Entrepreneurship, national ecosystem and cultural factors on selected countries.

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ABSTRACT

This paper examines the relationship among the Total Entrepreneurial Activity and Established Businesses defined in the Global Monitor of Entrepreneurship and the six dimensions of national culture obtained from the Hofstede framework, the Doing Business score obtained from World Bank Doing Business (WBDB) and the entrepreneurial ecosystem obtained from the Entrepreneurship Monitor Adult Population Survey and National Expert Survey. The selected countries for this research are: Mexico, Chile, the United States of America, Germany, and South Korea.

The results show that financing for entrepreneurs, taxes and bureaucracy, post-school entrepreneurial education and training, internal market dynamics, cultural and social norms, cultural variables, and the Doing Business score influence entrepreneurial activity and established businesses in a different way for each country, which can be applied in order to promote Entrepreneurship and Established Businesses in Mexico.

Keywords**:** Global Entrepreneurship Monitor, National Culture, Doing Business, Gross Domestic Product per Capita,

INTRODUCTION

The pandemic crisis has made unemployment and a lack of opportunities rise all around the world. Interest in which factors influence new startups and helping them survive have increased now more than ever.

In many countries, there is a significant tendency toward encouraging people to become entrepreneurs because it will be the only way to find a job. The problem is that almost 90% will fail in the next three years (Kalyanasundaram, 2018). Obviously, not all start-up attempts will succeed, but we need to analyze which factors can help reduce this mortality. New businesses contribute to dynamism and innovation by creating jobs and established firms provide secure employment and development.

According to research, in both phases, there are considerable differences between countries (Kelley, Singer, & Harrington, 2020). How can culture and the entrepreneurial ecosystem of each country explain these differences? (Davidsson & Wiklund, 1997; Wennekers, Thurik, van Stel, & Noorderhaven, 2010; Fernández-Serrano & Liñán, 2014).

There is evidence that the entrepreneurial ecosystem, culture and economic development, might play a significant role in explaining these disparities (Hofstede 2003; Beugelsdijk & Noorderhaven, 2005; Thurik, & Dejardin 2011). What role does the interaction between these two elements have in the entrepreneurial and survival rates of countries that are similar and different? (Fernández-Serrano & Liñán, 2014).

This study will be concentrated on finding the relations between the Total Entrepreneurship Activity (TEA) and Established Businesses (EST) and, the ecosystem variables: financing for entrepreneurs, governmental support, policies, taxes and bureaucracy, post-school entrepreneurial education training, internal market dynamics, cultural and social norms obtained from the Global Entrepreneurship Monitor Adult Population Survey and National Expert Survey, the six cultural dimensions obtained from the Hofstede framework, and the Doing Business score obtained from World Bank Doing Business (WBDB) database.

This research is structured into three sections: first, a review of relevant literature on the subject; second, explains the methodology and the database used with the most relevant results; and finally, offers important conclusions as well as future research directions and recommendations for Mexico to boost its Entrepreneurial and Established Business rate.

REVIEW OF THE LITERATURE

Definition of Entrepreneurship

There has been a discussion for a long time trying to find the most accurate definition of entrepreneurship, but to date, the description below remains the most wide and precise of this process:

“Any attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of an existing business, by an individual, a team of individuals, or an established business.” (Reynolds, Hay, & Camp, 1999; p: 3).

The entrepreneurship process starts when the individual detects the opportunity and decides to take the first step to make the business a reality. If this new company pays salary for more than three months, it enters its adolescent period. These two phases combined are defined as "Total Early-Stage Entrepreneurial Activity," (GEM 2020). If this new company

survives more than 3.5 years, the individual becomes the owner–manager of the company and is now defined as Established Business (EST). These embryonic and new business owners contribute to an economy's energy, innovation, and employment creation.

Established businesses are crucial because these companies are actively trying to survive and grow (Ooghe & De Prijcker, 2008; Yazdanfar & Öhman, 2018). Trying to identify which factors contribute to this moment is very important since these companies are the ones that produce the steadiest jobs and contribute to economic progress.

Motives

There are two motives that drive an entrepreneur to start a new business, necessity, and opportunity (GEM 2020). Entrepreneurship driven by opportunity is motivated by a desire to profit from a potentially lucrative business opportunity, whereas entrepreneurship inspired by a necessity, occurs unintentionally, almost forcefully. The person who takes this initiative is doing so not because it will be a fantastic opportunity in and of itself, but because they feel compelled to do something, anything, to survive.

In Latin America (LA), around 35 percent of entrepreneurial activity is motivated by necessity rather than opportunity (Puente, González & Cervilla, 2019). More developed countries, on the other hand, have lower overall levels of entrepreneurship, with a varied distribution. The distribution of entrepreneurship levels in industrialized countries is roughly 30% due to necessity and 70% due to opportunity (Fairlie, Desai & Hermann, 2017).

Culture

Culture influences the formation of distinct personalities and drives people to engage in behaviors that others do not (Mueller and Thomas, 2001; Pinillos and Reyes, 2011). Members of one group have a communal brain programming that distinguishes them from those of another, and it is made up of designs of thoughts, specially related to their values and norms that are held and passed down to their descendants (Hofstede, 1984: 2011).

Hofstede's cultural aspects (power of distance, individualism, masculinity, uncertainty avoidance, indulgence, and long-term orientation) are particularly useful for finding critical cultural elements linked to entrepreneurial potential (Mueller, Thomas, & Jaeger, 2002; Dubina & Ramos 2013).

Entrepreneurship and cultural factors

For decades, researchers have investigated the relationship between culture and entrepreneurship (McClelland, 1967; Weber, 2009; Chakraborty, Thompson, & Yehoue, 2016). According to some of this research, entrepreneurs from all cultures have a set of ideals (McGrath, MacMillan, & Scheinberg, 1992), others, on the other hand, believe that the mixture of certain cultural factors will influence individuals to become entrepreneurs (Busenitz & Lau, 1996; Thurik & Dejardin, 2011). According to Gartner (1989), the entrepreneur or business owner, takes a series of actions intertwined with its country's cultural norms which will promote or inhibit entrepreneurial activity.

Also, according to Davidsson (1995) and Thurik & Dejardin (2011), entrepreneurship can be influenced by culture in two different ways. First, culture can promote a favorable environment and social legitimacy by elevating the value and acceptance of entrepreneurs. Second, if a culture shares more entrepreneurial beliefs and patterns, more people will exhibit psychological features and attitudes that are congruent with the essence of entrepreneurship (Fernández-Serrano & Liñán, 2014).

In other studies, the relationship between culture and entrepreneurship isn't always stable, and it shifts as a country's development level grows (Tung, Walls, & Frese, 2007). For Zhao, Li, and Rauch (2012), depending on a country's wealth, culture can have a positive or negative impact on entrepreneurial activities.

