# CENTRO DE ENSEÑANZA TÉCNICA Y SUPERIOR

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# Exploring the Potential Relationship between Home-Based businesses and Regional Crises: An Exploratory Research Study

Thesis to obtain Master’s Degree

Submitted by

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# Table of Contents

[Acknowledgement 2](#_TOC_250027)

[Table of Figures 4](#_TOC_250026)

[List of Tables 5](#_TOC_250025)

[List of Abbreviations / Glossary 6](#_TOC_250024)

[Executive Summary 7](#_TOC_250023)

[Introduction 8](#_TOC_250022)

[Literature Review 9](#_TOC_250021)

[Home-Based Businesses 10](#_TOC_250020)

[Notion of Supplemental Income 12](#_TOC_250019)

[Prevalent Crises 14](#_TOC_250018)

[The COVID-19 Pandemic 18](#_TOC_250017)

[COVID-19 Pandemic Impacts 21](#_TOC_250016)

[Relevant Studies 23](#_TOC_250015)

[Methodology 25](#_TOC_250014)

[Research Questions 26](#_TOC_250013)

[Research Model 26](#_TOC_250012)

[Propositions 27](#_TOC_250011)

[Sampling Method 32](#_TOC_250010)

[Data Collection Method and Procedure 32](#_TOC_250009)

[Data Analysis 35](#_TOC_250008)

Interview Analysis 35

Survey Analysis 36

[Discussion 40](#_TOC_250007)

[Summary of Key Findings 41](#_TOC_250006)

[Limitations and Further Research Opportunities 42](#_TOC_250005)

[Conclusions and Managerial Implications 43](#_TOC_250004)

[References 45](#_TOC_250003)

[List of Appendices 51](#_TOC_250002)

Appendix 1: Interview Guidelines 52

Appendix 2: Interview Transcripts 54

[Appendix 3: Survey Guidelines 57](#_TOC_250001)

[Appendix 4: Survey Data 59](#_TOC_250000)

# Table of Figures

# Figure 1… 15

**Figure 2… 16**

# Figure 3… 26

**Figure 4… 38**

# List of Tables

**Table 1… 35**

# Table 2… 39

# List of Abbreviations / Glossary

CARES Act Coronavirus Aid, Relief, and Economic Security Act CDC Centers for Disease Control and Prevention

COVID-19 Coronavirus Disease of 2019 CPI Consumer Price Index

HBB Home Based-Businesses

OECD Organization for Economic Co-operation and Development PPP Paycheck protection program

SBA Small business administration

WHO World Health Organization

# Executive Summary

This research paper presents an exploratory study aimed at investigating the potential relationship between home-based businesses and crises present in a region. The study acknowledges the growing prevalence of home-based businesses as a means of income generation and entrepreneurship, particularly in times of economic uncertainty or crises.

The study utilized a mixed-methods approach, combining qualitative interviews and surveys to collect data from home-based business owners in a specific region. Although the available data was limited, it provided valuable insights into the relationship between

home-based businesses and regional crises. As well as how these businesses impacted the economy in those regions.

The qualitative interviews revealed that home-based businesses can serve as a buffer during crises, providing individuals with alternative income sources and reducing reliance on traditional employment. They additionally showcased the various industries seen in home-based businesses, as well as their reasons for opening a home-based business during regional crises’.

While the data could not draw definitive conclusions due to data limitations, it shed light on the complex and nuanced relationship between home-based businesses and regional crises.

The findings call for further research with a larger sample size and diverse geographic contexts to gain a more comprehensive understanding of this relationship. Future studies should also consider the specific type of crises, their duration, and the broader socio-economic and policy contexts that influence the dynamics between home-based businesses and regional crises.

Keywords: Home-Based Businesses, Regional Crises, Exploratory Research, Economy, Income Generation.

# Exploring the Potential Relationship between Home-Based businesses and Regional Crises: An Exploratory Research Study

# Introduction

The global economy has experienced significant disruptions and certain business trends have been accelerated due to the effects of inflation, shifts in political leadership, armed conflicts, and a pandemic. In recent years, entrepreneurship has emerged as the preeminent pathway to achieving financial independence, resulting in the significant growth of small businesses. This growth has had a positive impact on economic growth and innovation. Despite changing societal needs, businesses have remained a vital component of society, constantly evolving to meet new challenges and demands, and providing opportunities for entrepreneurial solutions. Alongside these innovative business ideas, has emerged an increasingly popular business sector known as home-based businesses. A home-based business offers individuals the ability to work from the comfort of their own home without having to invest into a commercial building, which in hindsight requires less startup capital compared to a traditional business setup. The rise of technology has also made starting a home-based business easier and more accessible.

The business environment has been significantly affected by the COVID-19 pandemic, leading to the emergence of home-based businesses as a notable trend. With the pandemic taking the world by surprise, many companies were forced to quickly adapt to remote operations due to lockdowns and social distancing measures. As a result, companies increasingly relied on technology and the internet to maintain operations, leading many individuals to consider

home-based businesses as a viable alternative. Furthermore, the pandemic also resulted in high rates of layoffs, prompting many individuals to start selling products or services online,

contributing to the growth of the home-based business sector. This trend has continued to gain momentum in the years since the pandemic, highlighting the appeal of entrepreneurship and the potential of driving economic growth and prosperity with a home-based business.

This study aims to investigate the emergence of home-based businesses and entrepreneurs at the outset of a crisis that began in March 2020. Younger generations are shifting their focus from traditional careers to those that offer financial independence and flexibility in their work and personal lives. This possible trend has been attributed to the impact of the ongoing pandemic crisis. Other factors have been taken into account and will be researched alongside the impacts of the pandemic. Due to the limited information and data regarding home-based businesses in certain regions, the findings of this study are expected to have a favorable influence on future research related to this subject matter.

# Literature Review

In order to examine the correlation between home-based businesses and the present crises in a Region, thorough research was conducted on both subjects. This provided a foundation to develop propositions and questions prior to conducting the study. The following presents background information on the three variables analyzed in the report: home-based businesses, supplemental income, and one specific crisis, being the COVID-19 pandemic. It is important to note that other crises have been taken into account and researched to gather more information on the relationships between these variables.

## Home-Based Businesses

A home-based business is described as “a business whose primary office is in the owner’s home” (Entrepreneur, 2023). Home-based businesses are not limited to specific industry categories but instead cover a diverse range of sectors. Examples of home-based businesses include Beauty & Wellness, Party Rentals, Catering, Automotive Repair, Floral Arrangements, and many more different services. Since the industry range is widely spread, this allows various people to start businesses with no limits.

Scholarly articles providing a comprehensive history of home-based businesses, especially within the United States, were limited. However, it is recognized that such businesses have been in existence for several decades, with evidence of their existence dating back to the medieval era when a significant portion of the population conducted their business activities from home. Longhouses, which date back 1.4 million years in England, were home to both peasants and livestock. These structures often included a central area where businesses like weaving, butchering, dressmaking, and dairy production could thrive (Dishman, 2019). Despite the industrial revolution prompting many individuals to leave their homes for work in offices, mines, and factories (Terrell, 2021), the persistence of home-based businesses is evidenced by the incorporation of living and working spaces within the same building by shopkeepers, funeral parlors, and schools (Dishman, 2019). Recent studies have challenged the notion that the growth of at-home businesses was solely caused by the industrial revolution, with some suggesting that both trends may have been occurring simultaneously. While the industrial revolution did prompt many individuals to leave their homes for work, it did not necessarily diminish the prevalence of home-based businesses.

A distinct form of working from home emerged in the 20th century where employers would hire individuals to work from their homes. In the late 1800s and early 1900s, when immigrants migrated to New York City, they frequently took in work in their tenement apartments, leading to the coining of the term "sweatshops" (Dishman, 2019). Which is essentially where remote work began. With the passage of time and technological advancements, the use of sweatshops became increasingly regarded as unethical. In response, businesses began to capitalize on new opportunities for working from home. Due to the accessibility with technology, companies were creating remote work for their employees. Since the 1980s, IBM has been at the forefront of remote work, having pioneered the use of "remote terminals" in their employees' homes. This approach to remote work has proven successful for the company for decades. However, in 2017, IBM made the decision to call all remote workers to work in person, due to wanting to create a collaborative environment (Kessler, 2017). Regardless of the companies who choose in person work, various companies still continue to provide some jobs with remote opportunities. Which in turn highlights the potential opportunities for home-based businesses as remote work becomes increasingly popular among companies. As more employees work from home, there may be a higher demand for home-based businesses that provide products or services to support this trend, such as virtual meeting platforms, home office equipment, and productivity software. Conversely, as some companies shift back to in-person work, there may be new opportunities for home-based businesses that cater to the needs of workers who prefer to work from home, like home-based daycare or meal delivery services. To succeed in this evolving landscape, home-based businesses must stay current with the latest technology tools and software to remain competitive. Additionally, their ability to quickly adapt

to changing market demands will be critical for their long-term success, especially in the face of crises or other disruptive events.

