

1 Government Public Policy of Mexico and Entrepreneurship What
2 Can Mexican Government Do For Enhancing Entrepreneurship
3 In Mexico?

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7

8 **Abstract**

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

15

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

17 **1 INTRODUCTION**

18 onsider the developed countries; one sees so much wealth, so much beauty, high ways that are landscaped, and so
19 many extra ordinary developments. This is something people see everywhere in developed economies. However,
20 this is something not seen in most other places. There are about six billion people in the world. One billion
21 people come from developed countries like North America, Western Europe, Japan , and perhaps four other Asian
22 "tiger s." But the majority of people are not in that situation. The other five billion come from what is typically
23 called the developing world, or the Third World, and the former Soviet Union countries.

24 Until a few years ago, most of these countries were really following other systems rather than the capitalist
25 system. That has all changed since the fall of the Berlin Wall. Even Deng Xiaoping in 1978 started marching in
26 a different direction in China when he said, "It doesn't matter what color a cat is, as long as it catches mice." In
27 the developing world, we've all begun to change, we've all been trying to get our macroeconomic systems in place,
28 we've all been making sure that we have fiscal balance, and we've all been making sure that we don't issue too
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32 jgvg0811@yahoo.com, E-mail : jvargas2006@gmail.com currency. We are all trying to get our account balances
33 in order, especially since the fall of the Berlin Wall (De Soto, 2006). Entrepreneurship is a factor that can change
34 the economic equations of any country. And can engage lots of people as employee or self employed.

35 Entrepreneurship is of primary interest for organization studies because it does not take the existence of
36 organizations for granted but allows for the study and explanation of how organizations come into existence,
37 either as individual new firms or as new industries, and to emphasize that organizations always need to develop
38 new products and services and to innovate in order to perpetuate their existence. To describe the significance
39 of the concept of entrepreneurship for organization studies, it is important to indicate that entrepreneurship has
40 developed into an academic field in and of itself, as Scott Shane and Sankaran Venkataraman suggest, implying
41 that entrepreneurship studies and organization studies share an interface with organizational emergence at its
42 core. Entrepreneurship is thus both related to both small and medium-sized firms, since new venture creation
43 focuses on how young and (for that reason) smaller firms are started up, develop, and grow, as well as to

3 ENTREPRENEURSHIP

44 organizational change and innovation processes of larger and more established organizations. Entrepreneurship
45 thus brings creativity and newness under the attention of organization studies. The focus on newness and
46 innovation for the most part goes back to Joseph Schumpeter who defined entrepreneurship as the creation
47 of new combinations in the form of new goods and services, new methods of production, new markets, new
48 sources of supply, and new organization of the industry. For Schumpeter, creative destruction is central, since
49 entrepreneurship both overwrites current products, services, and markets and develops new ones. For instance, the
50 mobile phone replaced the practice of wired phoning and reorganized the sector of telecommunication (Steyaert,
51 2007). This paper first studies the entrepreneurship notion and the importance of entrepreneurship in the society,
52 also example of entrepreneurship in the society and Entrepreneurship says: "Entrepreneurship is the recognition
53 and pursuit of opportunity without regard to the resources you currently control, with confidence that you can
54 succeed, with the flexibility to change course as necessary, and with the will to rebound from setbacks" (Hupalo,
55 2007).

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

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

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

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

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

77 Also according to business dictionary, entrepreneurship is the capacity and willingness to undertake conception,
78 organization, and management of a productive venture with all attendant risks, while seeking profit as a reward.
79 In economics, entrepreneurship is regarded as a factor of production together with land, labor, natural resources,
80 and capital. Entrepreneurial spirit is characterized by innovation and risk-taking, and an essential component of
81 a nation's ability to succeed in an ever changing and more competitive global marketplace (business dictionary,
82 2009).

