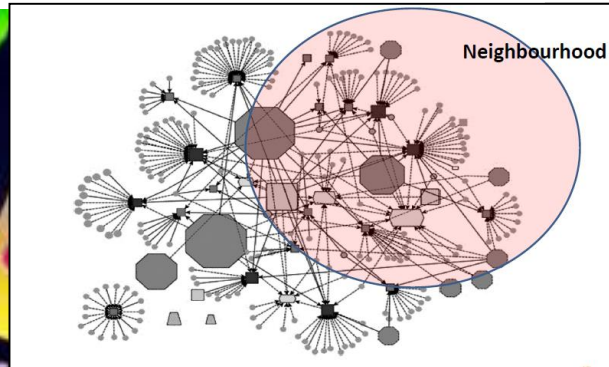
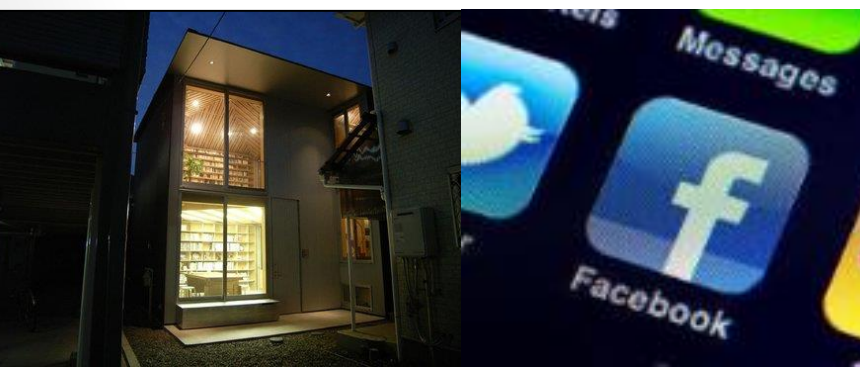


Home-based Business, Housing and Economic Development

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How to cite this presentation

- Reuschke, D. (2016) Home-based business, housing and economic development. Conference presentation, LISER Research Seminar 2016, Esch, Luxembourg, download: <https://workandhome.ac.uk/outputs/>

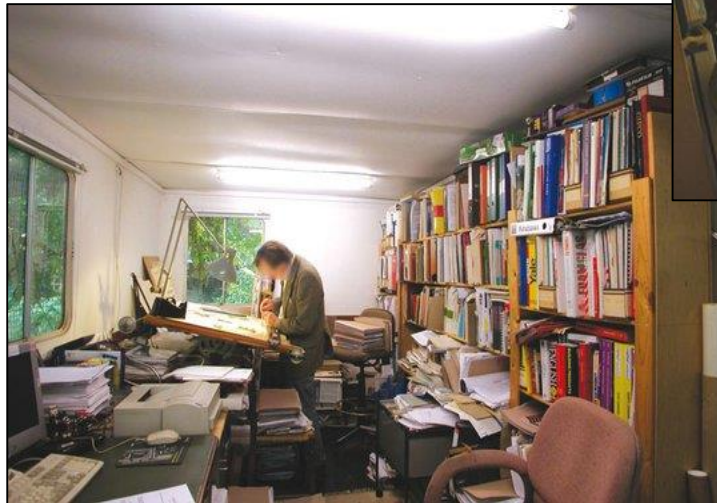
The home as place for business and self-employed work



