

# **Home-based businesses: A study of success factors**

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## **Home-based businesses: A study of success factors**

*This study investigates the difference in perceptions of success factors in home-based and non-home-based businesses of the Sunshine Coast region of Queensland, Australia. The study also investigates the relationship between business practices and business success factors. The results indicate that firms accord more importance to satisfaction-related measures than financial measures for their business success. Customer satisfaction, quality of products/services and personal satisfaction were found to be the top success factors for both home-based and non-home-based businesses. The results suggest that non-home-based businesses tend to attach significantly more importance to factors like return on investment, sales growth, community recognition, market share, increase of profitability rate, development of new products/services, business process improvement, and overall business performance than home-based businesses. However, home-based businesses tend to perceive significantly higher personal satisfaction, customer satisfaction, and own quality of life than non-home-based businesses. No evidence of difference is noted in other measures of success such as employees' job satisfaction, return on investment and sales growth between home-based and non-home-based businesses.*

*Key words: Business success factors, home-based businesses, importance, performance*

### **Introduction**

#### *Characteristics of home-based businesses*

A business in which most of the work is carried out at home or where no other business premises are owned or rented by the business operator is defined as a home-based business (Australian Bureau of Statistics 'ABS', 1999). Home-based businesses are considered to be relatively cost efficient as there is a close association between the returns and the owner/manager's effort level. Family businesses do not incur extra costs of using professional managers which also helps them to be more efficient (Daily and Dollinger, 1991). However, professional managers are likely to follow more active, growth oriented strategies because they fulfil their interests better. It is also discussed that home-based businesses have higher lifestyle orientation offering greater flexibility than businesses which operate from external premises (Bizbites, 2002).

Family firms can be very innovative and aggressive in their markets due to their relatively smaller size, greater local market knowledge, and relative financial independence compared to large companies. Generally it is believed that family firms often feel secure in their market niches (McCann III et al., 2001). They also offer an attractive alternative to being a salaried employee with standard working conditions and requirements (Stanger and Woo, 2001). A survey of 756 Australian home-based businesses has found that the scale of home-based business is associated with the level of owner involvement, current profitability, financing availability, technology adoption and the length of prior business experience (Stanger and Woo, 2001). Currently 85-90% of all Australian businesses are in the ABS small business category (fewer than 20 employees) of which a significant proportion (approximately 67%) are home-based businesses (Bizbites, 2002). A large proportion of home-based businesses cover plumbing, electrical, painting, building and lawn-mowing operations which are

usually male-dominated industries. In New Zealand, 84.9% of the firms have fewer than 6 employees (Cameron et al., 1997). Family firms have also an important position in the US economy with nearly 60% of the Gross Domestic Product coming from such businesses (Bellet et al., 1995). It is also reported that nearly 90-95% of American businesses are family owned or controlled (Dyer, 1986; Rossenblatt et al., 1990).

#### *Business success factors/performance measures*

Chakravarty (1986) noted that a survey of performance measures used in management research identified 14 distinctive quantitative measures. They are: return on investment (ROI), return on sales, growth in revenues, cash flow/investment, market share gain, product quality relative to competitors, new product activities relative to competitors, direct cost relative to competitors, product R&D, process R&D, variations in ROI, percentage point change in ROI, and percentage point change in cash flow/investment. Factor analysis of 14 variables using the PIMS database resulted in four factors of which the profitability factor demonstrated the highest factor magnitude (Chakravarty, 1986). Rumelt (1974) used return on equity (ROE), return on capital (ROC), and the price earnings ratio (PE) as measures of performance. Hitt et al. (1982) also used multiple performance measures such as PE ratio, ROE, ROC, Sales, and earnings per share. Hitt and Ireland (1985a, 1985b, 1986) used market returns referred to as shareholder value as a measure of performance. Potter (1994) used market share, return on investments as the performance measures of winning companies in hostile markets. AMC's report (1994) used sales, exports, cash flow, employment as the measures of business performance. Fisher (1991) used a mix of different measures such as sales per employee, units (tonnes) per man-hour, tonnes/shift/funds employed, profit per employee, and the ratio of profits to funds employed. To indicate firm's competitive position, relative market share is widely used in strategy research (Hansen and Wernerfelt, 1989). Zairi (1994) defined competitive measures as those which reflect strengths and offer a clear advantage over key competitors.

