



The Influence of Entrepreneurial Culture, Domestic Competition, and Trade Openness on Economic Growth: A Semantic Literature Review

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Abstract: Objective: This article aims to explore the relationship between entrepreneurial culture, domestic competition, and trade openness, as well as their impact on economic growth. In an increasingly globalized era, understanding the interactions among these factors is crucial for formulating effective policies. Methodology: A semantic literature review was conducted by analyzing 10 relevant articles from various sources, including international journals and academic publications. This process involved data collection through searches in academic databases and bibliometric analysis to identify themes and patterns emerging from previous research. Results: It was found that a strong entrepreneurial culture, healthy domestic competition, and trade openness significantly contribute to economic growth. An entrepreneurial culture that supports innovation and risk-taking creates a conducive environment for the development of new businesses. Additionally, healthy domestic competition enhances efficiency and innovation in the market, while trade openness allows countries to leverage their comparative advantages. Conclusion: This research emphasizes the importance of creating policies that support entrepreneurship and domestic competition, as well as encouraging trade openness to achieve sustainable economic growth. Recommendations for policymakers and stakeholders are presented to assist in formulating effective strategies to support the entrepreneurial ecosystem.

Keywords: Domestic Competition; Economic Growth; Entrepreneurial Culture; Literature Review; Trade Openness.

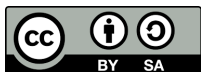
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1. Introduction

1.1 Background

In the context of increasing globalization, free market economies have become the norm in many countries (Friedman, 2005; Stiglitz, 2002). Globalization has driven economic integration worldwide, allowing countries to interact and compete in international markets. In this system, effective competition policies are crucial for achieving economic and political objectives, including economic efficiency, innovation, and sustainable growth (Porter, 1990; Acemoglu, 2012). Good competition policies not only encourage companies to innovate and improve product quality but also create a conducive environment for entrepreneurship.

Entrepreneurship, as the engine of the economy, plays a vital role in creating jobs, increasing productivity, and fostering innovation (Schumpeter, 1934). In this context, a strong entrepreneurial culture within a country can facilitate economic growth by creating an ecosystem that supports

innovation and the development of new businesses (Danish et al., 2019). A positive entrepreneurial culture encompasses values such as the courage to take risks, creativity, and the ability to adapt to market changes. These values are essential in creating an environment that supports the development of new ideas and the implementation of innovative solutions.

A robust entrepreneurial culture also contributes to the formation of social networks that support collaboration among entrepreneurs, investors, and educational institutions. These networks can accelerate the innovation process and expand access to the resources needed to start and grow businesses (Acs & Audretsch, 2003). Furthermore, a positive entrepreneurial culture can enhance individuals' confidence to start businesses, which in turn can increase the number of new entrepreneurs in the market (GEM, 2020).

Healthy domestic competition also plays a crucial role in driving innovation and economic growth. When companies compete for market share, they tend to invest in research and development (R&D) to create better products and services (Kostić & Živković, 2024). Healthy competition encourages companies to improve operational efficiency and reduce costs, which can ultimately benefit consumers through lower prices and better quality. In this context, policies that support domestic competition, such as removing market entry barriers and protecting against anti-competitive practices, are essential for creating an environment conducive to economic growth.

Trade openness is also a key factor contributing to economic growth. Openness to international trade allows countries to leverage their comparative advantages, which can enhance efficiency and productivity (Krugman, 1991). By reducing trade barriers, countries can increase access to international markets, which in turn can stimulate economic growth. Trade openness can also introduce technologies and best practices from other countries, which can improve the competitiveness of domestic firms (Melitz, 2003).

However, despite numerous studies showing a positive relationship between entrepreneurship, competition, and economic growth, there remains a gap in understanding how these three factors interact. Some research indicates that a strong entrepreneurial culture can amplify the positive effects of domestic competition and trade openness on economic growth (Acs et al., 2008). On the other hand, there is also research suggesting that without appropriate policy support, trade openness can lead to economic instability and hinder entrepreneurial growth (Rodrik, 2018).

Therefore, it is essential to conduct an in-depth literature review to explore these relationships and provide clearer insights into how policies can be designed to support sustainable economic growth. By understanding the interactions between entrepreneurial culture, domestic competition, and trade openness, policymakers can formulate more effective strategies to encourage innovation and economic growth.

1.2 Research Problem

The main question this research aims to answer is: How do the relationships between entrepreneurial culture, domestic competition, and trade openness affect economic growth? To address this question, this article will analyze existing literature and identify patterns and themes emerging from previous research. By understanding this relationship, we can identify key factors contributing to economic growth and provide recommendations for more effective policies.

