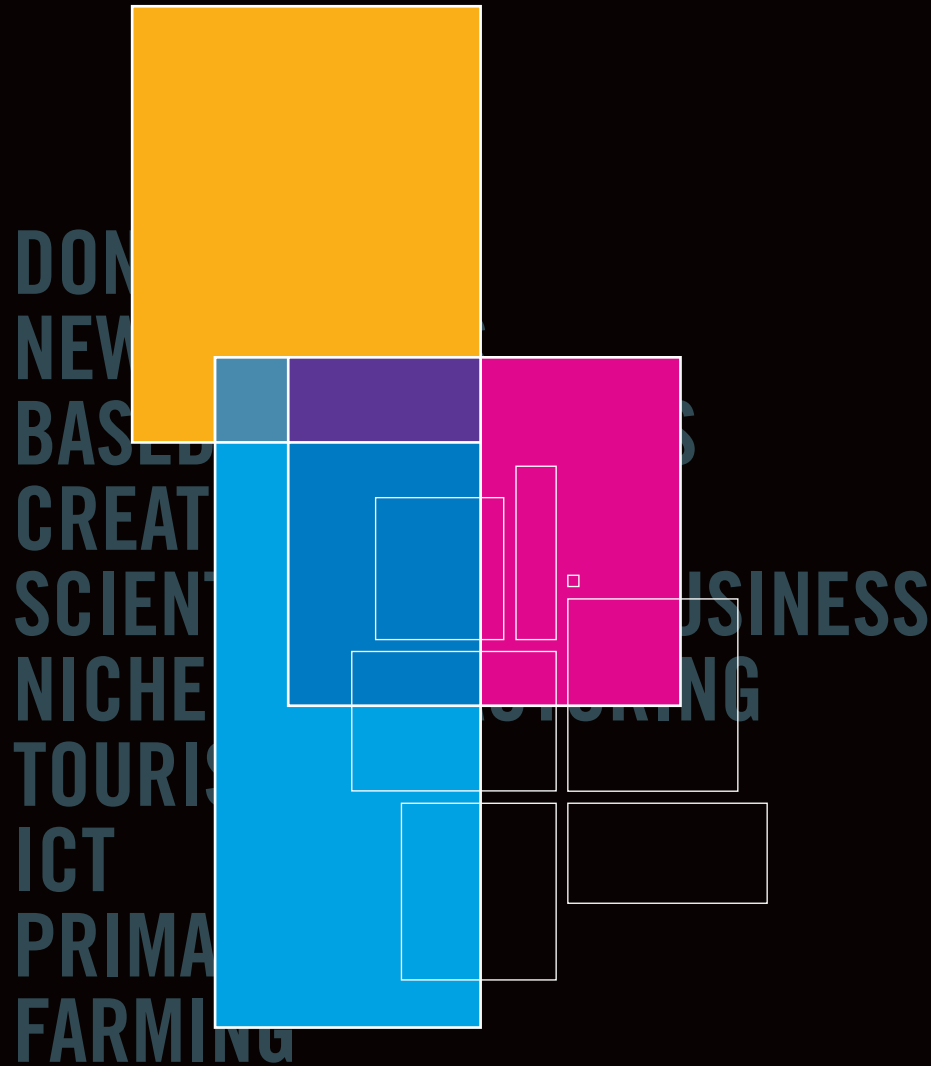


JUNE 2003



PROMOTING A BUSINESS AND ENTERPRISE CULTURE IN NEW ZEALAND THE RESEARCH RESULTS



“Entrepreneurship is central to the functioning of market economies. Entrepreneurs - people who start businesses and make businesses grow – are essential agents of change who accelerate the generation, application and spread of innovative ideas. In doing so they also expand the boundaries of economic activity.”

OECD REPORT - FOSTERING ENTREPRENEURSHIP, 1998

“We need to value scar tissue... We need self-belief... We must celebrate our heroes.”

