

THE IMPACT OF GLOBALIZATION ON ENTREPRENEURSHIP DEVELOPMENT IN INDIA

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ABSTRACT

India's approach to the promotion of entrepreneurial firms is unique, and to some extent, overwhelming. Globalization, as a concept, refers both to the "Shrinking" of the world and our increased consciousness of the world as a whole. Contemporarily, globalization is regarded as one of the most comprehensive forces that shape the modern world. The participation of developing countries in the globalization process created an opportunity for them to better utilize their comparative advantages through entrepreneurs. Entrepreneurship is often associated with job creation, wealth creation, innovation and its related welfare effects. Thus it is generally credited with economic development instrument especially for developing countries. In this regard, impact of globalization on entrepreneurship development is investigated in the study.

KEYWORDS: *Globalization, Entrepreneurship Development, Economic Development, Shrinking.*

Introduction

Globalization is the result of increasing integration of economies around the world, particularly through the movement of goods, services, and capital across borders which also led to the movement of labour and technology across international borders. The term became more common in the 1980s, reflecting technological advances that made it easier and quicker to complete international transactions both trade and financial flows. Globalization refers to an extension beyond national borders of the same market forces that have operated for centuries at all levels of human economic activity, village markets, urban industries, or financial centers. This approach to competition is gained via diversification of resources, the creation and development of new investment opportunities by opening up additional markets, and accessing new raw materials and resources. Globalization has begun to dismantle the barriers that traditionally segregated local business opportunities and local firms from their international counterparts.

Entrepreneurship in Globalization Phase

Although entrepreneurship isn't a new term for the developed countries, economical infrastructure of most of them formed due to it and at least in practice, it can be said to be rather new in developing countries. Due to lack of capital accumulation, qualified human resources and social and political substructure, the term remained a theatrical concept until recently and it can be accepted that globalization phase launched the golden era of entrepreneurship especially in developing countries. The participation of developing countries in the globalization process created an opportunity for them to better utilize their comparative advantages, introduce advanced technologies, foreign capital and management experience. It is also favorable for eliminating monopolistic behaviors and strengthening market competition and entrepreneurs have played a major role in initiating the process.

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Entrepreneurship and Economic Development

The role of entrepreneurship in economic development is the subject of much interest to academic and policy circles alike. Entrepreneurship is often credited with many positive changes in developing countries. At the very least, it is associated with job creation, wealth creation, innovation and its related welfare effects. A strong small business sector and entrepreneurship are generally linked to a strong economy. Developing countries are beginning to focus on their business environments and creating an economic space which is conducive to private enterprise, after failed attempts at development through import substitution and infant industry protection programs and somewhat mixed results from export promotion strategies. Indeed, the promotion of entrepreneurship and the promulgation of small and medium sized enterprise policy has become an important development prescription in recent years.

Needs of Globalization

As globalization creates benefits through advanced technologies and expansion of commerce, it also creates challenges for emerging small business enterprises to effectively compete in an environment characterized by multivariate challenges. Credit assistance to SMEs in India is included along with other national priorities. Such funding assistances to priority sector consist of the credit facilities accorded to: (i) Agriculture (ii) small scale industry including loans for setting up of industrial estates, (iii) small road and water transport operators, (iv) small business, (v) professional and self employed persons, (vi) retail trade, (vii) state sponsored organizations for certain castes and tribes.

Advantages of Globalization on Entrepreneurship

- **Local Advantages:** International chains may set up shop in a neighborhood and capture the market with low prices. Often they accomplish this by using cheap labor overseas and selling products at low profit margins. As an entrepreneur, you can fight back, however. Locally owned stores can offer products that large chains do not. For example, a restaurant can offer local foods that large restaurant chains cannot offer. A boutique clothing shop can sell garments designed and made locally. To harness their global purchasing power, large chains cannot afford to buy and sell local specialties.
- **Global Advantages:** Small businesses can compete globally because they can sell locally made products through the Internet. Shipping companies routinely accommodate small businesses by offering package shipping to countries around the world. In addition, small-business owners can purchase products for resale from overseas markets, thus gaining a pricing advantage that was once reserved for global conglomerates. Small businesses also benefit from favorable foreign exchange rates when they buy in countries where the dollar is worth more than the local currency.
- **Speed of Adaptability:** The new metric for measuring business potential is no longer size, because small companies can access global markets as easily as large companies. What matters now is speed. Small businesses can adapt quickly to local and global trends because they have a smaller bureaucracy than large corporations. A single entrepreneur can spot a trend, order products or create services, and exploit that trend before larger companies complete their meetings on the topic.
- **Piracy:** Global markets have not brought global standards. Some countries do little to curtail piracy, and an entrepreneur can find herself fighting cheap imitations of products even when copyright or patent protection is in place. While increased competition can be expected with the global territory, brand theft is not mere competition and does not encourage innovation and risk taking. Entrepreneurs today must take every precaution to not only protect their innovations legally, but to also support international enforcement of intellectual property laws.

Disadvantages of Globalization on Entrepreneurship:

- The growth of international trade is exacerbating income inequalities, both between and within industrialized and less industrialized nations.
- Global commerce is increasingly dominated by transnational corporations which seek to maximize profits without regard for the development needs of individual countries or the local populations.
- Protectionist policies in industrialized countries prevent many producers in the Third World from accessing export .
- The volume and volatility of capital flows increases the risks of banking and currency crises, especially in countries with weak financial institutions.
- Competition among developing countries to attract foreign investment leads to a "race to the bottom" in which countries dangerously lower environmental standards.

Does Globalization Impact Entrepreneurship?

The globalization of economies has heightened the importance of entrepreneurial action for creating wealth. Demographic shifts, liberalization of national economies and attendant markets, institutional and state failures, and technological advances have combined to increase the calls for more social consciousness within businesses globalization has led to a shift from an industrial to an entrepreneurial model of production. Traditionally, competition in international markets has been the realm of large companies, while smaller businesses remained local or regional in scope. However, the removal of government-imposed barriers that segregated and protected domestic markets and recent technological advances in manufacturing, transportation and telecommunications allows even the smallest firm's access to customers, suppliers and collaborators around the world. SMEs have to operate within the macroeconomic environment of domestic and international markets, and as such are affected by changes in this environment. Among others, two social economic results of an increased level of globalization in a country are enlarged inequality enhanced consumer demand for variety. Both of these have been marked as determinants for higher levels of entrepreneurship in a country.

Conclusion and Suggestions

Globalization led to major increases in worldwide trade and exchanges in an increasingly open, integrated, and borderless international economy. Developing countries have left no stone unturned to achieve economic development and growth and globalization process have created an opportunity for them to utilize their comparative advantages, introduce advanced technologies, foreign capital and management experience. It is also favorable for eliminating monopolistic behaviors and strengthening market competition. With the rise of globalization, entrepreneurial global start-ups have emerged in developing countries which are associated with job creation, wealth creation, innovation and its related welfare effects. Indeed, the promotion of entrepreneurship and the promulgation of small and medium sized enterprise policy has become an important development prescription in recent years in India. Thus the future prosperity of any economy depends to a considerable extent on its success in promoting entrepreneurship, innovation and the effective and prompt absorption of technological advances developed abroad.

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