, direction for improvements to this study and for future research in the area is provided.

A. RECOMMENDATIONS

The following are recommendations for improving the information available for new business start-ups and improving the environment in which home-based businesses operate.

1. Establishment of a Calgary and area home-based business association for the purpose of providing a forum for establishing relationships with other home business owners, mutual advertising, information sharing, meeting and discussion groups. Appendix F contains a copy of the Vancouver Home-based Business Association Newsletter, Spring, 1994. The potential exists for an association of this type to provide:
 - a. effective lobbying capabilities
 - b. media relations and education

- c. dissemination of self-employed related material
 - d. guidelines for codes of ethics and conduct
 - e. the infrastructure for effective communication and support of home-based businesses
- .
2. Improve the circulation and availability of the Home Business Report magazine (Alberta and B.C. Edition) published by Barbara Mowat and HB Communications Group, Inc., and Head Office at Home magazine published by Elizabeth Harris and Eliza Communication Ltd. in Toronto, both high quality, informative magazines.
 3. Improve entrepreneurship training and education available to members of the general public by offering courses and seminars focusing on home-based self-employment. Courses and seminars should focus on a number of issues such as basic bookkeeping, regulatory requirements of self-employment, sole-proprietorship vs. incorporation, market research and advertising and promotion.
 4. The establishment of an annual Calgary home-based business trade show and conference, showcasing local businesses and providing a forum for the public, potential home-based business owners, researchers and educators,

and the media, in order to improve the public's perception of the extent and professionalism of home-based businesses.

5. Educate members of the banking, legal and accounting industries on the extent of home-based business activity in Calgary in the hope of improving the level of service currently provided home-based business owners.
6. Establishment of a Calgary Home-based Business Registry to improve two-way communication between policy-makers and home business owners. The nature of home-based work - isolation and diversity - makes identification and contact with home-based businesses difficult.

B. IMPLICATIONS FOR FUTURE RESEARCH

The following are recommendations for improving the method and scope of the present study and for direction of future research.

1. Replicate this study in other Canadian metropolitan areas. The Calgary sample exhibited what appears to be unique characteristics which cannot be tested for significance unless compared to other urban areas.
2. Include questions such as the number of children at home, and whether or not the home-based business is the owner's first entrepreneurial venture.

This study did not collect data on the situation of disabled, immigrant or disadvantaged Canadians whose situations are liable to be more imperative than those studied.

3. Establish a longitudinal program of study to show the nature of the changes experienced by the owners and their businesses and to provide proof of the rate of growth of the phenomenon.
4. Conduct research of successful home-based businesses to provide valuable information for potential home-based business owners and new start-ups seeking assistance.
5. Conduct research to determine the extent to which the results of the focus group discussions hold.
6. Conduct research to provide for comparisons between groups, i.e., gender differences experienced in operating a home-based business, home-based start-up success versus non-home-based business start-up success.
7. Identify and examine the linkages of home-based business to economic development. The research should examine the many interesting questions arising from this study. To what extent does past experience contribute to

the decision to operate a home-based business? How fast is the phenomenon growing? Are home-based businesses a temporary stopping-off point until economic conditions improve resulting in employment opportunities?

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APPENDICES

APPENDIX A**Home-based Business Informational Research Questionnaire**

Home-based Business Informational Research Questionnaire

Hello, my name is _____, and I am assisting in the study of the changing nature of work in Calgary. We are interested in the increase in the number of home-based businesses in Calgary. May I take a few moments of your time to ask you about your work ?

1. Do you or does anyone currently living in your household operate a home business- that is, a profit oriented business operated from your home, either full- or part-time?

YES	1-1	(n=71, 15.54)
NO	1-2	(n=386, 84.46)
DON'T KNOW	1-3	
REFUSED	1-4	

IF YES, SKIP TO QUESTION #3.

[INTERVIEWERS NOTE: Not including bringing work home from the office or working from home but employed elsewhere]

2. Have you or has anyone currently living in your household ever considered starting a home-run business within the next two years?

YES	2-1	(n=49, 12.73)
NO	2-2	(n=324, 83.90)
DON'T KNOW	2-3	(n=13, 3.37)

IF NO, THANK PARTICIPANT AND END CALL.