83 2 III. SCHUMPETER'S VIEW OF ENTREPRENEURSHIP

84 Austrian economist Joseph Schumpeter's definition of entrepreneurship placed an emphasis on innovation, such
85 as: new products ? new production methods ? new markets ? new forms of organization

86 Wealth is created when such innovation results in new demand. From this viewpoint, one can define the
87 function of the entrepreneur as one of combining various input factors in an innovative manner to generate value
88 to the customer with the hope that this value will exceed the cost of the input factors, thus generating superior
89 returns that result in the creation of wealth (entrepreneurship, 2007).

90 IV.

91 3 ENTREPRENEURSHIP

92 Within the field of entrepreneurship studies, it is debated whether the creation of new combinations requires
93 the creation of a new organization or if it is also made possible through innovation in existing organization.
94 William Gartner sees entrepreneurship as the study of the creation of organizations or so-called new venture
95 creation. He conceives entrepreneurship as organizational emergence and hence shifts the focus from the
96 individual entrepreneur to the more complex process of how organizations are created through the interplay
97 of four perspectives: characteristics of the individuals who start the venture, the organization that they create,
98 the environment surrounding the new venture, and the process by which the new venture is started. Historically,
99 entrepreneurship has been reduced to characteristics of the entrepreneurs, trying to identify personality features
100 and cognitive abilities to distinguish entrepreneurs from other people, such as managers. However, there is no
101 empirical support that can identify such discriminating personality characteristics or cognitive styles. Gartner
102 therefore suggests studying the behaviors and activities that lead to the creation of a new organization (Steyaert,
103 2007).. Shane and Venkataraman refocus entrepreneurship beyond the creation of new organizations as they

104 emphasize opportunity recognition and exploitation and as they leave it open whether opportunities are exploited
105 through creating a new venture or through changing an existing organization. Entrepreneurship is seen as
106 an activity that involves the discovery, evaluation, and exploitation of opportunities to introduce new goods,
107 services, and ways of organizing, as well as new markets, processes, and raw materials through organizing efforts
108 that previously had not existed. Simultaneously, the focus on individuals and their actions is reintroduced as
109 entrepreneurship becomes explained through the nexus of enterprising individuals and valuable opportunities
110 (Steyaert, 2007).

111 **4 V. A GLANCE TO ENTREPRENEURSHIP IN MEXICO**

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

120 Entrepreneurship abounds in Mexico but is concentrated among low risk, low value added endeavors that
121 require minimum investments of capital. Due to economic realities, people are relatively unable to leave existing
122 employment to pursue high-value ventures. Due to the dearth of risk capital, they select opportunities that
123 can be tested quickly and have relatively high success probabilities and modest up-side potential with quick
124 positive cash flow. Also, nontransparent business practices in these ventures make them unattractive to risk-
125 averse investors. Also, the lack of high quality, timely information on markets, demographics, competitors, prices
126 and costs hampers the growth of entrepreneurs. The quality of financial systems, venture capital, education and
127 legal system needed to support entrepreneurship lack in Mexico. The Government permits and licenses needed
128 to start a company are a major hurdle to most entrepreneurs in Mexico (Mexican ??ntrepreneurship, 2009

129 **5 THE IMPORTANCE OF ENTREPRENEURSHIP IN THE 130 SOCIETY**

131 The entrepreneurial process is started by sensing that certain practices form an anomaly and can thus be done
132 differently. Crucial is how one can hold onto this anomaly and reveal how the commonsense way of acting
133 somehow fails and is doomed to perish as a new practice is slowly developed and becomes visible. For instance,
134 digital technology has quickly rendered the taping of sound and images on music and video cassettes obsolete.
135 This anomaly that drives the entrepreneurial process forms a historical possibility that, once recognized through
136 a new shared practice, will be practiced by most people in roughly the same way. In the example of the cell
137 phone, the idea of wireless phoning was at first unbelievable but very quickly, people saw the advantages of this
138 artifact and even further developed it by practicing, for instance, a text-messaging culture. Now some people
139 no longer have a fixed ("landline") phone connection at home, or in the city of Nokia there is no longer the
140 possibility to install a fixed connection (Steyaert, 2007).

