

Abstract

Entrepreneurship is viewed by scholars and policy makers as an important factor contributing to increased levels of economic performance. New businesses are conduits of innovation, connecting resources and ideas within the economy and fostering competition. Central and Eastern Europe is a special case regarding entrepreneurship, due to its communist legacy. The surge in entrepreneurial activities caused by the process of market liberalization ultimately affected economic development in the area. This thesis acknowledges the importance of studying entrepreneurship in Central and Eastern Europe, and aims to analyse the impact of new business formation on economic performance in the region. To do so, the thesis creates a comprehensive guide of theoretical frameworks linking entrepreneurship to measures of economic performance and applies them to the Central and Eastern European area. The thesis also develops an empirical study using regression analysis with regional Eurostat data, which shows that new business formation has a significant, positive impact on GDP levels in Central and Eastern Europe. The results also indicate that entrepreneurial activity should be regarded by policy makers as an important factor that leads to increased economic performance, in addition to measures of research and development and human capital.

Keywords

Entrepreneurship, economic performance, Central and Eastern Europe, post-communist economies, productivity