

The Influence of Institutional Context on Entrepreneurship in Latin America

Abstract

This paper aims to discuss about the relationship between institutional context and the level of entrepreneurship in Latin American countries. Based on previous research, it was identified that (a) institutional environment, (b) macroeconomic environment and (c) educational environment are dimensions of institutional context that could impact the country levels of initial entrepreneurship (TEA) and established entrepreneurship (TEE). Using regression models, level of entrepreneurship (dependent variable) was represented by TEA and TEE rates, and was regressed as a function of the independent variables for the period from 2007 to 2016. As a result, the institutional environment and macroeconomic environment showed a negative influence on TEE and the educational environment had a positive influence. Regarding the TEA, it was shown that it has a positive influence from all the independent variables. In this way, it can be affirmed that they have the potential to broaden the discussions at the intersection of entrepreneurship studies, developing countries and institutional theory, as well as opening possibilities for future research.

Key-words: Entrepreneurship. Latin America. Institutional Theory.

1 Introduction

The role of entrepreneurship as an essential component of the economic and social development of countries has been a widely discussed theme in academic studies (Sepúlveda & Bonilla, 2014; Mota et al., 2017). Similarly, the analysis of motivations, conditioning factors and the environment in which entrepreneurship has been developed has also been the object of a better understanding of its influence, whether positive or negative, in the development of nations (Amorós, Borraz & Veiga, 2016).

One of the most promising lines of research in entrepreneurship studies is the investigation of how institutions influence entrepreneurial behavior (Kalantaridis & Fletcher, 2012). Institutions represent the rules of the game in a society and shape human interaction (North, 1990), which, when regulating, stable and acting efficiently, can minimize insecurity and risk for entrepreneurs, as well as transaction costs relating to its activity. On the other hand, if institutions present an unstable, not very transparent or extremely restrictive scenario, they may have an embarrassing influence on entrepreneurial behavior (Welter & Smallbone, 2011).

The deepening of the analysis of institutional context in which entrepreneurship takes place is essential and, in this respect, the understanding of economic, political and cultural environment where the players operate has also fundamental importance, since they influence the gender, the development and the perspective of entrepreneurship, as well as the way entrepreneurs behave (Welter & Smallbone, 2011). This aspect is especially relevant in adverse environments, such as developing countries, which have high bureaucracy, high levels of corruption and high tax burden as one of their

main institutional features, which may lead to a lower predisposition to entrepreneurship (Pinho & Thompson, 2016).

Research on entrepreneurship in developing countries is still rare (Rojas & Siga, 2009), especially in Latin America. Some efforts in deepening research have been developed by certain authors, however, in quantitative terms, the production is still restricted. In addition to limited production, most of the research was restricted to case studies (Sepúlveda & Bonilla, 2014) or was developed with a focus on the functioning of entrepreneurship and its effects, rather than considering what triggers or activates it (Kalantaridis & Fletcher, 2012). Furthermore, the understanding of the institutional perspective in relation to entrepreneurship has very important implications, since the low productivity found in the developing countries can be related to the lack of entrepreneurial capacity and the very lack of renewal of the economy (Rojas & Siga, 2009).

In this context, the objective of this research is to analyze the impact of the institutional context in the creation of new enterprises and in the enterprises already established in developing countries, specifically in Latin America, to find elements, besides those already mentioned in the literature, that will allow an interpretation about the dynamics of entrepreneurship observed in this region.

Yet, this paper aims to contribute for elucidate two main issues that the existing literature did not address extensively. First, although there are researches which the purpose was to investigate the correlation between entrepreneurship and economics variables, there are still few studies directed to the explanation of how socioeconomic institutional dimensions influence the development of entrepreneurship in emerging countries, more specifically in Latin America. Secondly, a longitudinal and multidimensional basis covering a period of 10 years was used in this research, which allowed for a more thorough investigation and interpretation of certain fundamentals mentioned in a more rudimentary way in studies for developing countries.