After reviewing the events at IBM and looking into public sentiment towards home-based businesses throughout the years, social reformers deemed such practices as undesirable.

Consequently, new regulations were introduced which barred individuals from conducting any kind of home-based work and mandated the use of designated commercial buildings for conducting business activities (Work Home, 2023). As a result, there was a noticeable decline in the prevalence of home-based businesses, which persisted until the 2000s, although it had already begun in the 1950s (Work Home, 2023). This does not imply that home-based businesses vanished altogether, but rather that their numbers dwindled and the sectors in which they operated were restricted. As technology advanced, so did business procedures, which resulted in an investment in traditional businesses like stores, restaurants and services that required commercial sites (The Daily egg, 2022). The concept underlying this is that making an investment in a tangible structure would naturally foster a sense of professionalism within the organization. Although there is no data documenting the growth of home based businesses throughout the years in specific regions, there are variables that could demonstrate either the growth or decline of this sector.

## Notion of Supplemental Income

Although gender is not an important variable in the current study, past research suggests that home-based businesses may suit women who are not in need financially (Loscocco & Smith-Hunter, 2004). One possible explanation for this phenomenon could be the cultural expectation of stay-at-home mothers, who may engage in a hobby and generate only a modest

income. However, they may not have a long-term goal of scaling up their business operations which then allows the business to stay minimal. On the other hand, an alternative body of research presents conflicting findings when studying Mexican immigrants who mainly provide for their families through informal self-employment, a custom that is widespread among women in this specific ethnic group (Raijman, 2001). Undocumented immigrants often resort to

self-employment due to their unique circumstances, as they are typically unable to access

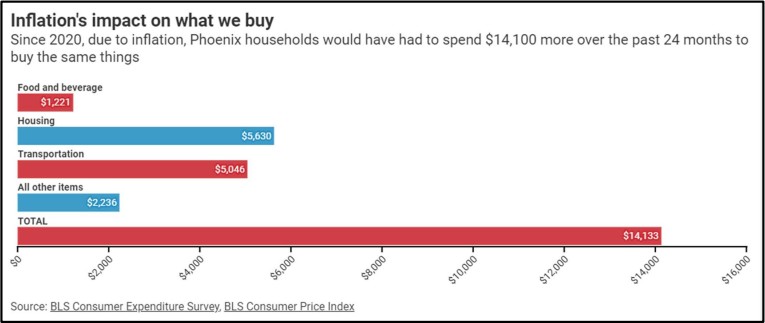
well-paying jobs and are often relegated to low-wage positions (Raijman, 2001). This could also be a major contributing factor to the dearth of data on home-based businesses, as many undocumented immigrants may not officially register their businesses, which in turn leads to a lack of visible evidence of their existence.

In contrast to gender and ethnicity, let's take a look at the overall household income in 2020. The median household income for that year was $67,521, which represented a 2.9% decline from the previous year's figure of $69,560 (Shrider, et al, 2021). Consequently, during this same year about 4.3 million Americans filed business applications, which includes all business sizes and sectors (Casselman, 2021). While no data suggests a direct correlation between the two, it remains a possibility that they are somehow interconnected. Household incomes were on the decline, and it is conceivable that some people turned to self-employment as a means to potentially increase their earnings. Where self employment means these individuals work for themselves and usually from their homes. Social media has also played a role in promoting self-employment by constantly bombarding users with hundreds of advertisements offering "ways to make extra cash," which may motivate individuals to seek out new sources of income. The fact that these types of ads are so prevalent suggests that there is a significant demand for extra income among the general population.

## Prevalent Crises

This section will overview current crises seen within Arizona and how they may be affecting the notion of home-based businesses. Since the end of 2020, a “typical” household in Arizona has spent a combined $14,133 more on food, housing, transportation, medical care, and other goods and services. Where 60% of this increase was due to the cost of food, housing, and gasoline seen in Figure 1 (Common Sense Institute, 2022). Although there is no existing data that establishes a link between inflation rates and home-based businesses, it is conceivable that individuals may have sought ways to generate additional income during a period marked by substantial hikes in the cost of various essentials. Moreover, this was also the year when COVID-related lockdowns and economic relief were implemented. Throughout 2021, US core CPI went from being below 2% to above 4% and stayed at that level throughout that year, which also resulted in the US having one of the highest inflation rates globally seen in Figure 2 (Jorda, et al, 2022). While prices for certain goods and services are declining, the cost of housing remains at an unprecedented level, which presents difficulties for individuals seeking to rent a residential or commercial property.

# Figure 1

Inflation’s impact on what we buy

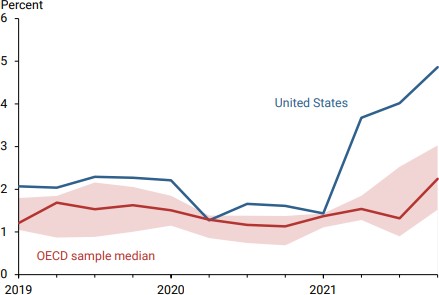
*Note.* The data is from Common Sense Institute, sourced from BLS Consumer Expenditure Survey, BLS Consumer Price Index. Copyright 2022 Common Sense Institute. ([https://commonsenseinstituteaz.org/wp-content/uploads/2023/01/CSI\_AZ\_INFLATION\_UPDA](https://commonsenseinstituteaz.org/wp-content/uploads/2023/01/CSI_AZ_INFLATION_UPDATE_JAN_2023.pdf) [TE\_JAN\_2023.pdf](https://commonsenseinstituteaz.org/wp-content/uploads/2023/01/CSI_AZ_INFLATION_UPDATE_JAN_2023.pdf))

The escalating housing costs have a far-reaching impact on the overall cost of living, affecting individuals from all walks of life. This implies that aspiring entrepreneurs who aim to establish their own businesses would need to align their wage offerings with the increasing costs, particularly if they plan to hire employees (Yount, 2020). Such a scenario could trigger a competitive cycle of wage increases, posing challenges for businesses in managing their expenses. Moreover, the onset of he COVID-19 lockdowns has witnessed a surge in inflation, which could potentially serve as a motivation for individuals to start businesses from their homes. By doing so, they can circumvent additional costs associated with renting or owning commercial spaces and focus solely on procuring necessary supplies (Yount, 2020). Yet, even though there would be no need for a commercial building, some are likely investing in bigger

homes with extra rooms that allow space for their home based business. Insinuating that this may be a huge factor to why housing costs have increased.

# Figure 2

Annual core CPI inflation: U.S. versus OECD



*Note.* Shaded area reflects interquartile range for OECD sample. Source from OECD Household Dashboard: cross country comparisons. This data is from Research from the Federal Reserve Bank of San Francisco. Copyright from FRBSF Economic Letter 2022. [(https://www](http://www.frbsf.org/wp-content/uploads/sites/4/el2022-07.pdf)).frbsf.or[g/wp-content/uploads/sites/4/el2022-07.pdf)](http://www.frbsf.org/wp-content/uploads/sites/4/el2022-07.pdf))

The Organization for Economic Co-operation and Development (OECD) sample provides valuable sights into the magnitude of annual Consumer Price Index (CPI) inflation in the United States relative to many other countries. The increase in inflation rates has significant implications for consumer purchasing power and spending habits, particularly for individuals starting

home-based businesses. This can directly impact the affordability and availability of goods and services, influencing the choices entrepreneurs make when procuring supplies and materials for their businesses. High inflation also compels many individuals to carefully consider their budget allocation, prioritize essential expenses, and seek cost-effective alternatives. Moreover, entrepreneurs may need to adjust their pricing strategies and monitor inflation trends closely to ensure their businesses remain profitable and sustainable in an environment of rising costs.

