



GLOBAL JOURNAL OF HUMAN SOCIAL SCIENCE
Volume 12 Issue 2 Version 1.0 January 2012
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals Inc. (USA)
Online ISSN: 2249-460X & Print ISSN: 0975-587X

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

By José G. Vargas-Hernández
Universidad of Guadalajara, Mexico

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.

Keywords : *Entrepreneurship, Government, Small and Medium Enterprises (SMEs).*

GJHSS-C Classification : *FOR Code : 360201, 150304*



Strictly as per the compliance and regulations of:



Government Public Policy of Mexico and Entrepreneurship

What Can Mexican Government Do For Enhancing Entrepreneurship In Mexico?

José G. Vargas-Hernández

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.

Keywords : *Entrepreneurship, Government, Small and Medium Enterprises (SMEs).*

1. INTRODUCTION

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

Until a few years ago, most of these countries were really following other systems rather than the capitalist system. That has all changed since the fall of the Berlin W all. Even Deng Xiaoping in 1978 started marching in a different direction in China when he said, "It doesn't matter what color a cat is, as long as it catches mice." In the developing world, we've all begun to change, we've all been trying to get our macroeconomic systems in place, we've all been making sure that we have fiscal balance, and we've all been making sure that we don't issue too much

currency. 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. To describe the significance of the concept of entrepreneurship for organization studies, it is important to indicate that entrepreneurship has developed into an academic field in and of itself, as Scott Shane and Sankaran Venkataraman suggest, implying that entrepreneurship studies and organization studies share an interface with organizational emergence at its core. Entrepreneurship is thus both related to both small and medium-sized firms, since new venture creation focuses on how young and (for that reason) smaller firms are started up, develop, and grow, as well as to organizational change and innovation processes of larger and more established organizations. Entrepreneurship thus brings creativity and newness under the attention of organization studies. The focus on newness and innovation for the most part goes back to Joseph Schumpeter who defined entrepreneurship as the creation of new combinations in the form of new goods and services, new methods of production, new markets, new sources of supply, and new organization of the industry. For Schumpeter, creative destruction is central, since entrepreneurship both overwrites current products, services, and markets and develops new ones. For instance, the mobile phone replaced the practice of wired phoning and reorganized the sector of telecommunication (Steyaert, 2007). This paper first studies the entrepreneurship notion and the importance of entrepreneurship in the society, also example of entrepreneurship in the society and Entrepreneurship

Author : M.B.A, Ph.D., Research Professor Member of the National System of Researchers Department of Marketing and International Business Graduate Center of Economic and Administrative Sciences, Universidad of Guadalajara, Mexico.

Tel and fax : +52 (33) 3770 3343 Ext 5097

E-mail : josevargas@cucea.udg.mx, E-mail : jgvh0811@yahoo.com,

E-mail : jvargas2006@gmail.com

barriers in the Society, Government Role in Developing Education and training for entrepreneurship, SMEs Conditions in Mexico, Saudi, Switzerland and also Government's role in entrepreneurship and Subsection Parts of Government Should Do for Enhancing Entrepreneurship come in details.

II. DEFINITION OF ENTREPRENEURSHIP

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

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).

III. SCHUMPETER'S VIEW OF ENTREPRENEURSHIP

Austrian economist Joseph Schumpeter's definition of entrepreneurship placed an emphasis on innovation, such as:

- new products
- new production methods
- new markets
- new forms of organization

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

IV. ENTREPRENEURSHIP

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).

V. A GLANCE TO ENTREPRENEURSHIP IN MEXICO

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 long-term planning (Mexican Entrepreneurship, 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 Entrepreneurship, 2009).