141 As entrepreneurship is more and more connected to everyday life and practices, it is clear that entrepreneurship
142 and entrepreneurs become less exclusive and can be observed in less obvious contexts than one normally expects.
143 This pervasiveness, however, differs from the increasing homogeneity pinpointed by the critique of entrepreneurial
144 selves, since it is assumed that entrepreneurship-as it changes significantly people's forms and styles of living-is
145 continuously questioning and bringing variations to how life is organized. Ultimately, when entrepreneurs give
146 form to the future face of society and when it is the task of entrepreneurship to create from the society people have
147 to live in, the society people want to live in, as Saras Sarasvathy has noted, entrepreneurship brings multiplicity
148 and creativity to the organizing of society (Steyaert, 2007).

149 However, how exactly the dreams and dangers of entrepreneurship can be understood remains a future
150 challenge. Entrepreneurship is a contested and hybrid phenomenon that is simultaneously bestowed with the
151 hope for regional development, for battling poverty or for ecological sustainability, and the fear that it will reduce
152 society and all people into a bunch of egoistic self-maximizes. There is thus a need to develop an approach that
153 integrates a critical and affirmative perspective into one procession understanding of f entrepreneurship, which is
154 especially pressing as the critical perspective on entrepreneurship being imported from organization studies and
155 social sciences still stays at the margins of the field. As the world becomes more and more globalized, networked,
156 and virtualized, the idea of entrepreneurship as a process of concretion whereby the new products, services, and
157 combinations (that Schumpeter pointed at) will themselves become more ephemeral and constantly in the making
158 as users in particular take part in the shaping of the form and the use of the new artifact. This tendency holds,
159 once again, an enormous potential to support the theorizing of organizing that has been radicalized by ontology of
160 "becoming" into a process of flux, and to emphasize that notions of creativity and invention are primary concepts
161 to understand the unfolding of newness. This process of creation-which considers creation not as subject to the
162 individual creator but as forming a collective assemblage-implies uncertainty, openendedness, and risk, and it is

163 that which creates the double sidedness of entrepreneurship, its promise and its danger, and which urges more
164 than ever a critical, yet affirmative understanding of entrepreneurship (Steyaert, 2007).

165 **6 VIII. EXAMPLE OF ENTREPRENEURSHIP IN THE SO- 166 CIETY**

167 In the example of the mobile phone, it is clear that the mobile phone is not just a new form of phoning or that
168 it has merely reshaped the telecommunication sector, but it has fundamentally changed people's practices of
169 communicating; the experience of time, distance, and reach ability; and how people experience the relationship
170 between their body and objects. While people used to "go" to the phone, they now always carry a phone with
171 them, allowing them to send at any time a text message or to check email, and possibly interrupting (their
172 participation in) a local meeting to give priority to a virtual interaction. In this vein, Charles Spinoza, Fernando
173 Flores, and Hubert L. Dreyfus consider entrepreneurship to be a form of history making, as entrepreneurs are
174 sensitive to how the problem they sense has its roots in people's pervasive way of living and in people's lifestyle.
175 The changes brought about in the entrepreneurial process are changes of historical magnitude because they
176 change the way people see and understand things in the relevant domain (New York, 2007).

177 **7 IX. ENTREPRENEURSHIP BARRIERS IN THE SOCIETY**

178 In many transition countries, where the pace of reform has been slow, the legal framework is still the main barrier
179 for the development of small business and entrepreneurship p. Creating an adequate legal frame work involves
180 law s relating to property, bankruptcy, contracts, commercial activities and taxes, but it also involves developing
181 an institutional frame work with the capacity to implement these laws, which has major implications for staffing.
182 In practice, and referring again to the Belarusian context, this require s the establishment of specialized economic
183 courts ; a private legal profession and effective en forcemeat

184 **8 Global Journal of Human Social Science Volume XII Issue II 185 Version I 2 6**