Furthermore, the effects of high inflation on consumer purchasing power and economic conditions can have broader societal and political ramifications, leading to dissatisfied supporters and challenges for political leaders. Due to former circumstances between the people and the government has led to mistrust in the government that had a ripple effect on the business community. Changes in the presidency can have varying impacts on different aspects such as labor laws, wages, and more. In a bid to fortify small businesses, the current President of the US has recently presented a four-pillar economic strategy that involves enhancing investment capital access and maximizing federal spending to assist small businesses (WSU, 2023). The formulation of these pillars aimed to tackle enduring economic challenges and provide support to both families and entrepreneurs. However, in the state of Arizona, home-based and

non-home-based businesses are classified under the same category of "small businesses," where the Phoenix Metro area alone has an estimated 100,000 businesses. This poses a challenge in accurately representing the population of home-based businesses, as well as which sectors are being drastically affected by inflation rates and price increases.

The final factor to consider in this section is the ongoing armed conflict abroad and its impact on businesses in the US. On February 26, 2022, it was declared that specific banks related to the conflict would be barred from using the banking network. As a result, any US company doing business with an entity involved in the conflict would potentially be in violation of sanctions (Bracken, 2022). The exclusion of certain banks from the network makes it significantly more challenging for certain companies to conduct business within the US. The broader conflict has also affected home-based businesses, potentially leading to supply chain disruptions and exacerbating issues with inflation and political disputes. The effects of war

tremendously impact economic development, which then make it difficult for businesses to continue and or add to the economic demise (Masnana et al, 2022). All variables are related to one another in some way and each has had an impact on entrepreneurship and the new ways business is conducted. Since the presidential election and the pandemic itself, there have been many changes that have affected economies and businesses worldwide. Therefore it is impossible to rule one specific variable as the reason for growth in a certain sector.

## The COVID-19 Pandemic

The research conducted is based on the COVID-19 pandemic, the following describes the virus and the timeline of events in the Maricopa County Region. In 2019, a new coronavirus disease was identified which led to a worldwide outbreak, this disease originated in China (Mayo Clinic, 2023). This virus is known as severe acute respiratory syndrome coronavirus 2

(SARS-CoV-2), which in hindsight causes the coronavirus disease, also known as COVID-19 (Mayo Clinic, 2023). Within this article, it is also stated that the World Health Organization (WHO) declared the COVID-19 outbreak as a pandemic in 2020. While nationwide lockdowns and mask mandates may be a thing of the past in some countries, the ongoing nature of the COVID-19 pandemic is still uncertain for many nations. Various countries have responded to the crisis in different ways, but the United States still has no uniform regulations in place to deal with the ongoing effects of COVID-19. As health organizations keep a close watch on the impact of the disease and its effects on communities, economists are similarly monitoring the economic repercussions of the pandemic on both global and national markets. Specifically how communities and employment is being affected within the US.

When COVID-19 came about, there was a lot of confusion in regards to understanding what the virus was and how it was transmitted. In 2020 the Governor of Arizona, declared a state of emergency that would be effective on March 11th. In the following days the Mayor of Phoenix also declared a state of emergency and ordered restaurants to close their dining areas immediately and move everything to takeout service and or delivery. In the same month the Governor of Arizona issued an executive order that listed “essential services” and anything that was not included in this list would have to close. The essential businesses included health care and social assistance, government functions, agriculture, food manufacturing, and lastly repair and maintenance businesses (Husch Blackwell, 2022). The start of executive orders and lockdowns was where businesses began to struggle. All businesses that were not on the essentials list were either forced to shut down or get creative with their businesses. Online services and digital marketing grew immensely and this was the route a lot of businesses were taking. Small businesses were struggling due to not having the resources to turn digital or simply not being able to. Restaurants could not allow dine-in customers and had to find ways to offer take out, drive thru, and delivery services. Small retail companies were not able to keep up with demand and had less inventory due to shortages worldwide.

The mere occurrence of this event had a significant influence on numerous entrepreneurs and the economic conditions in their respective communities. With the onset of

pandemic-induced lockdowns, millions of people across the world were succumbing to the disease, leading to a widespread sense of fear. From January 3, 2020, until now, there have been a total of 102,977,396 verified instances of COVID-19, resulting in 1,120,529 fatalities in the United States exclusively (WHO, 2023). The numbers have never been at a halt since 2020 and will only continue to grow. The first waves of the pandemic dealt with schools extending

vacations and companies sending employees home, which later progressed in completely remote school and work settings. According to the United Nations (2020) the COVID-19 pandemic was the virus that shut down the world. Only essential business was allowed to continue and for the most part plenty of countries halted all export and import processes in hopes of limited contact with the virus. Due to pandemic-induced shutdowns and income losses, as well as the rescheduling of the income tax deadline, state and local tax collections for Quarter 2 2020 decreased by 19% in comparison to the same period in 2019 (Roman, et al, 2022).

However, in Quarter 2 2021, tax revenue collections for state and local governments recovered by 46%, thanks in part to financial support provided by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which aimed to aid individuals and businesses (Roman, et al, 2022). During this time small business owners were using their funds and investing in their businesses and since there was a slight growth in the economy and people now had money, this positively impacted businesses all over. Since this set of government aid was based on an individual basis, regardless of business ownership, the government also included a loan that would aid business owners in keeping their current workforce. The paycheck protection program (PPP) was an SBA (small business administration)-backed loan that aided businesses in keeping their employees during the covid crisis. Only 28.1% of businesses received financial assistance and 71.3% requested assistance in April & May 2020. This program ended in May 2021 and in the following month, about 9.3% employers said they had a decreased amount of paid employees, while 8.7% answered they saw an increase (City of Phoenix, 2022). Although there was plenty of relief available, not all businesses were able to receive funds and for others it was very difficult to get accepted into these programs. Implying that small and home-based businesses will likely continue to encounter difficulties, potentially resulting in long-term effects.

The pandemic had a sufficient impact on the economy in the Maricopa County Region, particularly affecting its tourism and hospitality industries. During the lockdown, many businesses considered non-essential were forced to close, and strict regulations were put in place, leading to a significant decline in economic activity and consumer spending. Nevertheless, recent trends in inflation rates, prices, vaccination rates, and the relaxation of regulations suggest that there is an ongoing economic recovery. Although the overall impact the pandemic had on the economy is not fully known, it highlights the importance of being prepared for unforeseen events and the need for resilient economic systems.

## COVID-19 Pandemic Impacts

Apart from the large impact the pandemic had on the economy, it also had an immense impact on the livelihoods of people globally. Disruptions were observed in educational institutions, employment, and extracurricular activities. Due to the dangers and contamination of COVID-19, schools across the world were shut down, resulting in 1.2 billion children being out of school (World Economic Forum, 2020). While countries were and are at different points in their COVID-19 infection rates and social distancing, students in the USA were affected with a year and a half gap between their in person schooling. This gap caused many to turn to e-learning which is currently still being implemented. Although some research states that online learning has shown an increase in information retention and is quicker (World Economic Forum, 2020), many have stated that those changes are negatively impacting children. From personal conversations with school teachers and students, it is safe to assume that the lack of social opportunities and environment have impacted school performance. Many families have had to rely on technology and take on the role of a teacher all while figuring out their employment

situation. These shut downs resulted in increased stress among children and emotional reactions, as well as breakdowns in daily routines (Chaabane et al, 2021). Online learning has also continued to be implemented as parents no longer have to worry about transportation and their kids can stay at home and still do school work. Even after the shutdowns, some parents and students opt for an online learning experience. The long term implications of these disruptions are still under investigation, and their effects will become clearer as time progresses.

Nonetheless, communities and children are already experiencing some outcomes from the disruptions in educational settings.