Photo courtesy of Ivan Raszl

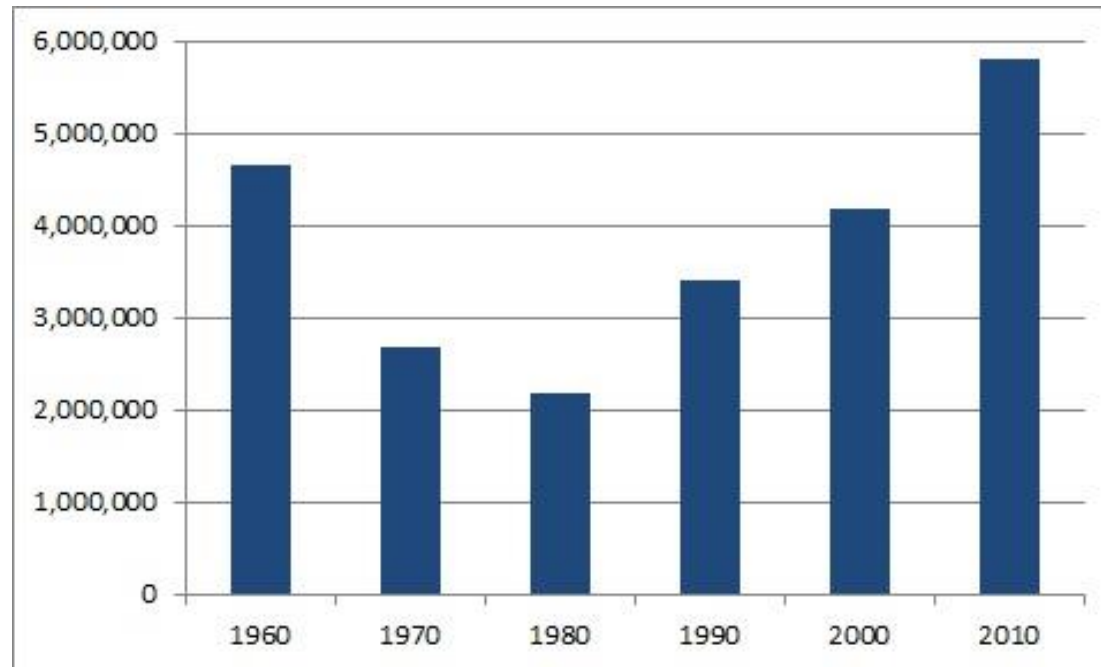


Photo courtesy of Frances Holliss



The resurgence of homeworking

Number of homeworkers in the USA, 1960-2010



Source: Reuschke, Regions 2015, p. 7

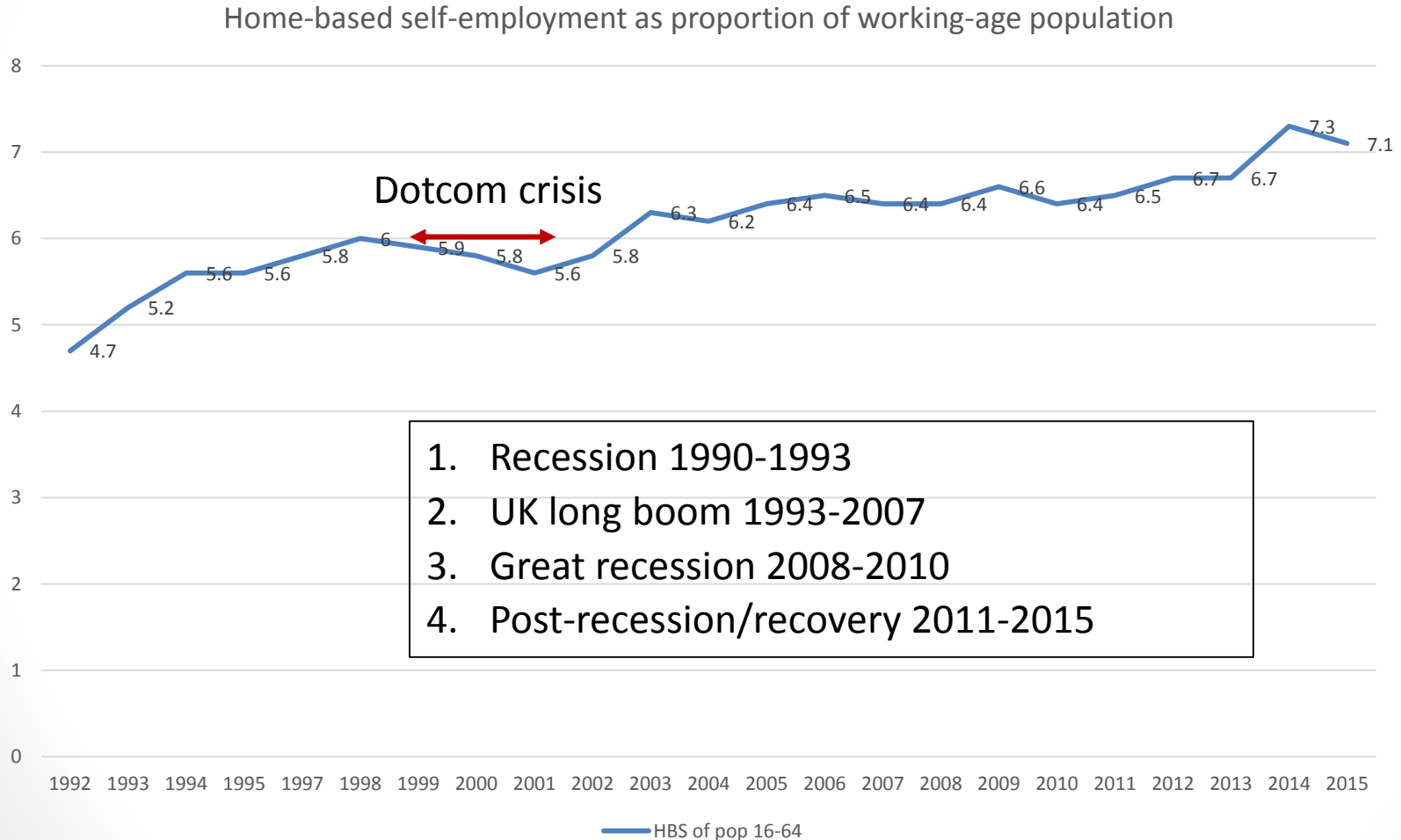
Context of change

- Globalisation, deregulation, flexibilisation
- Organisational, sectoral and occupational restructuring
 - Horizontal integration of firms, subcontracting
 - New industries and occupations, e.g. internet economy, business services and personal services
 - Project-based work
- Technological change
 - Fast, cheap and ubiquitous ICTs
 - E-commerce
- Social and demographic changes
 - Female labour market participation
