

The Need for Speed: Impacts of Internet Connectivity on Firm Productivity

Dr Arthur Grimes

Motu Economic and Public Policy Research and University of Waikato

Wednesday 14 October, 12.30 - 2.00 pm

Spectrum Presentation Theatre, BP House, 20 Customhouse Quay, Wellington

Abstract

Fast internet access is widely considered to enhance productivity. Internet access speeds vary regionally within countries and even within cities. Despite articulate pleas for network upgrades to accelerate internet access, there is little rigorous research quantifying benefits to individual firms from upgraded internet connectivity. This presentation outlines research at Motu (with MED) using a large New Zealand micro-survey of firms linked to unit record firm financial data to determine the impact that differing types of internet access have on firm productivity. Broadband adoption is found to boost productivity but we find no productivity differences across broadband type. The results provide the first firm-level estimates internationally of the degree of productivity gains sourced from upgraded internet access.



Biography

Arthur Grimes is a Senior Fellow at Motu Research, Chair of the Hugo Group, Adjunct Professor of Economics at the University of Waikato and Chair of the Board of the Reserve Bank of New Zealand. In 2005, Arthur was awarded the prestigious NZIER Economics Award. He is Principal Investigator on Motu's FRST-funded Infrastructure programme that funded the broadband study.