

Government Public Policy of Mexico and Entrepreneurship What can Mexican Government do for Enhancing Entrepreneurship in Mexico?

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Abstract

The literature existing on entrepreneurship implicitly assumes that entrepreneurship and government and economic growth are positively related with each other and there is a positive correlation among them. However, few studies, whether theoretical or empirical, analyze such relation in an explicit manner. This paper aims to study the entrepreneurship notion and the barriers of entrepreneurship and mainly the role of government in enhancing entrepreneurship in the society.

Index terms— Entrepreneurship, Government, Small and Medium Enterprises (SMEs).

We are all trying to get our account balances in order, especially since the fall of the Berlin Wall (De Soto, 2006). Entrepreneurship is a factor that can change the economic equations of any country. And can engage lots of people as employee or self employed.

Entrepreneurship is of primary interest for organization studies because it does not take the existence of organizations for granted but allows for the study and explanation of how organizations come into existence, either as individual new firms or as new industries, and to emphasize that organizations always need to develop new products and services and to innovate in order to perpetuate their existence. This paper first studies the entrepreneurship notion and the importance of entrepreneurship in the society, also example of entrepreneurship in the society and ??ntrepreneurship says: "Entrepreneurship is the recognition and pursuit of opportunity without regard to the resources you currently control, with confidence that you can succeed, with the flexibility to change course as necessary, and with the will to rebound from setbacks" (Hupalo, 2007).

A key factor in Reiss's definition is that entrepreneurs undertake opportunities regardless of the resources the entrepreneur currently controls. I've known many people who say they'd love to start a business, but they just don't have the money to get started. Neither did many of history's greatest entrepreneurs like Michael Dell, who started his computer company in his college dorm room or Lillian Vernon, who started her mail-order business when she was a housewife looking for extra income. These successful entrepreneurs didn't start rich and successful. They ended rich and successful.

Entrepreneurs find ways to acquire the resources they need to achieve their goals. One of those resources is capital. "Entrepreneurial" is often associated with venturesome or creative. They should be creative in acquiring the resources they need to build and grow their business. They think outside the box and they'll improve their chances of acquiring what they need to succeed (Hupalo, 2007).

Linda Pinson, author of much of the SBA's material about writing a business plan and creator of business plan software (business-plan.com) says: "I have always thought of an entrepreneur as a person who starts a business to follow a vision, to make money, and to be the master of his/her own soul (both financially and spiritually). Inherent in the venture is the risk of what the future may bring. Therefore, I believe that an essential key to success is that the entrepreneur also be an "educated" risk taker.... "

3 C) AVAILABILITY OF SKILLS

The concept of entrepreneurship has a wide range of meanings. On the one extreme an entrepreneur is a person of very high aptitude who pioneers change, possessing characteristics found in only a very small fraction of the population. On the other extreme of definitions, anyone who wants to work for himself or herself is considered to be an entrepreneur (Hupalo, 2007).

Another definition of entrepreneurship is the assumption of risk and responsibility in designing and implementing a business strategy or starting a business ??Investor words, 2006).

Also according to business dictionary, entrepreneurship is the capacity and willingness to undertake conception, organization, and management of a productive venture with all attendant risks, while seeking profit as a reward. In economics, entrepreneurship is regarded as a factor of production together with land, labor, natural resources, and capital. Entrepreneurial spirit is characterized by innovation and risk-taking, and an essential component of a nation's ability to succeed in an ever changing and more competitive global marketplace (business dictionary, 2009). Within the field of entrepreneurship studies, it is debated whether the creation of new combinations requires the creation of a new organization or if it is also made possible through innovation in existing organization. William Gartner sees entrepreneurship as the study of the creation of organizations or so-called new venture creation. He conceives entrepreneurship as organizational emergence and hence shifts the focus from the individual entrepreneur to the more complex process of how organizations are created through the interplay of four perspectives: characteristics of the individuals who start the venture, the organization that they create, the environment surrounding the new venture, and the process by which the new venture is started. Historically, entrepreneurship has been reduced to characteristics of the entrepreneurs, trying to identify personality features and cognitive abilities to distinguish entrepreneurs from other people, such as managers. However, there is no empirical support that can identify such discriminating personality characteristics or cognitive styles. Gartner therefore suggests studying the behaviors and activities that lead to the creation of a new organization (Steyaert, 2007).. Shane and Venkataraman refocus entrepreneurship beyond the creation of new organizations as they emphasize opportunity recognition and exploitation and as they leave it open whether opportunities are exploited through creating a new venture or through changing an existing organization. Entrepreneurship is seen as an activity that involves the discovery, evaluation, and exploitation of opportunities to introduce new goods, services, and ways of organizing, as well as new markets, processes, and raw materials through organizing efforts that previously had not existed. Simultaneously, the focus on individuals and their actions is reintroduced as entrepreneurship becomes explained through the nexus of enterprising individuals and valuable opportunities (Steyaert, 2007).