 - Ageing population
 - Work-life balance

Structure of presentation

- Development and geography in UK
- Home-based businesses and urban economies
- Housing and home-based business
- Conclusions

Continuous upward trend

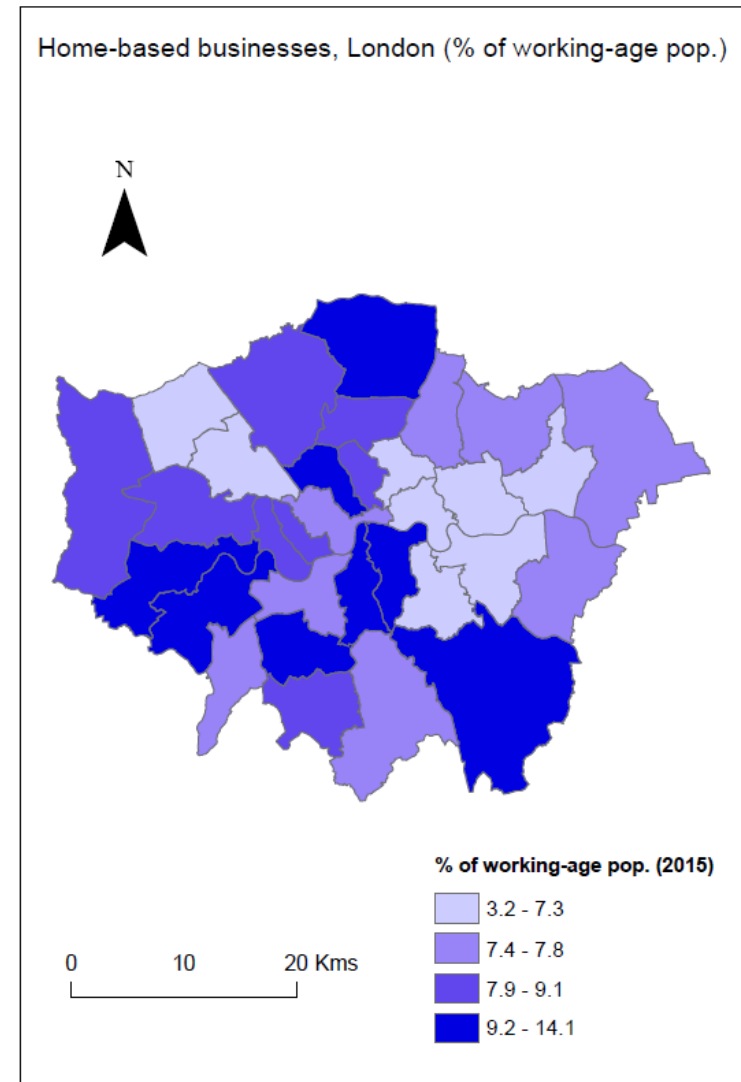


Source: UK Labour Force Survey, own calculations

The Top 10 in UK

Ceredigion	Mid Wales, rural	19.4%
Powys	Mid Wales, rural	14.2%
Merton	SW London, urban	14.1%
Brighton & Hove	SE England, urban	13.3%
Devon	SW England, rural	13.1%
Midlothian	Scotland, mixed	13.1%
North Yorkshire	Yorkshire, rural	12.8%
Enfield	North London, urban	12.1%
Herefordshire	West Midlands, rural	12%
Dumfries Galloway	Scotland, rural	12%

