Nascent Entrepreneurship and Successful New Venture Creation

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Chapter 16
Evaluating the Determinants of Nascent Entrepreneurship Among Countries

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ABSTRACT

This chapter reflects upon factors that influence nascent entrepreneurship across countries. Correlation analysis is applied using various explanatory variables derived from different approaches. Clusters analysis is applied to verify how different countries are positioned in terms of nascent entrepreneurship. Scheffe's test of mean differences distinguish the unique characteristics of each cluster and assess the principal determinants of the nascent entrepreneurship capacity. The chapter uses the global entrepreneurship monitor (GEM) database and nascent entrepreneurship rates for 52 countries (in 2015), as well as the competitiveness database (2015-16) of the World Economic Forum and Hofstede's cultural dimensions. Analysis from the different approaches assumes that nascent entrepreneurship depends upon the competitive level of the country. In addition, it assumes that nascent entrepreneurship is a cultural phenomenon.

INTRODUCTION

Entrepreneurship is a popular topic for researchers and policymakers. Policymakers look for means to stimulate low economic growth rates and competitiveness. This is also an area ignored by economic theory (Gutterman, 2016). It is important to identify factors that stimulate entrepreneurship, promote economic growth, and increase competitiveness.

Nascent entrepreneurship is one phase of entrepreneurial activity according to lifecycle ventures used in GEM perspective. This category of entrepreneurship covers the first months in creating new ventures after the identification of business opportunities.

The relationship between nascent entrepreneurship and economic level has been studied by several authors (Davidsson, 2006; Kuznets, 1971; Schultz, 1990; van Stel, 2006; van Stel, Wennekers, Thurik, Reynolds, & de Wit, 2003). According to GEM and van Stel et al. (2003), nascent entrepreneurship is

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a cultural phenomenon. The relationship between nascent entrepreneurship and the innovative capacity index has also been studied (van Stel et al., 2003).

Entrepreneurship is important to promote economic growth and competitiveness. But does that exist influence of economic level in nascent entrepreneurship rate? Which factors influence this rate?

This chapter uses different perspectives to reflect on factors influencing nascent entrepreneurship across countries. The first analysis reviews the correlation between nascent entrepreneurship and new business and entrepreneurship framework conditions (Singer, Amoros, & Arreola, 2015). The second approach relates the nascent entrepreneurship to economic development levels while considering the country's competitive level and gross domestic product (GDP) per capita. This approach assumes that nascent entrepreneurship depends upon pillars of competitiveness performance. The third approach relates nascent entrepreneurship to cultural dimensions (Hofstede, 2011).

The first section of the chapter will discuss literature review. The next two sections will deal with data sources, variables, research methods and results. The final two sections will review the solutions and recommendations and conclusions.

LITERATURE REVIEW

The GEM considers entrepreneurial activity according to: (1) venture lifecycle phases (nascent, new venture, established venture, discontinuation); (2) types of activity (high growth, innovation, internationalization); (3) and the sector of the activity (total early-stage entrepreneurial activity [TEA], social entrepreneurial activity [SEA], employee entrepreneurial activity [EEA]) (Singer et al., 2015).

Nascent entrepreneurship rate is defined as the percentage of individuals aged 18-64 who are currently a nascent entrepreneur. In other words, they are actively involved in establishing a business they will own or co-own; this business has not paid salaries, wages, or other payments to the owners for more than three months (Singer et al., 2015). Nascent entrepreneurs are engaged in creating new ventures (Wagner, 2004). Gutterman (2016) considers the nascent entrepreneur phase as covering the first three months after the entrepreneur establishes a new business to pursue identified opportunities.

New business ownership rate is the percentage of individuals aged 18-64 who are currently an owner-manager of a new business. In other words, they own and manage a business that has paid salaries, wages, or other payments to the owners for more than three months but no more than 42 months (Singer et al., 2015).

Entrepreneurship, particularly nascent entrepreneurship, is important for the foundation of new firms and newly-founded firms related to economic development of nations and regions (Wagner, 2004). Effectively, there is a positive impact of entrepreneurship on economic growth (Carree & Thurik, 2003; van Stel et al., 2004). According to Singer et al. (2015, p. 9), entrepreneurship initiatives are important because they "contribute to job creation while strengthening the national economy and social development through the transfer of knowledge for business creation, development, and growth."

Furthermore, policymakers are looking for means to stimulate economic growth rates. Hence, it is important to understand the economy's aspects influencing entrepreneurship. Additionally, it is necessary to identify factors needed to stimulate nascent entrepreneurs.

In the GEM perspective, entrepreneurship dynamics can be linked to conditions that enhance (or hinder) new business creation. These conditions are known as entrepreneurial framework conditions (EFC) and are associated with entrepreneurship ecosystems: access to finance, government policies,

government entrepreneurship programs, entrepreneurship education, R&D transfer, commercial and legal infrastructure, market openness, physical infrastructure, and cultural and social norms. According to Singer et al. (2015, p. 14), "the state of these conditions directly influences the existence of entrepreneurial opportunities, entrepreneurial capacity, and preferences, which in turn determines business dynamics."

