

**From Government to Governance:  
Small and Medium Enterprise Policy  
Development in New Zealand  
1978 to 2008**

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## Abstract

Widespread recognition of the importance of SMEs and their contribution to the economy means that successive New Zealand governments, between 1978 and 2008, placed increasing emphasis on SME policy. SME policy developed over time from being an incidental outcome of general economic policy to targeting particular SME sectors and engaging stakeholders and SMEs themselves in this process.

Few studies have examined how this policy process evolved, and this research addresses the deficit by providing a critical overview of New Zealand SME policy development between 1978 and 2008. It examines how SME policy in New Zealand developed over the thirty-year period, identifying the main influences (or inputs) in SME policy development, and what policy outputs were set in place.

The approach draws on business history methods and utilises primary sources, such as archival documentation, media reports, contemporary SME research and interviews with participants who played key roles in the development of SME policy. Historical analysis facilitates the examination of the range and diversity of SME policies used over the period under review. The research provides an overview of the external domestic and international influences that shaped and informed SME policymaking processes, and the challenges of meeting the often contradictory nature of government objectives in the socio-economic domain. It shows how over time the social cohesion policy objective, although still underplayed, became more pronounced.

Principal inputs into SME policy are found to be the economic and stakeholder contexts, both set in an overall institutional environment. Whereas in the early period the economic context was the primary input into SME policy, by 2008 the input of stakeholders (researchers, academics, industry associations, chambers of commerce, among others) was more significant. The research concludes that, as attitudes and economic thinking changed, so too did SME policy and the way policy developed. A shift to the entrepreneurship paradigm contributed to a fundamental recalibration of approaches – from direct SME support such as the Small Business Agency, to predominantly indirect contextual support. SMEs were no longer considered ‘little big businesses’ but complex and heterogeneous enterprises and the role of stakeholders became more noticeable.

Understanding how SME policy has altered over three decades assists researchers, policymakers and other SME stakeholders by contextualizing the evolution of thinking and approaches. As an outcome of this study, stakeholders will have additional clarity to help them contribute to the ongoing development of New Zealand SME policy.

**Ethical approval for this research was obtained from the Massey University Human Ethics Committee Low Risk Notification 2010 (Appendix 2)**

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## Abbreviations

APEC	Asia-Pacific Economic Council
BDB	Business Development Board
CEDU	Community Employment Development Unit
CEG	Community Employment Group
CER	Closer Economic Relations
DTI	Department of Trade and Industry
DFC	Development Finance Corporation
DOL	Department of Labour
LEEDS	Local Employment and Enterprise Development Fund
MED	Ministry of Economic Development
MFAT	Ministry of Foreign Affairs and Trade
MOC	Ministry of Commerce
NZTE	New Zealand Trade and Enterprise
NZIER	New Zealand Institute for Economic Research
OECD	Organisation of Economic Co-operation and Development
RDC	Regional Development Council
SBA	Small Business Agency (New Zealand)
SBAG	Small Business Advisory Group
SEAANZ	Small Enterprise of Association of Australia and New Zealand
SME	Small and Medium Enterprise
USSBA	Small Business Administration (United States of America)