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Global Issues And Challenges For Emerging Entrepreneur

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ABSTRACT

Developing organization and Manpower resource strategies for multiple countries should not simply be a matter of adapting a domestic model to accommodate changes in distance and global scale. Starting with a global mindset discussed earlier, you will have to develop a fresh insightful in order to take into consideration the unique challenges of doing business globally. Above all in all, it is far all too easy to fall into the trap of defining what compose a "success" too narrowly because each product/market situation requires that you set different objectives and establish a different performance metrics process. According to the worldwide entrepreneurship and the successful growth strategies of the early-stage of companies report was released by the world economic forum in collaboration with Stanford university and endeavor global, the top 1% of companies from among 380,000 companies reviewed across 10 countries contribute 44% of total revenue and 40% of total jobs while the top 5% contribute 72% of total revenue and 67% of total jobs. For a century and more, companies have ventured abroad only after establishing themselves at home. Moreover, when they have looked overseas, they haven't ventured too far afield, initially. Consumer health care company Johnson & Johnson set up its first foreign subsidiary in Montreal in 1919—33 years after its founding in 1886. Sony, established in 1946, took 11 years to export its first product to the United States, the TR-63 transistor radio. The Gap, founded in 1969—the year Neil Armstrong walked on the moon—opened its first overseas store in London in 1987, a year after the Challenger space shuttle disaster. Companies are being born global today, by contrast. Entrepreneurs don't automatically buy raw materials from nearby suppliers or set up factories close to their headquarters. They hunt for the planet's best manufacturing locations because political and economic barriers have fallen and vast quantities of information are at their fingertips. They also scout for talent across the globe, tap investors wherever they may be located, and learn to manage operations from a distance—the moment they go into business. In this paper the researcher focused the challenges and issues being faced by entrepreneur in the hyper competitive market.

KEY WORDS*:* Global Entrepreneurship, Political and Economic, Strategies, Revenue,

LIST OF CHALLENGES TO MANAGING A GLOBAL BUSINESS:

HUMAN RESOURCE MANAGEMENT ISSUES

There are certain human resource management issues that are particular for the global enterprise. The key issues involve staffing policies, such as selecting the right people with the right mixture of local versus home experience; managing the expatriate manager; and dealing with particular problems like repatriation. Others issues include understanding the challenges of

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living and working overseas, performance appraisals from a distance, training and management development, compensation packages, and labor relations and organized labor laws. Finally, it is very important to remain focused on being the market leader. As Susanna Kass, a CEO who served for international operations at eBay explain, "We are not looking to be in twenty-four markets all at the same time. We are looking to have a very successful community for every market we enter. So it's more important to us to be the leader in the market we are in versus being in every continent."

MANAGING ACCOUNTING AND CONTROL ISSUES

We examine two key financial issues. First, we look at the accounting issues. Doing business in different countries means differences in accounting standards. But this also includes differences in relationships between business and capital providers, which can place restrictions on raising money or borrowing locally through individual investors, financing community (banks, investment banks, venture capital), and the government. Other accounting issues include inflation-accounting, differences in multinational taxation, U.S. taxation of foreign-source income, and determining corporate income tax and indirect taxes, such as the value-added tax (VAT), withholding tax, and miscellaneous taxes on business transactions. The second financial issue focuses on managing foreign exchange rate movement risk. Foreign exchange rate exposure is defined as the risk that future changes in a country's exchange rate will hurt the venture's operating income. There are five types of exposure to foreign exchange risk. The greatest risk is from transaction exposure, the net cash flows from individual transactions. It is affected by fluctuations in foreign exchange values; ventures need to think about this before establishing an invoice policy (what currency), and pricing strategies (how much).

Other risks include translation exposure; the impact of currency exchange rates on the reported consolidated financial statements; operating exposure; long-term effect of changes in exchange rates on future prices, sales, and costs; tax exposure, which is determined by each country; and finally, interest rate exposure, which is the difference and sensitivity to the value of the London Interbank Offered Rate (LIBOR).

