

**HOME-BASED BUSINESSES,
LOCAL ECONOMIC
DEVELOPMENT AND LAND
USE POLICY: CONFLICTS
AND OPPORTUNITIES**

By: James E. Randall, Principal Researcher
and
Research Assistants:
Dwayne Drobot
Jill Harriman

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CMHC Project Officers:
Denys Chamberland
David D'Amour

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Executive Summary

Evidence of the proliferation of home-based businesses in Canadian cities is apparent by the degree to which office supply and computer retailers are marketing specifically to this segment of the business community, by the number of 'How To' books on the book shelves, and by the number of license applications being received by municipalities across the country. Recent nationwide surveys of the numbers of home businesses suggest that our neighbourhoods are increasingly places of paid work as well as places to live and raise our children. No longer can we evaluate the economy of a community by looking at the number of office towers or the number of manufacturing plants. Despite these changes, very little research has been conducted that examines how these new types of businesses are fitting into our communities. What are their relationships with the existing commercial businesses, with the local government and with the rest of the neighbourhood? How is local economic development and planning policy adapting to the inevitable conflicts and opportunities that are created when something new and different emerges in our urban society? And finally, how important are the characteristics of the place, or context, in shaping these relationships? This CMHC-sponsored study, entitled "Home-Based Businesses, Local Economic Development and Land Use Policy: Conflicts And Opportunities", begins to answer these questions.

The study defines a home-based business (or HBB) as an independent firm, being operated with the intent of earning profit within the residence of the self-employed owner or entrepreneur. It does not include those employees of commercial firms who may work at least part of the time out of their homes (e.g., teleworkers). Nor does it include commission sales people. For methodological reasons, this study looks only at those home-based businesses that are currently licensed within their municipalities. Clearly there are many more unlicensed businesses operating within our cities. Although these two groups may be similar in many ways, one should be cautious in applying these results to this larger population of home-based businesses. Five Western Canadian cities were the focus of this research: Vancouver, Edmonton, Regina, Prince Albert and Yellowknife. Although the economy and population of these cities are very different, there are also some threads running through this group that tie them together in a variety of ways.

This project uses a combination of two types of primary data: semi-structured personal interviews with community representatives, such as municipal politicians, urban planners, community association and business leaders, and Chamber of Commerce representatives in the five cities, and mailed questionnaire surveys to random samples of both home-based (HBBs) and commercial businesses (CBs) in every community. The personal interviews draw out the attitudes of the various decision makers towards local economic development, land use planning and home-based businesses, and show how these attitudes relate to characteristics of the communities. The mailed surveys assess the nature of home-based and commercial business activity, the linkages and relationships between these two groups, attitudes and perceptions regarding the impact of home businesses on the quality-of-life of neighbourhoods and on other businesses, and attitudes towards local government. A total of 308 responses (23.4%) were received from the home-based business group, and 236 responses (18.2%) came from the commercial business group.

The personal interviews have suggested that characteristics of the cities have influenced perspectives on local economic development policy and, ultimately, attitudes towards home-based businesses. Local politics is increasingly being influenced by a concern for jobs and economic

development. Along with this growing preoccupation with the health of the local economy, most of the larger cities have been transferring the day-to-day economic development functions to agencies or commissions that are separate from local government. Since the concept of a home-based business does not fit the perception of economic development held by these agencies, any substantive support for HBBs is rarely provided. Most of the support for a 'bottom-up' economic development approach reflected by home-based businesses is coming from Planning Departments, Licensing Departments, and advocacy groups (e.g., Home-Based Business Associations) from outside local government. Often, personnel in these departments are the ones recommending home occupation policy changes in response to grassroots pressure from residents who want to conduct business from their homes. In effect, line departments of local government are taking on economic development functions and are more likely to advocate strategies that fit a more locally-based economic development philosophy.

In the smaller communities of Prince Albert and Yellowknife, economic development is more likely to be carried out as part of the mandate of civic government. In the case of Yellowknife, the local Chamber of Commerce is the most vocal advocate for liberalization of home occupation regulations. In Prince Albert, the Planning Department recommends changes to home-based business regulations. It cooperates with the local chapter of the Home-Based Business Association and seeks their input on regulatory change. Perhaps as a function of the importance of home businesses to the overall economy of these smaller communities, the economic development institutions have followed a more moderate approach. In both cases, home-based businesses represent an important source of income for certain households and provide a valuable set of services to the community as a whole.

Elements of urban entrepreneurialism are apparent in all five of the cities in this study. It appears that, in almost every case, both the conventional and 'bottom up' models of local economic development are being practised, side-by-side. While economic development agencies, commissions and offices are advocating conventional strategies, private citizens, planning departments, home-based business associations and, in some cases, Chambers of Commerce, are quietly advocating more locally-based strategies that stress skills training, funding for setting up new business, and a relaxation of zoning regulations.

The home-based business survey showed that the majority of these firms are operated by sole proprietors. Compared to commercial businesses, home businesses are more likely to be involved in business services, and construction or trades, and are less likely to be engaged in retailing or manufacturing. This should come as no surprise, since most municipal regulations limit the amount of direct selling or processing that can take place from the home. Overall, 35.1% of all HBBs are run by women. This is much higher than the share of commercial businesses (27.6%) being run by women. Women are much more likely to run either type of business in Edmonton and Yellowknife than in the three other communities. Home-based businesses in these same two cities are among the youngest, with an average age of 3.0 and 3.8 years, respectively. The average age of home businesses in Regina and Prince Albert are 7.9 and 9.5 years.

For the overwhelming majority of HBB respondents (66.3%), their home business is their only form of work. However, an additional 23.4% hold wage-paying jobs and view their home business as secondary. For all the home businesses responding, the average income being generated constituted 45.4% of household income. The financial significance of the home business was more important for respondents in Vancouver and Regina. In the other cities, households are more likely to have either one or two adults working outside of the home.

Many home businesses seem to serve as economic incubators, eventually emerging as commercial firms. More than one-third (37.6%) of the CB owners once ran home-based businesses, and two-thirds of these are doing the same thing now that they once did in their HBB. Although commercial firms neither purchase from, nor sell to, home business to a great degree, most of the sales from home businesses are to other businesses (58.8%) or to government (9.9%). This implies that they serve an important role as suppliers and contractors within the city. The distribution of these sales is influenced by the nature of the economy. For example, in the financial centre of Vancouver, sales to business and professional service firms are high. In Yellowknife, sales to the territorial and municipal governments constitute 26.9% of all home business sales.

We would expect major differences in the characteristics and attitudes of home-based and commercial firms. Surprisingly, many similarities between these two groups also emerged. Their attitudes towards local government are virtually identical. Instead, place seems to be much more important in distinguishing business attitude to government. Despite the differences in size, home-based firms have almost the same market areas as commercial businesses. Also, despite the stereotype that suggests home businesses have a difficult time acquiring capital, the surveys found that commercial business owners had a more difficult time raising start-up funding. Personal characteristics of the respondents were also similar. Commercial and home-based business owners are the same age, earn approximately the same income, and have attained similar levels of education. These similarities may help explain the ambivalence that many commercial business owners feel about home businesses. It also suggests that there may be underlying consensus among business owners on many issues, even when the relationship seems fraught with conflict on the surface.

Of the commercial businesses that are aware of HBBs providing a similar product, 70.2% view these home businesses as competitors. Commercial businesses in Vancouver are much less likely to view HBBs as competitors (45.5%) than CB respondents in the smaller communities of Prince Albert (86.4%) and Yellowknife (78.6%). As might be expected, the HBB respondents were much more likely than the CB respondents to feel that home businesses had a positive impact on the quality-of-life in neighbourhoods (42.1% versus 13.2%) and on other businesses (41.4% versus 27.5%) in the community. In fact, commercial businesses are highly opinionated when it comes to evaluating the economic impact of home businesses. Where there is direct competition, a more negative attitude is expected. Where home businesses serve as suppliers or customers, opinion is much more positive. There appears to be a greater contrast in attitudes regarding business impacts in the smaller communities of Regina, Prince Albert and Yellowknife, with relatively higher proportions of respondents falling in the 'positive' and 'negative' categories. In Edmonton and Vancouver, commercial business owners are much more likely to be either positive or neutral to the idea of the impact of HBBs on other businesses.

Attitudes towards local government policy varies tremendously across the five communities. In addition, perceptions regarding unlicensed businesses, use of the automobile, the role of home businesses as suppliers, customers, and as bases for training and skills development, are highly dependent on the context of the community. What this research suggests is that local economic development policy and the regulation of home-based business should reflect the specific characteristics, linkages and power relationships that are unique to each urban place.

Résumé

La prolifération des entreprises à domicile dans les villes canadiennes ne fait aucun doute à en juger d'après la façon dont les détaillants de fournitures de bureau et d'ordinateurs s'adressent précisément à ce genre d'entreprises pour vendre leurs produits, d'après le nombre de guides sur les étagères et le nombre de demandes de permis que les municipalités partout au pays reçoivent. Selon de récents sondages menés à l'échelle nationale sur le nombre d'entreprises à domicile, nos quartiers résidentiels deviennent de plus en plus des lieux de travail rémunéré tout en étant des endroits où l'on vit et l'on élève nos enfants. On ne peut plus évaluer l'économie d'une collectivité en examinant le nombre de tours à bureaux ou d'usines de fabrication. Malgré cette évolution, peu de recherches ont été entreprises pour examiner de quelle façon ces nouveaux types d'entreprises s'intègrent dans nos collectivités. Quelles sont leurs relations avec les commerces existants, le gouvernement local et le reste du quartier? De quelle façon la politique locale de développement économique et de planification s'adapte-t-elle aux inévitables conflits et occasions qui se présentent lorsqu'apparaît quelque chose de nouveau et de différent dans notre société urbaine? Et, enfin, quelle est l'importance de l'emplacement ou du contexte dans l'établissement de ces relations? La présente étude, parrainée par la SCHL et intitulée «Home-Based Businesses, Local Economic Development and Land Use Policy: Conflicts and Opportunities», constitue un début de réponse à ces questions.

Dans l'étude, on définit une entreprise à domicile (ou ED) comme une société indépendante qui est exploitée dans le but de faire un profit, à la résidence du propriétaire ou de l'entrepreneur indépendant. On n'inclut pas ici les employés d'entreprises commerciales qui pourraient travailler à temps partiel à la maison (p. ex. télétravailleurs), ni les représentants rémunérés à commission. Pour des raisons de méthodologie, la présente étude n'aborde que les entreprises à domicile qui détiennent actuellement un permis délivré par leur municipalité. Il est clair qu'il existe dans nos villes de nombreuses entreprises exploitées sans permis. Ces deux groupes peuvent avoir de nombreux points en commun, mais on doit faire preuve de prudence dans l'application des résultats de l'étude à cette population plus importante d'entreprises à domicile. L'étude a porté sur cinq villes de l'Ouest canadien : Vancouver, Edmonton, Regina, Prince Albert et Yellowknife. L'économie et la population de ces villes diffèrent grandement, toutefois certains liens les unissent de diverses façons.

Pour la recherche, on a combiné deux types de données primaires : des entrevues personnelles semi-structurées avec des représentants de collectivités comme des politiciens municipaux, des urbanistes, des chefs d'associations communautaires et d'entreprises ainsi que des représentants des chambres de commerce des cinq villes et, également, des questionnaires envoyés par la poste à des entreprises à domicile (ED) et à des entreprises commerciales (EC), choisies au hasard dans chaque ville. Les entrevues personnelles font ressortir les attitudes des divers décideurs envers le développement économique local, la planification de l'utilisation des terrains et les entreprises à domicile, et montrent de quelle façon ces attitudes se rattachent aux caractéristiques des collectivités. Le sondage effectué par la poste permet d'évaluer la nature des activités des entreprises à domicile et des entreprises commerciales, les liens et les relations existant entre ces deux groupes, les attitudes et les perceptions concernant l'impact des entreprises à domicile sur la qualité de vie des quartiers et des autres commerces ainsi que les attitudes envers

le gouvernement local. On a reçu en tout 308 réponses (23,4 %) du groupe des entreprises à domicile et 236 (18,2 %) du groupe des entreprises commerciales.

D'après les entrevues personnelles, les caractéristiques des villes influent sur les perspectives relatives à la politique locale de développement économique et, en fin de compte, sur les attitudes envers les entreprises à domicile. La politique locale est de plus en plus influencée par la préoccupation face à la création d'emplois et au développement économique. Outre cette inquiétude grandissante vis-à-vis la santé de l'économie locale, la plupart des grandes villes ont transféré les fonctions quotidiennes de développement économique à des organisations ou à des commissions indépendantes du gouvernement local. Comme le concept d'entreprises à domicile est inexistant dans la perception qu'ont ces organismes du développement économique, les ED reçoivent rarement un soutien important. La majeure partie de l'appui accordé à une méthode de développement économique pyramidale reflétée par les entreprises à domicile provient de services de planification, de services de permis et de groupes de défense d'intérêts particuliers (p. ex. associations d'entreprises à domicile) qui ne font pas partie du gouvernement local. Souvent, les employés de ces services recommandent des modifications à la politique sur le travail à la maison en réponse aux pressions de la base exercées par des résidents désirant exploiter une entreprise à domicile. En fait, les services responsables du gouvernement local prennent en charge des fonctions de développement économique et sont plus susceptibles de défendre des stratégies convenant à une perspective de développement économique plus locale.

Dans les petites collectivités de Prince Albert et de Yellowknife, il est plus probable que le développement économique se fera dans le cadre du mandat du gouvernement municipal. Dans le cas de Yellowknife, la chambre de commerce locale est le meilleur porte-parole en faveur de la libéralisation de la réglementation du travail à domicile. À Prince Albert, le service de planification recommande de modifier la réglementation des entreprises à domicile. Le service collabore avec le chapitre local de l'association des entreprises à domicile et lui demande de commenter les changements aux règlements. Les institutions responsables du développement économique suivent une démarche plus modérée parce que les entreprises à domicile constituent peut-être une fonction importante dans l'économie globale de ces petites collectivités. Dans les deux cas, les entreprises à domicile représentent une source importante de revenus pour certains ménages et fournissent un ensemble de services précieux à toute la collectivité.

Dans toutes les cinq villes étudiées ici, des éléments de l'esprit d'entreprise urbain ressortent. Il semble que dans presque chaque cas, les modèles de développement économique local traditionnel et ascendant sont mis en pratique, côte à côte. Pendant que les organismes, les commissions et les bureaux de développement économique appuient des stratégies conventionnelles, des citoyens, des services de planification, des associations d'entreprises à domicile et, dans certains cas, des chambres de commerce se font les défenseurs silencieux de stratégies plus locales, qui mettent l'accent sur la formation, le financement de la mise sur pied d'entreprises et l'assouplissement des règlements de zonage.

D'après l'étude sur les entreprises à domicile, la majorité des entreprises sont exploitées par des propriétaires uniques. Par rapport aux entreprises commerciales, les entreprises à domicile évoluent probablement plus dans le domaine des services, de la construction ou des métiers que dans les domaines du commerce au détail ou de la fabrication. Ce résultat n'est pas surprenant, car

la plupart des règlements municipaux limitent la quantité de ventes ou de traitement direct faits à domicile. En tout, 35,1 % de toutes les ED sont exploitées par des femmes, pourcentage beaucoup plus élevé que dans les entreprises commerciales (27,6 %). Il est plus probable que les femmes exploitent un type d'entreprise ou l'autre à Edmonton et à Yellowknife que dans les trois autres villes. Dans ces deux mêmes villes, les entreprises à domicile sont parmi les plus jeunes, 3 et 3,8 années en moyenne, respectivement. L'âge moyen de ces entreprises à Regina et à Prince Albert est de 7,9 et de 9,5 ans, respectivement.

La grande majorité des répondants ED (66,3 %) ont indiqué que leur entreprise constituait leur seule forme de travail. Toutefois, 23,4 % des répondants possèdent un emploi rémunéré et considèrent leur entreprise à domicile comme secondaire. Dans le cas de tous les répondants, le revenu moyen produit représentait 45,4 % du revenu du ménage. L'importance financière de l'entreprise à domicile était plus grande dans le cas des répondants de Vancouver et de Regina. Dans les autres villes, les probabilités qu'un ou deux adultes travaillent en dehors de la maison sont plus grandes.

De nombreuses entreprises à domicile semblent servir d'incubateurs économiques d'où elles émergent, en fin de compte, comme des sociétés commerciales. Plus d'un tiers (37,6 %) des propriétaires d'entreprises commerciales ont déjà exploité, à un certain moment, une ED. Bien que les entreprises commerciales ne fassent pas beaucoup affaire avec les entreprises à domicile, la plupart des ventes de ces dernières sont faites avec d'autres commerces (68,8 %) ou le gouvernement (9,9 %). Cela signifie que les ED jouent un rôle important comme fournisseurs ou entrepreneurs dans une ville. La nature de l'économie influe sur la distribution de ces ventes. Par exemple, dans le centre financier de Vancouver, les ventes à des commerces et à des entreprises de services professionnels sont élevées. À Yellowknife, les ventes aux gouvernements territorial et municipaux représentent 26,9 % de toutes les ventes des entreprises à domicile.

On pourrait croire que les caractéristiques et les attitudes des entreprises à domicile et des entreprises commerciales diffèrent grandement. Il est toutefois surprenant de constater qu'il existe des similitudes entre ces deux groupes. Leur attitude vis-à-vis le gouvernement local est virtuellement identique. Il semble que l'emplacement soit beaucoup plus important pour distinguer l'attitude des entreprises face au gouvernement. Malgré les différences dans la taille, les entreprises à domicile semblent évoluer dans les mêmes secteurs de marché que les entreprises commerciales. En outre, malgré le stéréotype selon lequel les entreprises à domicile ont de la difficulté à obtenir des fonds, les enquêtes ont montré que les propriétaires d'entreprises commerciales ont plus de difficulté à ramasser des fonds de départ. Les aspects personnels des répondants étaient également semblables. Les propriétaires des deux types d'entreprises ont le même âge, gagnent environ le même revenu et ont atteint des niveaux semblables d'études. Ces similitudes pourraient aider à expliquer l'ambivalence que ressentent les propriétaires de nombreuses entreprises commerciales face aux entreprises à domicile. Elles suggèrent également qu'il pourrait y avoir un consensus sous-jacent parmi les propriétaires d'entreprises sur de nombreuses questions, même lorsque les relations semblent tendues en surface.

Parmi les entreprises commerciales sachant que des ED fournissent un produit semblable, 70,2 % voient dans celles-ci des concurrents. Il est peu probable que les entreprises commerciales à Vancouver considèrent les ED comme des concurrents (45,5 %) par rapport aux répondants EC

des petites localités de Prince Albert (86,4 %) et de Yellowknife (78,6 %). Comme on pouvait s'y attendre, les répondants ED, par rapport aux répondants EC, étaient beaucoup plus enclins à penser que leur entreprise influait positivement sur la qualité de vie des quartiers (42,1 % contre 13,2 %) et les autres entreprises (41,4 % contre 27,5 %) de la collectivité. En fait, les entreprises commerciales ont des opinions arrêtées dans l'évaluation des répercussions économiques des entreprises à domicile. Lorsque la concurrence est directe, l'attitude devrait être plus négative. L'opinion est plus positive lorsque les entreprises à domicile sont des fournisseurs ou des clients. Il semble y avoir un contraste plus important dans les attitudes face aux répercussions des entreprises dans les petites collectivités de Regina, de Prince Albert et de Yellowknife, où les proportions de répondants classés dans les catégories «positive» et «négative» sont relativement plus élevées. À Edmonton et à Vancouver, il est probable que les propriétaires d'entreprises commerciales seront plus enclins à être positifs ou neutres face aux répercussions des ED sur les autres entreprises.

Les attitudes face à la politique du gouvernement local varient énormément dans les cinq villes. En outre, les perceptions quant aux entreprises sans permis, à l'utilisation de l'automobile, au rôle des entreprises à domicile à titre de fournisseurs, de clients et de sources de formation et de perfectionnement varient énormément en fonction du contexte de la collectivité. L'étude suggère que la politique locale de développement économique et la réglementation des entreprises à domicile devraient refléter les caractéristiques, les liens et les relations de pouvoirs que l'on retrouve dans chaque centre urbain.

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Chapter 1: Introduction

1.1: Research Problem and Objectives:

Fundamental economic and urban restructuring has swept Canadian cities over the past decade, and the repercussions of these transformations have forced municipal decision makers and home owners to rethink the very concepts of "neighbourhood", "economic development", and "land use planning". This project addresses one consequence of these economic and social changes, namely the emergence of home-based businesses, and analyzes how this emerging form of production relates to the apparently contradictory goals of promoting local economic development from within the community, while at the same time preserving the integrity of the residential neighbourhoods. A home-based business (HBB), or home occupation, is an independent enterprise operated for profit within the residence of the entrepreneur/owner. As such, there is no geographic separation between the home and the workplace for the resident owner.

The first objective of this research is to estimate the roles and significance of home-based businesses in a set of Canadian cities. Secondly, growing municipal government support for the phenomena of HBBs represents a visible element of a rapidly changing mandate by local government; from an institution attempting to manage conflicts to an entity designed to promote economic growth through a form of "urban entrepreneurialism". This project will use an analysis of home-based businesses as a case study to explore this transformation, focusing specifically on the conflicts and complementarities that exist between various groups in these communities. Most importantly, the project will focus on three sets of relationships or linkages: those between commercial business owners (CBs) and home-based entrepreneurs in the communities, those between owners of HBBs and their residential neighbours, and the relationships between both of these business groups and their local governments. Finally, relatively little work has examined the importance of place or context in home-based work. Therefore, the third objective of this report is to examine, in a more systematic way, the importance of place in influencing both the nature of home-based business activity and the relationships between the various groups within the communities. For this project, five communities in Western Canada are examined in detail: Vancouver, Edmonton, Regina, Prince Albert, and Yellowknife.

1.2: Research Methodology and Definitions:

Only recently are data becoming available on home-based businesses and, at this point at least, it is still necessary to undertake primary research, such as administering questionnaire surveys, in order to achieve some of the objectives laid out above. This project uses a combination of two types of primary data: semi-structured personal interviews with community representatives (e.g., municipal politicians, urban planners, community association and business leaders, Chamber of Commerce representatives), and mailed questionnaire surveys to samples of both home-based and commercial businesses in each of the communities. The personal interviews, summarized in Chapter 4, are intended to draw out the attitudes of the various actors towards local economic development and home-based businesses, and how these attitudes are related to characteristics of the communities. One set of mailed surveys was sent to a random sample of licensed HBBs, drawn from the lists of these businesses maintained by the Planning Departments of each of the communities in question (Appendix 1). The second set of questionnaires was sent to a random set of commercial businesses, once again drawn from lists supplied by the Planning Departments (Appendix 2). The results to both of these surveys are discussed in Chapter 5. A total of 308 responses (23.4%) were received from the home-based business group, and 236 responses (18.2%) came from the commercial business group. Based on these response rates, the home-based business survey is statistically reliable and representative within plus or minus 5%, 19 times out of 20. Since there was a lower response rate from the commercial business survey, it is statistically reliable within plus or minus 6.5%, 19 times out of 20.

The five communities that are the focus of this report were chosen for several reasons. First, all of these cities currently have an explicit policy with respect to HBBs, regulate these businesses, and maintain detailed lists of the HBBs licensed in their communities. Second, each has a set of unique characteristics with respect to their local economic and social environment (e.g., population size, industrial structure and functions performed, role in the regional economy, cultural background). This diversity is important because it allows us to make linkages between characteristics of the communities and the nature of home-based business activity. At the same time, there are parallels within several communities that will allow us speculate with more confidence on the relationship between community characteristics and home-based business activity. For example, three of the communities (Edmonton, Regina and Yellowknife) serve as provincial or territorial capitals and the emphasis on public sector employment in these communities may be connected in a variety of ways to the extent and types of home-based jobs that are undertaken.

Although this report normally uses the term home-based business (HBB) or home business to refer to these businesses, other reports and other communities may refer to them as home occupations or home-based entrepreneurs. These alternative terms are occasionally used in this report as well. Businesses being operated out of industrial or retail sites are commonly referred to as commercial businesses (or CBs) in this report, but they may also be referred to as storefront businesses, or businesses being operated out of non-residential sites. It is also clear that by focusing on licensed home businesses only, this study does not encompass the many more unlicensed businesses that are being operated out of homes. Research conducted in other Canadian communities has suggested that licensed HBBs may constitute a very low share of the total population of home businesses. For example, a survey in Kanata, Ontario estimated that only 9.5% of home businesses within their community were licensed (Dutton and Wells 1995), while similar surveys in Nanaimo and Saskatoon arrived at figures of 62% and 2.4%, respectively (City Spaces Consulting Ltd. 1995, Loescher 1997). Because of the complexity of the questions being asked of the various groups, methodological problems in attempting to canvas the entire population of home businesses in all five communities, and the nature of the objectives of this project, it was decided to address only those home businesses that were formally licensed by the municipality. Therefore, it is not known whether the results and attitudes in this report truly represent this larger group of unlicensed businesses.

1.3: Outline of the Report:

The second chapter introduces the reader to some of the recent literature on home-based businesses. It also highlights some of the relevant work that has been undertaken on local economic development and on community restructuring. The concepts and ideas raised in this literature will be compared to the empirical results to this project. Chapter 3 reviews and summarizes the regulations or bylaws that pertain to home occupations in each of the communities. Chapter 4 provides a profile of each of the communities in the study. Three major elements in these profiles will be: 1) basic demographic, economic and social characteristics of the five communities, 2) the structure of local economic development, planning and political influence, and 3) the various attitudes towards home-based businesses. The latter two elements were obtained from the personal interviews in each of the communities. The detailed results to both of the survey questionnaires are presented in Chapter 5, while Chapter 6 is devoted to some concluding interpretations and thoughts.

Chapter 2: The Basis for the Study: The Background Literature

2.1: Introduction:

Fundamental changes are taking place in the economy and society of Canadian cities. These changes include rapid industrial restructuring and the adoption of more flexible production systems, the changing roles and responsibilities of the local state, a re-evaluation of the most appropriate models of community economic development, and a growing informalization of work and production. These transformations have forced municipal decision makers and home owners to rethink the very concepts of "neighbourhood", "economic development", and "land use planning".

2.2: Context of the Research and Hypotheses:

A number of recent analyses have pointed to the significant presence and increase in work performed within the home. For example, Orser and Foster (1992), in establishing a very broad net for this phenomena, suggests that 23% of Canadian households are involved in some form of home-based work, including the self-employed, telecommuters or outworkers (also referred to as pieceworkers), and those who bring work home with them from their "normal" place of employment. From this broad net, they estimated that 10.8% of Canadian households were employed in independent businesses operated out of homes in 1990. As an additional example, the Bureau of Labor Statistics in the United States estimated that, in 1985, 1.9 million Americans spent at least 35 hours per week working at a business in the home (Horvath 1986). These numbers in themselves are interesting, and several social scientists have speculated on the ramifications of these forms of work for rural economic revitalization (Dykeman 1992, Carter et. al. 1992).

These empirical results, although informative in themselves, must be set within broader economic and social changes that have been sweeping Canadian cities in the past generation. These changes can be summarized as follows. First, many businesses and industrial sectors have restructured, often by shifting from a Fordist production system to one that might be labelled "flexible specialization" (Scott 1988, Gertler 1988, Piore and Sabel 1984, Lovering 1990, 1991, Amin and Robins 1990). Elements of this restructuring include the downsizing of many large companies and the contracting out to smaller companies the goods and services previously obtained in house. It is hypothesized, therefore, that home-based businesses have grown in importance as a consequence of two aspects of this restructuring (Randall 1993). They are increasingly being run by employees formerly employed on a full-time basis by the larger companies, and they represent a new inexpensive source of contracted goods and services.

Second, forms of work and production in urban industrialized settings are becoming more complex, diverse, and informal (Peck 1992, Sassen 1988, Sharpe 1988, Ditton 1977, Mackenzie 1987, Pahl 1985, Redclift and Mingione 1985, Reiner and Wolpert 1985). Recession and continuing high unemployment have forced households to adopt a wide range of survival strategies, including informal household production, bartering of goods and services, and other extralegal and illegal activities. Establishment of a business operated out of the home, either as a full-time job, or as a second job "on-the-side" represents a survival strategy that has only recently attracted attention by social scientists (Good and Levy 1992, Orser 1991, Dykeman 1992, Horvath 1986). Not only must we obtain more information regarding the significance of this phenomena for the economy of cities, but we need to set this activity in the context of the economic and social changes taking place in the household, the community, and society in general.

Third, new models of local economic development are emerging as conventional models have proven to be increasingly unsuccessful (Cox and Mair 1988, Coffey and Polese 1984, 1985, Ahlbrandt and DeAngelis 1987, Kirby 1985, Warner 1989, Clarke and Gaile 1992, Giloth 1988, Bovaird 1992). Conventional models have rested on the principles of interurban competition, the subsidization of large businesses, the creation and maintenance of manufacturing parks, and civic boosterism. Increasingly, however, the application of these principles has proven to be less than successful in improving the economic quality-of-life of urban residents. Many authors and policy makers are, therefore, advocating models of urban economic development that are based on endogenous initiatives, on the provision of skills for the local work force, and on the encouragement of existing small-scale local businesses. This "bottom up" philosophy is compatible with the emergence of home-based businesses, and it is hypothesized that municipal policy may now view this form of production as an ultimate "incubator" or "seedbed" for in situ job creation.

Finally, the roles and responsibilities of the local state, and its relationships to other institutions, have also changed dramatically over this same time period (Clarke and Kirby 1990, Harvey 1989, Judd and Ready 1986, Leitner 1990, Collinge 1992). A remarkable degree of consensus seemed to emerge in the 1970's and 1980's among bureaucrats and politicians at all levels regarding the paramount importance of local economic development policy and "urban entrepreneurialism". Regardless of nation, political party or ideology, almost all public decision makers in Western cities made this a part of their mandates (Goodman 1979, Harvey 1989). This was a fundamental change from the urban policy mandate of the previous generation, that could loosely be described as urban managerialism, reflected in the ability to provide social, educational and health services as equitably as possible, and in the development of new suburban subdivisions and mediation of land use conflicts. It is hypothesized that urban planning departments, as agents of the local state, have adopted the tenets of urban entrepreneurialism through the regulation of home-based businesses. Initially considered a nuisance, operating a business in a residential district was treated as a land use planning issue only. This form of production was, at the very least, highly restricted, ostensibly to preserve the quality-of-life of residential neighbourhoods but undoubtedly also to prevent competition with the growth of formal businesses. It was not until many communities were facing stagnation or increasing levels of unemployment that the regulation of these businesses became an economic development issue as well as a land use planning issue.

2.3: Significance of the Research:

As noted above, very little empirical research has been undertaken on HBBs. What has been undertaken rarely extends beyond any one individual community (Randall 1994). One of the important results of this research, therefore, is a comparison of the nature of production across a set of urban places that differ in a variety of ways. As such, this research will be useful in assessing the conditions that are conducive to the establishment of HBBs. Many Canadian municipalities are currently in the process of revising their bylaws with respect to the regulation of HBBs. It is expected that this research will provide a more informed basis to justify those revisions. At a more theoretical level, this research will show how issues such as local economic development policy and the role of the local state are shaped by the context and characteristics of the community itself.

2.4: Earlier Work Relevant to This Research:

As noted above, there are few studies of home-based businesses in Canada that extend beyond any one individual community. Two notable exceptions to this gap in the literature are the national level survey conducted by Orser and Foster (1992), entitled *Home Enterprise: Canadians and Home-Based*

Work, and the more recent CMHC-sponsored survey by Penny Gurstein (1995), entitled *Planning for Telework and Home-Based Employment: A Canadian Survey on Integrating Work into Residential Environments*. Although both of these reports contribute in significant ways to the overall subject of home businesses, they approached the topic in very different ways to that used in this project. Orser and Foster's seminal report relied primarily on a Gallup Poll personal survey of 1,040 Canadian adults to assess the extent of home-based activity. This was supplemented with a survey of home-based business owners distributed to home-based business association members, newsletter subscribers and other targeted groups. More importantly, it encompassed several different categories of those who work at home, including the self-employed, substituters and supplementers. The self-employed group is similar to the home-based businesses discussed in this report. Substituters and supplementers are those who work one or more days per week from home in either a primary or secondary job, and therefore include those employed by a commercial business but who may undertake at least part of their work at home. Since it was largely exploratory, this study provided a good, first step assessment on the importance of the home for work at a national level. Its objectives were "...to estimate the extent of home-based business activity in Canada, develop a profile of home-based workers, qualify facilitators and deterrents to home work and assess the economic impact of home-based businesses from a variety of perspectives including income, employment and value added." (Orser and Foster 1992, 57).

The 1995 study by Gurstein used the Orser and Foster report as a stepping stone to a further exploration of work at home. It, "...investigates the impact that telework and home-based employment has on the home and neighbourhood, and the implications for the planning and design of homes and communities." (Gurstein 1995, ii). Rather than personal surveys, Gurstein's project consisted of a comprehensive mailed survey from 453 teleworkers, self-employed entrepreneurs (the group most similar to the home-based businesses in this study), and contract workers or independent contractors. As with Orser and Foster's work, Gurstein's survey took a national focus. As a result of this geographic and functional breadth, the number of responses from self-employed entrepreneurs in any one particular city was limited (e.g., Greater Vancouver Regional District - 10, Edmonton - 9, Regina - 8; Prince Albert - none sent, Yellowknife - none sent to the Yukon or NWT). Some of the differences between these two studies and this project should be clear. First, this project focuses specifically on an interurban comparison of home-based businesses. Although it does not attempt to provide a national perspective, it is much more capable of assessing issues related to home businesses in urban settings and in comparing the results across these communities. Second, this study focuses only on licensed home-based businesses (i.e., the self-employed in the other studies). It does not include teleworkers or those who might bring some of their work home with them. Third, although both of the studies referred to above try to assess the economic impact of home businesses in the community, they do so only from interviews with the home businesses themselves, or from a random selection of households in the community. Since it is expected that some of the most fascinating linkages are between home businesses and commercial businesses, this study incorporates surveys of both groups. Finally, this study is much more interested in the relationships among home entrepreneurs, owners of commercial businesses and those who may influence land use and economic development policy within the community (e.g., planners, local politicians, Chamber of Commerce and economic development representatives, etc.). It recognizes that policy, attitude and perception are intertwined and are essential elements of the underlying context of communities. A complete understanding of why home-based work differs among communities can only be achieved by examining both the physical characteristics of places (e.g., population, economic and social characteristics of the residents) and the attitudes and perceptions of policy makers. Despite these differences, the work by Gurstein, and Orser and Foster do present some empirical results that can be compared with this project. Rather than reviewing all of these specific results here, they will be integrated and interpreted in Chapter 5 as similar topics from this study are raised.

Chapter 3: A Comparison of Home-Based Business Regulations in the Five Communities

All communities share similar purposes in establishing home occupation regulations. Municipal governments are attempting to strike a balance between two potentially conflicting objectives: managing or controlling the “residential character” or “quality-of-life” in neighbourhoods and promoting the growth of locally-based businesses. Differences in the regulations, representing alternative points along this continuum, are the outcomes of the values and influences of various groups and individuals within the community. Perhaps the best description of the tension inherent in arriving at this balance is found in the preamble to Prince Albert’s home occupation regulations:

“For many people, ‘home occupations’ are mere hobbies providing them with an opportunity to ‘free-lance’ in the business world. While there is no doubt that small home-based operations are good ‘business incubators’, the fact remains that residential neighbourhoods have to be protected from the intrusion of nuisances such as increased traffic, unsightly yards, noise, odours, safety hazards, and other disruptions which may not only affect neighbours, but decrease property values.”

At first glance, it would seem to be a simple matter to rank communities on the basis of how onerous or liberal their home-based business regulations are. In fact, it is much more difficult to differentiate between places. All five communities set some limits on who can work in the home business. In the case of Prince Albert, employees must be members of the family who reside in the dwelling. Although the same regulation seems to apply in Yellowknife, the regulations do not specify that these family members have to be residents as well. In Regina, only residents (i.e., no specification of family status) of the dwelling are permitted to be employees and the most restrictive employee limit is in Vancouver, where only one resident family member may work in the business on the premises (presumably, a spouse helping in the business contravenes the local guidelines). Finally, Edmonton distinguishes between “minor” and “major” home occupations. While only residents of the dwelling are allowed as employees of minor home businesses, major HBBs may employ up to two non-resident employees.

Another common regulation relates to the amount of noise or pollution permitted in the business. The most restrictive version of this regulation is in Edmonton, wherein the business cannot have mechanical or electrical equipment that creates external noise or interferes with electronic equipment in adjacent dwellings. Technically, this means that any mechanical noise related to the business that can be heard beyond the property lines is not allowed. In the rest of the communities, the wording of the regulations allows a little more flexibility. For instance, in Prince Albert, the “...peace, quiet and dignity of the neighbourhood should not be disturbed by dust, noise, smell, smoke or traffic generated by the use.”. In Regina, the regulations indicate that “no environmental nuisances can be generated”, where the use of the word *nuisance* implies that certain levels of dust, noise and odours are permitted. The same flexibility applies to the wording of the regulation in Vancouver, where “No *offensive* noise, odour, vibration, smoke, heat, or other objectionable effect shall be produced.” [italics added].

A third regulation common to the communities in this study relates to the sale of products from the home business in an attempt to limit the amount of traffic and parking congestion in the neighbourhoods. In Vancouver, product sales from the dwelling are not allowed at all, while in Regina, "No increase in parking or traffic shall be caused by the Residential Office/Home Occupation.". A literal enforcement of this latter standard implies not only that customers are not permitted to visit the home business, but also that couriers and repairmen are prohibited from visiting home-based businesses. Certain levels of traffic are permitted in the other three communities, so long as the level of traffic is not excessive. For example, in Yellowknife, only those businesses that make their product on the premises are allowed to sell it and, even for these, the business is not allowed to generate traffic or parking problems. In Prince Albert, as noted above, traffic should not disturb the peace, quiet and dignity of the neighbourhood. Also, products can be sold from the home but only if they have been produced, packaged or stored in the dwelling or accessory building. At first glance this seems overly restrictive, but almost all retailing involves at least temporary storage of products so, in practice, the effect of this particular regulation is not too onerous. In the two-tiered system in Edmonton, retail sales and professional offices (e.g., doctors, lawyers, accountants, engineers or real estate offices) are prohibited altogether. In addition, minor home occupations are allowed one business visitor per day, while major home occupations are allowed business visits, but no more traffic and parking than is usual in the area. The rationale behind Edmonton's restrictions on sales and professional home occupations rests less with the amount of traffic generated and more with broader land use and taxation policy. In personal communication with a representative of Edmonton's Planning and Development Department, it was indicated that these regulations were put in place, "*... to prevent the abandoning of commercial space in favour of cheaper residential space by those uses that are considered 'customer intensive', and also to prevent the erosion of the commercial tax base.*"

On the basis of the formal regulations, the City of Regina appears to have the most onerous restrictions on the operation of home-based businesses. Not only is no increase in traffic or parking allowed, as noted above, but there are a host of additional, specific regulations that limit the business practices of HBBs. For example, it is the only community that sets a maximum limit on the proportion of the dwelling that can be devoted to the home business (25%), no advertising of the address of the business is allowed either on-site or in the media, no signs are allowed on or off the property, no merchandise can be displayed or sold from the dwelling, and only one business vehicle is allowed. Restrictions on who can work in the business (i.e., only one resident family member), on direct sales (i.e., no sales of products or material from dwelling), and on the amount of on-site advertising (i.e., no business sign allowed), suggests that Vancouver has the next most restrictive policy on the operation of HBBs. Specific provisions in the regulations of the three remaining communities makes it difficult to rank them. For example, Edmonton is the only community that specifically prevents most professional services from operating out of homes. In addition, those HBBs designated as "minor home businesses" are very limited in what they are able to do. On the other hand, "major occupations" in Edmonton are allowed to employ up to two non-resident employees, and all home businesses are allowed to post a sign on their property. In Prince Albert, no advertising signs are permitted and only resident family members may be employed, but the rest of the regulations provide a considerable level of flexibility. Finally, although the City of Yellowknife seems to have an ambivalent attitude towards HBBs (e.g., you can store and sell products out of the home, but only family members of the occupant can work in the business), the regulations are written to provide an enormous amount of discretionary power to the regulatory agency (ultimately, City Council). Evidence of this power is apparent from the following passages: (1) "*... the permit may be revoked at any time if, in the opinion of Council, the use is or has become detrimental to the amenities of the neighbourhood.*", (2) "*... the Development Officer*

may set a limit to the number of students or customers that may be in attendance at any one time. And if in the opinion of the Development Officer the residential character of the neighbourhood is compromised by the activities of the students or customers, the Development Officer may reduce the number of students or customers that may be in attendance at any one time."