In addition to the impacts on education, employment has undergone significant transformation in the wake of the COVID-19 pandemic. The labor market in the UNited States experienced a substantial decline, with employment dropping by 8.8 million as the pandemic halted the previous growth of the economic expansion (Smith et al., 2021) Since infection rates were at an all time high and there were no signs of a vaccine at the time, closures and social distancing measures were implemented as the primary means of managing the crisis. Due to these changes many had to either look for new jobs or were moved to 100% online employment through their current jobs. While the employment rate was increasing, surveys were conducted to gauge the extent of employment disruptions and understand the reasons behind them, although misclassifications occurred, some individuals noted the pandemic as a sole reason for employment loss (Smith et al., 2021). As a result, many individuals turned to home-based businesses as a means of adapting to these circumstances. With job losses, reduced working hours, and the need for flexible income opportunities, starting a business from home became an attractive option for those seeking financial stability and autonomy. The limitations imposed by lockdowns and social distancing measures also prompted entrepreneurs to explore alternative

avenues for generating income, leading to a surge in home-based businesses across various industries.

Summing up the most impacted areas, educational facilities and employment, is the overall impact COVID-19 has had in all aspects of life. It has impacted how we work, learn and interact, as well as how we approach health care (HealthEssentials, 2020). During this time the world practically came to a complete stop and many did not know how to move forward. Some people were not able to leave their home for months while others were forced to be frontline workers and suffered a lot emotionally and physically. The consequences of the pandemic have reshaped our collective experiences and continue to challenge us on multiple fronts. A lot of things people were doing before changed and new boundaries were set. Keeping this in mind, there were a lot of new things implemented during the pandemic that are still being currently seen. Waiters and waitresses are still seen wearing masks, acrylic screens are still seen in businesses where the cashiers are, and people have taken into account the dangers in large group gatherings. People for the most part had a lot of time on their hands and social media emerged as a significant presence in virtually everyone’s lives. Through the internet came about various videos on how to earn extra money and things in that aspect. Which could also demonstrate a turn of interest with home-based businesses that were online based.

## Relevant Studies

In order to determine the viability of the topic, a couple different studies about businesses and the pandemic were reviewed. Following CDC (US Centers for Disease Control and Prevention) guidelines many states responded by closing schools and businesses to limit the amount of people gathering (Gostin et al., 2020). Although not all businesses were shut down,

the government ordered all nonessential businesses to shut down, which negatively impacted those businesses and owners. This report was mainly detailing what the government closures ordered and which sectors were forced to shut down. This is relevant to the topic as many of the mandated closures were seen across the country, therefore similar sectors were also impacted in Arizona. In May 2020, about 35.2 percent of the workforce was working from home, which had gone up from 8.2 percent in February of the same year (Bick et al., 2020). Based on this information, it is safe to assume that this number will continue to grow as more businesses shut down and or as more people lose their jobs. This information was gathered via a Real-Time Population Survey, where 2,000 respondents were chosen to represent the US population.

Although this data set is based on companies who offer remote work opportunities, this could be significant in the rise of home-based entrepreneurship. The internet itself also has had a large impact on home-based entrepreneurship, since the pandemic caused havoc worldwide, many turned to the internet to sell their products and promote their services. Since a lot happened, many decided they did not want to risk large investments on an idea, therefore starting a

home-based business was the best option (TEDCO Business Support, 2022). The use of technology and the idea of remote work was an option for many of those finding ways to make ends meet and for others to get a mental break from the stress of the pandemic.

## Background Information Availability

Since there is a scarcity of data on home-based businesses for a specific region, the available ideas mostly rely on online sources and public discussions. While the propositions and questions below are being addressed, the other variables could indicate a pattern in these businesses. Existing literature primarily focuses on how the pandemic affected company

operations and offers little information on home-based businesses in particular. Previous research provides insights into potential implications but does not concentrate exclusively on home-based entrepreneurship. Therefore, the provided literature cannot be relied upon to draw definitive conclusions, and the survey results will be the primary source of information.

# Methodology

This is an exploratory study focusing on the profound impact that the crisis has had on the realm of home-based entrepreneurship, prompting many individuals to consider starting their own businesses from home. While some individuals see home-based businesses as a way to earn additional income, others regard it as a feasible career path that provides a better work-life equilibrium. The increasing prevalence of home-based businesses can be traced back to various factors, such as technological advancements, shifting attitudes towards work, and a yearning for more autonomy and flexibility in one's career.

To gain more insight into this subject, a research model and a set of questions were developed that take into account the existing literature. Both qualitative and quantitative approaches were employed in the research, enabling the comparison and analysis of different data collection methods. The data was gathered through social media platforms and an online survey to ensure accessibility to a diverse range of individuals.

## Research Questions

1. Has the COVID-19 pandemic impacted home-based entrepreneurship?
2. Do people go the home-based business route solely for supplemental income?
3. Why have home-based businesses become popular?

## Research Model

The COVID-19 pandemic has brought about unprecedented disruptions and changes in various aspects of our lives. One area that has garnered significant attention is the realm of home-based entrepreneurship. As people grappled with economic uncertainties and sought alternative means of income, home-based businesses emerged as a potential solution. Which leads to the important research questions that focus on the potential interrelationship between home-based businesses, the COVID-19 pandemic, and supplemental income. The research done aims to delve into the intricacies of home-based businesses during the COVID-19 pandemic, shedding light on their dynamics and the motivations behind their establishment. Despite the growth in this sector, there is a notable lack of literature that delves into the specific details of these businesses. By examining the available data, impact of the pandemic on home-based entrepreneurship, motivations and factors that contribute to the popularity of these businesses, we can gain valuable insights of entrepreneurship in times of crisis.

# Figure 3

*Visual of the Research Model*



*Note.* The depicted figure illustrates the correlation among a crisis, home-based businesses, and supplemental income, along with a description of the controlled variables present during data collection. It also showcases the respective roles of each proposition and their related variables.

The variable considered for the crisis was the COVID-19 pandemic, which is the central focus of this study and has been ongoing since 2020. It was assigned a value of 1 to indicate the presence of a crisis. Proposition 1 and Research Question 1 are interrelated as they seek to address the same issue. The second variable is based on the responses collected from the survey and can have a value of either 0 or 1, depending on whether the respondents own home-based businesses. Therefore, Proposition 2 and Research Question 2 are aimed at investigating the possible links between the first two variables. The last variable concerns supplemental income and whether individuals pursue home-based entrepreneurship for that reason. Research Question 3 is a broad query that is not associated with any corresponding proposition, as the answer can be based on either the collected data or the literature reviewed.

## Propositions

The COVID-19 pandemic has led to a surge in the number of people starting home-based businesses, but the question remains whether these businesses are sustainable as full-time jobs or just a source of supplemental income. This proposition has been debated for years, and recent events have brought it to the forefront once again. While some argue that home-based businesses are a way to make ends meet during difficult times, others believe that they are more of a hobby or side hustle rather than a viable career option. These propositions explore the nature of

home-based businesses and whether they can provide a sustainable livelihood in the post-pandemic world.

**P1:** The COVID-19 pandemic had an immense impact on people starting home-based businesses.

Since the COVID-19 pandemic had an immense impact on the global economy and abruptly disrupted company operations, it is to be assumed that some things would indeed

change. In a 2020 report, about 37% of jobs in the United States could be done at home, which was not limited to one specific industry (Dingel et al, 2020). Therefore implying that if many traditional jobs could now be done at home, then it could be possible that there will be a market for many other things to be done from home. Based on social media and other networking tools, it seems like home-based businesses grew substantially during lockdown, per the statements of many popular shops online. This proposition is relevant due to its two available options, either the COVID-19 pandemic did have an impact or it did not.

**P2:** Home-based businesses are more of an extra set of income, rather than a full time job.

This proposition is formulated on the premise that the COVID-19 pandemic had a significant impact on employment opportunities for a large number of people, prompting them to consider setting up home-based businesses as a means of addressing their financial needs. Many rural and urban residents have turned their attention towards home-based entrepreneurship as a way to provide for themselves and their families (Rowe, et al, 1999). Articles and studies related to this topic often concentrate on gender, with a particular emphasis on women. However, the current study did not consider this variable. This suggests that gender, and specifically the role of women, is a significant factor to consider in many fields of research and analysis. The absence of a gender perspective in the current study may limit its scope and applicability. This proposition could lead to a couple different conclusions and its relevance is based on whether home-based businesses are in fact created as an alleyway for supplemental income, a hobby, or as a full time job.