Several authors (Davidsson, 2006; Iyigun & Owen, 1998; Kuznets, 1971; Schultz, 1990; van Stel et al., 2003; Yamada, 1996) have studied the relationship between the level of economic development and business ownership (or nascent entrepreneurship rate). In order to analyse the relationship, these authors considered the level of per capita income. GEM considers the importance of the level of economic development to entrepreneurship and uses the global competitiveness index (GCI) developed by the World Economic Forum. GCI serves to assess country performance, including 12 pillars with 114 indicators. It considers competitiveness "as the set of institutions, policies, and factors that determine the level of productivity of an economy, which in turn sets the level of prosperity that the country can earn" (Schwab & Sala-i-Martín, 2015, p. 4).

The following 12 pillars are vital to a country's competitiveness: (1) institutions, (2) infrastructure, (3) macroeconomic environment, (4) health and primary education, (5) higher education and training, (6) goods market efficiency, (7) labour market efficiency, (8) financial market development, (9) technological readiness, (10) market size, (11) business sophistication, and (12) innovation (see Table 1). Each one affects global competitiveness and will positively or negatively influence a country's nascent entrepreneurship.

Many studies analyse culture as a characteristic of entrepreneurship. Search factors influence the ability of society to develop entrepreneurial culture (Singer et al., 2015). The cultural environment and societal culture affect attitudes regarding entrepreneurship and entrepreneurial activities (Dantas, Moreira, & Valente, 2015; Gutterman, 2016). National cultural values become critical research issues due to their influence on individual behaviours, including those of business decision makers (Bearden, Money, & Nevins, 2006). The culture of a country influences the rate of nascent entrepreneurship.

It assumes a dual role: "it can foster (or hinder) entrepreneurial activity as it contributes (or not) for creating a supportive environment" (Dantas et al., 2015, p.8).

Hofstede (1991) defines culture as a set of shared patterns, thoughts, and emotions (or "mental programs"). These can be described and compared, as well as may vary from one individual to another. With elements common to a group, they are both shared and collective. It is always a collective phenomenon (Hofstede, 2011). Hofstede's study of national culture considers six dimensions: (1) power distance, (2) individualism, (3) masculinity, (4) uncertainty avoidance, (5) long-term orientation, and (6) indulgence.

Thus, this study considers the definition and the cultural dimensions proposed by Hofstede (2011).

METHODOLOGY

Data Sources and Variables

The GEM National Expert Survey (GEM NES) analyses factors that influence nascent entrepreneurship across countries. This includes nascent entrepreneurship rates for 51 countries (in 2015), as well as a competitiveness database (2015-16) of the World Economic Forum and the Hofstede cultural dimensions, withdrawn from the author's web page.

Table 1. Pillars of competitiveness (Source: Schwab & Sala-i-Martín, 2015, pp. 36-37)

Pillar	Description
Pillar 1: Institutions	The institutional environment of a country depends on the efficiency and behaviour of both public and private stakeholders.
Pillar 2: Infrastructure	Extensive and efficient infrastructure is critical for ensuring the effective functioning of the economy.
Pillar 3: Macroeconomic environment	The stability of the macroeconomic environment is important for business. Therefore, it is significant for the overall competitiveness of a country.
Pillar 4: Health and primary education	A healthy workforce is vital to a country's competitiveness and productivity. Workers who are ill cannot function to their potential and will be less productive.
Pillar 5: Higher education and training	Quality higher education and training is crucial for economies that want to move up the value chain beyond simple production processes and products.
Pillar 6: Goods market efficiency	Countries with efficient goods markets are well-positioned to produce the right mix of products and services given their particular supply-and-demand conditions. In addition, they can ensure that these goods can be most effectively traded in the economy.
Pillar 7: Labour market efficiency	The efficiency and flexibility of the labour market are critical for ensuring that workers are allocated to their most effective use in the economy and provided with incentives to give their best effort in their jobs.
Pillar 8: Financial market development	An efficient financial sector allocates resources saved by a nation's population, as well as those entering the economy from abroad, to the entrepreneurial or investment projects with the highest expected rates of return rather than to the politically connected.
Pillar 9: Technological readiness	The technological readiness pillar measures the agility with which an economy adopts existing technologies to enhance the productivity of its industries. Specific emphasis is placed on its capacity to fully leverage information and communication technologies (ICTs) in daily activities and production processes for increased efficiency and enabling innovation for competitiveness.
Pillar 10: Market size	The size of the market affects productivity since large markets allow firms to exploit economies of scale.
Pillar 11: Business sophistication	Business sophistication concerns two elements that are intricately linked: the quality of a country's overall business networks and the quality of individual firms' operations and strategies.
Pillar 12: Innovation	Innovation is important for economies as they approach the frontiers of knowledge. The possibility of generating more value by integrating and adapting exogenous technologies tends to disappear.

The Global Entrepreneurship Monitor 2014 Global Report (Singer et al., 2015) contains variables of the nascent entrepreneurship rate and new business ownership rate.

