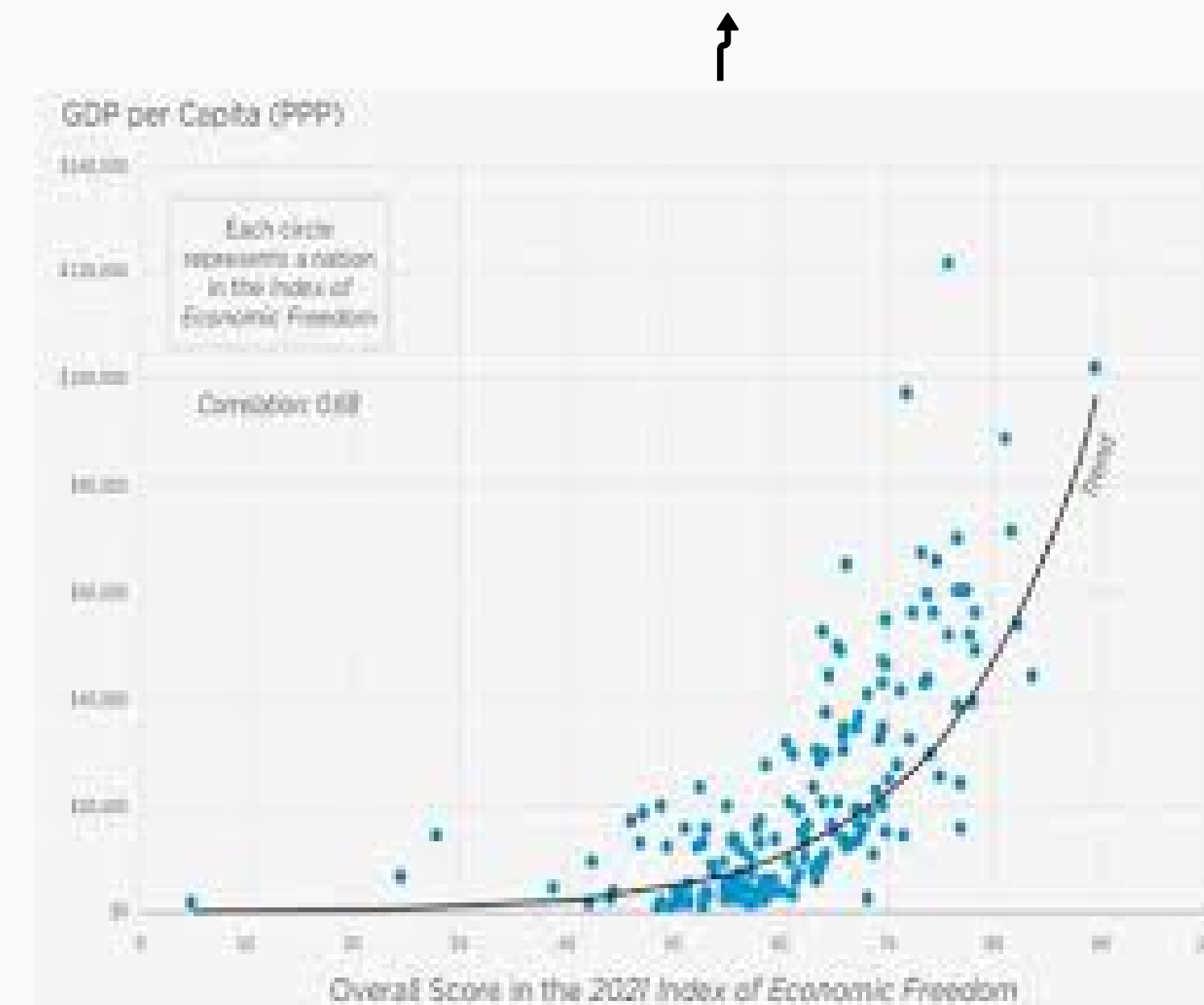


LITERATURE SURVEY ON ECONOMIC FREEDOM

Several articles have studied the political and institutional environment's impact on entrepreneurship by analyzing the relationship between economic freedom and entrepreneurial activity. McMullen et al. (2008) study the relationships between ten factors of the Heritage Foundation's IEF, including the GDP per capita of 37 countries and their national opportunity-driven entrepreneurship (ODE) and necessity-driven entrepreneurship (NDE) as defined by the Global Entrepreneurship Monitor (GEM). They find that both ODE and NDE have a negative relationship with the GDP per capita but a positive one with labor freedom. They also find unique positive relationships between ODE and property rights and between NDE and the fiscal and monetary freedoms. Bjørnskov and Foss (2008) study the relationship between the Fraser Institute's IEF and entrepreneurship using GEM's data for a sample of 29 countries. They find that government size, monetary policy quality, and the overall national financial environment significantly affect the local entrepreneurial activity.

Gohmann et al. (2013) analyze the impact of economic freedom on the U.S. service sector's entrepreneurial activity using the North America Fraser Institute's IEF from 1990–2009. They find that economic freedom positively impacts entrepreneurship in the sectors of finance, insurance, management, professional and technical services proxied by the number of workers employed in these industry sectors. They also find employment increases in the sectors of accommodation, food, health care, and social assistance when the economic freedom improves. Likewise, Campbell and Rogers (2007) find a significant positive relationship between economic freedom and business formation using the North America Fraser Institute's IEF from 1990–2001.



Diaz-Casero et al. (2012) study the impact of the Heritage Foundation's IEF over the GEM's index of entrepreneurial activity using data from 2002–2009. They analyze samples that range between 20 countries in 2000 and up to 53 countries in 2009 and find that government size and fiscal freedom positively correlate with the Index of Total

Gardner et al. (2014) study the relationship between entrepreneurship, measured by the GEM and the Heritage Foundation's IEF during 2005. They find a statistically significant relationship between economic freedom and entrepreneurial activity. Similarly, Kuckertz et al. (2016) study the impact of the four constituent factors of the Heritage Foundation's IEF over the entrepreneurial activity in a sample of 63 countries using fuzzy-set qualitative comparative analysis and GEM data. They find that the economic freedom factors' effects vary depending on the development stage of the country and the type of entrepreneurial activity: NDE versus ODE.