This is the published version (version of record) of the abstract:


Available from Deakin Research Online:
http://hdl.handle.net/10536/DRO/DU:30022211

Every reasonable effort has been made to ensure that permission has been obtained for items included in DRO. If you believe that your rights have been infringed by this repository, please contact drosupp@deakin.edu.au

Copyright: 2005, University of Waikato
Entrepreneurship and Economic Growth: Why is New Zealand an Outlier? A Preliminary Analysis
Howard H. Frederick & Sander Wennekers

ABSTRACT
The literature indicates that entrepreneurship and economic growth are closely and positively associated. For four years running, New Zealand has had the developed world’s highest rate of “Total Entry-Level Entrepreneurial Activity” (Acs et al. 2005; Frederick et al. 2004; Reynolds et al., 2004), yet it has slid to the lower ranks in the OECD in measures of economic development. At its level of entrepreneurial activity, New Zealand should have a higher level of economic development if it were to emulate other countries.

We make use of the Global Entrepreneurship Monitor data set, including nascent entrepreneurship rates for 45 countries over the 2000-2004 period as well as variables from standardised national statistics.

The paper uses two approaches. This research first finds evidence for “U-shaped curve” associating entrepreneurship with economic growth. It notes that New Zealand has the greatest deviation from this association compared to other developed countries with similar entrepreneurial rates (e.g. United States, Australia and Iceland). The second approach looks at nascent entrepreneurship as a function of non-economic conditions such as technology, demography, culture and institutions.

This short paper develops the hypotheses and carries out the “U-shaped curve” test. For the time being it leaves the factor analysis of non-economic conditions for another opportunity.

*Keywords: entrepreneurship, economic development, New Zealand, GEM*