- **Nascent Entrepreneurship Rate:** The percentage of individuals aged 18-64 who are currently a nascent entrepreneur. In other words, they are actively involved in establishing a business that they will own or co-own (this business has not paid salaries, wages, or other payments to the owners for more than three months).
- **New Business Ownership Rate:** The percentage of individuals aged 18-64 who are currently an owner-manager of a new business. In other words, they own and manage a running business that has paid salaries, wages, or other payments to the owners for more than three months but no more than 42 months.

The GEM NES Key Indicators contain the remaining variables (see Table 2) designated as entrepreneurship ecosystems (Entrepreneurship Framework Conditions).

Table 2. GEM NES key indicators (Source: http://www.gemconsortium.org/data/sets)

Indicators	Definition
Financing for Entrepreneurs	Availability of financial resources, equity, and debt for small and medium enterprises (SMEs) (including grants and subsidies)
Governmental Support and Policies	Extent to which public policies support entrepreneurship and/or entrepreneurship as a relevant economic issue
Taxes and Bureaucracy	Extent to which public policies support entrepreneurship Taxes or regulations are size-neutral or encourage new SMEs
Government Programs	Presence and quality of programs directly assisting SMEs at all levels of government (national, regional, and municipal)
Basic: School Entrepreneurial Education and Training	Extent to which training in creating or managing SMEs is incorporated within education and training systems at primary and secondary levels
Post: School Entrepreneurial Education and Training	Extent to which training in creating or managing SMEs is incorporated within education and training systems in higher education, such as vocational, college, business schools, etc.
R&D Transfer	Extent to which national research and development leads to new commercial opportunities and is available to SMEs
Commercial and Professional Infrastructure	Property rights, commercial, accounting, and other legal and assessment services and institutions that support or promote SMEs
Internal Market Dynamics	Level of change in markets each year
Internal Market Openness	Extent to which new firms are free to enter existing markets
Physical and Services Infrastructure	Ease of access to physical resources (i.e., communication, utilities, transportation, land, space) at a price that does not discriminate against SMEs
Cultural and Social Norms	Extent to which social and cultural norms encourage or allow actions leading to new business methods or activities that can potentially increase personal wealth and income

The competitiveness database (2015-16) of the World Economic Forum contains 114 indicators to capture productivity concepts within 140 economies. These indicators are grouped into 12 pillars: (1) institutions, (2) infrastructure, (3) macroeconomic environment, (4) health and primary education, (5) higher education and training, (6) goods market efficiency, (7) labour market efficiency, (8) financial market development, (9) technological readiness, (10) market size, (11) business sophistication, and (12) innovation. These, in turn, are organized into three sub-indexes aligned with the following stages of development: basic requirements, efficiency enhancers, and innovation and sophistication factors. The three sub-indexes are assigned different weights in the calculation of the overall index. This depends on each economy's stage of development. It is represented by its GDP per capita and share of exports represented by raw materials (Schwab & Sala-i-Martín, 2015).

Hofstede's cultural dimensions are power distance, individualism, masculinity, uncertainty avoidance, long-term orientation, and indulgence.

For Hofstede, Hofstede, and Minka (2010), power distance index (PDI) expresses the degree to which less powerful members of society accept and expect that power is distributed unequally. The fundamental issue is how a society handles inequalities among people. People exhibiting a large degree of power distance accept a hierarchical order in which everybody has a place. Justification is not required. In societies with low power distance, people strive to equalise the distribution of power and demand justification for inequalities of power.

Individualism vs. collectivism (IDV) is the high side of this dimension. Also referred to as individualism, it can be defined as a preference for a loosely-knit social framework in which individuals are expected to take care of only themselves and their immediate family. Its opposite, collectivism, represents a preference for a tightly-knit framework in society in which individuals expect their relatives or members of a particular in-group to look after them in exchange for unquestioning loyalty. A society's position on this dimension is reflected in whether self-image is defined in terms of "I" or "we" (Hofstede et al., 2010).

Masculinity vs. femininity (MAS), according to Hofstede et al. (2010), considers the masculinity dimension as a preference in society for achievement, heroism, assertiveness, and material rewards for success. In general, society is more competitive. Its opposite, femininity, prefers cooperation, modesty, caring for the weak, and quality of life. In general, society is more consensus-oriented. In the business context, MAS is also related to "tough vs. tender" cultures.

The uncertainty avoidance index (UAI) expresses the degree to which members of a society feel uncomfortable with uncertainty and ambiguity. The fundamental issue is how a society deals with an unknown future. One question that may arise is: Should we try to control the future or just let it happen? Countries exhibiting strong UAI maintain rigid codes of belief and behaviour. In addition, they are intolerant of unorthodox behaviour and ideas. Weak UAI societies maintain a relaxed attitude in which practice counts more than principles (Hofstede et al., 2010).

According to Hofstede et al. (2010), societies with long-term orientation (LTO) vs. short-term normative orientation maintain links with the past while dealing with present and future challenges. Societies prioritize these existential goals differently. Societies who score low on this dimension, for example, prefer to maintain time-honoured traditions and norms. In turn, they view societal change with suspicion. Those with a culture who score high take a more pragmatic approach. They prepare for the future by encouraging thrift and modern education. In the business context, this dimension is related to (short-term) normative vs. (long-term) pragmatic (PRA). In the academic environment, the terminology "monumentalism vs. flexhumility" is used.