3. Why has the business not been started?

NEED START-UP CAPITAL	3-1	(n=35, 56.07)
NOT SURE HOW TO START A BUSINESS	3-2	(n=10, 16.20)
NOT SURE OF POTENTIAL OF IDEA	3-3	(n=27, 43.18)
NOT INTERESTED ANYMORE	3-4	(n=2, 2.50)
DON'T KNOW	3-5	(n=2, 2.50)
OTHER, PLEASE EXPLAIN	3-6	

(Language barriers, not a good time to start)

APPENDIX B**Home-based Business Questionnaire**

HOME-BASED BUSINESS QUESTIONNAIRE

I would like to interview the home-based business owner(s). Would that be yourself?

4. Would you describe your home-based business as the primary or secondary source of household income?

PRIMARY	4-1	(n=44, 62.00)
SECONDARY	4-2	(n=27, 38.00)
NOTHING EARNED	4-3	
DON'T KNOW/REFUSED	4-4	

5. In an average week, which one of the following best describes how much time you spend operating your home business ?

ALL OR MOST OF THE TIME (4 or more days)	5-1	(n=41, 58.00)
HALF OF THE TIME (2 - 3 days)	5-2	(n=18, 25.00)
SOME OF THE TIME (1 or less days)	5-3	(n=12, 17.00)
NONE OF THE TIME	5-4	
DON'T KNOW	5-5	

6. What type of business do you operate? DO NOT LIST - RECORD RESPONSES BELOW

AGRICULTURE, FORESTRY, FISHING	6-1	(n=4, 5.63)
MINING	6-2	
CONSTRUCTION	6-3	(n=10, 14.08)
MANUFACTURING & PROCESSING	6-4	(n=1, 1.41)
TRANSPORTATION & PUBLIC UTILITIES	6-5	(n=2, 2.82)
WHOLESALE TRADE	6-6	(n=12, 16.91)
RETAIL TRADE	6-7	(n=1, 1.41)
FINANCE, INSURANCE, REAL ESTATE	6-8	(n=4, 5.63)
PERSONAL SERVICES	6-9	(n=1, 1.41)
BUSINESS SERVICES	6-10	(n=26, 36.62)
HEALTH SERVICES	6-11	
EDUCATIONAL SERVICES	6-12	
SOCIAL SERVICES	6-13	(n=10, 14.08)
AMUSEMENT, RECREATION, ENTERTAINMENT	6-14	
ALL OTHER SERVICES	6-15	
DON'T KNOW/REFUSED	6-16	

7. Which of the following best describes the legal registration of your business?

SELF-EMPLOYED, SOLE PROPRIETOR	7-1	(n=39, 55.00)
PARTNERSHIP	7-2	(n=9, 12.00)
CORPORATION	7-3	(n=21, 30.00)
DON'T KNOW/REFUSED	7-4	(n=2, 2.82)

8. What year did you start your home business? Record here: 19_____

Mean Response = 1992

9. Excluding yourself, but including partners and members of your family, how many part-time and/or full-time employees does your business have?

# PART-TIME	_____	2.26	_____
# FULL-TIME	_____	0.83	_____

10. From the list below, what was your business' gross revenue in the last year?

UNDER 10,000	10-1	(n=17, 23.94)
11,000 - 20,000	10-2	(n=13, 18.31)
21,000 - 30,000	10-3	(n=11, 15.49)
31,000 - 40,000	10-4	(n=8, 11.27)
41,000 - 50,000	10-5	(n=5, 7.04)
51,000 - 60,000	10-6	(n=2, 2.82)
61,000 - 70,000	10-7	
71,000 - 80,000	10-8	
81,000 - 90,000	10-9	(n=4, 5.63)
91,000 - 100,000	10-10	(n=6, 8.45)
OVER 100,000	10-11	(n=5, 7.04)

11. In the past year, how often have you traded or exchanged your goods/services for those of others?

FREQUENTLY	11-1	(n=4, 5.50)
SOMETIMES	11-2	(n=10, 14.08)
RARELY	11-3	(n=18, 25.35)
NEVER	11-4	(n=39, 55.00)
DONT'KNOW/REFUSED	11-5	

We are nearly finished. I have a few questions about yourself that will help us analyze our data.