It appears that home-based businesses increase during a crisis, as people seek to supplement their income. However, there remains uncertainty as to whether these ventures are primarily a source of supplementary income or a viable option for full-time employment. This poses a significant problem for individuals who are considering starting a home-based business as a means of income generation. The lack of understanding surrounding the nature of

home-based businesses can lead to unrealistic expectations, financial instability, and wasted resources. Furthermore, policymakers and stakeholders need to understand the true nature of home-based businesses to create supportive policies and programs. Therefore, there is a need to investigate whether home-based businesses are more of an extra source of income or a sustainable career choice.

## Measurement Scales

Certain questions were formulated to establish a clear connection between the pandemic and home-based businesses, referring to P1. These questions were designed with a focus on fulfilling the requirements of the proposition and ensuring that the respondents fully comprehended them. The development of these questions varied within the timeline of the start of the pandemic and the lockdowns that occurred in Arizona. This was to get a better understanding of when people were starting their businesses and if it fell within the proposition assumption. The survey statements are as follows;

*“I started my home based business because of the COVID-19 pandemic. (March 2020)” “I started my home based business during the COVID-19 lockdown. (March 2020)”*

*“I started my home based business “after” the COVID-19 lockdown. (March 2020)” “I lost my job/ had my hours cut once the state had a lockdown.”*

*“My reasons for starting my business have nothing to do with the pandemic.”*

Certain statements were formulated to understand where the respondents stood with the goals of their home based-businesses, referring to P2. A couple were directed towards income, which differentiated between what they made monthly overall and monthly from their business only. In cases where a business is not generating sufficient revenue, it may be inferred that the business was initiated as a supplementary source of income rather than a primary means of employment. In relation to this, the last statement was to understand if their business was only a hobby, which would also infer that they had no intentions of leaving their full time job. The survey statements are as follows;

*“My business is solely for extra income.” “My business is my only income.”*

*“I have a full time job.”*

*“What is your average monthly income coming only from your home based business?” “What is your average monthly income?”*

*“If I get a better paying job, I will close my business.” “My home based business is only a hobby.”*

Despite the absence of a third proposition, some statements were made regarding the other variables. Age, industry, location, and duration were the most prominent throughout, but it would have also been interesting to include gender, as many studies suggested females predominately started home-based businesses. The following statements are relevant to gather additional conclusions related to the study conducted and the obtained results.

*“What age group do you fail in?” “What industry do you work in?” “Where is your business located?”*

*“How long has your business been running?”*

*“I opened a home based business because the market for them was growing.”*

Although several variables are present which are not directly linked to the propositions, they may still hold significance. These variables consist of factors such as the duration of the business's operation, the age of the business proprietor, their location, whether they have a secondary occupation, and the industry in which they operate (including whether the business is simply a hobby). As there are three key variables (the pandemic, home-based businesses, and supplemental income), these will be assessed in a targeted fashion. The pandemic will be measured two ways; 1 = There is a crisis, 0 = There is no crisis. For the purposes of this research, all responses will be based on 1= There is a crisis. For the home based business section, there will be two measurements; 1 = There is a home based business, 0 = There is not a home based business. These responses will differentiate based on what the respondents have indicated. The last one is supplemental income and this will be measured based on the income stated by the respondents, which could range from $0 - $100,000 + monthly.

In the section where the questionnaire is explained, the survey statements were evaluated using a Likert-type 5-point scale, excluding the variables. Where respondents chose how applicable the statement was to their personal experiences and thoughts. The reason behind selecting this scale was to provide participants with a greater degree of flexibility in selecting an option, instead of being limited to a binary choice of either yes or no. The measurement for the questions is as follows; 1= Strongly Not Applicable and 5=Strongly Applicable.

## Population Definition

The population size for this research study is all of those who operate within the small business sector in Arizona, specifically Maricopa County. As well as those who develop their own home based businesses (HBB) due to the recent crises, like the COVID-19 pandemic. These

businesses are defined as owners whose main place of business (office) is at home and or where their business address is the same as their home address.

## Sampling Method

The sample target group is all home based business owners within the Maricopa County Region, which includes cities like Glendale, Tempe, Mesa, Laveen, Surprise, Tolleson, Chandler, Ahwatukee, Avondale, Scottsdale, Guadalupe, etc. Within Maricopa County, in 2022 the population was 4,541,258 inhabitants and about 100,000 small businesses (US Census, 2022).

There was no data available indicating the approximate number of home-based businesses in the area. Due to the exploratory nature of the study there is no specific sample size and all is based on prior research and the limited data gathered.

## Data Collection Method and Procedure

To leverage the accessibility of the internet, a questionnaire was developed to gather more information on the topic. Given the large geographic area of Maricopa County, the survey will be conducted online and disseminated across various Facebook groups and social media platforms. This method of recruiting survey participants through social media provides researchers with direct access and control over the survey (Neundorf and Özt[ü](https://softwareaccountant.com/type-u-umlaut-sign/)rk, 2022), allowing researchers to continuously review the data being collected. Sharing the survey link on social media provides convenience and accessibility to potential participants, as the link can be accessed from any smart device and location. Hence, the link was posted in Facebook groups that catered to small businesses in the Arizona region, targeting the desired respondent group.

To obtain a diverse range of potential respondents, a personal Facebook account was used to join various groups with different sizes and content. These seven groups collectively had

95,009 members, ranging from 309 to 33,300 individual member counts. The administrators of the group were contacted to request promotion of the survey, and the survey link was shared publicly through posts. To obtain additional responses, over 50 home-based business owners were directly contacted through Facebook, while more than 30 were contacted via Instagram. The survey did not have any restrictions on age or industry, as these variables were included to allow for meaningful conclusions to be drawn about the propositions outlined earlier. However, clear guidelines for completing the survey were provided to ensure that only individuals within the desired sample size participated. This involved including people from different industries and age groups who work remotely, while excluding gender as a relevant factor from the requirements. In addition, the survey was published on personal social media accounts and sent directly to home-based business owners who were related or known to the researchers. The survey also included a cover page explaining the study's topic and purpose and assuring respondents that all responses would remain anonymous.

While there are advantages to using social media for survey recruitment, there is also a risk of obtaining unusable data from respondents who complete the survey hastily and without paying close attention to the questions (Mondal, 2020). Another disadvantage of sharing survey links on social media is the prevalence of hacked accounts, which can lead to reluctance among users to click on links shared by unknown individuals. This factor can contribute to lower response rates, despite the convenience and cost-effectiveness of using social media for survey distribution (Minnaar and Heystek, 2013). With the potential drawbacks in mind, measures were taken to ensure that the survey was conducted in a transparent manner, allowing potential respondents to see who was posting and giving them the freedom to decide whether or not to participate.

Apart from the survey, two interviews were conducted in order to gather more background research on this business sector. The incorporation of the interviews was solely to get a better understanding of home-based businesses and their popularity, as well as the underlying questions of why as an entrepreneur they do not opt for a commercial site instead. The interview will determine what industry is the most common.Their insights and inputs will be compared to the survey data, to determine whether it depends on individuals or if the pandemic and home based businesses have a connection. To gather potential interviewees, a post stating

2-3 interviews were needed for the research study was posted in one of the groups, where an admin assisted in providing home-based business owners who met the requirements for the interview. Those being interviewed had the option of meeting via zoom, google meets, or any other virtual meeting program or simply filling out the questions when available and sending them in writing. Both options allow those being interviewed to have a choice on how the interview would be conducted, therefore allowing them to be more comfortable while answering their questions.

Prior to data collection, the survey and interview questions underwent a meticulous review process led by the designated thesis advisor. Where the questions would be read aloud and thoroughly examined to ensure the question would be understood. In addition, once examined, if any modifications were needed, they would be done to enhance their clarity and effectiveness. Apart from the first review process, the survey and interview questions were shared with trusted colleagues, close friends, and family members, who provided valuable feedback and suggestions for improvement. Once the questions were reviewed and modified, it was released to the public to start data collection.

## Data Analysis

Despite the exploratory nature of the research approach the data collected revealed intriguing insights about the potential relationship between home-based businesses and a regional crisis, the COVID-19 pandemic. Before the survey was released, two interviews were conducted to get an insight on home-based business entrepreneurs, as seen in Table 1. Since there were only two interviews, both will be analyzed based on the responses provided regarding the interview questions. The main goal of these interviews were to introduce more information on home-based businesses, all while including personal experiences.