Entrepreneurial Framework Conditions

Entrepreneurial Framework Conditions (EFC) establishes that there are certain conditions in each country that aid (or hinder) the formation of new businesses.

These conditions provide one of the necessary parts of any entrepreneurship ecosystem, as they provide "the required oxygen of resources, incentives, markets, and supporting institutions for the establishment and growth of new businesses" (Bosma, Acs, Autio, Coduras & Levie, 2008: p. 40).

EFC can be seen as an important piece of the puzzle that is figuring out how to start and build a firm. The existence of entrepreneurial possibilities, entrepreneurial capacity and desires are directly influenced by the state of these conditions, which in turn drives company dynamics. As a result, different economies and areas are likely to have varied structures and EFC quality, or distinct "game rules" that have a direct impact on entrepreneurial inputs and outcomes.

Doing Business

The World Bank's Doing Business Report (DB) is a publication that compares business rules and property rights protection across 190 economies. What regulations encourage commercial activity and what regulations limit it? This database shows how much it costs a company to comply with rules and can be used to examine which policies boost or stifle investment, productivity, and growth.

From 1 to 190, economies are rated according to their ease of doing business. A high score indicates a favorable regulatory environment for the start-up and performance of the new business ("Score-Ranking," 2020).

Economic development, cultural factors, and entrepreneurship

Lately, research investigating the relationship between culture and other factors in determining entrepreneurship has been requested (Çelikkol, M., Kitapçi, H., & Döven, 2019). According to several investigations, the relationship between entrepreneurship and cultural factors is not straight forward and changes as a country’s development continues. In the link between degree of entrepreneurial activity and development Wennekers, Van Wennekers, Thurik, and Reynolds (2005) and Achim, & Văidean, (2021) found that the level of economic development of each country influences the effects of other factors in an

iterated way. As a result, the connection between culture and entrepreneurship must be addressed in the context of economic development**.**

In their study, Zhao et al. (2012) imply that there is a link between income and culture, proposing that national wealth (as measured by GDPPC) operates as a moderator variable, allowing cultural impact on entrepreneurship.

METHODOLOGY

The Global Entrepreneurial Monitor (GEM), one of the most well-known studies on entrepreneurial activity in the world, was launched in 1999 by two of the world's most prestigious business and entrepreneurship universities (Babson College and London Business School). Its purpose was to generate a uniform database of the entrepreneurial activities for all participating countries and to analyze the relationship in their economic growth. Since then, this project, which started first with ten countries, has been growing to actually have information of over 100 economies from all around the world (Monitor, 2020).

Data on TEA and Established Businesses and data for the national ecosystem for the selected countries, was obtained from the Global Entrepreneurship Monitor Report (2020) and from the Global Entrepreneurship Monitor Adult Population Survey and National Expert Survey (2020) respectively.

The numerical values measuring the six cultural characteristics were obtained from the website (https://www.hofstede-insights.com/product/compare-countries). These dimensions are interval scales with values ranging from 0 to 100. (For example, a higher Individualism score presents countries with individualist cultures, whereas a lower value shows countries with collectivist cultures.

The Doing Business database (WBDB) (Doing Business, 2020) and the GDP per capita of the five nations were used to collect data on business rules and economic progress.

Variable definition as indicated in table 1 (Appendix).

RESULTS

The study analyzed the relation between Entrepreneurial Activity (TEA), and Established Businesses (EST) with cultural factors, ecosystem variables, GDPPC and the Doing Business Ranking. First it presents a longitudinal trend analysis of the two variables for each country and second the correlations between our panel’s data variables based on the Pearson correlation coefficients.

As indicated in Figure 1 (Appendix), the country with the highest TEA rate in developed economies is the United States with a globe´s overall average of 14.5%, only exceeded by Canada, Chile and Panama. This indicator was maintained around 12% for 6 years before rising in 2019 to over 17%.

In 2019 its Established Business activity grew by over one-third of the 2018´s rate, also showing a higher-than-average business activity compared with other countries. Their Established business ownership rate is 7.9, positioned 21/48 worldwide, and with an Opportunity Motive ranked 5/54 (the lower the better) (GEM 2020).

As indicated in Figure 2 (Appendix), Germany shows a low entrepreneurial activity during the last decade. But in 2019, its TEA showed an important increase moving from 5% in 2018 to 7.6%.

Its Established rate, which in 2016 jumped from 6.1% to 7.5%, in 2019 unfortunately, underwent an important decrease to 5.2%. Germany´s Established business ownership rate is 7.5 in a position 22/48 worldwide, and its Opportunity Motive ranks 7/54 (GEM 2020).

As indicated in Figure 3 (Appendix), in South Korea, the Total early-stage Entrepreneurial Activity (TEA) rate evidenced an important jump in 2018, increasing from 6.8% to 14.7% in 2019, positioning it as the one of the strongest economies in GEM countries

The rate of established business owners in South Korea also experienced an important increase, moving from 6.8%in 2018 to 12.5% in 2019. Their Established business ownership rate is 12.5, with a rank position 8/48, and their Opportunity Motive is ranked 22/54 among all participating countries (GEM 2020).

As indicated in Figure 4 (Appendix), Chile presents one of the highest entrepreneurial rates (TEA) worldwide of 36.7%, and it is the best performer in Latin America (LA). Also, it is the top performer in the region in terms of a stable macroeconomic environment, low political risk, and a transparent access to information, which provides entrepreneurs a healthy environment and confidence to start a new business.

Chile's opportunity Motive is 28/52, meaning that an important percentage of its TEA is motivated by necessity, and its Established Business ownership rate ranks number 18/48 among GEM countries (GEM 2020).

As indicated in Figure 5 (Appendix), Mexico has experienced an important increase in TEA, moving from 10.5% in 2010 to its highest level of 21% in 2016, decreasing again to 13% in 2019. Although this may appear to be a good entrepreneurial rate, its TEA is mostly motivated by necessity. It ranks 32/54 of the opportunity rates of all countries (GEM 2020).

The Established business ownership rate reflected an important increase in 2016 (6.9%) but decreased again to 1.8% in 2019, positioning Mexico as one of the countries with the lowest established rates in the world (48/50) (GEM 2020).

Entrepreneurial activity and individualism

The degree to which people are integrated into fundamental groups (Hofstede, 2011) is defined as individualism. Individualistic people are expected to look after themselves and their immediate families, they have a high level of geographical mobility, and employees are expected to take initiative (McGrath et al., 1992; Wennekers et al., 2005; Dheer, 2017). In this regard, some studies show evidence that individualism (the will to attain and pursue personal goals), promotes the creation of new companies. In this research, the United States with a 91 score and Germany with 67 are individualistic cultures as indicated in Table 2 (Appendix).

