

Management and Strategies for Entrepreneurship Development in Emerging Economies

Olowe Folake Tinuoje¹, Owotutu Sabitu Olalekan², Olubunmi Eunice Mojirike Adenike^{3*}

¹Department of Accountancy, Osun State Polytechnic, P.O. Box 301 Iree, Nigeria

²Department of Business Administration, Ogun State Institute of Technology, Igbeesa, Nigeri

³Department of Accountancy, Osun State Polytechnic, P. O. Box 301 Iree, Nigeria

*Corresponding Author

Olubunmi Eunice Mojirike Adenike

Email: accountancyontop@yahoo.com

Abstract: Entrepreneurship plays an important economic role in economic development with impact of Globalization and Liberalization on Entrepreneurship. The paper sought to identify the management and strategies for development of entrepreneurship in emerging economies. Companies consider innovations as a major engine to enhance their performance and to strengthen their competitive position in the market. The crucial role played by the entrepreneurs in the western countries has made the government of developing countries conscious of the significance of entrepreneurship in economic development. The paper concluded that with globalization, entrepreneurship is exposed to sever competition both from large scale sector, domestic, foreign and MNCs. Training and educational programs, capacitating as well as support from government should be improved for entrepreneurship development.

Keywords: Entrepreneurship, Management, Economic development, Liberalisation.

INTRODUCTION

Entrepreneurship has been adopted world over, as a strategy to facilitate economic development, entrepreneurship aids economic growth, economic competitiveness, economic independence, self-esteem, job creation, social welfare of any country, as well as political stability and national security of a country [1]. The protracted and deep rooted global economic recession has affected nearly all developing countries and has adversely impacted on the well-being of the majority of the people especially those who live in rural communities. Rural environments face different obstacles from urban contexts [2]. Most scholars define entrepreneurship as a set of practices involving the creation or discovery of opportunities, evaluation, exploitation and their enactment [3]. Entrepreneurship development is understood as the promotion and development of activities and processes that foster and support productive entrepreneurship in the society. Entrepreneurship aids economic growth, economic competitiveness, economic independence, self-esteem, job creation, social welfare of any country, as well as political stability and national security.[4]The work shows that entrepreneurs will continue to be hindered unless the government provides flexible policies and create better regulatory system for rural entrepreneurs [5].The scope of what entrepreneurship involves, will continue to change and evolve because environment in which entrepreneurship operates, is constantly changing

and evolving too. Therefore, companies must learn to think and act in this dynamic equilibrium. Since, entrepreneurship is an established field with a wide range of issues at all stages, promoting and nurturing it raises several challenges for today's organizations [6].

Entrepreneurship is essential for rapid and sustained economic growth and development. It creates the required Man power and skills necessary for accelerated growth, reduce unemployment and poverty. It is therefore strategic and wise for emerging economies to assign a significant and increasing role to entrepreneurship in their effort to revamp the economy [7]. There is a great entrepreneurship enthusiasm in emerging economies of the world including African countries but there is little solid evidence that entrepreneurship promotes economic growth in Africa and many other developing countries. A main reason is that many do not become entrepreneurs by choice or because they take advantage of an opportunity but out of necessity because they cannot find wage employment and do not have any other source of income. They are forced to start a business and become self-employed. Others may have preferences and opportunities of going into politics or the public sector, become rent seekers or go abroad. Entrepreneurship programs may therefore often attract more people in environments where the wage employment opportunities are limited, but the downside can be that the sustainability of the

entrepreneurial enterprise will then be low because there will be many necessity rather than opportunity entrepreneurs [8].

ROLE OF ENTREPRENEURSHIP IN ECONOMIC DEVELOPMENT

Economic development essentially means a process of upward change whereby the real per capita income of a country increases for a long period of time. The economic history of the presently developed countries, for example, USA and Japan tends to support the facts that the economy is an effect for which the entrepreneurship is the cause. The crucial role played by the entrepreneurs in the western countries has made the people of developing countries conscious of the significance of entrepreneurship in economic development. Some developing countries after the Independence, realized that, for achieving the goal of economic development, it is necessary to increase the entrepreneurship both qualitatively and quantitatively in the country. Entrepreneurship is one of the necessary conditions for economic development; entrepreneurship is a necessary dynamic force for economic development. The important role that an entrepreneurship plays in the economic development of an economy can be put in a more systematic manner as follows: Entrepreneurship promotes capital formation by mobilizing the idle saving of the public; it provides immediate large-scale employment. Thus it helps to reduce unemployment in the country. It provides balanced regional development. It also induces backward and forward linkages which stimulated the process of economic development in the country and promotes country's export trade which is an important ingredient for economic development.