Chapter 4: A Profile of the Communities: The Importance of Context

4.1: Demographics and the Economy: Basic Statistics:

The objective of this chapter is not simply to point out that Vancouver, Edmonton, Regina, Prince Albert and Yellowknife are different. It should be obvious to most that these places differ in their economic and demographic structures, their place in the urban hierarchy, their role in their respective regions, and their local political systems. More importantly, this chapter suggests that these contextual differences (and in some cases similarities) allow us to understand the nature of, and attitudes towards, home-based business activity across the communities.

Table 1: Social and Economic Profile of Communities*

	Vancouver	Edmonton	Regina	Prince Albert	Yellowknife
City Population, '96	514,008	616,306	180,400	34,777	17,275
City Popn. as % of CMA or CA, '96	29.2	71.4	93.2	83.4	100.0
% Popn. Change, '91-'96	8.9	-1	0.7	1.7	13.8
% Popn. Change, '86-'91	9.4	7.4	2.3	1.5	29.2
% Rented Dwellings	59.2	47.8	35.2	42.9	58.3
% Moved in Past 5 Yrs.	57.7	56.9	48.8	51.4	77.1
% ≥ 15 yrs. w/Univ. Degree	19.9	14.2	13.2	8.0	17.6
% Unemployed, ≥ 15 yrs.	10.9	9.2	7.6	10.9	5.1
Participation Rate, ≥ 15 yrs.	68.0	72.3	71.9	65.6	87.3
% Unemployed, Males ≥ 15 yrs.	11.8	9.5	7.5	11.6	4.3
% Unemployed, Females ≥ 15 yrs.	9.9	8.9	7.7	10.2	6.0
% Males Self-Employed	8.4	5.0	6.2	5.7	4.6
% Females Self-Employed	4.6	3.0	4.2	3.1	3.3
% Males Employed at Home	6.8	4.0	4.9	5.0	3.4
% Females Employed at Home	6.5	5.3	5.9	4.4	5.4
% Lone-Parent Families	15.4	16.2	14.5	18.6	12.2
Mean Employ. Income,					
Males, Full-time, Full Yr. (\$)	38,790	37,662	38,475	36,463	53,778
Males, Part-time or Part Yr. (\$)	18,257	17,284	15,914	15,995	23,009
Females, Full-time, Full Yr. (\$)	27,547	25,868	25,598	23,740	37,324
Females, Part-time or Part Yr. (\$)	13,543	11,381	10,547	9,464	16,395
% Income as Government Transfers	10.4	10.0	9.9	14.7	3.1
Median Income, Males ≥ 15 yrs. (\$)	21,487	25,055	26,613	24,014	42,752
Median Income, Females ≥ 15 yrs. (\$)	15,585	14,426	15,080	11,969	27,001
% Low-Income Economic Families	19.5	19.3	13.4	20.9	0.0

* All of the statistics in this table are derived from the 1991 Population Census of Canada, unless otherwise noted.

Table 2: Employment by Industry Grouping, 1991*

	Vancouver	Edmonton	Regina	Prince Albert	Yellowknife
Primary Activities (%)	1.7	2.6	2.4	4.4	9.0
Manufacturing & Construction (%)	15.6	16.0	12.1	13.7	8.0
Trade & Transportation (%)	23.6	27.2	28.6	25.1	19.2
Business Services (%)	17.1	12.0	13.0	7.6	9.3
Government Services (%)	21.5	27.2	28.9	32.3	43.0
Personal & Other Services (%)	<u>20.6</u>	<u>14.9</u>	<u>15.1</u>	<u>17.0</u>	<u>11.5</u>
TOTAL	100.0	100.0	100.0	100.0	100.0

* All of the statistics in this table are derived from the 1991 Population Census of Canada.

4.2: A Profile of Vancouver:

4.2.1: An Interpretation of the Basic Statistics:

Although Vancouver appears to be the second largest urban centre in this study (behind Edmonton), these population figures are deceptive because we are looking at the City of Vancouver only. In fact, the City of Vancouver is at the heart of the larger Greater Vancouver Regional District (GVRD), and serves as the financial and retail heart for the entire Lower Mainland of British Columbia. The fact that the population of the City of Vancouver accounts for less than 30% of the whole Census Metropolitan Area (CMA) of which it is a part, indicates that the nature of the land use, the density of residential development and the role that the City plays in the surrounding region is going to be vastly different from that of the other communities. Even though most of the recent growth in the area has been occurring outside of the City boundaries, nonetheless the City of Vancouver has experienced consistently high population growth from 1986 to 1996, due largely to in-migration from overseas and the rest of Canada. Reflecting this high growth rate, the population in Vancouver is relatively mobile; with 57.7% of the population having moved at least once in five years (1986 - 91).

Some of the other characteristics of Vancouver noted in Tables 1 and 2 are consistent with an urban centre at the top of a regional hierarchy. For example, a higher share of the dwellings are rented (59.2%), a higher percent of the adult population has a post-secondary degree (19.9%), and the average employment income for both males and females is relatively high. It is also noteworthy that, despite a high average, incomes tend to be more polarized in Vancouver than in the other four cities in this project. This is evident from the fact that there is a much greater gap between mean and median incomes in Vancouver than elsewhere. Despite the greater numbers of employment "opportunities" in this large urban centre, unemployment rates for both males and females are relatively higher in Vancouver (only females in Prince Albert had a higher unemployment rate), and the share of families that are classified as "low-income" is relatively high (19.5%). Vancouver also has relatively high values on two traditional surrogate indicators of entrepreneurship: the percent of the labour force self-employed and the percent of the labour force employed at home. For both of these variables, and for both males and females, Vancouver has the highest values of the five communities being studied.

The overall employment structure (Table 2) suggests that employment in business and producer services is much more important to Vancouver than to the other communities. Personal

services, and other services including accommodation, food and recreation are also relatively important in Vancouver. Although employment in manufacturing is moderately represented, this employment base and the companies themselves are being squeezed out of the City proper. Large plots of industrial land have become so scarce and valuable that it is increasingly difficult for a manufacturer to justify the expense associated with producing within the City limits. Government and other administrative services (such as education and health) may be important in absolute numbers of jobs but are relatively underrepresented here in comparison to the other cities and, as you might expect from a city at the centre of a built up urban region, employment in primary activities is also less significant. This last statistic points out one of the weaknesses of relying solely on quantitative measures to describe the economy of a community. In interviews with several public and private sector representatives from Vancouver, it was pointed out repeatedly that the fortunes of many companies in Vancouver still rise and fall with the forestry industry, albeit to a lesser extent than in the past.

4.22: Local Economic Development, Planning and Political Influence in Vancouver:

In addition to the historic importance of forestry and the rising importance of financial services, Vancouver's economy is dominated to a greater extent by small businesses. This emphasis has intensified during the 1990's for several reasons. First, there has been a massive influx of immigrants from Asia and a large number of this group are wealthy, young, small scale capitalists who have opened small businesses at a much faster pace than the existing residents. One of the City Councillors interviewed stated, *"We have a population in the city of about 22% Asian; many of whom have brought in investment dollars have moved into our neighbourhood, bought houses, particularly upper end houses. They bring money from Hong Kong and Taiwan, a lot of investment money here from the Asian economy."* Second, as elsewhere, corporate restructuring has forced self-employment upon many more employees, who often end up contracting their services back to their former employer as well as to other companies.

Local government in Vancouver has been highly politicized, with individual councillors often associating themselves with specific political parties. Given the high level of unionization in the resource processing and transportation sectors, it is not surprising that local politics in Vancouver has historically been left-of-centre. In recent municipal elections however, City Council has shifted much more to the right (e.g., "pro-business") and those running under the auspices of the Committee of Progressive Electors (COPE) party have been virtually swept from local government. Although it appears that COPE remains effective as a grassroots critic of local government policy making, instead of setting the agenda it is now forced into a more reactive position. Some of the greatest political conflicts now appear to be between the very powerful city (and other GVRD governments) and the provincial New Democratic Party government. Given the significance of the population and economy of the Lower Mainland of British Columbia to the province, this conflict is more significant than in other contexts.

During the period when municipal government was more left wing, economic development functions were carried out in-house by the Economic Development Office. This Department was shut down in 1996. During interviews with various officials, the following reasons were cited for the closure of this office: 1) *"the City outgrew it; the same people had been there a long time, so the operation became identified with those people and they fell out of favour with the politicians."* [Board of Trade representative], 2) *"politically, a lot of people were upset with what they perceived were junkets to Asia"* [Board of Trade representative], 3) *"a lot of agreement that a more regional approach is required"* [Board of Trade representative], 4) *"the Economic*

Development office was perhaps less than fully functional. I'm not going to go into detail on that, but it wasn't really great bang for the buck. It didn't have a clear mandate... It had gotten engaged in fairly marginal activities in order to look busy. It had become a place that Asian would-be business persons would call not for information about the city, but really about the region, and would be sent off to the next post." [City of Vancouver Councillor]. In its place, a new Economic Development Commission has emerged *"To provide economic development policy advice to city council and manage programs to attract investment to the city."* (Hicks 1996). It is also expected to develop an economic vision statement for the city, issue economic indicators for the city and itself, "serve as a link between the business community and government", handle all economic development enquiries and co-ordinate the city's participation on trade missions. Although establishing an "independent" economic development advisory body is a political act in itself, especially given that many of the fifteen directors will be drawn from the business community, a City Councillor interviewed implied that this format is more efficient and unfettered, *"Instead of a bureaucrat being caught in the mob of bureaucracy here, or all the internal - I wouldn't want to call it infighting - but the internal discussions that happen here, so that somebody's independent best advice gets muted by the politics of having to eventually come forth with a cohesive recommendation to Council."* The Commission has been given an initial \$200,000 in funding from the City of Vancouver and has been encouraged to seek out additional funding from other sources, including the private sector. The Vancouver Board of Trade is strongly in favour of this new Economic Development Commission and has several representatives on the Board of Directors.

On the surface the Vancouver Board of Trade is similar to Chambers of Commerce in other cities. It has approximately 4,400 business members (approximately 8% of the licensed commercial companies in the City), drawn largely from the downtown core and from either small business (companies with fewer than 50 employees) or very large corporations. This membership profile is similar to that of Edmonton's Chamber of Commerce. The Vancouver Board engages in both lobbying and providing services such as guest speakers and corporate discounts to its members. The Board is probably most well known in the rest of Canada for creating and operating the "national debt clock", a fifteen by ten foot clock in downtown Vancouver that is an ongoing reminder of the growing national debt. This latter symbol is a good example of what makes this particular business group different from the others in this study; not only does it lobby local government but it also attempts to influence policy at the provincial and federal levels. At the local level the Board has a Community Affairs Committee that provides input to City Council on regional growth management, public transit, zoning, and cultural planning. It also has a Small Business Council, presumably to address the specific needs of these types of businesses. Although this Council is considering focusing on home-based business, the Board does not know which of its members are home-based. The Board representative interviewed suggested that high membership costs (starting at \$600/year) and the time needed to attend Board functions probably discourages participation by home businesses. Finally, the relationship between the Board and the City was described by both a City Councillor and a Board representative as co-operative. The Board representative went on to state, *"... it depends on who is in power; it's been quite a conservative bunch now that have been in City Hall for a while, so it usually sits with the Board of Trade's thinking. Now that's not the case with the provincial government. They are hardly on speaking terms. There is very little communication, and what communication there is, is not very positive"*.

As in Edmonton, community-based and broader citizen-based associations play a prominent role in the lives of the residents and attempt to influence policy in municipal government. There are a large number of neighbourhood associations in the City of Vancouver. Some, like the Downtown

Eastside Resident's Association, are particularly active in attempting to solve economic and social problems within their jurisdictions. In addition, there are many citizen-based activist groups. One of the most prominent is an organization called Neighbour to Neighbour Community to Community. It was formed in 1994 as a coalition of forty Vancouver resident associations with two goals; to foster liveable neighbourhoods and to promote neighbourhood inclusion in civic decision-making. Paraphrasing from the Vancouver Citizens Handbook, *"Members of the coalition believe there should be a civic role for citizens between elections. They also believe that residents are the best judges of what is good for their own neighbourhoods."* This organization is not as large nor as well financed as the equivalent organization in Edmonton (see below - the Federation of Community Leagues). However, according to one City Councillor interviewed, it does play a role as a critic of municipal government.

"And they're getting better and better, and they've got a network. They are getting more and more organized, they'll come and keep tabs on council now. Everything is on the internet today. You know exactly what council's papers are going up on it. So, I feel that that's getting better and better all the time, and the neighbour to neighbour network helps a lot, because they can say, 'You keep an eye on this council committee and let us know if there's anything we need to know.' And that's all very healthy. That's the way democracy is supposed to work. [Vancouver City Councillor]"

4.23: Attitudes Towards Home-Based Business in Vancouver:

In absolute terms, Vancouver has the greatest number of licensed home-based businesses (6,177) of the five communities studied. Despite these numbers, this form of production seems to be almost invisible as far as the City of Vancouver and the Board of Trade are concerned. Satisfaction with the status quo by most of the institutions involved is best reflected by the fact that the bylaws regulating home occupations have not been changed in a number of years, and there is no group currently pressing for change. A representative of the Vancouver Licensing department stated, *"In fact, we brought this issue up in front of council, probably 3 or 4 years ago, and put some options in front of council as to whether or not they wanted to tighten up the regulations or loosen them, what direction they wanted to go, whether we should allow all types of businesses in residential areas. At that time council decided they didn't want to make any changes; they felt it was working fairly well."* A City Councillor added, *"It's not been a front burner issue. It has come to my attention from time to time. There are certain cases that I am aware of, they generally influence policies."*

There seems to be greater acceptance on behalf of those who might influence policy in Vancouver that home businesses are strongly linked to commercial business activity in the city, occupy a market niche that rarely competes with commercial businesses, or have the potential to evolve into commercial businesses. A City Councillor remarked, *"I think they're great. I think they, for a variety of reasons ... offer an excellent option for conducting business activity, either because it's an embryo business, and needs to operate out of the home, or because there's no reason for it not to."* This person added,

I think that in many ways they are an augment to the local economy in the sense that they're not usually competing with businesses that need to locate in bigger spaces, for whatever reason. Often they may be subcontractors to a larger business. A graphic designer working out of his or her home is supplying something to the communications company or the advertising

agency, or what have you. He's just a subcontractor. In many ways there's a growing demand for home-based businesses as they're a part of the restructuring of the economy, downsizing and so forth and so on. The fact that there are more and more jobs that are not long-term, go down to the office and work 9 to 5, and you work there for 40 years and get a gold watch and handshake at 65 and out you go.

One of the Planning Department representatives added, *"I can't see any translation of that into any policy saying let's say no to home-based businesses. We see that as something important economically, incubating and low start-up and all that kind of thing."* Finally, an anecdotal point raised by a City Licensing official not only supports the contention that culture makes a difference in establishing home businesses but that there is also an evolution from the home to a commercial location for a number of these firms. He stated, *"And certainly a big turnover where they'll [Asians] relocate in many cases. They'll come in and start a business out of their home; next year they may have a commercial place. They seem to turn over the addresses a lot more than other ethnic groups"*.

The representative from the Board of Trade confirmed this general business attitude towards home businesses with the following statement, *"I never hear that there is unfair competition between home-based businesses and commercial businesses. I don't think people even think about that, nor do they really care whether someone has a business license and they are paying their money to the City"*. There are only a handful of business complaints concerning the activities of home businesses. When interviewed, a Licensing Department official could only think of two complaints originating from commercial businesses.

One of the reasons for the high level of acceptance of the current situation by both the City and the Board of Trade is that business license fees vary by activity, on a cost recovery basis, rather than by location. For example, a consultant would be charged the minimum fee of \$85/year regardless of whether they were operating out of their home or a commercial premise. Fees for businesses that might require more frequent inspections and monitoring (e.g., food preparation) are charged higher fees. Despite the fact that property taxes are still going to be substantially higher for a business in a commercial location than for one in a home, the perception may be that the "playing field" is more level in Vancouver between the two types of business. Also contributing to a positive attitude on the part of the City is the absence of a large supply of vacant industrial and commercial land. As such, the concept of mixed land use in residential areas has probably gained greater acceptance in Vancouver. In fact, an existing City land use planning initiative entitled the Live/Work Program makes a specific attempt to combine industrial and residential functions within the same units.

Not only do the personal interviews suggest that both the City and the business community are content with the current situation, these interviews suggest that residential opposition to home business is also minimal. Despite the large number of home businesses there are rarely more than a handful of complaints per year by residents. A City Councillor stated, *"It certainly is not the biggest item on which we receive calls. For the most part they don't seem to cause any trouble. There are individual instances where someone is carrying on an activity that's inappropriate or it's not - they're doing something like wholesaling clothes out of the basement, or something like that. And nobody minds the occasional somebody coming and so forth. If 30 cars stop a day, then sometimes a neighbour will get sticky about that. I haven't heard of it being a big problem"*. Most of the few residential complaints that are received concern unlicensed businesses.

The most extreme example of residential acceptance is suggested in the following quote by a Planning Department representative, *"In all of my years here, I've never heard anything about home-based businesses, not once. It's never been an issue at all. People go about their work at home very quietly and don't bother anybody, and don't need anything from anyone."*

Not only is there little pressure on the municipal government from business or residents to tighten home business regulation, there is equally little pressure on the part of any local home-based organization to loosen them. Although a formal Vancouver home-based business association was established in 1987, it was subsequently disbanded, resurrected and is currently dormant. Despite the large numbers of licensed home-based businesses, there does not seem to be sufficient concern with the present situation to justify organized lobbying. Although a former representative of this association expressed dissatisfaction with the level of services provided by the City to home-based businesses, and indicated that regulations are overly restrictive, this dissatisfaction has not been translated into any grassroots campaign for change. It may be that individual home-based businesses are simply ignoring the provisions of the bylaws rather than formally attempting to have them changed but, if this was the case, one might expect greater numbers of residential complaints about these activities. This same home-based business association official also indicated that there has been no relationship between the home-based business association and any of the resident associations and virtually no communication with the Board of Trade. In the latter case, the representative suggested that the Board of Trade was *"mentally unprepared for an organization like his"* and that, *"they hear the words but they have no concept of what home-based businesses are."*

4.3: A Profile of Edmonton:

4.31: An Interpretation of the Basic Statistics:

On the basis of the population figures presented above, the City of Edmonton is the most populous of the five communities. As noted above, however, these absolute numbers are a little deceptive. Unlike Vancouver, the administrative boundaries of the City of Edmonton encompass a much higher proportion (71.4%) of the total metropolitan population. There are "bedroom" communities surrounding Edmonton, such as St. Albert and Sherwood Park, but these constitute a relatively minor share of the total population and economy of the entire metropolis. This means that almost all retailing is contained within the City, with both the Central Business District and the West Edmonton Mall constituting the most prominent clusters of retail activity. Despite relatively rapid growth in the City of Edmonton between 1986 and 1991, population growth in the past five years has levelled off. In fact, Edmonton is the only city being studied that showed an absolute decline in population between 1991 and 1996. As with Vancouver, however, high levels of population growth continue to occur elsewhere in the Census Metropolitan Area (CMA). This suburban growth is due to continued decentralization, rural-to-urban migration, and migration from elsewhere in Canada. Although the share of rented dwellings in Edmonton is relatively moderate in comparison to the other centres, the level of mobility is still relatively high, with 56.9% of the population having moved in a five-year period. What seems to emerge from the snapshot of statistics in Table 1 is that the economy of Edmonton is moderately healthy. Participation rate in the labour force is fairly high (72.3%), unemployment rates for both men and women are average, and government transfer payments as a share of total household income are also intermediate (10.0%). The extreme values in Edmonton relate more to the proportion of self-employed (5.0% for men and 3.0% for women) and those who work at home (4.0% for men and 5.3% for women). In Edmonton, both of these variables are at or near the low end in comparison to the other four centres. In looking at all of the cities, there seems to be a rough inverse relationship between the

participation rate and the proportion of people employed at home. What this may be suggesting, in a preliminary way, is that local economies that are relatively robust, with many employment opportunities in the commercial sectors, tend to have a correspondingly lower share of employees who choose to work out of their homes.

Despite being a regional service centre, Edmonton is relatively diversified with a surprisingly high share (16.0%) of the labour force employed in manufacturing (Table 2). Although government services seem relatively less important in comparison to the other centres, this is a little deceptive. Since three of the five centres listed here are provincial or territorial capitals (Regina, Edmonton and Yellowknife), the share of the labour force employed in government, health and education is exceptionally high in all of these centres.

4.32: Local Economic Development, Planning and Political Influence in Edmonton:

The local political economy in Edmonton has changed dramatically in the past decade. During the 1970's and into the 1980's, Edmonton was very much a government city and the health of the local economy was a reflection of a higher level of public spending. In the past ten years, with public sector cutbacks at the provincial and municipal levels, the City of Edmonton has been more adversely affected than Calgary and other Alberta cities. The most recent municipal elections brought a City Council that reflected those economic changes. This City Council is perceived to be more "pro-business" and right-of-centre than previous administrations. Most of the new councillors and the new mayor campaigned on platforms that placed a high priority on economic development and this perception has percolated down to the various departments. One of the Planning Department representatives stated that *"economic development probably is THE top priority, like a lot of Prairie cities."* It is not surprising therefore to find that there are a number of economic development initiatives that are occurring in-house. For example, the Planning Department is closely involved in a City Council initiative entitled the "Smart City" project. This slogan is intended to market the technological and educational advantages of the city to attract, develop and retain knowledge and technology-intensive firm. It is also supposed to use these advantages to support "bottom-up" projects, including support for small scale firms in creating new jobs and recognising the role of education in maintaining the long term health of the community. At this point, the program is still too new to see if substantive policy changes will emerge from it.

Local economic development in Edmonton is fragmented across several agencies. Economic Development Edmonton (EDE) is a local agency funded largely by the City and has the formal responsibility for economic development. The agency has been described as *"the eyes and ears of Council"*. It tends to focus on the larger-scale, more conventional top-down initiatives such as enticing firms to relocate to the City. The emphasis of EDE was aptly summarised in one personal interview as follows: *"Because of the cost of operating something like EDE they are forced to focus on projects that can provide 'the big score'... a building or something where some dignitary can cut the ribbon and you can say, 'We have done our job!'. In a scenario like that, the small entrepreneur is a non-entity, and that is unfortunate."* Another group, called The Business Link, is supposed to provide advice and contacts for new business. It was set up, *"to be a one-stop shop for a new start-up company"*.

In an interview, a representative of the Edmonton Chamber of Commerce indicated that it was not the purpose of the organization to promote economic development. Instead, it was stated that they are supposed to serve two main functions; to lobby various governments in the interests of their members and to provide services (e.g., seminars, group discounts on purchases) to their

membership. Although only about 15% of Edmonton businesses belong to the Chamber, this is still almost double the proportion of Vancouver businesses that are affiliated with their Board of Trade. As is the case in Vancouver, most of the Edmonton Chamber members are drawn from among the small and the very large firms. Not only is economic development fragmented but the business voice is also fragmented across a number of geographically-based business associations and the Chamber of Commerce. Membership is spread across a fairly large number of organizations and, in the words of one City Councillor, *"they often can't agree on a number of issues"*. Despite this fragmentation, business is perceived by most people to be more influential at the present time. According to one local planner, *"the business community are the strong boys and a strong ally in Council. The community has a bit of a lesser influence than they did on the last Council. But there are still ongoing opportunities for their input."*

At the same time, Edmonton also has a very strong, locally-based set of community associations (in Edmonton, they are referred to as Community Leagues) that play a critical role both in supporting recreational and cultural activities, but also in lobbying the municipal government. More than 200,000 Edmonton residents are members of the various Community Leagues and their efforts are co-ordinated by a central organization called the Federation of Community Leagues. In an interview, representatives of this organization felt strongly that they had a role to play as advocates and in ensuring that there is a sufficient level of political participation. *"This is the one city in North America that I can say that we are a city of community. And communities drive a lot of what happens in this town or have up until recently."* Even a City Councillor indicated that this organization has, *"...from time to time, assumed the role of our official opposition"*.

4.33: Attitudes Towards Home-Based Business in Edmonton:

The Edmonton Planning Department has recognized the growing phenomena of home-based businesses and, in 1993, changed their regulations to accommodate the demand for people working from their homes. One planner stated that, *"It is now accepted more in society and in the city that home-based business is a legitimate operation. And there's a little greater expectation that people should be more tolerant of non-single family residential uses in the neighbourhood, and that includes day-care."* There appear to be few complaints from residents regarding home-based businesses. The planners interviewed indicated that they handled an average of three to four complaints per year and a City Councillor had dealt with perhaps a dozen complaints related to home-based businesses in the past year. The councillor perceived that residential opposition was defined largely by traffic and parking issues. In his words, *"If the business requires off street parking, it encounters resistance. If not, it's fine."* The representatives of the Federation of Community Leagues seemed to think that the current regulations were appropriate and they had received few complaints from residents. These representatives seemed particularly pleased that their organization had been consulted before the 1993 revisions to the home-based bylaws were made. They felt that the community as a whole was becoming more receptive to businesses in neighbourhoods because, *"When it touches everybody, ultimately it doesn't become an issue"*.

There tend to be more business complaints regarding home-based businesses with "an unfair advantage" but these complaints are almost always raised by individual businesses rather than by business associations. The Chamber of Commerce representative was not aware of any complaints from their members and, as long as the home business was operating within the municipal guidelines, was uncertain whether the Chamber would take a position even if there were complaints. Although some businesses have expressed concern about differences in taxation,

license fees for home businesses are still within the range but at the low end of the commercial business taxation rate. In his words, *"I don't tend to differentiate at all in terms of their capabilities.... Doesn't matter to me, I am more interested in can they do the job, and in some cases you might get better service out of a home-based business, but I tend to look at each company on it's own merits, it doesn't matter if they are operating out of a home or not."* Despite this attitude, the Chamber does not proactively seek out home-based businesses as members and is not aware how many of their members operate their businesses from their homes. Currently, there is no organized home-based business association in Edmonton and, since the City just revised it's home occupation bylaws several years ago, there are no plans to change them again.

4.4: A Profile of Regina:

4.41: An Interpretation of the Basic Statistics:

Regina occupies an intermediate position in most national urban hierarchies but is relatively more important as a regional service centre and government city within the Prairies. Almost all (93.2%) of the population of the CMA of Regina is contained within the City boundaries. Urban sprawl and the presence of "bedroom" communities is almost non-existent. It has also experienced very little growth over the past decade but, unlike Edmonton or Vancouver, almost no urban growth is taking place elsewhere within the CMA. The affordability of housing in Regina is reflected in the fact that an extremely low proportion of the homes are rented. This also contributes to a low mobility rate. Regina is the only city of the five where less than half the population has moved within the past five years. The fact that it is a government centre and experiences a fair amount of out-migration of young, skilled graduates has contributed to give Regina consistently low unemployment rates (7.6% in 1991). Given that the cost of living in Regina is relatively low in comparison to the other communities in this study, the mean and median household incomes are quite high when measured in terms of their purchasing power. These high incomes, the less significant role played by government transfer payments (e.g., unemployment payments, welfare and social insurance), and the lower percent of low-income families are all a reflection of the importance of stable, full-time government jobs.

Table 2 shows that the services, in their various forms, dominate the labour force of Regina. Since the city is the provincial capital, government services are relatively important. In addition, it's role as a regional centre for the transshipment of primary products, goods, and services ensures that trade and transportation and business services are going to be well represented. As with most regional trade centres in the Prairies, manufacturing is relatively unimportant to the overall economy of the city.

4.42: Local Economic Development, Planning and Political Influence in Regina:

Regina currently appears to be one of the most fractious of the five communities examined in this study, both in terms of local economic development strategy and in attitudes towards home-based business. Up until 1989 formal economic development functions were handled by a department of the City of Regina. In 1989, on the prompting of the Chamber of Commerce, the Regina Economic Development Authority (REDA) was formed. REDA was supposed to function as an independent authority while obtaining almost all of it's funding (currently about \$485,000 per year) from the City. In addition, the Mayor, the City Manager, and one City Councillor sit on the Board of REDA. Although REDA views it's mandate in broad terms as improving the overall economy of the city, it tends to place higher priority on attracting investment and employment from

elsewhere. In describing the difference in the role of REDA and the Chamber of Commerce, a representative of REDA stated, *"So, we've often described the Chamber as being a lobbying group for small business so they lobby on taxation, casino issues, where gambling should be located, education surveys... but we need the jobs, we need the businesses. That's our function. Bring the jobs. Bring the businesses, or maintain those jobs and businesses here."* Improvement of the local physical and human infrastructure seems to have a lesser priority with REDA and specific programs to assist in the creation of small business are non-existent. Despite the relatively large budget, the structure and roles that REDA plays are similar, albeit on a smaller scale, to those played by Economic Development Edmonton and the new Vancouver Economic Development Commission.

Although the Chamber of Commerce concedes that REDA is responsible for economic development, their administrative structure suggests that they do play a supportive role. One of the two major committees of the Chamber, the Program Committee, is responsible for all of the educational and informational functions that Chambers normally are associated with. The Economic Development Committee is responsible for *"enhancing the community for economic development"* through a set of sub-committees. It appears that the major purpose of these sub-committees (e.g., Small Business, Transportation, Ad Hoc Committee on Taxation) is to lobby government on the interests of their members. There seems to be agreement that the various functions that constitute economic development are fragmented across too many organizations. An example of the frustration regarding the roles of the various organizations was expressed in the following quote by a REDA representative: *"The Chamber of Commerce does have an Economic Development Committee of which there are sub-committees. We're not involved with that and at times we don't understand why they have this committee. Sometimes, it's at odds, and the staff at the Chamber is of the attitude that REDA gets all the money or REDA's getting accolades or REDA can do what they want, and is taking all our glory."*

The role that Regina plays as the provincial capital appears, in the minds of those interviewed, to go beyond its impact on the labour force. The representative of REDA indicated that reliance on the public sector has affected the degree of entrepreneurship in the city, *"...we're so scared, conservative, farm folk and do what you always do and be safe. That's Regina right there. That's the mentality--be frugal, just do what you always do, don't rock the boat."* Community associations, and their representatives, were described as having a more prominent role to play in planning and development than in other communities. Representatives of the various areas (or zones) in the city sit on the Regina Planning Commission, one of the more important advisory bodies for the City. This implies that residents have a direct voice in policy decisions, even though this commission only recommends policy to City Council. One of these zone representatives was a little less sanguine regarding the influence of public input. In his words, *"If it is something that the city wants to hear, then yes, that is a fact. [i.e., residents do have an influence] But if there is opposition to a particular development by either the zone board or the association the administration does not like to hear that, they don't like to make a recommendation to Council to go contrary to what the local community associations or boards want.... What I am saying is that even though there is a process, sometimes the commission will go against the wishes of the boards."*

Local politics by the current City Council was described by one of the Councillors as *"left of centre"*. Despite this viewpoint, there seems to be a good working relationship between the City and the various business groups (including REDA, the Chamber of Commerce and Regina Market Square - a downtown group of merchants). The Chamber described this relationship as follows,

"fairly confrontational to begin with but fine now; we maintain a non-confrontational philosophy, we want to work with the City to make it better." Even a City Councillor suggested that the reason that regulation of home-based businesses has become a contentious issue is a direct result of the strength of the Chamber of Commerce. Much of the vocal criticism of government revolves around the issue of taxation, and especially perceived inequities in business tax rates in comparison to other Prairie cities. As will be shown below, this has spilled over to affect the attitudes towards home-based businesses.

4.43: Attitudes Towards Home-Based Business in Regina:

Regina has a large number of licensed home-based businesses for a city its size and, unlike several of the other communities in this study, seems to have many additional unlicensed home businesses operating. In a survey that was part of an unpublished report by the Taxation and Licensing Department it was estimated that there are approximately four unlicensed HBBs operating in Regina for every licensed one. The following reasons were forwarded by those interviewed to explain both the high numbers of home-based businesses and the high ratio of unlicensed to licensed home businesses. First, it was suggested that government downsizing has led to the emergence of companies run by former government employees who subcontract their services back to their former departments. Second, this same downsizing has resulted in the creation of a number of "How to Start a Business" and "entrepreneurship" programs that has indirectly led to many new businesses being operated out of homes. Third, representatives from the Home-Based Business Association, the Chamber of Commerce, and REDA all share the same opinion that high business taxes and rigid regulations may be responsible for driving commercial firms into the home, in both licensed and unlicensed formats. The following quote from the Chamber representative best sums this attitude, *"with taxes being so high I think it is driving some people that are operating commercially viable businesses to the point of saying, 'I am going to operate out of my home, because why should I pay \$4000 in business tax when I do not have to.' There is a lot of business going on like that and it is going to grow, especially with the use of technology."*

Regina is one of only two communities (the other is Prince Albert) that have a formal Home-Based Business Association, established in 1993. Although the membership is not very large, with only 20 dues-paying members, this group has been the driving force in regulatory change. Part of the explanation for this impact is the lobbying experience of those running the organization. Shortly after forming, the Association forwarded a list of comments and concerns regarding the home business bylaws (that had just been revised in 1992) thus prompting the City to consider loosening their regulations. Among other changes, the HBB Association proposed that up to two visits to the home business per day be allowed (from the existing zero visits), that some on-street parking be allowed, that small signs be permitted on the properties, and that one non-resident employee be permitted. The justification for these changes was that the existing regulations were so severe that they would drive more businesses underground. It was at this stage that the City sought input from business and residential groups on the proposed changes. The business attitude, as portrayed in their submissions and in interviews, tends to be less supportive of home-based businesses than elsewhere. Although almost every written submission begins by being supportive of the principle of competition and home-based business, they remain firmly opposed to any changes. A selection of these attitudes are reproduced below:

- *"I mean, look at the downtown, they are dying to have people set up businesses. The vacancy rate is incredible. I believe the Chamber is in a real dilemma, because on one hand*

they would like to have more businesses, but on the other hand they support home-based business and they are screwing their own members. I mean right now there is something like a 27% vacancy rate.” [Zone Board representative]

- *“When City Hall started getting pressure from the Home-Based Business Association, we stepped in because we have a lot of members who are not home-based businesses but have to end up dealing with some as competitors, for example hairdressers who are operating out of a strip mall.” [Chamber of Commerce representative]*
- *“Probably a better word to describe it is that they [Chamber of Commerce] are really opposed to any changes, they are quite happy with the bylaws the way they are now. We are not. I suppose that it is a matter of disagreeing. And I suppose that when we make separate briefs to Council and to planning committees, it appears that we are at odds. Well, we are at odds, but maybe it is not adversarial.” [HBB Association representative]*
- *“We feel that the present By-laws represent a reasonable level of regulation, and we would be concerned if it was decided to relax these regulations. Not only would easing of the regulations create a non-competitive environment for those business which pay business and commercial property taxes, but those neighbourhoods where the businesses would be located would have undue hazards created due to the potential of increased visitor traffic” [from position paper by Chamber of Commerce to City Council]*
- *“Changes in the by-law will lead to an increase in the number of the vacant buildings downtown, and in the rest of the city, and in turn results in lower tax revenue for the city, and in some cases leads to the City taking the title on buildings. It will also increase the levels of traffic in residential neighbourhoods, which will in turn increase the need for roadway repairs...People who operate home-based businesses do not pay the same level of taxes as the remaining business community. Other businesses pay considerable taxes to the City, we pay property taxes, business taxes, and a variety of other commercially based operating costs, that are not paid by home-based businesses. If home-based businesses do not have to pay their fair share of taxes in the City, then perhaps Council should treat the remaining business in the same fashion and not tax them for operating a business.” [submission by the Regina Market Square to City Council]*

It is clear from most of these comments that perceived tax inequity has been driving much of the conflict. In every community in this study the level of taxes paid by home-based businesses is lower than the equivalent commercial business. Although it is difficult to generalize the tax differences in Regina, a Licensing and Taxation representative suggested the following hypothetical example, *“If you wanted to talk about a plumbing and heating contractor, for example, working from his home as opposed to one working from a commercial location. From the home the contractor would pay \$350 per year. If you are in the commercial location paying business tax, depending on how much area they use, they might pay over \$1000, easily, for the same type and size of business. The only difference is really, where they are operating from.”* At the same time, several people interviewed indicated that these differences in tax rates are somewhat compensated by the onerous restrictions placed on businesses operated out of their homes. Not only do home businesses have to purchase a business license, but there are major limitations on the number of people they can employ, how they can advertise, how many clients can visit, and where they can park vehicles. Undoubtedly, these restrictions hinder the ability of home businesses to generate the same revenues as commercial businesses.

The City of Regina seems to be at a crossroads in their treatment of home-based businesses. The current conflicts are partly a result of the regulatory revisions in 1992. The

perceived unfairness and severity of these regulations led to the opposition by the Home-Based Business Association. The Association was particularly upset that no visits at all were allowed. The attitude to this element of the bylaws was described by one of the Planning representatives as follows, *"Our policy is one of zero impact. That is the basic premise is to start from a zero impact. You could have a home-based business in every home in the neighbourhood and there would be no change in the characteristics of that neighbourhood. So, what we look for in something like client visitations is basically zero client visitations. Because basically any client visitations is going to be more than would have been impacted if it was just residential use."* Unfortunately, there are inconsistencies in this particular regulation on the basis of the type of activity or service being offered. *"You are allowed any number of clients for dog groomers, beauty salons, day care facilities (maximum of eight children at one time), aesthetics or massage therapy, or a music teacher (maximum of five students at any one time), but if you are an accountant, lawyer, architect, or a speech pathologist, you were not permitted to have clients. It would be very difficult to explain and justify to those not permitted why the other categories are allowed to have clients."* [based on a submission to Development and Planning from Taxation and Licensing].

One of the difficulties the City appears to have is in separating out the business impacts from the neighbourhood quality-of-life impacts and receiving input from those most affected in each of these two categories. For example, a Planning Department representative suggested that, in principle, they are concerned only with the impact on neighbourhoods, *"When we are looking at the city regulations as zoning by-laws, we would be applying regulations restricting activities of home-based business for the purpose of minimizing the externalities, and their impact on the surrounding neighbourhood. And not in terms of restricting home-based businesses because they are more or less competitive with businesses in commercial areas."* Given this goal, it is surprising that they sought input from the major business groups to assist them in determining a response to the concerns of the Home-Based Business Association, *"As far as our point of view we had looked at these comments and had the Chamber of Commerce, the Regina Market Square and REDA all look at it to get their feelings. To deal with the comments that the home-based business association had come up with we had to determine, I guess, what level of home-based business activity would sort of ensure compatibility with residential property."* [Planning Department representative]

Disagreements among the major actors in Regina are not limited to the impacts of home-based businesses on other businesses. By a large margin, there are more residential complaints in Regina than in any of the other communities. Two separate sources placed the number of residential complaints regarding the activities of home businesses at approximately 100 per year, and this number had been consistent for several years. In all of the other communities in this study the average annual number of formal complaints rarely exceeded a few. Concern regarding increased traffic seemed to dominate these complaints. For example, a Zone Board representative stated, *"Well, if I was living in a \$100,000 home and it was zoned residential, R1, and all of a sudden somebody decided to put up a business beside me, you kind of wonder what is going on? It may not be bad but there is almost bound to be an increase in traffic, an increase in strangers if you will and my idea of tranquillity, the reason I bought my home for that purpose, for a residence, is gone."* Most of these complaints appear to be from individuals rather than organized groups. In reviewing the home business bylaws, a survey was sent by the City to all of the community associations in Regina, asking for their attitudes. Only 21% (eleven associations) responded, suggesting that the issue is not a high priority with them. Of those associations that did respond, 70% felt that home-businesses had a positive impact on their neighbourhoods and a

further 11% felt that they didn't affect the liveability of the neighbourhood in any way. Part of the difference in attitude may be a function of the lifestyles of residents in particular communities. It was pointed out several times that some neighbourhoods are more receptive to differences than others. This quote from a resident of a core neighbourhood provides evidence of this, *"I come from a very unique area of the city, the Cathedral area, but it's very artistic. I would imagine the number of home businesses in that area is extremely high because there is that weird artsy, fly by the seat of your pants... There is a ton of that stuff going on in my area, because it's just got a different creative eclectic and everybody's happy with that."* Finally, although representatives of the commercial business groups portrayed home-based businesses as security risks, because of the increased numbers of strangers in the neighbourhood, others viewed the presence of residents in the neighbourhoods during the day as a deterrent to crime. In the words of a City Councillor, *"As far as disrupting neighbourhoods, I think that it has a lot of positives because you have somebody who is home all the time, security is better, although they may not see what is going on in the community at least there is somebody around, and that adds to the security and to the neighbourhood."*

4.5: A Profile of Prince Albert:

4.51: An Interpretation of the Basic Statistics:

Prince Albert occupies a position one step lower on the urban hierarchy than Regina, and the community serves as a regional service and distribution centre for northern Saskatchewan. As with Regina, a high percent (83.4%) of the population of the Prince Albert Census Agglomeration (CA) is contained within the City of Prince Albert. It has experienced consistently low population growth for the past decade, as some of its labour force and business is siphoned off to Saskatoon and other major centres in Western Canada. Since Prince Albert is relatively low in the urban hierarchy, it is not surprising to find that a relatively smaller share of the adult population has a University degree and the unemployment rate is relatively high. Many of the indicators in Table 1 point to Prince Albert as having some economic and social problems. Although the mean and median incomes are relatively high, the City has the lowest employment participation rate (65.6%), the highest share of lone-parent families (18.6%), the greatest reliance on government transfers (14.7% of income), and the highest share of low-income families (20.9%).