Chile, on the other hand, has a low score of 23, as so does South Korea (18) and Mexico (30), as indicated in Table 2 (Appendix), all of which are collectivist societies. There is a dedication to the group to which they belong, loyalty is very essential, and employees are hired and promoted based on their group. In this scenario, some writers argue that higher levels of collectivism are connected with increased entrepreneurial activity (Hunt and Levie, 2003; Pinillos, 2011), since collectivism provides social

resources, support, and a safe climate in which to launch a business (Stewart, 1989; Zeffane, 2014).

However, there are no simple relationships among entrepreneurship, individualism, and collectivism. Some academics suggest that this link is influenced by each country's wealth (Zhao et al., 2012). Among the selected countries, Germany, the USA, and South Korea are high-income economies, as is Chile, given the increase in their GDPPC and the fact that economic development fosters individualism.

Entrepreneurial activity and long-term orientation

Long-term-short-term-orientation refers to that certain societies have a long-term view of life while others take a more typical short-term view (Hofstede, 2011). Countries with a strong future orientation have a greater degree of entrepreneurial activity because they have a strong aptitude and propensity to see future scenarios, strive for higher goals, and develop strategies to meet their future aspirations (House, Hanges, Javidan, Dorfman & Gupta, 2004; Lortie, 2012). These are pragmatic societies, as seen by South Korea's score of 100 and Germany's score of 83, as indicated in Table 2 (Appendix), which value stable market share growth and the long-term viability of businesses.

Short-term-oriented cultures are concerned about their future and wish to avoid uncertainty (Ashkanasy, Gupta, Mayfield & Trevor-Roberts, 2004; Lortie, Barreto & Cox (2019). As a result, future orientation may have a detrimental impact on entrepreneurship because they may be too concerned about their future to take risks (Zhao et al., 2012). In terms of long-term orientation, Chile gets a low score (31), as do the United States (26) and Mexico (24), as indicated in Table 2 (Appendix), indicating that this sort of society has a low propensity to save for the future and prefers to attain immediate results.

Individualism, masculinity and long-term orientation are cultural aspects that interact with countries' levels of economic development to influence entrepreneurship success rates, but the interaction effect is not significant (Çelikkol, Kitaci, & Döven, 2019).

Entrepreneurial activity and uncertainty avoidance

This factor is related to a society's tolerance for ambiguity. It reflects how uncomfortable or comfortable a culture is in unstructured situations (Hofstede, 2011). Chile has a high score of 86 in this dimension, although it has a low corruption index (Doing Business rating). South Korea has an 85, Mexico an 82, and Germany a 65 (not high) score, as indicated in Table 2 (Appendix). This group of people want to make future events more predictable (Dorfman, Javidan, Hanges, Dastmalchian & House, 2012). Cultures with uncertainty avoidance look for other sources of stability and assurance (Sully & Javidan, 2004; Hancıoğlu., Doğan & Yıldırım, 2014). These practices show that countries with this profile provide a limited amount of assistance to entrepreneurs (Hayton, George & Zahra, 2002).

On the contrary, the USA with a low score of 46, as indicated in Table 2 (Appendix), tends to welcome new ideas, develop, and explore new and innovative methods of doing things. What has been discovered is that there is some indirect evidence that cultures with a low uncertainty avoidance are more likely to be entrepreneurial (Mueller et al., 2002; Wennekers et. al., 2010).

Entrepreneurial activity and power of distance

Because becoming an entrepreneur is the one of the ways to be self-sufficient, power of distance can have a positive impact on entrepreneurial activities. Entrepreneurship can be used to gain independence and strengthen one's position of power (Zhao et al., 2012). Chile received a lower score (63) compared to the rest of other LA countries, whereas South Korea received a 60 and Mexico received an 81, as indicated in Table 2 (Appendix). These civilizations are characterized by inherent inequities and power concentration.

According to different theories, entrepreneurial activity should be higher in low-power-distance countries because in high-power-distance countries tend to allocate resources unequally (Hayton et al., 2002; Zhao et al., 2012). As a result, it is more difficult to take advantage of profitable possibilities, and there is a reduction of access to resources, skills, and information for potential entrepreneurs in a lower position (Zhao et al., 2012). The United States (40) and Germany (35), as indicated in Table 2 (Appendix), have a low power-distance score, and they prioritize equal rights, informal communication, teamwork, and create more ideas.

Entrepreneurial activity and masculinity

As a society, masculinity versus femininity refers to the distribution of values between the genders (Hofstede, 2011).

Assertiveness, competitiveness, material things, and the pursuit of wealth and reputation are all valued highly in societies with a high masculine dimension. Societies with a high level of masculinity value independence and have a strong desire to succeed (Schlaegel, He & Engle, 2013). In this scenario, the US has a score of 62, Germany 66, and Mexico 69, as indicated in Table 2 (Appendix). These societies exist to work, compete, and achieve status and performance. The distinction between these three countries is that the US and Germany are individualistic and strive to improve, whereas Mexico has a collectivistic culture.

Societies with a high feminine dimension have different values, are more modest, and value caring more than societies with a low feminine dimension (Hofstede, 2011). Chile has a low score of 28 and South Korea, with 39, as indicated in Table 2 (Appendix), both of which are feminine societies. Managers seek unanimity and focus on well-being, and they are helpful team members. According to Hofstede, Noorderhaven, Thurik, Uhlaner, Wennekers et.al (2010) and Marlow and Martinez (2018), civilizations with a low level of masculinity will have more entrepreneurial activity.

Entrepreneurial activity and indulgence

This dimension examines how much a society allows for the relatively unrestricted fulfillment of basic and inherent human aspirations for living the present. Restraint denotes a society that restricts and manages the satisfaction of demands through social requirements (Hofstede, 2011).

Chile (68) and the United States (68), as indicated in Table 2 (Appendix), have an intermediate-to-high position in this dimension, indicating that they have a somewhat indulgent attitude. Mexico with a 97 score, as indicated in Table 2 (Appendix), has a high

ranking as a society that is exceedingly indulgent. Its society has a cheerful outlook, places a higher value on leisure, is optimistic, and spends more money on having fun.

The literature indicates that there is a link between individualism and the idea of happiness, like the case of the United States. Happiness is linked to a sense of control over one's life as well as a sense of liberty (Minkov, 2009). Entrepreneurs have a strong internal locus of self-control, personal value systems, a desire to be financially self-sufficient, the ability to enjoy themselves, and a charming personality (Swierczek & Quang, 2004; Amiri & Marimaei, 2012).

Germany (40) and South Korea (29) (Table 2), on the other hand, have a low score due to their constrained cultures. They are cynical and pessimistic, and they restrict their appetites. Being indulgent is bad seen in these countries.

Financing for entrepreneurs

Germany (74%), the United States (64%), and South Korea (82%) are among the countries with a significant correlation with TEA, as indicated in Table 3 (Appendix), with only South Korea having a correlation of (64%) between this variable and its Established Businesses, as indicated in Table 4 (Appendix).