ICT TASKFORCE DRAFT REPORT, 2002

“There is a direct link between entrepreneurship and the wealth of nations. Prosperous regions throughout the world exhibit the same patterns of economic development, namely, a vibrant entrepreneurial sector supported by a civic culture that reassures the passion, imagination, energy and intelligence of its people.”

ERNESTO SIROLLI, REGIONAL DEVELOPMENT SPECIALIST, REGIONAL DEVELOPMENT CONFERENCE, 2001

INTRODUCTION

“Entrepreneurs are the principal agents of change and innovation in a market economy. Their dynamism is essential in these times of globalisation and structural change. Entrepreneurial activity creates wealth and jobs, makes for a buoyant economy and constantly generates new or improved products and services.”

OECD REPORT - FOSTERING ENTREPRENEURSHIP, 1998

“Decades of academic studies indicate that new knowledge and innovation is likely to account for 80-90% of total factor productivity growth. In turn productivity growth is estimated to account for more than half of GDP growth.”

ELECTRIC POWER RESEARCH INSTITUTE, USA

- New Zealand's future economic development and growth will be underpinned by an environment and culture that supports and celebrates entrepreneurs and businesses.
- New Zealand needs more innovators and entrepreneurs, and new approaches to business to develop good ideas into more sustainable, viable businesses.
- An enterprise culture that fosters a positive attitude towards business people and business success is vital to improving New Zealand's standard of living and future prosperity.
- Industry New Zealand is conducting research to monitor changes in awareness, attitudes and behaviour to business success and entrepreneurs.

Promoting a business and enterprise culture in New Zealand

Entrepreneurs are a catalyst for growth. Entrepreneurial behaviour has a very positive effect on job creation, productivity and growth, according to overseas research. Entrepreneurial behaviour boosts the fundamentals of economic growth, which ultimately leads to higher standards of living.

To foster more positive attitudes to entrepreneurial activity, Industry New Zealand has developed the Business and Enterprise Culture Programme. The programme aims to promote a culture among New Zealanders that embraces and supports entrepreneurial success.

The programme takes a broad and collaborative approach, supporting and working in partnership with other organisations actively involved in building an enterprise culture.

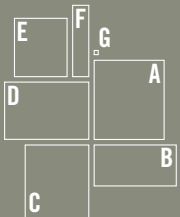
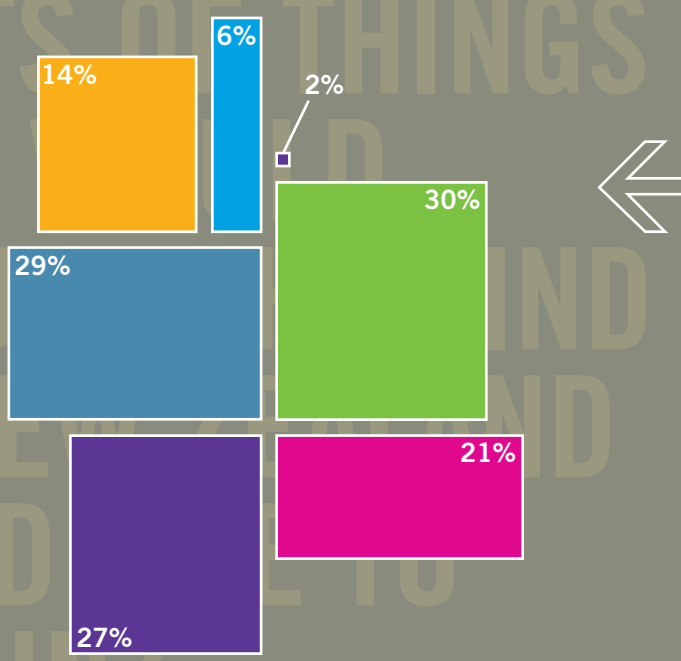
To inform the development of the programme, Industry New Zealand has commissioned a survey to measure New Zealanders' attitudes towards business and enterprise. The research looks at the level of interest New Zealanders have in the economy and business enterprise as well as how supportive New Zealanders are of entrepreneurial activity.