In order to meet the requirements of this research, two data source were used. The first one provided by *Global Entrepreneurship Monitor (GEM)*, which is one of the most extensive data sets on entrepreneurship in the world and on an annual basis. The second database was taken from the *Global Competitiveness Index (GCI)*, which is also an annual survey, prepared by the *World Economic Forum*, and which assesses the competitive landscape in the world economies by providing information on the set of institutions, policies and factors that determine a country's level of productivity.

The following sections will present the theoretical bases for the full understanding the hypotheses, the method, as well as the discussions and considerations that will seek to find theoretical bases to confirm the hypotheses constructed in this research.

2 Theory and Hypotheses

Although there are several studies focused on the evaluation of how entrepreneurship is impacted by or impacts the development of nations, this theme still does not have consensus in the

academy, being quite controversial (Mota et al., 2017). Since entrepreneurial behavior is not a mechanistic or a homogeneous response to external pressures but is strongly influenced by complex and situational interactions that are different from internal and external factors (Welter & Smallbone, 2011). Entrepreneurship is a key element on the growth and development of countries (Sepúlveda & Bonilla, 2014; Stephen, Urbano & Van Hemmen, 2005), however, according to Amorós, Borraz and Veiga (2016), it is difficult to understand the causality between the entrepreneurial activities of entrepreneurship and the economic and social development at country level.

Van Stel, Carree and Thurik (2005) report that development is positively and directly related to entrepreneurship only in developed countries. In relation to developing countries, the relationship is direct and inverse, given that in the former entrepreneurship occurs by chance, while in the latter entrepreneurship stems from necessity, that is, in developing countries the motivation to undertake derives from economic adversities in which individuals are exposed and not by an identification of opportunity (Macedo et al., 2014).

In their research, Amorós, Borraz and Veiga (2016) mention that, in addition to the economic dimensions, other factors affect the level of entrepreneurship, such as trust in institutional policies, labor standards, transparency in opposition to corruption, and educational quality. The fact is that there is a progressive finding in the literature on entrepreneurship that socioeconomic behavior can be better interpreted by assessing the historical, temporal, institutional, spatial and social context in which it is inserted (Welter, 2011). This heterogeneous and diverse context results from the interaction between the multiple levels of formal and informal institutions. Cross country investigations have shown the wide applicability of the models of entrepreneurial intention, however, there are still many gaps to be clarified for the complete understanding of how the institutional context influences the levels of entrepreneurship (Welter & Smallbone, 2011).

The emphasis that has been given in the analysis of how institutions delineate entrepreneurship may be relatively explained by broadly held inferences about stability and institutional continuity. Institutions are perceived as given and individuals or social groups as adaptable and flexible agents whose actions, in part or in the whole, can be defined externally (Kalantaridis & Fletcher, 2012). In this context, institutions can be understood as any form of restriction that human beings create to shape their interaction and, consequently, structure the incentives in the exchange of individuals, be it political, social or economic (North, 1990). More recent institutional theory emphasizes the way in which institutional precepts are produced in relation to cognitive, cultural and social visions, that is, they emphasize that individuals act in certain ways sometimes because they cannot act in a different way (Kalantaridis & Fletcher, 2012).

As emphasized by Pinho and Thompson (2016), the institutional context may stimulate or hinder the possibilities of designing new ventures and add that this is one of the research areas about entrepreneurship that has aroused greater interest given the challenge of identification and analysis of the determinants that underlie the creation of a new enterprise.

For Welter and Smallbone (2011), trust in the institutional context requires stability and predictability. Formal institutions need to be legitimized through social norms and values and also need to be stable over time. In situations where formal rules fail or are absent, institutional trust is low or non-existent. Only in circumstances where formal and informal institutions form a coherent framework that formal regulations and the rule of law will predominate and shape entrepreneurial behavior, while in fragile contexts with institutional conflicts, personal trust normally dominates.