Almost all new businesses require capital to purchase the items and services needed to establish a basic infrastructure and provide working capital. In established businesses, spending may surpass income for long periods of time, necessitating the use of a proper financial sequencing pattern (Mason & Stark, 2004). According to several surveys, securing appropriate finance is one of the most difficult challenges in beginning and growing a new firm (Carter, Brush, Greene, Gatewood & Hart, 2003; Subashini, & Kavitha, 2011). Germany has developed a number of laws and programs aimed at assisting entrepreneurs, women entrepreneurs, and young entrepreneurs in obtaining start-up capital, with significant progress made in the recent decade (Wyrwich, Stuetzer & Sternberg, 2016). Germany also established the Business Angels Network, which allows companies to create a profile in order to find Angel Investors. Crowdfunding has also grown in popularity, particularly for projects that assist certain areas such as social projects or green technology.

In the case of the USA, bank financing has always been crucial for entrepreneurs (Black & Strahan, 2002; Toms, Wilson & Wright, 2020). A more diversified set of options for entrepreneurship financing, such as Business Angels and crowdfunding, should continue to be pursued to support long-term investment and foster the trend in the number of startups and fast-growing firms (Bellavitis, Filatotchev, Kamuriwo & Vanacker, 2017).

Since 2013, South Korea has taken a number of steps to expand equity financing and the budget for subsidized loans and governmental investments in young innovative businesses. To help entrepreneurs have a second opportunity, the government provides funding for investment and debt restructuring, as well as expanding the scope of protected assets during bankruptcy (Jones & Lee, 2018).

Taxes and bureaucracy

As indicated in Table 3 (Appendix) the United States is the only country with a significant positive correlation of 67%. The tax structure of a country is a major policy tool that can influence investment in either a favorable or negative way. A badly constructed tax structure, in which the laws and how they are applied are difficult, too complex, or

unpredictable, may deter investment, increasing project costs and uncertainty (OECD, 2018).

Investors are often ready to bear a higher tax burden in the host country if the government provides favorable business-enabling and market circumstances, a stable framework, and, most importantly, host-country location-specific profit prospects. Tax laws that are properly implemented can give incentives for businesses to innovate and thrive (Keuschnigg & Nielsen, 2004; Bosch, 2019). In terms of government policy, taxes, and bureaucracy, the United States ranks higher than other countries. This can reflect the fact that in the United States, entrepreneurship support is slightly more likely to come from policy, whereas in other developed economies, entrepreneurship support comes via programs (Bosma et al., 2020).

Post-school entrepreneurial education and training

Germany (70%) and the United States (75%) have a significant positive correlation in this variable, as indicated in Table 3 (Appendix). Entrepreneurship education includes a variety of activities targeted at developing entrepreneurial mindsets, attitudes, and abilities, such as idea generation, startup, growth, and innovation (Fayolle & Gailly, 2009; Sanguino, Barroso & Gochhait, 2018).

Entrepreneurship education programs have been found in studies to help people establish entrepreneurial goals. Courses aimed at developing entrepreneurial attitudes (creativity and innovativeness, entrepreneurial psychology, entrepreneurial dynamics, etc.) and with a focus on developing entrepreneurial mindsets should be added to specialized entrepreneurship-oriented curricula (Fayolle, et al., 2009; Küttim, Kallaste, Venesaar, & Kiis, 2014).

In the United States, post-secondary entrepreneurship education is considered higher than the norm for other developed nations. As a result, entrepreneurship courses and majors at colleges and universities around the country are becoming more popular.

Internal market dynamics

As indicated in Table 3 (Appendix), Germany (60 %) is the only country with a significant low correlation with this characteristic. The term "market dynamics" refers to the rate at which markets fluctuate. It is described by a high rate of environmental change, uncertainty, and unpredictability (Dess and Beard 1984; Young, Frankenhuis & Ellis, 2020). These circumstances present an opportunity for entrepreneurs to benefit in exchange for enduring uncertainty (Knight 1921; Townsend, Hunt, McMullen, & Sarasvathy, 2018). Change in the market is a significant source of entrepreneurial opportunity because it allows people to combine their resources in more productive ways (Casson, 2005; Venkataraman, 2019). Despite the uncertain nature of certain or all components of the market, a smart entrepreneur is proactive, has foresight, and can anticipate unforeseen events, according to Giardino, Wang & Abrahamsson (2014).

Cultural and social norms

Chile (69%) and Germany (81%) are the countries with the highest correlation with this characteristic, as indicated in Table 3 (Appendix). Furthermore, as indicated in Table 4

(Appendix) Chile shows a significant correlation (68%) with this variable and Established Businesses.

National culture either suffocates or fosters and celebrates entrepreneurship through the supply of role models and mentors, as well as social support for risk-taking.

Unlike permanent universal principles, national values, attitudes, and views regarding entrepreneurship and its authenticity can change swiftly. Individual judgments of the social desirability to engage in entrepreneurship can be influenced by societal respect for entrepreneurship, as well as positive publicity and media coverage on the topic (Hechavarria & Reynolds, 2009; Valliere, 2019).

Chileans, for example, have a supportive culture that leads to social legitimization, increasing the value and social recognition of entrepreneurship and so providing a positive institutional environment. As a result, more people are attempting to start businesses, regardless of their personal views and attitudes, resulting in more people exhibiting psychological traits and attitudes congruent with entrepreneurship impacting new startups and assisting them in surviving (Fernández & Liñán, 2014).

In Germany's situation, the country has been boosting the visibility and appeal of entrepreneurship and self-employment among university graduates, as well as developing a network of female entrepreneurs. Innovative companies are widely publicized in the media and on the internet, and social entrepreneurship is gaining popularity (Sternberg, 2018).

Economic Development, (GDPPC)

As indicated in Table 3 (Appendix), the United States (80%) and South Korea (87%) are the countries with the highest positive correlation with this variable. These two countries have advanced economically. However, as previously said, entrepreneurial activity varies widely between countries depending on the level of economic development and even between countries with the same income level. As a result, the researchers suggested that other factors, such as cultural influences, could explain the differences.

Doing Business

Doing Business (DB) results have been utilized as primary data in a variety of studies. Van Stel, Storey, and Thurik (2007), for example, used DB sub-indicators to link data on firm creation for a sample of 39 nations. DB data was also used by Ho and Wong (2007) to investigate entrepreneurship and its impact on regulatory costs. Lash and Batavia (2019) found a link between economic development and corruption, and Bahhouth and Ziemnowicz (2019) discovered that even countries with identical economic and geographic contexts can have highly diverse business environments, resulting in varied development responses.