186 Government Public Policy of Mexico and Entrepreneurship What Can Mexican Government Do For Enhancing
187 Entrepreneurship In Mexico? mechanic isms, which are still lacking for the most part, which goes hand in
188 hand with a typical lack of ad equate personnel in government administration. The reason s includes low
189 public sector salaries, combined with a lack of education and training opportunities. All this pre-vents the
190 proper implementation of new laws and regulations, with negative implications for the business environment
191 and organizations. In addition, frequent changes in tax regulations and other commercial laws, which are
192 characteristics of the early years of transition, require a constant adjustment of knowledge by small business
193 manager s as well as by those in government administration. Other problem s include a rather uncertain in
194 attitude, or even arbitrariness, on the part of public officials regarding law en forcemeat, which is not helped by
195 a typical lack of specificity in the drafting of laws.

196 Fundamentally, these institutional deficiencies reflect a lack of political commitment to facilitate private
197 enterprise development. Belarus, under President Lukashenka, may be one of the worst examples, but the
198 issues exist to varying degrees in most of the other former Soviet republics. Political considerations with respect
199 to the enforcement of laws can aggravate the situation, resulting in the fostering of 'old' networks between former
200 state-owned firms and government, as also happened in the early stages of transition in those former transition
201 countries, which joined the EU in 2004 (for Hungary cf. Voszka, 1991Voszka, , 1994)). In some transition countries
202 these networks seem to be one of the major problems (cf. Kuznetsov, 1997), which impede the establishment
203 of independent juridical institutions and the impartial enforcement of a legal framework required for market
204 economies. Another major barrier to small business development in transition countries, where market reform ha
205 s remained slow is the financial infrastructure (Welter, 1997;Zecchini, 1997). While stock exchanges developed
206 quickly in the more advanced transition countries, in most former Soviet republics, national risk capital market s
207 are virtually non-existent and the banking system is still highly inadequate (Zecchini, 1997 ; Frydman, Murphy,
208 & Rapaczynski, 1998). Banks under central planning were mere accounting agencies without an active role in
209 the financial transactions of households or enterprises. In less advanced transition economies, the majority of
210 banks still experience difficulties in mastering the task of guiding savings towards cap ital investment in private
211 enterprises, especially small businesses. The extension of credits to small businesses has also been hampered
212 by the fact that newly created or privatized bank s often face liquidity constraints, resulting from insufficient
213 equity cap ital pro vision, inherited liabilities from the central planning era and/or from massive repayment
214 delays . In addition, banks have typically followed a conservative strategy with respect to the financing of private
215 enterprises. As a consequence, most banks in less advanced transition countries, such as Ukraine and Belarus
216 , lack the willingness to finance small businesses, reinforced by a lack of expertise and knowhow with this ne
217 w clientele, as well as a shortage of collateral on the side of the enterprises. In these circumstances, informal
218 institutions and practices may compensate for some of the deficiencies in form al market institutions, although
219 not without implications for the types of strategies adopted by entrepreneurs to set up and develop businesses
220 (Peng, 2000(Peng, , 2003;; ??mallbone & welter,2006, pp41-42).

221 9 X. GOVERNMENT ROLE IN DEVELOPING EDUCATION 222 AND TRAINING FOR ENTREPRENEURSHIP

223 In order to nurture entrepreneurial spirit from an early age, there will be a need to impart Knowledge about
224 business, particularly at secondary and university levels, to encourage Entrepreneurial initiatives by youngsters
225 and to develop training programs for small enterprises.

226 ? Cheaper and faster start-up Company start-ups will become cheaper and faster, particularly through the
227 use of online registration.

228 10 ? Better legislation and regulation

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

232 11 ? Availability of skills

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

235 ? Improving online access Public administrations will be urged to develop online services for their dealings
236 with enterprises.

237 ? Getting more out of the single market The Member States and the European Commission will complete
238 the single market so that enterprises can derive the maximum benefit from it. At the same time, national and
239 Community competition rules will have to be vigorously applied (?unje, 2006).

240 ? Taxation and financial matters Tax systems will need to make life easier for enterprises. Access to finance (risk
241 capital, structural funds) will need to be improved (?unje, 2006). focused on commercial applications. Inter-firm
242 cooperation and cooperation with higher education institutions and research centers will be encouraged (?unje,
243 2006).