Based on the analyzed literature, this research will analyze the impact of the institutional context on the entrepreneurship of developing countries, under the following prisms: (a) institutional environment, (b) macroeconomic environment, and (c) educational environment. Theoretical bases and hypothesis of research, concerning these dimensions, was developed as follows.

2.1 Institutional Environment

The quality of institutions is established by the legal and administrative landscape in which individuals, business organizations, and government institutions interrelate, thus having a significant impact on the nation's competitiveness and growth, as well as influencing investment levels, strategies and policies development (Browne et al., 2016). According to the GEM report, the efficiency of a country's institutional environment stems from the behavior of stakeholders public or private entities.

Regardless of locality, the development of entrepreneurship is influenced by the adjustment and performance of formal institutions and the latter are directly under the interference of the state, which can also indirectly intervene under the values, attitudes and norms of society through laws and actions of their representatives (Welter & Smallbone, 2011; Stephen, Urbano & Van Hemmen, 2005). This is a very significant issue for two reasons. First, why institutions reduce uncertainty by providing a stable, but not necessarily efficient, framework for everyday life to define and limit the set of choices of individuals (North, 1990). Second, why government agencies need to understand what factors can leverage and are relevant to the development of entrepreneurship. In previous research, it was observed that among formal institutional variables, legal rules and government support measures were cited as critics in deciding to start a new business (Stephen, Urbano & Van Hemmen, 2005).

In countries with weak institutions, with questions about fairness of laws, as well as, with an unclear law and evidence of corruption, entrepreneurs identify greater risks and can therefore be conservative in creating new businesses (Estrin, Korosteleva & Mickiewicz, 2013). On this theme, Amorós, Borraz and Veiga (2016) believe that opportunity-based entrepreneurs can face the threat that corruption poses to their entrepreneurial activity, while entrepreneurs by necessity do not face this risk. On the contrary, in their findings, the authors stated that although international evidence demonstrates that corruption reduces entrepreneurship, the results found in their research indicate that the situation in Latin America may be different and justify this fact by mentioning that institutional deficiencies in certain localities can create opportunities for thoughtful individuals to exploit them commercially.

Iyer (2016) mentions that developing countries have an increasingly significant role in the global economy. However, that developing entrepreneurial activities in emerging markets is still subject to a high degree of “political-institutional risk”, i.e. the danger that a government will change in a discriminatory manner the legislation, rules or contracts that regulate an investment, in order to cause damage to an investor.

For Sepúlveda and Bonilla (2014), in Latin America, the credibility of institutions such as the judicial system or government is limited and, therefore, there is a presumption of fraud and corruption, which compromises the return of an enterprise, mainly because in these countries, there are no well-founded regulations on corporate reorganization in bankruptcy laws and the rule of law is unclear and transparent. There is also the concept of low applicability of the law. According to Mota et al. (2017), in countries where entrepreneurship by necessity is more intense, as in the case of developing countries, a higher level of entrepreneurship is observed in the initial phase, that is, even if there is a risk of failure or fear of failure the ventures are started. In this case, the risk inclination acts in the urgency and in the imposition of structuring the enterprise, independently of the risk inherent to this activity. Given this scenario, the first hypothesis follows:

H1: The greater solidity of institutional environment, the greater the rates of new ventures and established ventures in Latin America.

2.2 Macroeconomic Environment

The maintenance of a stable macroeconomic and political environment is essential for the competitiveness of a country, as it acts as a pillar for its sustainable growth, reflecting the development of strong institutions (Amorós, Borraz & Veiga, 2016). Many institutional bases may not exist in emerging markets, posing enormous challenges to macroeconomic stability compared to more developed economies (Iyer, 2016).

Even though the macroeconomic environment as an institutional dimension is not solely responsible for a nation’s productivity. Studies on the subject ensure that macroeconomic disorder negatively affects the economy, given that, among other things, no government can provide services efficiently without the balance of public accounts, this because the existence of fiscal deficits limits their ability to react to economic cycles of recession. In addition, companies cannot function efficiently when inflation rates are out of control or interest rates, given the market risk, are very high. In short, a country does not develop, the economy cannot grow in a sustainable way, without the macro environment being stable (Browne et al., 2016).