The very low share of the labour force employed in business services in Prince Albert (Table 2) is indicative of a relatively isolated urban centre that has these higher order functions provided by other, larger centres in the region (e.g., Saskatoon and Edmonton). Although Prince Albert is not a capital, government services employment is high because of the presence of a large community college, a federal penitentiary and other correctional facilities, and health services. Even though manufacturing appears to be well represented in Prince Albert, this high value is skewed by the presence of one large forestry company; Weyerhaeuser.

4.52: Local Economic Development, Planning and Political Influence in Prince Albert:

On the surface, the City of Prince Albert appears to manage the function of economic development internally to a greater degree than in the other communities. Decisions regarding promotion and economic development are made by an Economic Development Committee of Council that is chaired by one of the City Councillors, and includes representation from the Mayor, the Director of the Regional Economic Development Authority (REDA), the manager of the Prince Albert Development Corporation (a branch of the P.A. Tribal Council), and other citizens selected by the Committee. Decisions are put into action by personnel of the Planning Department. In

practice, it is unclear which organizations are the most significant players in economic development. The position of Director of Economic Development within the Planning Department has been vacant for the past two years. The General Manager of the Chamber of Commerce retired in 1997 and the Executive Director of REDA had also just resigned. The representatives of each of these organizations indicated that this is a time of transition and an opportunity exists for consolidation in economic development activities. At the same time, there was no indication that economic development was going to be shifted away from City Hall. In fact, a Planning Department representative indicated that there has been a greater move towards the promotion of economic development in planning functions, and this was really just a reflection of what was happening across Saskatchewan. The Chamber of Commerce representative stated, *"In fact there's even some talk of us [the Chamber of Commerce] moving out of here, at least that's one of the models that's been discussed, and moving into City Hall. And REDA would move into City Hall, and Community Futures perhaps in City Hall."*

The mission statement of the Chamber of Commerce in Prince Albert states that the organization is attempting to improve the social and economic conditions of Prince Albert and area and is trying to be the umbrella organization to meet the needs of business. As such, in addition to the traditional Chamber roles of lobbying and education, it seems to take a more proactive approach to economic development. Approximately 40% of the firms in the City belong to the Chamber. This share is much higher than in the larger communities in this study.

As was the case in Edmonton, there has been a significant turnover of elected municipal officials in the previous election and the new Councillors were elected on an understanding that they would be more receptive to the interests of business. Although the Council was described as "middle of the road" politically, a significant number of the current Councillors are small business owners or in private sales (including the Mayor). The economy of Prince Albert was described as relatively diverse for a Prairie city of its size. Although agriculture and regional service functions are important, the local economy is stabilized by employment in the federal penitentiary and several other correctional facilities. One of the economic development objectives is to promote the city as the "Gateway to the North", a reference both to its role in producing and distributing services for northern Saskatchewan and acting as a centre for northern-based tourism. The other major employer is the forestry company Weyerhaeuser, with approximately 850 highly paid employees. One of the largest changes in the community over the past ten years has been the growing presence economically and demographically of the Native population. Aboriginals now account for approximately 35% of Prince Albert's population and, as was noted above, they are represented by their own economic development organization (the Prince Albert Development Corporation). One of the local representatives of the home-based business association has noticed that Native leaders in the area are more committed to training their people for the available jobs than they have been in the past, *"...there has been a shift that you can almost sense, in the last year, from saying that 'I'm Native, I deserve a job' to 'How do I train my people?'"*

4.53: Attitudes Towards Home-Based Business in Prince Albert:

Together with Regina, Prince Albert is the only other community in this study to have a formal Home-Based Business Association, established in 1993. Although they have only 25 members (there are 886 licensed HBBs and undoubtedly many more unlicensed ones), they meet on a regular basis to hear from guest speakers and to determine policy. The HBB Association is well connected to the other economic and political institutions in the community. In interviews their representatives said that they were especially pleased with their relationship with City Hall. When

they were just beginning, City Hall gave them the mailing lists of all those who had applied for home-business licenses, and they were able to use this for a mailout to register new members. In addition, the Planning Department was described as taking a more personal approach to all potential businesses, regardless of whether they are home-based or commercial. The local government was described as more enlightened in their attitudes towards home-based businesses than in Regina; *"where basically they are trying to drive home-based business into the ground, tax them out of existence, legislate them out. That is not going to work, it is just going to drive them underground."*[HBB Association representative]. One of the best indicators of the level of potential influence of the Home-Based Business Association is that many of their members are represented on Planning Committees and on the various economic development boards. Their relationship with the Chamber of Commerce appears to be cordial. When the association was first established the first President met with directors of the Chamber to see whether the HBB Association could be set up as a subgroup of the Chamber. Although this suggestion was not met with enthusiasm, it was indicated that the Chamber has been willing to work with the Association. One of the next initiatives of the HBB Association is to try to formalize some of their links with other business organizations in town such as the Chamber.

For their part, the Chamber does not identify home-based businesses as a part of their membership. The representative interviewed felt that home-based businesses were not an issue with his members, and that he had not even heard any complaints regarding uneven taxation. When he does get enquiries from individuals who want to set up a business in their own home, he refers them to REDA, since this organization has traditionally been able to provide small business loans and other support to these types of businesses. The Planning Department representative indicated that they are trying to promote home-based businesses as a form of economic development, while still trying to protect the residents of the community. Apparently, they have had few complaints from residents concerning home businesses and the officials interviewed had not had a complaint in the previous two months. Despite this, the Planning Department is contemplating changing their regulations so that home businesses will be subject to an annual review, as an extra check on the activities of these businesses.

Although the role of community associations is not as prominent politically as is the case in Edmonton, there are a few that currently exist in Prince Albert. The potential impact of home-based businesses in their neighbourhoods, however, does not seem to be a high priority with these organizations. Instead, their principal concerns were crime prevention and ways to alleviate poverty. In fact, a representative of the HBB Association has given a presentation to at least one of the community associations on ways to establish this type of business in the neighbourhood in order to reduce local poverty and make the neighbourhood more self-sufficient.

4.6: A Profile of Yellowknife:

4.61: An Interpretation of the Basic Statistics:

The most obvious defining feature of Yellowknife is its remote location. Edmonton, the closest higher order urban centre, is 1,500 kilometres away by road. Obviously this isolation has a major influence on both the economic structure and way-of-life in the community but it is by no means the only moderating influence. For example, using population as an indicator, Yellowknife is the smallest of the five communities and it might be expected that this would influence the types of economic activities found there. However, its role as the capital of the Northwest Territories, and its significance in the administration and economy of the entire western Arctic, means that it maintains characteristics of a community much larger than 17,275 people. There are 1,424

licensed businesses in Yellowknife (both home-based and commercial), and this exceeds the number of licensed businesses in Prince Albert (1,383), a community with twice the population (see Table 3).

Table 2 shows that the economy of this city is dominated by various kinds of government-related service jobs, led by the territorial government but also supplemented by higher than average numbers of jobs in education, health and in the municipal government. Primary jobs, particularly in mining, are also well represented in the community. Very few manufacturing jobs exist in the city, and those few manufacturing companies that do exist are small and produce almost exclusively for the local market.

Yellowknife has also experienced the greatest population growth of the five centres over the past ten years and this has led to a much higher level of mobility (77.1%) than elsewhere. In addition to being the centre of government and administrative services, Yellowknife retains some of the characteristics of its resource-based heritage and this resource "dependence" is reflected in the higher levels of mobility and the higher level of rental dwellings (58.3%). Although most of this resource wealth is built on gold mining, with two major mines (the Miramar Con Mine and the Giant Royal Oak Mine) located in the City, recent investment, employment growth, and optimism has been based on the development of the diamond mining industry. The Australian-based Broken Hills Proprietary (BHP) Company is in the process of constructing a diamond mine that will use Yellowknife as an operational base. This one mine alone is projected to create 1,000 construction jobs, 650 permanent jobs during production and \$1.2 billion in direct investment over the life of the mine. The statistics in Table 1 reflect a snapshot of "boom" times in 1991. Unemployment rates were quite low, the employment participation rate (87.3%) was much higher than any of the other communities, government transfers as a proportion of total income were virtually non-existent (3.1%), there were no low-income families, and average incomes were exceptionally high. These high incomes are tempered by an equally high cost-of-living.

Table 1 also suggests that there is less polarization in personal economic wealth. Not only are there no low-income families and an insignificant role for government transfers, but the gap between the mean and median incomes is the narrowest of any of the five communities, suggesting that there are fewer extremely wealthy or extremely poor households. The community also attracts a very highly educated labour force, with 17.6% of adults holding a University degree. Despite its frontier, entrepreneurship-based mentality, a relatively small percent of men and women are self-employed or work at home. This is not surprising given the conditions that existed in 1991. There is less incentive to risk failure associated with self-employment during boom times in a community with a higher degree of industrial specialization and a greater supply of high-paying government and mining jobs available in the conventional economy. Unfortunately, the statistics in Table 1 may not accurately reflect current economic conditions in Yellowknife. A recession in the gold industry and territorial government layoffs led to a relatively poor economic performance in the community in the early 1990's and, as described below, these instabilities have continued to the present.

The political economy of Yellowknife has been dominated by the needs of the mining industry and the territorial government (and related public services) since Yellowknife became the capital in 1967. Despite the stability in community incomes associated with growth of the public sector up to 1990, the community has still faced booms and busts as the gold mining sector has grown and declined. Since 1990, and despite continued population growth as described in Table 1, the economy has suffered from government restructuring and a prolonged strike at one of the two major gold mines. Most affected by these changes have been the market-oriented firms that

emerged within the past decade. The other major change that has occurred in the past decade has been the growth of national chain retailers in the community. In addition to increasing the level of choice to consumers, this has brought a degree of competition that has been unprecedented for many of the local companies and has dramatically lowered average salaries for young, unskilled labour to the point that it is difficult for young families to afford the very high cost-of-living in the community.

4.62: Local Economic Development, Planning and Political Influence in Yellowknife:

Yellowknife was described by several of the individuals interviewed as being very different politically and economically from most other communities in Canada. The formal function of local economic development has evolved rapidly over the past several years in the community. In 1993, in response to the recommendations by a consultant, an Economic Development Advisory Board was established and an economic development advisor was hired on a contract basis. The rationale behind this move was that the community was facing two crises: downsizing of the territorial government and the loss of local jobs that were associated with it, and the prolonged strike at one of the major employers, a local gold mining firm. Initially this individual was paid jointly by the City and the Territory and decisions were arrived at by the Board and passed on to Council. Because of disagreements about the effectiveness of the Board, and budget cuts by the Territory, the Board was disbanded and the development officer, who was now paid wholly by the City and was solely responsible for developing economic development policy, reported directly to the Chief Administrator and Mayor. The strategy now being pursued by the City focuses on three elements: 1) attracting mining company offices to complement their resource sectors, 2) promoting tourism and, in particular, attracting the convention and conference market, and 3) attracting the film industry. The City does not place a high priority on small business development and retention. It was indicated in an interview that the City's emphasis was on attracting new businesses and investment from outside the community, as described above, and that it was the Chamber of Commerce's mandate to support existing small businesses.

On the other hand, the Chamber of Commerce defines its role as improving the economy and acting as a lobby for all business (not just their members and not just small business). There seems to be a greater degree of animosity between the Chamber and the City over economic development than in any of the other communities surveyed. Although the Chamber advocated bringing in a development officer and setting up an Economic Development Advisory Board, they felt that the City and the Board was not independent enough from the politics of the City. The Chamber also disagreed with the three-pronged strategy proposed by the City for economic development. The Chamber has already passed a motion to set up their own Economic Development Authority, but has not yet acted on that motion. The Chamber also feels that the City is not fully supportive of business needs and could not be described as "pro-business" at all. The attitude expressed was that, despite the fact that the Mayor was supportive of the Chamber, and the majority of Councillors were drawn from the ranks of small business, the Council as a whole has not been receptive to business.

Local politics was described as being unusual for a community of 18,000. The high level of turnover means that people tend to be more accepting of newcomers, and the social linkages among those with decision making power is quite high. One alderman stated that, "*he didn't really know anyone who was born here*" and "*I doubt there are too many communities who would elect someone as alderman who had only lived here two years.*". In addition to the attitude towards

business described above, Council was described as “*middle of the road*” and pulled a little to the left because of the presence of the unionized mining industry and the territorial government.

The Planning Department representatives in Yellowknife did not view economic development as having a high priority in their duties. Unlike the other communities in this project, when they were asked how planning has changed, an increased emphasis on economic development was not mentioned. When prompted specifically about economic development within the Planning Department, the response was, “*I see them as somewhat separate still in Yellowknife. [Name of Economic Development Officer] of course represents the economic development side of things and we haven't had conflicts to date between planning and economic development.*”.

4.63: Attitudes Towards Home-Based Business in Yellowknife:

The Planning Department of the City of Yellowknife seems to have an ambivalent attitude towards home occupations. They changed the regulations regarding home-based businesses as recently as 1993 but they did not view these changes as a relaxation of controls. They also view their regulations as flexible. Yellowknife was the only community studied in which every home business application came before City Council for approval. Although this sounds arbitrary, this is also the only community where approval by Council takes place before neighbours are notified of the application. Council itself was described as being supportive of home-based business applications, with six councillors generally in favour and two (one of whom resigned during the course of this project) generally opposed to businesses operating in residential areas. The level of local government support is reflected by the fact that very few, if any, home business applications are turned down. One of the aldermen interviewed described opposition to home businesses as follows, “*it would be a lot like arguing against the 21st century... so we're not going to spend an awful lot of time arguing on trying to reverse this trend in Yellowknife*”.

The local Chamber of Commerce is unquestionably the most vocal advocate of home-based businesses. This may partly be explained by their broader mandate but it may also be a function of the fact that half (250 of 500) of their members are home-based. This current positive attitude was described as being a complete reversal of the Chamber's previous position.

“About 20 years ago our Chamber was absolutely entirely against home-based businesses. They lobbied for various taxes, they lobbied to raise the license fees, they lobbied to change the zoning so that people couldn't have a home-based business and over the last 3 or 4 years we've done a reverse flip on this and now we're lobbying to lower the licenses for home-based businesses because we need to set up the market economy. We can't be dependent on the mine economy.”

Three of the current eighteen Chamber Board members run home-based businesses and it was indicated that the Chamber has an unwritten tradition that at least one home-based member is represented on the Board. The Chamber representative interviewed expressed the opinion that, with some exceptions, most commercial businesses are supportive of home businesses. This attitude is expressed in the following quote: “*The party line is that HBBs definitely have a role to play in the economy of Yellowknife. It's the way that business grows in this town. But there are some very, very protective people. Yellowknife had no competition for any business opportunity up until about five years ago, and there's certainly enough expendable income to go around that it seems with the change in product pricing with the national chains coming in, the change in incomes because of the lowering of the base*

income, that there has been some of those businesses that have been badly hurt and are desperately against competition and want protection."

None of the representatives from the Chamber, the Planning Department, the City Council or the Economic Development Authority could recall a single formal business complaint against home-based businesses. There were also very few residential complaints regarding businesses in neighbourhoods. The Planning Department representatives and the alderman interviewed could recall only two complaints from residents. There is only one community-based association in Yellowknife and it represents the residents of the older, original part of town (Back Bay). Although it was not possible to interview a representative from this community association, the issue of the impact of home-based businesses on the neighbourhood has never been raised by this association in a formal manner to the City.

When asked for reasons that might explain the preference for home-based employment, several people interviewed pointed to territorial government downsizing as the source of many new firms. They seemed to feel, from anecdotal evidence, that government employees who are laid off or accept early retirement have been contracted by their former employer to provide the same services they formerly provided in-house. The other factor is the high cost of starting and operating a commercial business in town. It was suggested that the cost of leasing office space and paying overhead and labour is so expensive that it often doesn't make sense to open a small office downtown. Finally, several people interviewed pointed to an entrepreneurial attitude that seems to be part of the cultural make up of those who settle in Yellowknife, *"...I would say that Yellowknife is the frontier and we draw a lot of transient people but we draw frontiersmen... You know people are fanatical about everything - they're fanatical environmentalists, they're fanatical capitalists, they're fanatical artists, you know, everyone is extreme about their opinions and I think that's what creates home businesses."* The lack of business opposition was attributed to the fact that there was very little difference between home-based and commercial firms in the cost of a business license. Although the mill rate for commercial and residential property differed slightly, it was felt that this difference was not major.

4.7: Conclusions:

As was suggested at the beginning of this Chapter, it is not difficult to point out the differences among the five cities chosen for this study. First, and most obvious, differences in population size and level of economic activity ensures that each of the communities will play unique roles within their respective regions. The statistics in Tables 1 and 2 paint a picture of these differences. For example, although the cities of Vancouver and Edmonton have approximately the same populations, Vancouver serves as the financial and trade centre for a much wider area, linking all of Western Canada to the Pacific Rim. Also, even though Yellowknife is one-half the size of Prince Albert, it's status as a territorial capital isolated from the rest of Canada has meant that it has many more high order public and private services, higher average incomes, and a more transient work force than the larger Saskatchewan city. At the same time, the differences in size sometimes mask underlying similarities. Three of the five cities in this study are provincial or territorial capitals and this position means that they all have a higher than average share of their labour force in stable, well-paid public sector jobs. It also means that they have all faced recent economic problems as they adjust to public sector spending cuts. The personal interviews have suggested that these economic, social and demographic statistics have influenced perspectives on local economic development policy and, ultimately, attitudes towards home-based businesses.

In general, it appears that local politics is increasingly being influenced by a concern for jobs and economic development. In the larger cities, many of the incumbent City Councillors were elected on platforms that explicitly stressed economic policy. Even in the smaller communities, the generation of jobs appears to be one of the major concerns of local politicians. In addition, many of the local councillors are increasingly being drawn from the ranks of small business. Along with this growing preoccupation with the health of the local economy, most of the larger cities have been transferring the day-to-day economic development functions to agencies or commissions that are separate from local government. These include the new Economic Development Commission in Vancouver, Economic Development Edmonton, and the Regina Economic Development Authority. Despite the appearance of independence by these agencies, they receive most of their funding from their respective local governments, their decision making boards are often dominated by representatives of the private sector and local politicians, and one of their principal functions is to provide advice to the City Councils. Within these agencies, economic development usually follows the more conventional approach as described in Chapter 2, emphasizing boosterism, seeking out firms that might be willing to relocate to their city, and encouraging local government to subsidize these firms on the understanding that they will create new jobs. The role that these agencies play as advisors to local government, and the growing influence of other business lobby groups, suggests that urban entrepreneurialism is more apparent today than it has been in the past.

Since the concept of a home-based business does not fit the conventional approach described above, the economic development agencies and commissions rarely provide any form of substantive support for this form of production. Ironically, now that formal economic development functions are not provided in-house, most of the support for a "bottom-up" economic development approach reflected by home-based businesses is coming from Planning Departments, Licensing Departments, and advocacy groups (e.g., Home-Based Business Associations) from outside local government. Often, personnel in these departments are the ones recommending home occupation policy changes in response to grassroots pressure from residents who want to conduct business from their homes. In effect, line departments of local government are taking on economic development functions and are more likely to advocate strategies that fit a more locally-based economic development philosophy.

In the smaller communities of Prince Albert and Yellowknife, it is more difficult to see a clear approach to economic development policy. In both cases, economic development is more likely to be carried out as part of the mandate of civic government. In the case of Yellowknife, economic development advice and policy is provided by a one-person office, funded by and reporting directly to City Council, and located at City Hall. Although much smaller in scale, the economic development approach is similar to the agencies and commissions described above. Although this office and the Planning Department support the creation of home-based businesses, and City Council is generally receptive to home occupation applications, the local Chamber of Commerce is the most vocal advocate for liberalization of home occupation regulations. In Prince Albert, economic development functions are carried out in the Planning Department, but it seems to be more reactive. Policy is created by a committee with advice from private sector representatives and other outside agencies (e.g., Chamber of Commerce, Regional Economic Development Agency). As is the case with the larger cities, the Planning Department recommends changes to home-based business regulations. It cooperates with the local chapter of the Home-based Business Association and seeks their input on regulatory change.

Elements of urban entrepreneurialism are apparent in all five of the cities in this study. It appears that, in almost every case, both the conventional and "bottom up" models of local economic development are being practised, side-by-side. While economic development agencies, commissions and offices are advocating conventional strategies, private citizens, planning departments, home-based

business associations and, in some cases, Chambers of Commerce, are quietly advocating more locally-based strategies that stress skills training, funding for setting up new business, and a relaxation of zoning regulations.

At the level of the institutions, the greatest conflicts regarding the role of home-based business seem to occur in communities where these businesses are perceived to constitute a threat to segments of the commercial business community. In Vancouver and Edmonton, economic development and business groups view home-based business as a non-issue. It may be that those who determine policy in these groups are rarely forced to compete directly with small businesses being run out of homes. As a consequence, the City Councils in these communities are neither asked to promote nor to impede home-based business activity by the business groups. In Regina, however, the Chamber of Commerce and various other merchant groups view home businesses as posing a more direct threat to the profitability of their members. This, combined with the fact that business groups are more concerned with higher business taxation rates, means that they are opposed to any relaxation of home occupation regulations. At the same time, organizations such as the Regina Home-Based Business Association are more articulate and forceful in lobbying local government to make these regulations more flexible. The Planning Department, and City Council, is therefore forced to step in and mediate these more extreme positions, and eventually adopt or change policy that is likely to displease at least some of the groups concerned. Size alone does not explain the level of conflict. In Prince Albert, and especially in Yellowknife, individual commercial businesses are undoubtedly competing more directly and visibly with home-based businesses. However, perhaps as a function of the importance of home businesses to the overall economy of these smaller communities, the economic development institutions have followed a more moderate approach. In both cases, home-based businesses represent an important source of income for certain households and provide a valuable set of services to the community as a whole. Since a substantial portion of the membership of the Yellowknife Chamber of Commerce is home-based, it has become an advocate for these businesses. In Prince Albert, although individual commercial business owners may be adversely affected by their home-based colleagues, there seems to be an understanding on the part of most of the groups concerned that they play an important role in the community.

Chapter 5: Survey Results

5.1: Sampling Methodology:

In this chapter, we will move from the institutional and group perspective described above to examine the attitudes of the individual commercial and home-based business owners. Most of the results on the nature of home-based businesses in the communities, and the relationships among commercial businesses, home-based businesses and government were obtained through mailed questionnaire surveys. Two samples were drawn randomly from the populations of licensed commercial and home-based businesses in each of the five communities, as of 1996. The lists of these licensed businesses were obtained from the various departments of the local governments involved. As described in Chapter 4, the communities were chosen because each has relatively distinct demographic, economic, political and even cultural characteristics. In four of the five communities (Edmonton was the exception), two batches of surveys were sent out between December of 1996 and February of 1997. The survey procedure took two steps. First, each of the two surveys, together with appropriate covering letters, was sent to between 200 and 350 potential respondents in the five places (see Appendices 1 and 2 for copies of the surveys). The second step consisted of a follow-up postcard sent to the entire sample, encouraging business owners to respond if they had not already done so.

Table 3 shows the total populations in the five cities for each of the two categories of businesses. Both the city populations and business populations illustrate one of the most important community distinctions; their absolute size. As might be expected, there is a very strong direct relationship between the numbers of people and the numbers of businesses in these communities. At first glance, the numbers of licensed home-based businesses also follows this urban hierarchy. There is, however, a profound systematic relationship in the ratio of commercial businesses to licensed home-based businesses in the case studies. In Vancouver, there are approximately 8.5 commercial businesses for every licensed HBB, and this ratio declines to 1.8 to 1.0 for Prince Albert and Yellowknife. In other words, the smaller the absolute size of the community the more significant is the presence of licensed home-based businesses. In reality, these ratios are much lower than suggested by these figures because we are not including all of the unlicensed home businesses that exist in every community. However, in order to avoid all the methodological problems associated with attempting to measure this unlicensed group, these firms were not included as part of the survey research.

Table 3: Business and Population Statistics, 1996

	CITY NAME				
	<i>Vancouver</i>	<i>Edmonton</i>	<i>Regina</i>	<i>Prince Albert</i>	<i>Yellowknife</i>
City Population	514,008	616,306	180,400	34,777	17,275
Commercial Businesses (#)	52,500	17,058	4,292	886	906
Home-Based Businesses (#)	6,177	3,514	1,068	497	518
Ratio: CBs to HBBs	8.5 : 1.0	4.9 : 1.0	4.0 : 1.0	1.8 : 1.0	1.8 : 1.0
Ratio: City Pop. to CBs	9.9:1.0	37.2:1.0	43.1:1.0	47.1:1.0	19.1:1.0
Ratio: City Pop. to HBBs	83.2:1.0	175.4:1.0	168.9:1.0	70.0:1.0	33.3:1.0

5.2: Response Rates:

Figure 1 shows the number of responses from both surveys to the five communities. The smaller number of responses from commercial businesses in Vancouver and Edmonton means that the results from these two groups should be treated with slightly more caution than the others. To make these figures slightly more meaningful, Figure 2 converts these absolute numbers into response rates. Overall, 23.4% of home-based businesses responded to the survey, while 18.2% of commercial businesses responded. For home-based businesses, the response rate varied from a high of 28.0% for Regina to a low of 19.5% for Vancouver. Response rates in the remaining three communities were clustered around 23 to 24%. For the commercial businesses, the response rate varied from a high of 22.5% for Regina to a low of 11.0% for Vancouver. Once again, approximately one in five (20%) commercial business owners in the remaining three communities returned the survey questionnaire. Although these response rates are not unreasonably low for a mail out survey of this type, there are several reasons for the relatively lower rates from the commercial groups. First, since every type of business was eligible to become part of the sample, the purpose and relevance of the survey may have seemed less significant for some businesses in sectors such as retailing, manufacturing, and others that experience relatively little competition or contact with home-based businesses. On the other hand, many home-based business owners have developed a more personal attachment to the idea of working out of the home. Since the business is likely to be integrated to a greater extent in the personal lives of these individuals and families, it is not surprising to expect a higher response rate to inquiries about their businesses. These owners are often more intimately connected to perceived threats to the existence of their business (as a job, a livelihood and a way-of-life), and you tend to find that their external relationships with local government, neighbours and commercial business competitors are more immediate and direct than if the same business was being operated out of commercial premises.

Figure 1: Number of Survey Responses

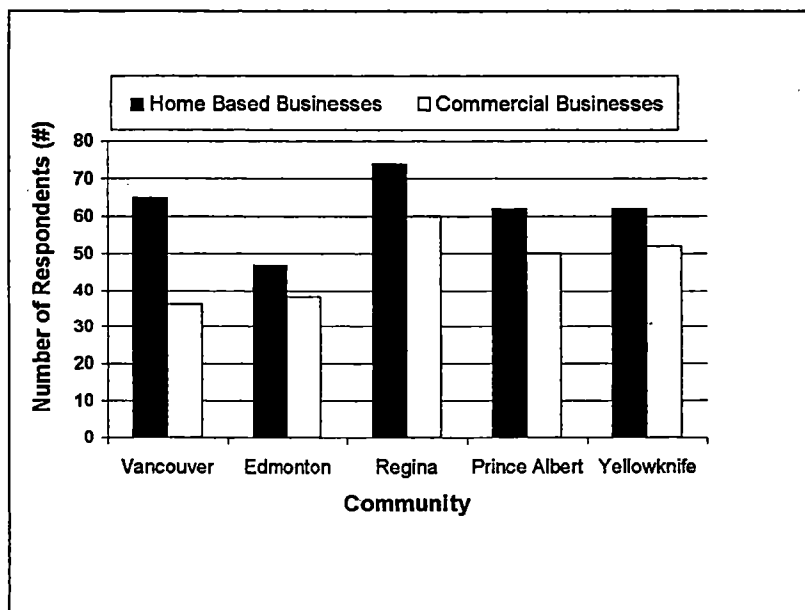
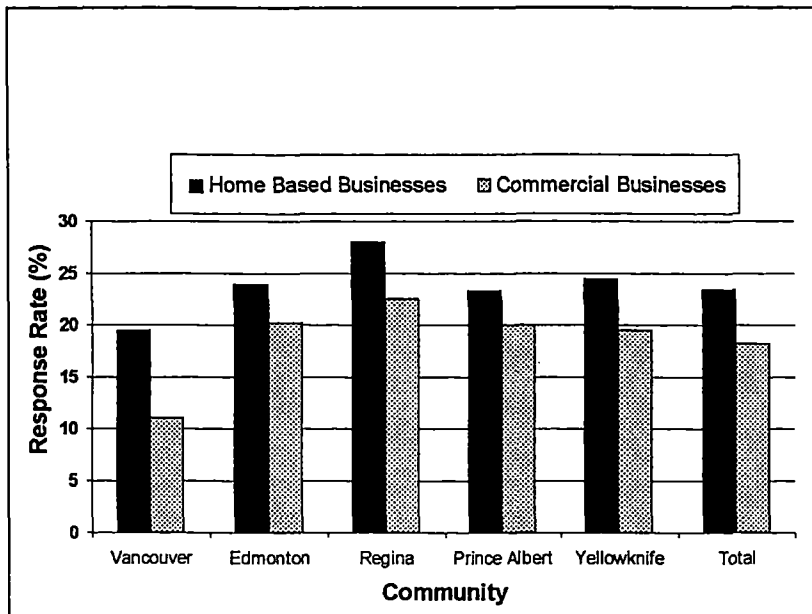


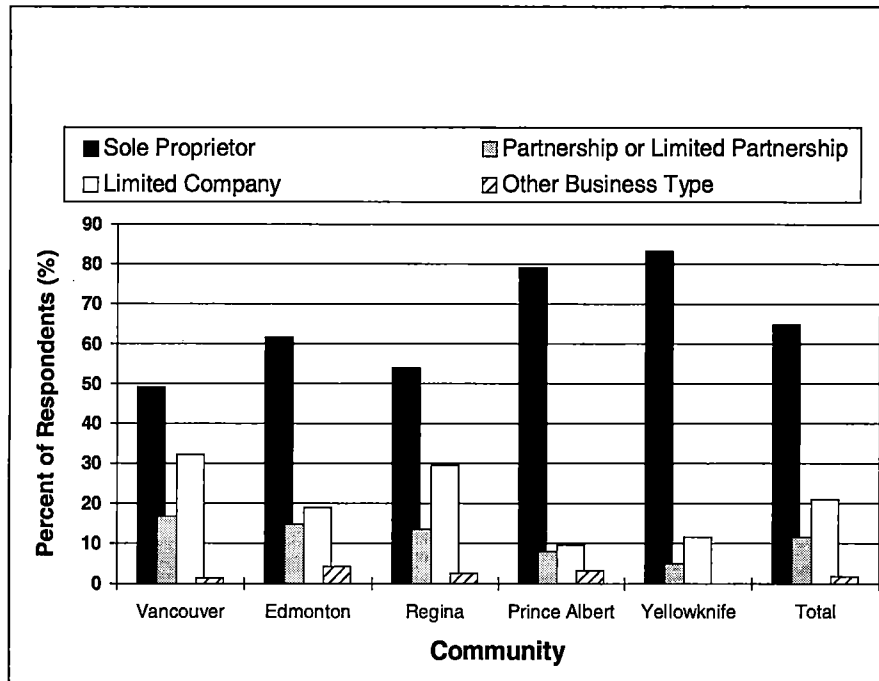
Figure 2: Survey Response Rates



5.3: Basic Characteristics of Businesses:

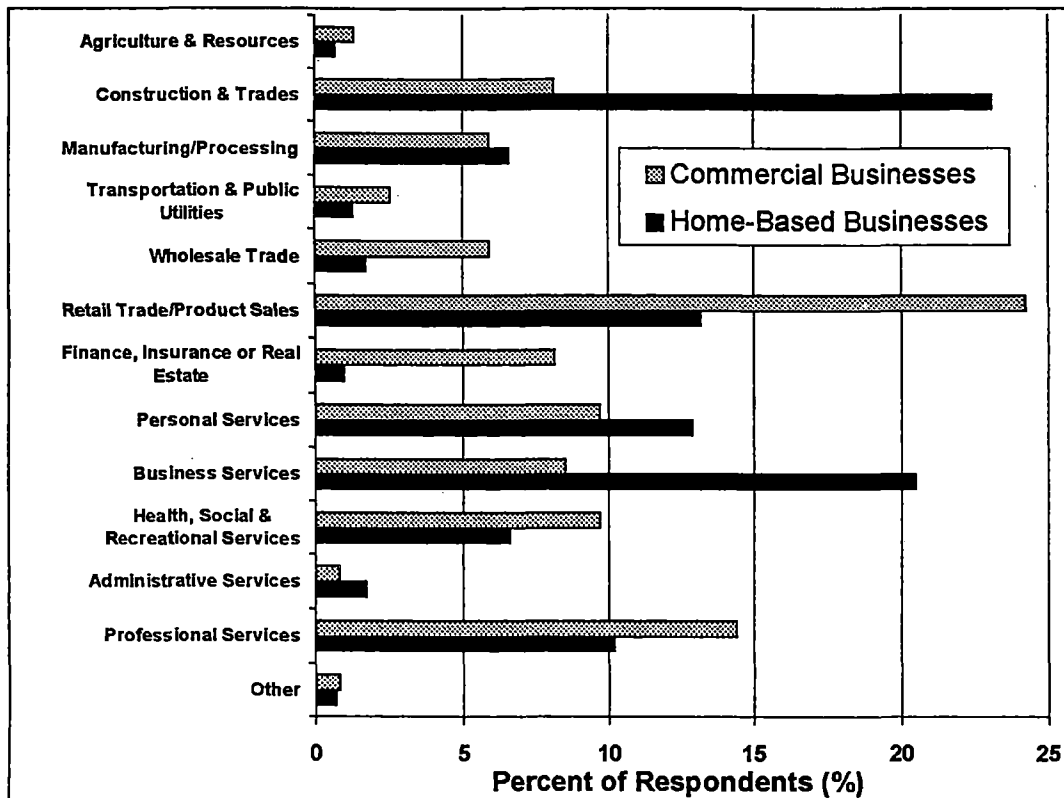
Home-based businesses can take a variety of organizational forms (Figure 3). The largest share of the HBBs (64.9%) in this survey viewed themselves as sole proprietors, and a further 21.1% classified themselves as limited companies. This implies that, functionally as well as organizationally, most of these businesses are operated by a small number of people. Partnerships, of one form or another, accounted for a further 11.7% of all businesses. These proportions are very similar to those obtained in the national study by Orser and Foster (1992). Their research indicated that 69% of the home businesses surveyed were sole proprietorships, 16% were partnerships and 13% were corporations.

Figure 3: Home-Based Business Organizational Type



A significant amount has been written about what types of firms operate out of homes, and to what extent these differ from those firms operating out of commercial sites. Comparisons are often complicated by the fact that municipal restrictions (see Chapter 3) may bias the types of activities that can be carried out within the home (e.g., no manufacturing or direct retailing). Nonetheless, Figure 4 disaggregates all of the home-based and commercial firms surveyed into standard industrial sectors. The largest differences in representation are in retail trade (13.1% for HBBs; 24.2% for CBs), construction and trades (23.1% for HBBs; 8.1% for CBs), and in business services (20.6% for HBBs; 8.5% for CBs). The absence of HBB retailers is explained by the municipal restrictions noted above. Although one might expect a similar difference in the manufacturing and processing sectors, it does not emerge in this figure because textiles production and arts and crafts, traditional mainstays of home-based work, are included in this category. Business services (e.g., computing, word processing, consulting and design services) and, to a lesser extent, personal services (e.g., cleaning, hairdressing, gardening) are also represented to a greater degree in the home because these can be more readily carried out by one individual, with less capital investment and relatively little perceived disruption within the neighbourhood. The same could be said for construction and the trades (e.g., contractors, plumbers, electricians, painters, roofers). It is not uncommon for these firms to be one-person operations, with an office in the home and work being conducted from a vehicle on multiple sites throughout the community.

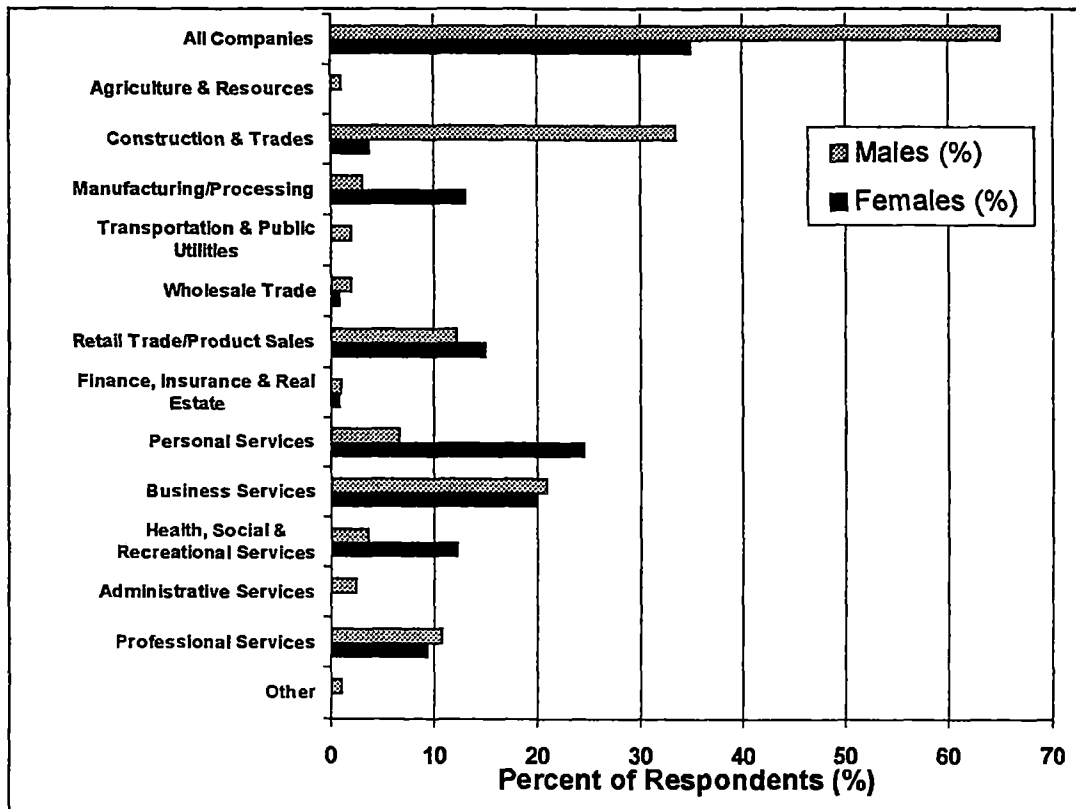
Figure 4: Sectoral Composition of Businesses



This industrial or occupational profile is similar in most respects to the observations made by Gurstein (1995, 1996), Orser and Foster (1992), as well as the more specific community surveys (e.g., Nanaimo - City Spaces Consulting 1995; Kanata - Dutton and Wells 1995; or Calgary - Roberts 1994). The only major difference among the studies is the proportionally smaller percent in manufacturing in this study (i.e., 6.9%) compared to Gurstein's 12% and Orser and Foster's 23% in this sector. The most likely explanation for this discrepancy is that the latter two reports included home businesses that were unlicensed and, since these businesses are less likely to follow the local municipal regulations, manufacturing might be more prominent in their samples.

