Entrepreneurship Comes Home: American Women and the “Home-Based Business” Movement in the 1980s

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My remarks today draw on a larger and ongoing research project that examines the cultural and political consequences of the myth-making around small business ownership in the United States since the late 1970s. The overarching argument of that project is that small business received renewed acclaim not because of its economic importance, but rather as a result of guilt and apprehension about declining economic opportunity in the age of low growth. I hope the theoretical questions this particular slice of my research raises will help further the goals of this panel to consider the evolution of ideas about entrepreneurship across time.

Increasingly, and to our credit, historians are framing the last quarter of the twentieth century around the profound global transformations that brought post-World War II economic growth to an end. Yet while we continue to debate the causes of weak productivity growth, corporate consolidation, wage stagnation, and income inequality, we should also keep our eyes on the political and social consequences of the new business environment. This includes the effect of thwarted public expectations on an increasingly cynical public, the discrediting of certain policy camps, and the recurrent fantasies surrounding entrepreneurship and business ownership.¹

¹ On a cultural and intellectual level, the question of how the age of limits sparked the age of social fragmentation is treated well in Daniel Rodgers, *Age of Fracture* (Cambridge: Belknap Press, 2011) and hinted at but not really explicated in Kevin M. Kruse and Julian E. Zelizer, *Fault Lines: A History of the United States since 1974* (New York: Norton, 2019). Princeton’s History Department appears to be on the forefront of connecting the dots between the multiple crises of the 1970s and the political/intellectual dysfunction that followed, but business historians can do much to make those chains of causation clear by putting firms, entrepreneurship, economic policy, and business
This paper represents an effort to reconsider the cultural and political history of business in the late 20th century, with a particular focus on the United States, by locating the intersection of two important phenomena that emerged from the new economy of the 1970s. One is the increased attention to the alleged promise of small business ownership and entrepreneurship. The second is the undeniable growth in workforce participation by women. These two trends coalesced in what I am calling the “Home-Based Business Movement” of the 1980s.2

My argument today is that a qualitative assessment of the allure of this movement reveals a vital disconnect between its ardent champions and the lived reality of home-based business owners. That disconnect reveals the cultural power of boosterism, consultant-speak, and myth-making, as well as the weaknesses and internal contradictions within late 20th century feminism.

Claudia Goldin has described the late twentieth century as a “grand gender convergence,” as women’s participation in the labor force rose to today’s levels.3 If the 1970s are remembered as the time when women’s presence as employees increased, the 1980s can perhaps be seen as

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2 Although the notion of a “home-based business movement” is not, so far as I can tell, a common theme in histories of the late 20th century, scholars at the time noted “an increased interest in the home as a workplace.” See Eileen Boris and Cynthia R. Daniels, eds., Homework: Historical and Contemporary Perspectives on Paid Labor at Home (Urbana: University of Illinois Press, 1989).

the moment of their entry into business ownership—although the same caveats against excessive celebration apply in both cases. About 5% of businesses were owned by women in 1970; about 37% were by 2000, which is roughly where the number stands today.\(^4\) And throughout those decades, the rate of increase in women business ownership was roughly double that of male-owned firms.\(^5\)

In those same years, the idea of working from home appeared to gain widespread appeal. Now, it’s not at all obvious to me that the actual incidence of home-based business increased remarkably during the 1980s and 1990s.\(^6\) Exactly how many home-based businesses existed is hard to nail down precisely, but several estimates put the number in the range of 6 to 7 million by 1990, or close to half of all businesses.\(^7\) What is clear, however, is the overwhelming representation of women among home-based business owners—about 70% by 1990, according to the National Association of Cottage Industries.\(^8\)

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\(^5\) To be more specific, between 1977 and 1985, the number of woman-owned sole proprietorships increased from 1.9 million to 3.3 million, or about 9.4% per year. See Candida G. Brush, “Research on Women Business Owners: Past Trends, a New Perspective and Future Directions,” *Entrepreneurship theory and practice* (16)4, 1992: 5–30.