According to Mota et al. (2017), the macroeconomic environment of a country and the characteristics of the entrepreneur can be interrelated in such a way as to influence the predisposition to the risk of undertaking, since the macroeconomic variables and variables of entrepreneurship are complementary with respect to the decision to start a new venture, since it is a complex and multifaceted process. The authors add that the macroeconomic environment can provide an

entrepreneurial scenario in a developed economy as well as in a developing economy, given that, for example, the economic slowdown causes growth in unemployment rates, which demands other income options, as it is the case to undertake.

Despite the relevance of the issue in emerging countries, the great majority of research relating the macroeconomic environment and entrepreneurship are directed to the reality of developed countries (Rojas & Siga, 2009; Mota et al., 2017). According to Rojas and Siga (2009), despite this, even in the context of countries in a more advanced economic stage, studies have shown that precarious economic conditions can lead individuals to endeavor as the only alternative for survival.

Amorós, Borraz e Veiga (2016) have been developed for some time researches in the area of entrepreneurship in Latin American countries. According to the authors, the Latin American countries have high rates of entrepreneurship by necessity, as a consequence of the low levels of income per capita. They also mention the high volatility of inflation and that there are not many policies and programs to protect employment, which results in a high level of informality. For this reason, Amorós, Borraz and Veiga (2016) argue that it may be possible to find a negative correlation between the development of macroeconomic indicators and needs-based enterprises. The authors justify this assumption by mentioning that economic development causes changes in the productive structure of the country, which in turn results in an increase in productivity, pressure for reduction of inflation levels and a greater supply of jobs, thus reducing the incidence of entrepreneurship based on need. In view of these statements, the second hypothesis follows:

H2: The greater macroeconomic environment, the greater the rates of new ventures and established ventures in Latin America.

2.3 Educational Environment

Inclusive and quality education is essential for countries aiming to move towards socio-economic development. With the advent of globalization, the evolution of the educational system has become a necessity, given the need to perform more complex tasks and to adapt to a constantly changing environment (Browne et al., 2016).

Pinho and Thompson (2016) report that the effect that education has on the level of entrepreneurship is not consensual in literature. They mention that several authors claim that the impact education has on entrepreneurship is at two levels: on the one hand, a high level of general education is associated with a more innovative entrepreneurship, on the other hand, its opposite leads to entrepreneurship of subsistence. The authors also argue that it is necessary to develop a culture oriented to entrepreneurship promoted by the institutions responsible for the formation and socialization of individuals and that these institutions can play an indispensable role if properly encouraged by public entrepreneurship programs.

Along the lines of proponents of the role of education in entrepreneurship levels, Rojas and Siga (2009) mention that previous research in developed countries has found evidence that formal

education has a positive effect on the likelihood of an individual becoming an entrepreneur and that the ventures initiated by such individuals, due to their qualification and, consequently, level of perception have a greater chance of survival. They add that the educational level of the individual can be considered a predictor of the firm's success and mention that poor national education systems compel individuals to accumulate *know-how* and skills in the private sector to only then be able to embark on their own business. On the other hand, they warn that individuals with a lower educational level are more likely to start a venture, this is because their level of understanding is limited and because of this, they may underestimate the risks involved in the undertaking.

High levels of education are associated with higher levels of confidence in individual capacities and in the level of awareness about risk, thus relating to entrepreneurship levels and the perception of opportunities (Kannadhasan, Aramvalathan & Kumar, 2014; Pinho & Thompson, 2016). Kannadhasan, Aramvalathan, and Kumar (2014) argue that some individuals, when perceiving lower levels of risk in certain media, are more likely to become more entrepreneurial, influenced by a feeling of optimism and confidence, most often based on their knowledge and educational level.