VI. ENTREPRENEURSHIP CHALLENGES IN MEXICO

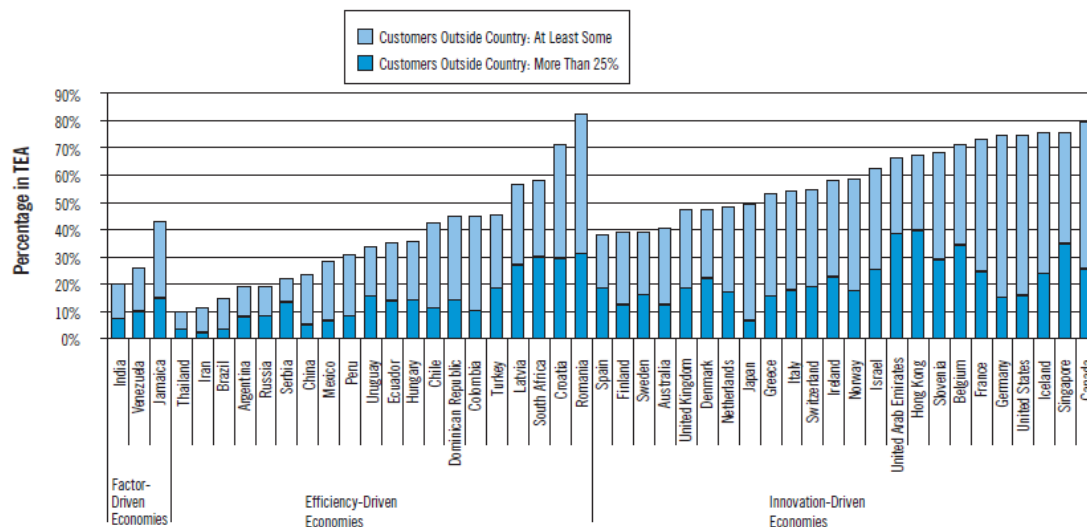
According to Febre and Smith, 2003, entrepreneurship challenges comes as below:

- Entrepreneurship abounds in Mexico but is concentrated among low-risk, low value-added endeavors that require minimum investments of capital.
- The challenge in Mexico is to motivate and enable people to pursue higher value-added entrepreneurship.
- The high-value-added high-growth economic sectors that attract entrepreneurial effort in Mexico are likely to be different than they are in the U.S.
- Entrepreneurial opportunities and resources with which to pursue new venture opportunities are different in Mexico than in the U.S.
- Because few people in Mexico have significant personal savings, most are compelled to find re-employment 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.
- Because they often lack significant retirement savings, face uncertain and volatile employment markets, and lack liquidity, prospective 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 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 high-technology innovation is one reason that successful research and development efforts are rarely commercialized.
- Lack of education relevant to entrepreneurship is an important cause of business failure in Mexico.
- The high levels of time and expense that are required to legally initiate a business discourage prospective entrepreneurs in Mexico (Fabre & Smith, 2003, p.3).

According to The Global Entrepreneurship Monitor (GEM)¹ report (GEM, 2002) about Mexico in 2002 finds that 18% of Mexicans are involved in entrepreneur activities, the highest number of any of the 29 countries covered in the study of International Research Study in 2002. They rank second worldwide in "opportunity" entrepreneurship and fourth in "necessity" entrepreneurship. Also according to the latest GEM in 2009 the figure below shows the Economies (Efficiency Driven and Innovation Driven Economies) in Mexico.

Figure 1 : Percentage of Early-Stage Entrepreneurial Activity with New Products or New Markets, 2004-2009



Source: GEM Adult Population Survey (APS)

