

Impact of Globalization on Entrepreneurship

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Introduction

Right from the moment human beings tapped into their need to explore, globalization has become inevitable. Globalization encountered between differing nations, tribes and cultures and it has driven innovation and fuelled imagination.

Entrepreneurship means staying abreast of world wide trends. Entrepreneurs think globally and survive locally. By using internet, even a small “Mom and Pop” shop can sell their products made overseas, which the customers of other countries can buy. It also creates a domino effect when other country’s economy also suffers. It might impact exports of a country by leaving entrepreneurs without raw materials and products which they are used to buy.

The relationship between globalization and entrepreneurship can be understood with focusing on three important things:

- The use of resources to exploit various opportunities
- Discovery of opportunities
- Engagement with global competition

The effect of globalization on entrepreneurship can be understood multifold:

- More attention to technology and use of Information technology are the economic effect of globalization
- Less control of governments on developing human rights and on educational systems are the political effects of globalization
- Developing western countries’ culture and shortening the local culture which is the risk of the value of religions and nationality for the school curriculum are the cultural impact of globalization

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Globalization and liberalization has opened doors to multinational business and trades and at the same time it has influenced the technology from the western countries and brought new business trends for entrepreneurs and new age entrepreneurs, who left highly paying jobs for the cause of propagating good for the societal cause through various innovative business models. Entrepreneurs are furthering their passions and attempting at decoding the influx of technology.

Outsourcing and Emergence of Techno Behemoths

Technology revolution in the form of Information Technology outsourcing has been brought by Globalization. The start-ups attempts in promoting traditional Indian foods amongst pizzas and burgers of the world. Technological outsourcing helped to adapt new technology and syncing it with available local talents as a result of which entrepreneurial models at local levels has increased and created hunger for venturing start-ups. Globalization provided an opportunity for the entrepreneurs to communicate with potential investors or customers across the world. Disruptive technologies viz., Machine Learning, Internet of Things, Artificial Intelligence, Block chain etc, has become relatively easier due to globalization. Agriculture, health care, retail, management of records and traffic management has become potential disruptive sectors. Many increased advantages were introduced by trends of western countries technology wise due to Globalization. Joining the bandwagon of new technologies by large corporates has become the business mantra for start-ups. Globalization has expanded markets and its growth potential. It provided opportunities to entrepreneurs and developed many business ideas. Right from technology based products to service companies, all the organizations have benefitted by globalization.

Cross-Border Lessons

The power of thinking big and presenting in an impactful way is the learnings from valley start-ups. As far as innovation is concerned, entrepreneurs believe that today's start-ups community has absorbed new trends keenly. Start-ups after achieving and passing survival phase are building companies ready for global leap. Active conversations are happening in new age organizations on equal gender pay, sensitivity at work, hiring more women for jobs etc., Sheer number of women entrepreneurs are the major concern now and it is evident from mitigation of issues. "learning" concept has been developed where everyone learns from anyone. Marketing concepts have been developed innovatively.

Improvement in Quality of Life

Globalization has enabled to think, take up challenges, think ahead and resolve challenges in the world with various tools, resources and information. Uber and Ola are the examples and encouraging drivers to earn good money and to be their own boss. Blue collared workers are encouraged otherwise they earn comparatively less and struggle in raising their family. Many positive outcomes viz., technology adaption, creation of jobs etc. has become a key focus.

Social entrepreneurship is flourishing with ecosystem building and funding. Many successful entrepreneurs have some qualities in common such as professionalism, diligence, being early raisers, prompt in response and constant learners.

Features of Enterprises in Globalization

The following are the features of enterprises who have competitive struggle in a globalized market and they have four strategic forms of competitions:

- Competition by pricing: Small and Medium enterprises have certain advantages like flexibility, knowledge of local labour market, lower administrative cost, ability to offer the product at low cost in comparison with giant local companies and international competitors.
- Competition by unique capabilities in production: Small and Medium scale enterprises offer products which meet the needs and expectations of customers in comparison with competitors.
- Competition by technological superiority: Many companies have developed under the influence of various factors like inventions, expertise, genuine innovative technology solutions etc, which are used by competitors which have a significant advantage over them.
- Competition by high quality of services and products: The superior quality of products and services can be differentiated with that of small enterprises with competitors. They have specific client segment, superior market knowledge and ability to satisfy customers' needs.

Change in Organizational Forms of Entrepreneurs after Globalization

As per Global Entrepreneurship Monitor Report, 2018-19 the following are the forms of entrepreneurial activity at global level :

- **Solo Entrepreneur:** An individual who is a leader of a team and when entrepreneurial activities are driven by him/her is a solo entrepreneur. That person is the driver of all entrepreneurial initiatives and develop company in all stages and acts as being a manager and organizer in all operations. Due to rigidity in corporate procedures, externally imposed discipline, preference towards autonomy to specific value systems and independence in their work, people are preferring Solo Entrepreneurship. As per GEM Report (2018), 23% of Netherlands entrepreneurs; 15% in Great Britain, Italy, Germany and Sweden, entrepreneurs are "soloist"
- **Entrepreneurial Employee Activity:** Entrepreneurship is viewed as Independent and Autonomous Activity. More attention is being paid on entrepreneurial activities driven by people working in the same organizations which is known as Intrapreneurship. Intrapreneur demonstrates entrepreneurial behaviour among responsible employees who turns an innovative idea into a profitable business. Thus it is referred as Entrepreneurial Employee activity.