Mexico's economy is one of the most open in the world and, has the largest number of free trade agreements. Mexico has built a network of free trade agreements with 32 countries and the most important of these agreements are with the world's largest markets, such as NAFTA, the agreement with the European Union, an agreement with Japan, and other agreements with South and Central America. This has put Mexico in ninth place in the world in terms of the size of its economy, and seventh place in terms of the size of the balance of trade. This sustained progress has built an atmosphere of competition, conducive to innovation and undergoing constant improvement. This sustained progress (of the last two years) has allowed for better planned regulations that enables more assured longterm planning (Mexican ??ntrepreneurship, 2009).

Entrepreneurship abounds in Mexico but is concentrated among low risk, low value added endeavors that require minimum investments of capital. Due to economic realities, people are relatively unable to leave existing employment to pursue high-value ventures. Due to the dearth of risk capital, they select opportunities that can be tested quickly and have relatively high success probabilities and modest up-side potential with quick positive cash flow. Also, non-transparent business practices in these ventures make them unattractive to risk-averse investors. Also, the lack of high quality, timely information on markets, demographics, competitors, prices and costs hampers the growth of entrepreneurs. The quality of financial systems, venture capital, education and legal system needed to support entrepreneurship lack in Mexico. The Government permits and licenses needed to start a company are a major hurdle to most entrepreneurs in Mexico (Mexican ??ntrepreneurship, 2009 And this information can be important for understanding international orientation of entrepreneurship in Mexico. In order to nurture entrepreneurial spirit from an early age, there will be a need to impart Knowledge about business, particularly at secondary and university levels, to encourage Entrepreneurial initiatives by youngsters and to develop training programs for small enterprises. a) Cheaper and faster start-up Company start-ups will become cheaper and faster, particularly through the use of online registration.

1 Global Journal of Management

2 b) Better legislation and regulation

There will be a reduction in the negative impact of national bankruptcy laws and new regulations on small enterprises. It will be made easier for small enterprises to use administrative documents and they will not have to apply certain regulatory obligations.

3 c) Availability of skills

Training institutions will deliver skills adapted to the needs of small enterprises and will provide lifelong training and consultancy (?unje, 2006).

4 d) Improving online access

Public administrations will be urged to develop online services for their dealings with enterprises. e) Getting more out of the single market The Member States and the European Commission will complete the single market so that enterprises can derive the maximum benefit from it. At the same time, national and Community competition rules will have to be vigorously applied (?unje, 2006). f) Taxation and financial matters Tax systems will need to make life easier for enterprises. Access to finance (risk capital, structural funds) will need to be improved (?unje, 2006).

5 g) Strengthening the technological capacity of small enterprises

Efforts will be made to promote new technologies, implement the Community patent and facilitate access to research programs which are more focused on commercial applications. Inter-firm cooperation and cooperation with higher education institutions and research centers will be encouraged (?unje, 2006). h) Successful e-business models and top-class small business support i) Develop stronger, more effective representation of SMEs' interests at Union and national level Solutions aimed at representing small enterprises within the Member States and the European Union will be reviewed. National and Community policies will be better coordinated and evaluations will be carried out with a view to improving the performance of small enterprises.

An annual report on the implementation of the Charter will appear in the spring of each year ???unje, 2006).