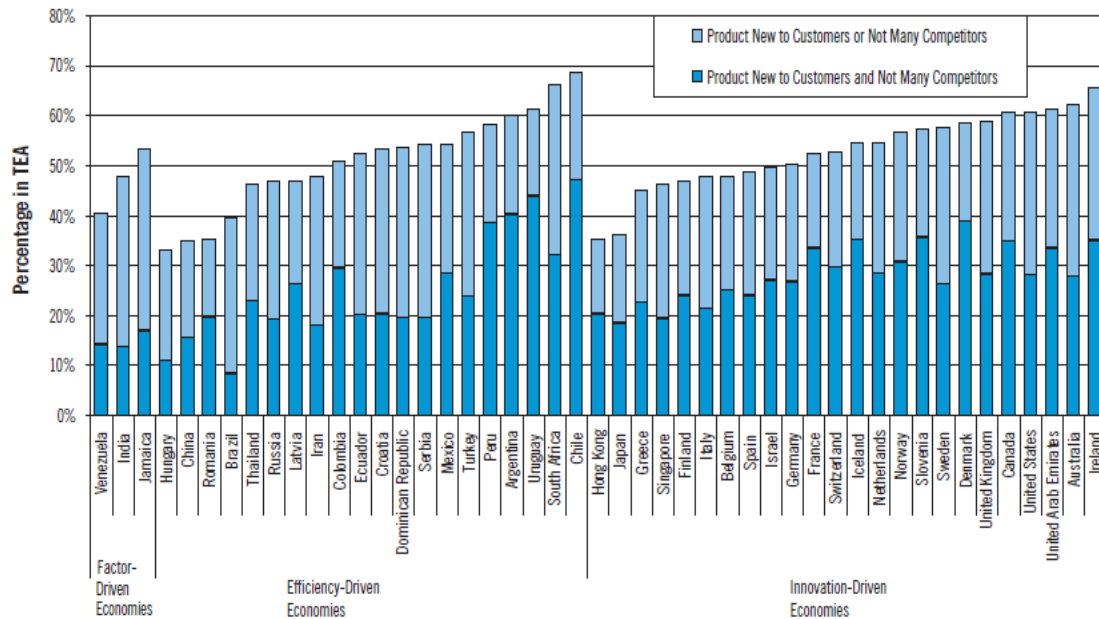
Source : GEM, 2009, p.29

About the other entrepreneurship information for Mexico, the important information which can be considered very important is the percentage of early-

stage entrepreneurs with international Orientation. Figure below shows entrepreneurship in international Orientation during 2004-2009.

¹ GEM; is a not-for-profit academic research consortium that has as its goal making high quality information on global entrepreneurial activity readily available to as wide an audience as possible and also the largest single study of entrepreneurial activity in the world. Which is initiated in 1999 with 10 countries and in 2009 conducted research in 54 countries

Figure 2 : Percentage of Early-Stage Entrepreneurs with International Orientation, 2004-2009



Source: GEM Adult Population Survey (APS)

Source : GEM, 2009, p.30

The above figure shows that the economy of Mexico is Efficiency-Driven and its scale is increasing. And this information can be important for understanding international orientation of entrepreneurship in Mexico.

VII. THE IMPORTANCE OF ENTREPRENEURSHIP IN THE SOCIETY

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

As entrepreneurship is more and more connected to everyday life and practices, it is clear that entrepreneurship and entrepreneurs become less

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

However, how exactly the dreams and dangers of entrepreneurship can be understood remains a future challenge. Entrepreneurship is a contested and hybrid phenomenon that is simultaneously bestowed with the hope for regional development, for battling poverty or for ecological sustainability, and the fear that it will reduce society and all people into a bunch of egoistic self-maximizers. There is thus a need to develop an approach that integrates a critical and affirmative perspective into one procession understanding of entrepreneurship, which is especially pressing as the critical perspective on entrepreneurship being imported from organization studies and social sciences still stays at the margins of the field. As the world becomes more and more globalized, networked, and virtualized, the idea of entrepreneurship as a process of concretion whereby the new products, services, and combinations

(that Schumpeter pointed at) will themselves become more ephemeral and constantly in the making as users in particular take part in the shaping of the form and the use of the new artifact. This tendency holds, once again, an enormous potential to support the theorizing of organizing that has been radicalized by ontology of "becoming" into a process of flux, and to emphasize that notions of creativity and invention are primary concepts to understand the unfolding of newness. This process of creation—which considers creation not as subject to the individual creator but as forming a collective assemblage—implies uncertainty, open-endedness, and risk, and it is that which creates the double sidedness of entrepreneurship, its promise and its danger, and which urges more than ever a critical, yet affirmative understanding of entrepreneurship (Steyaert, 2007).