Several sub-questions to be explored in this article include:

- a. What role does entrepreneurial culture play in driving innovation and economic growth?
- b. How does domestic competition affect companies' ability to innovate and adapt?
- c. What is the impact of trade openness on entrepreneurship and domestic competition?
- d. How do these three factors interact to influence economic growth?

1.3 Objectives and Scope

This article aims to analyze the relationships between entrepreneurial culture, domestic competition, and trade openness, as well as their impact on economic growth. By conducting a semantic literature review, this article will identify themes and patterns emerging from previous research and provide deeper insights into how these three factors interact.

The scope of this article includes an analysis of 10 relevant articles selected based on strict inclusion criteria. These articles encompass various perspectives and methodologies, including empirical studies, qualitative analyses, and systematic reviews. Thus, this article is expected to make a significant contribution to our understanding of the relationship between entrepreneurship, competition, and economic growth.

In this context, this article will also provide recommendations for policies that support entrepreneurship and domestic competition. Well-designed policies can create an environment that fosters innovation and growth, as well as help countries compete in the global market. Therefore, this article aims not only to provide theoretical insights but also to offer practical guidance for policymakers and other stakeholders.

2. Methodology

2.1 Research Design

The research design used in this article is a semantic literature review, aimed at identifying and analyzing the relationships between entrepreneurial culture, domestic competition, and trade openness in the context of economic growth. A semantic literature review allows researchers to explore themes that emerge from various sources and understand how these concepts interact with one another. In this study, 10 articles selected from various international journals are the primary focus, with the goal of providing a comprehensive overview of the researched topic.

This semantic literature review not only includes a content analysis of the selected articles but also involves bibliometric analysis to identify patterns and trends in existing research. By using this approach, researchers can uncover relationships that may not be visible in traditional analyses, as well as provide deeper insights into how entrepreneurship, competition, and trade influence each other.

2.2 Selection Criteria

The selection criteria used to choose articles for this review encompass several important aspects:

Relevance of Theme: The selected articles must be directly related to the themes of entrepreneurship, domestic competition, and trade openness. This ensures that all analyzed articles contribute significantly to the understanding of the relationships among these three factors.

Quality of Sources: Only articles published in accredited international journals with a good reputation are considered. This includes journals indexed in databases such as Scopus, Web of Science,

and Google Scholar. High-quality sources are essential to ensure the validity and reliability of the findings generated from the literature review.

Research Methodology: The selected articles must employ clear and transparent methodologies, whether empirical studies, qualitative analyses, or systematic reviews. This allows researchers to evaluate the strengths and weaknesses of each study analyzed.

Publication Year: The selected articles must have been published within a relevant timeframe, specifically in the last 10 years, to ensure that the information analyzed is current and reflects the latest developments in the fields of entrepreneurship, competition, and trade.

2.3 Data Collection Process

The data collection process is carried out through several systematic steps:

Search of Academic Databases: Researchers conduct searches in various academic databases, including Scopus, Web of Science, and Google Scholar, using relevant keywords such as "entrepreneurship," "domestic competition," "trade openness," and "economic growth." This search is conducted using combinations of keywords to ensure that the articles found encompass all relevant aspects of the research.

Initial Selection: After the initial search, researchers perform an initial selection based on the titles and abstracts of the articles. Articles that are irrelevant or do not meet the selection criteria are removed from the list. This process helps narrow down the number of articles for further analysis.

Content Analysis: The selected articles are then analyzed in depth. Researchers read and evaluate each article to identify themes, patterns, and emerging relationships. This analysis includes an assessment of the methodologies used, key findings, and each article's contribution to understanding the relationships between entrepreneurship, competition, and trade.

Bibliometric Analysis: To support the content analysis, researchers use bibliometric software such as VOSviewer and CitNetExplorer. These tools allow researchers to visualize the relationships between articles, authors, and concepts that emerge in the literature. By using bibliometric analysis, researchers can identify research trends, collaborations among authors, and the influence of specific articles in this field of study.

Data Organization: After the analysis is complete, the obtained data is organized in a systematic format, including tables and graphs that illustrate the relationships between the identified themes. This facilitates the researchers in compiling findings and presenting them in the article.

With this systematic methodological approach, this article aims to provide in-depth insights into the relationships between entrepreneurial culture, domestic competition, and trade openness, as well as their impact on economic growth. This research is expected to make a significant contribution to our understanding of these dynamics and provide recommendations for policies that support sustainable economic growth.

3. Literature Review

3.1 Main Themes

Entrepreneurial Culture

Entrepreneurial culture is a key factor influencing the level of innovation and risk-taking within a society. According to Danish et al. (2019), a culture that supports entrepreneurship creates an

environment that facilitates individuals to explore new ideas and take the necessary risks to start ventures. In this context, entrepreneurial culture encompasses not only a positive attitude towards entrepreneurship but also the social and institutional support needed to encourage individuals to become entrepreneurs.