Source: UK Labour Force Survey, own calculations



Source: Labour Force Survey, Spring quarter 2015

Lowest proportions of home-based s/emp in working-age pop

Sunderland	NE England	urban
East Ayrshire	Scotland	mixed
Dundee City	Scotland	urban
Oldham	NW England	urban
Coventry	West Midlands	urban
Belfast	NI	urban
South Tyneside	NE England	urban
West Lothian	Scotland	mixed
Clackmannanshire	Scotland	mixed
West Dunbartonshire	Scotland	urban

Former industrial conurbations and coal mining

Source: UK Labour Force Survey, own calculations

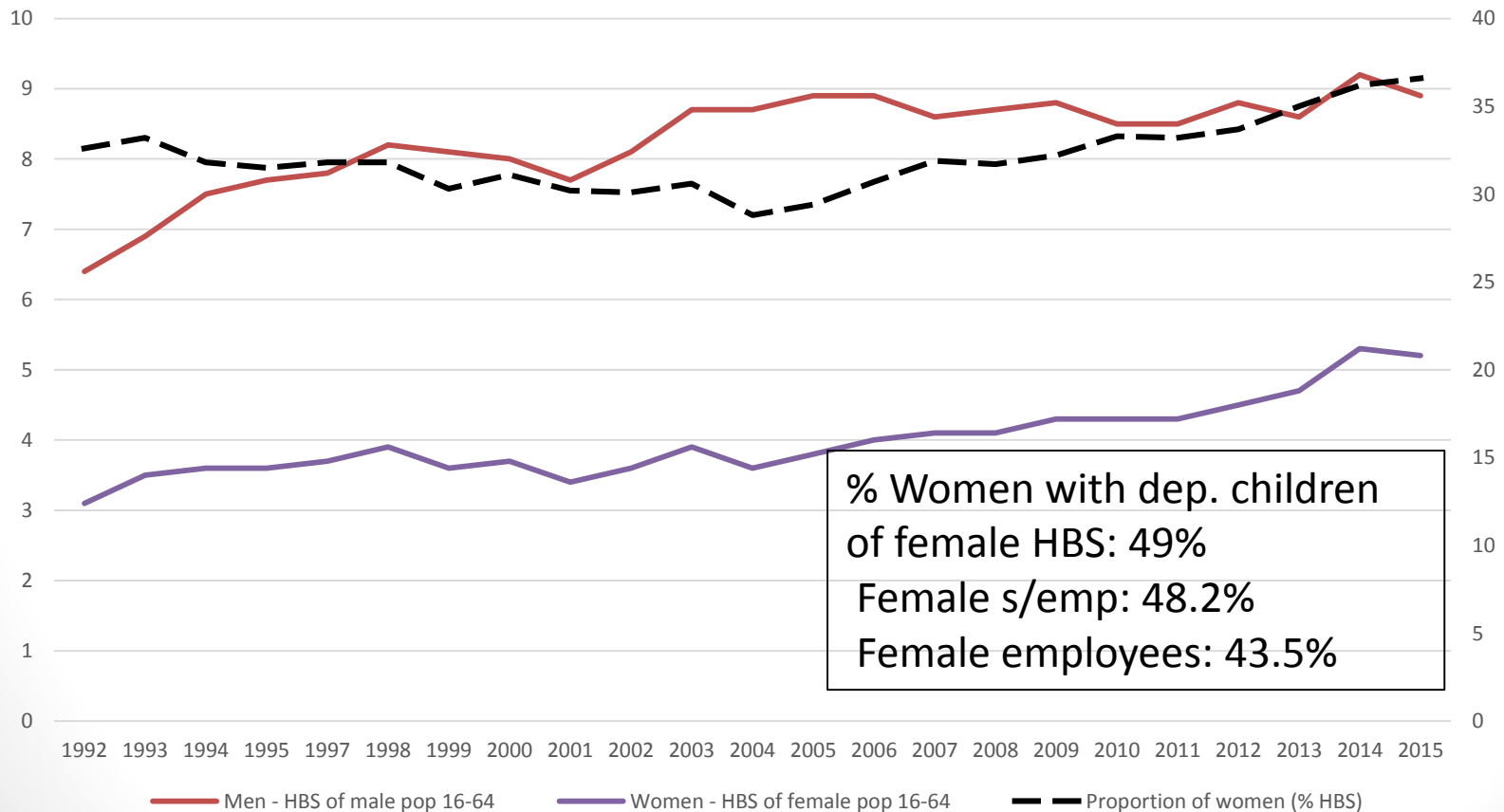
Industry composition of home-based s/emp