# Table 1

*Interview Collection*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Nr. | Industry | Date | Platform | Duration | Language |
| 1 | Beauty & Wellness | 03.17.2023 | Google Meets | 0:50:40 | English |
| 2 | Beauty & Wellness | 03.18.2023 | Google Meets | 0:46:30 | English |

*Interview Analysis*

The initial interviewee, a 25 year old woman, had established her home-based business prior to the March 2020 lockdown, in the beauty & wellness industry. However, due to the challenges posed by the pandemic, she made the decision to temporarily close down. Once restrictions were lifted and after careful planning for the reopening, she resumed business operations. During this time, she was also employed at another job and used her business as a means of generating additional income. After building her clientele and perfecting her craft, she decided to start a career in this industry and solely focus on and invest in her business. The main

factors that motivated her transition were the increased revenue potential and the flexibility that working from home and being her own employer provided. Although COVID-19 impacted her business temporarily, it did not have an impact on her decision to start or not. Demonstrating that her reasons for opening her home-based business were not related to the pandemic nor made an impact on the decisions for starting her business.

The second interviewee, a 23 year old woman, started her business during the March 2020 lockdown all while working another job. She also entered the beauty & wellness industry and stated that her reason for starting the business was solely as a means for extra income. The beginning of her business was product based, where she invested in customizing press on nails. Due to COVID restrictions, having people in your home was dangerous and therefore she opted for an online store to get started. After restrictions were lifted, she was able to provide services within her home and obtain necessary certifications for this job. Due to the growth of her business, she decided to leave her first job and solely focus on building her home-based business. In this case, the COVID-19 pandemic was one of the main reasons for starting her own business, as she saw the opportunities that came with online markets. The interviews both gave insight on these individual experiences, specifically with those in the home-based business sector.

*Survey Analysis*

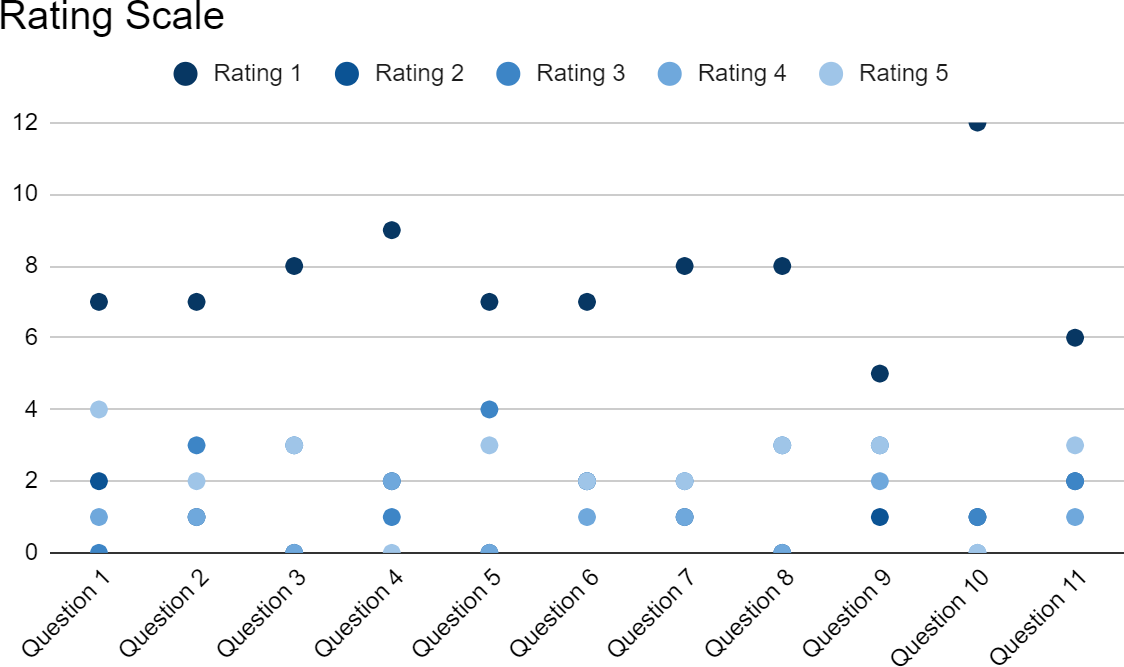
When the survey was initially released, there was minimal engagement with it during the data collection phase. The first two weeks were spent monitoring the data and actively seeking publicity to encourage more interaction. In this period, only eight responses were received, and the collected data demonstrated inconsistencies. Two of the survey questions inquired about average income and allowed respondents to input their own answer if it was not listed. To

improve data accuracy and organization, two additional options were added for income levels above or below a specific amount. The third question was about the duration of the respondent's business, and again, inconsistent responses were received. As a result, the survey was modified to provide predefined options, thus eliminating the need for respondents to enter their own answers. No other alterations were made to the survey during the data collection phase besides the ones mentioned above. These adjustments were implemented to minimize the number of corrections required during data analysis.

After four weeks of the data collection phase, there were only 14 respondents. Over 70 individuals were contacted via email, Facebook, Instagram, and text messaging and there was still no growth in responses. Therefore, an exploratory approach was taken for the remainder of the process. However, even though the data collected was not enough to verify the propositions, it did give insight on home-based businesses. For the first 11 questions in the first section, a rating scale approach was implemented. The scale implemented was a Likert-type 5-point scale where 1= Strongly Not Applicable and 5=Strongly Applicable. Given the limited response rate, the collected data was analyzed by categorizing the responses into distinct groups. This categorization allowed for visual representation of the average rating selected and provided insights into whether there were any indications to address the propositions.

# Figure 4

*Survey Rating Scale Analysis*



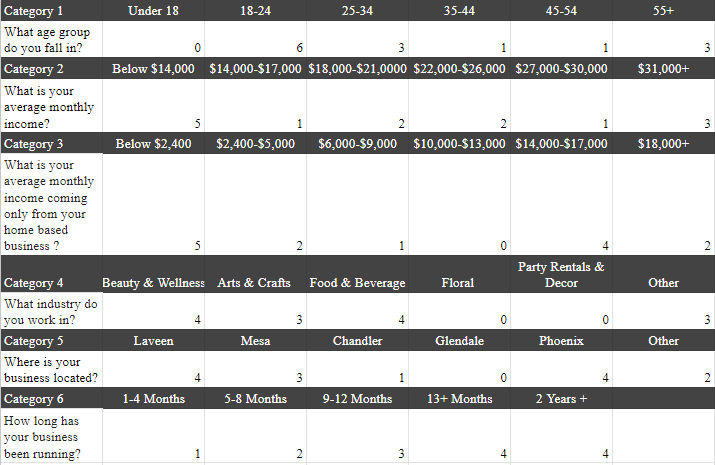
*Note:* Source: Own illustration. The Y-axis represents the number of respondents that chose that specific rating, while the X-axis has the questions by number to analyze the average rating for each.

Figure 4 provides a visual representation of the distribution of ratings chosen from each question. It is evident that Rating 1 received the highest number of choices across all questions, indicating that many respondents felt the questions did not apply to their specific situation.

Following this, rating 3 and Rating 5 emerged as the next most popular choices, suggesting that some individuals believed the questions were relevant to their circumstances. Rating 2 and Rating 4 came last, suggesting a split between being applicable and from not applying at all.

Since these questions were related to home-based businesses and the COVID-19 pandemic, it is safe to assume that many did not see a correlation between the two, nor did the pandemic affect their businesses.

# Table 2

*Survey Part 2 Results*

*Note:* Source: Own illustration. The category sections represent the last six questions seen in the survey. All of the information on the right is the summary of all 14 respondents.

The second part of the survey contained variables that were not focussed on throughout the research done, but in a way played an important role in understanding a little more about home-based entrepreneurs. These questions were mainly to understand how much an individual was making overall and how much their business was generating on a monthly basis. Questions about age, industry, location, and the years running were mainly to get a feel for the experience these entrepreneurs had. As well as to see where the majority of these businesses resided and who was the main age group for home-based entrepreneurs as seen in Table 2. Since this section was not a focal point, in depth insight was not noticed nor answered any of the propositions presented.

