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Entrepreneurship: A Global Perspective

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Abstract- Entrepreneurship plays a major role in the economic development of our country and thus, the significance of entrepreneurship cannot be undermined.We are living in the world where all the major business occupations in the value chain are highly globalized and deeply integrated. Entrepreneurs are now operating on a global level rather than a domestic level. The availability of internet, relaxed foreign policies and the demand for foreign goods have removed many barriers that once existed. In this backdrop the present article focus on the various strategies to go global and also highlight the factors that motivate the entrepreneur to go global

Keywords: Entrepreneurs, globalization, job opportunities, innovation

1. INTRODUCTION

Enterprise is a crucial engine for the development of the nation. Without enterprise and entrepreneurs, there would be modest innovation, few inventions, little productivity growth, and few new jobs. Entrepreneurial success does not happen in a vacuum. Entrepreneurs exist in the situation of their particular geographical region be that their domestic, national, or even supranational economy and society. Nowadays, entrepreneurs are everybody's favourite heroes because they satisfy the needs and wants of the people and provides plenty of job opportunities. As of 2016 the population of India is at 132.42 crores and is the second highest in the world, unemployment and underemployment is the serious issue of India, self-employment is the only solution for those issues. Entrepreneurs are the national assets, because they create jobs and the conditions for a flourishing society.

Entrepreneurship In Global Market

Entrepreneurs are now working on a global level rather than a domestic level. This has enhanced the economy of both their home countries and the world. Global entrepreneurship is easier than ever with the many progresses that have been made. The countries are moving nearer to each other than ever before.

Objectives And Methodology Of The Study

The specific objectives of the study are as follows:

- To study the global expansion strategies.
- To highlight the Niti Aayog scheme to help the Indian companies to go international
- To investigate the India's performance as per the GEDI index
- To examine the factors which motivate firms to go global

This study is conceptual in nature and the information are collected from the journals and websites.

2. WAYS IN WHICH A COMPANY CAN PIERCE A FOREIGN MARKET

There are many ways in which a company can pierce a foreign market. To enter into global market no one market entry strategy works for all the international markets. The joint venture may be the most appropriate strategy in one market while in another direct exporting quite suitable and in another you may well franchise your manufacturing. There will be a variety of factors that will influence your choice of strategy, including, but not limited to, tariff rates, the degree of adaptation of your product required, transportation costs and marketing. The entrepreneur before deciding the strategy to enter into global market must consider cost-benefit analysis. The following are the strategies for the entrepreneurs to go global.

Direct Exporting

Direct exporting is the strategy of selling the goods directly into the foreign market. Several companies, once they have planned a sales program turn to distributors and / or agents to represent on behalf of them further in that market. The distributors and agents work closely with the exporter in representing their interests. They become the image of the company and thus it is very important that the choice of distributors and agents is handled in much the same way you would employ a key staff person.

Licensing

Licensing is a somewhat sophisticated arrangement where the firm transfers the rights to use the product or service to another firm. It is particularly a useful strategy if the license purchaser has a relatively large market share in the market in which the entrepreneur wish to enter. Licenses can be for production and / or marketing.

Franchising

Franchising is a classic North American method for speedy market expansion, but it is gaining footing in other parts of the world. Franchising is quite suitable for the firms that have a repeatable business model (eg. Food outlets) that can be easily moved into other markets. Two caveats are required when considering using the franchise model, the first is that you may be creating your future competition in your franchisee and secondly your business model should either be having strong brand recognition or very unique that can be employed internationally.

Partnering

Partnering is almost essential when going to foreign markets and in some parts of the world (e.g. Asia) it may be necessary. Partnering can take a number of forms from an easy co-marketing arrangement to a difficult strategic alliance for manufacturing. Partnering is the most useful strategy in those markets where the culture, both business and social, is substantively different than your own as home partners bring domestic market knowledge, contacts and if chosen wisely customers.