Although financial aspects are considered important for business success, in the home-based businesses, personal satisfaction and personal achievement are valued more highly than wealth creation (Bizbytes, 2002). As noted in Business Credit (2002), small business owners do not have to own a large or rapidly growing business to feel that they are successful. For business survival, they have to have a minimum level of financial return. However, there are many other factors besides financial performance which contribute to the success of small enterprises. While personal satisfaction is positively related to business success, this is not the only source of business owners' satisfaction. One of the reasons why small business owners receive higher personal satisfaction from business ownership is that a majority of them spend most of their time doing what they like to do best. It is also noted by Business Credit (2002) that the most popular type of activity in a small business is making a product or service followed by marketing and sales. The least liked functions are finance and personnel. Although market share is not always reflected in a firm's profitability or performance,

many firms see it as an important organisational goal and an indicator of business success as it influences the organisational thinking and strategic planning of small enterprises (O'Regan, 2002). This study has also found that firms with an increased market share differ significantly from firms with a decreased or static market share and they are likely to have a better financial performance, greater customer retention and customer satisfaction irrespective of firm size (O'Regan, 2002).

It is also recognised that obtaining accurate economic performance data is a problem in privately-owned firms (Dess and Robinson, 1984). Based on the correlations of subjective performance measures (managerial perceptions) with objective performance measures, Dess and Robinson (1984) suggested the possibility of using subjective measures of performance if accurate objective measures are unavailable. Consequently, a lot of research is based on subjective measures of performance (e.g., Swamidass and Newell, 1987; Covin and Slevin, 1989; and Williams et al., 1995).

### *Issues*

There are a number of valid differences between non-family controlled firms and family controlled firms (Daily and Dollinger, 1991). The differences could have arisen because of the difference in their strategic goals and the processes by which they are carried out because of the importance of the controlling family's influence, interests, and values (Sharma, Chrisman and Chua, 1997). It has also been pointed out that family controlled businesses should be more efficient than professionally run firms because the cost of monitoring are less in a family controlled firms (McConaughy, 2000). However, there is not enough empirical research available on micro and small businesses with particular emphasis on success factors (Daily and Dollinger, 1991; McCann III et al., 2001; Bizbites, 2002). As noted by Kabanoff (2001:71) from the Karpin report (1995), "Australian organisations were generally not well placed for an era of globalisation and rapid technological change, and that Australia must seize the opportunity to reshape the focus of its business as more enterprising and entrepreneurial". These findings suggest that there is a big challenge for Australian businesses to overcome, even to meet the existing gap.

Marceau and Manley (2001) reported that there has been a decline in innovation rates in manufacturing businesses, R&D personnel and expenditure levels in Australia. It is also noted that in terms of export performance Australia ranks fourth last in the high-technology sector and second last in the medium-high technology sector in OECD countries. These figures suggest that there are some major problems in commercialising R&D outputs in Australian businesses which are mostly categorised by small and micro businesses.

Therefore, in this context, this study investigates the following research questions using data from the micro and small businesses of the Sunshine Coast region of Queensland, one of the fastest growing regions of Australia.

### **Research questions**

1. What are the factors that the home-based and non-home-based businesses perceive as their key success factors?
2. Is there a difference in the perceptions of home-based and non-home-based businesses in the importance attached to the success factors and their performance?

### **Method**

#### *Approach*

A mail survey was conducted among businesses on the Sunshine Coast region of Australia, a majority of which are micro and small businesses. The survey was addressed to the owner/manager of the businesses selected randomly from a database covering the region (Marketing Pro database). Approximately 6000 surveys were sent a large number of which (nearly 1100) were returned because of incorrect address. A total of 498 responses were received of which 489 were useable giving a response rate of approximately 10%.