South Korea had the highest DB score of the five countries studied, and it also has a strong link (66%) with entrepreneurial activity. This country has implemented a series of business regulation reforms in sectors such as taxation, business formation, property registration, credit, and electricity, among others. These amendments make it easier for entrepreneurs to start and run businesses for longer periods of time (Doing Business, 2020).

Discussion and Proposals for Mexico

Five countries were studied: the United States, Germany, South Korea, Chile, and Mexico. According to the GDPPC, the first three countries have a high level of income. Chile's income level is not very high, but it has been steadily increasing in recent years, and it is currently classified as a high-income economy, whereas Mexico is classified as a middle–high-income country. As a result, the study recommended a relationship with other variables, such as cultural factors, the entrepreneurial ecosystem, and the Doing Business rating, to explain the variations and suggest what Mexico can do to boost its entrepreneurial and established business rates.

Cultural Dimensions

Mexico has numerous cultural distinctions with the remaining four countries, according to the analysis of the five countries covered in this study. Furthermore, by considering these factors, Mexico can learn to work on them in order to boost entrepreneurship and established business rates.

Mexico is a collectivist, short-term-oriented society with a high power of distance, a high level of uncertainty avoidance and indulgence, and a medium–high level of masculinity.

A country may have one or more high cultural dimensions when considering these factors, but the combination of these factors is crucial when analyzing the impact on entrepreneurial activity and established business rates.

When analyzing the five nations and first looking at the collectivist component, it becomes clear that Mexico, Chile, and South Korea are collectivist societies, and Hunt and Levie (2003) and Zhao, Lee & Moon (2019) imply that a higher level of collectivism dimension is positively associated with commercial activity. This relationship, however, will be influenced by the level of economic progress. In this scenario, the GDPPC classifies South Korea and Chile as high-income economies.

Furthermore, South Korea differs from the other three countries (USA, Chile, and Mexico) in that it has a long-term outlook and a conservative culture. These societies will strive for greater goals and the company's long-term viability (House et al., 2004; Vitolla, Raimo, Rubino & Garzoni, 2019), and they will spend less money on entertainment. In addition, Chile, and South Korea (collectivist and feminine societies) tend to focus on well-being and managers seek consensus. These countries have a low masculinity dimension and do not have a high-indulgence society. These contrasts reflect the fact that both countries have a high level of entrepreneurial activity, and the businesses persist for longer periods of time.

Second, Germany and the United States, both individualistic societies, are vastly different from Mexico (being a collectivist culture). The power of distance between these two countries is modest, something that does not occur in Mexico, and Germany is a long-term-oriented and restricted civilization. The United States has a medium–high level of indulgence, but its citizens are willing to take risks, accept new ideas, and innovate.

A country's culture can, and often does, evolve throughout time. It is critical for Mexico to focus on this issue in order to enhance entrepreneurial activity and decrease business failure, as well as to create new jobs that will last longer.

Mexico has a long way to go in terms of education before it can modify certain aspects of its culture. If Mexico has a collectivist culture with a high level of uncertainty avoidance and indulgence, educational reforms are needed to produce a long-term-oriented society that spends less and invests more, as Germany and South Korea have done. Or, as in the case of Chile, Mexico can work harder in the case of gender, developing strategies to include more characteristics that a feminine society has. Finally, we have the instance of the United States, which is a risk-taking society with an individualistic culture and little power distance. This case will take longer since Mexico has a long history of being a collectivist culture, and these cultures are loyal to the groups to which they belong.

Entrepreneurial Ecosystem

Mexico had no significant connections between any of the factors examined in this study, as indicated in Tables 3 and 4 (Appendix). This means that Mexico may learn a lot from other countries to enhance its entrepreneurship rate and, if possible, help existing firms survive.

Financing for entrepreneurs

Mexico still has a long way to go in this area. In contrast to the United States, it is extremely difficult to obtain a loan in Mexico since bank credits are prohibitively expensive and there are few options for entrepreneurs.

In recent years, the Mexican government has launched a number of measures aimed at assisting entrepreneurs and improving SME access to capital. These initiatives have included programs to encourage young people to start enterprises, and according to Germany, more programs for women who are currently running their own businesses should be promoted.

To establish a high-impact ecosystem, it should continue to encourage incubators, accelerators, the Venture Capital Industry, and crowdfunding by encouraging access to new financing/investment sources (Villegas & Amorós, 2017). Also, rather than promoting all forms of company initiatives, efforts must be done to favor risk investments such as seed funds, venture capital, and Angel Investors above high-impact entrepreneurship (Isenberg, 2016).

In order to emulate South Korea, Mexico should support emerging creative businesses by subsidizing loans and allowing entrepreneurs a second chance. Mexico should also try to attract the informal economy by encouraging its integration into the formal system and decreasing government bureaucracy and corruption (Villegas & Amorós, 2017).

Taxes

Mexico has some of the world's highest corporation taxes, at 30% on profits (without considering the 10-percent profit sharing and 10-percent dividend payment). Companies provide jobs and economic activity, thus developed countries have realized that having low taxes for them is preferable.

In attempting to imitate the USA, Mexico must make taxes simpler, more egalitarian, and transparent, eliminate special treatment, simplify laws, and streamline bureaucracy. This would encourage entrepreneurship, job creation, and economic growth.

Incentives and considerations for new business owners should be provided in Mexico, particularly while they establish their new operation in the market. Forcing them to meet the same financial obligations as established businesses puts them at a significant disadvantage (Villegas & Amorós, 2017).

Post-school entrepreneurial education and training

Entrepreneurial activity, as manifested in firm development and, particularly, entrepreneurship education, can help Mexico eliminate poverty and inequalities.

Employees who have obtained an entrepreneurial education are able to think like entrepreneurs, encouraging corporate entrepreneurship to handle global competitiveness and technology developments, which can help students flourish in an increasingly dynamic business world (Singh, 2008; Hasan, Khan & Nabi, 2017).

Several stakeholders, including policymakers, students, industry, and academicians, are interested in entrepreneurship education because of its perceived benefits at both the individual and social levels. Increased levels of entrepreneurship, according to policymakers, can be attained through education, particularly in post-secondary entrepreneurial education (Lackéus, 2020).

Additionally, Mexico should start promoting programs that encourage the creation of new small businesses at the primary and secondary education levels (elementary, middle, and high school) and, trying to replicate the United States and Germany, it should promote an entrepreneurial mindset at all colleges and universities and in all careers.

Internal market dynamics

Due to political uncertainty and a lack of security for startups, Mexico is distinguished by a high rate of environmental unpredictability, change, and uncertainty that, rather than supporting entrepreneurship, has harmed it.

For R&D, linkages between rural and local communities, institutions, businesses, and entrepreneurs should be strengthened and developed. This link is necessary to encourage higher-value-added company initiatives among aspiring entrepreneurs so that they can gain access to more technologies and be better equipped for the R&D environment required to start new enterprises. Also, instead of instilling fear, Mexicans should aim to emulate Germany's entrepreneurial approach, in which they take calculated risks and learn to see new chances in difficult circumstances.