Joint Ventures

Joint ventures are the special form of partnership that involves the creation of a third independently controlled company. Two firms agree to work together in a particular market, either product or geographic, and create a third firm to undertake this. Profits and risks are shared equally. Sony/Ericsson Cell Phone is the best example for the joint venture.

Buying a Company

Buying an existing local company may be the most appropriate entry strategy in some economy. This is due to the company has substantial market share, or a direct competitor to you or due to government regulations this is the only option for your firm to enter the market. It is definitely the most costly and determining the true value of a firm in a foreign market will require substantial due diligence. On the positive side, this strategy entry will immediately provide you the status of being a home company and you will receive the benefits of local market knowledge, an established customer base and be treated by the domestic government as a home firm.

Piggybacking

Piggybacking is a principally unique route of entering the international arena. If you have a particularly unique and interesting product or service that you sell to large domestic firms that are currently involved in global markets you may wish to approach them to see if your product or service can be included in their inventory for the global markets. This reduces the exporter's costs and risk because you are essentially selling domestically and the larger firm is marketing your product or service for you internationally.

Turnkey Projects

Turnkey projects are particularly to corporate, that offers services such as architecture, environmental consulting, engineering and construction. A turnkey project is a project where the facility is built from the ground up and turned over to the client ready to go turn the key and the plant is in operation condition. This is the best way to enter into the global markets as the client is normally a government and often the project is being financed by an international financial agency such as the World Bank so the risk of not being paid is removed.

Greenfield Investments

Greenfield investments need the greatest involvement in international business. A Greenfield investment is where you purchase the land, build the facility and operate the business on an ongoing basis in a global market. It is certainly the most costly and holds the largest risk, but some markets may require you to undertake the cost and risk due to government policies, transportation costs, and the ability to access skilled labour or technology.

Niti Aayog to help Indian companies go international

The Niti Aayog is exploring ways to motivate more home companies to be among the top multinational corporations in the world, the think-tank's Vice-Chairman Mr.Rajiv Kumar has said in his speech. The government is working to further enhance the ease of doing business in the country.

India's performance as per the GEDI index

According to the Global Entrepreneurship Development Index, India is ranked 68th out of 137 countries, a "middling" performance. In the Asia Pacific region, India is again in the middle point, 14th out of 28 countries. The leading regional players are Australia at first, Hong Kong in second and Taiwan at third positions respectively. It is noteworthy that India falls below the China at 9th position and more established regional economies such as Korea in 4th place and Japan in 6th place in the region.

2018 Global Entrepreneurship Index rankings

Rank	Country	GDP World Bank intenational$ 2011	GEI
1	United States	52676	83.6
2	Switzerland	54933	80.4
3	Canada	42104	79.2
4	United Kingdom	37451	77.8
5	Australia	42149	75.5
6	Denmark	44005	74.3
7	Iceland	34541	74.2
8	Ireland	42012	73.7
9	Sweden	45533	73.1
10	France	37948	68.5
11	Netherlands	46241	68.1
12	Finland	38509	67.9
13	Hong Kong	53959	67.3
14	Austria	43574	66
15	Germany	44565	65.9
16	Israel	31092	65.4
17	Belgium	41412	63.7
18	Taiwan	0	59.5
19	Chile	21302	58.5

Rank	Country	GDP World Bank intenational$ 2011	GEI
20	Luxembourg	63404	58.2
21	Norway	65457	56.6
22	Qatar	128734	55
23	Estonia	25977	54.8
24	Korea	33891	54.2
25	Slovenia	28110	53.8
26	United Arab Emirates	64604	53.5
27	Singapore	76628	52.7
28	Japan	35653	51.5
29	Lithuania	24578	51.1
30	Poland	23165	50.4
31	Portugal	25817	48.8
32	Cyprus	28633	48
33	Oman	35236	46.9
34	Spain	31620	45.3
35	Bahrain	36782	45.1
36	Slovakia	25629	44.9
37	Turkey	18651	44.5
38	Czech Republic	26387	43.4
39	Kuwait	76074	42.8