SIC1992	1994-1997	2004-2006	2013-2015	HBS	<i>all employment</i> 1994/97-2013/15
a/b: agriculture, hunting & forestry, fishing	10.3	6.7	7.5	-2.8	-0.35
d:manufacturing	7.0	5.6	5.4	-1.6	-8.26
f:construction	23.7	26.9	19.6	-4.1	0.1
g:wholesale, retail & motor trade	11.6	8.1	7.1	-4.5	-2.85
h:hotels & restaurants	5.0	1.9	2.1	-2.9	0.14
i:transport, storage & communication	4.0	5.4	4.7	0.7	-0.05
j:financial intermediation	1.1	1.3	1.6	0.5	-0.51
k:real estate, renting & business activity	15.2	19.6	25.5	10.3	5.19
m:education	3.6	3.8	4.9	1.3	-1.22
n:health & social work	6.2	6.0	6.8	0.6	3.11
o:other community, social & personal	9.5	11.4	12.8	3.3	0.8

Source: UK Labour Force Survey, own calculations

Rising proportion of women

Home-based self-employment of working-age population by gender and in total (left-hand axis) and proportion of women (right-hand axis)



Source: UK Labour Force Survey, own calculations

Home-based s/emp by industry sectors and gender

	Males	Females
Production	38%	7%
Agriculture	6%	3%
Professional, scientific, technical	12%	15.8%
Administrative and support services	7.8%	10.1%
Information and communication	7.1%	4.5%
Education	4.2%	8.2%
Health and social work	1.5%	16.2%
Arts, entertainment and recreation	4.8%	6.5%
Other service activities	2.6%	10.4%

Source: UK Labour Force Survey, own calculations

Home-based business and urban economies

Growth of Microbusinesses

- UK Survey of Small- and Medium-sized Enterprises' Finances (UKSSMEF) 2004 & 2008
- Measuring 'real' growth



2004:

Turnover/VAT registration
Number of employees incl. none
Whether home-based
Where located: city vs rural

2,500 SME (<250 employees)

2008:

What happened with these businesses, incl. formerly non-employing/home-based businesses?

943 were micro (0-9 employees) in 2004

Measures of 'real' growth

	2004	2008
Employment growth		
-> Growth from non-employing business to employer		
-> Growth out of micro (<10 employees to 10+)		
-> High employment growth into medium-sized businesses (50+)		
Turnover growth		
-> Turnover growth into VAT registration		
-> High turnover growth		

HBB v non-HBB growth by location

Growth measures by city location and home-based business (HBB), in per cent

Growth measures (2004-08)	HBB			Non-HBB		
	City	Outside City	Total	City	Outside City	Total
<i>Employment growth</i>						
Less than 10 staff in 2004 and 10+ staff in 2008	50.0	42.4	43.3	58.8	56.2	56.7
Less than 10 staff in 2004 and 50+ staff in 2008	20.4	9.4	10.7	21.1	19.6	19.8
Became employer (no staff in 2004 & 1+ staff in 2008)	90.6	74.0	76.1	83.9	76.3	77.5
<i>Turnover growth</i>						
Below £100,000 in 2004 & £100,000+ in 2008	82.5	47.5	51.9	43.4	39.6	40.3
Below £100,000 in 2004 & £250,000+ in 2008	62.5	37.9	41.0	39.1	35.0	35.8

Notes: UKSSMEF 2004 and 2008, unweighted data

Source: authors' compilation

HBB growth premium in cities

- HBB do grow but often remain micro
- HBB generally display turnover growth
- HBBs disproportionately found in rural areas BUT
 - Benefit more from urban location
 - 39% microbusinesses were home-based in cities
- Growth premium of city location modest for non-HBBs but substantial for HBBs
- HBB penalty on employment growth is much reduced in cities and reversed for growth into medium-sized business

Home-based self-employment and Housing

Meanings/functions of home

Depres (1991)	Somerville (1992)	Mallett (2004)
Material structure	Shelter	House
Permanence, continuity	Hearth	Ideal
Security and control	Heart	
Refuge	Paradise/Haven	Haven
Status	Abode	
Family, friends	Privacy	
Reflection of self		Expression or symbol of self
Centre of activities	Roots	Being-in-the-world
Place to own		