The research will assist Industry New Zealand to develop, refine and evaluate the Business and Enterprise Culture Programme. Industry New Zealand will also conduct more targeted research that focuses on particular segments of the population.



WHAT DO YOU BELIEVE ARE THE SORTS OF THINGS THAT WOULD ENSURE YOU'D LIVE IN?

CHART 0.1



- A Safer society
- B Clean green environment
- C More spending on health
- D More spending on education
- E Caring communities
- F Well performing economy
- G Growth of business sectors

KEY CONCLUSIONS

“Fostering entrepreneurship means channelling the entrepreneurial drive into a process which takes advantage of all the opportunities the economy can provide.”

OECD REPORT - FOSTERING ENTREPRENEURSHIP, 1998

NEW ZEALANDERS DON'T CONNECT BUSINESS WITH THE WIDER ECONOMIC AND SOCIAL CONTEXT

The research revealed that New Zealanders seldom identify the role business plays in creating a well-performing economy, and we rarely make the link between strong economic performance and social well being.

- Only 6% of New Zealanders mentioned business or the economy as factors likely to ensure their 'ideal New Zealand'. (Unprompted).
- 50% of New Zealanders held the view that it was 'more important for New Zealand to do what was right socially, than what was right economically'.
- 42% claimed to 'find economic issues quite boring'.

CHART 0.1 - What do you believe are the sorts of things that would ensure the kind of New Zealand you'd like to live in? (All mentioned, unprompted, multiple responses)

WHEN PROMPTED NEW ZEALANDERS ARE ABLE TO PLACE BUSINESS IN THE WIDER ECONOMIC AND SOCIAL CONTEXT

When prompted, people were generally more supportive of the role of business in a well-performing economy and able to name benefits of a well-performing economy.

“ Nations prize entrepreneurship both because economies with substantial entrepreneurial activity constantly generate new and improved products and services, and because a significant level of entrepreneurship can have a number of social benefits. Such entrepreneurial economies are also likely to be highly adaptable, and thus able to seize opportunities as they emerge.”

OECD REPORT - FOSTERING ENTREPRENEURSHIP, 1998

- Only after prompting did most New Zealanders consider a well-performing economy to be essential to New Zealand's future (96% agreed or strongly agreed).
- Few New Zealanders identified 'growth' industries as likely to ensure a well-performing economy. However, when prompted 91% of people believed New Zealanders should support the four new high potential growth industries: information and communications technology (ICT), biotechnology, niche manufacturing and creative industries.
- 22% were unable to identify any factors that would ensure New Zealand had a well-performing economy in the future. Less than 10% mentioned key areas such as developing high-growth markets.
- However, everyone (94%) was able to identify what they considered to be benefits of a well-performing economy. These were typically personal and general in nature (e.g. a 'higher standard of living' was the most commonly mentioned benefit).



MOST NEW ZEALANDERS LEARN ABOUT BUSINESS AND THE ECONOMY THROUGH GENERIC SOURCES



CHART 0.2 - Most New Zealanders learn about business and the economy through generic sources. (All mentioned, unprompted, multiple responses)

NEW ZEALANDERS DON'T CELEBRATE OUR BUSINESS SUCCESSES AND ARE GENERALLY DISINTERESTED IN BUSINESS AND THE ECONOMY

The research showed that New Zealanders are ambivalent about business, appear reluctant to celebrate our business successes, and to some extent still suffer from the 'tall poppy' syndrome in wishing successful business people to be modest about their achievements.

- 31% of respondents didn't believe it was appropriate to celebrate business success, preferring that successful business people should remain modest about their success in business.
- 37% of respondents were unable to name any business people they admired, reflecting the generally low level of interest in business.