244 ? Successful e-business models and top-class small business support

245 Enterprises will be encouraged to adopt best practices. Business support services will be developed (?unje,
246 2006).

247 ? Develop stronger, more effective representation of SMEs' interests at Union and national level Solutions
248 aimed at representing small enterprises within the Member States and the European Union will be reviewed.
249 National and Community policies will be better coordinated and evaluations will be carried out with a view
250 to improving the performance of small enterprises.An annual report on the implementation of the Charter will
251 appear in the spring of each year (?unje, 2006).

252 12 XI.

253 13 SMES CONDITIONS IN MEXICO, SAUDI, SWITZER- 254 LAND

255 In the case of Mexico, roughly 50% of the population is in the "extralegal sector." The Russians call it the
256 "shadow economy," in Kazakhstan they call it the "black market," and many people refer to the "gray economy"
257 ' or the "informal economy." In Mexico that is approximately 50% of the population working full time.

258 Other people work in the extra legal sector part of the time and the legal sector part of the time, so about
259 80% of the Mexican population works at least part of the time in the e extralegal sector. Thus, only 20% of the
260 Mexican working population is fully legal. So if somebody asks whether the flow of Mexicans or Peruvians to
261 the United State will go down in the near future, the answer is "no." Why? It will keep going up because this is
262 the only place nearby where you can make 48,000 pins with 10 people. How important is SME to Mexico, how
263 valuable? There are 11 million buildings in Mexico-which are not on the official records. There are about six
264 million enterprises and SMEs and families that are producing things that are outside the legal system. The total
265 value of their assets, the slums, the little houses, and other things, is about \$315 billion. How much is \$315 billion
266 to Mexico? It is roughly seven times the value of Mexico's total oil reserves. In other words, the real capital, the
267 real potential for Mexico is not its oil or natural resources. Consider the Saudis. For the Saudis, the f majority of
268 the population is not participating in the division of labor, and they don't have enough property rights. That is
269 one reason why their GNP per capita is continually decreasing regardless of how much oil the Saudi's have. On
270 the other hand, some of the wealthiest countries in the world don't have many natural resources. Switzerland
271 doesn't grow its own cocoa and doesn't produce most of its own milk for its chocolates.

272 Nor does it make the steel from which its watches and turbines are made. The same is true for the Japanese.
273 Rather, their success is built upon their institutional system and good law s to enforce property rights (De Soto,
274 2006).

275 **14 XII.**

276 **15 GOVERNMENT'S ROLE IN ENTREPRENEURSHIP**

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

282 With the mobility of people and ideas today, countries need to compete for commerce. Why would anyone
283 choose to set up a business in Brazil where it takes 18 bureaucratic steps and 152 days to get the company
284 officially registered if they had the option to incorporate in Canada where it takes only 1 step and is completed in
285 1 day? Why set up a company in France when you will be financially punished to the point of bankruptcy if you
286 need to fire someone? Why doing business in the Middle East is really difficult. Of course not all ideas and people
287 are as mobile as others. Even so, bureaucracy, corruption, labor laws, etc. are all inhibiting entrepreneurship
288 and thus standards of living across the globe.

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

291 **16 XIII. WHAT SHOULD GOVERNMENT DO FOR EN-**
292 **HANCING SOCIETY'S ENTREPRENEURSHIP a) Edu-**
293 **cation and Training**

294 Education is a deciding factor in shaping the life, furthering the values people wish to preserve and maintaining
295 the success of the economy. Access to education and training are keys to fostering an entrepreneurial spirit.
296 Professional and lifestyle choices are strongly influenced by socialization processes in which schooling plays an
297 important role. It should be noted that for women, entrepreneurship and start-up companies to remain constantly
298 innovative, independent and creative thinking should be supported (Entrepreneurship, 2006). Access to the
299 Market Vital to the growth of entrepreneurship and start-up companies is entrepreneurs' access to the market.
300 This access can be obtained by leveraging the collective power of consumers. In order to do this, however, women
301 must be able to identify what their respective markets are, who makes up their customer base and to then create
302 demand for their products and services. Without equal opportunity to access both national and international
303 markets, businesses will not be able to sustain continued expansion and competitiveness.