In addition, Hofstede et al. (2010) reviewed indulgence vs. restraint (IND). It was considered that indulgence stood for a society that allows relatively free gratification of basic and natural human drives related to enjoying life and having fun. Restraint stands for a society that suppresses gratification of needs and regulates it by means of strict social norms.

Methodology

Correlation analysis was applied with various explanatory variables using the entrepreneurship ecosystem (entrepreneurship framework conditions) (Singer et al., 2015): nascent entrepreneurship rate, new business ownership rate, financing for entrepreneurs, governmental support and policies, taxes and bureaucracy, governmental programs, basic-school entrepreneurial education and training, post-school entrepreneurial education and training, R&D transfer, commercial and professional infrastructure, internal market dynamics, internal market openness, physical and services infrastructure, cultural and social norms.

The analysis uses the correlation matrix considering 5% and 10% statistical significance levels. It aims to show a relationship (or statistical significance) between nascent entrepreneurship rate and the variables in the study.

The clusters analysis verifies how different countries are positioned in terms of nascent entrepreneurship. Scheffe tests of mean differences is applied to distinguish the unique characteristics of each cluster and assess the principal determinants of the nascent entrepreneurship capacity. This methodology

groups countries according to their nascent entrepreneurship rate. A Scheffe test of mean differences was used to verify whether independent groups differed with respect to the 12 pillars of competitiveness and the cultural dimensions of Hofstede. It aimed to verify if nascent entrepreneurship rate depends upon competiveness level at different pillars. In addition, it considers if nascent entrepreneurship is a cultural phenomenon.

DETERMINANTS OF NASCENT ENTREPRENEURSHIP AMONG COUNTRIES: RESULTS

Table 3 shows a direct relationship (statistically significant) between positively correlated nascent entrepreneurship and new business ownership rates. The countries with higher nascent entrepreneurship rates are often those who achieve greater new business ownership rates.

The correlation matrix in Table 3 shows indirect relations (with statistical significance) between: nascent entrepreneurship rate and financing for entrepreneurs, R&D transfer, internal market dynamics, and internal market openness.

Nascent entrepreneurship rate and the entrepreneurship ecosystems (entrepreneurship framework conditions) are negatively correlated. The analysed countries with a higher nascent entrepreneurship rate often: have limited financial resources (i.e., equity and debt) for SMEs (including grants and subsidies); do not utilize national research and development for commercial opportunities for SMEs; have lower levels of market change each year and are associated with smaller openings to markets; and have a small number of new firms enter existing markets.

The cluster analysis application identified five groups of economies with different levels of nascent entrepreneurship rate. Results demonstrate that the variable used for this analysis was significant. The statistical significance can be observed through the F-statistic. The level of significance is associated with a low probability of analysis rejection. See Table 4 and Figure 2 (located in the appendix).

The results in Table 5 illustrate that the first group has higher values in the nascent entrepreneurship rate variable. The second and third groups present modest values. The fourth group presents lesser values of nascent entrepreneurship rate. The fifth group presents the second-best values of the variable.

In terms of economies included in each group, it can be observed through Figure 1 and Table 9 (see Appendix) that group 1 has four regions in Africa, Latin America, and the Caribbean. Singer et al. (2015) noted that these are factor- and efficiency-driven economies. It covers Botswana, Cameroon, Ecuador, and Peru. In the second group, there are 18 countries, including: Australia, Barbados, Canada, China, Croatia, Estonia, Hungary, Iran, Kazakhstan, the Netherlands, Philippines, Poland, Portugal, Puerto Rico, Romania, Slovakia, Thailand, and the United Kingdom. The third group contains eight countries integrating most of Latin America and the Caribbean (Argentina, Colombia, Guatemala, Mexico, Panama, and Uruguay), Burkina Faso, and the United States. The fourth group is composed of 20 economies, dominated by the north and centre of Europe (Belgium, Finland, Germany, Ireland, Luxembourg, Norway, Slovenia, Sweden, Switzerland, Spain, Italy, and Greece), Brazil, India, Indonesia, Japan, Malaysia, South Africa, Taiwan, and Vietnam. The fifth group contains Chile.

Figure 1 and Table 9 (see Appendix) show that the less-developed economies of the first and fifth groups present higher values in nascent entrepreneurship rate. The second and fourth groups contain some of the most developed economies and present a modest and very modest nascent entrepreneurship rate. Nascent entrepreneurs are labelled as those who commit resources to start a business; the

Table 3. Correlations matrix between nascent entrepreneurship, as well as new business and entrepreneurship framework conditions