Cultural and social norms

There is a view in Mexico that there is a cultural gap that should encourage millennials to be more proactive and take the lead in entrepreneurial endeavors. According to analysts, Mexican society is collectivist and risk-averse, which does not encourage entrepreneurial activity or risk-taking. Mexicans grow up in families where it is customary to go out and find work before finishing school, depending on the socioeconomic context of each person (Villegas and Amorós 2017).

Building an entrepreneurial culture in Mexico is crucial, but the actual situation demonstrates a lack of entrepreneurship-related education and few success stories (Fabre & Smith, 2003; Villegas Mateos, 2019). The role of institutions over the development of an entrepreneurial ecosystem in Mexico. As a result, it will be critical to monitor social perceptions of entrepreneurship in Mexico, attempting to imitate the Chilean and German cultures, in which people have social legitimacy and respect for entrepreneurs, which, when combined with positive publicity, can have subtle effects on public opinion, promoting the desirability of becoming an entrepreneur.

GDPPC and Doing Business

Mexico is a country with a middling to high level of income. The issue is that it hasn't grown as fast as predicted in recent years. However, there are additional factors that influence the outcome.

Mexico was ranked 60th out of 190 nations in the World Bank's Doing Business ranking in 2020. This country is dealing with construction permits that have become more difficult to acquire due to the increase in fees for obtaining a building permit. It has also made starting a business (moving from position 94 to 107), obtaining electricity (from 99 to 106), public property registry (from 103 to 105), and paying taxes (from 116 to 120) more complex (Doing Business, 2020).

Because of the current uncertain environment, obtaining permits to establish a business is slow, government policies are anti-business, and there is a high degree of crime in some places and Mexico should encourage a series of reforms. These steps will promote transparency and accountability while also promoting entrepreneurship.

CONCLUSIONS

This study found that culture, the entrepreneurial ecosystem, and the Doing Business rating all have an impact on entrepreneurship activity and its long-term viability in a country's economy, with some extremely interesting findings. Several researches have been carried out to determine the impact of cultural influences on entrepreneurship. According to Jaén, Fernández-Serrano, and Liñán (2013), certain cultural norms encourage people to be more entrepreneurial.

First, entrepreneurial activity is higher in communal cultures, which is consistent with Hunt and Levie's (2003) and Schmutzler, Andonova & Diaz-Serrano (2019) findings. The latter argues, as in the situations of Chile, South Korea, and Mexico, that a higher level of collectivism is positively related to entrepreneurial activity because collectivism gives support, social resources, and a protective atmosphere that minimizes the risk of beginning a firm (Stewart, 1989; Adewale, 2016).

Second, countries with lower levels of uncertainty avoidance have higher entrepreneurial activity (Wennekers, et al., 2010; Castillo-Palacio, Batista-Canino & Zúñiga Collazos, 2017).

Third, considering cultures with long-term orientation and indulgence, these will seek the business's long-term viability, as Germany and South Korea have done, but not Mexico.

Fourth, established enterprises will tend to live longer in cultures with a shorter power distance, because all employees are more involved and participate in company

choices, as in Germany and the United States. Furthermore, in terms of masculinity, Chile and South Korea are feminine societies that value well-being and the establishment of long-term companies.

Finally, the importance of combining various cultural components might be addressed when it comes to cultural factors. As a result, there is a wonderful chance to work on these. The findings indicate that more research on the country's economic and legal aspects that provide the best prospects for beginning and growing a firm is needed.

Mexico can learn a lot from each of the countries studied when it comes to the entrepreneurial ecosystem elements. It should try to learn from Germany and South Korea in the Financing for Entrepreneurs component, driving innovative and alternative means of funding startups and various programs to boost entrepreneurship, particularly among women. In terms of taxation, it should attempt to imitate the USA by simplifying taxes and providing particular benefits for entrepreneurs. Also, must try to replicate the USA and Germany in terms of post-school entrepreneurial education and training, with more entrepreneurship programs at all levels of education and the promotion of an entrepreneurial attitude in each student. Mexico can try to follow the example of Germany in terms of internal-market dynamics, teaching Mexicans to take calculated risks and find opportunities in uncertain situations. It should emulate Germany and Chile in terms of cultural and social standards, with more social legitimacy and respect for entrepreneurs gained through increased publicity and successful cases.

This study has crucial implications for entrepreneurs in Mexico who are trying to figure out how to deal with cultural differences, issues, and other problems that will affect their firm. Furthermore, cultures shift slowly, and Mexico should try to establish firms that will thrive in the long run.

This study has some limitations, despite the fact that it gave valuable insights into the effects of cultural variables, the entrepreneurial ecosystem, and Doing Business features. The number of low-income nations included in the sample is the first limitation. As a result, future research could be enhanced by considering additional nations with a medium-income level, significant entrepreneurial activity, and established business rates.

Another restriction was that the period studied for the cultural factors was not the same as the period studied for the entrepreneurship variables. However, cultures change throughout time, but these changes are minor and modest, and countries have been shown to keep their customs and values over time.

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APPENDIX

Table 1. Variable Definition

GDPPC	Level of economic development. Measured by the Gross Domestic Product Per Capita
Total Entrepreneurial Activity (TEA)	Percentage of the population aged 18-64 years who are either a nascent entrepreneur or a new business owner-manager.
Established Business Rate (EST)	Percentage of the population aged 18-64 years who are currently an owner-manager of an established business, i.e., owning and managing a running business that has paid salaries, wages, or any other payments to the owners for more than 42 months.
Power of Distance (PDI)	Dimension associated with the different solutions to the basic problem of human inequality.
Uncertainty Avoidance (UAI)	Dimension associated with the stress level in a society of an unknown future.
Individualism (IDV)	Dimension associated with the integration of individuals into primary groups.
Long-Term Orientation (LTO)	Dimension associated with the choice of focus for people's efforts: the future or today.
Masculinity (MASC)	Dimension associated with the distribution of values between the genders.
Indulgence (IVR)	Dimension associated with how much a society allows relatively free gratification of basic and natural human desires related to enjoying life.
Doing Business (DB)	Score of an economy's ease of doing business (0-100).
Financing for entrepreneurs	The availability of financial resources—equity and debt—for small and medium enterprises (SME) (including grants and subsidies).
Governmental support and policies	The extent to which public policies support entrepreneurship - entrepreneurship as a relevant economic issue.
Taxes and bureaucracy	The extent to which public policies support entrepreneurship - taxes or regulations are either size-neutral or encourage new and SME.