IMPACT OF GLOBALIZATION AND LIBERALIZATION ON ENTREPRENEURSHIP

With globalization, entrepreneurship is exposed to severe competition both from large scale sector, domestic, foreign and MNCs. The effect of globalization can be summarized as below; the new policies of the government towards liberalization and globalization without ensuring the interest or priority of small-scale sector resulted in their poor growth rate. The small-scale sector has suffered because of the lending institutions and promotional agencies whose main agenda is to serve big units and multinationals. The problems of entrepreneurship in liberalized environment have become multi-dimensional, delay in implementation of project, inadequate availability of finance and credit, marketing problems, cheap and low quality products, technological obsolescence, lack of infrastructural facilities, deficient managerial and technical skills, to name some. Globalization resulted in opening up of markets, leading to intense competition. For example, the World Trade Organization (WTO)

regulates multilateral trade, requiring its member countries to remove its import quotas, restrictions and reduce import tariffs. As a result every enterprise in whether small-scale or large scale has to face competition. With the removal of restrictions of foreign direct investment, multinational companies entered emerging economies which further intensified the competition in the domestic market. The 1990's witnessed the entry of multinational companies in areas such as automobiles, electronics and IT based sectors of some emerging economies. In the changed environment after globalization and liberalization, the policies and projects for the small-scale sectors will have to be effective and growth oriented (not just protecting) so as to achieve competitiveness [9].

ENTREPRENEURSHIP STRATEGIES

Entrepreneurship and strategic management are related to the behaviour and performance of companies. Strategic management seeks to create and exploit competitive advantages for companies within a particular environmental situation. Entrepreneurship promotes the search for competitive advantages by bringing products, processes and innovations to market. Entrepreneurial and strategic activities seek new markets or strategic competitive position for firms in order to create profits. Small and medium enterprises are mostly managed by owners and relations. The financing in most cases is normally provided by the owners. The owners fail to realize the importance of external source of capital in order to effect expansion in the business [10]. In another development, small and medium enterprise experiences difficulties in raising equity capital from the finance houses or capital market. Even when the finance house agrees to provide equity capital, the conditions are always dreadful. All these result in inadequate capital available to the sector and thus lead to poor financing. About 80% of small and medium enterprises are stifled because of this problem of poor financing and other problems associated with it [11]. The challenges that emanated from poor management and strategies include: Lack of competent management which is the consequence of inability of owners to employ the services of experts; use of obsolete equipment and methods of production because of owner's inability to access new technology. Excessive competition which resulted from sales which is a consequence of poor finance to cope with increased competition in the industry. However, there are certain constraints that are common to all entrepreneurship. These common constraints include lack of capital, difficulties in procuring raw materials, lack of access to relevant business information, difficulties in marketing and distribution, low technological capabilities, high transportation costs, communication problems, problems caused by cumbersome and costly bureaucratic procedures (especially in getting the

required licenses), and policies and regulations that generate market distortions.

In a dynamic world, a company's success rests to a very large degree on its ability to pursue new opportunities. Recognizing the importance of the entrepreneurial opportunities, research attention on the phenomenon of entrepreneurial opportunities assumes critical significance. Entrepreneurial opportunities has been defined as the situations in which new goods, services, raw materials, markets and organizing methods can be introduced through the formation of new means, ends, or means-ends relationships. They arise in the economy as an outcome of a self-transformation process, the driving element of which is an innovating "entrepreneur-hero"[12]. The major challenge in opportunity is its recognition. Although an opportunity for entrepreneurial profit might exist, an individual can earn this profit only if he or she recognizes that the opportunity exists and has value [13]. Due to complexity and multi-dimensionality of this process, entrepreneurs must receive and utilize all the information that they obtain from the external environment to create, shape, and maintain a kind of information asymmetry that allows them to notice new opportunities that are either not seen or are disregarded by the other groups of the population. Moreover, they must do this selectively: assimilating, organizing, categorizing, and prioritizing information that help them to make decisions about emerging opportunities, and selecting one opportunity over others at any specific instance of time [12]. By its essence, the opportunity challenge encourages entrepreneurs to see the world in a new way, more as world full of opportunities and possibilities rather than a world full of problems and obstacles. It motivates them to be always curious and looking for new ways to serve and share their gifts and talents with the world.