	Nascent entrepreneurship rate	New business ownership rate	Financing for entrepreneurs	Governmental support and policies	Taxes and bureaucracy	Governmental programs	Basic-school Entrepreneurial Education and training	Post-school entrepreneurial education and training	R&D Transfer	Commercial and professional infrastructure	Internal market dynamics	Internal market openness	Physical and services infrastructure	Cultural and social norms
Nascent entrepreneurship rate	1													
New business ownership rate	0.480**	1												
Financing for entrepreneurs	-0.430**	-0.226	1											
Governmental support and policies	-0.201	-0.048	0.657**	1										
Taxes and bureaucracy	-0.072	0.026	0.501**	0.539**	1									
Governmental programs	-0.092	-0.195	0.586**	$0_{.634}$**	0.684**	1								
Basic-school Entrepreneurial Education and training	-0.135	-0.051	0.616**	0.445**	0.477**	0.421**	1							
Post-school entrepreneurial education and training	0.227	0.184	0.378**	0.476**	0.277*	0.494**	0.539**	1						
R&D Transfer	-0.362**	-0.230	0.710**	0.621**	0.618**	0.712**	0.675**	0.555**	1					
Commercial and professional infrastructure	-0.243	-0.231	0.535**	0.449**	0.442**	0.654**	0.480**	0.418**	0.549**	1				
Internal market dynamics	-0.417**	0.067	0.338*	0.251	-0.019	-0.158	0.138	-0.145	0.148	-0.249	1			
Internal market openness	-0.329*	-0.313*	0.722**	0.633**	0.689**	0.779**	0.606**	0.426**	0.787**	0.694**	-0.031	1		
Physical and services infrastructure	-0.149	-0.220	0.272	0.255	0.342*	0.328*	0.001	0.068	0.240	0.280*	0.078	0.338*	1	
Cultural and social norms	0.172	0.287*	0.496**	0.417**	0.616**	0.464**	0.572**	0.576**	0.452**	0.336*	0.124	0.497**	0.251	1

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

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

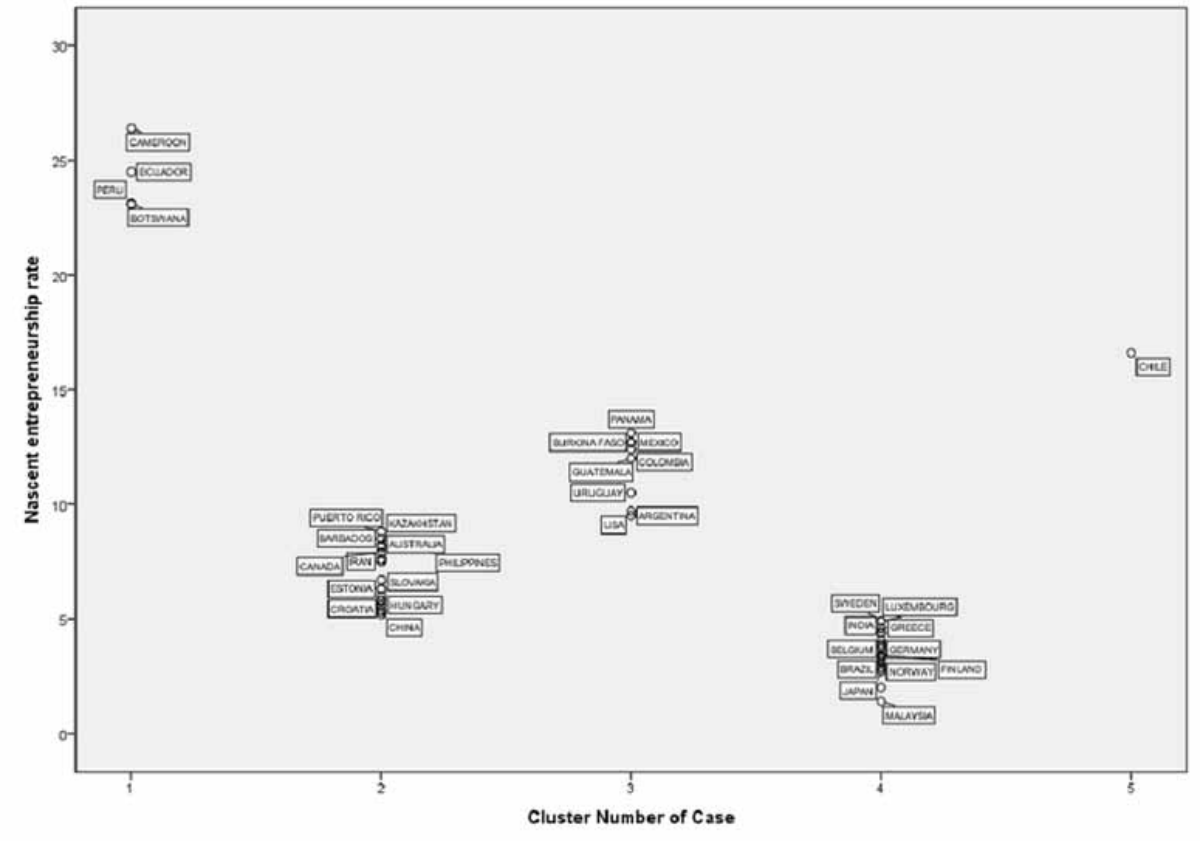
Table 4. ANOVA analysis for groups of economies

	Cluster		Error		F	Sig.
	Mean Square	Df	Mean Square	df		
Nascent entrepreneurship rate	413.335	4	1.380	46	299.491	.000

Table 5. Cluster averages for groups of economies

	Cluster 1	Cluster 2	Cluster 3	Cluster 4	Cluster 5
	N=4	N=18	N=8	N=20	N=1
Nascent entrepreneurship rate	24.28	6.81	11.58	3.57	16.60

Figure 1. Distribution of the countries by clusters



business has not yet yielded wages or salaries (Singer et al., 2015) (involved in setting up a business [0-3 months]). Iyigun and Owen (1998) argued that the decline in self-employment is because a rising economic development had fewer individuals who were willing to risk becoming an entrepreneur as safe professional earnings rise.