MANAGING RISKS AND CHALLENGES TO GOING GLOBAL

Entering into a new country market, unprepared can often lead to disappointing results as well as detract from efforts in your domestic marketplace. One of the first challenges is how to appraise the success of any global business activity. We have to find that a global business quite literally "takes on a life of its own" and grows with specific strategy, management, and no specific performance metrics. Measuring the ROI is a complex activity that involves analyzing the many variables particular to global expansion. There are additional costs in developing products to be used in global markets, and there are additional administrative costs in creating marketing and sales materials, or obtaining special export licenses. There are also longer sales cycles, longer cash conversion cycles, and the difficulty of trying to determine return on investments when there are multiple currencies involved. For example, the complexities of shipping and logistics are overwhelming. In fact, the hardest aspects of circumnavigating the business world fall into two broad categories: how to get an order from one place on the globe to another, and how to negotiate the Byzantine by laws of trade and customs regulations.

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OTHER CHALLENGES

Other challenges include having to learn new business practices, as well as dealing with insufficient technology, local employee hiring, regulatory hurdles, international transaction costs, currency differences, and establishing local partnerships. Monitoring “country risk” is most challenging for small ventures. Large corporations like IBM, General Motors, and Coca-Cola have huge departments for monitoring this specific challenge. Country risk is composed of a handful of challenges. For example, The challenge of dealings with “political risk” which is dealing with the overall attitude of host governments, attitudes of consumers, expropriation, racial conflict, religious freedoms, civil conflict, corruption, nepotism, nationalism, war, and bureaucracy. There is also the challenge of following and monitoring governmental controls, trade barriers, exchange rate policy tools, and foreign exchange systems, such as currency inconvertibility and the intervention of buying and selling of currencies in foreign markets. Finally, there is the challenge of monitoring the international flow of funds, each country’s “capital account,” or each country’s trade balances with the rest of the world. Perhaps the greatest challenge is refreshing the global mindset. It is only through a fundamental shift in mindset that new opportunities are discovered. In fact, some suggest it should be a formal corporate process that consists of “global learning.” We stress that this formal process should be an ongoing commitment of time and energy and, perhaps more important, the ability to admit that you never know everything and to be always open to learning something new.

CREATING INDIAN ENTREPRENEURS

A recent Mckinsey & Company-Nasscom report estimates that India needs at least 8,000 new businesses to achieve its target of building a US$87 billion IT sector by 2008. Similarly, in the next 10 years, 110-130 million Indian citizens will be searching for jobs, including 80-100 million looking for their first jobs. This will not include the disguised unemployment of over 50% among the 230 million employed in rural India. Since traditional large employers-including the government and the old economy player-may find it difficult to sustain this level of employment in future, it is entrepreneurs who will create these new jobs and opportunities.

Today’s knowledge is based on economy is a fertile ground for entrepreneurs, in India. It is rightly believed that India has an extraordinary talent pool with virtually limitless potential to become entrepreneurs. Therefore, it is important to get committed for creating the right environment to develop a successful entrepreneur. To achieve this, India must focus on four areas.

1. Create the Right Environment for Success: Entrepreneurs should find it easy to start a business. To do so, most Indians would start slow with capital borrowed from family and friends, the CEO playing the role of salesman and strategist, a professional team assembled months or perhaps years after the business was created, and few, if any, external partners. Compare this with a start-up in Silicon Valley: a Venire Capitalist (VC) or angel investor would be brought in early on; a professional management team would drive the business; a multifunctional team would be assembled quickly; and partnerships would be explored early on to scale up the business. A major challenge for India is to create a handful of areas of excellence- the breeding ground where ideas grow into businesses. For example, Gurgaon and Hyderabad for remote services, or Bangalore for IT. One way of strengthening these areas is to consider the role of universities and educational institutions-places where excellence typically thrives.

