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
Evaluating the Determinants of Nascent Entrepreneurship Among Countries

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,