Singer et al. (2015, p. 38) confirmed the results, stating:

… entrepreneurial dynamics is the highest among 2014 GEM African economies and the lowest among European economies (both in EU and non-EU). A high discontinuance rate can be an indicator of the low-level of preparedness of business ventures. At the same time, the low rate of discontinuance can be an indicator of the absence of the entrepreneurship ecosystem, which supports a fast exit from the bad designed venture and a fast re-entering into new venturing process. Building on the analysis of social values toward entrepreneurship and individual attributes, it is obvious that linking any descriptor of entrepreneurship only to the level of economic development would be misleading. It holds also for indicators of entrepreneurial activity.

In order to interpret the relationship between explanatory variables and the dependent variable of nascent entrepreneurship rate, mean differences between groups in the variables considered in the cases were tested.

Scheffe test of means differences was used to verify whether the five groups of economies differed with respect to the variables of global competitiveness and GDP per capita, pillars of competitiveness performance, and cultural dimensions of Hofstede.

In regards to global competitiveness and GDP per capita, the economies of group 4 and group 2 presented with low and moderate nascent entrepreneurship rate and superior global competitiveness scores compared to groups 5, 3, and 1 (see Table 6). Group 4 and group 2 presented with superior GDP per capita, purchasing power parity (PPP) compared to the other groups.

Analysis on the influence of pillars of competitiveness performance: institutions, infrastructure, health and primary education, higher education and training, goods market efficiency, technological readiness, business sophistication and innovation, on nascent entrepreneurship rate (Table 7) we observe that this assumes greater expression in groups 4, 2, and 5 than in groups 3 and 1. It can be said that the competitiveness performance in these pillars negatively influenced performance in nascent entrepreneurship rate.

The results of the following pillars are insufficient in order to differentiate between the five groups: macroeconomic environment, labour market efficiency, financial market development, and market size.

When considering the influence of the differences in the dimensions of the national culture of Hofstede on nascent entrepreneurship rate, we observe that the countries that constitute clusters 4 and 2 (vs. clusters 5, 3, and 1) are the ones that reveal a national culture characterized by a higher long-term orientation. This higher long-term orientation, verified in the countries of groups with low and moderate nascent entrepreneurship rate, appears to have a negative influence in nascent entrepreneurship. This may be due to aspects that derive from high long-term orientation limiting the country's nascent entrepreneurship (Table 8). The remaining cultural dimensions are not significantly different (Table 8).

Table 6. Mean differences between groups: Competitiveness level and GDP per capita

	Sum of Squares	df	Mean Square	F	Sig.	Obs.
GCI	3.342	4	.836	3.101	.025	4>2>5>3>1
GDP per capita, PPP (current international $) 2014	3398140844.880	4	849535211.220	2.845	.034	4>2>5>3>1

Table 7. Mean differences between groups: Pillars of competitiveness performance

	Sum of Squares	Df	Mean Square	F	Sig.	Obs.
Pillar 1: Institutions	7.629	4	1.907	2.753	.040	4>5>2>3>1
Pillar 2: Infrastructure	12.678	4	3.170	4.781	.003	4>2>5>3>1
Pillar 3: Macroeconomic environment	2.186	4	546	.711	.589	
Pillar 4: Health and primary education	4.595	4	1.149	4.092	.007	4>2>5>3>1
Pillar 5: Higher education and training	6.249	4	1.562	3.414	.016	4>5>2>3>1
Pillar 6: Goods market efficiency	2.591	4	.648	2.722	.042	4>2>5>3>1
Pillar 7: Labour market efficiency	1.188	4	.297	.815	.523	
Pillar 8: Financial market development	1.008	4	.252	.450	.772	
Pillar 9: Technological readiness	14.794	4	3.698	4.130	.006	4>2>5>3>1
Pillar 10: Market size	5.428	4	1.357	1.539	.208	
Pillar 11: Business sophistication	6.646	4	1.662	4.268	.005	4>2>3>5>1
Pillar 12: Innovation	10.426	4	2.606	4.021	.007	4>2>3>5>1

Table 8. Mean differences between groups: Cultural dimensions

	Sum of Squares	df	Mean Square	F	Sig.	Obs.
Power distance	1856.230	4	464.058	.539	.708	
Individualism	4891.659	4	1222.915	1.796	.148	
Masculinity	625.575	4	156.394	.253	.906	
Uncertainty Avoidance	2027.878	4	506.970	.643	.635	
Long Term Orientation	11037.002	4	2759.251	6.468	.000	4>2>5>3>1
Indulgence	2002.576	4	500.644	.984	.427	

SOLUTIONS AND RECOMMENDATIONS

The results suggest a negative effect with nascent entrepreneurship rate and the economic level. The less developed economies presented higher values in nascent entrepreneurship rate. The more developed and competitive economies presented lower nascent entrepreneurship level. The nascent entrepreneurship decreased with: the efficiency and behaviour of a country's institutional environment; efficient infrastructures; a healthy workforce; quality higher education and training; efficiency of the goods market; technological readiness; business sophistication; and innovation. In sum, the results reported a negative empirical relationship between competitiveness performance and the rate of nascent entrepreneurship.