#### *Questionnaire design*

The questionnaire design was segmented into five different sections. The first section dealt with business information such as business establishment, industry category, home-based or non-home-based, sole-traders/joint operators/non-sole-traders, etc. All the items in this section were measured using nominal scales except for annual sales growth, return on investment, number of employees, and total assets which were measured with ratio scales. The second section dealt with business environment related items which included teamwork, organisational culture, organisational learning, innovativeness, creating change, customer focus, and leadership attributes. All the items in this section were measured using a 5-point scale (1 = strongly disagree to 5 = strongly agree). The scales for teamwork, creating change, customer focus, organisational learning, and vision were taken from Denison's organisational culture survey (see [http://www.denisonculture.com/SampleSurveys/Culture/survey\\_OCS.asp](http://www.denisonculture.com/SampleSurveys/Culture/survey_OCS.asp)). The scales for innovativeness are taken from Scott and Bruce's (1994) work. The items for organisational culture, articulating vision, and presence of role model have been taken from Ken Parry's leadership survey (Parry, 2001). The third section dealt with business success or performance measures. In this section, information was collected in terms of importance attached to different business success items and the perceptions of performance in each of those items. The information was collected using a five point scale (1 = not at all important to 5 = strongly important and for perceived performance 1 = very poor

performance to 5 = very good performance). The fourth section sought respondent information such as age group, gender, current position, postcode, education level, and experience. The last section comprised open-ended questions in which the respondents are asked to outline the most critical issues facing the business today and over the next five years.

The questionnaire was pilot tested with the students doing undergraduate studies particularly the ones who are running a business or are working with the businesses on the Coast. Modifications were made in the questionnaire based on the feedback from the pilot survey before mailing the questionnaire to the businesses as a part of final survey.

#### *Sample representativeness check*

For evaluating the sample representativeness, early respondents are compared with late respondents in some of the business attributes (both subjective and objective measures) using t-test and no significant difference is found in those attributes. This suggests that the sample is representative of the population.

#### *Validity and reliability check*

The correlation analyses were carried out between the subjective and objective measures of performance such as sales growth and return on investment (ROI) to test the validity. For example, annual sales growth (objective data) and perceptions of sales growth (subjective) of the respondents indicate a significant relationship ( $r = 0.311$ ,  $p < 0.001$ ). Likewise, the correlations between the objective measure of ROI and subjective measure of ROI indicate a significant correlation ( $r = 0.308$ ,  $p < 0.001$ ). These results provide evidence of validity.

For testing the instrument reliability a reliability index (Cronbach's coefficient) was used. The alpha reliability calculated for different business attributes ranged from 0.51 to 0.78. The details are teamwork – 0.71, organisational learning – 0.61, innovation – 0.78, creating change – 0.67, vision – 0.76, customer focus – 0.51, organisational culture – 0.68, articulating vision – 0.76, presence of role model – 0.75. According to Robinson et al. (1991), alpha values of 0.80 or higher is considered as exemplary, figures between 0.70 and 0.79 are considered as extensive, 0.60-0.69 as moderate, and less than 0.60 as minimal. Based on this category, although customer focus does not seem to be very satisfactory, all other values suggest an acceptable level of reliability.

## **Results**

### *Profile of respondents*

The results were analysed using SPSS (Version 10). A majority of respondents were male (73.5% male; 26.5% female). In terms of age, 42.5% of the respondents were in the 45-55 year age group with 25.1% (35-44 years), 22% (55 or more years) and 9% (25-34 years). 96.1% of the respondents were senior level managers (owner/managers). In terms of education, about half the respondents had tertiary qualifications (23.7% TAFE; 28.2% university). Nearly 23% of respondents had business experience of over 10 years and nearly 40% of respondents indicated that their current business has been trading for over 10 years.

### *Establishment of businesses in the sample*

Nearly 70% of the businesses (341 firms) were established by the respondents themselves and the remaining 30% (148 firms) were established by someone else. Of the total of 489 businesses, 39% (190 firms) were home-based. 69.5% (340 firms) of respondents had employees in their businesses, 12.3% (60 firms) were joint owner/operators and 18.2% (89 firms) were sole-traders.

### *Firm size by total assets*

A majority of the firms in the sample were small. Only 2% of the respondents had total assets of more than \$5 million, nearly 9% had total assets between \$1 million and \$5 million. 44% had total assets between \$100,000 and \$1million, and nearly 45% had total assets under \$100,000.