12. INTERVIEWER: PLEASE RECORD GENDER HERE:

FEMALE	12-1	(n=42, 59.15)
MALE	12-2	(n=29, 40.85)

13. Please indicate your age group from the list below:

LESS THAN 20 YEARS OLD	13-1	(n=10, 14.08)
20 - 29	13-2	(n=10, 14.08)
30 - 39	13-3	(n=32, 45.07)
40 - 49	13-4	(n=20, 28.17)
50 - 59	13-5	(n=8, 11.27)
60 - 69	13-6	(n=1, 1.41)
70 OR OLDER	13-7	
REFUSED	13-8	

14. What is your HIGHEST level of education?

UNIVERSITY	14-1	(n=20, 28.17)
COLLEGE	14-2	(n=20, 28.17)
HIGH SCHOOL	14-3	(n=28, 39.44)
GRADE SCHOOL	14-4	(n=3, 4.23)
OTHER, _____	14-5	
REFUSED	14-6	

We would like to know more about the advantages and disadvantages of operating a home business. Would you be willing to participate in a focus group discussion regarding the issues/problems/obstacles faced by home-businesses in Calgary?

IF YES, RECORD OWNER'S NAME AND DAYTIME PHONE WHERE THEY CAN BE REACHED

IF NO, THANK RESPONDENT FOR THEIR TIME AND END CALL.

APPENDIX C

Sample Consent Form

Participant Consent Form

You have been asked to participate in a focus group for the purpose of understanding the needs of home-based business owners in Calgary. Leslie P. Roberts (Researcher) is a student in the MBA programme of the Faculty of Management, University of Calgary and this study comprises part of the research for her thesis. Your responses will be kept confidential and will only be used for the purposes of analysis. The data collected during the focus group will be analyzed for research purposes but will, however, be destroyed on or before June 30, 1994 in order to safeguard the future confidentiality of your participation.

Your signature on this consent form indicates that you have understood to your satisfaction the information regarding your participation in the research project and agree to participate as a subject. In no way does this waive your legal rights nor release the investigators or involved institutions from their legal and professional responsibilities. If you have any questions concerning your participation in this project, please contact the University of Calgary Research Services (220-6354) and ask for the Chair of the Conjoint Areas Research Ethic Committee.

I, _____ (Participant) understand the nature of my participation in this study and understand that my responses/comments will be kept confidential by Leslie P. Roberts (Researcher).

Signed, _____ (Participant)

Date, _____ at Calgary.

APPENDIX D

Interview Guide and Agenda

Home-based Business Focus Groups

AGENDA

Saturday, February 5 and 12, 1994
Room - PF122

10:00 - 10:15 Welcome (coffee and muffins available)

10:15 - 10:30 Introduction

- Thank participants
- Sandy to introduce herself and her role as a facilitator
- Explain the study, for example:
 - student research project
 - student is present and is observing the discussion
 - first stage of the study provided an indication of the number of home businesses operating in the city, but now we need to discuss the "realities" with the owners
 - why their participation in the discussion group is important
- Explain participant rights
 - Right to leave, right to privacy and confidentiality
 - Request permission to tape record the discussion
- Participants to sign Participant Consent Form (Attached) - a requirement of the Research Ethics Committee.

Roundtable introduction of participants

- Name
- Type of HBB
- Number of years in business

Home-based Business Focus Groups/2

10:30 - 11:00

Opening Discussion Questions

- What made you decide to operate a home business?
- In your opinion, what are the advantages of operating your business? What are the disadvantages?

[These questions are intended to evoke a discussion of antecedent and situational factors which may or may not be contributing to the hbb phenomenon, i.e. what factor(s) motivated these people to consider home-based work?

- How satisfied are you with your decision to start a home-based business?
- What are your plans for the future growth of this business, i.e. where do you see yourself/your business in the next five to ten years?

[This last question is the "economic development" question and the "how many of these home business owners intend to grow their present ventures into micro-businesses" question]

11:00 - 11:10

Coffee Break

11:10 - 11:50

Brainstorming Session

What products, services, assistance do you think would improve the likelihood of your success?

[Depending on the dynamics of the group, this session could prove to be very interesting. Sandy will be provided with possible prompts if the discussion is flat. The purpose of this session is the development of a "wish list".]

11:50 - 12:00

Recap / Close

Participants to complete small informational questionnaire on the characteristics of their businesses, i.e. number of employees, demographics of the owner, etc.