HOWEVER NEW ZEALANDERS DO ADMIRE INDIVIDUAL BUSINESS PEOPLE

- Nearly 94% of respondents claimed that they 'admire people who start up their own business'.
- Many people admired business people who they perceived to be 'socially responsible', eg. Stephen Tindall of the Warehouse was by far the most frequently mentioned and admired business person (26%) with Dick Hubbard the next most commonly admired at 11%.

Business literacy

The research showed New Zealanders lack confidence in discussing business issues. The low level of business literacy and interest is reflected in the low readership of business-specific media, which in turn may be why nearly half the respondents feel unconfident in discussing economic issues.

NEW ZEALANDERS LACK CONFIDENCE IN DISCUSSING BUSINESS

- Only 22% of respondents claimed to be confident in discussing economic issues.
- Almost half of respondents (44%) claimed they were 'not at all confident' in discussing economic issues.

NEW ZEALANDERS DON'T READ THE BUSINESS PAGES

- Most people claimed they obtained their information about business and the economy from television (79%) and the daily papers (75%). (Chart 0.2).
- Only 17% read the business section of the daily paper and 10% read business specialist oriented publications.

"[Entrepreneurialism] ensures the identification and capture of new value in the economy."

THE CLIMATE FOR GROWTH ENTREPRENEURSHIP IN EUROPE – OECD PAPER, 1988

"Enterprising individuals seek out and identify potentially profitable economic opportunities and take risk to test their hunches."

OECD REPORT - FOSTERING ENTREPRENEURSHIP, 1998

CHART 0.2



THE SAMPLE GROUP

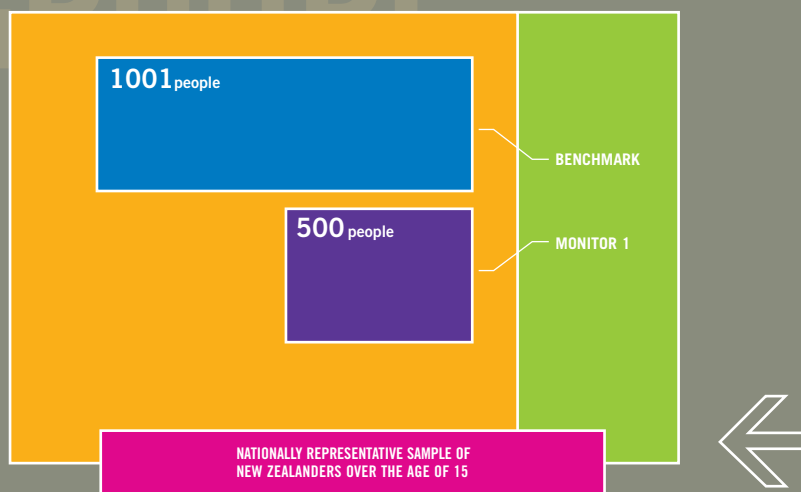


CHART 0.3

■ BENCHMARK, July 2002
■ MONITOR 1, December 2002

RESEARCH METHODOLOGY

How the study was conducted

The research was conducted by BRC Social and Marketing Research, a company with expertise in conducting social research on behalf of private and public sector organisations. Development of the survey incorporated an intensive stage of qualitative research (including a literature review) to ensure all relevant issues were identified. Information from the interviews assisted in the design and planning of the survey, in particular the identification of issues that needed to be measured and ways that they could be most appropriately measured. Interview information also assisted with the analysis and reporting of the survey results.

Once the survey questionnaire was developed, the researchers conducted a preliminary stage of pre-testing and piloting to ensure the questionnaire would accurately collect the required information.

The sample group

The results are based on a survey of a nationally representative sample of New Zealanders over the age of 15. 1001 people were interviewed by telephone between 27 June and 22 July 2002. The margin of error for the total sample size is (plus or minus) 3.5%.

Monitor 1 involved a telephone survey of 500 members of the general public of New Zealand. Interviewing for this survey took place from 27 November to 9 December 2002. The margin of error was (plus or minus) 4.5%.

CHART 0.3 - Sample group of respondents for Benchmark Research and Monitor 1.