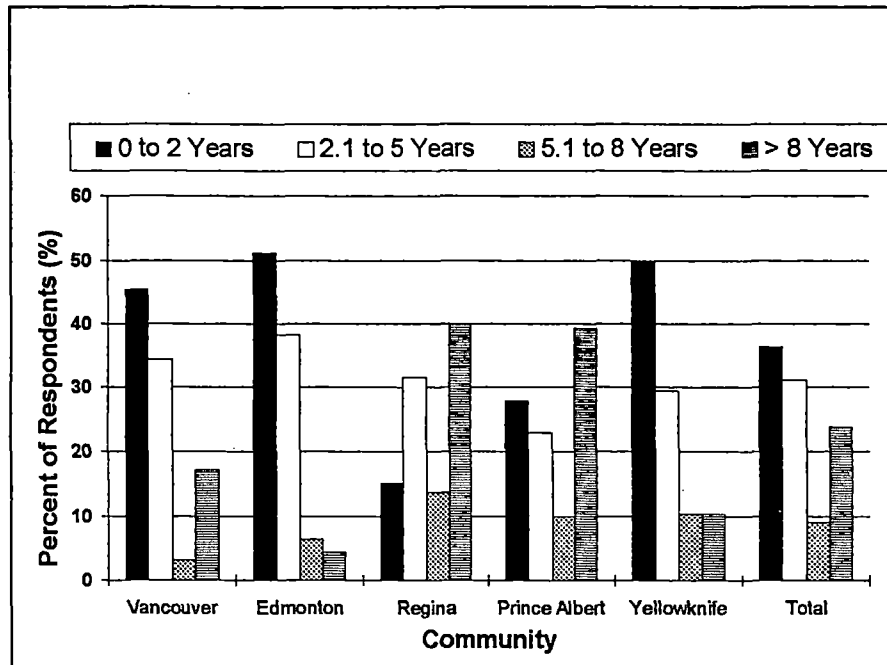
Gender is a powerful factor in distinguishing between several of the types of HBB firms (Figure 5). Overall, 35% of the HBBs surveyed are run by women and the remaining 65% are run by men. While 23.1% of all HBBs are engaged in construction and trades, this figure jumps to 33.5% of the total for those companies run by men, and falls to only 3.8% for those HBBs run by women. Conversely, manufacturing, personal services, and health, social and recreational service companies are much more likely to be run by women than by men. For most of the rest of the home businesses, the type of activity is less likely to be distinguished on the basis of gender.

Figure 5: Gender and Types of Home-Based Businesses



The average age of the home-based businesses in this survey was almost six years. However, this age distribution is not normally distributed. Figure 6 shows that while 36.3% of all businesses have been operating for less than two years, and a further 31.0% have been operating for between two and five years, a large group (23.8%) have been operating their HBB for at least eight years. This age distribution is also not uniform across the five cities. While Edmonton and Yellowknife, and to a lesser extent Vancouver, tend to have a higher proportion of younger HBBs, both of the Saskatchewan communities (Regina and Prince Albert) are much more likely to have home businesses that have been operating for a considerable length of time. This is confirmed in a comparison of means across the five communities. The average age of HBBs in Regina and Prince Albert are 7.9 and 9.5 years, respectively, while the average ages for these businesses in Edmonton and Yellowknife are only 3.0 and 3.8 years, respectively.

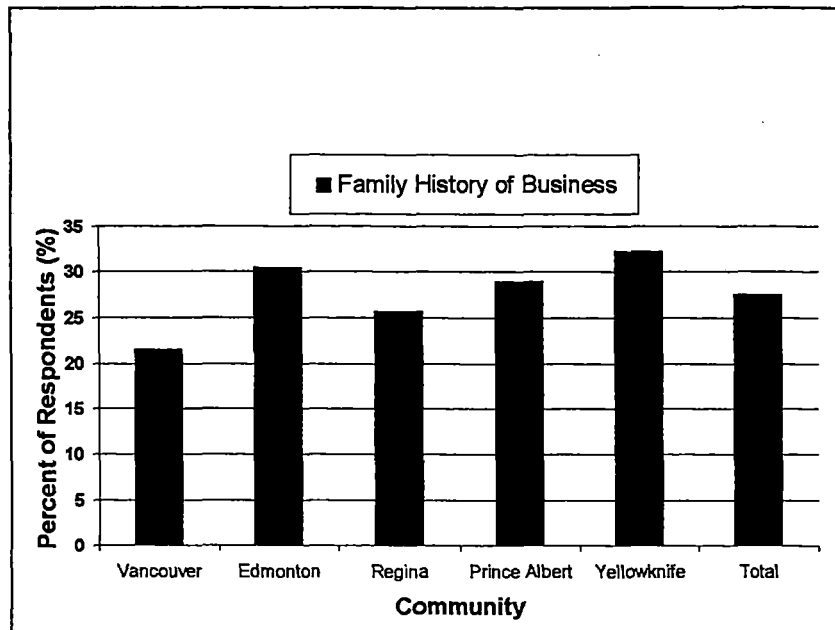
Figure 6: Age of Home-Based Business



5.4: Origins of Businesses and Roles of Home-Based Businesses in the Household:

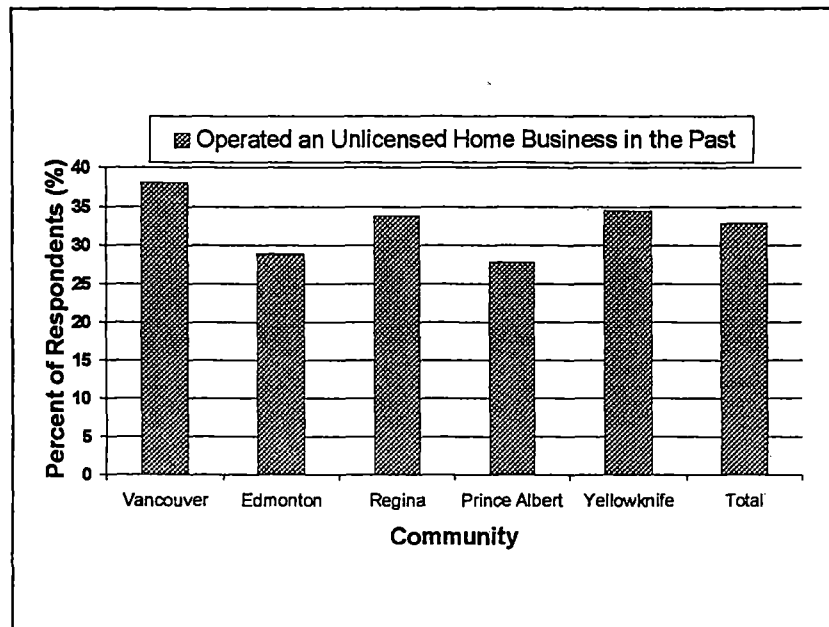
One of the suggestions in the entrepreneurship literature is that a family history of owning or operating a business is a powerful factor in influencing sons and daughters in establishing their own businesses. The rationale behind this intergenerational link is that if operating a business is part of the personal history of an individual, he or she will be more likely to consider it as one of a set of employment opportunities. Of the HBB respondents, 27.5% indicated that there was a family history of operating some type of business. As Figure 7 shows, this personal entrepreneurial experience varied significantly by city. The highest levels of personal family experiences with businesses is in Yellowknife (32.2%), followed by Edmonton (30.4%) and Prince Albert (29.0%). At the other extreme, Vancouver HBB owners had a relatively low (21.5%) level of family experience in owning or operating a business.

Figure 7: Family History of Operating a Business



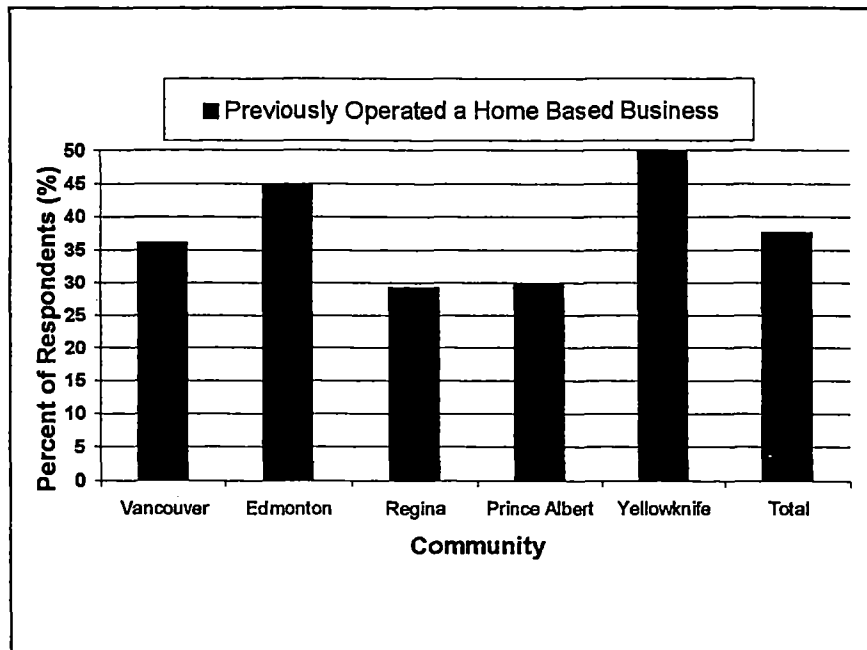
As has already been noted in this report, licensed home-based businesses are only one segment of the total number of businesses being operated out of homes. This larger population is much more difficult to assess. We might also hypothesize that many licensed HBBs started out even more informally than they are now and, as skills, capital, confidence and markets improved, they grew to the point that licensing was necessary. To assess the origins of this group of HBBs, they were asked whether they made or provided their product or service at home before they were licensed (Figure 8). Approximately one-third (32.9%) of the businesses indicated that this was the case. This figure did not vary greatly between the five communities (a high of 38.1% for Vancouver and a low of 27.9% for the Prince Albert group of businesses).

Figure 8: Prior History of Operating an Unlicensed HBB



There is considerable anecdotal evidence to suggest that some very large commercial firms had their origins as humble one-person businesses based out of homes. Many surveys of home-based businesses, including this one, have asked respondents whether they intended to shift to a non-residential site at some time in the future. Neither of these approaches, however, represents a complete assessment of the evolutionary path of firms. In order to obtain a more objective answer to this question, the commercial business respondents were asked whether they had ever operated a home-based business and the nature of production in that business (Figure 9). Perhaps surprisingly, a relatively large share of firms (88, or 37.6%) stated that they had once run a business out of their home, and two-thirds (67.1%) of these firms provided the same good or service that they are now producing within their commercial firms. This indicates a clear link in the evolutionary chain of firms, starting from the home and eventually moving on to non-residential sites. It also suggests that, at least for some home-based enterprises, this environment does represent a form of entrepreneurial incubator. Most of the home-based experiences of these CB respondents were short-lived; with the median age of their home-based operation being only two years. When asked to indicate the reasons for shifting their business to a non-residential site, the most common response (44.3% of the time) was that growth of the business required that they move. For example, *"Volume. Expansion of services offered and increase in the basic service."* [Yellowknife], and *"The business outgrew the home"* [Regina]. In some cases the need for more space was interrelated with a desire to project a more professional image (e.g., *"better, more professional service offered to our clients plus more room needed as business grew."* [Regina]). In total, 16.4% of the responses mentioned professionalism and/or image as a motivating factor in their move. In addition, 19.7% of the respondents suggested a desire to separate their home life from their work life (e.g., *"too many personal interruptions and distractions. Good location came up."* [Prince Albert], and *"Wanted a more professional life. Did not want our home and business life entangled"* [Prince Albert]).

Figure 9: Commercial Businesses: Previously Operated a Home-Based Business

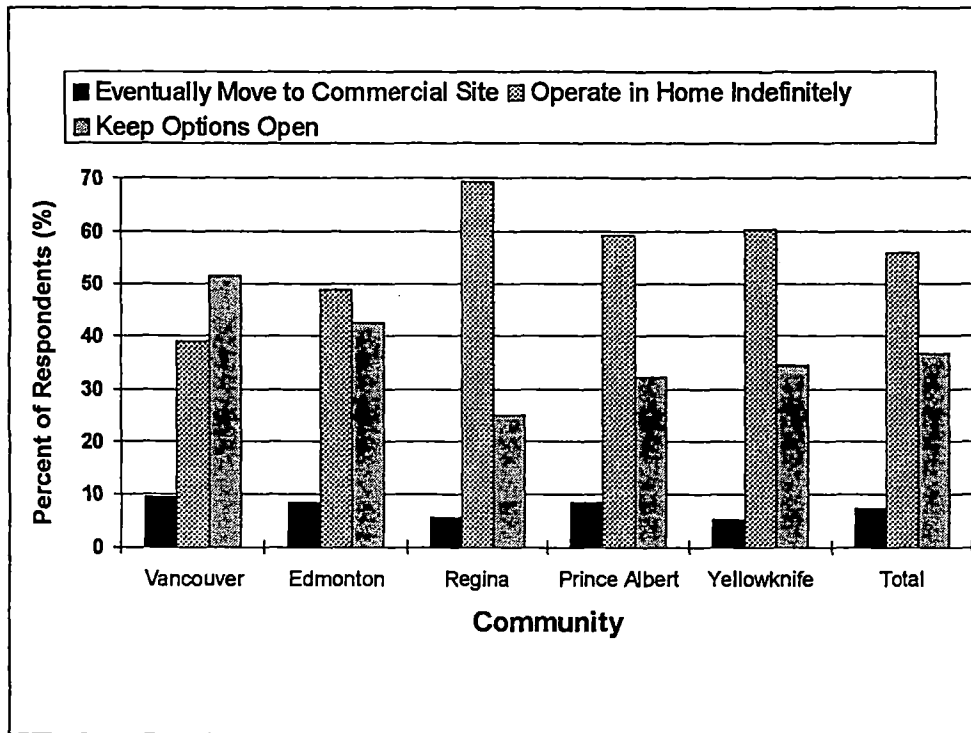


Disaggregating these personal histories by community, a much higher share of commercial firm respondents in Yellowknife (50%) and in Edmonton (44.7%) indicated that they had once operated a HBB. Ironically, this personal history does not necessarily translate into higher levels of support for home-based enterprises in these communities. Later in this report, in the section that describes the perception by commercial business respondents to the impacts of home-based businesses in the community (see Figures 30 and 32), it was found that Edmonton respondents are least likely to view HBBs as having positive impacts. Conversely, there does seem to be a strong relationship between the backgrounds of commercial business owners in Regina and their perceptions of HBB impacts. They are least likely to have run a business out of their home sometime in the past (29.3%) and also have a very negative assessment of the impacts of home businesses on the neighbourhoods and businesses in their community.

Just as important as the origins of commercial businesses are the relocation intentions of home-based businesses. As was suggested in Chapter 3, the relaxation of local government regulations is undertaken at least partly on the assumption that some of these businesses will eventually move to storefront sites, thereby creating greater numbers of jobs and contributing more tax dollars to the local community. In fact, the discussion above suggests that a sizeable proportion of commercial businesses that responded to this survey did start out as home-based businesses. Home-based businesses were also asked whether they intended to stay home-based or whether they might eventually move to a commercial site (Figure 10). Overall, only 7.3% of all HBB respondents see themselves eventually moving out of the home. Just over one-third (36.7%) are keeping their options open, suggesting that if conditions change they would consider moving to a commercial site. The vast majority (56.0%) have no intention of moving out of the home. This figure also reveals that these intentions seem to differ between the home businesses in the larger cities of Vancouver and Edmonton and the smaller centres of Regina, Prince Albert and Yellowknife. In the former cities, a much larger share of respondents either intend to move out of the home or would consider it at some point. In Regina and, to a lesser extent Prince Albert and Yellowknife, home business owners are more likely to be content with operating their businesses

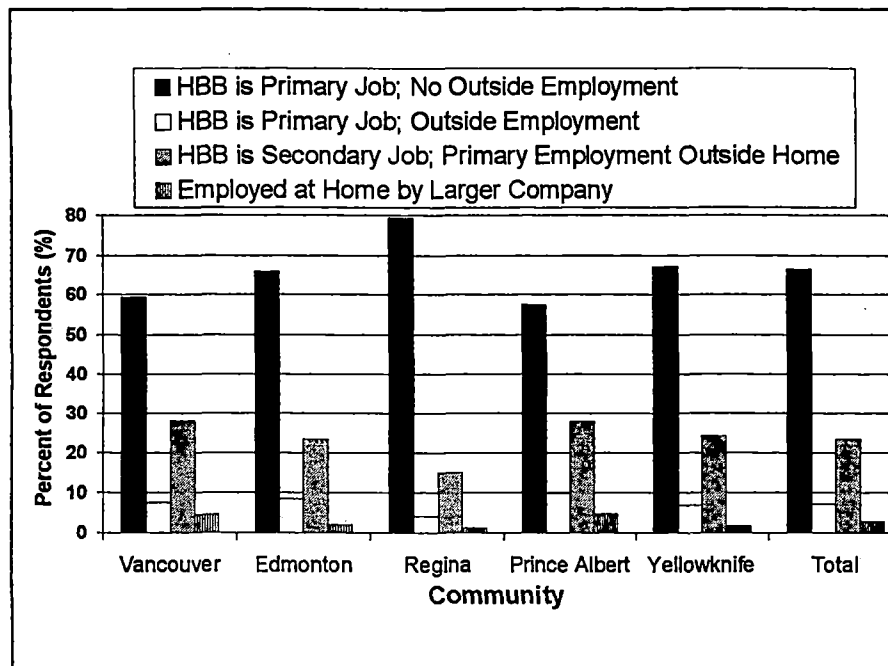
out of their homes for the foreseeable future. This suggests that the incubator role played by the home, and the magnitude of the future contributions of these businesses to the local economy, varies considerably from place to place. An evolutionary business chain, from the home to the storefront, depends a lot on other factors that are specific to the individual community.

Figure 10: Home-Based Businesses: Intentions on Moving



The roles that home-based businesses play in the lives of the families that run them is difficult to determine. The HBB survey asked several questions that attempted to assess these roles. Figure 11 suggests that, for the overwhelming majority of respondents, the HBB is their primary job, with no employment outside of the home (66.3%). Thus, for two-thirds of the entrepreneurs who answered this survey, the HBB is their only source of employment. For a significant proportion (23.4%) of the respondents, however, their HBB is of secondary importance, and is intended to supplement a job that they hold outside of the home. This figure is similar to that found by Gurstein (1995) in her survey of home businesses (31%). A much smaller proportion of respondents in this study (7.3%) indicated that, while the HBB is their primary job, they also hold a wage-paying job outside of the home. This suggests that you are much less likely to find wage-paying jobs being used as supplements than you are to find HBBs being used as the supplement, and that the HBBs are still more likely to function as an “income safety valve” for many households. The small share (3.0%) of respondents who indicated that they were employed by a larger company out of their homes are most likely employed in commission sales.

Figure 11: Home-Based Business Employment Type



To further illustrate the various ways in which home-based businesses are integrated into the households surveyed, Figure 12 shows that almost 65.8% of the home businesses employed no other family members. What this suggests is that, for a large proportion of HBBs, running the business is a solitary function, at least in terms of generating wages for other family members. A further 21.2% of all HBBs have one other family member employed in their businesses. Perhaps one of the reasons that a fairly low share of HBBs employ other family members is suggested by Figure 13. This shows that 54.7% of respondents had spouses who worked outside of the home in a wage-paying job. Four out of five (82.3%) spouses from this wage-earning group are occupied in full-time jobs. Clearly, spousal income represents a fundamental element of the total income of the household. It also suggests that HBBs are involved in the financial well being of the household in a fairly complex manner.

Figure 12: Home-Based Business Family Employment

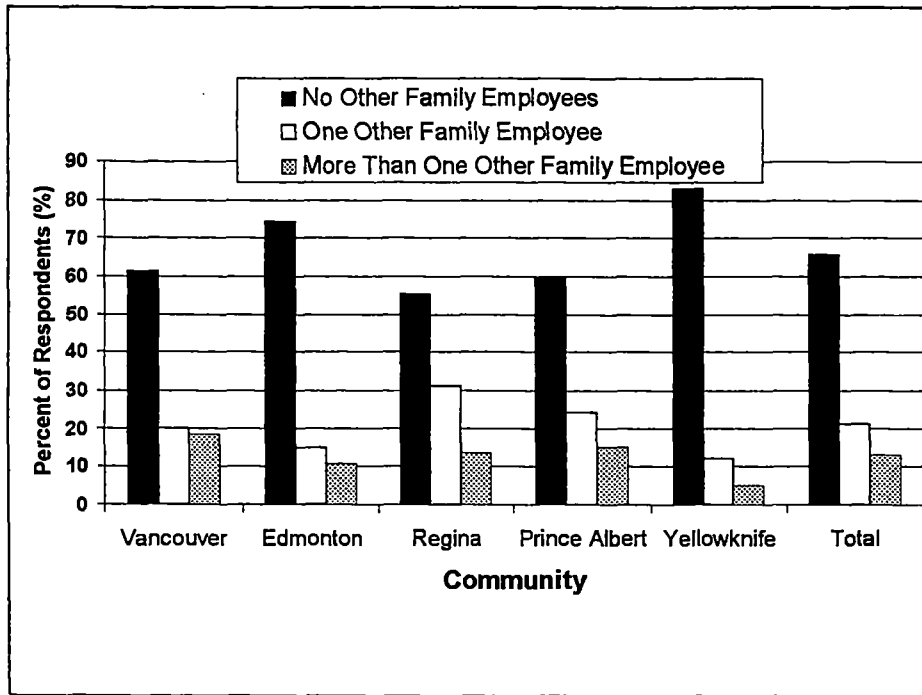
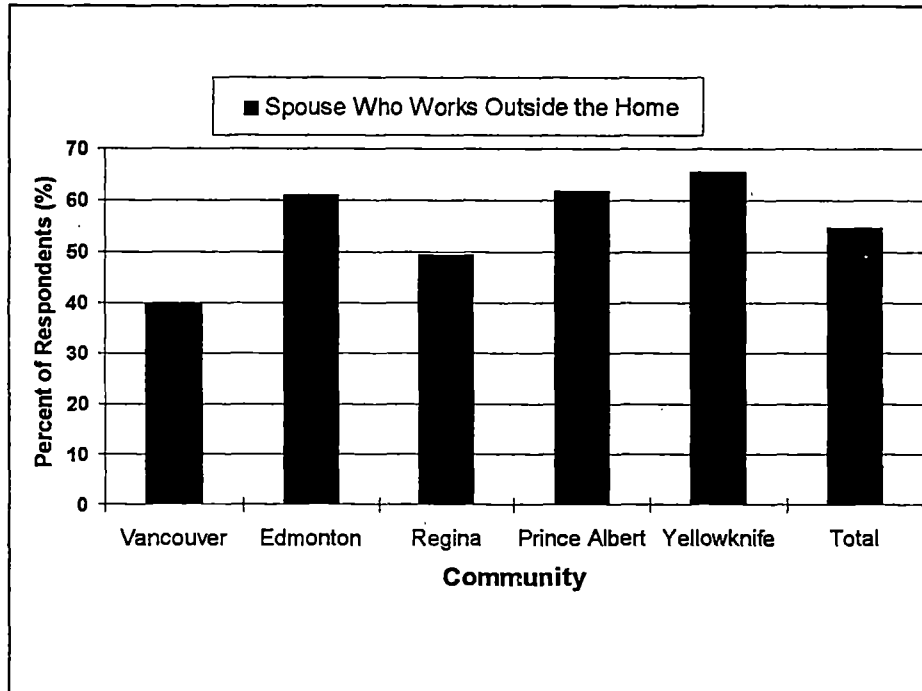


Figure 13: Home-Based Business Spousal Employment



Finally, although an average of 45.5% of total family income from all respondents is generated from their HBB (Table 4), this figure drops to 33.6% for those respondents whose spouses work outside of the home (and increases to 59.4% for those whose spouses do not work

outside of the home). In fact, financial dependence upon HBBs is very polarized. While 43.5% of all respondents derive less than one-quarter of their family income from their HBB, an additional 30.3% generate at least three-quarters of their family income from these businesses.

Table 4: Home-Based Business Income as a Share of Total Household Income

<u>Community</u>	<u>Mean % of Household Income</u>	<u>Median % of Household Income</u>
Vancouver	53.9	60.0
Edmonton	33.9	25.0
Regina	54.3	50.0
Prince Albert	41.3	27.5
Yellowknife	<u>38.3</u>	<u>30.0</u>
All Communities	45.4	35.0

Source: from the Home-Based Business survey, 1997.

Another important finding from Table 4 is that the financial role that home businesses play in contributing to total household income differs significantly across these five communities. Whether using the mean or the median as a guide, income from home businesses constitutes at least half the total household income for the Vancouver and Regina respondents. In the case of Regina, this high share is at least partly explained by the fact that the HBBs in this community are most likely to constitute the only source of employment (see Figure 11). The explanation in Vancouver seems to rest with marital status. Not only does the Vancouver HBB group have, by far, the lowest share of respondents who are married (see Table 7), but households operating home businesses in this city also have the lowest rates of spousal employment (see Figure 13). This ensures that home business income will be relatively more significant. Spousal employment is much higher in Edmonton, Prince Albert and Yellowknife, leading to streams of income from a much more diverse set of sources.

5.5: Role Of Home-Based Businesses In The Community:

It has always been recognized that home-based businesses employ few people. This occurs partly because most homes are just not able to accommodate large labour forces and, as with the types of activities undertaken, there are often municipal limits on the size of the HBB labour force. When we look at the numbers of part-time and full-time employees of HBBs, it is not altogether surprising to see that two-thirds (66.8%) employ no other part-time employees, and three-quarters (74.6%) employ no other full-time employees (see Figures 14 and 15). As these figures show, however, additional direct employment is being generated for a significant number of firms. Almost twenty percent of firms employ one person part-time, and 13.2% of firms employ at least two part-time employees. In terms of full-time employment, 13.7% of firms employ one full-time employee and 11.7% employ at least two employees full-time. Another way of looking at this is that an additional 169 part-time and 156 full-time jobs were created directly by the 308 home-based business owners surveyed.

Figure 14: Home-Based Businesses: Part-Time Employment

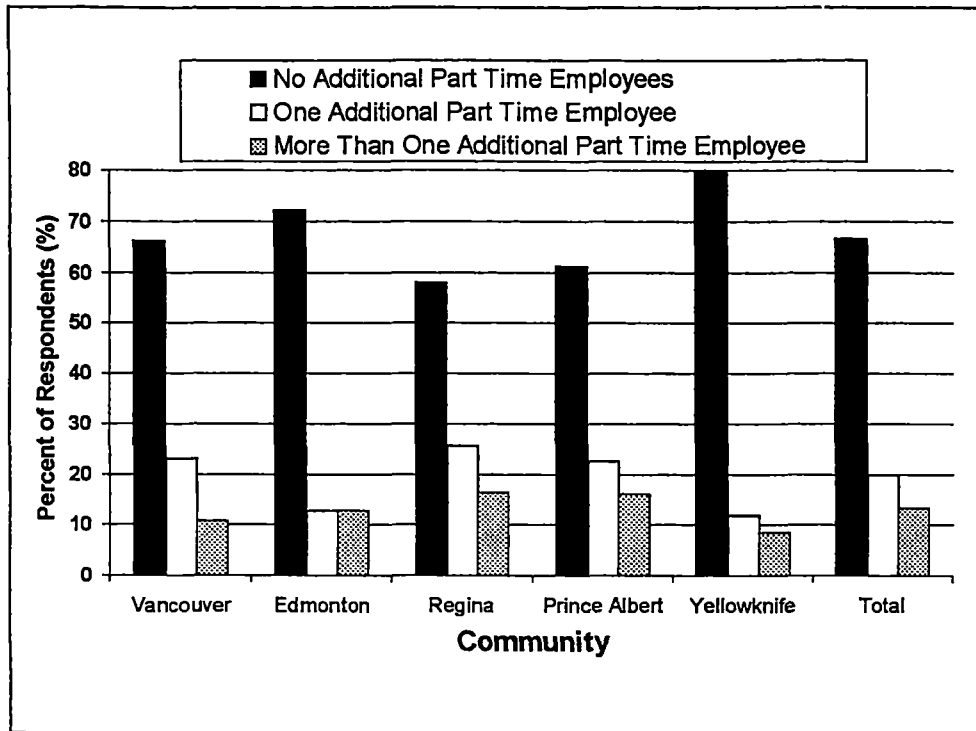
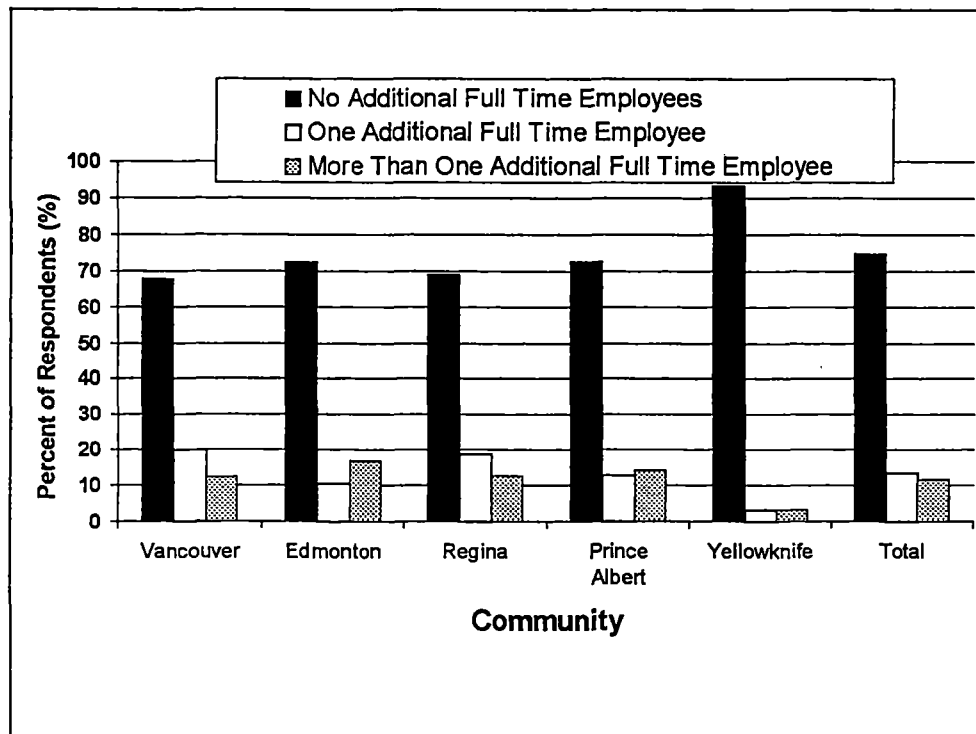


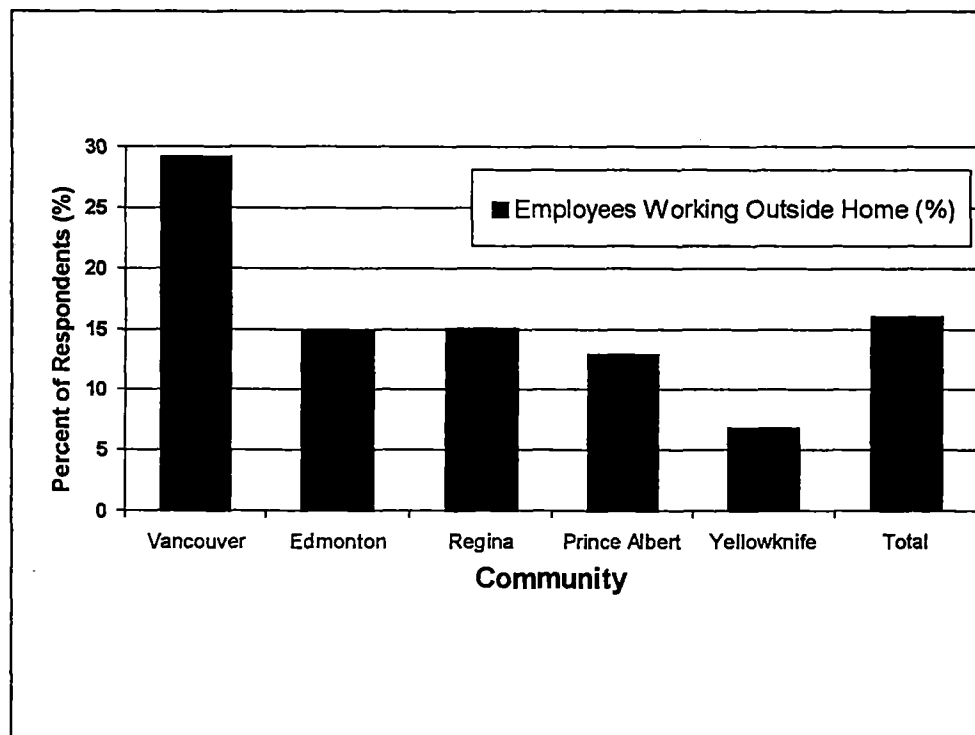
Figure 15: Home-Based Businesses: Full-Time Employment



Part of the explanation for the low employment totals for home businesses rests with municipal regulations that place strict limits on the numbers of non-resident employees (see

Chapter 3). Home businesses can, however, employ an unlimited number of people outside of their homes. For example, a home business involved in the textiles industry may in fact contract the work on a price per piece basis from a large number of home-based seamstresses. A home-based contractor subcontracts services from plumbers, framers, drywallers, electricians, and other trades people. In total, 16.0% of home-based businesses employed at least one other individual outside of their home (Figure 16). This practice seems to be very common in Vancouver, where almost thirty percent of home businesses employed someone outside their home. At the other extreme, almost all of the work in Yellowknife home businesses was confined to the employees in the household. There seems to be some relationship between these community distinctions and the rigour of the municipal regulations in the respective communities. As noted earlier, Vancouver has the most restrictive guidelines concerning the employment of others on the premises of the home business. This may have led to greater levels of employment outside of the homes in this city. On the other hand, in Yellowknife family members do not have to be resident to work on the premises of the home business.

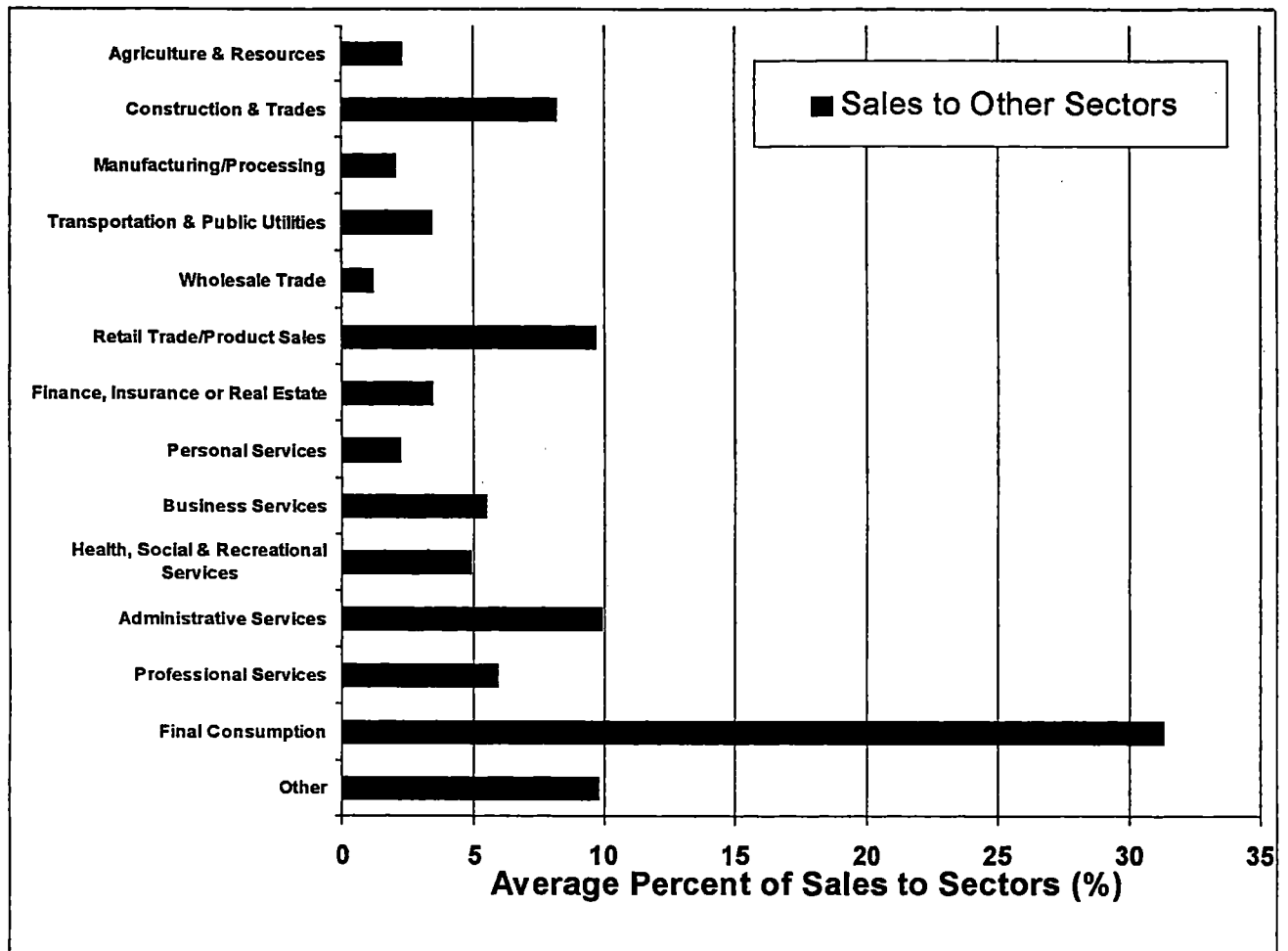
Figure 16: Home-Based Businesses: Employees Working Outside the Home



5.6: Linkages In The Community:

One of the most fundamental linkages for firms are the sales to other firms and consumers. Figure 17 shows that, on average, the HBBs sold 31.3% of their output to individuals as final consumption. This means that the remaining 68.7% of sales were intermediate, representing goods or services sold to other private companies or public institutions. What this suggests is that HBBs are very much a part of the local business economy. Very few firms follow the stereotypical cottage-industry “arts and crafts” format, where most of the goods are sold to private individuals.

Figure 17: Home-Based Business Sales, by Sector



The intercity comparisons in markets provides us with some clues as to the importance of the community economy in shaping the nature of HBB activity (Table 5). For example, the mean share of sales to administrative or government services companies is significantly higher in the territorial capital of Yellowknife (26.9%) than in any of the other communities. In fact, this figure dwarfs the sales to the same sector in the other provincial capitals of Edmonton (8.0%) and Regina (6.2%). As was pointed out in Chapter 4, it is not just the status as capital that shapes the structure of HBBs here. Rather, it is a combination of this, as well as the level of isolation, the overall size, the subcontracting of services from recently laid off government employees back to the territorial government, and many other factors that creates this distinctive economic geography. Other major community differences apparent from Table 5 are as follows:

- 1) There is a greater emphasis by Vancouver HBBs on sales to business service (9.5%) and professional service (6.9%) firms. The position of the city at the top of the regional urban hierarchy undoubtedly contributes to these higher values.
- 2) The agricultural and resource linkages are more apparent in Prince Albert (forestry, farming and mining - 5.2%) and Vancouver (forestry - 2.0%) than in the other three cities.