VIII. EXAMPLE OF ENTREPRENEURSHIP IN THE SOCIETY

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

IX. ENTREPRENEURSHIP BARRIERS IN THE SOCIETY

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

mechanisms, which are still lacking for the most part, which goes hand in hand with a typical lack of adequate personnel in government administration. The reasons include low public sector salaries, combined with a lack of education and training opportunities. All this prevents the proper implementation of new laws and regulations, with negative implications for the business environment and organizations. In addition, frequent changes in tax regulations and other commercial laws, which are characteristics of the early years of transition, require a constant adjustment of knowledge by small business managers as well as by those in government administration. Other problems include a rather uncertain attitude, or even arbitrariness, on the part of public officials regarding law enforcement, which is not helped by a typical lack of specificity in the drafting of laws.

Fundamentally, these institutional deficiencies reflect a lack of political commitment to facilitate private enterprise development. Belarus, under President Lukashenko, may be one of the worst examples, but the issues exist to varying degrees in most of the other former Soviet republics. Political considerations with respect to the enforcement of laws can aggravate the situation, resulting in the fostering of 'old' networks between former state-owned firms and government, as also happened in the early stages of transition in those former transition countries, which joined the EU in 2004 (for Hungary cf. Voszka, 1991, 1994). In some transition countries these networks seem to be one of the major problems (cf. Kuznetsov, 1997), which impede the establishment of independent juridical institutions and the impartial enforcement of a legal framework required for market economies. Another major barrier to small business development in transition countries, where market reform has remained slow is the financial infrastructure (Welter, 1997; Zecchini, 1997). While stock exchanges developed quickly in the more advanced transition countries, in most former Soviet republics, national risk capital markets are virtually non-existent and the banking system is still highly inadequate (Zecchini, 1997; Frydman, Murphy, & Rapaczynski, 1998). Banks under central planning were mere accounting agencies without an active role in the financial transactions of households or enterprises. In less advanced transition economies, the majority of banks still experience difficulties in mastering the task of guiding savings towards capital investment in private enterprises, especially small businesses. The extension of credits to small businesses has also been hampered by the fact that newly created or privatized banks often face liquidity constraints, resulting from insufficient equity capital provision, inherited liabilities from the central planning era and/or from massive repayment delays. In addition, banks have typically followed a conservative strategy with respect to the financing of private enterprises. As a consequence, most banks in

less advanced transition countries, such as Ukraine and Belarus, lack the willingness to finance small businesses, reinforced by a lack of expertise and know-how with this new clientele, as well as a shortage of collateral on the side of the enterprises. In these circumstances, informal institutions and practices may compensate for some of the deficiencies in formal market institutions, although not without implications for the types of strategies adopted by entrepreneurs to set up and develop businesses (Peng, 2000, 2003; Smallbone & Welter, 2006, pp41-42).

X. GOVERNMENT ROLE IN DEVELOPING EDUCATION AND TRAINING FOR ENTREPRENEURSHIP

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.

- *Cheaper and faster start-up*
Company start-ups will become cheaper and faster, particularly through the use of online registration.
- *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.
- *Availability of skills*
Training institutions will deliver skills adapted to the needs of small enterprises and will provide lifelong training and consultancy (Šunje, 2006).
- *Improving online access*
Public administrations will be urged to develop online services for their dealings with enterprises.
- *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 (Šunje, 2006).
- *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 (Šunje, 2006).
- *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 (Šunje, 2006).

- *Successful e-business models and top-class small business support*

Enterprises will be encouraged to adopt best practices. Business support services will be developed (Šunje, 2006).

- *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 (Šunje, 2006).