304 **17 Global Journal of Human**

305 **18 Subsection Parts of Government Should Do for Enhancing**
306 **entrepreneurship:**

307 ? Identify potential strategic alliances between government, business and academia and enhance and support
308 entrepreneurship. ? Ensure that women-owned businesses have equal access to bidding for government contracts
309 and establish government goals for women businesses in the award of these contracts. ? Promote trade shows for
310 entrepreneurs as a means to gain broader access to the marketplace.

311 Financial Support Obtaining funding remains a major challenge to women entrepreneurs who hope to start their
312 own businesses. This challenge results from a lack of awareness of financing possibilities and gender discrimination
313 on the part of financial intermediaries and institutions. It is particularly important to consider the availability
314 of private sources of funding and additional services when assessing the appropriate role of government in the
315 provision of debt and equity capital. XV.

316 **19 CONCLUSIONS**

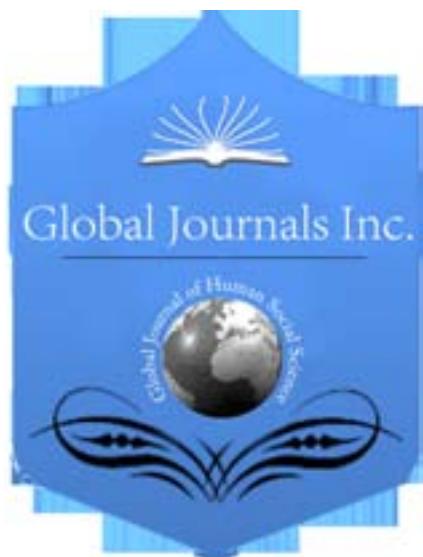
317 Because Mexican formed SMEs are good enough to exist so efforts to foster entrepreneurship should be planned.

318 As entrepreneurship is not solely seen as connected to economic progress but is more and more related to
319 society, other studies have examined how entrepreneurship affects practices of living and everyday life. New
320 organizations-through the new entrepreneurial products and services and the new combinations they produce-
321 have a strong impact on how people's lives take form and how major aspects of society become transformed.
322 From the automobile to the mobile phone, from the pencil to the personal computer, each of these new devices
323 has had enormous implications for how transport, communication, writing, and work have been produced and
324 practiced (Steyaert, 2007) entrepreneurship the role of government is really vital so the governors should apply
325 such strategies that can foster entrepreneurship ability and talents among people in the society to lead in economic
326 development of the society. ^{1 2 3}

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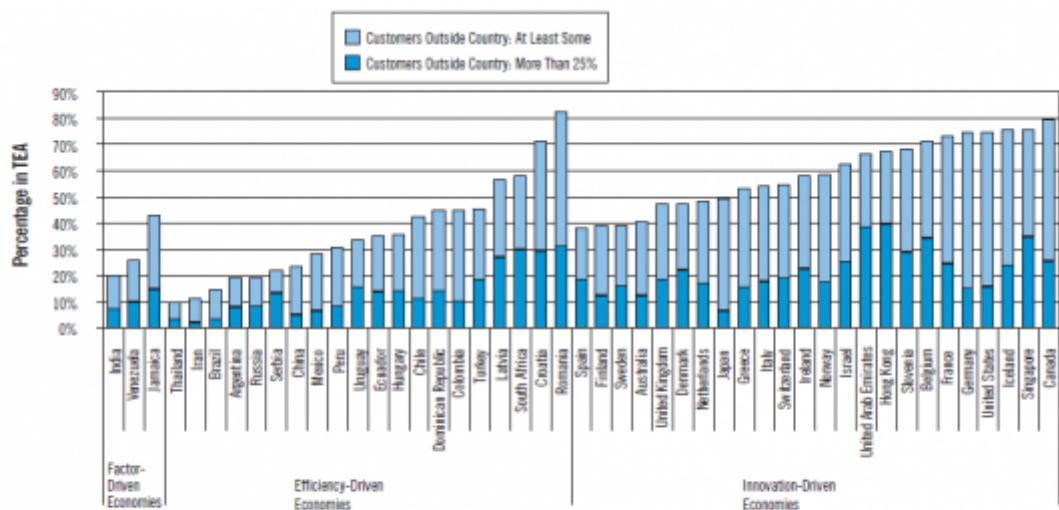
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1