Rank	Country	GDP World Bank intenational$ 2011	GEI
40	Tunisia	10229	42.4
41	Puerto Rico	27145	42.1
42	Italy	33326	41.4
43	China	12559	41.1
44	Latvia	21858	40.5
45	Saudi Arabia	49645	40.2
46	Romania	18719	38.2
47	Colombia	12333	38.2
48	Greece	24273	37.1
49	Jordan	11367	36.5
50	Hungary	22684	36.4
51	Uruguay	19279	35
52	Botswana	15286	34.9
53	Brunei Darussalam	0	34.3
54	Croatia	19359	34
55	Barbados	14926	33.6
56	Costa Rica	13596	33.3
57	South Africa	12125	32.9
58	Malaysia	23644	32.7
59	Lebanon	16777	31.5

Rank	Country	GDP World Bank intenational$ 2011	GEI
60	Montenegro	14739	31.2
61	Namibia	9350	31.1
62	Azerbaijan	16433	30.5
63	Belize	7342	30
64	Kazakhstan	21089	29.7
65	Morocco	6958	29.2
66	Macedonia	11966	29.1
67	Peru	10942	28.4
68	India	5372	28.4
69	Bulgaria	16022	27.8
70	Panama	16585	27.7
71	Thailand	14185	27.4
72	Iran	16063	26.8
73	Ukraine	8178	26.8
74	Serbia	12190	26.4
75	Mexico	15838	26.4
76	Egypt	9807	25.9
77	Georgia	8658	25.8
78	Russia	22452	25.2
79	Gabon	16776	25

Rank	Country	GDP World Bank intenational$ 2011	GEI
80	Algeria	13257	24.7
81	Trinidad & Tobago	26529	24.4
82	Dominican Republic	12038	24.3
83	Albania	10021	24.2
84	Philippines	8057	24.1
85	Argentina	0	24
86	Swaziland	7228	23.8
87	Vietnam	5092	23.2
88	Armenia	8042	22.8
89	Jamaica	8211	22.2
90	Sri Lanka	8022	21.9
91	Rwanda	1556	21.5
92	Moldova	5242	21.2
93	Ghana	3724	21.2
94	Indonesia	9725	21
95	Bosnia and Herzegovina	9810	20.7
96	Ecuador	10678	20.5
97	Bolivia	6012	20.4
98	Brazil	14858	20.3
99	Tajikistan	2446	20

Rank	Country	GDP World Bank intenational$ 2011	GEI
100	Kyrgyz Republic	3044	19.8
101	Nigeria	5443	19.7
102	Zambia	3471	19.6
103	Senegal	2198	19.2
104	Libya	15305	18.9
105	Côte d’Ivoire	2802	18.9
106	Paraguay	8086	18.7
107	Honduras	4378	18.7
108	Guatemala	6913	18.5
109	Kenya	2804	18.4
110	Ethiopia	1427	18.3
111	Suriname	14849	18.1
112	Lao PDR	4824	17.8
113	Cambodia	2924	17.6
114	El Salvador	7636	16.7
115	Tanzania	2395	16.4
116	Guyana	6055	16.4
117	Gambia, The	1553	16.1
118	Mali	1442	15.9
119	Liberia	691	15.7

Rank	Country	GDP World Bank intenational$ 2011	GEI
120	Pakistan	4848	15.6
121	Cameroon	2810	15.4
122	Nicaragua	4572	14.7
123	Angola	6341	14.4
124	Mozambique	1063	14
125	Madagascar	1335	14
126	Venezuela	17152	13.8
127	Myanmar	0	13.6
128	Benin	1924	13.3
129	Burkina Faso	1530	13.2
130	Guinea	1083	12.9
131	Uganda	1641	12.9
132	Sierra Leone	1440	12.3
133	Malawi	753	12.2
134	Bangladesh	3179	11.8
135	Burundi	735	11.8
136	Mauritania	3272	10.9
137	Chad	1814	9