# Discussion

The purpose of this research was to gain insights into the impact of the COVID-19 pandemic on home-based entrepreneurship and explore the motivations behind starting such businesses. However, despite diligent efforts, the data collection process faced challenges, resulting in a limited amount of data and a small number of interviews. As a result, it was not possible to fully answer the research propositions with the available data. Although the limited data and interviews present limitations to the study, it is still valuable to summarize the key findings obtained throughout the research process. These findings provide preliminary insights into the experiences and motivations of individuals involved in home-based businesses during the pandemic. Additionally, they shed light on the challenges faced, the adaptation strategies employed, and the factors influencing the decision to pursue entrepreneurship from home.

While the data may have not met the initial expectations, the research still holds value as it contributes to the existing literature by addressing the gap in knowledge regarding the in-depth details of the home-based business sector during the pandemic. The findings can serve as a foundation for future studies to build upon, enabling a more comprehensive understanding of the topic. Moreover, the insights gained from this research can inform policymakers, entrepreneurs, and other stakeholders in developing strategies and support systems to promote and sustain home-based entrepreneurship in challenging circumstances. The following sections present a summary of the key findings based on the available data and interviews, highlighting the main themes and observations that emerged from the analysis. Although the results may not be conclusive, they offer valuable preliminary insights and pave the way for further exploration in this important area of study.

## Summary of Key Findings

The interviews with two home-based business owners in the Beauty & Wellness industry shed light on their experiences and motivations. Despite the differences in their starting points and specific motivations, both individuals found success and growth in their businesses. The first interviewee had established her business before the pandemic and temporarily closed down during the lockdown, while the second interviewee started her business during the lockdown taking advantage of online markets. The pandemic essentially affected their businesses differently, but both recognized the advantages of working from home and being their own employer. Eventually, both interviewees decided to focus solely on their home-based businesses, leaving their previous jobs behind. These interviews provide valuable insights into the resilience and adaptability of home-based entrepreneurs, showcasing their ability to navigate challenges and seize opportunities in the face of crises. Since these interviews were conducted in hopes of gathering background data on home-based businesses and entrepreneurs, it provided a stepping stone into gathering data and constructing the survey.

During the data collection phase, there was minimal engagement with the survey, resulting in a small number of responses and inconsistencies in the collected data. To improve accuracy and organization, modifications were made to the survey, including the addition of predefined options for income levels and duration of business. Despite efforts to increase participation, the response rate remained low. Therefore, an exploratory approach was taken for the remaining analysis. Although the data gathered was insufficient to confirm the propositions, it provided insights into home-based businesses. As previously mentioned the ratings were determined based on a scale where 1= Strongly Not Applicable and 5=Strongly Applicable. The scatter chart revealed that Rating 1 was the most chosen across all questions, indicating that

many respondents felt the questions were not applicable to their situation. Ratings 3 and 5 were the next most popular, suggesting some relevance. Ratings 2 and 4 were less chosen, indicating a split in applicability. Overall, the findings suggest a lack of correlation between home-based businesses and the COVID-19 pandemic, with many respondents indicating minimal impact on their businesses. Meaning that the propositions made at the beginning do not fall in line with the data gathered. The research done concluded that many did not start their businesses due to the pandemic nor did it have any role in their decision to start.

## Limitations and Further Research Opportunities

As previously mentioned, there are two primary types of studies used to gather information: qualitative and quantitative. While a combination of both approaches can provide valuable insights into real-life experiences and issues, it is crucial to recognize that surveys and interviews cannot be used to represent an entire population. Survey limitations may include misinterpretation or inadequate question comprehension, and small sample sizes may not accurately reflect larger populations. Similarly, interviews conducted with individual business owners and employees may offer personal insights but cannot be generalized to the entire group. The absence of scholarly literature in the region and concerns over reluctant respondents may also limit the amount of data gathered.

Regardless of the limited data collected, further research opportunities could change and add to the current study done. It would be necessary to expand the sample size, including both interviewees and survey respondents. Thorough research would need to be done on home-based businesses to determine whether this business sector is growing regionally or globally. Another research opportunity could focus on exploring the long-term effects of the COVID-19 pandemic

on home-based businesses. Where the research done could focus on how these businesses adapted, evolved, or faced challenges over a more extended period of time. It is also necessary to note that examining the growth trends by these entrepreneurs, researchers would have a larger dataset to refer to, as well as aid in the growth of the data available about home-based businesses.

## Conclusions and Managerial Implications

The research concludes that the pandemic did not play a significant role in the decision of many respondents to start their businesses. This finding diverges from the assumption that economic uncertainty or crises, such as the COVID-19npandmeic, drive the emergence and growth of home-based businesses. It highlights the complexity of factors influencing the decision-making process and suggests that other motivations and circumstances contribute to the establishment of such businesses. These findings are significant as they challenge preconceived notions and highlight the need for careful analysis and empirical research to understand the intricate dynamics between home-based businesses and regional crises. The discrepancy between the initial propositions and the data gathered, contribute to the field by promoting an accurate understanding of the factors influencing the growth of home-based businesses.

Therefore, the research findings described indicate a lack of correlation between home-based businesses and the COVID-19 pandemic. This challenges the initial propositions

and suggests that other factors beyond regional crises play a role in the growth and establishment of such businesses. By examining the available data and conducting interviews, the research provides valuable insights that contribute to a more comprehensive understanding of the relationship between home-based businesses and crises, emphasizing the need for data driven

analysis and careful consideration of multiple factors. Due to the exploratory nature of this study, further research could examine the existing data and establish connections with other studies.

Considering the limitations in regards to information on this subject, this study would offer valuable insight into the particular field.

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# List of Appendices

# Appendix 1: Interview Guidelines… 52

# Appendix 2: Interview Transcripts… 54

# Appendix 3: Survey Guidelines… 57

# Appendix 4: Survey Data… 58

**Appendix 1: Interview Guidelines Interviewer:**

Maria De Los Angeles Arreola (MBA | Triple Degree)

# Topic:

Reasons for starting a home-based business

Understanding the impact COVID-19 had on work life and business, as well as gathering more background information on their own experiences

# Purpose of the Interview:

To collect background data to construct the survey

# Interview Information and Process:

* Interviewees are informed about the thesis, the topic, and the purpose of their interview
* The interviews were planned for approximately 30 mins.
* Correct or incorrect answers are not possible
* All personal information will not be part of the final thesis and anonymity was disclosed prior to starting the interview
* The interview was not recorded, all information was written down in respects to the

questions asked

# Interview Questions

|  |
| --- |
| Age |
| Location |
| Industry |
| Average Monthly Income |
| Average Monthly Income from Business Only |
| Why did you decide to start a home based business? |
| Did you start your business after March 2020 (Pandemic “beginning”) |
| Did you have a “regular” job before opening your own business? (If business is the only current job you have) |
| Is your business just a hobby? |

|  |
| --- |
| Did you start your business to have extra income? (Working aside from your “real” job) |
| Did the pandemic have an impact on your decision to open a business? If so, how? |
| Was your income affected because of the pandemic? |
| Did the lockdown convince you to open a home based business? |
| Is your business something you want to focus solely on? (Making it your only revenue stream) |
| How did the COVID-19 pandemic affect your professional/ career life? |

**Appendix 2: Interview Transcripts Interview 1 Overview:**

|  |  |
| --- | --- |
| **Age** | 25 years old |
| **Location** | Laveen |
| **Industry** | Beauty & wellness |
| **Average Monthly Income** | $1,500-2,500 |
| **Average Monthly Income from Business Only** | First started $400-$600 |
| **Why did you decide to start a home based business?** | It kind of just happened, I started it as a hobby. Decided to start a career because she enjoyed it a lot more than her regular jobs/ other jobs/ |
| **Did you start your business after March 2020 (Pandemic “beginning”)** | February 2020, had to completely stop during this time ( had just started). Had a surgery in march, was very vulnerable to sickness. |
| **Did you have a “regular” job before opening your own business? (If business is the only current job you have)** | Yes, because of the pandemic she had to stop her own business. Doing her own background work, and planning, She used the pandemic as her planning period to start her business back up. |
| **Is your business just a hobby?** | Started as a hobby, but soon started to enjoy it and started a career from it. |
| **Did you start your business to have extra income? (Working aside from your “real” job)** | At first it was, but then it switched over to wanting a career |
| **Did the pandemic have an impact on your decision to open a business? If so, how?** | Answered above |
| **Was your income affected because of the pandemic?** | Yes, she was able to keep her day job as it was from home. The business was for extra income and the lockdown set her back financially. |
| **Did the lockdown convince you to open a home based business?** | Emphasized her planning |