### *Response to research question 1 - What are the factors that the home-based and non-home-based businesses perceive as their key success factors?*

16 different success factors or performance measures were identified. The perceptions of Sunshine Coast business managers were measured in terms of their ratings of level of importance and level of performance for each of those measures. The proportion of respondents who considered these factors as 'very or extremely important' and who rated their firm's level of performance as 'good or very good' is summarised in Table 1. Based on the analysis of entire sample, customer satisfaction, quality of products/services, overall business performance, quality of life, and their own personal satisfaction are the top five success factors in terms of rated importance. The results indicate that firms in the sample accord more importance to satisfaction related measures than financial measures for business success.

### *Response to research question 2 - Is there a difference in the perceptions of home-based and non-home-based businesses in the importance attached to the success factors and their performance?*

Table 2 compares the ranking of importance attached to the success factors in home-based and non-home-based business. The results suggest that customer satisfaction, quality of products/services, personal satisfaction, quality of life and overall business performance are the top five success factors to which importance is attached by both the home-based and non-home-based businesses. The ranking

of importance for personal satisfaction is 3 and that for overall business performance is 5 for home-based businesses while for non-home-based businesses overall business performance is more important than personal satisfaction. Non-home-based businesses, however, do not accord more importance to environmental responsibility than home-based businesses do (ranking of 7 as opposed to 12, see Table 2). In terms of importance in measures like sales growth, return on investment, market share, both home-based and non-home-based businesses are in the lower side compared to the quality of life and personal satisfaction.

In terms of perceived performance, customer satisfaction, quality of products, personal satisfaction, environmental responsibility and employees' satisfaction were the top 5 factors both for home-based and non-home-based businesses (see Table 3). However, their ranking was not consistent. It is interesting to note that in terms of quality of life, home-based businesses have a much better position than non-home-based businesses (ranking of 7 as opposed to 14).

Table 4 presents the ranking of success factors in home-based businesses for importance attached and for perceived performance. The results suggest that for all the success factors considered in this study except 'Recognition by industry peers', the mean ratings of performance are lower than the ratings of importance. In terms of ranking, however, factors such as customer satisfaction, quality of products/services and personal satisfaction indicate a consistent ranking both for their achievement (performance) and importance attached to. The ranking of achievement for factors such as quality of life, overall business performance, business process improvement, increase in profitability rate, return on investment lag behind their target. On the other hand, factors like employees' satisfaction, environmental responsibility, contribution to community, recognition by industry peers, and community recognition had higher rankings for performance than for importance.

Table 5 presents a similar analysis for non-home-based businesses. The ranking of number 1 and 2 items are reversed but they are very close. Interestingly, in terms of the ranking of quality of life, it is well below the ranking of perceived importance (14 as opposed to 3). Non-home-based businesses rated themselves as doing well in quality of products, customer satisfaction, employees' job satisfaction, environmental responsibility, recognition by industry peers, contribution to community, and community recognition.

Table 6 presents the comparison of importance attached to the measures of success in home-based and non-home-based businesses. The results suggest that non-home-based businesses tend to attach significantly more importance to return on investment (t value of  $-2.48$ ,  $p < 0.05$ ), sales growth (t value of  $-3.08$ ,  $p < 0.01$ ), community recognition (t value of  $-2.80$ ,  $p < 0.01$ ), market share (t value of  $-3.86$ ,  $p < 0.001$ ), increase of profitability rate (t value of  $-3.61$ ,  $p < 0.001$ ), development of new



products/services (t value of  $-2.12$ ,  $p < 0.05$ ), business process improvement (t value of  $-2.31$ ,  $p < 0.05$ ), overall business performance (t value of  $-2.01$ ,  $p < 0.05$ ) than home-based businesses. No evidence of difference is noted in other measures such as employees' job satisfaction, respondent's personal satisfaction, customer satisfaction, respondent's quality of life, quality of products, contribution to community, environmental responsibility, and recognition by industry peers.

Table 7 presents the comparison of perceived performance against the success factors for home-based and non-home-based businesses. The results indicate that home-based businesses perceived their performance as significantly higher on personal satisfaction (t value of  $2.23$ ,  $p < 0.05$ ), customer satisfaction (t value of  $2.90$ ,  $p < 0.01$ ), and their own quality of life (t value of  $2.00$ ,  $p < 0.05$ ) than non-home-based businesses. However, non-home-based businesses rated their market share as significantly higher (t value of  $-2.39$ ,  $p < 0.05$ ) than home-based businesses. No evidence of difference is noted in other measures of success such as employees' job satisfaction, return on investment, sales growth etc.