Thank participants.

APPENDIX E

University of Calgary
Research Ethics Committee Certification



Certification Of Institutional Ethics Review

This is to certify that the Committee on the Ethics of Human Studies at The University of Calgary has examined and approved the research proposal:

Applicant: Ms. Leslie P. Roberts

Department: New Venture Development, Faculty of Management

Project Title: "An Assessment of the Nature and Extent of Formal and Informal Home-based Business Activity in Calgary."

Sponsor (if applicable): Royal Bank of Canada, Franchise Services Division

(the above information to be completed by the applicant)

R. J. P. Brammell
Chair, Committee on the Ethics of Human Studies

6th Dec 1999
Date

APPENDIX F

Vancouver Home-based Business Association Newsletter

Reproduced with the permission of the Vancouver Home-based Business Association.

v • h • b • b • a newsletter

Vancouver Home-Based Business Association
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Dial-A-File: "WALTER COOLE"

Vol. 4, Issue 6

June 1994

Full Text Edition

Dear Colleagues,

✋ ****June Meeting****



The Vancouver Home-Based Business Association will conduct its monthly meeting 21 June 1994, Tuesday, 6:30pm at the Brentwood Mall BC Tel Communications Centre, #228 - 4567 Lougheed Highway (X Willingdon). Hosted by Sherrin Western, Centre Manager.

6:30: Registration/light supper/networking/mini-tradeshow featuring demonstrations of Dial-A-File and EmployNet

7:30-7:35 Denise Wallace, VHBBA President: "Welcome"

7:35-8:15 Brenda Nordgren, BC Tel Sales Operations Manager: "Business Telecommunications Solutions"

8:15-8:40 Brian Morris, BC Tel Retail Sales Manager: "Communications for the Future"

① Admission: free; space is limited. *Reservations required. Call Judy Funk, Presentation Centre Coordinator, 432-4382 or FAX 436-2240.*

Parking free; wheelchair accessible; bicycle security. Buslines: #25, #109, #120, #130, #131, #132, #136, #151, #152.



Hey Rube!

It's fer you.

Drawing ...

At the end of our June meeting, there will be a drawing for a Commonwealth Speakerphone (value \$230).

This superb piece of equipment will be many HBB's instrument of choice. It has...

***Name/Name Incoming/Outgoing Display
Ringing/Hold/Msg Waiting Indicator Light
Hold, LINK
Name/Number Call Log
Desk or Wall Mount
Parallel Line Jack***

***Speed Dials
Redial
Call Time/Clock
Scroll, Edit, Dial
Speakerphone
AC Power***

//////////////////////////////////// Good Luck //////////////////////////////////////

Background



Telephone and telecommunications provide the main channel of communication to homepreneurs' market. B C Tel's products and services define the field within which we can operate.

With BC Tel's rapidly expanding technology, our constraints are not *what they* offer, but *our* knowledge of what's available.

New businesses should survey B C Tel's line of products and services for HBB's before setting their initial business plan. This will reveal opportunities that current technology will serve.

Established businesses should review new B C Tel developments periodically. Then upgrade telephone service to acquire new market-access.

💣 Heads up! There's a "mini-tradeshow" at this meeting. VHBBA members and other folks will be showing before and after the meeting.



Scaramouche:
Hacker/Factotum

Yes! Scaramouche will be at the mini-tradeshow. Lots of handouts, including--

☛ Sample copy of: HOME RUN!, a new newsletter addressed to HBB's in NORTH AMERICA. Publication opportunity. (Manuscripts submitted via DAF and CompuServe. Should we vet each other's stuff via DAF/VHBBA/SIG?)

☛ VHBBA Members' Handbook (members only)

☛ How to Do A Tradeshow Exhibit -- from Barb Mowatt.

℞ ℞ ℞ ℞ Coming up ℞ ℞ ℞ ℞

5 July 1994 Granville Island Info Centre Executive Board Meets

19 July 1994 Granville Island Info Centre WALTER COOLE, SCARAMOUCHE:
HACKER/FACTOTUM Convocation: Education for Home-Based Business

2 August 1994 Granville Island Info Centre Executive Board Meets (?)

16 August 1994 (Location TBA) JOHN GOWANS ARTWRIGHT Furnishing Your
Workspace