Along the same lines, Mota et al. (2017) argue that the process of observation and understanding of risks in an enterprise may be connected not only to institutional factors external to the future business, but also to the educational formation of the future entrepreneur, that is, perceive the external panorama, depending on their own characteristics, such as personality and personal and individual training, decide whether the risks inherent in entrepreneurship will run. In face of this setting, the third hypothesis follows:

H3: The greater educational environment, the greater the rates of new ventures and established ventures in Latin America.

3 Methodology

3.1 Sample

Latin American countries were chosen for this research. According to Amorós, Borraz and Veiga (2016), it is understood that even if these countries are not homogeneous, they have more in common between them than with the rest of the world in social, cultural, institutional and production structure. The starting point of the analysis was then the choice of which countries to analyze. The report published annually by the Global Entrepreneurship Monitor (GEM), makes a periodic evaluation of the national level of the entrepreneurial activity in the countries. The GEM survey uses statistical measures that allow conclusions about the intensity of the entrepreneurial activity in each country, as well as the characteristics of entrepreneurs and entrepreneurs, with the purpose of informing public policy strategies aimed at fostering entrepreneurship in each country. Through the information in this report, we list all the Latin American countries with assessments made in the base years from 2007 to 2016.

The second criterion used in the formation of the sample was the listing of all the countries that

had their assessments made, at least seven times in the period under analysis. From this second stage, the origin of the list of 10 countries was Argentina, Brazil, Chile, Colombia, Ecuador, Jamaica, Mexico, Panama, Peru and Uruguay.

3.2 Data Collection and Measurement of Variables

The dependent variable in this research is the rate of entrepreneurship. It was decided to use in the research the specific rate indicators of initial entrepreneurship (TEA) and specific rate of established entrepreneurship (TEE), since it was widely used in other empirical academic research (Hessels et al., 2011; Walker et al., 2013).

The independent variable will be the institutional context. This variable was obtained from the Global Competitiveness Index (GCI). Like the GEM, the GCI is an annual survey that aims to assess the level of competitiveness in a comparative way among the world's nations. The evaluation is based on 12 pillars: institutional environment, infrastructure, macroeconomic environment, health and primary education, higher education and training, efficiency of the market for goods and services, labor market efficiency, financial market development, technological development, market, business sophistication and innovation. For purposes of this research, the institutional environment, macroeconomic environment and higher education and training dimensions will be used.

The institutional environment dimension is composed of valuation of property rights, ethics and corruption, undue influence on the judiciary and official government decisions, public sector performance, security, the level of responsibility and transparency of the business sector. The macroeconomic environment dimension is composed of the evaluation of the balance of public accounts, national level of savings, inflation, public deficits and rating of the country. The dimension of higher education and training measures the secondary and tertiary enrollment rates, as well as the quality of the country's education.

The GCI research is conducted in a variety of formats, including face-to-face or telephone interviews and online surveys. The choice of methodology in each locality is based on the country's infrastructure, distance between cities and/or cultural preferences. Most of the survey questions ask survey respondents to rate a particular aspect of their operating environment on a scale of 1 to 7. At one end of the scale, 1 represents the worst situation possible and at the other end of the scale, 7 represents the best. As a control variable, the size of the country was measured by the logarithm of GDP per capita.

3.3 Data Analysis

The data were analyzed from descriptive statistics, correlation analysis, and regression with panel data modeling. In relation to the first dependent variable (TEA), the regression was *Newey-West* algorithm with fixed effects. Already for the second regression (TEE), was used the Generalized Least Squares (GLS) algorithm. In both cases it was decided to run the statistics with robust errors to control

autocorrelation and heteroscedasticity.

4 Results

As mentioned in the methodology section, the sample consisted of 10 Latin American countries (Argentina, Brazil, Chile, Colombia, Ecuador, Jamaica, Mexico, Panama, Peru and Uruguay) with a database covering a period of 10 years and totaling 575 observations (an average of 89 observations per variable).