Source: Blunt, A. and Dowling, R. (2006), p. 10

Dimensions of housing

- Physical structure of home
 - Size and layout, e.g. spare room
 - Attached premises in semi-/detached houses, e.g. garage, hut in garden
 - Ground level v upper level (flat)
- Housing tenure
 - Flexible use in homeownership
 - Restrictions in social housing (in UK)
 - Private renting sector without security of tenure in UK
- Housing equity as financial resource for businesses/start-ups
 - House sale
 - Security of loan/overdraft on owned home

Data and model

- UK Household Panel Studies 1991-2011
- Entry into home-based self-employment
- Endogeneity of housing tenure to employment
 - Treatment effect approach

$$\text{logit} \left\{ \Pr(y_{ij} = 1 | x_{ij}, \zeta_j) \right\} = \beta_1 + \beta_2 x_{2j} + \beta_3 x_{3ij} + \beta_4 x_{2j} x_{3ij} + \zeta_j$$

- Controls:
 - Age, sex, highest qualification, equivalized monthly gross household income, presence of children in the household, whether respondents were in paid employment prior to the self-employment entry
 - Residential move
 - Father's and mother's employment status at the respondent's age of 14
 - SIC
 - Time dummies
 - Series of area variables

Housing effects in the UK context

Home-based self-employment

House type

- **Detached house** is facilitator
- **Flat** is hindrance

Large dwelling space (person-per-room)

Housing wealth

- Living in expensive house
- No effect of increase in housing equity

Outright ownership

- No difference between mortgage owners, private renters and social renters
- Not flexibility in using space but reduced housing costs

Conclusions - Economy

- Continuation of an upward trend since 2001 rather than recession phenomenon
- Changing workforce and changing economy
 - Decline in production (manufacturing, energy, water)
 - Increase in business and personal services
 - Professional, administrative and support services amongst women rather than work/life balance
- Mainstream rather than alternative economy (Leyshon et al. 2003)

Conclusions – Economy (cont.)

- Home-based businesses are integral to the functioning of urban economies
- How businesses use both commercial and residential property are essential to understanding the nature of growth in cities
- HBBs important for growing city economies both in terms of employment and turnover
 - Growth into employing businesses and medium-sized businesses in cities
 - Subcontracted growth

Conclusions - Home

- Blurring of work and home, particularly in detached houses
- Suburbs as spaces of economic activity
- Meanings/functions of home
 - Incubator
 - Financial security to experiment with self-employment
 - Facilitator of flexibility, adaption

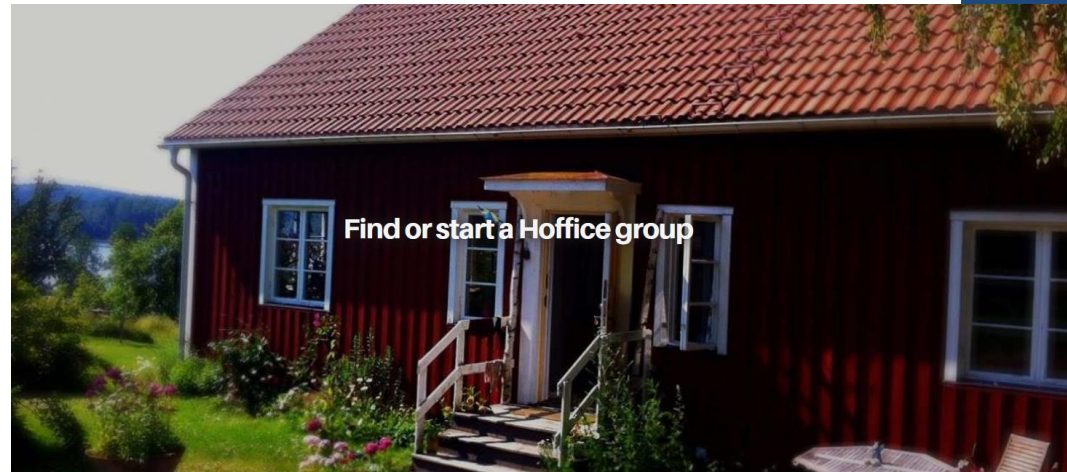


Source: Holliss, 2015, 36

The home as co-working space



<http://hoffice.nu/>



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Acknowledgement: This research is funded through the ERC Starting Grant 639403 WORKANDHOME ERC-StG-2014