It is obvious that, encouraging entrepreneurship is an absolutely essential role of any government concerned with the future economic health of their country. It is no surprise to see a strong correlation between economic growth and the ease of doing business in a country. This is not a statement about political systems. It has been seen that non-democratic governments are sometimes even more successful at understanding the power of capitalism; look at Singapore and what is happening in China, Vietnam, etc.

With the mobility of people and ideas today, countries need to compete for commerce. Why would anyone choose to set up a business in Brazil where it takes 18 bureaucratic steps and 152 days to get the company officially registered if they had the option to incorporate in Canada where it takes only 1 step and is completed in 1 day? Why set up a company in France when you will be financially punished to the point of bankruptcy if you need to fire someone? Why doing business in the Middle East is really difficult. Of course not all ideas and people are as mobile as others. Even so, bureaucracy, corruption, labor laws, etc. are all inhibiting entrepreneurship and thus standards of living across the globe.

In the interest of their domestic economies, politicians must take an active role in making the reforms needed to help fuel entrepreneurship (The Good Entrepreneur, 2008).

6 a) Education and Training

Education is a deciding factor in shaping the life, furthering the values people wish to preserve and maintaining the success of the economy. Access to education and training are keys to fostering an entrepreneurial spirit. Professional and lifestyle choices are strongly influenced by socialization processes in which schooling plays an important role. It should be 2012 Year Enterprises will be encouraged to adopt best practices. Business support services will be developed ???unje, 2006). note that for women, entrepreneurship and start-up companies to remain constantly innovative, independent and creative thinking should be supported ??Entrepreneurship,2006).

7 i. Subsection Parts of Government Should Do for

Enhancing Entrepreneurship:

1. Draw up educational curricula for all levels of schooling that offer equal opportunities for boys and girls in selected fields of study, particularly in the technology field and in entrepreneurship.
2. Encourage the private and public sectors to establish mentor programs for citizens to introduce them to the intricacies and challenges of starting and running a business, to equip them with the skills to solve problems, and to play an ongoing advisory role.
3. Encourage and support financial literacy programs.
4. Ensure that all receive education in a language that can be applied to international business.
5. Consider reserving a certain percentage of E-MBA program enrolment.

8 b) Social Recognition

Stringent social traditions and cultural values routinely impede opportunities for entrepreneurship. Moreover, in many countries, women bear the double burden of professional and household responsibilities, which often constitute a barrier to women's entrepreneurship and affect their business performance i. Subsection Parts of Government Should Do for Enhancing Entrepreneurship:

1. Create a healthy environment in which citizen's creativity, risk-taking and economic independence is valued and encouraged.
2. Provide women equal access to occupations traditionally held by males.
3. Establish incentive mechanisms to encourage people to put their business ideas into practice by ensuring that they receive benefits including childcare assistance, healthcare, and legal protections.
4. Host events and competitions that support innovative ideas and business plans, creating incentives for women to execute their entrepreneurial visions.
- 5.

Recognize the invaluable contributions that women-owned businesses provide in the form of business and services to their local economies such as by providing tax incentives, procurement opportunities and sponsorship of local-level campaigns promoting women's entrepreneurship. 6. Access to Technology Advancements in technology, particularly in information and communication technologies (ICTs.); have introduced new opportunities that fundamentally alter the way business is conducted globally. However, in many economies women face serious obstacles in accessing new ICTs due to inequalities in education and training often resulting in a gender imbalance within different industries.

ii. Subsection Parts of Government Should Do for Enhancing entrepreneurship:

1. Support access to Internet technology for entrepreneurs. 2. Provide access and encourage entrepreneurs to use Information and Communications Technologies to improve technical skills and knowledge. 3. Foster the utilization of on-line training programs for entrepreneurs. 4. Endorse entrepreneurs' optimal use of the Internet to harness e-commerce possibilities while reducing sales, marketing and purchasing expenses. 5. Promote online databases and portals to gather and share entrepreneurs' knowledge and expertise with others.