## **Discussion**

This study identified 16 different business success factors. The study found that customer satisfaction, quality of products/services, overall business performance, quality of life and their own personal satisfaction are some of the important success factors. Ranking in terms of their importance is, however, different for home-based and non-home-based businesses. Generally, it is found that the small and micro businesses of the Sunshine Coast region tend to attach more importance to satisfaction related measures than financial measures of their success. Non-home-based businesses do not seem to accord as much importance to environmental responsibility as the home-based businesses do. The ranking of importance in measures like sales growth, return on investment, market share, are on the lower side compared to the quality of life and personal satisfaction in both home-based and non-home-based businesses. In terms of perceived performance, customer satisfaction, quality of products and personal satisfaction are the top success factors both for home-based and non-home-based businesses despite their difference in ranking. It is also observed that home-based businesses have a much better position in terms of quality of life than non-home-based businesses.

The study also compared home-based and non-home-based businesses in their perceptions of importance of the various success factors and their ratings of their performance against those factors. The findings suggest that non-home-based businesses attach significantly more importance to the following factors: return on investment, sales growth, community recognition, market share, increase of profitability rate, development of new products/services, business process improvement, and overall business performance. On the other hand, home-based businesses tend to perceive significantly higher personal satisfaction, customer satisfaction, and own quality of life. These findings are consistent with

the literature which suggests that in home-based businesses personal satisfaction and personal achievement are valued more highly than wealth creation (Bizbytes, 2002; Business Credit, 2002). Consistent with the importance attached to market share, non-home-based businesses tend to rate their performance on this factor as significantly higher than home-based businesses. However, the findings do not provide any evidence of differences between home-based and non-home based businesses in other measures of success such as employees' job satisfaction, return on investment, sales growth.

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## List of tables

**Table 1: Business success factors – importance versus performance**

Success factors	Very or extremely important (%)	Good or very good performance (%)
Customer satisfaction	98.4	88.3
Quality of products/services	96.7	86.5
Overall business performance	92.4	62.4
Your quality of life	91.6	51.8
Your own personal satisfaction	91.3	72.1
Increase in profitability rate	79.3	43.4
Improvement in business processes	78.6	52.9
Sales growth	72.1	48.5
Environmental responsibility	71.5	65.1
Return on investment	70.5	41.9
Job satisfaction of your employees	69.7	57.6
Development of new products or services	65.1	44.2
Market share	64.8	48.7
Contribution to community	59.6	49.8
Community recognition	57.3	45.5
Recognition by industry peers	54.3	54.5

**Table 2: Ranking of importance ratings of success factors in home-based versus non-home-based businesses**

Success factors	Home-based businesses				Non-home-based businesses			
	N	Mean ratings	SD	Ranking	N	Mean ratings	SD	Ranking
Customer satisfaction	189	4.81	0.41	1	289	4.85	0.39	1
Quality of products/services	188	4.76	0.48	2	288	4.77	0.47	2
Your own personal satisfaction	189	4.52	0.67	3	290	4.48	0.67	5
Your quality of life	189	4.51	0.64	4	290	4.49	0.69	3
Overall business performance	188	4.37	0.66	5	286	4.48	0.58	4
Employees' job satisfaction	122	4.21	0.74	6	261	4.33	0.74	6
Environmental responsibility	188	4.07	0.94	7	288	3.94	1.07	12
Business process improvement	188	4.00	0.86	8	285	4.17	0.75	8
Increase in profitability rate	186	3.98	0.97	9	286	4.29	0.84	7
Return on investment	176	3.88	0.97	10	285	4.11	0.96	10
Sales growth	179	3.86	0.97	11	288	4.13	0.90	9
Contribution to community	188	3.73	1.04	12	289	3.67	0.99	15
Development of new products or services	187	3.66	1.09	13	285	3.87	1.03	13
Recognition by industry peers	187	3.59	1.19	14	288	3.59	1.14	16
Market share	181	3.56	1.18	15	284	3.96	1.03	11
Community recognition	188	3.49	1.27	16	287	3.79	1.09	14