Several important elements of entrepreneurial culture include:

- a. **Education and Training:** Education focused on entrepreneurship can enhance individuals' skills and knowledge, thereby preparing them to face the challenges of starting and managing businesses (Fayolle & Gailly, 2015).
- b. **Social Norms:** Norms that support entrepreneurship, such as valuing innovation and the courage to fail, can encourage more individuals to engage in entrepreneurial activities (Hofstede, 2001).
- c. **Access to Resources:** The availability of resources, such as capital, networks, and information, is crucial for supporting the development of new ventures (Aldrich & Fiol, 1994).

3.2 Domestic Competition

Healthy domestic competition plays a vital role in enhancing efficiency and innovation in the market. Kostić and Živković (2024) demonstrate that strong competition among domestic companies drives them to innovate and improve the quality of their products and services. In a competitive environment, companies are required to adapt quickly to changing consumer needs and market trends, which in turn can enhance their competitiveness in the global market.

Some benefits of domestic competition include:

- a. **Product and Service Innovation:** Competition encourages companies to continuously innovate, both in terms of products and services, to meet the ever-evolving expectations of consumers (Porter, 1985).
- b. **Operational Efficiency:** Companies operating in a competitive environment tend to be more efficient in their resource use, which can reduce costs and increase profitability (Bain, 1956).
- c. **Quality Improvement:** Competition drives companies to enhance the quality of their products and services, which can increase customer satisfaction and brand loyalty (Kotler & Keller, 2016).

3.3 Trade Openness

Openness to international trade contributes to economic growth by increasing market access and expanding opportunities for companies to compete globally. Milan Kostić (2024) emphasizes that trade openness allows countries to leverage their comparative advantages, which can enhance efficiency and productivity. By reducing trade barriers, countries can attract foreign investment and expand markets for their domestic products.

Some important aspects of trade openness include:

- a. **Access to International Markets:** Trade openness provides greater access for companies to sell their products in international markets, which can increase sales volume and revenue (Krugman, 1991).
- b. **Technology Transfer:** Trade openness also facilitates the transfer of technology and knowledge from developed countries to developing countries, which can enhance production capacity and innovation in those countries (Graham & Krugman, 1990).

- c. Economic Diversification: By opening markets, countries can diversify their economies, reducing dependence on specific sectors and increasing economic resilience (Rodrik, 2001).

3.4 Conclusion of the Literature Review

From the literature review conducted, it can be concluded that entrepreneurial culture, domestic competition, and trade openness interact and contribute to economic growth. A strong entrepreneurial culture creates an environment that supports innovation, while healthy domestic competition fosters efficiency and quality improvement. Trade openness, on the other hand, expands market access and enhances opportunities for companies to compete globally. Therefore, it is essential for policymakers to consider these three factors when designing policies that support sustainable economic growth.

4. Discussion

4.1 Interpretation of Findings

The findings from this literature review indicate that countries with a strong entrepreneurial culture and healthy domestic competition tend to experience better economic growth. This is in line with the theory proposed by Schumpeter (1934), who emphasized the importance of innovation as the main driver of economic growth. In this context, innovation is not only limited to the development of new products but also includes the improvement of processes and business models that can enhance efficiency and competitiveness (Drucker, 1985; Porter, 1990).

A positive entrepreneurial culture creates an environment that supports risk-taking and creativity, which are essential elements in the innovation process (Danish et al., 2019). Countries with strong entrepreneurial values, such as the courage to take risks, creativity, and results-oriented focus, tend to be more capable of creating innovative new businesses (Kuratko, 2005; Zhao et al., 2010). Furthermore, healthy domestic competition encourages companies to adapt and innovate, thereby enhancing their competitiveness in the global market (Kostić & Živković, 2024).

Trade openness also plays a crucial role in supporting economic growth. Countries that are open to international trade can leverage their comparative advantages, enabling them to specialize in products and services they produce efficiently (Krugman, 1991; Acemoglu, 2012). Trade openness not only increases market access for domestic companies but also promotes the transfer of technology and knowledge, which, in turn, can boost innovation and productivity (Ghosh & Nanda, 2010; Melitz, 2003).

Additionally, research shows that the interaction between entrepreneurial culture, domestic competition, and trade openness can create a powerful synergy that supports sustainable economic growth (Acs & Audretsch, 2003; Fritsch & Mueller, 2004). Countries that are able to create ecosystems that support entrepreneurship and innovation, while maintaining healthy market competition, are better equipped to face global economic challenges and achieve sustainable growth (Audretsch, 2007; Wong et al., 2005).