Access to the Market Vital to the growth of entrepreneurship and start-up companies is entrepreneurs' access to the market. This access can be obtained by leveraging the collective power of consumers. In order to do this, however, women must be able to identify what their respective markets are, who makes up their customer base and to then create demand for their products and services. Without equal opportunity to access both national and international markets, businesses will not be able to sustain continued expansion and competitiveness.

iii. Subsection Parts of Government Should Do for Enhancing entrepreneurship:

1. Identify potential strategic alliances between government, business and academia and enhance and support entrepreneurship. 2. Ensure that women-owned businesses have equal access to bidding for government contracts and establish government goals for women businesses in the award of these contracts.

9 Promote tradeshow for entrepreneurs as a means

to gain broader access to the marketplace. Financial Support Obtaining funding remains a major challenge to women entrepreneurs who hope to start their own businesses. This challenge results from a lack of awareness of financing possibilities and gender discrimination on the part of financial intermediaries and institutions. It is particularly important to consider the availability of private sources of funding and additional services when assessing the appropriate role of government in the provision of debt and equity capital. 2. Establish government policies and programs, and support organizations, that offer funding and other resources for women-owned, small and medium and micro-enterprises. 3. Encourage entrepreneurs to build their business credit histories to better position themselves for loan opportunities.

10 c) Policy and Legal

Infrastructure In this era of globalization, alignment must exist between those tasked with policy formulation and the subordinate agencies and departments charged with the day-to-day execution of that policy. Legal mechanisms must also be in place to enforce policies that discourage gender discrimination and that protect women entrepreneurs' abilities to establish and grow their businesses.

Subsection Parts of Government Should Do for Enhancing d) Entrepreneurship:

1. Ensure that there is policy tailored for microenterprises and the self-employed. 2. Establish and strengthen non-governmental organizations (NGOs) and non-profit organizations (NPOs) that serve as intermediaries between business and government. 3. Establish and maintain a statistics database on women-owned businesses that includes record of their past performance in order to measure women's contributions to economic growth. Because Mexican formed SMEs are good enough to exist so efforts to foster entrepreneurship should be planned.

As entrepreneurship is not solely seen as connected to economic progress but is more and more related to society, other studies have examined how entrepreneurship affects practices of living and everyday life.

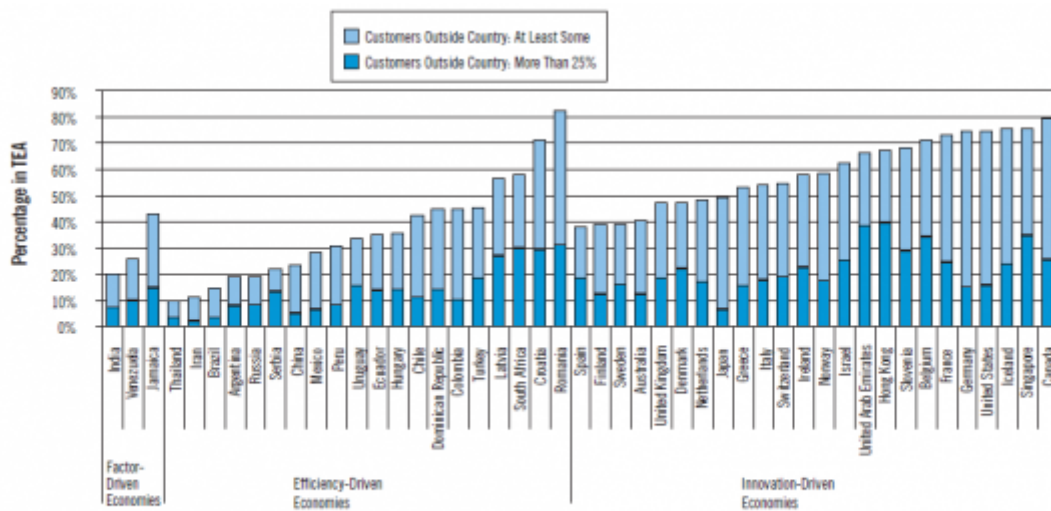
New organizations-through the new entrepreneurial products and services and the new combinations they produce-have a strong impact on how people's lives take form and how major aspects of society become transformed. From the automobile to the mobile phone, from the pencil to the personal computer, each of these new devices has had enormous implications for how transport, communication, writing, and work have been produced and practiced (Steyaert, 2007). During the process of entrepreneurship the role of government is really vital so the governors should apply such strategies that can foster entrepreneurship ability and talents among people in the society to lead in economic development of the society. ^{1 2}