Source: Global Entrepreneurship Index, 2018

The factors which motivate firms to go global

The various factors which encourages the firm to move global may be broadly divided into two categories.

a. Pull factors
b. Push factors.

a. **The Pull factors:** These are considered as the forces of attraction which pulls the firm to international markets. In other words, companies are encouraged to internationalize because of the attractiveness of global markets. These attractive factors can be profitability and growth prospects. Another important reason is the availability of cheap labour attracts the firms to foreign markets.
b. **The push factors:** These are factors which compel the firm to go global. Saturation of domestic market also compels the firm to internationalize.

The most important factors for going international are explained as follows.

1. Profit advantage:
The most important advantage of international business is profit earning. The international business can be more profitable than domestic the business.

2. The lure of cheap labour:
The best example in the lure of cheap labour category is China. Many MNC's are attracted towards china for the availability of cheap labour force. In china the labour force is not only cheap but also very efficient. These factors have made the multinational companies like Philips to have their factories and Research and Development units set up in China. Philips has now 23 factories in china- either wholly owned or in joint ventures.

3. Growth Opportunities:
The most important reason for going international is to take the advantage of the opportunities in foreign countries. More opportunities refer more scope for business growth in these countries.

4. Domestic Market Constraints:
Domestic demand constraints compel many companies to expand the market beyond the national border. The best example is the saturation of the market for consumer durable items like Television sets, cars, washing machines in western markets like the USA. In some extreme cases, the market for the consumer durable item has even started to decline. This has made many multinational companies like Samsung, Whirlpool, Electoral EX and LG to switch gears to countries where there is a huge scope of consumer durable items. In easy terms, local demand constraints have driven off these companies to tap the untapped global markets.

5. Competition:
The competition may become a driving force behind internationalization. Before 1991, the market condition in India is completely different. Indian Market in highly protected against foreign companies and investments. By the year 1991, LPG (Liberalization, Privatization and Globalization) announced in India, trade liberalization took place. In India many foreign multinational companies started to establish their offices as the Indian market was thrown open to foreign companies. This led to a very tough competition for Indian companies from foreign companies (For eg.) Nirma is a Indian detergent company. After liberalization, the company faced global competition from MNCs such as P & G, Colgate Palmolive, Unilever, Henkal etc.

6. Government policies and regulations:
Government regulations may also motivate internationalization. Many governments offer a large number of incentives and other positive support to home companies to export and to invest in foreign countries. Some companies become global because of the government policies and regulations. In India the best example for this is a Birla group of companies. The government of India did not grant permission to start a fiber plant in India. This made the Birla group of companies to establish a fiber plant in Thailand. They started to process fiber in their Thailand plant and started exporting to India from Thailand.

7. Monopoly power:
Certain companies like IBM, the software giant established by Bill Gates may wholly enjoy Monopoly power in their field. This act as a driving force and propelled the company forward to start its office in different countries and go global.

8. Spin – off (Incidental benefit) of international business:
A company going foreign may get a spin off too. It may help the company to improve its home business and the image of the company may get a facelift as it runs the business on multi-national scale. The consumers may prefer to purchase the products from a company which exports its majority of its products to foreign countries and this factor increases the good will of the company.

9. Strategic vision:
Nowadays some companies may keep globalization of its products as a part of their strategic management or business policy.

3. CONCLUSION

We live in today the global market; companies like Apple and Google make it look easy to develop internationally with success. Companies that spend on the Internet and produce web-based products are more likely to develop globally because there is less money involved in their international expansion. The most crucial characteristic of any successful global business is implementing a global way of thinking. As technology gets more and more superior and the world continues to become smaller and smaller because of it; those companies that market their product or service successfully globally will take the benefit of the huge growth potential that international markets now offer them.

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