\(^6\) In the early 1990s, *Entrepreneur* magazine estimated the growth of the home-based business sector at 12% a year, which, if true, would have far outstripped the growth rate in the total number of firms, which was around 3.5%. Sharon Walker Rose, “At Home at the Office,” *Detroit Free Press,* November 8, 1992; Small Business Administration, “The State of Small Business 1998,” p. 25.


More important than these statistics is the clear qualitative evidence that Americans believed it was more and more common. This conviction owed to a wide range of consultants, journalists, entrepreneurs, and other boosters who invested tremendous energy into promoting what they called the New American Dream—working from home for yourself.

Part of this advocacy community focused on telecommuting, or “telework” as it was often called in the 1980s. Two of the best-known national boosters were Joanne Pratt of Dallas, Texas, and Gil Gordon, of Monmouth Junction, New Jersey, whose consultancies advised large corporations and municipalities on implementing telework regimes and lobbied for legislation to remove legal and tax obstacles to working from home.

For these advocates, the mythology of working from home was deeply rooted. Many cited the popularity of Alvin Toffler’s 1980 book The Third Wave, which promised a technological utopia that would free humanity from the strictures of industrial society—the historical moment, after all, when the modern boundaries between work and home had been defined. In their view, personal computers, fax machines, and cheap telephone service would allow white-collar workers to take advantage of the shift from an industrial to a post-industrial, information-oriented economy. Working at home also meant avoiding rush-hour traffic and more family and

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9 See, for example, Paul and Sarah Edwards, Working From Home: Everything You Need to Know about Living and Working Under the Same Roof, 1st edition (Boston: Houghton Mifflin, 1985).
community time. Plus, less commuting meant less air pollution, a point many environmental activists seized on.10

In 1988, one writer for *Home Office Computing* magazine (a publication with a clear vested interest) summarized the zeitgeist like this:

“In the 1980s, the American Dream is to venture out on your own—as an entrepreneur, an independent contractor, or a corporate employee with an electronic persona. You work near home or at home but aren’t tied to it. You are remote but connected. Your work is national or international; your life, local.”11

This enthusiasm for home-based businesses was especially potent for women, and women-oriented associations emerged to help women develop networks and share advice and strategy. Some were large-scale, like the National Alliance of Homebased Businesswomen, which established local chapters. Others were regional or local support and accountability groups with names like Homebased Business Council of New Jersey and Enterprising Women on Cape Cod.

This environment gave rise to a large number of authors, consultants, and other promoters who offered advice on how to work from home, be your own boss, and control your destiny. One booster, author Jeanette Scollard, summarized well what was so appealing to women about

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business ownership. The 1980s, she wrote in 1991, were “a decade when entrepreneurship became a desirable option for capable women who, for myriad reasons, opted against working in corporate America.” For advocates like Scollard, that development—while positive—was linked to critical economic failures. “Male-dominated corporate America has been mismanaging itself into a financial shambles,” she wrote. Structural unemployment, plant closings, downsizings, buyouts, and general malaise of Big Business during the 1980s—combined with persistent sexism and glass ceilings in upper management—gave women more than enough incentive to strike out on their own.12

Perhaps the most commonly cited benefit of women’s home-based business ownership, however, was a response to a different structural limitation imposed by corporate America: child care. In 1984, Georgeanne Fiumara of Westbury, NY, founded Mothers Home Business Network to connect home-based businesswomen who were mothers of small children. (The organization is now homeworkingmom.com.)13 Her brochures illustrated the vital combination of liberation and traditionalism that underlay this movement: “Many mothers who leave home each morning to join the workforce swallow at least one tablespoon of guilt along with the two teaspoons of worry. They feel they are cheating their children and themselves.”14