- 3) In total, manufacturing is very weakly connected to all of the HBBs. In Yellowknife, where there is virtually no manufacturing of any form, the sales to manufacturing firms are also non-existent. Vancouver has a much higher share of sales to manufacturing firms (3.6%) than HBBs in any other city.
- 4) Vancouver's wholesaling functions are apparent by the fact that sales by HBBs to wholesaling companies in this city are almost ten times higher (4.0%) than the next highest value (0.6%).

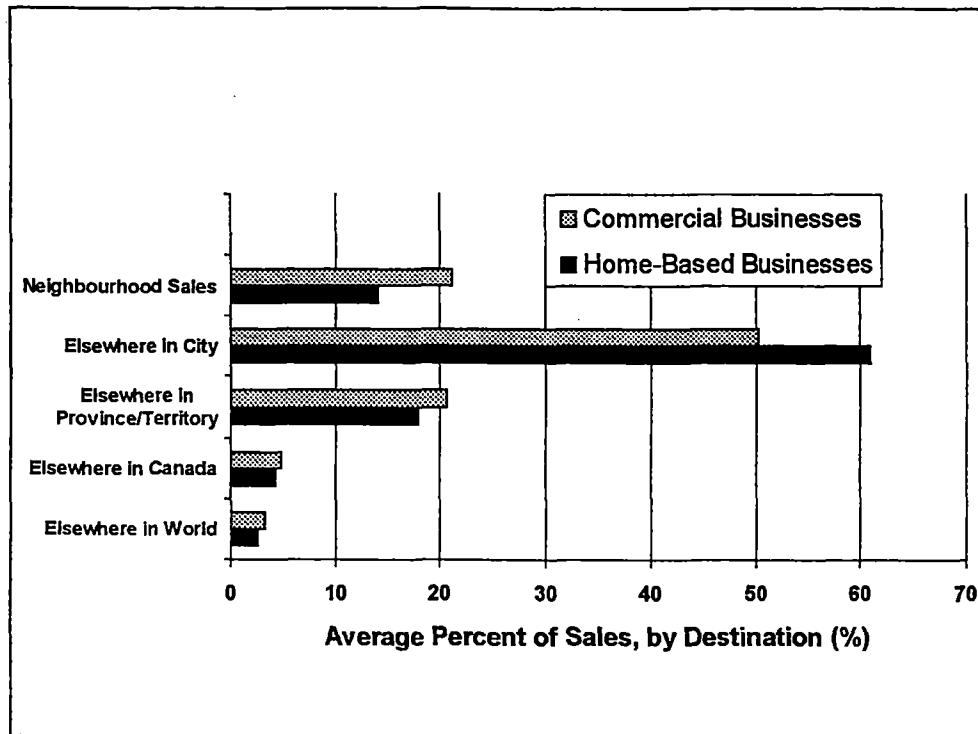
Table 5: Percent of HBB Sales to Companies or Individuals in Each Sector (%)

<i>Industrial Sector</i>	<i>Vancouver</i>	<i>Edmonton</i>	<i>Regina</i>	<i>Prince Albert</i>	<i>Yellowknife</i>	<i>Total</i>
Agriculture/Primary	2.0	0.9	1.8	5.2	1.5	2.3
Construction & Trades	7.5	8.8	7.1	11.8	6.4	8.2
Manufacturing	3.6	1.7	2.7	1.2	0.3	2.0
Transportation/Public Utilities	1.8	3.1	9.0	1.2	0.8	3.4
Wholesale Trade	4.1	0.6	0.3	0.6	0.0	1.2
Retail Trade	9.9	10.4	10.9	10.9	6.4	9.7
Finance, Insurance, Real Estate	4.5	0.4	3.0	8.0	0.7	3.4
Personal Services	2.8	3.6	1.9	2.4	0.4	2.2
Business Services	9.5	3.5	6.8	2.9	3.3	5.5
Health, Social, Recreational Serv.	6.0	9.1	1.6	6.5	2.4	4.9
Administrative/Government Serv.	3.9	8.0	6.2	6.4	26.9	9.9
Professional Services	6.9	5.6	5.2	3.3	8.5	5.9
Personal Consumption	30.8	30.7	36.9	31.8	25.0	31.3
Other	6.9	13.6	5.6	7.8	17.4	9.8

Source: from the Home-Based Business survey, 1997.

In order to understand the economic structure of both home-based and commercial firms in the five communities, it is important to examine the geographic distribution to the pattern of sales as well as the sectoral distribution. Figure 18 shows that HBB firms sell overwhelmingly within the same community, with 14.1% of average sales within the same neighbourhood and a further 61.0% in the rest of the city. Only 4.2% of total sales by HBBs is to customers elsewhere in Canada, and an even smaller share (2.5%) is to non-Canadian markets.

Figure 18: Geographic Distribution of Sales



Although the preceding paragraph distinguishes between the home-based businesses, as interesting is a comparison of the geographic links between these businesses and commercial businesses in the same communities. On the surface, one would hypothesize that commercial businesses, with greater access to capital, labour, and marketing skills, would have a more dispersed pattern of sales. In fact, as Figure 18 shows, both types of companies have remarkably similar market areas. Total average sales for CBs in their respective cities as a whole (i.e., the sum of Neighbourhood and City average sales) was 70.8%, while the corresponding figure for HBBs was 75.1%. Commercial businesses have a slightly higher share of sales to the rest of Canada (4.7% to 4.2%) and the rest of the world (3.2% to 2.5%) than do HBBs, but these differences are relatively minor.

Once again, the reach of all businesses is greatly affected by the context of the surrounding community (Table 6). While the share of sales from home-based businesses throughout the “rest of the city” did not vary much between the five communities, share of sales elsewhere did. Almost one-third (31.9%) of sales from Prince Albert HBBs were outside of the city but within the province of Saskatchewan. The relative concentration of territorial economic activity in Yellowknife, on the other hand, meant that a very small share of sales (12.6%) fell in this category in this community. Perhaps surprisingly, both Vancouver and Yellowknife HBBs had similar exaggerated levels of sales within their immediate neighbourhoods (18.8%). In the case of Vancouver, this is likely a result of the dense clustering of businesses and consumers in the various neighbourhoods. In the case of Yellowknife, small community size means that each neighbourhood takes up a large share of the total city market. The most exported-oriented HBBs were in Vancouver (5.8%) and the degree of export orientation declined approximately in direct proportion to position in the urban hierarchy (i.e., Edmonton = 4.3%; Regina = 1.7%; Prince Albert = 0.1%; Yellowknife = 0.8%).

Table 6: Geographic Distribution of Sales, by City and Type of Business (%)

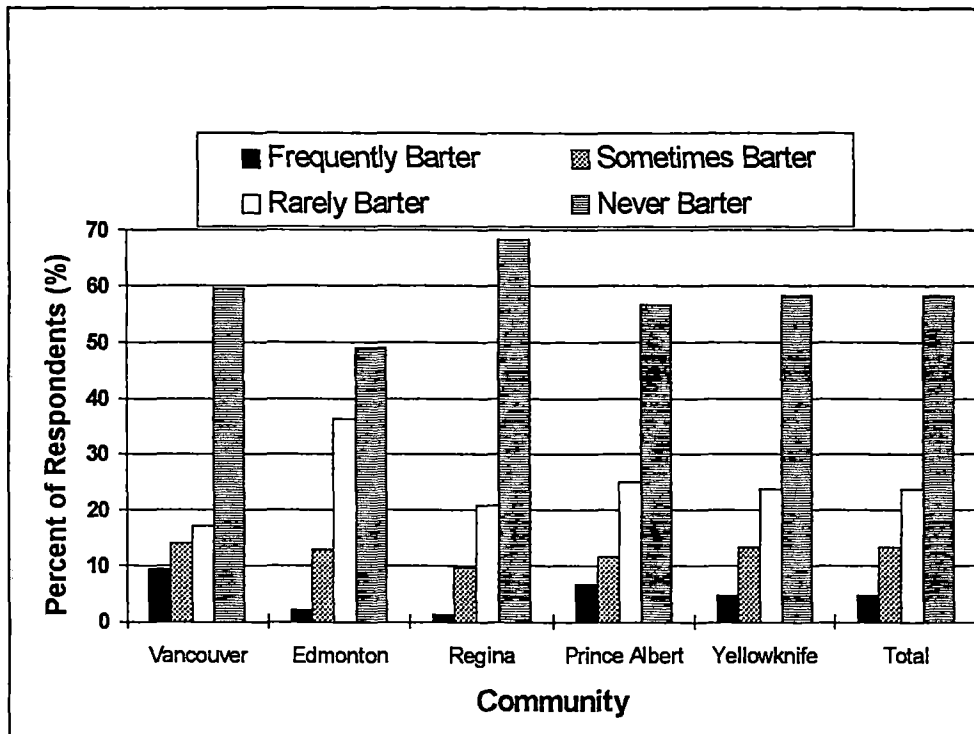
<i>Destination of Customer</i>	<i>Vancouver</i>		<i>Edmonton</i>		<i>Regina</i>		<i>Prince Albert</i>		<i>Yellowknife</i>		<i>Total</i>	
	<i>HBB</i>	<i>CB</i>	<i>HBB</i>	<i>CB</i>	<i>HBB</i>	<i>CB</i>	<i>HBB</i>	<i>CB</i>	<i>HBB</i>	<i>CB</i>	<i>HBB</i>	<i>CB</i>
Within the Neighbourhood	18.9	23.7	7.2	23.8	13.7	18.8	10.2	25.3	18.8	16.3	14.1	21.2
Rest of City	59.1	44.1	61.5	46.6	67.0	50.0	55.5	44.0	60.7	63.8	61.0	50.2
Rest of Province/Territory	14.1	11.1	17.2	22.5	15.2	25.5	31.9	29.6	12.6	11.4	18.0	20.6
Rest of Canada	2.1	5.8	9.2	6.6	2.2	5.2	2.1	1.0	7.0	5.6	4.2	4.7
Rest of the World	5.8	14.9	4.3	0.4	1.7	0.3	0.1	0.3	0.8	3.0	2.5	3.2

Source: from the Home-Based and Commercial Business surveys, 1997.

An intercity comparison of market areas for commercial businesses (Table 6) shows the following: (1) Yellowknife CBs have the highest average share of output going elsewhere within the city, at 63.8%. Since it also has one of the lowest proportions destined elsewhere within the province, the businesses have a similar pattern as Yellowknife HBBs; (2) Vancouver has the lowest share going outside of the city but within the province (11.1%), a testament perhaps to the level of concentration of economic activity and market in the Lower Mainland of British Columbia; (3) it is not surprising that Vancouver CBs have the highest proportion of sales outside of Canada, at 14.9%, or that this proportion declines by community in direct proportion to their place in the urban hierarchy. What is more noteworthy is that this rank order is the same as that for the home-based group and that, after Vancouver, all other CBs have a lower proportion of exports elsewhere in the world than their HBB counterparts. In effect, HBBs tend to have a similar global reach than commercial businesses in most of the communities surveyed.

Since home-based businesses are smaller and, arguably, operate on a more informal basis than their commercial counterparts, it has been suggested that they incorporate bartering and other informal exchange mechanisms to a greater extent than commercial businesses. The importance of this activity is evaluated in Figure 19. The majority (58.3%) of HBBs have never bartered for goods or services related to their business in the past year, and a further 23.7% have rarely bartered. In fact, only a small proportion (4.7%) indicated that they frequently barter for goods or services. The types of goods and services bartered varies widely, but a selection includes the following: professional services, advertising, computer equipment, auto and other appliance repair, printing, accounting, food, labour and personal services (e.g., haircuts, child care).

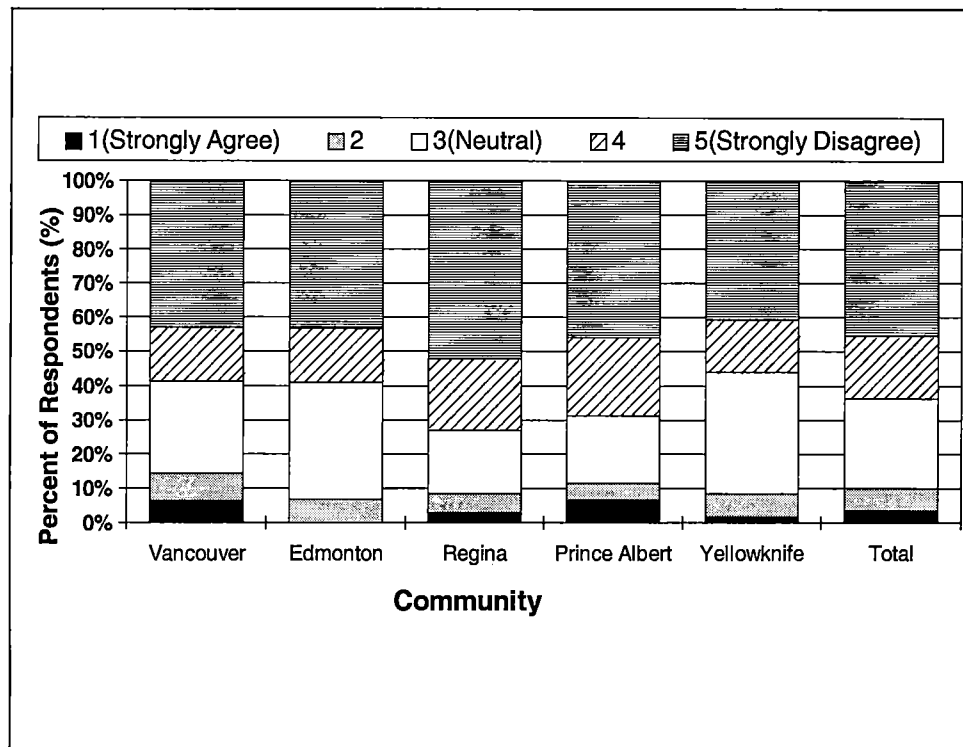
Figure 19: Home-Based Businesses: Bartering



Paradoxically, the greatest level of bartering by HBBs goes on in the largest city of Vancouver (9.4% frequently barter and an additional 14.1% barter sometimes) and the smallest community of Yellowknife (sum of 23.8% for 'frequently' and 'sometimes' categories). The lowest level of bartering by HBBs takes place in Regina. For all of those firms that have bartered, 42.6% indicated that they bartered with other home-based businesses. The remainder, presumably, bartered with commercial firms or customers. These sources of bartering do not vary a great deal between the five cities, other than a lower level (29.6%) associated with Regina HBBs bartering with other Regina HBBs.

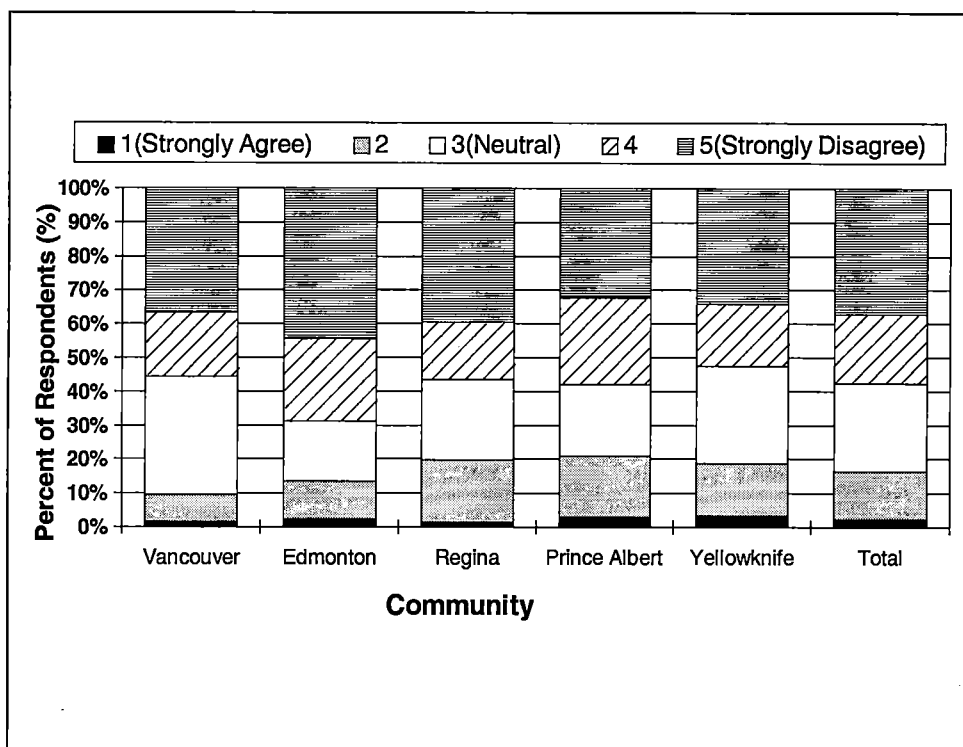
One of the elements of this project was to articulate the connections between home-based business and the rest of the urban economy. Although it has already been suggested (Figure 19) that bartering is not a prominent feature of the linkages that HBBs have, they may be connected to a certain degree with other home-based businesses. This might be the case if they are aware of other home-based businesses in the community and if they belong to home-based business associations. The next two statements seek to discover the extent of some of those HBB to HBB forward and backward linkages. The backward, or purchase, linkages are represented in the statement, "Many of my suppliers are also HBBs". As is indicated by Figure 20, most respondents disagreed strongly with this statement. A total of 45.3% strongly disagreed, and a sum of 63.8 disagreed to some extent. Vancouver HBBs were more likely to agree to some extent with the statement (sum of 14.2%) than businesses in any of the other four communities. Despite the greater presence of HBBs in the local economies of Yellowknife and Prince Albert, rarely do HBBs constitute important suppliers to other HBBs.

Figure 20: Home-Based Businesses as Suppliers



The results in Figure 21 suggest that the forward, or sales, linkages among HBBs are just as marginal as the backward connections described above. Here, a total of 57.7% of respondents disagreed to some extent with the statement that, "Many of my customers are also HBBs". Unlike the supply linkages, HBBs in the smaller communities of Prince Albert, Yellowknife and Regina are more likely to have customers who also operate businesses out of their homes. The HBBs in Vancouver and Edmonton rarely agreed with this statement, suggesting that they sell either to other commercial businesses or to individuals for their own personal consumption.

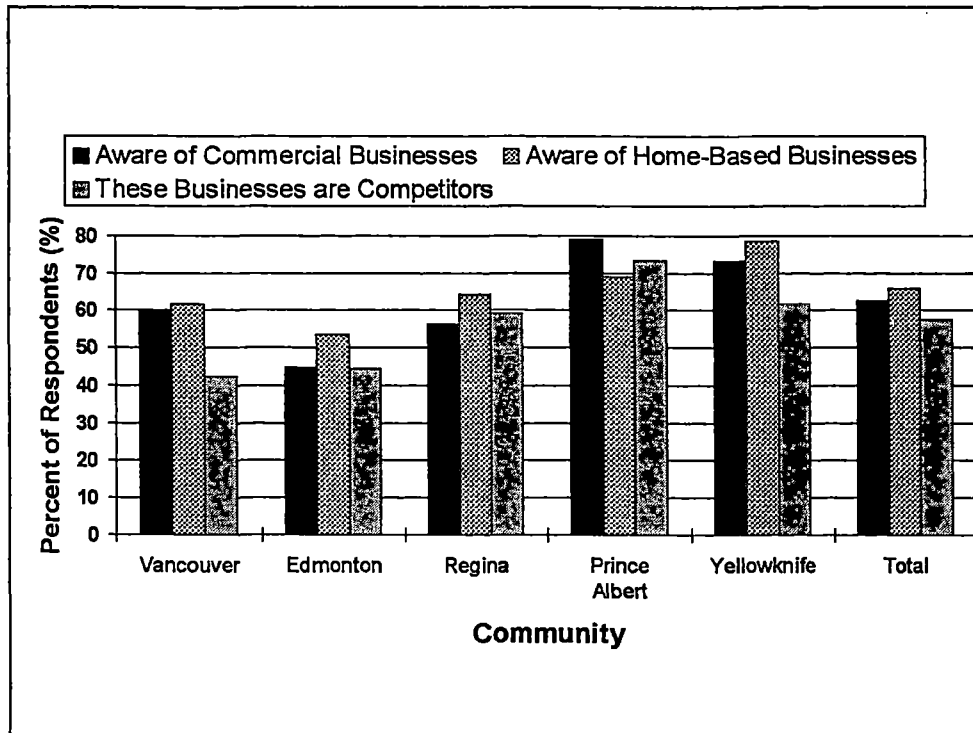
Figure 21: Home-Based Businesses as Customers



5.7: Competition and Complementarity:

Another one of the major themes of this project was to assess the relationships and linkages between the two groups of businesses. The first question that has some bearing on this issue is with respect to the perceived degree of competition between commercial and home-based businesses. When the HBB group was asked if they were aware of any other commercial or 'storefront' business providing a similar good or service, 62.6% indicated that they were (Figure 22). Perhaps even more significantly, 65.8% of HBB respondents said that they were aware of other home-based businesses offering similar goods or services. This suggests that many HBBs are not attempting to provide some kind of unique good or service, but rather are competing (and are aware that they are competing) with other commercial and home-based businesses. This is borne out by the fact that 57.6% of all respondents who answered 'yes' to the two preceding questions, also viewed these businesses as their competitors.

Figure 22: Home-Based Businesses: Awareness of Competitors

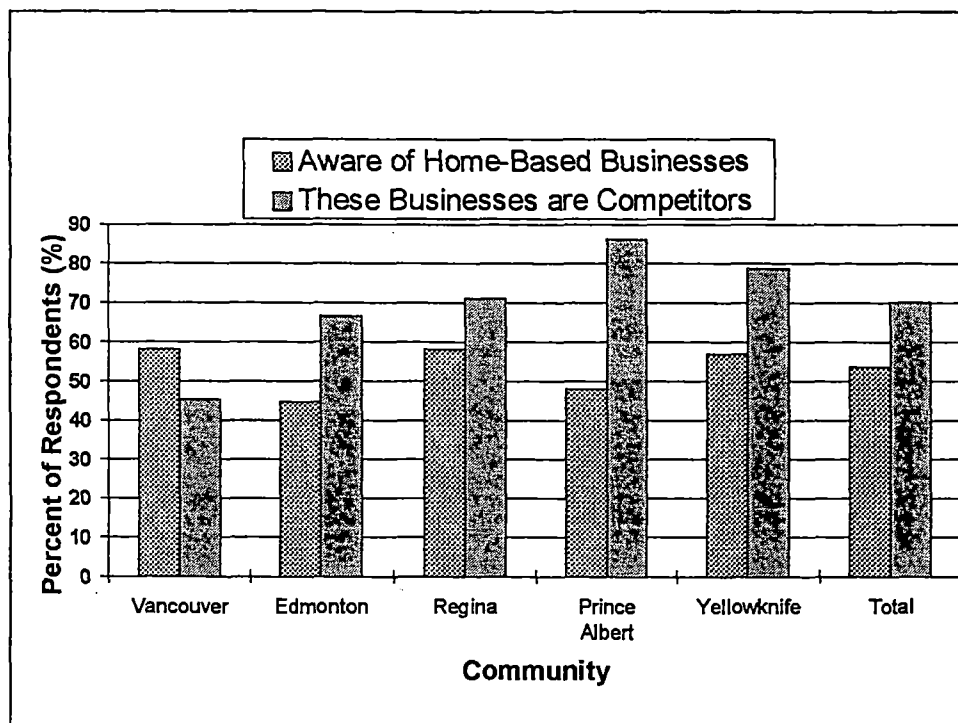


As has become apparent across a number of these responses, the degree of competition and market overlap differs across the five communities. With the exception of Vancouver, there is a remarkable relationship between the perceived degree of competition with other businesses (both HBBs and CBs) and the degree of isolation or size of the community. More than 70% of respondents in Yellowknife and Prince Albert were aware of both home-based and commercial competitors. Conversely, in Edmonton, the HBB respondents were aware of similar home-based businesses in only 53.5% of the cases, and similar commercial businesses in only 44.7% of the cases. This is somewhat surprising in that one would expect a greater degree of market overlap in higher order centres. This awareness is only apparent in the large metropolis of Vancouver.

When HBB respondents were asked, in open-ended responses, to indicate ways in which they compete effectively with other CB firms, the overwhelming theme was the quality of service provided. Of the 131 HBB respondents who wrote in an answer to this question, 77 of them (58.8%) were service related. A selection of these includes, *"by offering a level of quality and expertise they cannot match at this time"* [Edmonton], *"quality primarily but price as well"* [Regina], and *"Make service and quality my priorities at all times, remaining current - e.g., in terms of technology, knowledge, equipment, etc."* [Vancouver]. The personal attention that customers receive, since they deal directly with the owner of the business, seems to be a persistent element to this theme of quality service. Although lower price was also mentioned by a number of HBB respondents, it was usually mentioned in conjunction with service (e.g., *"quality, price, service and convenience means that I do not have to advertise, so I can keep my prices lower than competitors starting up."* [Yellowknife], *"lower prices with reliable service"* [Vancouver]. At least several HBBs suggested that they really didn't compete much because each business occupies its own market niche (e.g., *"We tend to collaborate as required. We often work projects jointly. We have our niches."* [Prince Albert], *"although we offer similar services we've targeted different markets."* [Edmonton]).

Commercial business respondents were also asked whether they were aware of similar businesses in their communities operating out of homes (Figure 23). More than half (53.6%) of respondents indicated that they were aware of other HBBs operating in their markets, and a much higher proportion (70.2%) viewed these businesses as competitors. Unlike the HBB respondents, there was no discernible variation across the set of five communities to the awareness of other competitors. There was, however, a much stronger systematic relationship between the perception of the degree of competition posed by these HBBs and position in the urban hierarchy. Vancouver commercial business respondents viewed their HBB counterparts as competitors only 45.5% of the time. This may at least partly explain the ambivalence by both business groups and City Hall in Vancouver (see Chapter 4). At the other extreme, CB respondents in Prince Albert and Yellowknife viewed HBBs as competition in 86.4% and 78.6% of the cases.

Figure 23: Commercial Businesses: Awareness of Competitors

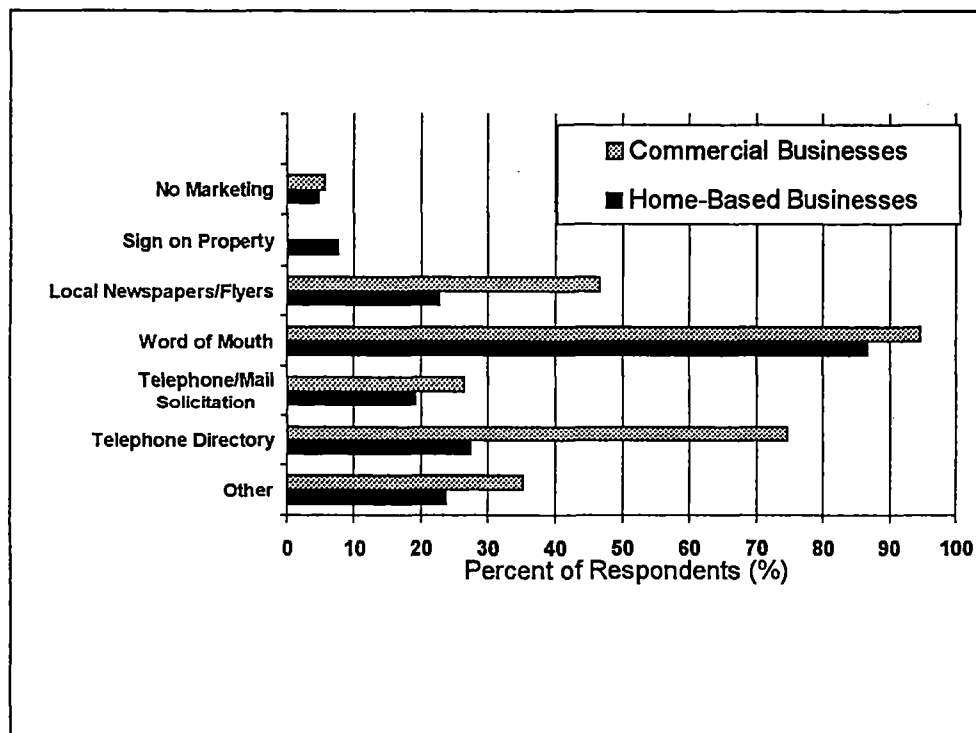


When asked how they are able to compete against HBBs in the same industry, ironically a number of CB respondents also emphasized the quality of service provided to their customers. For example, *"We offer a higher degree of professionalism, faster turn around, and a higher degree of consumer confidence."* [Edmonton], and *"...they are not our competitors due to the quality of work done, etc."* [Regina]. A common first response to this question of ways to compete was, 'with great difficulty - given the lower overhead, lower taxes, etc.' (e.g., *"with great difficulty. HBBs in seasonal peak business take 'the gravy' without any of the expenses - especially re taxes such as the GST"* [Regina]). However, many respondents then proceeded to qualify this comment by indicating that HBBs are most competitive on small projects and where price is the primary concern to the customer. It was felt that on large projects, HBBs were less able to devote the resources necessary to succeed. For example, *"We service clients whose needs cannot be met by a smaller firm with less resources."* [Yellowknife], and *"HBBs can only undertake small*

projects as they cannot have more than one person working. We cannot compete on the small projects." [Yellowknife], and "If a customer is shopping for quality and a good reputation we can. If a customer is shopping for price we can't..." [Prince Albert]. The advantages of operating without the limitations imposed on HBBs was recognized by some of the commercial respondents; "Hopefully in the service end, also we have a showroom." [Edmonton], and "Location, professionalism, range of services" [Vancouver]. The frustration by some of the CB respondents is best summed in this response, "We don't. We have a property tax, business tax, we lose jobs to these worms everyday." [Edmonton]. In looking at these comments by community, it is interesting to note that the fewest came from Vancouver, where CBs were less likely to view HBBs as competitors, and none of these Vancouver-based open-ended responses indicated an inability to compete against HBBs.

The most common form of advertising by the total group of HBBs was "word of mouth", with 265 of the 308 (86.0%) firms indicating that this was one way they marketed their product (Figure 24). The second most common method of promoting business was the use of the telephone directory (84 of 308, or 27.3%). The third most preferred form of advertising was in local newspapers and flyers (22.7% of HBBs). Commercial business owners ranked the most important three forms of marketing in the same order as the HBB owners did; with word of mouth first at 81.8%, the telephone directory at 53.4%, and local newspapers or flyers in third at 46.2%. Once again, it appears that home-based businesses and commercial businesses are more alike than one might initially assume.

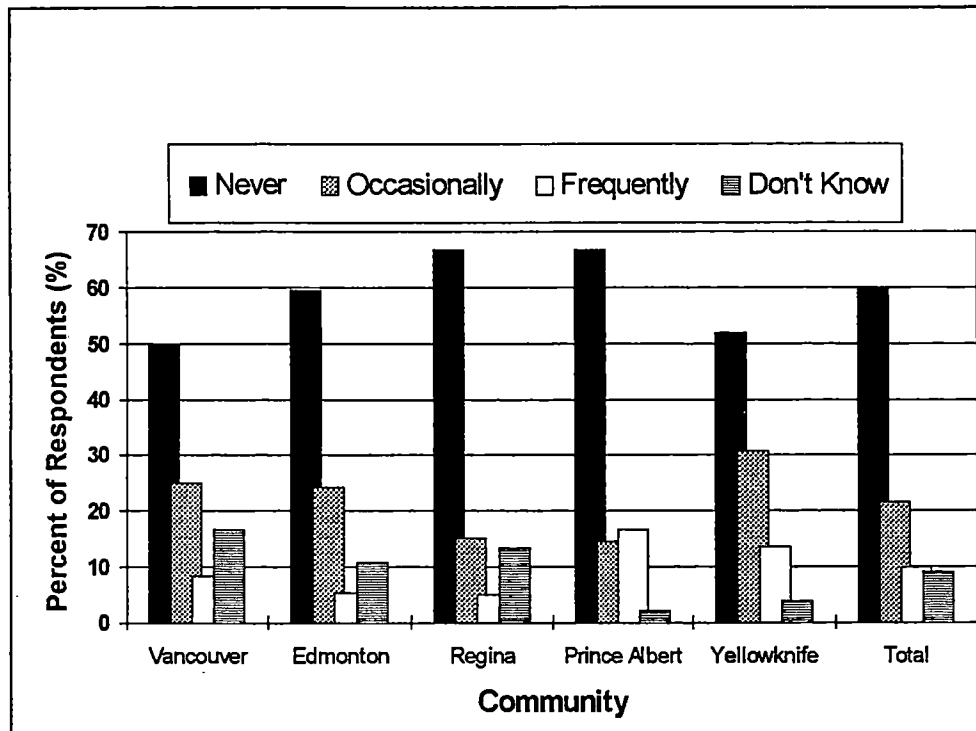
Figure 24: Methods of Marketing Business



Although a large number of commercial businesses view home-based businesses as competitors, a significant proportion do not (see Figure 23). In addition, at least 27.5% of commercial businesses believed that home-based businesses had a positive impact on other businesses in the community (see Figure 32). One reason for these attitudes is that HBBs may

represent either important suppliers or customers to the commercial businesses. In order to determine if this was the case, a series of questions were asked CBs regarding their purchases and sales of products from and to HBBs. When asked how often they purchase business goods or services from a HBB, 59.7% said they never purchase anything from these businesses (Figure 25). A further 21.5% indicated that they occasionally make purchases from HBBs, and only 9.9% stated that they frequently purchase business supplies from HBBs. Commercial businesses from the smaller communities of Prince Albert and Yellowknife are more likely to purchase business supplies from HBBs frequently (16.7% and 13.5% respectively).

Figure 25: Frequency of Commercial Business Purchases from Home-Based Businesses

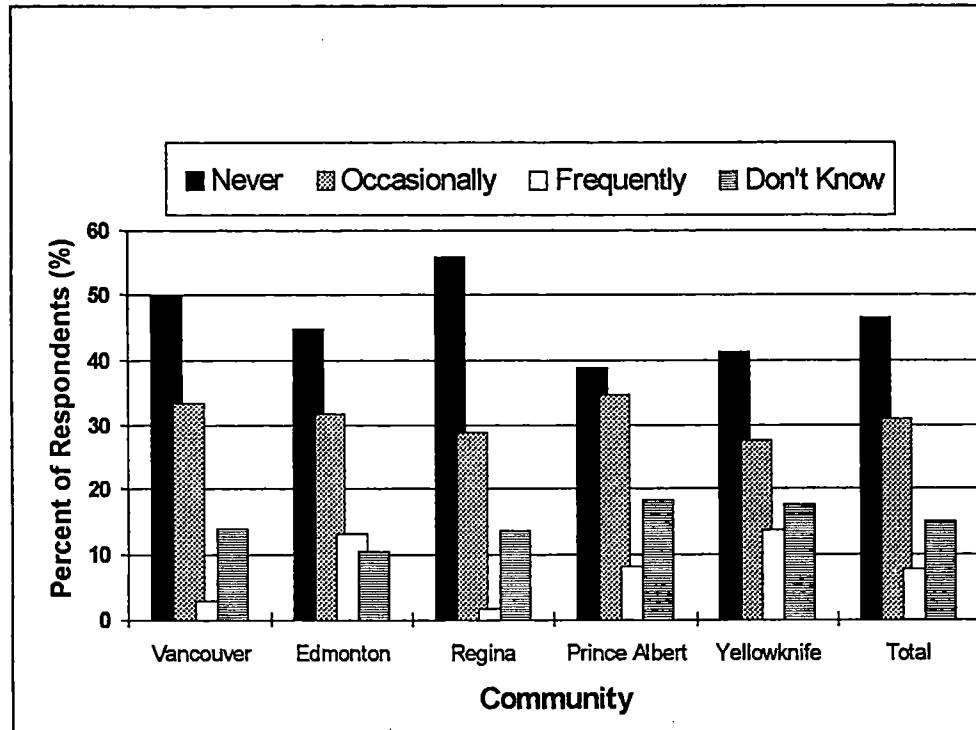


The level of purchases by commercial businesses from home-based businesses also appears to be relatively insignificant. Only 55 firms indicated that they purchased at least one business item from HBBs, 31 of these purchased a second item for their business, and 12 of these purchased a third item from HBBs. The sum of all of these monthly purchases by CBs from HBBs represents a total of \$141, 313 per month. The median value of each item purchased was approximately \$100/month. It should be noted that the distribution of purchases is highly skewed (i.e., the mean amount purchased per month was \$1,442), with one firm alone purchasing approximately \$50,000 of video editing services, \$30,000 of studio time, and \$8,000 of video tape from HBBs each month. More mundane services such as accounting, bookkeeping and computer services were mentioned more frequently as items purchased from home-based businesses.

Commercial businesses were also asked to estimate the value of sales to HBBs. Since most firms, especially retailers, are not aware which of their customers may be purchasing for a home business, this was a difficult question to answer. Consequently, 15.0% of respondents did not know how often they sold to home-based entrepreneurs, and an additional 46.4% indicated that they had never sold to this group (Figure 26). The highest level of sales in the 'frequent' category occurred

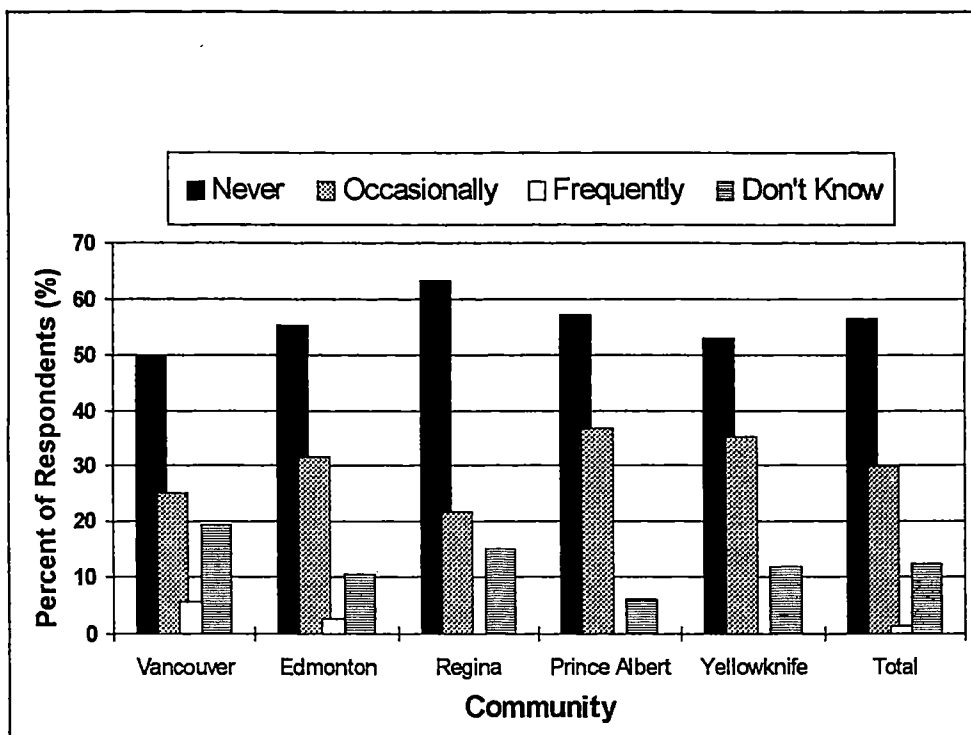
in Yellowknife and Edmonton (13.7% and 13.2% respectively). The total value of sales to home-based businesses in an average month by the 40 firms that responded to this question was \$302,122, with median monthly sales per firm of \$550/month (or a mean of \$7,553/month).