Post-school entrepreneurial education and training	The extent to which training in creating or managing SME is incorporated within the education and training system in higher education, such as vocational, colleges, business schools, etc.
Internal market dynamics	The level of change in markets from year to year.
Cultural and social norms	The extent to which social and cultural norms encourage or allow actions leading to new business methods or activities that can potentially increase personal wealth and income.

Figure 1. USA

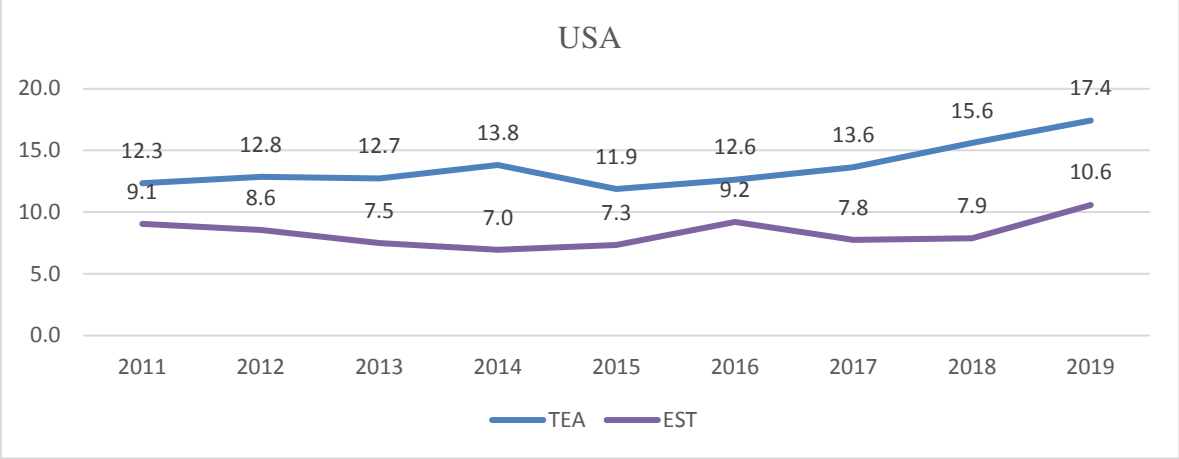

Figure 2. Germany

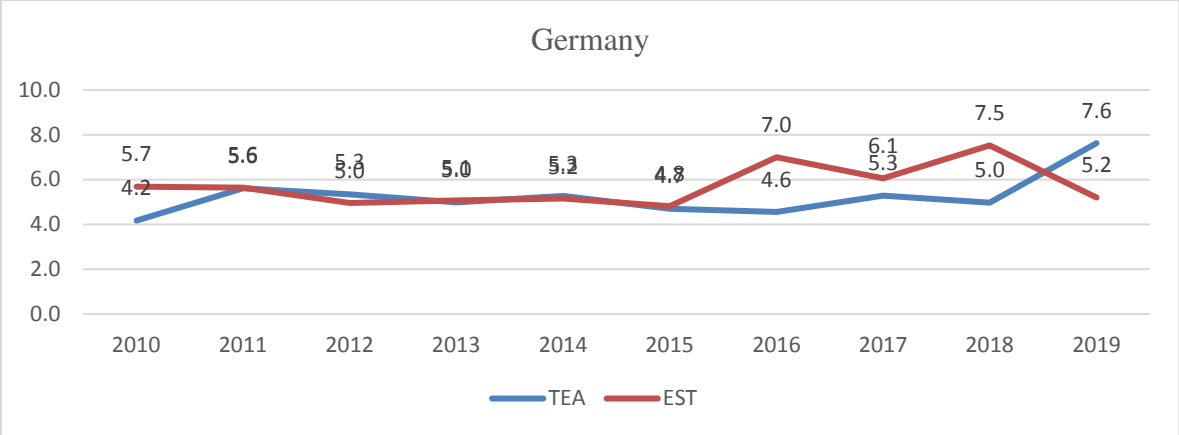

Figure 3. South Korea

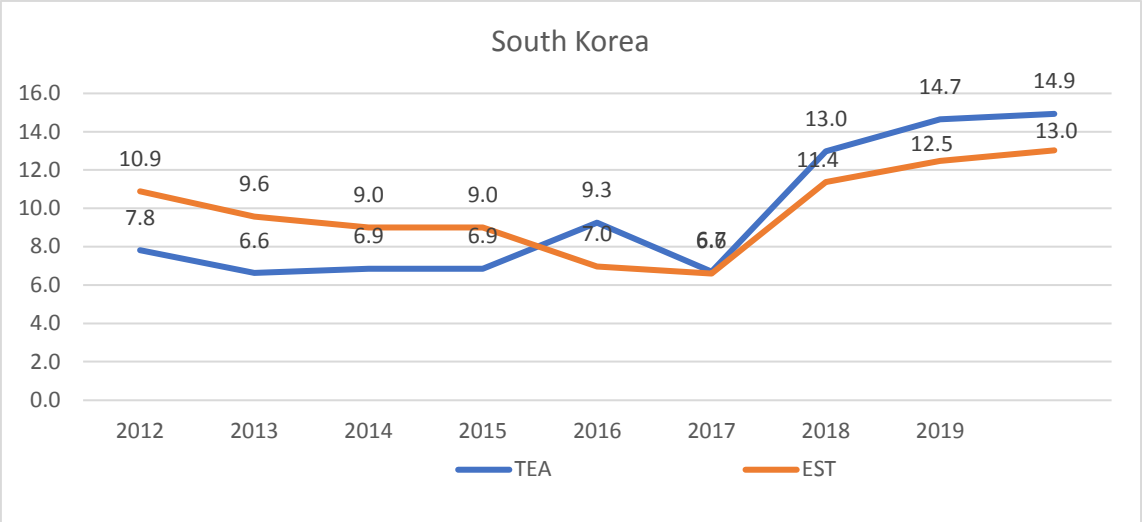

Figure 4. Chile

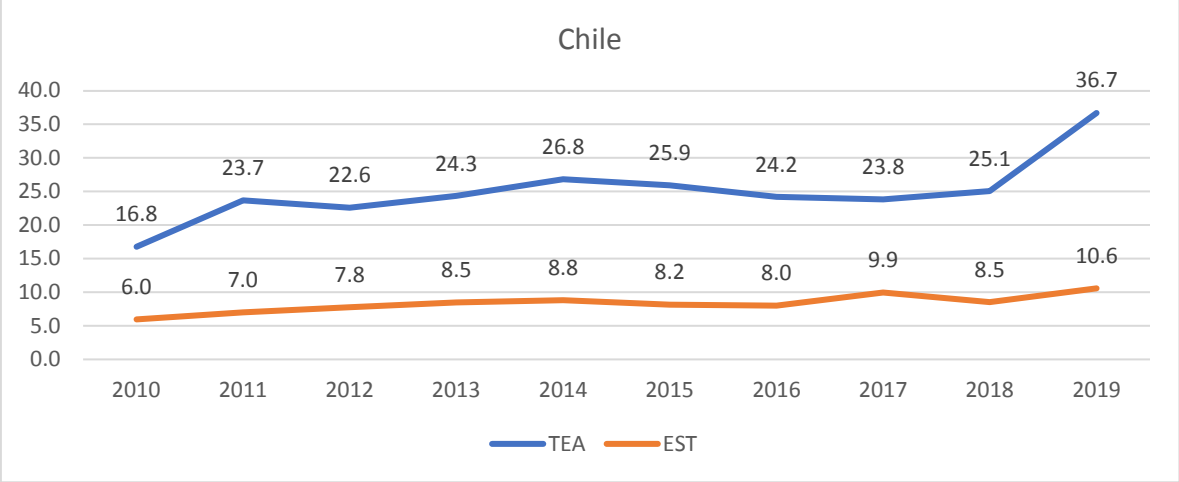

Figure 5. Mexico

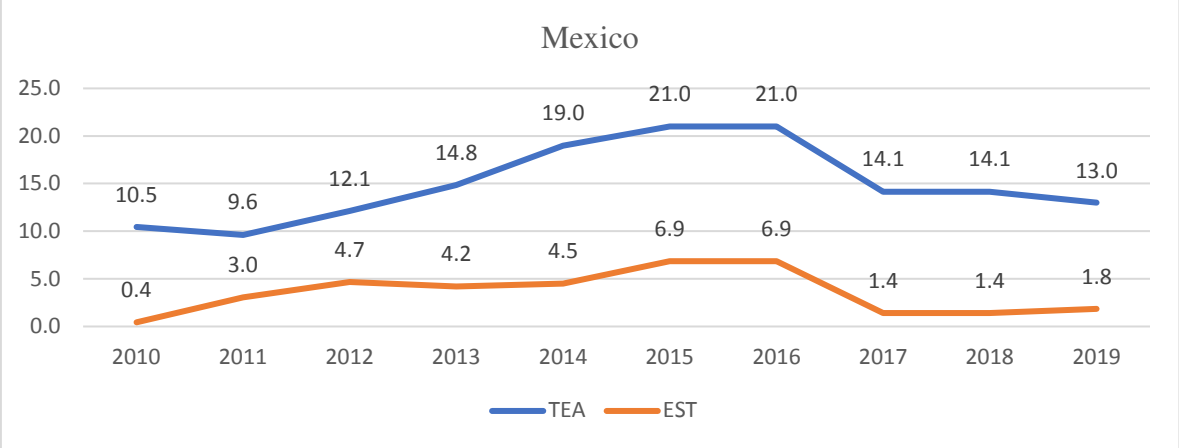

Table 2. Cultural Dimensions, GDPPC, and DB

Countries	**Mexico**	**Chile**	**Germany**	**USA**	**South Korea**
PDI	81	63	35	40	60
IND	30	23	67	91	18
MASC	69	28	66	62	39
UAI	82	86	65	46	85
LTO	24	31	83	26	100
IVR	97	68	40	68	29
GDPPC (2019) USD	$ 9,946.	$ 14,896	$ 46,445	$ 65,298	$ 44,044
DB (2019) RANKING	72.09	71.81	78.9	82.75	84.14

Table 3. TEA.

Means, Standard Deviations (SD), and Pearson correlations

	Mexico			Chile			Germany			USA			South Ko	
Variables	**Mean**	**SD**	**TEA**	**Mean**	**SD**	**TEA**	**Mean**	**SD**	**TEA**	**Mean**	**SD**	**TEA**	**Mean**	**SD**
TEA	15.43	4.022	1	24.99	4.935	1	5.37	0.909	1	13.65	1.782	1	9.63	3.555
Financing for entrepreneurs	2.40	0.214	-0.285	2.32	0.121	0.076	2.87	0.142	.743*	3.02	0.407	0.645	2.46	0.269
Taxes and bureaucracy	2.22	0.193	-0.427	2.90	0.208	0.304	2.63	0.180	0.301	2.52	0.305	.672*	2.72	0.055
Post school entrepreneurial education and training	3.29	0.210	-0.438	2.88	0.124	0.218	2.70	0.151	.703*	2.94	0.217	.754*	2.46	0.108