The idea that running a home-based business offered a clear solution to the problem of the “mommy track” was a significant part of its appeal. Sarah Edwards, who along with her husband Paul hosted a Home Office Show on Business Radio Network during the 1980s, wrote

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in her massive “how to” book that “juggling a successful career and motherhood meant being dead tired most of the time.” But working from home changed everything. “For the first time in my son’s young life, I could be a real mother and still pursue a career.”15

Other boosters recommended ways for women to combine business ownership with motherhood—everything from structuring your work day (typically imagined to be about 6 hours, somehow) around school, play, and family time; to “employing” children to help the business out.16

Unsurprisingly, social conservatives—a rising political force in the 1980s—responded with particular zeal to the notion that women sought home-based businesses in order to be primary caregivers. In 1987, a representative for conservative activist Phyllis Schlafly, most famous for leading the opposition to the ERA in the late 1970s, proposed an alliance with Joanne Pratt, the telework consultant from Texas, to work on reducing administrative and legal barriers to women working from home—making it easier to deduct home-office expenses from your taxes, for example. Mixing social conservatism with a neoliberal antipathy to welfare, Schlafly’s organization identified home-based business as a “positive, truly pro-family solution[] to the problems parents are facing” and saw “the possibility of breaking the welfare chain through a whole new approach to work.”17

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Yet for all this enthusiasm, the vision of home-based business ownership that put mothers and childcare front and center profoundly distorted the lived reality. Surveys suggest that home-based businesses were both undercapitalized and far less growth-oriented than out-of-home businesses. Perhaps because of the low upstart costs, home-based business owners—particularly women—were less likely to seek or secure bank financing and less likely to describe themselves as financially sophisticated. They were also stuck in a low-growth funk: without expanding, they were unable to hire employees; without employees, they were unable to expand.

A stereotype prevailed in the 1980s of, as one researcher put it, “the home-based business owner as a married woman without great income needs.” Some studies suggested that there was an element of truth to this—the Current Population Survey in 1985 reported that 81.3% of all home-based businesses were married women with a spouse present in the house (and that home-based business owners were overwhelmingly white, at 93%).

Yet among women business owners, those who worked at home were more likely to be single heads of households than those who ran businesses outside the home. And, at least in one survey, only 13% of women in one survey listed “being home with kids” as the primary reason

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for running a home-based business. Economic necessity was a far greater motivator—a dynamic that the boosters and consultants typically downplayed.

Of course, the pernicious possibilities of the home-based business movement were not lost on all contemporary observers. Labor activists looked at the rising allure of home-based work with particular alarm. In 1987, for example, the labor historian Eileen Boris participated in a conference, along with consultants like Joanne Pratt, on “The New Era of Homework.” Boris stressed the historical roots of home-based labor in the industrializing world and suggested that the current move toward white-collar, high-tech work was part of a longer history of technological de-skilling and shifting costs to workers, which had a disproportionate effect on economically precarious women. She developed those themes more fully in a volume co-edited with Cynthia Daniels and published in 1989.

Faced with this type of critique, there is some evidence that Joanne Pratt, the consultant, hedged a bit, wondering if working from home was, in her words, “inherently exploitative” or not. But, as a preliminary conclusion, I would note that this concern seems to have gained little purchase among the most active boosters of the work-from-home movement.

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20 Lyman, The HUB Program for Women’s Enterprise, p. 8.
22 Boris and Daniels, eds., Homework.
This brief, qualitative glimpse at some of the boosterism surrounding women working from home raises important questions about the lived experience of economic decline in the late 20th century. In my view, it shows a continued pattern of hype and myth-making, embraced by people with divergent interests and policy goals—from environmentalists to feminists to social traditionalists—and opposed by a relatively muted few. And with only occasional caveats, that hype influenced life decisions and policy debates even as it departed from underlying economic reality. My hope going forward is to expand this analysis, both qualitatively and quantitively, and I look forward to your thoughts about how to do so.