Note: SD = Standard Deviation

**Table 3: Ranking of performance ratings on success factors in home-based versus non-home-based businesses**

Success factors	Home-based businesses				Non-home-based businesses			
	N	Mean ratings	SD	Ranking	N	Mean ratings	SD	Ranking
Customer satisfaction	176	4.45	0.56	1	281	4.28	0.62	2
Quality of products/services	175	4.36	0.64	2	281	4.28	0.64	1
Your own personal satisfaction	177	4.04	0.84	3	281	3.86	0.80	5
Environmental responsibility	174	4.02	0.86	4	278	3.91	0.92	4
Employees' job satisfaction	114	4.00	0.78	5	257	3.93	0.69	3
Overall business performance	173	3.76	0.81	6	278	3.74	0.85	6
Your quality of life	176	3.65	0.98	7	282	3.45	1.03	14
Recognition by industry peers	170	3.64	0.96	8	278	3.72	0.81	7
Contribution to community	173	3.60	0.96	9	280	3.64	0.93	9
Business process improvement	172	3.55	0.90	10	277	3.65	0.81	8
Community recognition	173	3.43	0.97	11	274	3.59	0.86	11
Sales growth	169	3.40	0.94	12	277	3.57	0.99	12
Development of new products or services	169	3.40	0.93	13	274	3.46	0.90	13
Market share	165	3.38	0.94	14	275	3.59	0.87	10
Return on investment	163	3.30	1.09	15	271	3.36	1.08	16
Increase in profitability rate	171	3.29	1.01	16	277	3.36	0.95	15

Note: SD = Standard Deviation

**Table 4: Ranking of success factors in home-based businesses: importance versus performance**

Success factors	Importance				Performance			
	N	Mean ratings	SD	Ranking	N	Mean ratings	SD	Ranking
Customer satisfaction	189	4.81	0.41	1	176	4.45	0.56	1
Quality of products/services	188	4.76	0.48	2	175	4.36	0.64	2
Your own personal satisfaction	189	4.52	0.67	3	177	4.04	0.84	3
Your quality of life	189	4.51	0.64	4	176	3.65	0.98	7
Overall business performance	188	4.37	0.66	5	173	3.76	0.81	6
Employees' job satisfaction	122	4.21	0.74	6	114	4	0.78	5
Environmental responsibility	188	4.07	0.94	7	174	4.02	0.86	4
Business process improvement	188	4.00	0.86	8	172	3.55	0.90	10
Increase in profitability rate	186	3.98	0.97	9	171	3.29	1.01	16
Return on investment	176	3.88	0.97	10	163	3.30	1.09	15
Sales growth	179	3.86	0.97	11	169	3.40	0.94	12
Contribution to community	188	3.73	1.04	12	173	3.60	0.96	9
Development of new products or services	187	3.66	1.09	13	169	3.40	0.93	13
Recognition by industry peers	187	3.59	1.19	14	170	3.64	0.96	8
Market share	181	3.56	1.18	15	165	3.38	0.94	14
Community recognition	188	3.49	1.27	16	173	3.43	0.97	11

Note: SD = Standard Deviation

**Table 5: Ranking of success factors in non-home-based businesses: importance versus performance**

Success factors	Importance				Performance			
	N	Mean ratings	SD	Ranking	N	Mean ratings	SD	Ranking
Customer satisfaction	289	4.85	0.39	1	281	4.28	0.62	2
Quality of products/services	288	4.77	0.47	2	281	4.28	0.64	1
Your quality of life	290	4.49	0.69	3	282	3.45	1.03	14
Overall business performance	286	4.48	0.58	4	278	3.74	0.85	6
Your own personal satisfaction	290	4.48	0.67	5	281	3.86	0.80	5
Employees' job satisfaction	261	4.33	0.74	6	257	3.93	0.69	3
Increase in profitability rate	286	4.29	0.84	7	277	3.36	0.95	15
Business process improvement	285	4.17	0.75	8	277	3.65	0.81	8
Sales growth	288	4.13	0.90	9	277	3.57	0.99	12
Return on investment	285	4.11	0.96	10	271	3.36	1.08	16
Market share	284	3.96	1.03	11	275	3.59	0.87	10
Environmental responsibility	288	3.94	1.07	12	278	3.91	0.92	4
Development of new products or services	285	3.87	1.03	13	274	3.46	0.90	13
Community recognition	287	3.79	1.09	14	274	3.59	0.86	11
Contribution to community	289	3.67	0.99	15	280	3.64	0.93	9
Recognition by industry peers	288	3.59	1.14	16	278	3.72	0.81	7