Internal market dynamics	2.83	0.285	-0.265	2.39	0.185	0.135	3.00	0.226	0.599	3.01	0.357	-0.044	4.16	0.117
Cultural and social norms	3.09	0.154	-0.471	2.98	0.188	.690*	2.68	0.117	.808**	4.02	0.179	0.550	3.02	0.069
GDPPC	9931.20	687.161	-0.308	14645.92	1004.291	0.336	45194.64	2448.221	0.382	56980.78	5166.868	.803**	37994.55	4348.681
Doing Business	70.90	1.926	0.477	71.36	0.760	0.324	78.89	0.872	-0.145	83.19	0.987	-0.186	82.53	1.737

**Correlation is significant at the 0.01 level (2-tailed);

*Correlation is significant at the 0.05 level (2-tailed).

Table 4. Established Business.

Means, Standard Deviations (SD), and Pearson correlations

	Mexico			Chile			Germany			USA			South Ko	
Variables	**Mean**	**SD**	**EST**	**Mean**	**SD**	**EST**	**Mean**	**SD**	**EST**	**Mean**	**SD**	**EST**	**Mean**	**SD**
EST	3.86	2.124	1	8.33	1.323	1	5.71	0.967	1	8.31	1.151	1	9.88	2.259
Financing for entrepreneurs	2.40	0.214	0.012	2.32	0.121	-0.153	2.87	0.142	0.143	3.02	0.407	0.127	2.46	0.269
Taxes and bureaucracy	2.22	0.193	-0.181	2.90	0.208	0.253	2.63	0.180	-0.165	2.52	0.305	0.337	2.72	0.055
Post school entrepreneurial education and training	3.29	0.210	0.005	2.88	0.124	0.071	2.70	0.151	-0.159	2.94	0.217	0.177	2.46	0.108
Internal market dynamics	2.83	0.285	-0.018	2.39	0.185	0.252	3.00	0.226	0.190	3.01	0.357	-0.287	4.16	0.117
Cultural and social norms	3.09	0.154	-0.246	2.98	0.188	.685*	2.68	0.117	-0.2995	4.02	0.179	0.369	3.02	0.069
GDPPC	9931.20	687.161	-0.124	14645.92	1004.291	0.499	45194.64	2448.221	0.120	56980.78	5166.868	0.311	37994.55	4348.681
Doing Business	70.90	1.926	0.018	71.36	0.760	-0.204	78.89	0.872	0.402	83.19	0.987	-0.137	82.53	1.737

**Correlation is significant at the 0.01 level (2-tailed);

*Correlation is significant at the 0.05 level (2-tailed).