Figure 26: Frequency of Commercial Business Sales to Home-Based Businesses



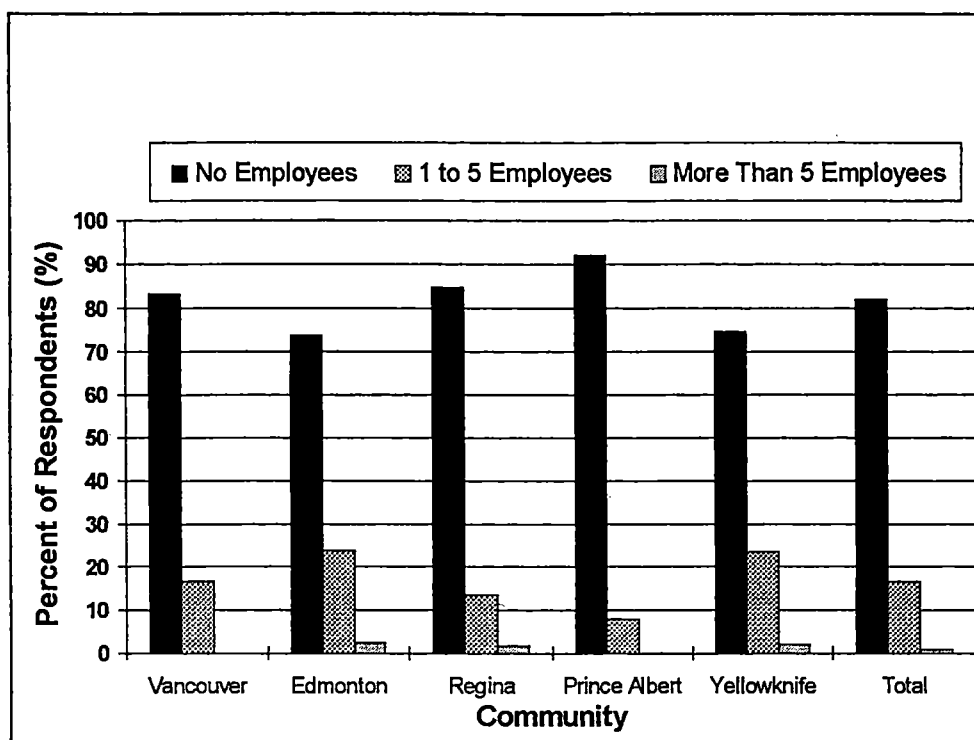
Since commercial business representatives are also residents in the communities in which they do business, these respondents were asked about the purchases their households made for their own personal consumption. It is interesting to note that a much greater proportion of CB owners (56.4%), as residents, indicated that they have never purchased goods or services from HBBs (Figure 27). Only 1.3% (three people) stated that they purchase HBB goods or services for their homes on a frequent basis. Given these low totals, it is not surprising to find that the total monthly value of HBB goods and services purchased for the home was only \$1,918.54. The median value of each item purchased was approximately \$30/month, with a mean value of \$26.28/item/month. The types of goods and services purchased includes the following: home cleaning, auto repair, hair cuts and other personal services, cosmetics (e.g., Avon), child care and children's clothing.

Figure 27: Frequency of Residential Purchases from Home-Based Businesses



It was not the explicit purpose of this research to document the level of telecommuting (i.e., employees of larger commercial firms who work at least part of the time from their homes) in these communities. However, since there occasionally is some confusion about the definitions of these concepts, both surveys touched on this form of work. In the survey of commercial businesses, respondents were asked whether they had any employees who worked out of their homes (Figure 28). Four out of five (82.1%) commercial firms have no employees working at home, and an additional 16.7% indicated that between one and five employees worked out of their homes. Only three respondents stated that more than five of their employees were 'telecommuters'. To further clarify these responses, respondents were also asked to indicate the percent of their employees who worked at home. Forty-two firms said that they employed at least some portion of their labour force out of their homes. Of these companies, a median of 12.5% (and a mean of 23.4%) of their labour forces undertook some of their work from their homes. Two firms (a professional writer and a wholesale trader) indicated that all of their employees worked out of their homes at least some of the time.

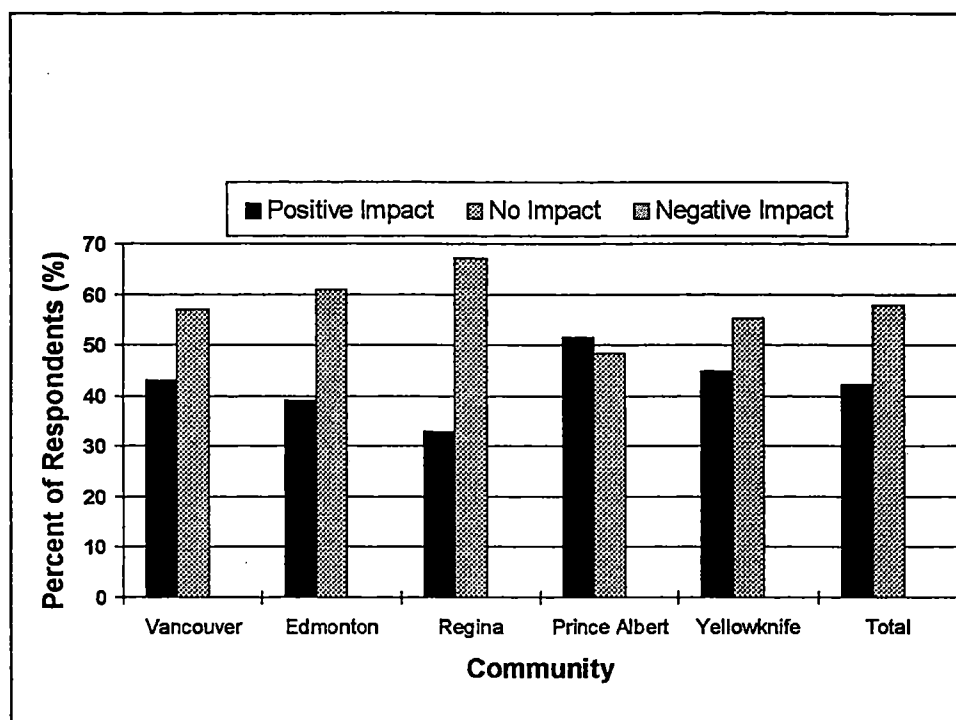
Figure 28: Commercial Businesses: Employees Who Work at Home



5.8: Perception of Impacts on Neighbourhood and Business Community:

One of the principal objectives of this project was to assess the perception by various groups of the impact of home-based businesses on the surrounding neighbourhoods and other community businesses. It was also important to compare these attitudes across the five communities. The next set of figures begin to answer some of these questions. Figure 29 shows that not one of the 308 HBB respondents felt that home businesses had a negative impact on the quality of life of the neighbourhood. The majority (57.9%) felt that there was no impact at all, and a further 42.1% felt that HBBs had a positive impact on the surrounding neighbourhood. This perception of the positive impact on the neighbourhood is much higher than that found in Gurstein's (1995) study (i.e., in her study 21% felt the impact on the neighbourhood was positive). It is interesting to note that a higher proportion (51.6% and 44.8%) of respondents in the smaller communities of Prince Albert and Yellowknife felt that the overall impact of HBBs on neighbourhoods was positive. It is in these communities, in particular, that respondents are most aware of the impact of isolation on consumer choice.

Figure 29: Home-Based Businesses: Impacts of HBBs on Neighbourhoods

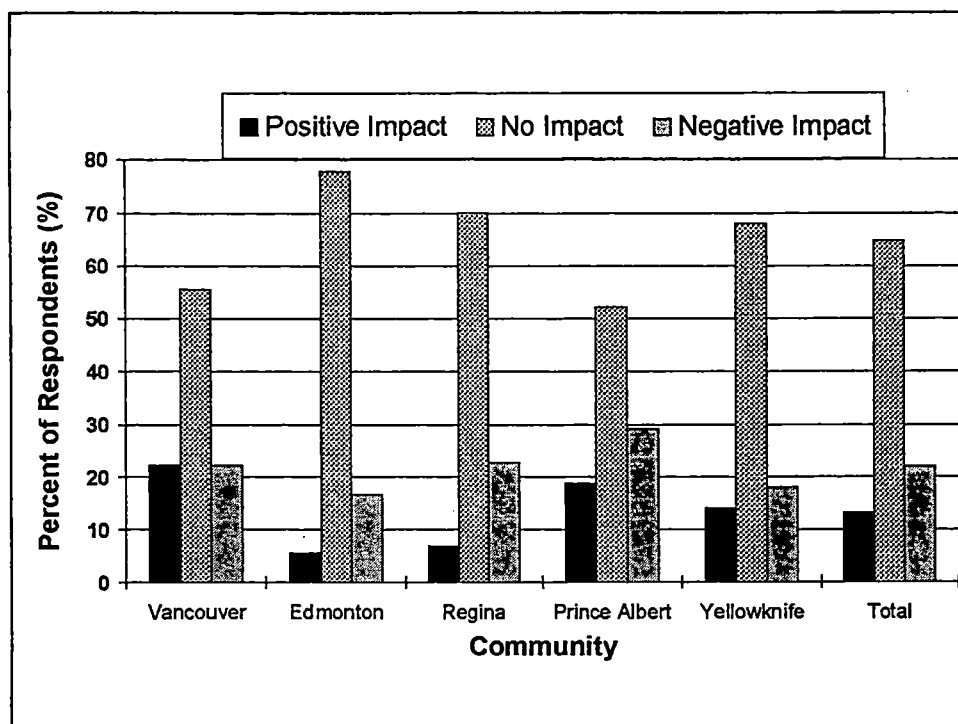


Asked to comment on these neighbourhood impacts, many HBB respondents focused on the issue of neighbourhood safety and security. One Prince Albert respondent stated, *"Safety attitudes are generally positive which helps create a safer home, safer streets and safe communities."* Based on the comments, however, it appears that crime deterrence is really only one element of a broader attitude, one which suggests HBBs provide substance or richness to a neighbourhood, and make it a better place to live. For example, *"It has gotten people talking to each other and more understanding has developed. Co-operation is better in the neighbourhood since I am [sic] home."*, and *"We provide a presence in a neighbourhood which is otherwise deserted during the day."* [Yellowknife], *"...you talk to your neighbours more - people are interested"* [Edmonton], *"community support (mutually), interact and keeping in touch with the neighbourhood."* [Prince Albert]. A number of respondents indicated that their increased presence in the neighbourhood allowed them to get involved in the community in a more substantive way (e.g., *"I am able to participate in many neighbourhood activities"* [Vancouver], *"more involved in community as community directly affects business"* [Vancouver], and *"I provide a valuable service which enables children to be cared for in a home setting in their own community"* [Regina]). There were also a large number of 'defensive' comments that related to the amount of traffic being generated by the HBB in the neighbourhood. For example, *"Do not have customers coming and going"* [Regina], *"very self-contained and low traffic"* [Prince Albert].

At this point, it is important to switch over to the commercial business survey respondents to compare their attitudes to this same question. At the outset, it might be expected that they have at least a more neutral, and perhaps a more negative, attitude towards the impact of HBBs. As Figure 30 shows, the first difference between the two groups in total is that a considerable proportion (22.0%) felt that HBBs had an overall negative impact on the quality of life of residents. Most commercial business respondents (64.8%) were neutral in their assessment of the neighbourhood impacts. By city, the most extreme differences in attitudes are observed in Prince

Albert. A much higher percent (29.2%) of commercial respondents viewed HBBs as having a negative impact on the neighbourhood, and this contrasts significantly with the generally positive impact noted by the HBB respondents above. Vancouver commercial owners were also quite opinionated about the neighbourhood impacts but, unlike Prince Albert, they were evenly divided (22.2% for positive and negative) in their perception of the neighbourhood impact. In the other three communities, an overwhelming majority of the commercial business owners felt that HBBs had no apparent impact on the quality of life in the neighbourhoods of their communities.

Figure 30: Commercial Businesses: Impacts of HBBs on Neighbourhoods

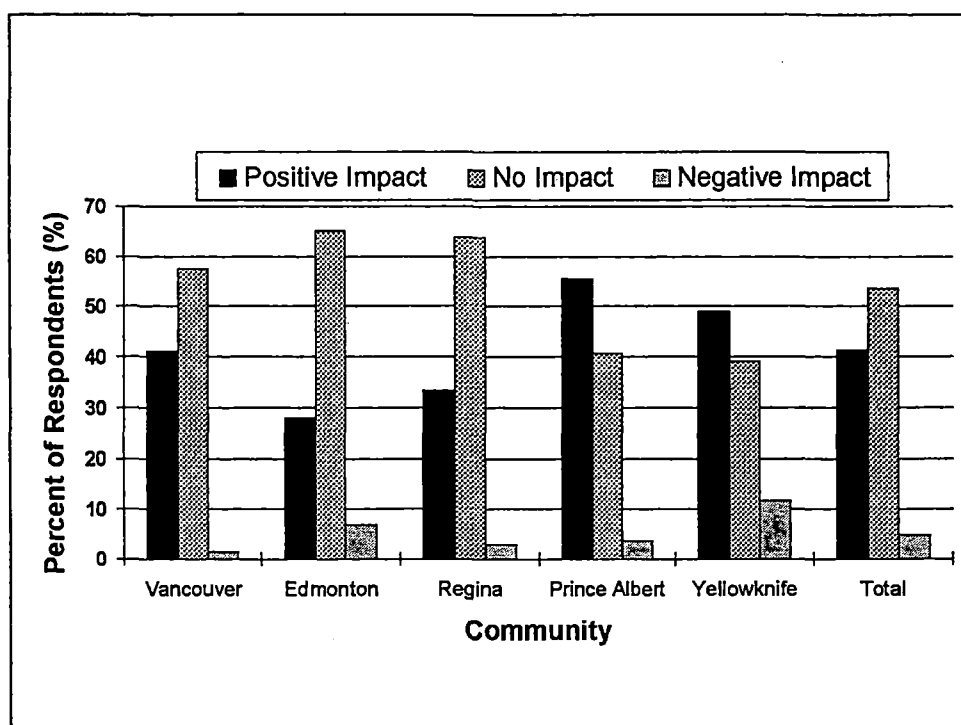


Given the higher proportion of mixed responses to this question from the CB respondents, it is not surprising to find the written comments reflecting this diversity. The benefits of having people in the neighbourhood during the day were emphasized by a number of people, in comments such as, *"People who work for themselves or dreams [sic] are always more enthusiastic and happy. Which in return are better neighbours."* [Prince Albert], and *"Promotes concept of 'community' - encourages dialogue, presents better opportunities"* [Vancouver], and *"Having working people in the neighbourhood during the day improves the vitality and life of the neighbourhood."* [Yellowknife]. Paradoxically, several respondents suggested that neighbourhood security concerns are greater with HBBs on the street. For example, *"There will be lots of strangers around if a home based business was in my neighbourhood"* [Prince Albert]. The overwhelmingly negative impact of HBBs on the quality-of-life in neighbourhoods, in the opinion of the CB respondents, dealt with the increased amount of traffic generated. In fact, of the fifty written responses to this open-ended question, 27 of them expressed a concern regarding increased traffic. Representative of these comments included the following, *"I live in a quiet part of town by choice - why the extra traffic?"* [Yellowknife], *"Difficulty parking, especially in winter when I need my car in front of my house to plug in."* [Regina], and *"Try to find a parking place during their prime hours"* [Regina]. Finally, the high level of ambivalence about HBBs is reflected in the

following comments, *"Not aware of a difference in my neighbourhood"* [Edmonton], and *"negative, if it stays a HBB forever; positive - if it helps a new business get started."* [Regina].

It might be expected that there would be even greater differences between the two groups of survey respondents over the question of impact on community businesses. Figure 31 shows that, as with the impact on neighbourhoods, very few (5.0%) of the HBB respondents felt that HBBs had a negative impact on commercial businesses in their communities. Once again, for the group as a whole, they were almost equally divided in their opinions of the impact on businesses, with 41.4% indicating that there was a positive impact and 53.6% indicating that there was no impact. There was a greater emphasis on the positive impacts in both the smaller communities of Prince Albert and Yellowknife (where HBBs consist of a very high proportion of the total business community) and in Vancouver (where HBBs engage in a high level of subcontracting to other commercial businesses). Generally, HBB owners in Edmonton and Regina are much more ambivalent in their assessment of the impact on community business, as is shown by the fact that 65.1% and 63.8%, respectively, suggested that HBBs had no impact on other businesses.

Figure 31: Home-Based Businesses: Impacts of HBBs on Businesses

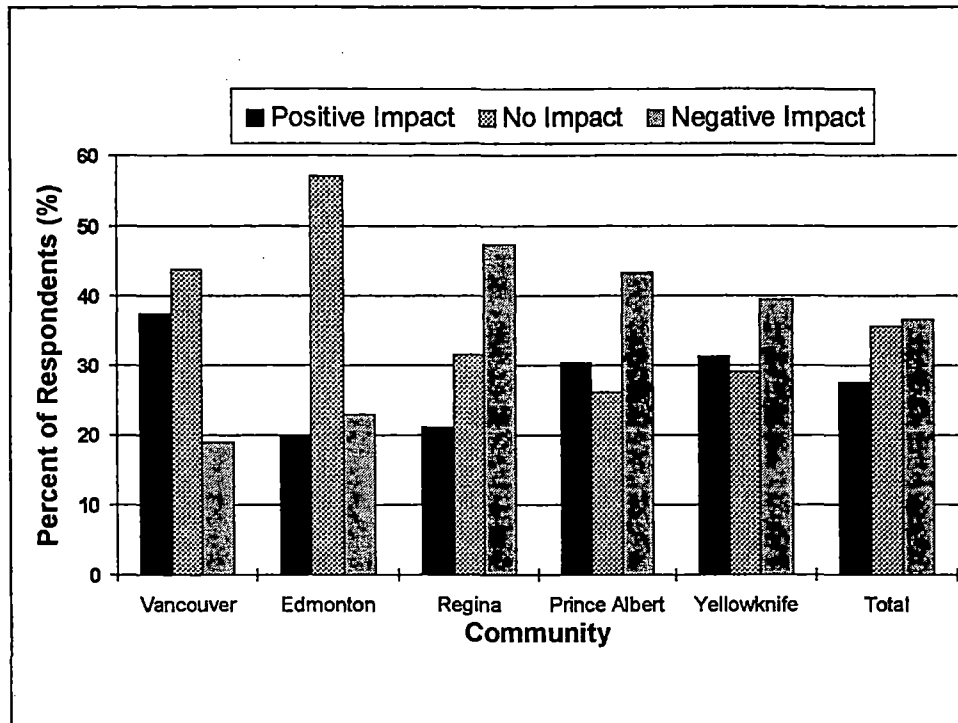


Most of the comments from HBB respondents related their local business impact in some way to the positive effects of competition on commercial businesses and the increased level of choice available to consumers. For example, *"They [HBBs] raise awareness of goods and services and help stimulate the economy. They also provide competition and keep prices competitive."* [Yellowknife], *"HBBs have less overhead, therefore the savings are passed on to the consumer"* [Regina], *"There is a need for personal computer service that large stores cannot provide."* [Vancouver]. A large number of the positive impact comments related to potential multiplier effects by HBBs; especially the effects of local purchases of supplies and services, and the incidental purchases by their own customers once they are in the neighbourhood. Examples

include, *"I freelance with larger companies and also purchase items from businesses to sell"* [Regina], *"I patronize the businesses in my neighbourhood for supplies, services and entertainment."* [Vancouver]. Some respondents recognized that the impacts might not all be positive; *"Some HBBs take away work from legitimate businesses, others enhance businesses because they require additional services, others fill in the holes left behind by larger companies."* [Prince Albert], *"I am not sure of the affect. It seems to be a benefit as businesses downsize there are still opportunities to work."* [Prince Albert], and finally *"My business could affect other businesses if they had the same merchandise in a similar price range."* [Yellowknife].

Turning to the commercial business group (Figure 32), the first observation is that more than one-third (36.7%) viewed HBBs as having a negative impact on other community business. Perhaps even more significant is the wide divergence in attitudes on this issue, both for the group as a whole and within individual communities. More than one-quarter (27.5%) of commercial businesses felt that HBBs had a positive impact on community business. As is suggested from some of the comments listed below, this attitude is partly explained by the strength of the linkages between commercial and home-based businesses, the belief that competition, in any form, is generally healthy, and the view that many HBBs will eventually grow and contribute in a more meaningful way to the overall economic health of the community. There appears to be a greater contrast in attitudes regarding business impacts in the smaller communities of Regina, Prince Albert and Yellowknife, with relatively higher proportions of respondents falling in the 'positive' and 'negative' categories. In Edmonton and Vancouver, commercial business owners are much more likely to be either positive or neutral to the idea of the impact of HBBs on other businesses. Overall, therefore, there are fewer differences between the commercial and the HBB respondents in attitudes regarding the impact on local businesses than on the quality-of-life of the neighbourhoods. There seems to be a much higher level of consensus on business impact between the two survey groups in Vancouver than in Regina or Prince Albert. In the former case, the share of 'positives' is almost identical (41.0% to 37.5%). In the latter cases, HBB respondents are extremely positive in their assessment of business impacts, while commercial business owners are extremely negative on the same impacts.

Figure 32: Commercial Businesses: Impacts of HBBs on Businesses

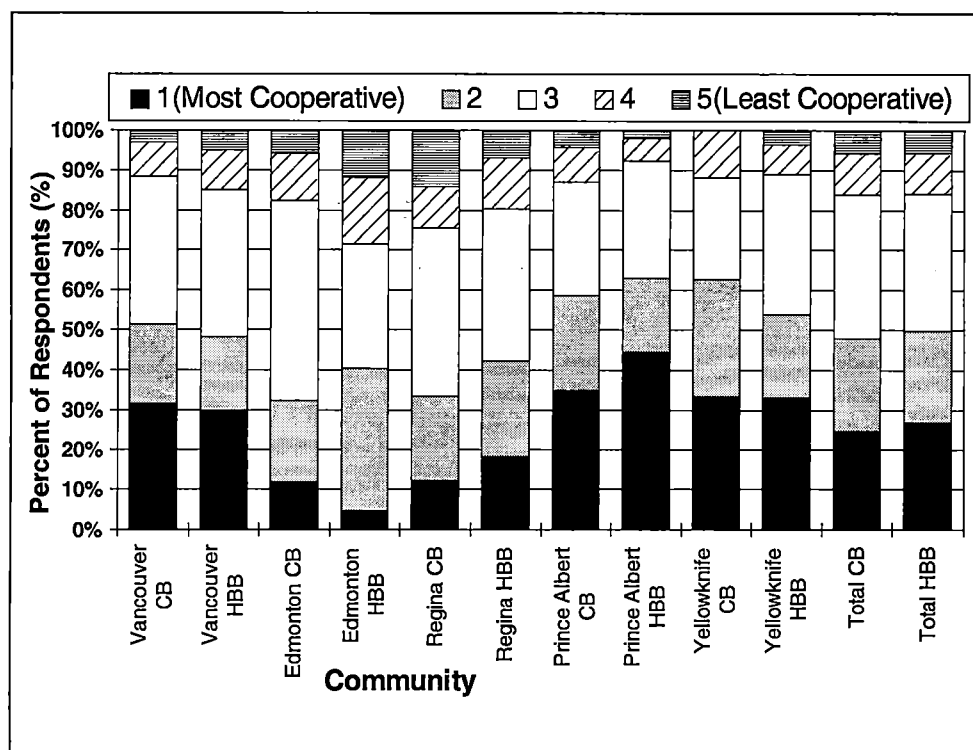


Although a number of CB respondents admitted that HBBs may lower the prices for goods and services to consumers, there were a number of qualifications about this process. Take, for example, this Edmonton respondent's comment, *"They drive prices down; if not successful, in the long run, they establish a lower bench mark price from what the market should be at. This is due to poor business planning on pricing."* Most respondents indicated that prices are lower because of lower overhead and lower municipal taxes. The following comments illustrate this; *"Why should we pay rent, taxes, etc. while home based businesses don't pay rent, taxes, but also get reimbursed for working out of home."* [Regina]. A fair number of people suggested that, when you look beyond cost, the quality of the product or service provided or the degree of professionalism of the business was much lower for HBBs. For example, *"We create jobs and employment. The HBBs that compete with us are professionals by day and HBBs by night and greed is their only reason for existence."* [Prince Albert], *"Often the service is of poorer quality, the customer has little recourse for satisfaction...Puts a bad reflection on total industry."* [Prince Albert]. The neutral and positive responses indicated in Figure 32 are reflected by some of the following comments, *"They provide a means of employment to those who would otherwise not be able to afford to operate. Employment means more people in the community with incomes to spend in the community."* [Yellowknife], *"The business community here is doing well combining HBB and storefront. Most of my competitors work with each other. Of course there are stinkers in the bunch but most are co-operative, not competitive."* [Prince Albert]. One respondent suggested that the type of impact was dependent on the size of the company (i.e., *"Support large firms; compete with smaller firms"* [Vancouver]), implying that the larger firms are more likely to subcontract from HBBs and are less likely to be competing directly with them.

5.9: Attitudinal Questions:

Both the HBBs and the CBs were asked a series of attitudinal questions in order to better distinguish the nature of businesses in the various places. One of the most important themes related to local government (Figure 33). Using a scaled response, with 1 being most co-operative and 5 being least co-operative (see Appendices 1 and 2), only 15.8% of all respondents marked the least co-operative options ("four or five"). In total, 26.8% of HBB respondents checked the 'most co-operative' extreme value (five). The most favourable attitudes towards local government were associated with HBBs in Prince Albert and Yellowknife. In the case of Prince Albert, 44.4% of all respondents marked the most co-operative extreme ('one') for this question. This positive outlook contrasts sharply with that in Edmonton, where only 4.8% of the respondents had marked this same value, and 28.6% of all respondents had circled either a 'four' or a 'five' (the two lesser levels of co-operation). An Analysis of Variance (ANOVA) statistical test conducted on the differences in responses between the cities showed that there was a statistically significant difference among the five communities (with an F value of 5.16, significant at $\alpha = .0005$).

Figure 33: Business Attitudes to Local Government



In the open-ended responses to this question, many of the respondents (30.5%) indicated that they had no contact with the city other than for the issuing of licenses. Two responses that best sum up this particular attitude towards local government were from a Vancouver respondent who stated, "I pay license, they take the money", and from a Yellowknife HBB, who wrote, "Co-operative is not the right word. Tolerated?". Concern about the cost of license fees was mentioned by only 10.8% of the HBB respondents, but it seemed to be more prevalent among Yellowknife respondents (e.g., "My license is \$200 versus \$100 for McDonald's, etc.", and "Not much of a relationship as long as I pay my \$200/yr. just for the honour of operating my business from home."). Another typical complaint among HBB respondents regarding municipal

government was the level of bureaucracy and regulation that they faced and the disapproving attitude towards HBBs. For example, *"The bureaucracy is pre-programmed to resist home-based business. We have been blacklisted by local government employees because what we do seems to contradict their jobs."* [Vancouver], *"Some of our aldermen are very determined to eliminate most home businesses. The city and territorial government regulations conflict."* [Yellowknife], and *"I feel not allowing a small sign on my property has a very bad effect on my business. People don't appreciate having to ring a doorbell to see if there is a business in the house."* [Regina]. Many of the respondents were critical of local government for not taking a more active role in promoting home-based business, as suggested by the following written responses, *"Council is trying to promote new business with tax waivers etc., but dings small HBBs at every chance..."* [Edmonton], *"They have no idea as to my business plans and are not interested in helping to ensure growth. They only seem to want the cash."* [Regina]. Finally, although positive open-ended responses are mentioned less frequently than one would expect given that more than one-quarter of respondents found local government very co-operative (Figure 33), it is important to include a selection of the supportive comments, including the following: *"good support services for home based business in Alberta"* [Edmonton], *"The local bylaws controlling HB business are straight forward and up front and supportive of HBB"* [Prince Albert], *"Honesty, fairness, reliable"* [Vancouver], *"Believe City supports HBB with minimal licensing penalties levied"* [Yellowknife].

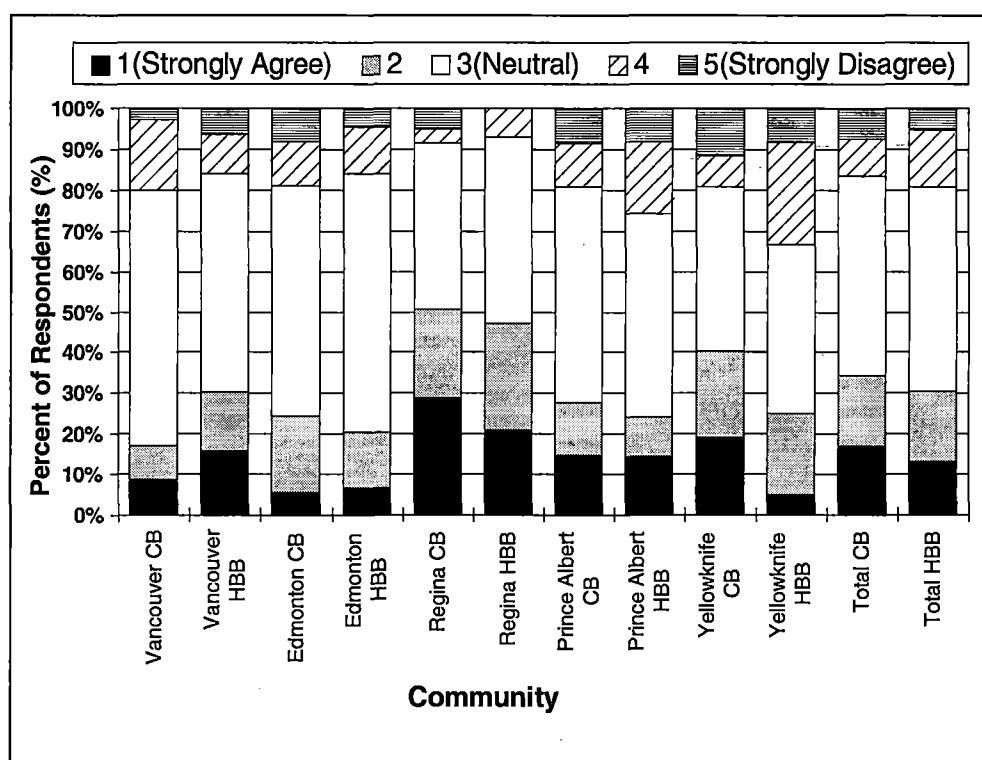
The same question was asked of the commercial business owners and the results are also portrayed in Figure 33. For the total group, a profile very similar to that of the HBBs emerges, with 24.7% checking the most co-operative extreme ('one'), and a sum of 16.1% checking the less co-operative options ('four' and 'five'). The distinctions in attitude towards local government seem very much to be a function of place rather than form of business since, as with the HBBs, commercial businesses in Edmonton and Regina viewed local government as being less co-operative, and respondents in Prince Albert, Yellowknife, and Vancouver were more inclined to describe the relationship as having a higher level of co-operation. An ANOVA statistical test conducted on the differences in responses between the cities showed that there was a statistically significant difference among the five communities (with an F value of 4.88, significant at $\alpha = .0009$).

When asked to comment on this relationship, many (26 of 92, or 28.3%) indicated either that a relationship did not exist, or that local government was neither supportive nor obstructive. Interestingly, this share is almost identical to that of the HBB group with the same attitude. Comments that were indicative of these positions included, *"Don't really know because of lack of association"* [Prince Albert], *"If they didn't take money, I wouldn't know they existed"* [Regina], *"Virtually no contact and few if any points of friction."* [Vancouver], and *"nothing negative. The city seems to ignore us"* [Yellowknife]. A fair number (16 of 92, or 17.4%) of these written comments suggested that the municipal government had no understanding of small business, or how to promote economic growth (e.g., *"This city is the least small-business friendly I've ever seen"* [Yellowknife], *"City is not appreciative of business costs nor competition problems"* [Regina], *"Municipal government refuses to understand small business' burden and continues to provide advantage to HBBs in terms of tax services"* [Regina], and *"Not a poor relationship but the city does little to promote a relationship of any kind, except an additional tax for downtown-based business"* [Edmonton]. Some of the positive comments included, *"They are willing to work with us whenever we have a problem"* [Prince Albert], *"Great as long as we pay taxes on time, however service is slow"* [Regina], *"City is one of our main customers"* [Yellowknife], *"We try to maintain good relationships as this is a definite advantage - two way street"* [Vancouver], and

[Yellowknife]. With respect to Yellowknife, one point that was reinforced by these open-ended answers was the importance of the city as a customer. Of the 25 comments provided by Yellowknife CBs, five of them indicated that the City was a client. Correspondingly, three of the 34 HBBs that provided comments to this question also provided services for the municipal government.

In addition to the degree of local government co-operation, the home-based business survey asked a large number of scaled questions. This section of the report explores the responses to these questions. It starts with two statements posed to the commercial businesses as well, in order to compare between the two groups. The first attitudinal statement that overlapped across the two survey groups dealt with relationships with local government once again. In response to the statement “Local government is more concerned with restricting my business than with encouraging growth”, a total of 13.3% of HBB respondents strongly agreed, while only 5.3% strongly disagreed (Figure 34). The greatest level of resentment towards local government, by a considerable margin, is felt by HBB owners in Regina. In this city, 47.2% of respondents agreed with the statement to a certain degree (either a ‘one’ or a ‘two’) and no one strongly disagreed (a ‘five’). In contrast, the next strongest level of agreement with this statement was among Vancouver HBBs (30.2%) and, in Edmonton, where only 20.4% of HBB respondents agreed with the statement.

Figure 34: Local Government Restricts My Business

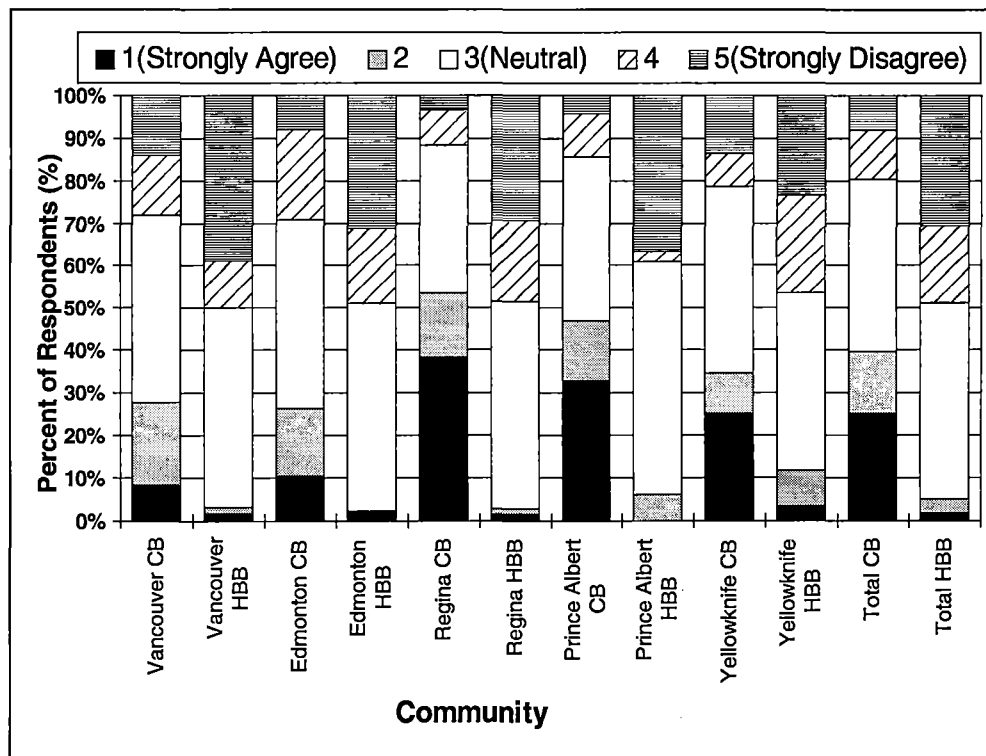


Unlike some of the other issues, commercial business owners seem to share, with HBBs, similar levels of disenchantment with local government. Overall, approximately the same proportion of CB and HBB respondents agreed and disagreed with the statement noted in the previous paragraph (Figure 34). As with HBBs, the greatest level of agreement is in Regina (28.8%). This antipathy towards local government is also apparent to a higher degree in the

smaller communities of Prince Albert (14.9%) and Yellowknife (19.2%). Many earlier studies on the attitudes of home-based entrepreneurs to government concluded that their dissatisfaction with government was a function of their home-based status. What this study suggests is that business owners in general (regardless of whether they are operating out of the home or out of a commercial site) are dissatisfied with municipal government, and that certain inherent characteristics about the communities are more important in distinguishing attitudes towards government.

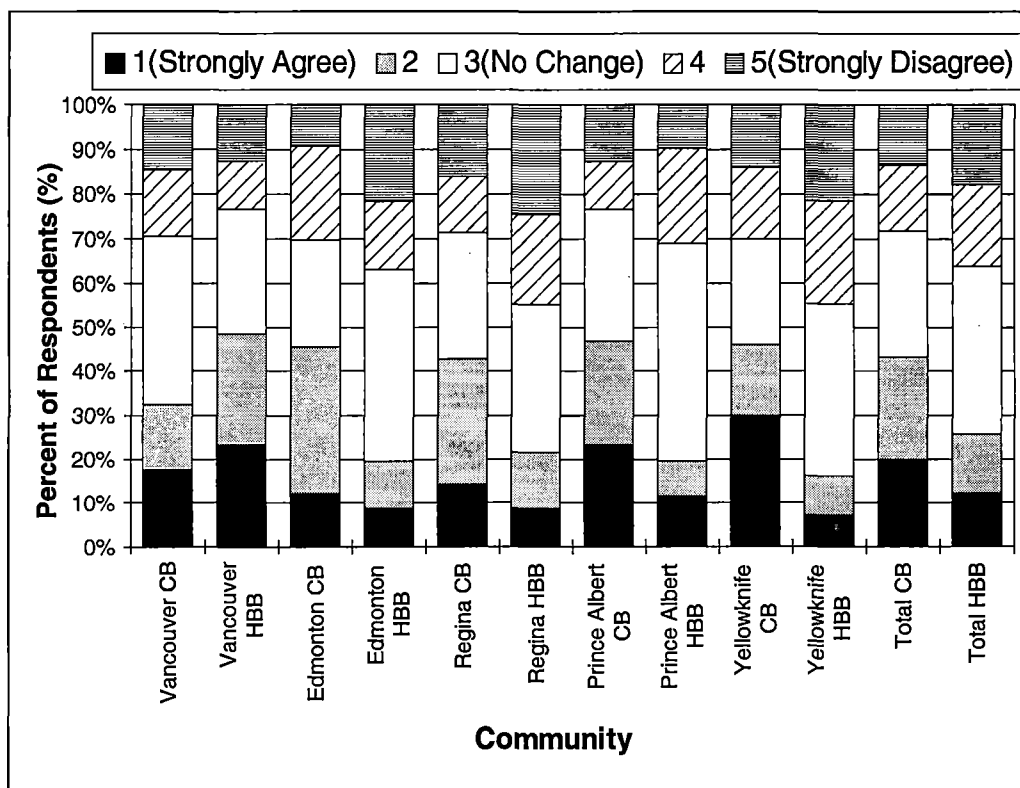
Respondents were also asked to indicate how much they agreed or disagreed with the statement, "HBBs are competing unfairly against businesses located on commercial or industrial property" (Figure 35). As might be expected, the HBB respondents strongly disagreed with this statement, with 30.5% marking the most extreme value ('five'). Perhaps more surprising, considering the response to an earlier question on the impact of HBBs on other businesses in the community (see Figure 31), a large proportion of home-based respondents were ambivalent or neutral (46.0%) regarding this statement. A much higher proportion of respondents in Vancouver (39.1%) held this more extreme attitude than in the rest of the communities. Despite the integration of HBBs into the economic fabric of Yellowknife, a relatively large share of respondents agreed with this statement (a sum of 11.6% checked response 'one' or 'two'). Over one-quarter (25.1%) of the CBs had an equally extreme level of agreement with this statement. Once again, however, there was a much greater spread over the range of options than one might have expected. While only 1.7% of HBBs strongly agreed with this statement, 8.1% of commercial businesses strongly disagreed with it. Regina CBs had the greatest share of respondents who agreed strongly with this statement (38.3%), suggesting a greater level of antipathy between the two groups. In general, commercial businesses in the smaller communities of Yellowknife, Prince Albert and Regina were more likely to view HBBs as unfair competition than CBs in Vancouver and Edmonton.