|  |  |
| --- | --- |
| **Age** | 25 years old |
| **Location** | Laveen |
| **Industry** | Beauty & wellness |
| **Average Monthly Income** | $1,500-2,500 |
| **Average Monthly Income from Business Only** | First started $400-$600 |
| **Why did you decide to start a home based business?** | It kind of just happened, I started it as a hobby. Decided to start a career because she enjoyed it a lot more than her regular jobs/ other jobs/ |
| **Did you start your business after March 2020 (Pandemic “beginning”)** | February 2020, had to completely stop during this time ( had just started). Had a surgery in march, was very vulnerable to sickness. |
| **Did you have a “regular” job before opening your own business? (If business is the only current job you have)** | Yes, because of the pandemic she had to stop her own business. Doing her own background work, and planning, She used the pandemic as her planning period to start her business back up. |
| **Is your business just a hobby?** | Started as a hobby, but soon started to enjoy it and started a career from it. |
| **Did you start your business to have extra income? (Working aside from your “real” job)** | At first it was, but then it switched over to wanting a career |
| **Did the pandemic have an impact on your decision to open a business? If so, how?** | Answered above |
| **Is your business something you want to focus solely on? (Making it your only revenue stream)** | She kept working her day job, and left her job in december. And started investing more into her home based businesses |

# Interview 2 Overview:

|  |  |
| --- | --- |
| **Age** | 23 years old |
| **Location** | Laveen |
| **Industry** | Beauty & wellness |
| **Average Monthly Income** | $2,500+ |
| **Average Monthly Income from Business Only** | First started $600-$800 |
| **Why did you decide to start a home based business?** | She started seeing all of the online businesses that started during lockdown and wanted to try it out. She wanted to enter the beauty market, since it’d be the easiest way to share her love for art. |
| **Did you start your business after March 2020 (Pandemic “beginning”)** | Not after March 2020, but during the that time is when she started |
| **Did you have a “regular” job before opening your own business? (If business is the only current job you have)** | Yes, during the lockdown she started her home-based business while still working her regular day job. |
| **Is your business just a hobby?** | No, it was never a hobby for her but more for a way to get extra money. |
| **Did you start your business to have extra income? (Working aside from your “real” job)** | Yes, that was the main reason for starting her business |
| **Did the pandemic have an impact on your decision to open a business? If so, how?** | Answered above |
| **Was your income affected because of the pandemic?** | Yes, everything just got more expensive and she wanted to try out a new way of getting a little bit of extra money |
| **Did the lockdown convince you to open a home based business?** | Not entirely convince her but she was curious and decided to try it out |
| **Is your business something you want to focus solely on? (Making it your only revenue stream)** | She recently quit her day job once she saw how much her clientele was growing and how people were liking her stuff |
| **How did the COVID-19 pandemic affect your professional/ career life?** | She had to transfer to work from home and although she did not mind, she did not like her job that much anymore. Although her hours were not drastically cut, she needed more money to afford everything |

**Appendix 3: Survey Guidelines**

# Audience:

Home-based business owners that operate within the Maricopa County Region

# Purpose:

To get a better understanding of the interrelationship between home-based businesses and the COVID-19 pandemic

# Survey Information and Process:

* A 3-5 min survey
* Directed towards business owners who solely operate and or provide services from their home
* All answers gathered were anonymous which was disclosed prior to beginning the survey
* The findings will be submitted via a Master's thesis research paper to the respective supervisor and all data will be stored and archived
* A link was sent out and could be used via any digital device

# Survey Link

<https://forms.gle/6QPr6GFTFpguv6pk9>

|  |  |
| --- | --- |
| **Survey Questions** | **Rating** |
| I have a full time job. | 1 2 3 4 5 |
| My business is solely for extra income. | 1 2 3 4 5 |
| My business is my only income. | 1 2 3 4 5 |
| My home based business is only a hobby. | 1 2 3 4 5 |
| I started my home based business **because of the** COVID-19 pandemic. (March 2020) | 1 2 3 4 5 |
| I started my home based business **during** the COVID-19 lockdown. (March 2020) | 1 2 3 4 5 |
| I started my home based business “**after”** the COVID-19 lockdown. (March 2020) | 1 2 3 4 5 |
| I lost my job/ had my hours cut once the state had a lockdown. | 1 2 3 4 5 |
| My reasons for starting my business have nothing to do with the pandemic. | 1 2 3 4 5 |

|  |  |
| --- | --- |
| If I get a better paying job, I will close my business. | 1 2 3 4 5 |
| I opened a home based business because the market was growing | 1 2 3 4 5 |

# Survey Questions Part 2

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Category 1** |  |  |  |  |  |  |
| What age group do you fall in? | Under 19 | 18-25 | 25-35 | 35-45 | 45-55 | 55+ |
| **Category 2** |  |  |  |  |  |  |
| What is your average monthly income? | Below  $14,001 | $14,000-$ 17,001 | $18,000-$ 21,0001 | $22,000-$ 26,001 | $27,000-$ 30,001 | $31,000+ |
| **Category 3** |  |  |  |  |  |  |
| What is your average monthly income coming only from your home based business ? | Below  $2,401 | $2,400-$5, 001 | $6,000-$9, 001 | $10,000-$ 13,001 | $14,000-$ 17,001 | $18,000+ |
| **Category 4** |  |  |  |  |  |  |
| What industry do you work in? | Beauty & Wellness | Arts & Crafts | Food & Beverage | Floral | Party Rentals & Decor | Other |
| **Category 5** |  |  |  |  |  |  |
| Where is your business located? | Laveen | Mesa | Chandler | Glendale | Phoenix | Other |
| **Category 6** |  |  |  |  |  |  |
| How long has your business been running? | 1-4  Months | 5-8  Months | 9-12  Months | 13+  Months | 3 Years + |  |

**Appendix 4: Survey Data**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Question 1 | Question 2 | Question 3 | Question 4 | Question 5 | Question 6 | Question 7 | Question 8 | Question 9 | Question 10 | Question 11 | Totals |
| Rating 1 | 7 | 7 | 8 | 9 | 7 | 7 | 8 | 8 | 5 | 12 | 6 | 84 |
| Rating 2 | 2 | 1 | 0 | 2 | 0 | 2 | 1 | 0 | 1 | 1 | 2 | 12 |
| Rating 3 | 0 | 3 | 3 | 1 | 4 | 2 | 2 | 3 | 3 | 1 | 2 | 24 |
| Rating 4 | 1 | 1 | 0 | 2 | 0 | 1 | 1 | 0 | 2 | 0 | 1 | 9 |
| Rating 5 | 4 | 2 | 3 | 0 | 3 | 2 | 2 | 3 | 3 | 0 | 3 | 25 |
| Totals | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 |  |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Category 1 | Under 18 | 18-24 | 25-34 | 35-44 | 45-54 | 55+ | Totals |
| What age group do you fall in? | 0 | 6 | 3 | 1 | 1 | 3 | 14 |
| Category 2 | Below  $14,000 | $14,000-  $17,000 | $18,000-$21,0000 | $22,000-$26,000 | $27,000-$30,000 | $31,000+ |  |
| What is your average monthly income? | 5 | 1 | 2 | 2 | 1 | 3 | 14 |
| Category 3 | Below  $2,400 | $2,400-$5,000 | $6,000-$9,000 | $10,000-$13,000 | $14,000-$17,000 | $18,000+ |  |
| What is your average monthly income coming only from your home based business ? | 5 | 2 | 1 | 0 | 4 | 2 | 14 |
| Category 4 | Beauty & Wellness | Arts & Crafts | Food & Beverage | Floral | Party Rentals & Decor | Other |  |
| What industry do you work in? | 4 | 3 | 4 | 0 | 0 | 3 | 14 |
| Category 5 | Laveen | Mesa | Chandler | Glendale | Phoenix | Other |  |
| Where is your business located? | 4 | 3 | 1 | 0 | 4 | 2 | 14 |
| Category 6 | 1-4 Months | 5-8 Months | 9-12 Months | 13+ Months | 2 Years + |  |  |
| How long has your business been running? | 1 | 2 | 3 | 4 | 4 |  | 14 |