A national culture with short-term normative orientation may be conducive to nascent entrepreneurship. These societies prefer to maintain time-honoured traditions and norms. They also view societal change with suspicion. Societies with LTO take a more pragmatic approach. They encourage thrift and modern education as a way to prepare for the future. However, they present a modest nascent entrepreneurship rate. These results are in agreement with the results of Dantas et al. (2015), that concludes only individualism and LTO are statistically significant in the cultural model and present different entrepreneurship rates

These results confirm the conclusions of several authors (Davidsson, 2006; Iyigun & Owen, 1998; Kuznets, 1971; Schultz, 1990; van Stel et al., 2003; Wennekers, Stel, Thurik, & Reynolds, 2005; Yamada, 1996) who have reported a negative empirical relationship between economic development and the rate of business ownership (self-employment) in the labour force or negative empirical relationship between necessity-based entrepreneurship and the level of economic development. Considering nascent entrepreneurs as the first phase of a ventures' lifecycle of entrepreneurial activity.

Several reasons were offered for the decline of self-employment with increasing per capita income (van Stel et al., 2003). At the demand side of entrepreneurship, a declining share of agriculture and an increasing share of manufacturing diminish the opportunities for self-employment. It was argued that rising economic development caused fewer individuals to run the risk associated with becoming an entrepreneur as the safe professional earnings rise (van Stel et al., 2003). More recently, statistical evidence pointed at a reversal of the negative relationship between real income and self-employment occurring at an advanced level of economic development.

Davidsson (2006) argued that developing nations may be better off pursuing the exploitation of scale economies, foreign direct investment, and improved management education. These conclusions suggested different policy strategies for countries on different levels of development.

CONCLUSION

This chapter reflects upon factors that influence nascent entrepreneurship across countries using three different perspectives. This first analyses the correlation between nascent entrepreneurship and new business and entrepreneurship framework conditions. The second approach relates the nascent entrepreneurship to competitiveness levels and GDP per capita of the country, while considering the 12 pillars of competitiveness performance. Finally, the third approach relates the nascent entrepreneurship to cultural dimensions of Hofstede.

The results conclude that the countries with higher nascent entrepreneurship rate often use less national research and development, which leads to new commercial opportunities available to SMEs. Countries with higher nascent entrepreneurship have a lower level of change in markets each year. They are associated with lower market openings and few firms enter existing markets.

Thus, the nascent entrepreneurship decreases with financing for entrepreneurs. This includes the availability of financial resources—equity and debt—for SMEs (including grants and subsidies), R&D transfers (the level to which national research and development will lead to new commercial opportunities and is available to SMEs), internal market dynamics (the level of change in markets from year to year), and internal market openness (the extent to which new firms are free to enter existing markets).

The results reported a national culture with short-term normative orientation may be conducive to nascent entrepreneurship and a negative empirical relationship between competitiveness performance and the rate of nascent entrepreneurship.

Thus, it is clear that Nascent Entrepreneurship Rate differs among countries and that cultural characteristics, the competitiveness performance of the economy, it is a cultural phenomenon and the country of origin are differently influential, as referred Dantas et al. (2015) in their study on entrepreneurship and National Culture.

FUTURE RESEARCH DIRECTIONS

This study presents some limitations to the comprehension of the micro mechanisms which create new business: a more detailed analysis of the effectiveness of the several national entrepreneurship strategies. These limitations arise as a pathway for future research about this theme, and appear to be of great interest to the embodiment of indicators about national and regional entrepreneurship strategy.

Another limitation it is the use of data from GEM, World Economic Forum and Hofstede reports which present different countries and lack of indicators in some countries, which allowed only the study of 51 countries. Thus, this study can be developed enlarging the sample.

Another field of future research should address the inclusion of micro level variables, in order to measure the profile of entrepreneurship from the fact of being present in countries with more Nascent Entrepreneurship Rate, so the future research will begin to tackle these challenges and involves the construction and application of panel data sets to analyze the decisions of nascent entrepreneurs since childhood.

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KEY TERMS AND DEFINITIONS

Competitiveness: The set of institutions, policies, and factors that determine the level of productivity of a country.

Cultural Dimensions: Represent independent preferences for one state of affairs over another that distinguish countries (rather than individuals) from each other.

Entrepreneurship Framework Conditions: The most important components of any entrepreneurship ecosystem and constitute the necessary oxygen of resources, incentives, markets and supporting institutions for the creation and growth of new firms.

Entrepreneurship: The process of creation of business (nascent, new business, established business, discontinuation).