- **Family Entrepreneurship:** In many Small and medium enterprises, a phenomenon of family entrepreneurship is observed since long time. It is defined as an entrepreneurial activity which involves members of one family. In Thailand and China, every fourth started business involves family entrepreneurship. 30% of newly established firms in Bulgaria and Switzerland have the characteristics of family entrepreneurship.
- **Gig Entrepreneurship:** Gig entrepreneurs have potential of making a real revolution in the organization at micro level and organizing operational processes at macro level. Gig economy is based on internet platforms and denotes a situation where individuals offer their services to small and large scale organizations on the basis of individual contracts. Freelancers with specific qualifications, skills etc., are service providers.

Entrepreneurship Business Models in Globalized Environment

Contemporary entrepreneurs created new value by using their market dynamics and distinctive advantages with the occurrence of Internet which has led to the emergence of new business models which are listed as follows:

- **Commission Based Model:** It provides a commission / dedicated service for a fees. It implies that business usually plays a role of an intermediary between sellers and buyers. It facilitates transaction with commission. Most of dot com companies viz., fast food sellers, booking agents, etc comes under this model.
- **Advertisement Based Model:** It provides free provision of services and content to the visitors who subsequently monetized by the payment of advertisements. Globally popularized as advertising based model of Google which created parallel services that monetized its enormous popularity. Google, Facebook are gigantic Internet Entrepreneurs in business based advertisement model.
- **Merchant Business Model:** Classical Trade and Real Environment is the foundation of this business model regardless of retail or wholesale trade. Virtual companies and click and mortar companies are represented by this model. Where the use of internet to expand the market boundaries and reduction of costs takes place, there such companies operates in real environment. Aliexpress and Amazon are the best examples of this business model where they obtain cheaper and sell more expensive by using advantages that Internet carriers with low operating costs.
- **Manufacturing Business Model:** In this model the entrepreneurship the entrepreneurship idea is based on production usage of intermediate goods and raw materials. The advantages are lower marketing costs and ability to produced customized product versions. It also impacts customer loyalty. Dell is successful with successful implementation of this business model.

- **Affiliate Business Model:** When the visitors come from their websites to from their websites to merchant website which launched an affiliate business model with an aim of undertaking an concrete action. For example – application to mailing lists, registering, purchasing etc., it reduces the marketing costs and significantly increases market reach.
- **Subscription Based Business Model:** Monthly or annual subscriptions are charged by modern entrepreneurs for providing service or content in this business mode. Internet companies like Netflix, amazon prime are the examples of this business model.
- **Software as Service Business Model (Saas):** The emergence of variation in technology like progress in cloud computing is called software as service. They place remote servers which make available to users instead of traditional approach involved in purchasing a software license to installation of software on a local machine.
- **The Fees for Service Model:** They charge for content and other types of resources which are available to users as per their actual consumption or degree of consumption by the client during a given time. They provides virtual work environment to its clients along with collaboration tools and also charges them with the degree of resource utilization during a month.

Many modern entrepreneurs clearly differentiated and demonstrated business models which have a significant potential for business use purposefully.

Positive Impact of Globalization on Entrepreneurship

- **Global Advantages:** Small scale business enterprises can compete globally as they sell locally made products via Internet. Through offers of package shipping across the countries, shipping companies also accommodate small businesses. In addition to this, small business organizations may purchase products for resale from global markets to gain pricing advantages which was reserved for international conglomerates. Entrepreneurs also benefit from favourable foreign exchange rates when they purchase in countries where foreign country is worthier than local currency.
- **Local Advantages:** Many international chains set up their outlets in neighbourhood and capture the local market with less prices. This can be accomplished by using economical labour overseas.
- **Piracy:** Entrepreneurs of small countries do little to restrict piracy and they find themselves fighting with cheap imitations of products even when intellectual property rights protection is in vogue.

- **Speed of Adaptability:** As small scale business can access to global markets easily as large companies. Speed matters for business now. As small businesses have smaller bureaucracy than large organizations, small business organizations can quickly adapt to global and local trends.

Negative Impact of Globalization on Entrepreneurship

- Income inequalities can be exacerbate the growth of global trade, both between and within more industrialized and less industrialized countries
- International commerce is increasingly dominated by multinational companies which seek to maximize its profits without regard for the developmental needs of local populations or individual countries.
- The risks of banking and currency crises can increase by the volatility and volume of capital flows especially in the countries where there are weak financial institutions
- Many producers in the third world countries are being prevented from accessing export due to protectionist policies of industrialized economies.
- Countries are dangerously lowering their environmental standards become of competition among developing nations to attract foreign investment which is leading to “race to the bottom”.

Bottom Line

The importance of entrepreneurial action for wealth creation has been heightened by the globalization of economies. Institutional failure, liberalization of national economies, liberalization of attendant markets, demographic shifts, state failures and technological advancements have combined to increase the call for more social consciousness within businesses and globalization has led to shift from industrial to entrepreneurial mode of production. Even a smallest companies can access to suppliers, collaborators and customers around the world due to removal of government imposed barriers which segregates and protects domestic markets and recent technical advancements in transportation, manufacturing and telecommunications sector. Small and Medium Enterprises need to operate within macroeconomic environments viz., Domestic and Global markets which are affected by the changes in this environment. The results are enlarged inequality which enhanced customer demands for variety and increased level of globalization in the economy. These are the determinants of higher levels of entrepreneurship in an economy.

Conclusion

In an open, borderless, integrated international economy, globalization has led to major increases in worldwide trade and exchanges. In order to achieve economic growth and development, the globalization process has created an opportunity to utilize comparative advantage by developing economies which have left no stone

untuned. They have introduced foreign capital, advanced technologies and management experience. For strengthening market competition and to eliminate monopolistic behaviour it is very favourable. The future prosperity of any economy depends on the success of its entrepreneurship promotion, innovation and its effective and prompt absorption of technological advances developed abroad.

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