Figure 35: Home-Based Business Competition is Unfair



The last statement that was asked of both groups was the degree to which acquiring start-up capital or financing was a problem with the business. One of the complaints by small business in general, and by small home-based business in particular, is that it is difficult to obtain sufficient start-up capital from traditional lending sources. This question was intended to see whether this was a problem within these communities, whether the degree of difficulty encountered differed by community, and whether there were differences between home-based and commercial businesses. Responses to this statement from the HBBs were fairly normally distributed, although there was a slightly greater proportion who disagreed than who agreed (Figure 36). The only major variation between the cities relates to Vancouver. Here, it appears as though home-based businesses have had a much more difficult time in acquiring start-up capital than elsewhere. When commercial businesses were asked to respond to this same statement, it is apparent that this latter group believe that they have experienced more difficulty in acquiring capital than the home-based businesses. In fact, in every community except Vancouver, a much greater share of commercial businesses agreed with this statement than did their home-based counterparts. Although these results are based on perception rather than actual experiences of businesses in acquiring funding, they are important because they contradict one of the stereotypes regarding home-based business. It suggests that whether a business is going to be operated out of a home or not is less relevant in differentiating the ability of firms to acquire capital than other unspecified factors.

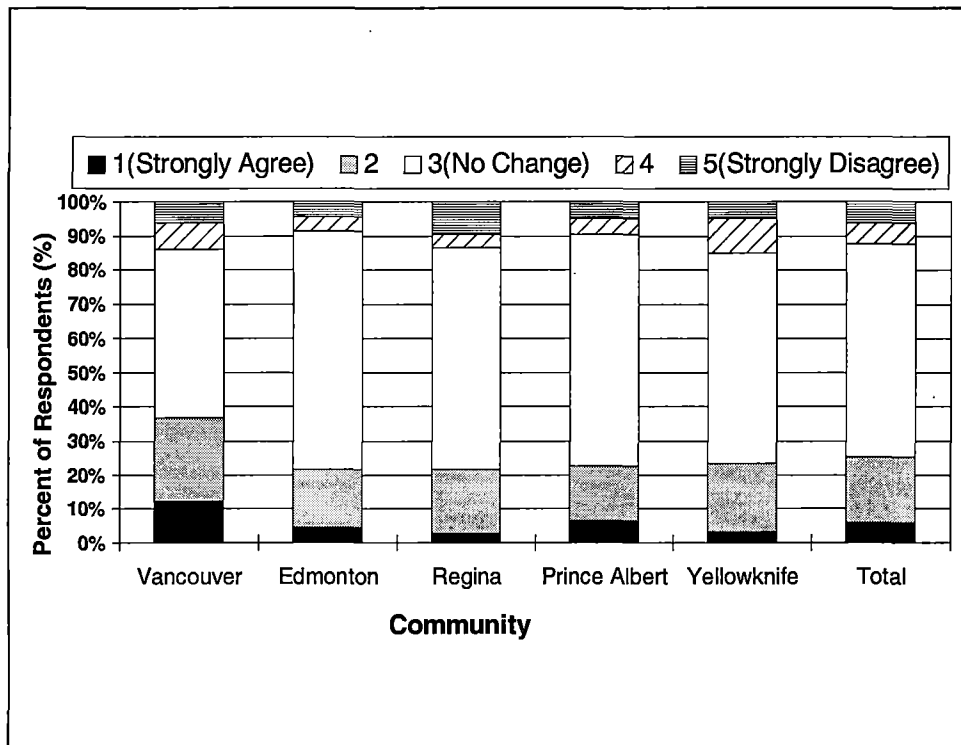
Figure 36: Acquiring Start-Up Capital Was Difficult



The remaining statements were part of the home-based business survey only. They relate to common perceptions or stereotypes about HBBs. The first of these gauges the level of agreement with the amount of interaction HBB respondents have with neighbours (Figure 37). Most (62.2%) of the respondents indicated that there was no change in the level of interaction

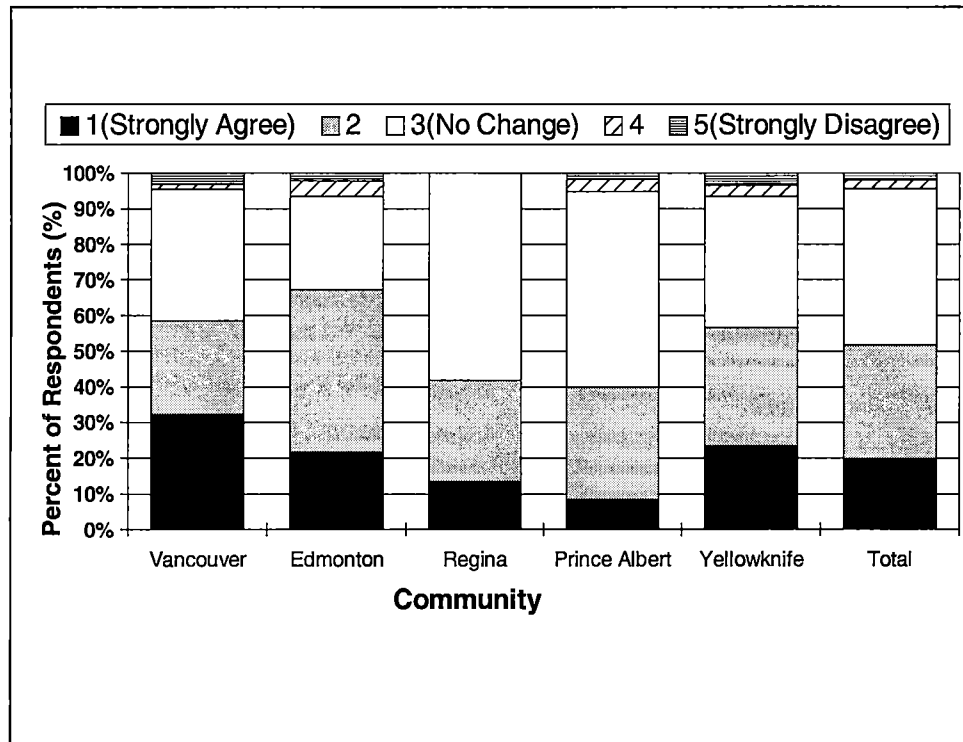
they have with their neighbours as a result of operating a HBB. There was, however, a greater level of agreement than disagreement with this statement (i.e., 25.4% agreed and 12.4% disagreed). The greatest levels of agreement were apparent in Vancouver (36.9% in the categories of 'one' and 'two'). The finding that most home-based entrepreneurs found no difference in their interaction with neighbours is almost identical with the results from Gurstein's (1996) survey.

Figure 37: More Interaction With Neighbours



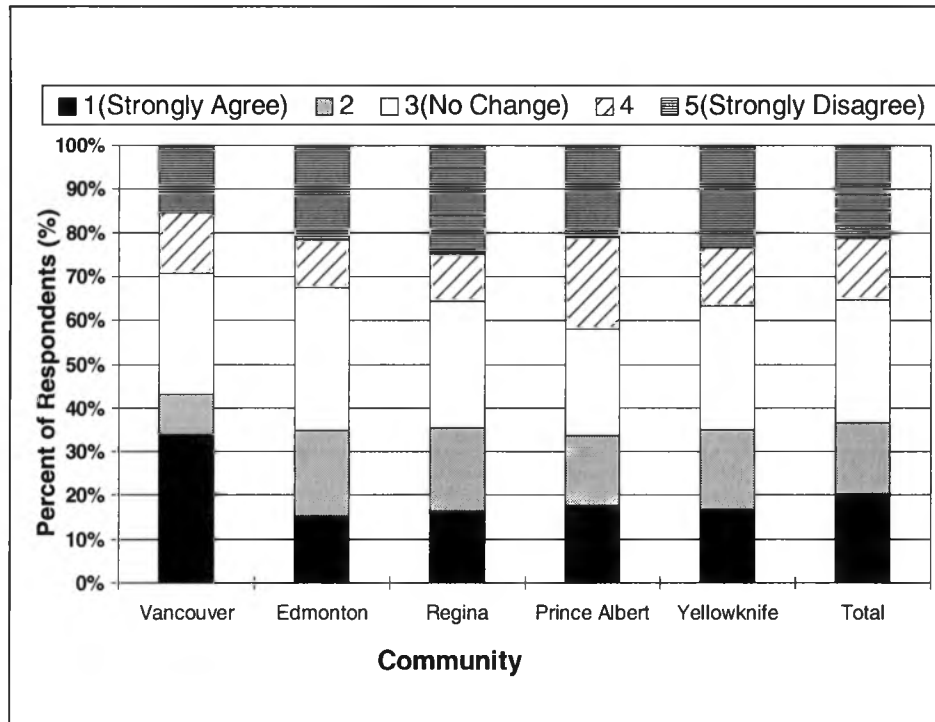
In advocating a more flexible policy towards the regulation of HBBs, some advocates claim that the presence of businesses in residential areas makes these neighbourhoods safer during the day. The underlying rationale for this claim is that burglars will be less likely to commit a crime if they are aware that they might be observed by other residents during the day. A large proportion of HBB respondents agreed with this statement (19.7% strongly agree with a 'one' and a further 32.1% agree with a 'two') and almost no one disagreed with it (Figure 38). A greater proportion of respondents in Vancouver and Edmonton felt that HBBs made neighbourhoods safer places during the days.

Figure 38: Home-Based Businesses Make a Neighbourhood Safer



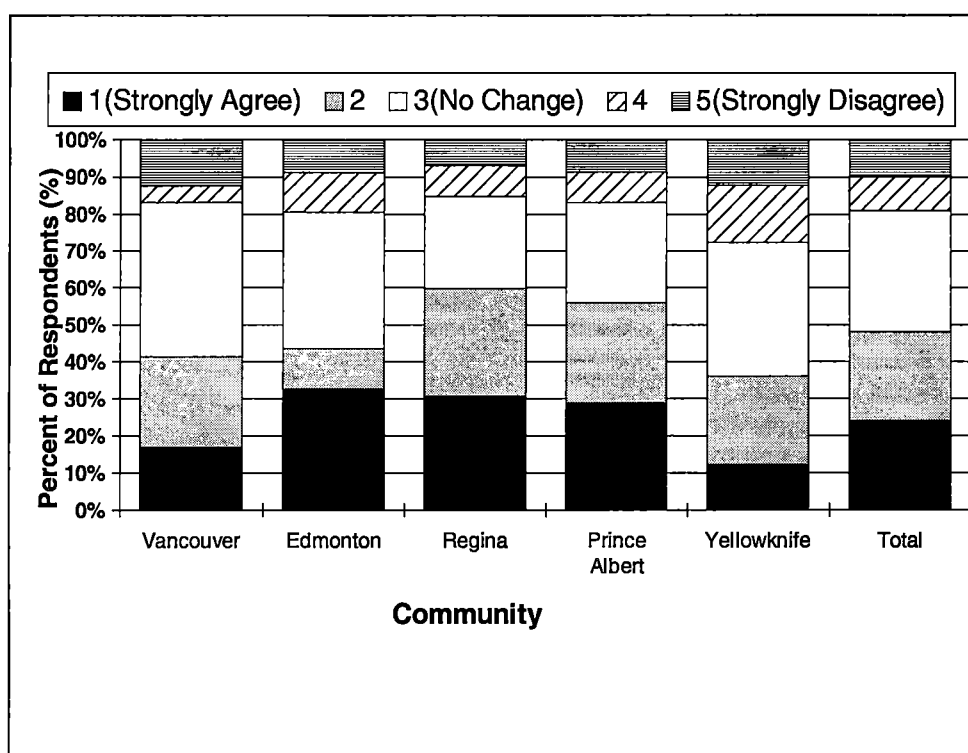
It has also been suggested that an increased emphasis upon businesses that are operated out of the home will result in a decrease in the use of automobiles and a reduction in the need for investment in transportation infrastructure (i.e., no more journeys to and from a separate workplace). In aggregate, however, it appears that the HBB respondents to this survey are equally divided on whether they use their car less as a result of operating a HBB (Figure 39). A total of 36.6% agree with this statement to at least some degree, while 35.2% disagree to some degree. Once again, this mixed reaction is similar to the response from earlier studies. Gurstein (1996) found that 67% of the self-employed respondents to her survey felt that they used their cars either as often or more frequently since working at home. This, perhaps, is one of the best examples where context is an important modifying variable. In this study, most of the extreme agreement to the statement occurs in the City of Vancouver. In fact, in Yellowknife and Prince Albert, there is greater disagreement than agreement with this statement. This implies that place is very important in assessing the role that home businesses play in influencing the level of automobile use and, by extension, the overall behaviour and actions of home businesses.

Figure 39: Home-Based Businesses Use a Car Less Frequently



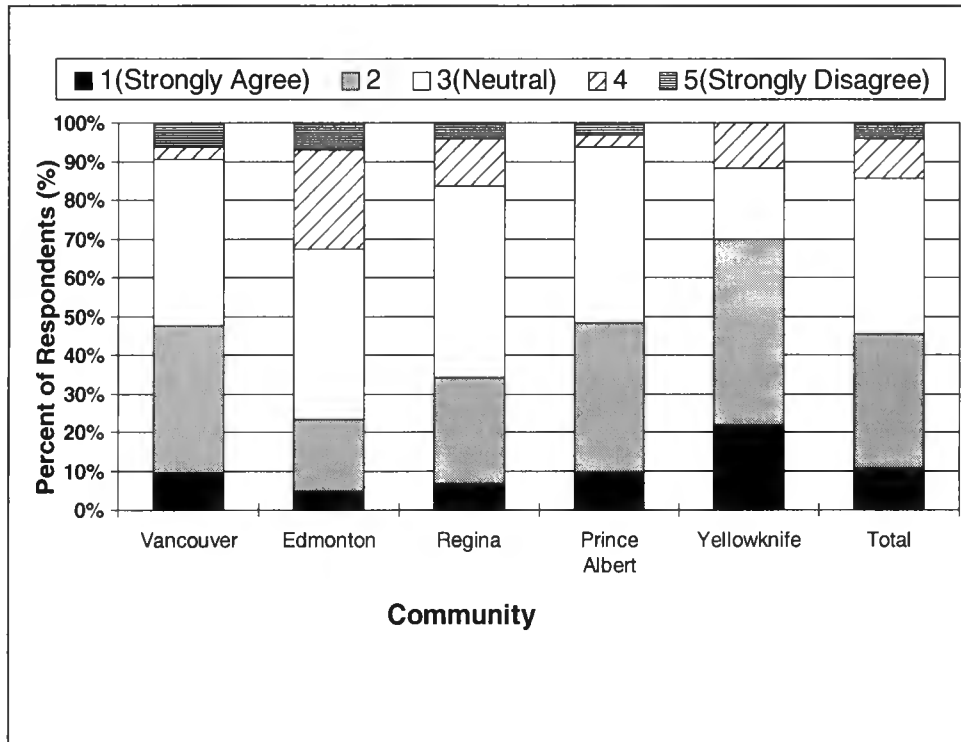
Earlier, it was shown that commercial businesses are mixed in their assessment of the ‘fairness’ of HBBs in competition with themselves. Since the HBBs surveyed are all licensed, it is interesting to see their perception of their unlicensed home-based brethren. Figure 40 shows that a large proportion (48.0%) agree to some extent that unlicensed HBBs compete unfairly against licensed HBBs. This is proportionately larger than the share of CBs that felt that HBBs were competing unfairly against them. The level of unfairness with respect to unlicensed HBBs was much higher in Regina (59.8%), Prince Albert (55.9%) and, to a lesser extent, in Edmonton (43.5%). It should be pointed out that these are the places where there is also a higher level of enforcement of HBB regulations and perceived inequities in business license fees. The greatest disagreement with this statement comes from Yellowknife respondents. Interestingly enough, in personal interviews with institutional representatives in Yellowknife, it was suggested that unlicensed HBBs were not an issue or a problem. The Chamber of Commerce representative stated, “It seems that most people automatically get their business license from City Hall then contemplate what they are going to do, which is backwards I think to most cities. I don’t really think Yellowknife has an informal home-based business industry at all.”

Figure 40: Attitudes Towards Unlicensed Home-Based Businesses



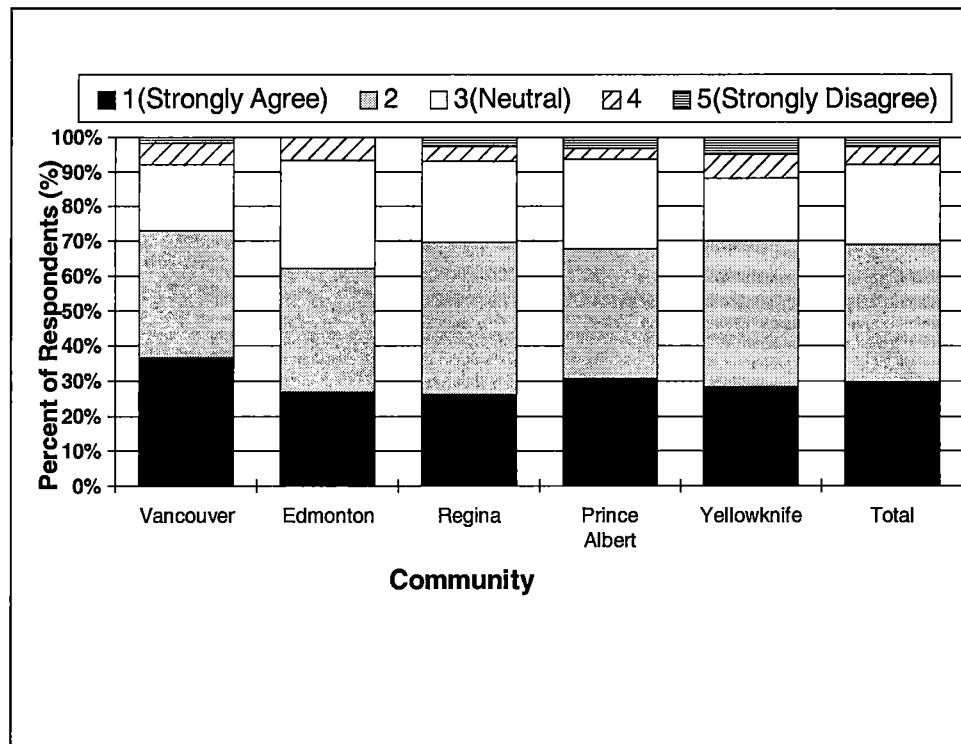
HBB owners were also asked whether they felt home-based business represented a sizable part of their community economy. A greater proportion of respondents agreed than disagreed (45.5% to 14.3%) with this statement (Figure 41). The emphasis, when disaggregated by city, corresponds roughly with the ratio of commercial to licensed home-based businesses in Table 3. A much higher proportion of Yellowknife HBB respondents strongly agreed with this statement (21.7%) than anywhere else. Given the relatively high CB to HBB ratio in Vancouver, it is somewhat surprising to find that a fairly high proportion (47.6%) of HBB respondents agreed to at least some degree with this statement. In fact, this value is almost identical to that in Prince Albert, despite the much higher representation of home-based businesses in the smaller Prince Albert economy.

Figure 41: Role of Home-Based Businesses in the Community Economy



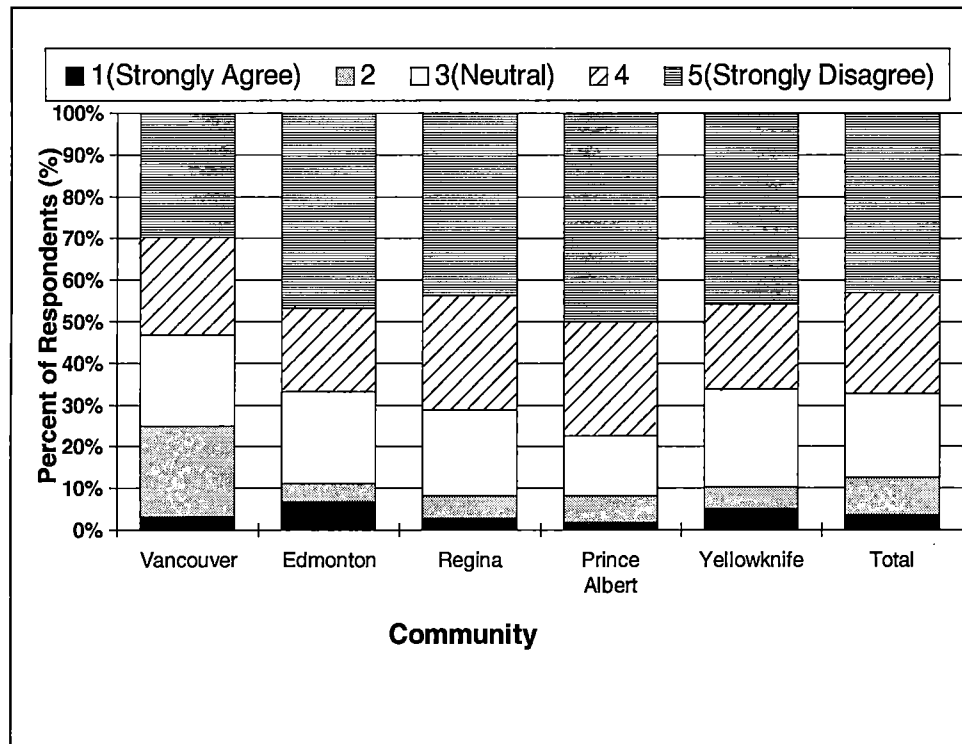
Earlier, this report suggested that HBBs may play an incubator role in developing companies to a point where they may wish to move to a non-residential site. In fact, although only a small percent (7.3%) of HBBs eventually plan to move their business out of the home (see Figure 10), this environment may prove beneficial in developing skills, sources of capital, a stable market, and self-confidence. In order to see whether HBBs perform at least one of these roles, respondents were asked how much they agreed with the statement, “HBBs are ideal training grounds for new entrepreneurs”. Most of the respondents agreed to some extent (29.7% strongly agreed and 39.3% somewhat agreed) with this statement (Figure 42). Once again, Vancouver and Yellowknife HBBs seem to share similar attitudes on this issue. Both groups appear to be slightly more polarized in their opinion regarding HBBs as training grounds, with a greater proportion both agreeing and disagreeing than in the other three communities.

Figure 42: Home-Based Businesses as Training Grounds



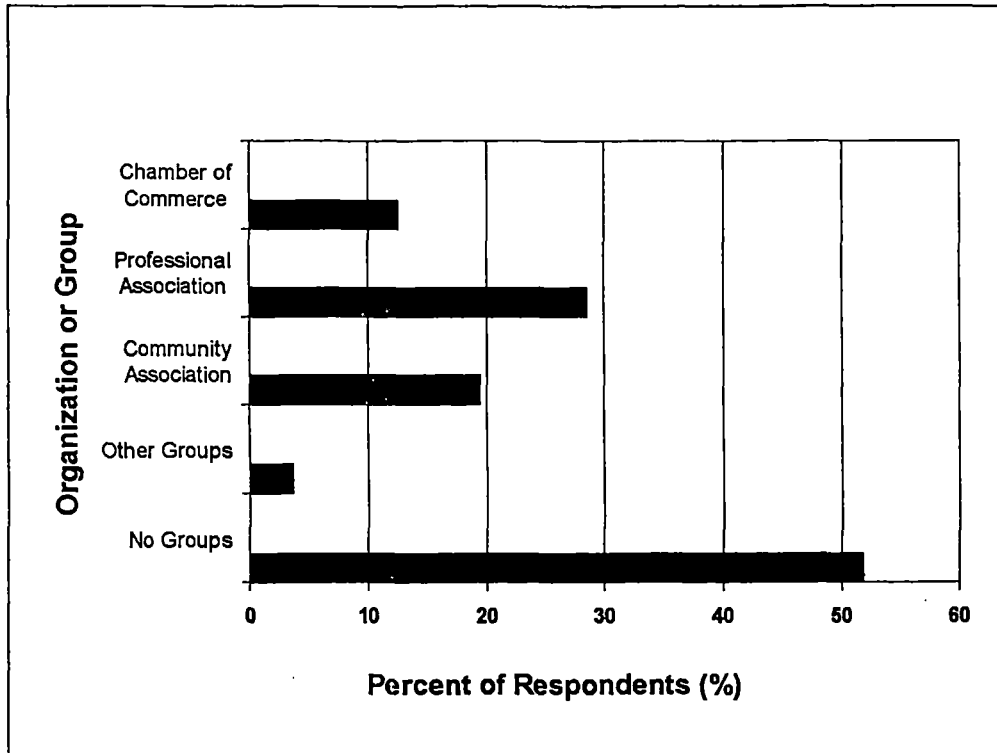
The final statement (“All other things being equal, I would prefer to work for a storefront business”) attempts to assess how strongly HBB owners feel about the choice they have made to run a business out of their homes (Figure 43). Only a very small share of respondents (3.6%) strongly agreed with this statement, and a sum of 67.0% disagreed with it (i.e., checked a ‘four’ or ‘five’ on the scale). Vancouver is most distinct from the other communities in responding to this statement, in that a sum of 25.0% of respondents agreed with it (i.e., checked a ‘one’ or ‘two’ on the scale).

Figure 43: Home-Based Businesses: Preference for Commercial Employment



In addition to finding out how well connected HBBs are with other businesses in the community, it was also important to find out how well connected they were within private institutions, groups, or associations (Figure 44). The majority of HBBs (51.8%) belong to no professional or public associations. Approximately one in five (18.7%) belong to a local neighbourhood or community association, and a similar proportion belong to various professional associations (e.g., Painters and Allied Trade Union, Canadian Physiotherapy Association, Association of Professional Engineers, Certified Management Accountants, Interior Designers Institute of B.C., Canadian Institute of Forestry, Massage Therapist Association of Alberta, etc.). What is most interesting from this is the relatively low level of formal institutional membership by HBBs. Only 11 of the 308 (3.6%) respondents belong to a local home-based business association, only 38 of 308 (12.3%) belong to their branch of the Chamber of Commerce, and only one firm belongs to the Canadian Federation of Independent Business.

Figure 44: Home-Based Business Organization Membership

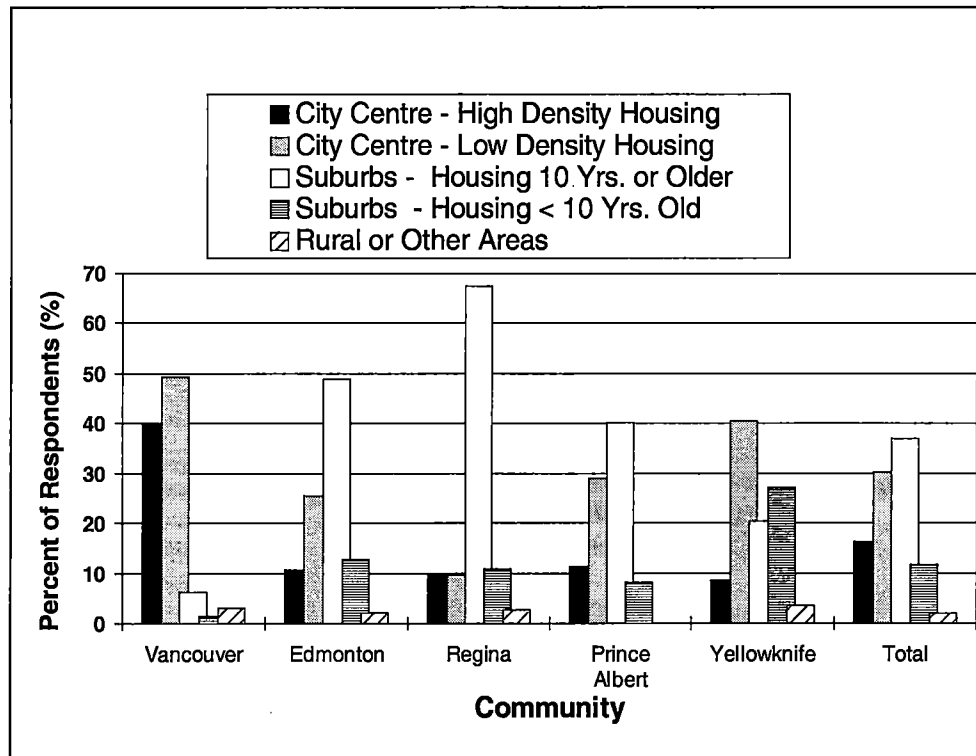


When asked about their involvement or lack of involvement in these organizations, the overwhelming response was that they had no time to devote to any of these groups. This is particularly important with respect to Chambers of Commerce. Since many HBBs are run by one individual, devoting time to attend various luncheons and seminars involves a major commitment on the part of the businessperson; effectively closing the business for these periods of time. This point was also made in interviews with representatives of Chambers of Commerce and Home-Based Business Associations.

5.10: Classification of the Local Environment:

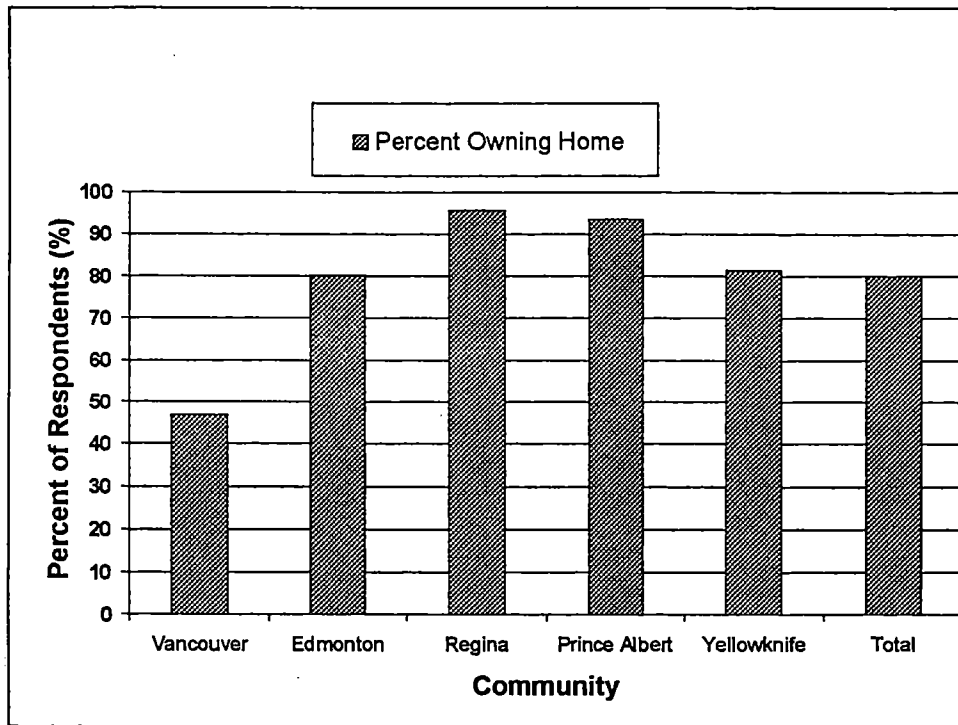
The local setting of the HBB may have a bearing on the strength of the local linkages, the extent of the market, and the types of activities that are undertaken. The largest group of HBBs (37.0%) describe themselves as being located in the suburbs in housing less than ten years old (Figure 45). The second most common setting is near the city centre on a street with lower density housing (30.2%). A further 16.2% are found near the city centre among higher density housing, and the last major group (11.7%) are found in the suburbs in newer housing. Since the case study of Vancouver excluded the rest of the Greater Vancouver Regional District (GVRD), it is not surprising to find that the Vancouver group differs the most in the response to this question, with 40.0% of HBBs here indicating that they live near the city centre in higher density housing. A proportionately higher share of Yellowknife HBBs operate in both lower density city housing (40.0%) and newer suburban housing (26.7%), and a very high percent (67.6%) of Regina HBBs are located in suburban housing at least ten years old.

Figure 45: Home-Based Business Neighbourhood Type



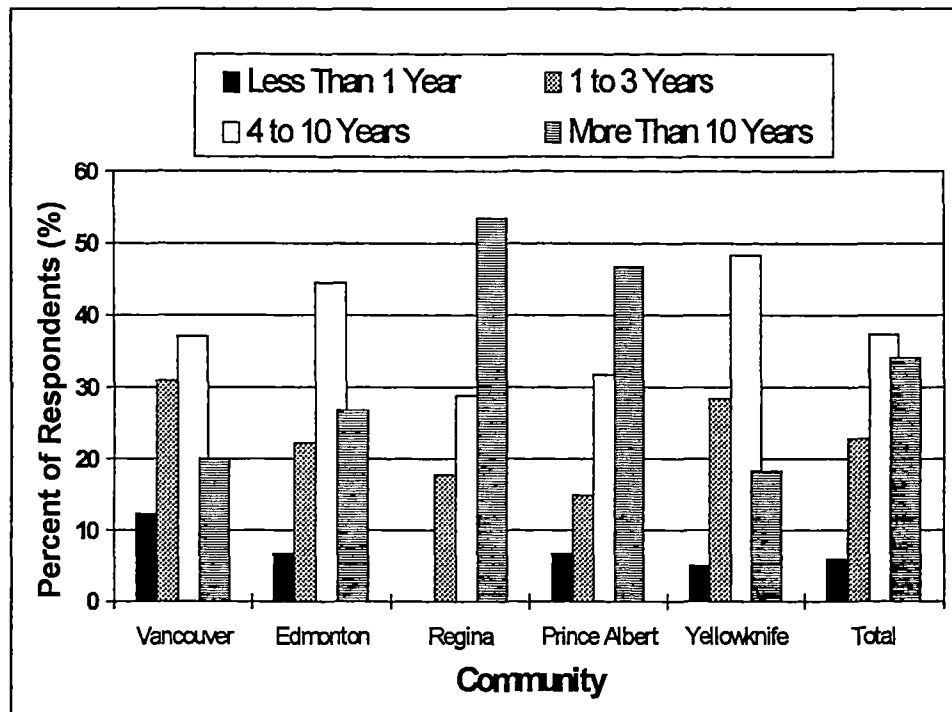
Although this project did not intend to discuss the specific characteristics of dwellings that have HBBs (see Gurstein 1995), it did inquire about the tenure of the accommodations (Figure 46). For all HBBs surveyed, 80.0% owned their homes, and the remaining 20.0% rented. Ownership dominated the communities of Regina and Prince Albert, where the average home price is significantly lower. The presence of renters among HBB operators was appreciably higher in Yellowknife and Edmonton, and very high (53.1%) in Vancouver. Although these higher values are undoubtedly a direct function of higher housing costs, in the case of Yellowknife it may also be a function of higher levels of residential mobility and turnover in the local labour market.

Figure 46: Home-Based Businesses: Ownership of Dwelling



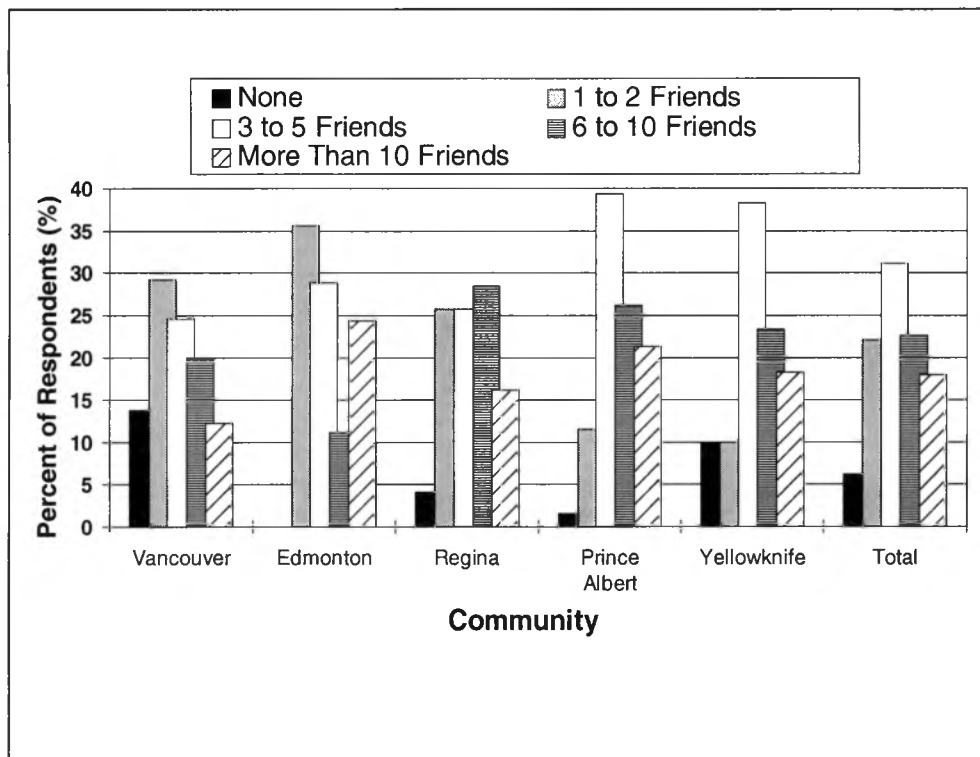
In addition to tenure, residential stability is also reflected in the length of time that residents have lived in their current homes. Figure 47 shows that one-third (34.0%) of HBB owners have lived in their homes for at least ten years, and 71.3% have lived there for at least four years. It appears that this characteristic is linked closely with the previous one on tenure. When disaggregated by community, those places that had a relatively higher proportion of renters (e.g., Vancouver, Yellowknife, Edmonton) also have a proportionately lower share of survey respondents who have lived for at least ten years in the same home. It is also comforting to know that the rank order responses to these questions on tenure and mobility for this sample of residents corresponds very closely to the values for the populations as a whole in Table 1 (i.e., '% Rented Dwellings' and '% Moved in Past 5 Yrs.').

Figure 47: Home-Based Businesses: Length of Time in Dwelling



Normally, one would not be concerned with the social networks that a business owner might have within his or her neighbourhood. However, since the presence of a business within a residential setting might still be considered innovative and contentious, the HBB respondents were asked about the number of neighbours they know and think of as friends. Figure 48 shows that 18.0% of respondents feel that they have at least ten friends among their neighbours. Edmonton HBBs tend to have a more polarized pattern of friendships with a higher share in the 'one to two friends' (35.6%) and the 'more than ten friends' (24.4%) categories. Vancouver respondents tend to have the lowest number of friendship links (only 12.3% in the 'more than ten friends' category). Despite the relative instability in Yellowknife, as indicated by tenure and length of time in current residence, the number of reported friends here is approximately the same as in Regina and Prince Albert. These higher values may be a function both of the smaller community size and the relative isolation of the community from other urban centres.

Figure 48: Home-Based Businesses: Neighbours as Friends



To illustrate in a little more depth the connections that home-based businesses have within the neighbourhood, respondents were asked to articulate the roles neighbours may have played in their business (e.g., as customers, providing advice, tools, storage space, minding children, etc.). Many (50 of 107, or 46.7%) of the respondents suggested that neighbours were also customers. Of lesser importance were the roles of providing advice, referrals to family and friends, child care, and tools. Examples include, *“One neighbour provides support in finance and accounting, another with computers.”* [Yellowknife], *“They offer advice and encouragement and if I have to leave my home my neighbour keeps an eye out for me”* [Vancouver], *“As customers, by providing advice and ideas; by telling others about my products.”* [Prince Albert].

The HBB owners were asked whether there were any features about the community that either encouraged or hindered business. This question was asked with the intent of discovering whether the business owners themselves felt there was something critical about the context they lived in that affected their business; either positively or negatively. Unfortunately, many respondents to this pair of questions felt that this question was asking if there was anything the City (i.e., local government) did that hindered or encouraged their business. For those in the smaller communities who looked more broadly at the local context, many felt that the small size of the community benefited them in their marketing efforts: *“City produces Business Directory - YK is a good size for HBBs. Word of mouth is effective for advertising.”* [Yellowknife], *“small local market - word of mouth works well”* [Prince Albert], *“Small enough to get recognition very quickly - networking happens rather quickly.”* [Regina]. In some cases, the location of the city was important in influencing the business. For example, *“We are close to the north country which offers more opportunity to developing the northern community. No one in the north does what we do.”* [Prince Albert], *“business links, lots of work in northern AB...”* [Edmonton]. In more cases it is the specific economic, demographic or social characteristics of the community that have

encouraged their business (e.g., “*many ethnocultural niches*” [Vancouver], “*The high density of both commercial and residential gives me good access to both suppliers and customers.*” [Vancouver], and “*very youthful population - many young families requiring childcare.*” [Yellowknife]).