The research programme

The research will be used to measure the ongoing effectiveness of The Business and Enterprise Culture Programme. Further monitor surveys will be carried out every twelve months. The research reveals considerable scope for businesses to engender appreciation for their role in a vibrant society and economy, and to encourage other New Zealanders to participate in business.

Relevance to Government goals

The research will assist the Government to measure progress toward the objectives in the Growth and Innovation Framework. Announced in February 2002, this document sets out the Government's vision for creating the innovative New Zealand needed to achieve economic and social goals.

The Framework identifies two key aspects to building an economy capable of sustaining the higher growth rates needed. It is the second aspect, 'building more effective innovation', to which the study is most relevant. Building more effective innovation relies in large part on creating an environment and culture that encourages, supports and fosters business innovation and success.



The Business and Enterprise Culture Programme

THE BUSINESS AND ENTERPRISE CULTURE PROGRAMME AIMS TO PROMOTE ATTITUDES AND VALUES THAT ARE MORE SUPPORTIVE OF BUSINESS SUCCESS IN NEW ZEALAND.

A culture that encourages and supports business enterprise will ultimately mean more innovation and in turn a higher rate of economic growth. A key driver of higher growth rates is more innovative activity.

The programme comprises communication activities and events celebrating business success and innovation as well as a contestable fund to support private sector initiatives.

However, the government can't make entrepreneurs – rather it must work in partnership with business, tertiary institutions and the private sector to develop attitudes that celebrate and support entrepreneurship.

A number of initiatives from government, business and organisations demonstrate a commitment to a partnership approach in promoting the role of business in the economy.

Current initiatives include:

- The Enterprise Culture and Skills Activities Fund – a contestable fund designed to develop an enterprising culture across New Zealand. \$3.9m distributed to 23 programmes to date.
- Momentum – a thirteen part series about business to screen on TVNZ in the first half of 2003 in association with Telecom Mobile.
- Carter Holt Harvey New Zealand Pavilion – celebrating New Zealand's innovation leaders – past, present and future – in the heart of America's Cup Village.
- Development of educational material to promote the Business and Enterprise Culture messages in schools.
- Venture Forums – designed to stimulate discussions and debate of topical business issues to encourage an enterprise culture in New Zealand.
- Regional industry clusters (groups of companies and related organisations that collaborate to grow their business) in various industries throughout New Zealand.
- Ernst & Young Entrepreneur of the Year Awards – acknowledging and recognising the outstanding contribution entrepreneurs make to the New Zealand business community and economy.
- SmartNet – a strong nationwide network connecting key business people, researchers, educators, policy makers and other stakeholders to stimulate a culture of innovation and entrepreneurship and to raise consciousness of key innovation economy issues, opportunities and trends.
- The Enterprise Olympics – an international business competition for senior High School students to compete against peers from around the world in a "business challenge".

"Creating enterprising communities; culture before structure? I have to be upfront at the beginning and say that I favour the culture. It doesn't mean to say that they are mutually exclusive; but I think if we don't have the culture, no amount of structure or infrastructure is going to deliver for you."

GORDON MCVIE
(REGIONAL DEVELOPMENT CONFERENCE, 2001)

"New Zealand appears to be awaiting a lightning strike of initiative, cultural transformation and/or venture capital... If New Zealand is looking for the economic energy of entrepreneurial development, what are the forces that lead to complementary ground-level developments? Clearly the fundamental 'ground' is New Zealand's society and culture."

MARIE WILSON,
UNIVERSITY OF AUCKLAND IN BUSINESS REVIEW 2/2000

BACKGROUND MATERIAL AND RELATED REPORTS

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Growing an Innovative New Zealand. February 2002.
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UNIVERSITY OF OTAGO, DEPARTMENT OF MANAGEMENT
www.otago.ac.nz/research/he_kitenga/p27.html
www.business.otago.ac.nz

BARTERCARD 2002 GEM REPORT
www.entrepreneur.ac.nz

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