XI. SMES CONDITIONS IN MEXICO, SAUDI, SWITZERLAND

In the case of Mexico, roughly 50% of the population is in the "extralegal sector." The Russians call it the "shadow economy," in Kazakhstan they call it the "black market," and many people refer to the "gray economy" or the "informal economy." In Mexico that is approximately 50% of the population working full time. Other people work in the extra legal sector part of the time and the legal sector part of the time, so about 80% of the Mexican population works at least part of the time in the extralegal sector. Thus, only 20% of the Mexican working population is fully legal. So if somebody asks whether the flow of Mexicans or Peruvians to the United States will go down in the near future, the answer is "no." Why? It will keep going up because this is the only place nearby where you can make 48,000 pins with 10 people. How important is SME to Mexico, how valuable? There are 11 million buildings in Mexico— which are not on the official records. There are about six million enterprises and SMEs and families that are producing things that are outside the legal system. The total value of their assets, the slums, the little houses, and other things, is about \$315 billion. How much is \$315 billion to Mexico? It is roughly seven times the value of Mexico's total oil reserves. In other words, the real capital, the real potential for Mexico is not its oil or natural resources. Consider the Saudis. For the Saudis, the majority of the population is not participating in the division of labor, and they don't have enough property rights. That is one reason why their GNP per capita is continually decreasing regardless of how much oil the Saudis have. On the other hand, some of the wealthiest countries in the world don't have many natural resources. Switzerland doesn't grow its own cocoa and doesn't produce most of its own milk for its chocolates.

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

XII. GOVERNMENT'S ROLE IN ENTREPRENEURSHIP

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).

XIII. WHAT SHOULD GOVERNMENT DO FOR ENHANCING SOCIETY'S ENTREPRENEURSHIP

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 noted that for women, entrepreneurship and start-up companies to remain constantly innovative, independent and creative thinking should be supported (Entrepreneurship, 2006).

Subsection Parts of Government Should Do for Enhancing Entrepreneurship:

- o 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.
- o 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.
- 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-MBA program enrolment.

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 Enhancing Entrepreneurship:

- o Create a healthy environment in which citizen's creativity, risk-taking and economic independence is valued and encouraged.
- o Provide women equal access to occupations traditionally held by males.
- o 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.
- o Host events and competitions that support innovative ideas and business plans, creating incentives for women to execute their entrepreneurial visions.
- o 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.
- o 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.

Subsection Parts of Government Should Do for Enhancing entrepreneurship:

- Support access to Internet technology for entrepreneurs.
- Provide access and encourage entrepreneurs to use Information and Communications Technologies to improve technical skills and knowledge.
- Foster the utilization of on-line training programs for entrepreneurs.
- Endorse entrepreneurs' optimal use of the Internet to harness e-commerce possibilities while reducing sales, marketing and purchasing expenses.
- 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.

Subsection Parts of Government Should Do for Enhancing entrepreneurship:

- Identify potential strategic alliances between government, business and academia and enhance and support entrepreneurship.
- 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.
- Promote tradeshows 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.

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 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 Entrepreneurship:

- Ensure that there is policy tailored for micro-enterprises and the self-employed.
- Establish and strengthen non-governmental organizations (NGOs) and non-profit organizations (NPOs) that serve as intermediaries between business and 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. 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 development of new exit opportunities for early-stage investors in entrepreneurial ventures.
6. Efforts to foster entrepreneurship in Mexico should include developing more effective ways for individual investors in Mexico to participate in risk capital investing.
7. Education is an important input to developing Mexico's entrepreneurial culture. Universities and other educational institutions need to be encouraged through self-interest to develop relevant educational opportunities and to pursue research that is valuable to entrepreneurship and risk capital investing.
8. Efforts to foster the entrepreneurial culture of Mexico should include assessment of the kinds of advisory services that are critical to new venture success and should determine the areas where private service providers can be relied on and the areas where public support is necessary to bring about the availability of essential advisory services.
9. Efforts to foster the entrepreneurial culture of Mexico should include a comprehensive review of the infrastructure (broadly defined) that enables and supports entrepreneurial activity and risk capital investment. Where feasible, elements of the infrastructure should be introduced or modified to be more supportive or less obstructive (Fabre & Smith, 2003, p.3).