The ‘flip side’ of this of course are features that respondents found discouraging about their local community. Isolation in the smaller communities was a common complaint of business owners in these places (e.g., “*Isolation. Saskatchewan only has a million people which limits my potential customers for now.*” [Prince Albert], “*Cost of living is so high for the first few years (starting up and getting known) can be extra tough*” [Yellowknife]). It was the opinion of several of the respondents that the business or economic climate was not conducive to business (e.g., “*not a great many head offices in Edmonton*” [Edmonton], “*room for expansion is limited*” [Prince Albert], “*Banks unwilling to lend even a small amount of money, no matter how good your credit rating.*” [Vancouver]).

5.11: Personal Characteristics of Survey Respondents:

The following is a brief review of the personal characteristics of the home-based and commercial business respondents. As has been the case with much of this report, emphasis will be on comparisons between the two groups and among the communities. In addition, where these personal characteristics seem to have some relationship to the responses earlier in the survey, they will also be emphasized.

The mean age of all HBB respondents is 43.7 years, while the mean age of CB respondents is 45.3 years old (Table 7). While the home-based business owners seem to be slightly younger in Vancouver (40.3 yrs.) and Edmonton (42.2 yrs.), commercial business respondents seem to be marginally older in the larger cities. Earlier, it was reported that 35.1% of all HBB respondents were women. This is lower than the proportion of women home-based entrepreneurs reported in both the Gurstein (1995) and the Orser and Foster (1992) studies. In both of these studies, approximately half of the respondents were women. Despite the fact that women are underrepresented in home-based businesses, they are even more absent from the ranks of the commercial firms. Table 7 shows that only 27.6% of all commercial business respondents were women. For both HBBs and CBs, this gender split varies considerably among communities. For the home-based businesses, women respondents ranged from a low of 24.2% of the total in Prince Albert to a high of 53.3% in Yellowknife. As with the HBB respondents, women are represented to a greater degree among the CB respondents from Yellowknife (30.8%) and Edmonton (39.5%), and are virtually absent among commercial business respondents from Vancouver. Interestingly enough, some cities have almost the same proportion of men and women represented in both the commercial and home-based business samples (e.g., Edmonton and Prince Albert) while some indicate a very wide gap in the roles played by women in these two types of business (e.g., Vancouver and Yellowknife).

Table 7: Personal Characteristics of Survey Respondents

<i>Characteristics of Respondents</i>	<i>Vancouver</i>		<i>Edmonton</i>		<i>Regina</i>		<i>Prince Albert</i>		<i>Yellowknife</i>		<i>Total</i>	
	<i>HBB</i>	<i>CB</i>	<i>HBB</i>	<i>CB</i>	<i>HBB</i>	<i>CB</i>	<i>HBB</i>	<i>CB</i>	<i>HBB</i>	<i>CB</i>	<i>HBB</i>	<i>CB</i>
Average Age (in yrs.)	40.3	46.6	42.2	43.6	45.6	47.4	46.5	43.7	43.4	44.9	43.7	45.3
% Female	28.6	17.1	39.1	39.5	32.4	26.7	24.2	23.4	53.3	30.8	35.1	27.6
% Married	71.4	80.6	84.8	76.3	83.3	81.7	85.5	85.1	86.7	78.8	82.2	80.7
Average # Children	0.8	1.1	1.1	0.8	1.1	1.1	1.1	1.0	1.1	1.0	1.0	1.0
% ≤ High School Education	13.8	16.7	28.3	18.4	34.2	35.0	42.6	40.5	25.4	23.0	28.9	27.9
% ≥ University Degree	46.1	55.1	30.4	39.5	26.0	30.0	22.9	19.1	32.2	28.8	31.6	33.1

Source: from the Home-Based and Commercial Business surveys, 1997.

It would be difficult in a report such as this to show how personal characteristics such as age, gender, and the level of formal education are related to all of the other characteristics of the business respondents. However, in order to develop a more complete understanding of the characteristics of home business and how it is influenced by context, it is important to at least compare some of the results to the national studies indicated in Chapter 2. Unlike Gurstein's findings, the gender split for those home entrepreneurs whose HBB constitutes the primary and only source of employment is identical to that for the population as a whole (i.e., approximately 65% male and 35% female). Gurstein (1995, 1996) found that women are more likely to work entirely at home. Unlike the Orser and Foster (1992) study, this project found that women are no more or less likely to operate a home business as a secondary job than for the whole group (i.e., the split was 67.1% male and 32.9% female). What does differ is the proportion of men and women who operate a home business as a primary job and are also employed in a secondary job outside of the home. Of this group, 54.5% are women and only 45.5% are men.

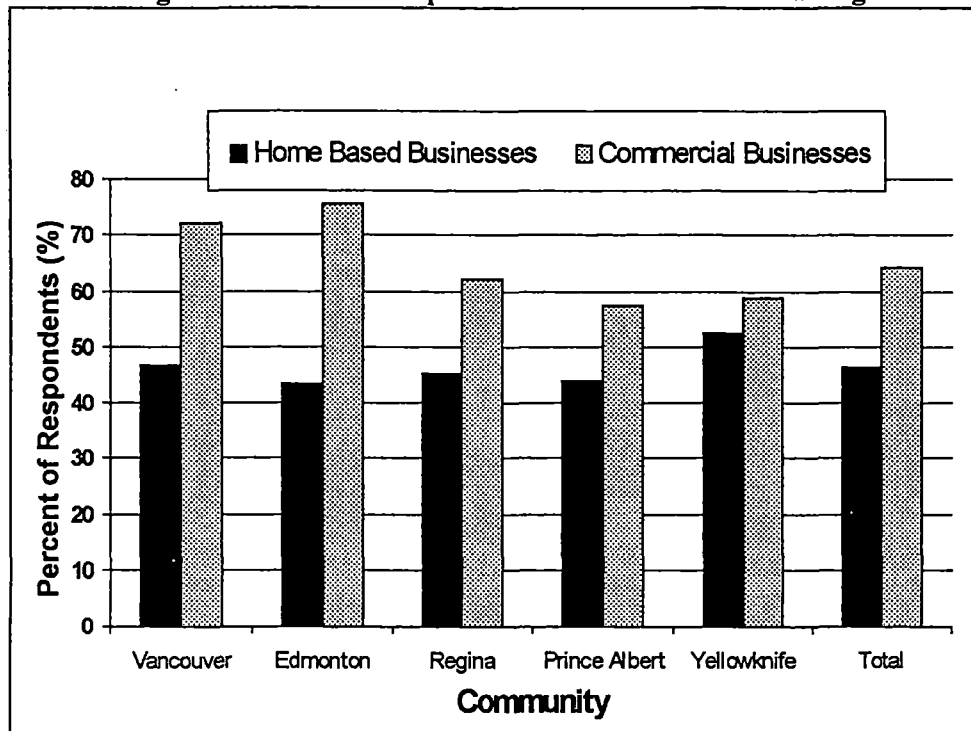
For both survey groups, marital status varies very little among the communities (Table 7). For the HBBs, 80.7% of respondents are married (or 'equivalent'), while 82.2% of CB respondents are married. The only major distinction in marital status is for the Vancouver group of HBB respondents where only 71.4% are married (while all the rest are in the range of 83% to 87%). Also, in every case except Vancouver, a higher proportion of HBB owners than CB owners are married. As with marital status, there is also virtually no difference in the numbers of children that the HBB and CB respondents have at home (Table 7). Slightly less than half of the respondents for both groups have no children at home and approximately two-fifths (or 40%) have either one or two children at home. Given the marital status of Vancouver HBB respondents noted above, it is not surprising to find that a much higher proportion of this group (59.4%) have no children at home. The opposite is true, however, for Vancouver CBs, where a much lower share of respondents have no children at home.

Educational attainment is not the only indicator of entrepreneurial success, but it has traditionally been strongly correlated with average income levels. It is also not necessarily related to the concept of entrepreneurship, but most business owners will suggest that some form of special skills and/or training were involved in their personal and professional development. Almost one-third (31.6%) of the HBB respondents had attained at least a Bachelor's degree and a further 19.4% had taken some university or college courses (Table 7). The most highly educated respondents were from Vancouver, Edmonton, and Yellowknife, while Prince Albert and Regina respondents were more likely to have attained only a high school or technical school education. In comparing these results to those from the CB respondents, the parallels once again are striking. For

all CB respondents as a whole 33.1% had attained at least a Bachelor's degree, and a further 19.7% had some university or college education. As with the HBB survey group, Vancouver respondents tended to have had more formal education than those in the other communities, but the proportion of the most highly educated tends to be related more closely to the size of the community. For both groups, Prince Albert respondents tended to have the lowest levels of formal education.

Commercial business respondents were also more likely, on average, to have taken additional training or courses that related to their business. For the entire CB group, 64.2% had taken some additional training, and this was more likely in Vancouver and Edmonton than in Regina, Prince Albert and Yellowknife (Figure 49). Although 46.5% of all HBB respondents had taken some additional training or courses related to their business (Figure 49), there were few distinctions on the basis of community (i.e., ranged between 43.5% and 52.6%). Most of the additional training obtained by HBB owners was very specific to their current activities (e.g., *"advanced hair styling"* [Edmonton], *"CMA program"* [Prince Albert], and *"reflexology"* [Regina]), while some of it related to the running of a business in general (e.g., *"how to start up a home based business"* [Vancouver], *"college night courses on Starting your own Business"* [Yellowknife], *"YMCA Enterprises New Business Development Program"* [Edmonton]). It appears that many of these courses were taken at local community or technical colleges (e.g., *"Grant McEwen College"* [Edmonton], *"SIAST Pesticides Application Program"* [Prince Albert], *"Kelsey Institute - University business accounting"* [Regina]). It is difficult to make qualitative comparisons on how the additional training by CB respondents varied from that of HBB respondents, but several themes do emerge. First, a greater proportion of the CB training related to professional programs or diplomas (e.g., CMAs, MBAs, real estate diploma at UBC, Continuing Legal Education). Second, there were only a sprinkling of respondents who had taken 'business start-up courses'. Instead, the additional business courses taken tended to focus on financial and time management, sales and human resources courses. Despite these differences, it was clear from both sets of surveys that education did not stop with high school or University; instead it had become a lifelong process.

Figure 49: Share of Respondents With Additional Training



One of the basic indicators of the importance of home-based businesses to the household and to the community is the income that is generated from them. As was pointed out earlier, total family income is usually a complex mix from different sources, including spousal income from a wage-paying job, investments, and transfers. Nonetheless, Figure 50 shows the amount of before-tax-income for all HBB families, and Figure 51 shows the comparable figure for the CB respondents. One-quarter (24.2%) of all HBB respondents reported family incomes in excess of \$85,000, compared to 36.1% for the same category in the CB group. Among the communities, HBB respondents in Yellowknife had much higher levels of family income (44.8% exceeded \$85,000), most likely reflecting the need to meet the higher costs of living in this more isolated community. Household incomes from the CB respondents tend to be highest in Vancouver and Yellowknife and lowest in Prince Albert.

Figure 50: Home-Based Businesses: Total 1996 Household Income

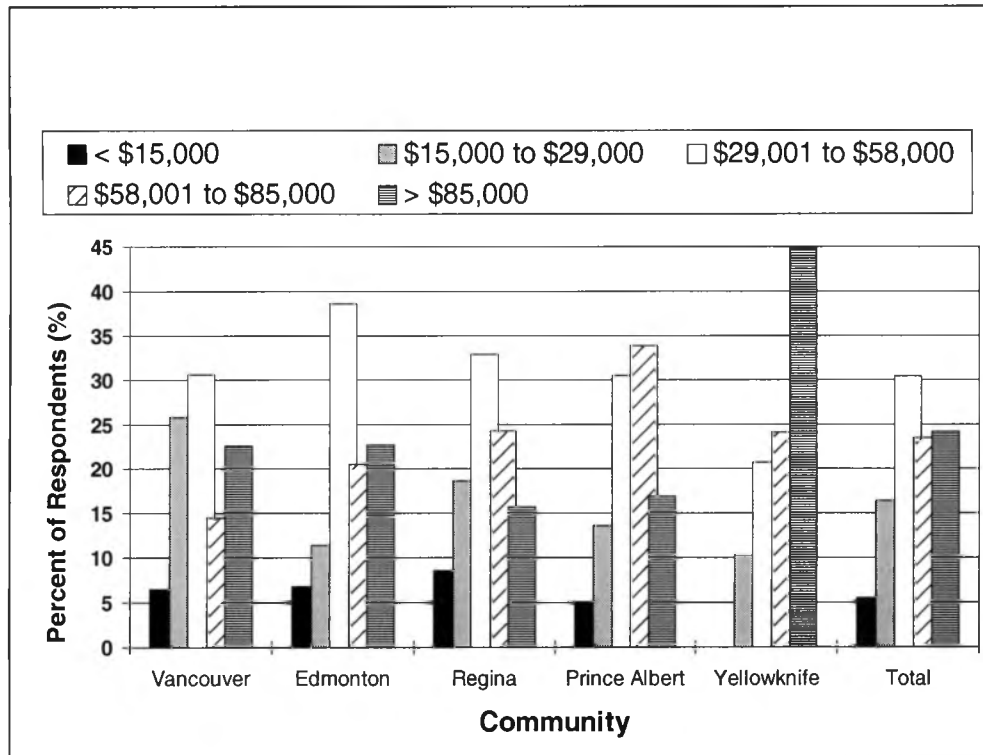
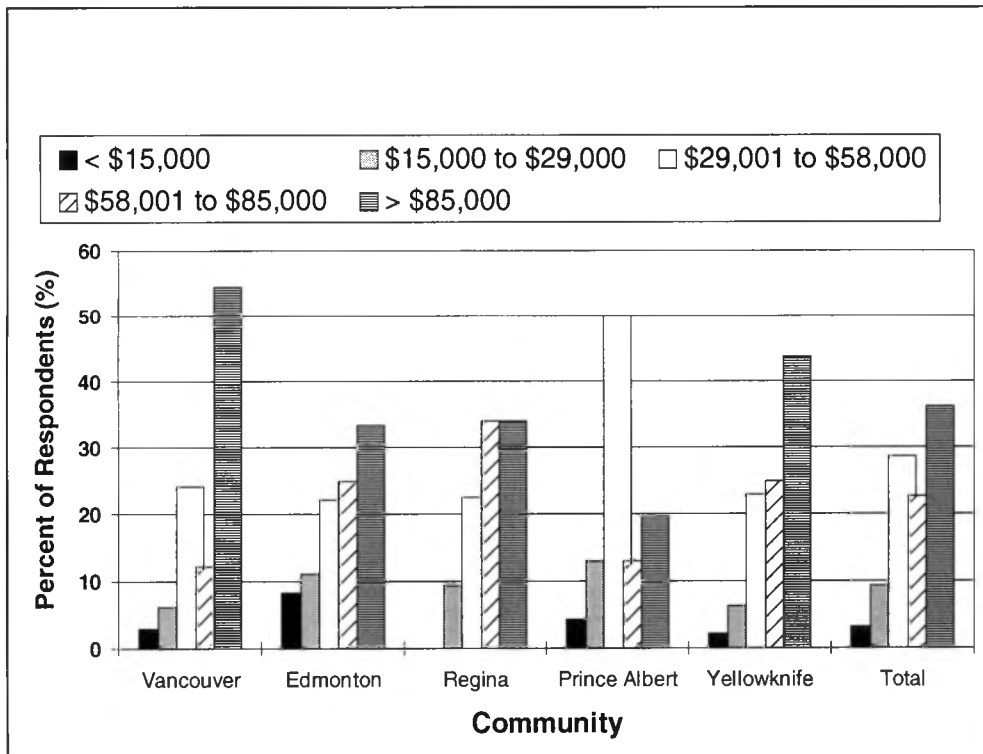


Figure 51: Commercial Businesses: Total 1996 Household Income



Given the complexities in separating out the streams of income for the households noted in the previous paragraph, absolute income should be combined with other indicators of the role of home-based activity. Earlier in this report, Table 4 showed that the average share of household income derived from home-based businesses, for all the HBB respondents, was 45.5% (with a median of 35.0%). This implies that other sources of income were critical for a large number of HBBs. In fact, it might be argued that for most households running businesses out of their homes, the income generated supplements that derived from other sources. Income from the home business was relatively more important in Regina (mean of 54.3%) and Vancouver (mean of 53.9%) than in Edmonton (33.9%) or Yellowknife (38.3%).

Chapter 6: Conclusions

6.1: The Roles and Significance of Home-Based Businesses:

It is impossible to summarize all of the empirical results in just a few concluding pages. Perhaps the best way to conclude is to return to several of the objectives and hypotheses from Chapter 1. The first objective was to estimate the roles and significance of home businesses for the set of five Canadian cities. It is clear that these businesses often play a substantial role; not only for the households in which they are located, but also for the commercial business, and for the communities around them. On average, they generate almost half of the total household income for the families that run them, and two-thirds of the respondents do not work outside of the home. The total amount of income being generated within these businesses often exceeds the incomes of the commercial business respondents (Figures 50 and 51). Therefore, for many of the families operating businesses out of their homes, maintaining the business is critical to their quality-of-life. The role they have in shaping the family unit may be even more profound. Women are much more likely to run a home business than to run a commercial business (Table 7) and this is especially important in communities where there are very few conventional employment opportunities for women. Although most home businesses are undertaken by one member of the household, in one-third of the businesses at least one other member of the household participates in the business (Figure 12).

One of the features that sets this report apart from most of the research on home-based businesses is that it has focused on the relationships and linkages between the home-based and the commercial firms. Overall, commercial businesses neither purchase nor sell a considerable amount of goods or services from home businesses. Part of the explanation for this low total may be because commercial business owners are unaware that they are selling to home businesses. A better indicator of the connections between home-based and commercial firms is that two-thirds of all home business sales are to other businesses (Figure 17 and Table 5) rather than to the general public for their own personal consumption. This, combined with the comments made by a number of the home entrepreneurs, suggests that restructuring may be responsible for establishing new contracting relationships among commercial firms and newly formed home businesses. One of the most fascinating examples of these newly formed linkages, and something that deserves more attention, is the impact of public sector restructuring. In a number of surveys and interviews in Edmonton, Regina and especially in Yellowknife, it was pointed out that public sector spending cuts had produced a new breed of home-based consultant; the former government middle manager or executive who was now providing his or her services back to the government on a contract basis.

There are other linkages between home-based and commercial firms that may be just as critical. For example, over thirty-five percent of all commercial businesses responding to the survey had once operated a business from their home (Figure 9). This is a clear sign that home businesses do serve as incubators for the establishment of commercial firms. Another linkage relates to the degree of competition posed by home businesses. Over half of the commercial businesses were aware of home-based businesses that provided a similar good or service. Seventy percent of these felt that these businesses were competitors (Figure 23). Although many of the written comments by commercial owners suggested that home businesses could compete on price but not on quality of service or product, many of the home-based respondents implied that their

size guaranteed a higher level of personal attention to the needs of the customer. Finally, when asked to comment on the impact of home businesses on other businesses in the community, only one-third of the commercial respondents suggested that it was negative overall (Figure 32). This perception of a negative impact was, however, much higher in the smaller communities of Regina, Prince Albert and Yellowknife.

Many of the empirical results in this report related to the impact of the home-based business for the community as a whole. There are often thousands of licensed home-based businesses in a city, and undoubtedly many more unlicensed one (Table 3). For several of the smaller communities, the number of businesses being run out of the home rivals the number of commercial firms in the community. Although total employment created in the community is relatively small, more than twenty percent of the home businesses employ at least one additional full-time employee (Figure 15), more than thirty percent employ at least one part-time employee (Figure 14), and more than fifteen percent of firms have employees working at other sites (Figure 16). Although a number of the commercial business owners expressed concern about the amount of traffic being generated on their streets, only twenty percent felt that home businesses had a negative impact overall on the neighbourhood (Figure 30).

6.2: Parallels Between Home-Based and Commercial Businesses:

The differences between home-based and commercial firms are often obvious. Commercial firms employ many more people, generate greater revenues and taxes, and occupy a more powerful position in local decision making. What was more surprising from this research are the many similarities between these two types of businesses. Their attitudes towards local government are virtually identical (Figures 33 and 34). Instead, place seems to be much more important in distinguishing business attitude to government. Despite the differences in size, home-based firms have almost the same market areas as commercial businesses (Figure 18). Also, despite the stereotype that suggests home businesses have a difficult time acquiring capital, the surveys found that commercial business owners had a more difficult time raising start-up funding (Figure 36). Personal characteristics of the respondents were also similar. Commercial and home-based business owners are the same age, earn approximately the same income, and have attained similar levels of education. These similarities may help explain the ambivalence that many commercial business owners feel about home businesses. It also suggests that there may be underlying consensus among business owners on many issues, even when the relationship seems fraught with conflict on the surface.

6.3: Changes in Home-Based Business Regulation as an Indicator of Urban Entrepreneurialism:

Many municipalities have increased the flexibility in their regulation of home businesses over the last few years. This change in policy, however, appears to be occurring as a function of pressure from individual residents rather than as a conscious attempt by local City Councils to become more entrepreneurial. In fact, although local government in every city has placed a greater emphasis upon economic development, the strategies that have been embraced by the Councils and their economic development commissions are very traditional (e.g., attract investment and jobs from abroad). This should come as no surprise, given the backgrounds of many of the new local politicians and the influence of trade and other business advisory groups. The promotion of home-based businesses as a vehicle for local community growth appears to be a more democratic movement; it is articulated by personnel in Planning and Licensing Departments, it is presented in

briefs by Home-Based Business Association chapters, and it makes an impression every time a potential home business entrepreneur questions the existing rules. It percolates up from all of these sources to produce change in policy. In some places, such as in Regina, it is met with resistance by other influential business lobby groups. In other places, such as Vancouver, it is ignored while in Prince Albert and Yellowknife, it is embraced.

6.4: The Importance of Context for Home Business Activity:

It should be clear by now that there are considerable community differences in the nature of home-based business activity, in the relationships between home-based and commercial firms, and in the attitudes and perceptions of business owners and policy makers. Every figure and table, and many of the comments from the interviews, reveal the depth of these differences. What also appears to exist, as pointed out in the conclusion to Chapter 4, is a link between these differences, economic development policy, and attitudes towards home-based business. Vancouver commercial business owners are most likely to view home businesses as having a positive impact on other businesses and on the quality-of-life of the neighbourhoods. They are also least likely to view these businesses as competitors. Rarely do businesses or residents register complaints about home businesses. Instead, many of the home businesses seem to be invisible in the much larger business community. At the same time, there is no coordinated effort on behalf of the licensed home businesses to change the current regulations. As a result, home businesses are not an important issue on the local political agenda and local economic development policy is not affected by them.

In Edmonton, the Planning Department has the most sophisticated approach to the regulation of home businesses. Despite the attention paid to this form of business, home entrepreneurs and commercial business owners have the lowest level of support for local government. Also, commercial business owners are less opinionated about home businesses than in any other community. In Regina, business lobby group concerns over the regulation of home business is an accurate reflection of the general attitudes of their business community. The commercial businesses surveyed in Regina had a much more negative attitude towards the impact of home businesses, both as they affected other businesses and the neighbourhoods. There is a general feeling of discontent with local government on the part of both groups of businesses, and the conflict that is expressed is inflamed by the perception that taxation rates are high and inequitable.

The greater significance of home-based businesses in the local economy explains why business groups and other agencies tend to be more supportive of home-based business activity in the smaller communities of Prince Albert and Yellowknife. At the same time, individual commercial businesses are facing higher levels of competition from these businesses and this is reflected in attitudes that rarely match this institutional enthusiasm. In both of these communities, businesses are more likely to be either highly supportive or opposed to home businesses. The degree of isolation of these communities, and the highly visible presence of home businesses, means that there is a greater likelihood of conflict emerging, especially if the businesses are competing for the same limited market. Also, home businesses are more likely to be a part of the lives of family and friends of the commercial business owners. They represent opportunities for employment, for the purchase of less expensive goods and services, and new markets.

Attitudes towards local government policy varies tremendously across the five communities, and perceptions regarding unlicensed businesses, use of the automobile, the role of home businesses as suppliers, customers, and as bases for training and skills development, are

highly dependent on the context of the community. What this research suggests is that local economic development policy and the regulation of home-based business in all communities should reflect the specific characteristics, linkages and power relationships that are unique to each urban place.

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Appendix 1

Home-Based Business Mailed Questionnaire

Finally, I have a few additional questions that relate more to your household characteristics. This information will be used for classification purposes only and, as with all the information you provide, will be kept strictly confidential.



Home Based Business (HBB) Survey

Please answer the following questions and return the questionnaire in the stamped, self-addressed envelope. Thank you for your help in this research. Indicate at the end of this survey if you wish to receive a copy of the results after they have been compiled. If you have any questions, please call Jim Randall collect at (306) 966-5678.

30. Age _____ (# years)
31. Sex ☐ Male ☐ Female
32. What is your current marital status:
☐ Married or equivalent ☐ Single, widowed or divorced
33. How many children live at home in this household: _____ (number)
34. What is the highest level of formal education you completed (check one):
☐ grade school ☐ Bachelor's degree
☐ high school ☐ graduate school
☐ technical school ☐ other _____
☐ some college or university
35. Have you taken any additional training or courses related to your home based business, for example at community colleges or technical institutes? ☐ yes ☐ no

If yes, indicate what this training and/or courses consisted of:

36. a) Which of the following categories best reflects your total household income (before taxes) last year? (check one)
☐ under \$15,000 ☐ \$58,001 to \$85,000
☐ \$15,000 to \$29,000 ☐ over \$85,000
☐ \$29,001 to \$58,000
- b) What percentage of your total household income (before taxes) was from your home-based work? _____ %

FINAL REPORT ORDER FORM

As a way of expressing my thanks for your cooperation I will be scheduling a complimentary presentation on the findings of this project in your community sometime in the Spring of 1997. If you wish to attend this presentation, and/or if you wish to receive a copy of the results of these surveys, please provide your name and address (or attach a copy of your business card).

Yes, I may be interested in attending a presentation of the findings of this project. Please inform me when it is scheduled. ☐

Yes, I would like a copy of the results of these surveys. Please mail them to me when they are complete. ☐

Name: _____

Address: _____

1. Which of the following best describes your current employment situation?
☐ Operating a Home-Based Business (HBB) as a primary job; not employed outside of the home
☐ Operating a HBB as a primary job; employed outside the home in a second job
☐ Operating a HBB as a second job; employed outside the home in a primary job
☐ Employed by a larger company, but working for this company out of my home

2. Which of the following best describes your business?

- ☐ sole-proprietor ☐ business cooperative
☐ partnership ☐ teleworker (employed by a larger company)
☐ limited partnership ☐ commission sales
☐ limited company ☐ other: _____

3. a) Which of the following best describes the activities of your home-based occupation or business (check one)?
☐ Agriculture or other Resourced-Based Industry
☐ Construction or Trades
☐ Manufacturing/Processing (food, textile, arts, crafts, etc.)
☐ Transportation/Public Utilities
☐ Wholesale Trade
☐ Retail Trade/Product Sales
☐ Finance, Insurance, or Real Estate
☐ Personal Services (cleaning, hairdressing, etc.)
☐ Business Services (computing, word processing, consulting, design services, etc.)
☐ Health, Social, Recreational Services
☐ Administrative Services (policy analyst, etc.)
☐ Professional Services (accounting, educational, legal, architectural, etc.)
☐ Other _____

- b) If you wish to provide a more detailed description of your HBB than the category listed above, do so in the space provided here:

4. On average, how many hours per week do you spend in your HBB? _____ hours/week
- 5 .a) How many people do you employ in this business at this location? (indicate number)
Part Time _____ Full Time _____
- b) How many are members of your immediate family (indicate number). _____
6. a) How many people do you employ in this business outside of your home (eg, employees who work in their own homes): _____ (enter number of people; if zero, go to # 7)
- b) How are your employees paid (eg, by the hour, # of units produced, week, etc.):

7. Do you have a spouse or partner who works outside of the home? ☐ Yes ☐ No (go to #8)
If yes, is their job part time ☐ , or full time ☐ ?
If yes, what is your spouse's occupation? _____
8. Why are you operating your business from your home (provide as many reasons as you want in order of their importance to you)?
1st: _____

2nd: _____

3rd: _____

Other Reasons: _____

9. Is there a family history of operating either conventional or home-based businesses?
Comment: _____

10. How long have you operated a licensed HBB? _____ (# of years)
11. a) Did you make or provide the same goods or services on an informal basis before you were licensed? ☐ Yes ☐ No (go to #12)
- b) If Yes, how long did you produce informally? _____ (# of years)

- f) HBBs are competing unfairly against businesses located on commercial or industrial property
- | | | | | |
|----------------|---|---------|---|-------------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Agree | | Neutral | | Strongly Disagree |
- g) HBBs form a sizable part of my community's economy
- | | | | | |
|----------------|---|---------|---|-------------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Agree | | Neutral | | Strongly Disagree |
- h) HBBs are ideal training grounds for new entrepreneurs
- | | | | | |
|----------------|---|---------|---|-------------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Agree | | Neutral | | Strongly Disagree |
- i) Local government is more concerned with restricting my business than with encouraging growth
- | | | | | |
|----------------|---|---------|---|-------------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Agree | | Neutral | | Strongly Disagree |
- j) All other things being equal, I would prefer to work for a storefront business.
- | | | | | |
|----------------|---|---------|---|-------------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Agree | | Neutral | | Strongly Disagree |
- k) Many of my suppliers are also HBBs.
- | | | | | |
|----------------|---|---------|---|-------------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Agree | | Neutral | | Strongly Disagree |
- l) Many of my customers are also HBBs.
- | | | | | |
|----------------|---|---------|---|-------------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Agree | | Neutral | | Strongly Disagree |
29. What is it about your community or city that either encourages or hinders the development of HBBs such as yours?:
Encouraging Features: _____

Hindering Features: _____

24. Do you own or rent your home? ☐ Own ☐ Rent
25. How long have you lived in your present home?
☐ Less than 1 yr. ☐ 1 to 3 yrs. ☐ 4 to 10 yrs. ☐ Longer than 10 yrs.
26. How many of your neighbours do you know and think of as friends?
☐ None ☐ 1-2 ☐ 3-5 ☐ 6-10 ☐ More than 10
27. Do any of these neighbours assist you in any way with your HBB (eg, as customers, by providing advice, tools, or storage space, minding your children while you work, etc.)? Explain: _____

28. The following statements have been made about HBBs. In your own personal experience, indicate how much you agree or disagree with these statements by circling the most applicable number.
- a) Working at home allows me to interact more with my neighbours
- | | | | | |
|----------------|---|-----------|---|-------------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Agree | | No Change | | Strongly Disagree |
- b) HBBs make the neighbourhood safer during the day
- | | | | | |
|----------------|---|-----------|---|-------------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Agree | | No Change | | Strongly Disagree |
- c) I use a car less as a result of running a HBB
- | | | | | |
|----------------|---|-----------|---|-------------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Agree | | No Change | | Strongly Disagree |
- d) Acquiring start-up capital or financing was a problem with my HBB.
- | | | | | |
|----------------|---|-----------|---|-------------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Agree | | No Change | | Strongly Disagree |
- e) Unlicensed (or unregistered) HBBs are competing unfairly against licensed HBBs.
- | | | | | |
|----------------|---|-----------|---|-------------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Agree | | No Change | | Strongly Disagree |

12. How do you feel about home occupations such as yours? In your opinion do they affect the quality of life in your neighbourhood (check one)?
 a) In a positive way ☐ b) In a negative way ☐ c) No affect ☐
 Comment: _____

13. a) Have any of your neighbours commented on your home-based business (either positively or negatively)? Yes ☐ No ☐ (if No, go to # 14)
 Comment: _____

- b) How have you responded to these comments?

14. In your opinion do home-based businesses affect other businesses located in your community (check one)?
 a) In a positive way ☐ b) In a negative way ☐ c) No affect ☐
 Comment: _____

15. a) Are you aware of any other businesses in your community that provide a good or service similar to yours?
 Conventional or "storefront" businesses ☐ Yes ☐ No
 Other home-based businesses ☐ Yes ☐ No (go to #16)
- b) If Yes, do you view these businesses as your competitors?
☐ Yes ☐ No (go to question # 16)
 How do you successfully compete with these other establishments?

16. Do you foresee that you will (check one):
☐ Eventually move your business to a commercial or industrial site
☐ Operate it out of your home for the foreseeable future
☐ Keep your options open in this regard

20. a) Are you a member of any of the following groups or organizations (check all that apply)?

- ☐ a local neighbourhood or community association
 - ☐ a local or regional HBB Association
 - ☐ Canadian Association for Home-Based Business
 - ☐ local Chamber of Commerce or other local business group
 - ☐ Canadian Federation of Independent Business
 - ☐ professional associations
- (specify)

b) Comment on your involvement or lack of involvement in these groups and whether your status as a HBB owner influences your involvement in any way:

21. How do you market or promote your product or service (check all that apply)?

- ☐ I don't market or promote my business at all
- ☐ Sign(s) on the property
- ☐ Advertising in local newspapers or flyers
- ☐ Word of mouth (ie, by satisfied customers)
- ☐ Telephone or mail solicitation
- ☐ Telephone directory
- ☐ Other

22. On a scale of 1 to 5, with 1 being most cooperative and 5 being least cooperative, describe the relationship you have with your local municipal or city government regarding HBBs (Circle the number that best describes your relationship).

Comment on this relationship:

- b) What goods or services have you received in this bartering or trading relationship?

- c) Has any of your trading or bartering been with other HBBs? ☐ Yes ☐ No

23. How would you classify your neighbourhood?

- ☐ I live near the city centre on a street with higher density housing.
- ☐ I live near the city centre on a street with lower density housing
- ☐ I live in the suburbs in housing at least 10 years old
- ☐ I live in the suburbs in housing less than ten years old
- ☐ I live in a Rural Area
- ☐ Other

Appendix 2

Commercial Business Mailed Questionnaire

- c) Local government is more concerned with restricting my business than with encouraging growth
- | | | | | |
|----------------|---|---------|---|-------------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Agree | | Neutral | | Strongly Disagree |

Finally, I have a few additional questions that relate more to your household characteristics. This information will be used for classification purposes only and, as with all the information you provide, will be kept strictly confidential.

15. Age _____ (# years)
16. Sex ☐ Male ☐ Female
17. What is your current marital status:
☐ Married or equivalent ☐ Single, widowed or divorced
18. How many children live at home at your household: _____ (number)
19. What is the highest level of formal education you completed (check one):
☐ grade school ☐ Bachelor's degree
☐ high school ☐ graduate school
☐ technical school ☐ other _____
☐ some college or university
20. Have you taken any additional training or courses related to your business, for example at community colleges or technical institutes? ☐ yes ☐ no
 If yes, indicate what this training and/or courses consisted of:

21. Which of the following categories best reflects your total household income (before taxes) last year? (check one)
☐ under \$15,000 ☐ \$58,001 to \$85,000
☐ \$15,000 to \$29,000 ☐ over \$85,000
☐ \$29,001 to \$58,000

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Yes, I may be interested in attending a presentation of the findings of this project. Please inform me when it is scheduled. ☐

Yes, I would like a copy of the results of these surveys. Please mail them to me when they are complete. ☐

Name: _____

Address: _____



Survey: Business and Home-Based Businesses (HBB)

Please answer the following questions and return the questionnaire in the stamped, self-addressed envelope. Thank you for your help in this research. Indicate at the end of the survey if you wish to receive a copy of the results after they have been compiled. If you have any questions, please call Jim Randall collect at (306) 966-5678.

1. a) Which of the following best describes the business you own or operate (check one)?
☐ Agriculture or other Resource-Based Industry
☐ Construction or Trades
☐ Manufacturing/Processing (food, textile, arts, crafts, etc.)
☐ Transportation/Public Utilities
☐ Wholesale Trade
☐ Retail Trade/Product Sales
☐ Finance, Insurance, or Real Estate
☐ Personal Services (cleaning, hairdressing, etc.)
☐ Business Services (computing, word processing, consulting, design services, etc.)
☐ Health, Social, Recreational Services
☐ Administrative Services (policy analyst, etc.)
☐ Professional Services (accounting, educational, legal, architectural, etc.)
☐ Other _____
- b) Can you be more specific about what you make or sell in your business?

2. What is your occupation or role in this business? _____
3. a) Are you aware of other similar businesses operating in the city that are based in a person's dwelling, (i.e., a home-based business)? ☐ Yes ☐ No (go to # 4)
- b) If Yes, do you view these businesses as your competitors? ☐ Yes ☐ No (go to # 4)
 How do you successfully compete with these other HBB's?:

4. In your opinion, do home-based businesses affect other businesses located in your community (check one)? In a positive way ☐ In a negative way ☐ No affect ☐
 Comment: _____

5. As a resident, how do you feel about home-based businesses? Do they affect the quality-of-life in your neighbourhood (check one):
 In a positive way ☐ In a negative way ☐ No affect ☐
 Comment: _____
6. a) How often do you purchase business supplies or services from a business that is operated out of a home?:
☐ Never (go to # 7) ☐ Occasionally ☐ Frequently ☐ Don't Know (go to #7)
 b) Please list the types of supplies and/or services you buy from HBB's and the approximate \$ value of these in the course of an average month:
- | Items Purchased | \$ Value Purchased in an Average Month |
|-----------------|--|
| 1st: _____ | _____ |
| 2nd: _____ | _____ |
| 3rd: _____ | _____ |
7. a) How often do you sell supplies or services to home-based business owners/operators?
☐ Never (go to # 8) ☐ Occasionally ☐ Frequently ☐ Don't Know (go to #8)
 b) If possible, estimate the \$ value of sales to home-based businesses in an average month? _____ \$ ☐ Don't Know
8. a) As a resident, how often do you purchase supplies or services from a home-based business:
☐ Never (go to # 9) ☐ Occasionally ☐ Frequently ☐ Don't Know (go to #9)
 b) Please list the types of supplies and/or services you buy from HBB's and the approximate \$ value of these in the course of an average month:
- | Items Purchased | \$ Value Purchased in an Average Month |
|-----------------|--|
| 1st: _____ | _____ |
| 2nd: _____ | _____ |
| 3rd: _____ | _____ |
9. a) How many employees in your business undertake some of their work for you based from their home?:
☐ None (go to # 10) ☐ 1-5 employees ☐ 6-25 employees ☐ More Than 25 employees
 b) On average, what percent of your labour force does some of their work from their home? _____ %
10. a) Have you ever operated a business out of your own home? ☐ Yes ☐ No (go to # 11)
 b) Did your home-based business provide a good or service similar to your current business? ☐ Yes ☐ No
 (If no, what good or service did your HBB provide? _____)
 c) How long did you operate your business out of your home? _____ years

- d) Why did you decide to shift your business to a storefront or non-residential site?

11. To the best of your knowledge, where are your customers located (indicate by writing in the percent of sales to each of the areas listed below)?
- | | |
|---|--------------|
| a) within the neighbourhood or subdivision | _____ % |
| b) outside the neighbourhood but within the city | _____ % |
| c) outside the city but within the province/territory | _____ % |
| d) outside the province/territory but within Canada | _____ % |
| e) outside of Canada | _____ % |
| TOTAL | 100 % |
12. How do you market or promote your product or service (check all that apply)?
☐ I don't market or promote my business at all
☐ Advertising in local newspapers or flyers
☐ Word of mouth (ie, by satisfied customers)
☐ Telephone or mail solicitation
☐ Telephone directory
☐ Other _____
13. On a scale of 1 to 5, with 1 being most cooperative and 5 being least cooperative, describe the relationship you have with your local municipal or city government regarding your business (Circle the number that best describes your relationship).
- | | | | | |
|------------------|---|---|---|-------------------|
| 1 | 2 | 3 | 4 | 5 |
| Most Cooperative | | | | Least Cooperative |
- Comment on this relationship: _____
14. In your own personal experience, indicate how much you agree or disagree with the following statements by circling the most applicable number in each case.
- a) Acquiring start-up capital or financing was a problem with my business.
- | | | | | |
|----------------|---|-----------|---|-------------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Agree | | No Change | | Strongly Disagree |
- b) HBBs are competing unfairly against businesses located on commercial or industrial property
- | | | | | |
|----------------|---|---------|---|-------------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Agree | | Neutral | | Strongly Disagree |