Descriptive statistics tests of dependent, independent and control variables were performed and high correlations (above 0.800) were not observed, which removes problems related to multicollinearity. Table 1 shows the results for the regression models for TEA and TEE.

Table 1: Regression models.

	Model (1) TEA	Model (2) TEE
Institutional Environment	-1.040+ (1.100)	-1.770* (0.802)
Macroeconomic Environment	2.672*** (0.707)	-1.010 + (0.524)
Educational Environment	8.752*** (2.298)	1.963 + (1.690)
GDP per capita	-0.00117*** (0.000275)	-0.000346 (0.000201)
_cons	-17.40 (9.774)	15.05* (6.721)
N	88	88
F	7.76	21.15
Sig.	0.0000	0.0003

Standard errors in parentheses
+p<0.10, * p<0.05, ** p<0.01, *** p<0.001

The Model 1 was developed with TEA as a dependent variable. Model 1 identified a weak and negative significance in the independent variable institutional environment and strong significance with both macroeconomic environment and educational environment. The control variable, GDP per capita, presented strong significance in this model. The Model 2 was developed with TEE as a dependent variable. In the Model 2, all of three dimensions were significant, however institutional environment and macroeconomic environment in a negative way, and educational environment in a positive way.

For the dependent variable TEA, H2 and H3 were accepted. For the dependent variable TEE,

H1 was accepted. In the next section the results will be discussed.

5 Discussion

The objective of this study was to evaluate the impact of the institutional environment, through the variables institutional environment, macroeconomic environment and educational environment, in the entrepreneurship rate of the Latin American countries measured by TEA and TEE.

In relation to the results found, in the case of the institutional environment, the purpose of H1 was to ratify the influence of this construct on the entrepreneurship rates in Latin America. This hypothesis was not accepted for the rate of new ventures (TEA) and was accepted, but with negative effect, for the established entrepreneurship rate ($p < 0.05$). To analyze this result, it is necessary to make two considerations. The first concerns the reality of developing countries. As reported in the studies of Amorós, Borraz and Veiga (2016), Latin American countries are characterized by low per capita income and dominant entrepreneurship in the region is that of necessity, rather than opportunity. The second weighting refers to the very characteristic of the independent institutional environment variable. The measure of the GCI is the more reliable the institutional environment, the greater the evaluation. That said, probably the variable was not significant for the TEA given the characteristic of the type of enterprise of the region (by necessity). According to Mota et al. (2017) well emphasized, when undertaken by necessity, the risk assessment is open, even in the face of an adverse institutional scenario, by a survival levy. In this way, the act of attempting a form of subsistence will happen regardless of the level of trust in existing institutions. In the case of established enterprises, perhaps a possible justification for the negative relation with the improvement of the institutional environment is the tendency of entrepreneurs to act in the informal sector and through unorthodox practices with high levels of corruption and evasion in the region (Sepúlveda & Bonilla, 2014, Amorós, Borraz & Veiga, 2016). Thus, with the presence of more efficient institutions, perhaps opportunities once exploited, restrict themselves due to the power of government oversight.

The H2 was aimed at assessing whether the development of Latin America's macroeconomic environment had an impact on the rates of new and established enterprises. This hypothesis was ratified for both TEA ($p < 0.001$) and for TEE ($p < 0.10$), however for the latter, in a negative way. According to Iyer (2016), Rojas and Siga (2009) the macroeconomic bases of emerging countries are quite compromised and entrepreneurs by necessity learn to adapt to this reality, since they have no alternative. Mota et al. (2017) warn in their research that the macroeconomic variables and the entrepreneurial capacity variables are complementary with regard to the decision to start a new business and perhaps for this reason the moderate and positive significance of this variable in the rate of new entrepreneurship, since it refers to the difficulty in obtaining resources, the cost of these resources, due to the level of inflation, or the balance of government finances, among others, that is, the better the macroeconomic environment, the more favorable it will be to the beginning of an enterprise, in the individuals' perception. In relation to the result of negative significance for TEE, this

corroborates Amorós, Borraz and Veiga's (2016) assertion that economic development could have a negative correlation with the rates of entrepreneurship in Latin America. This is justified because the improvement in the macroeconomic scenario leads to a change in the productive structure of the country, which may lead to higher levels of productivity, pressure to reduce inflation levels and a greater supply of jobs, which may compete with the option to undertake.