Figure 1: Figure 1 :



2

Figure 2: Figure 2 :

II. DEFINITION OF ENTREPRENEURSHIP

Bob Reiss, successful entrepreneur and author of Low-Risk, High-Reward: Starting and Growing Your Small Business With Minimal Risk,

Figure 3:

2 4

- ? Because they often lack significant retirement savings, face uncertain and volatile employment markets,
- 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.
- ? 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.
- ? 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.
- ? Opportunities to evade taxes and other regulations in Mexico motivate entrepreneurs to adopt non-transparent business practices, making them unattractive to risk-capital investors.
- ? Opportunities for investing risk capital in established businesses exist mainly among

and lack liquidity perspective

[Note: ? Because few people in Mexico have significant personal savings, most are compelled to find reemployment quickly, and may be forced into positions that do not fully exploit their capabilities. This problem is aggravated in Mexico by the fact that most families are one-earner families ? People in Mexico are relatively unable to leave existing employment to pursue high-value-added entrepreneurial ventures. medium and large enterprises and some segment of small and micro businesses.? Entrepreneurial efforts in Mexico are impeded by lack of highly disaggregated high-quality, timely information on markets, demographics, competitors, prices, and costs. ? Mexico's information disadvantage in hightechnology innovation is one reason that successful research and development efforts are rarely commercialized. ? 1]

Figure 4:

7

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Figure 5: ?

Subsection
Parts of
Government

Should Do for
Enhancing en-
trepreneurship:

? Support
access to
Internet
technology for
entrepreneurs.

? Provide
access and
encourage
entrepreneurs to
use Information
and Com-
munications
Technologies
to improve
technical skills
and knowledge.

? Foster the uti-
lization of on-
line training
programs for en-
trepreneurs.

? Endorse en-
trepreneurs' op-
timal use of the
Internet to
harness e-

commerce
possibilities
while reducing
sales, marketing
and purchasing
expenses.

2 ? Promote
8 online databases
and portals
to gather
and share
entrepreneurs'
knowledge and
expertise with
others.

Subsection Part s of Government Should Do for Enhancing Entrepreneurship:

o Draw

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.

o Encourage and support financial literacy programs.

o Ensure that all receive education in a language that

can be applied to international business.

o Consider reserving a certain percentage of E

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.

Subsection Parts of Government Should Do for

19 CONCLUSIONS

Subsection Parts of Government Should Do for Enhancing entrepreneurship:

- ? Integrate technical and money management skill requirements into financial assistance programs.
- ? Establish government policies and programs, and support organizations, that offer funding and other resources for women-owned, small and medium and micro-enterprises.
- ? Encourage entrepreneurs to build their business credit histories to better position themselves for loan opportunities.

o 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 discrimination

entrepreneurs' abilities to establish and grow their businesses.

Subsection Parts of Government Should Do for Enhancing Entrepreneurship:

- ? Ensure that there is policy tailored for micro-enterprises and the self-employed.
- ? Establish and strengthen non-governmental organizations

organizations
intermediaries
government.

? Establish and maintain a statistics database on women-owned businesses that includes a record of their past performance in order to measure women's contributions to economic XIV.

ENHANCING ENTREPRENEURSHIP

policies that discourage and that protect

(NGOs) and

(NPOs) that
between business

PRACTICAL SUGGESTIONS FOR
MEXICAN GOVERNMENT FOR

Figure 7:

Figure 8:

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