However, it is important to note that not all countries will experience the same outcomes. Factors such as government policies, infrastructure, and education also play a significant role in determining how effectively entrepreneurial culture and domestic competition can contribute to economic growth (Baumol, 1990; North, 1990). Therefore, a more in-depth analysis of local contexts and existing policies is essential to fully understand these dynamics (Rodrik, 2004; Acemoglu et al., 2005).

Overall, these findings emphasize that to foster sustainable economic growth, countries need to focus on developing a strong entrepreneurial culture, creating a healthy competitive environment, and opening up to international trade. Therefore, policies that support entrepreneurship and innovation should be a top priority for policymakers worldwide.

4.2 Theoretical and Practical Implications

This study suggests that policies supporting entrepreneurship and competition should be implemented to promote economic growth. From a theoretical perspective, the results of this research reinforce the argument that entrepreneurial culture, domestic competition, and trade openness are interconnected and contribute to sustainable economic growth. Therefore, it is important for policymakers to consider these three factors holistically when designing economic policies.

Practically, policy recommendations that can be derived from this study include:

- a. Development of Entrepreneurial Programs: Governments should develop programs that support entrepreneurship, including training, access to capital, and technical assistance for new entrepreneurs.
- b. Encouraging Healthy Competition: Policies that encourage healthy competition in domestic markets should be implemented, including oversight of monopolistic practices and support for small and medium-sized enterprises (SMEs).
- c. Increasing Trade Openness: Countries should work to reduce trade barriers and enhance access to international markets, thereby promoting economic growth through trade.

4.3 Limitations

Although this study provides valuable insights, there are several limitations to note. First, this study is limited to a literature review and does not include a broader empirical data analysis. This means that the findings may not fully reflect the realities on the ground. Further research involving quantitative and qualitative data from various countries will be needed to confirm these findings.

Second, the focus on 10 selected articles may limit the scope of the analysis. While these articles were chosen based on their relevance and quality, there is a possibility that other relevant studies were excluded from this review. Therefore, future research should consider expanding the scope of the literature analyzed.

Third, the social, political, and economic contexts in each country may affect the relationship between entrepreneurial culture, domestic competition, and trade openness. Further research should take these contextual factors into account to provide a more comprehensive understanding of how these three factors interact in different settings.

5. Conclusion

5.1 Summary of Findings

The results from this literature review indicate that entrepreneurial culture, domestic competition, and trade openness have a significant positive impact on economic growth. A strong entrepreneurial culture acts as a key driver of innovation, where individuals are encouraged to take risks and create new ventures. This aligns with the findings of Danish et al. (2019), who emphasized the importance of an

environment that supports entrepreneurship in creating new opportunities and enhancing competitiveness.

Healthy domestic competition has also been shown to improve efficiency and innovation in the market. Kostić and Živković (2024) demonstrated that strong competition motivates companies to adapt and innovate, thereby enhancing the quality of products and services offered to consumers. Furthermore, trade openness provides greater access to international markets, allowing countries to leverage their comparative advantages and boost overall economic growth. Thus, these three factors interact and contribute to sustainable economic growth.

5.2 Recommendations

Based on the findings, this article recommends several strategic actions that governments and stakeholders can take to create an environment that supports entrepreneurship and competition:

- a. **Development of Entrepreneurial Policies:** Governments should design policies that support the development of entrepreneurship, including providing access to funding, training, and resources necessary to start and grow businesses. Business incubation and acceleration programs can help new entrepreneurs overcome initial challenges.
- b. **Encouraging Healthy Competition:** Policies that promote healthy competition in domestic markets should be implemented. This includes oversight of monopolistic practices and cartels, as well as support for small and medium-sized enterprises (SMEs) to compete with larger companies. By creating a fair environment, companies will be more motivated to innovate and improve their product quality.
- c. **Increasing Trade Openness:** Governments should work to reduce trade barriers and enhance access to international markets. This can be done through mutually beneficial bilateral and multilateral trade agreements and policies that support exports. Trade openness not only increases market access but also enables the transfer of technology and knowledge, which is crucial for economic growth.
- d. **Education and Training:** Investment in relevant education and training is vital to create a skilled and innovative workforce. Educational programs that focus on entrepreneurship and business skills should be introduced at the secondary and tertiary levels to prepare the next generation to face global economic challenges.
- e. **Collaboration between Public and Private Sectors:** Building partnerships between the public and private sectors can strengthen the entrepreneurial ecosystem. Such collaboration can include support for research and development, as well as joint initiatives aimed at enhancing innovation and competitiveness.

By implementing these recommendations, it is expected that countries will be able to create a more conducive environment for entrepreneurship and competition, which will, in turn, drive sustainable and inclusive economic growth..

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