The H3 refers to the impact of the educational level of the Latin American countries on the rates of new and established enterprises. The hypothesis was ratified for TEA ($p < 0.001$) and TEE ($p < 0.10$). In line with what Rojas and Siga (2009) affirmed, in fact the improvement in the educational level of the countries showed a positive effect in the decision to start new ventures, given the level of clarification, perception and qualification of the individuals. Likewise, Kannadhasan, Aramvalathan and Kumar (2014), as well as Pinho and Thompson (2016), justified this positive relationship, since high levels of education provide higher levels of confidence, which may be the driving force for the decision to undertake. For Mota et al. (2017), the educational level mainly acts in the perception of risk, which impacts the success of all the phases through which a venture passes.

6 Conclusion

This research had the objective of evaluating the impact of the institutional context on the rates of new and established enterprises in Latin America, through the analysis of the institutional, macroeconomic and educational environment.

Based on the theoretical reference used in the elaboration and foundation of the research hypotheses, as well as, through a system of statistical calculations suitable for an adequate analysis of the data obtained, it was possible to perceive the occurrence of a relationship between the institutional context and the entrepreneurship rates. This relationship can be explained in terms of the constructs presented in this research. The three dimensions were supported in the research, however the hypothesis 1, only showed significant and negative in relation to the rate of established enterprises.

In case of hypothesis 1, referring to the institutional environment, the main characteristic of the enterprise in the countries of Latin America is of necessity. In this way, institutional insecurity may not be significant to the decision to undertake, because it has a survival character, where most of the time there is no other choice. In the case of enterprises established in the region, informality is still very present and a more secure and controlling institutional environment can prevent informality from perpetuating, therefore, the negative relation.

Despite the lack of consensus in the literature, in reference to the macroeconomic environment, there is evidence based on the results of this research and on some previous ones, that the macroeconomic environment is paramount at the time of the decision to undertake, that is, how favorable the environment macroeconomic scenario will be the propensity of new ventures to arise, which justifies the outcome of this variable in relation to TEA. In relation to the established enterprises, a possible reason for the negative significance of the independent variable in relation to

the TEE may be due to the fact that the macroeconomic scenario has the capacity to boost the economy in such a way that the change in the structure of production and improvement in the supply to compete with the decision to undertake.

Finally, in relation to the independent education variable, the hypothesis was confirmed for both TEE and TEA. This result indicates the strong influence of the educational level in the decision to start a new business, as well as in the continued success of the enterprise, motivated by the level of confidence and clarification of the individual in the risk assessment.

Thus, through the results presented in the present research, it was possible to verify that the institutional context impacts on the levels of entrepreneurship in the countries of Latin America and for this reason it is recommended the consideration of these findings in the deepening of the theme in future works.

The main limitation of this research is the sample size, which is an impediment to the generalization of the findings.

In light of the above, the work carried out brings with it some opportunities for future research, of which it is recommended to evaluate the constructs in a more detailed way at the country level to detect regional differences, as well as, the expansion of the analysis, considering the entrepreneurship established as a variable dependent on the rate of new ventures, or even the impact of the institutional environment variable on the variables macroeconomic environment and education.

Finally, this study tried to contribute to fill the theoretical and empirical gaps regarding the thematic and the influence of the institutional context in the levels of enterprise in Latin America. The contribution of the research is based on the existence of limited scientific production in relation to the area of entrepreneurship and its exogenous predictor variables in developing countries. Thus, it can be affirmed that the results of this exploratory research have the potential to broaden the discussions at the intersection of entrepreneurship studies, developing countries and institutional theory.

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