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2. Ensure that Entrepreneurs have access to the Right Skill: A survey conducted by McKinsey & Company last year revealed that most Indian start-up businesses face two skill gaps: entrepreneurial (how to manage business risks, build a team, identify an get funding) and functional (product development know-how, marketing skills, etc.) India can move toward ensuring that the curriculum at universities is modified to address today's changing business landscape, particularly in emerging markets, and to build 'centers of entrepreneurial excellence' in institutes that will actively assist entrepreneurs.

3. Ensure that Entrepreneurs have access to 'Smart Capital': For a long time, Indian entrepreneurs have had little access to capital. It is true that in the last few years, several Venture Funds have entered the Indian Market. And, while the sector is still in infancy in India (with estimated total disbursement of less than US$0.5 billion in the year 2003), VCs are providing capital as well as critical knowledge and access to potential partners, suppliers, and clients across the globe. However, India has only a few angel investors who support the idea in the early stages before VCs become involved. While associations such as TIE are seeking to bridge the gap by working at creating a TIE India Angel Forum, this is India's third challenge creating a global support network of 'angels 'willing to support young business.

4. Enable Networking and Exchange: Entrepreneurs learn from experience-theirs and that of others. The rapid pace of globalization and fast growth of Asian economies present tremendous opportunities and challenges for India. Through planning and focus, India can aspire to create a pool of entrepreneurs who will be the regions –and the world's-leaders of tomorrow.

THE FUTURE OF ENTREPRENEURSHIP

Both the Central Government and various State Governments are taking increased interest in promoting the growth of entrepreneurship. Individuals are being encouraged to form new businesses and are being provided such government support as tax incentives, buildings, roads, and a communication system to facilitate this creation process. The encouragement by the central and state governments should continue in future as more lawmakers are realizing that new enterprises create jobs and increase the economic output of the region. Every state government should develop its own innovative industrial strategies for fostering entrepreneurial activity and timely development of the technology of the area. The states should have their own state-sponsored venture funds, where a percentage of the funds has to invested in the ventures in the states.

Society's support of entrepreneurship should also continue. This support is critical in providing both motivation and public support. A major factor in the development of this societal approval is the media. The media should play a powerful and constructive role by reporting on the general entrepreneurial spirit in the country highlighting specific success cases of this spirit in operation.

Finally, large companies should show an interest in their special form of entrepreneurship-in the future. These companies will be increasingly interested in capitalizing on their Research & Development in the hyper competitive business environment today.

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CONCLUSION

The definition of entrepreneurship has evolved over time as the world's economic structure has changed and become more complex. Risk taking, innovation, and creation of wealth are the criteria that have been developed as the study of new business creations has evolved. The decision to start an entrepreneurial venture consists of several sequential steps (1) the decision to leave a present career or lifestyle. (2) The decision that an entrepreneurial venture is desirable ; and (3) the decision that both external and internal factors make new venture creation possible. There are both pushing and pulling influences active in the decision to leave a present career: the "push" of job dissatisfaction or even layoff, and the "pull" toward entrepreneurship of seeing an unfilled need in the market place. The appeal of starting one's own company is strongly influenced by culture, sub-culture, family, teachers, and peers. Any of these influences can function as a source of encouragement for entrepreneurship, with support ranging from the government support that favor a business to strong personal role models of family or friends. Beyond the stage of considering entrepreneurship as an "a good idea", the potential entrepreneur must possess or acquire the necessary education, management skills, and financial resources for launching of the venture. The study of entrepreneurship has become significance today, not only because it helps entrepreneurs but it will fulfill their personal needs for the economic contribution of the new ventures. More than increasing national income by creating new jobs, entrepreneurship acts as a positive force in economic growth by serving as the bridge between innovation and market place. Although government gives great support to basic and applied research, it had great success in translating the technological innovations to products or services. Although intrapreneurship offers a promise of marriage of those research capabilities and business skills that one expects from a large corporation, the results have not been spectacular. This leaves the entrepreneur, who frequently lacks both technical and business skills, to serve as the major link in the process of innovation development, and economic growth and revitalization. The studies of potential entrepreneurs are the essential parts to strengthen this link which is so essential to a country's economic well-being.

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