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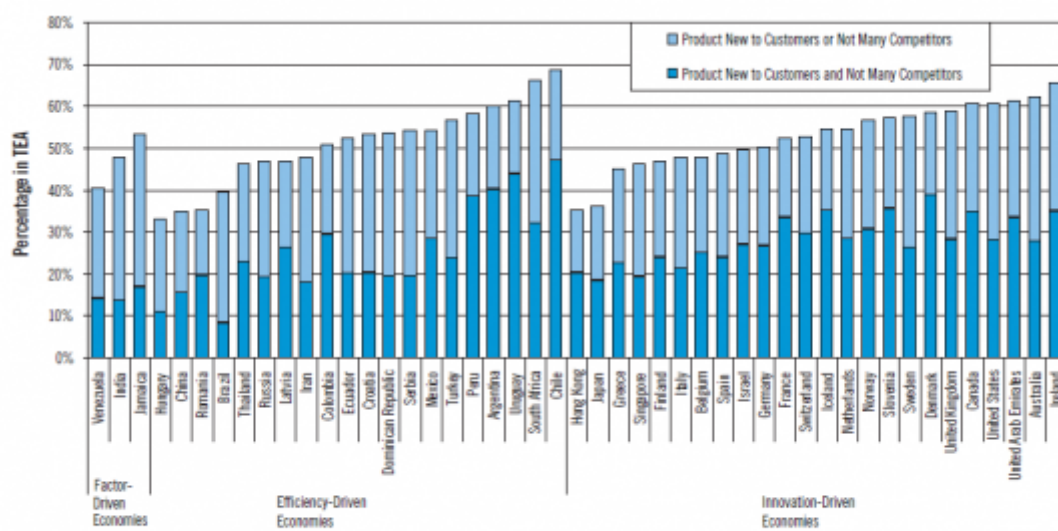


Figure 1: Figure 1 :



Source: GEM Adult Population Survey (APS)

Figure 2: Figure 2 :



2

Source: GEM Adult Population Survey (APS)

Figure 3: 2 Global

According to Febre and Smith, 2003, entrepreneurship challenges comes as below: 1. Entrepreneurship about

This problem is aggravated in Mexico by the fact that most families are one-earner families

6. People in Mexico are relatively unable to leave existing employment to pursue high-value-added entrepreneurial ventures.

7. Because they often lack significant retirement savings, face uncertain and volatile employment markets, and lack perspective

entrepreneurs in Mexico tend to select opportunities that can be tested quickly and that have relatively high success probabilities and only modest up-side potential.

8. The dearth of risk capital in Mexico discourages entrepreneurial effort and shifts the focus of entrepreneurial effort toward low-risk ventures that can be cash flow-positive quickly.

9. The dearth of risk capital in Mexico reduces incentives of entrepreneurs to build and document performance track records and provide the transparency that is demanded by providers of risk capital.

development of new exit opportunities for early-stage investors in entrepreneurial ventures.

6.

i. Practical Suggestions for Mexican Government for enhancing Entrepreneurship

According to Febre and Smith, 2003, there are a lot to do for a Mexico to do for enhancing entrepreneurship but the most practical ones comes below:

1. Mexico government should be refocused more on high value-added growth opportunities of existing SMEs and less on encouraging formation of new start-up businesses.
2. Efforts to foster entrepreneurship of high-value-added start-ups should be refocused more on non-high-technology opportunities and less on high-technology innovations.
3. Publicly supported efforts to foster high-technology innovation should be refocused, at an early stage, on potential for commercialization of the innovation, offset by inability of the private sector to act without public support.
4. Government entities in Mexico need to continue to support creation of risk capital funds, but can have greater impact on private investment in risk capital by improving and focusing their investment discipline.
5. Efforts to foster entrepreneurship in Mexico should include attention to enhancing and fostering

Figure 5:

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