Note: SD = Standard Deviation

**Table 6: Test of differences in importance ratings of success factors in home-based versus non-home-based businesses**

Success factors	Home-based		Non-home-based		Difference in means	t-scores
	Mean (N)	SD	Mean (N)	SD		
Job satisfaction of employees	4.21 (122)	0.74	4.33 (261)	0.74	-0.12	-1.48
Your own personal satisfaction	4.52 (189)	0.67	4.48 (290)	0.67	0.04	0.77
Customer satisfaction	4.81 (189)	0.41	4.85 (289)	0.39	-0.04	-1.03
Your quality of life	4.51 (189)	0.64	4.49 (290)	0.69	0.02	0.29
Return on investment	3.88 (176)	0.97	4.11 (285)	0.96	-0.23	-2.48*
Sales growth	3.86 (179)	0.97	4.13 (288)	0.90	-0.27	-3.08**
Quality of products/services	4.76 (188)	0.48	4.77 (288)	0.47	-0.01	-0.31
Contribution to community	3.73 (188)	1.04	3.67 (289)	0.99	0.06	0.70
Environmental responsibility	4.07 (188)	0.94	3.94 (288)	1.07	0.13	1.36
Community recognition	3.49 (188)	1.27	3.79 (287)	1.09	-0.30	-2.80**
Recognition by industry peers	3.59 (187)	1.19	3.59 (288)	1.14	0	0.01
Market share	3.56 (181)	1.18	3.96 (284)	1.03	-0.40	-3.86***
Increase in profitability rate	3.98 (186)	0.97	4.29 (286)	0.84	-0.31	-3.61***
Development of new products /services	3.66 (187)	1.09	3.87 (285)	1.03	-0.21	-2.12*
Business process improvement	4.00 (188)	0.86	4.17 (285)	0.75	-0.17	-2.31*

Overall business performance	4.37 (188)	0.66	4.48 (286)	0.58	-0.11	-2.01*
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\* significant at the 0.05 level, \*\* significant at the 0.01 level, \*\*\* significant at the 0.001 level

Note: SD = Standard Deviation

**Table 7: Test of differences in performance ratings of the success factors in home-based versus non-home-based businesses**

Success factors	Home-based		Non-home-based		Difference in means	t-scores
	Mean (N)	SD	Mean (N)	SD		
Job satisfaction of employees	4.00 (114)	0.78	3.93 (257)	0.69	0.07	0.82
Your own personal satisfaction	4.04 (177)	0.84	3.86 (281)	0.80	0.18	2.23*
Customer satisfaction	4.45 (176)	0.56	4.28 (281)	0.62	0.17	2.90**
Your quality of life	3.65 (176)	0.98	3.45 (282)	1.03	0.20	2.0*
Return on investment	3.30 (163)	1.09	3.36 (271)	1.08	-0.06	-0.54
Sales growth	3.40 (169)	0.94	3.57 (277)	0.99	-0.17	-1.74
Quality of products/services	4.36 (175)	0.64	4.28 (281)	0.64	0.08	1.23
Contribution to community	3.60 (173)	0.96	3.64 (280)	0.93	-0.04	-0.44
Environmental responsibility	4.02 (174)	0.86	3.91 (278)	0.92	0.11	1.27
Community recognition	3.43 (173)	0.97	3.59 (274)	0.86	-0.16	-1.79
Recognition by industry peers	3.64 (170)	0.96	3.72 (278)	0.81	-0.08	-0.97
Market share	3.38 (165)	0.94	3.59 (275)	0.87	-0.21	-2.39*
Increase in profitability rate	3.29 (171)	1.01	3.36 (277)	0.95	-0.07	-0.82
Development of new products /services	3.40 (169)	0.93	3.46 (274)	0.90	-0.06	-0.75
Business process improvement	3.55 (172)	0.90	3.65 (277)	0.81	-0.10	-1.26
Overall business performance	3.76 (173)	0.81	3.74 (278)	0.85	0.02	0.20

\* significant at the 0.05 level, \*\* significant at the 0.01 level, \*\*\* significant at the 0.001 level

Note: SD = Standard Deviation