XV. CONCLUSIONS

Because Mexican formed SMEs are good enough to exist so Efforts to foster entrepreneurship should be planed.

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.

REFERENCES REFERENCES REFERENCIAS

1. Business dictionary, (2009), available online at: <http://www.businessdictionary.com/definition/entrepreneurship.html>
2. De Soto, Hernando, (2006), Trust, Institution and Entrepreneurship, International research in the Business Disciplines, Developmental Entrepreneurship : Adversity, Risk, and Isolation, Elsevier Publication.
3. Entrepreneurship, (2007), quick MBA, Internet Center for Management and Business Administration Inc, available online at: <http://www.quickmba.com/entre/>
4. Entrepreneurship, 2006, Best practice guidelines for enhancing women, APEC YMPIOSIUM ON BEST PRACTICES FOR ENHANCING WOMEN'S ENTREPRENEURSHIP AND START-UP COMPANIES, AUGUST6,7,2002 CHINESE TAIPEI
5. Fabre, Fernando- Richard Smith, (2003), Building an Entrepreneurial Culture in Mexico Prepared for Nacional Financiera, SNC, pp.1-58
6. Frydman, R., Murphy, K., & Rapaczynski, A. (1998). Capitalism with a comrade's face. Budapest: Central European University Press.
7. GEM, (2002)," A Global Perspective on Entrepreneurship in 2009" <http://www.gemconsortium.org/>
8. Hupalo, Peter,(2007), Thinking Like An Entrepreneur available online at : <http://www.thinkinglike.com/AboutUs.html>
9. Investor words, (2006), available online at: <http://www.investorwords.com/5548/entrepreneurship.html>
10. Kuznetsov, Ye. (1997). Learning in networks: Enterprise behavior in the former Soviet Union and contemporary Russia. In: J. M. Nelson, C. Tilly & L. Walker (Eds), Transforming post-communist political economies (pp. 156–176). Washington, DC: National Academy Press.
11. Mexican Entrepreneurship, (2009), available at: http://www.internationalentrepreneurship.com/north_america_entrepreneur/mexico_entrepreneur.asp
12. New York, 2007, New York University, the Social Entrepreneurship Pipeline: Educating and Accelerating Emerging Social Entrepreneurs, Case Studies: Changing Louisiana. New York: New York University, 2007.
13. Peng, M. (2000), Business strategies in transition economies, Thousand Oaks: Sage.
14. Peng, M. (2003), Institutional transitions and

- strategic choices, *Academy of Management Review*, 28 (2), 275–286
15. Smallbone, David and Welter, Friederike, (2006), *INSTITUTIONAL DEVELOPMENT AND ENTREPRENEURSHIP IN A TRANSITION CONTEXT*, *Developmental Entrepreneurship : Adversity, Risk, and Isolation International Research in the Business Disciplines*, Volume 5, 37–53.
 16. Steyaert, Chris, (2007), "Entrepreneurship." *International Encyclopedia of Organization Studies*, SAGE Publications
 17. The Good Entrepreneur, 2008, available online at: <http://thegoodentrepreneur.blogspot.com/2008/09/governments-role-in-entrepreneurship.html>
 18. Voszka, E. (1991). From twilight into twilight: Transformation of the ownership structure in the big industries. *Acta Oeconomica*, 43(3–4), 281–296.
 19. Voszka, E. (1994). The revival of redistribution in Hungary, *Acta Oeconomica*, 46(1–2), 63–78
 20. Welter, F. (1997). Small and medium enterprises in Central and Eastern Europe: Trends, barriers and solutions. *RWI-Papier*, 51. RWI, Essen.
 21. Zecchini, S. (1997). Transition approaches in retrospect. In: S. Zecchini (Ed.), *Lessons from the economic transition: Central and Eastern Europe in the 1990s* (pp. 1–34). Dordrecht: Kluwer Academic Publishers.