Nascent Entrepreneurship: Individuals aged 18-64 who are actively involved in establishing a business that they will own or co-own (this business has not paid salaries, wages, or other payments to the owners for more than three months).

National Culture: The collective programming of the mind distinguishing the members of one group or category of people from others.

New Business: Individuals aged 18-64 who are currently an owner-manager of a new business that has paid salaries, wages, or other payments to the owners for more than three months but no more than 42 months.

Pillars of Competitiveness: Different components or categories, each measuring a different aspect of competitiveness. The Global Competitiveness Report published by the World Economic Forum grouped into 12 categories the pillars of competitiveness.

APPENDIX

Figure 2. Dendogram

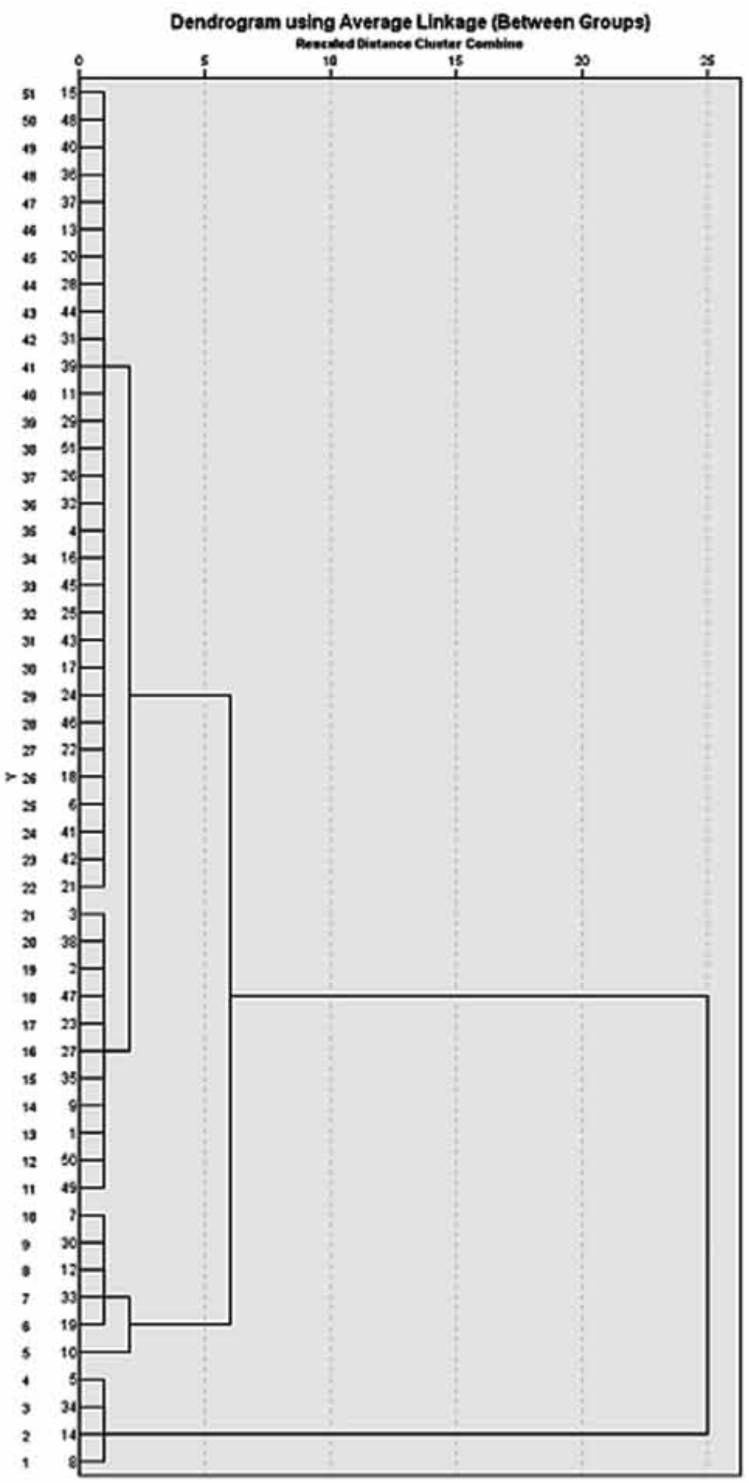

Table 9. Distribution of countries by clusters

Cluster 1	Cluster 2	Cluster 3	Cluster 4	Cluster 5
Botswana	Australia	Argentina	Belgium	Chile
Cameroon	Barbados	Burkina Faso	Brazil	
Ecuador	Canada	Colombia	Finland	
Peru	China	Guatemala	Germany	
	Croatia	Mexico	Greece	
	Estonia	Panama	India	
	Hungary	Uruguay	Indonesia	
	Iran	USA	Ireland	
	Kazakhstan		Italy	
	Netherlands		Japan	
	Philippines		Luxembourg	
	Poland		Malaysia	
	Portugal		Norway	
	Puerto rico		Slovenia	
	Romania		South Africa	
	Slovakia		Spain	
	Thailand		Sweden	
	UK		Switzerland	
			Taiwan	
			Vietnam	
4	18	8	20	1