Strategies for Entrepreneurship Development

Effective strategic management processes maintain the new behaviours to discover and follow competitive opportunities that were not identified or used in previous period. Both strategic management and entrepreneurship are related to decisions prepared by managers who have duty for the business as a whole. While strategic management is related to factors that affect the company's results (e.g., strategy, situation and funds sustainable competitive advantages), entrepreneurship (taking into consideration autonomous companies and business entrepreneurship) is apprehensive with the processes that guide to venture creation. Moreover, we can say that entrepreneurship is focused on growth and innovation, and strategic management focuses on competitive advantages [10]. Considered strategies are;

Informality-formality relations: Often a transition from informality to formality is assumed to take place but the relationship between informality and formality is complicated. Formalization – or modernization – is a gradual process and it can be a two way process where dynamics of in-formalization also take place. The existence of an informal sector can also be crucial for the growth of the formal sector. For small enterprises in particular there may not be an interest to formalize business as there are risks associated with the transfer to the formal sector. Entrepreneurs in the informal sector can also have limited capacity or may be unwilling to take the risks to grow vertically but will prefer to expand horizontally to spread risks among different businesses and maintain informality. Furthermore, most entrepreneurship firms do not have a great capacity, which is a reflection of the small size and fragmentation of markets in many parts of Africa. However, for enterprises to pursue internationalization there is a strong pressure to become formalized. Finally, it was observed that urban and infrastructure planning often does not take the informal sector into account.

Entrepreneurship training and education:

Appropriate training is key for entrepreneurs. Many entrepreneurs have limited education and cannot take academic executive courses and full-time education. Again training needs depend on the type of entrepreneurs in question. For smaller enterprises there may be a need for a holistic approach to entrepreneurship development with "wrap around" and mentorship services – an approach which however is difficult and costly to scale up. Other possibilities include short term modules on relevant issues tailored to the needs of small entrepreneurs. More generally the whole education system could be much more entrepreneurship oriented implemented throughout the educational system as life-skill education [8].

Access to finance: Access to finance is often claimed to be a main obstacle for entrepreneurs and small enterprises to start and to grow. That may be true but it will often be because they are not credit worthy or do not have collateral to obtain institutional credit. The majority of entrepreneurs start their business by their own means and funds from relatives and other private sources. Access to institutional capital is often available for sound entrepreneurial ideas. However, many micro-credit schemes have proved to be costly and without impact and sustainability; there are many commercial banks, they may be cheaper but are less risk willing and prefer other customers including the public sector; venture capital goes in and participates in risk taking but suitable providers attending to small and medium size enterprises are still few. Rather than finance per se, it is important to provide flexible forms of finance which can be used when the entrepreneurs experience

needs for capital, not to start up but a particular key moment in the development of the business.

Targeted interventions: Targeting is in general a highly debated issue in industrial policy, but there is broad agreement that direct state intervention can provide high benefits when governance structures are right. It can be problematic to promote certain sectors like high-growth sectors. Entrepreneurship programs should not push entrepreneurs into certain industries but preferably support entrepreneurship indirectly. On the other hand markets may not function and direct support will be needed to stimulate private initiatives, including entrepreneurship through for example access to skills, markets and finance and to knowledge and technology information. Additional observations related to interventions underlined the need for studying the specific context and institutional environment for entrepreneurship development when designing interventions and programs. Different forms and levels of support are also needed depending on the type of entrepreneurs, i.e. start-up entrepreneurs establishing a firm; existing firms that cannot expand due to horizontal and vertical obstacles or necessity entrepreneurs who are entrepreneurs because of no better options for work.

Research: It's easy to mistake your own enthusiasm for market opportunity, Researching to make sure there are eager buyers at the right price is easier than ever. Also, try floating an idea through social media or checking out similar businesses to see what they do right and wrong. Start your research with a list of questions that will help validate your idea or highlight where changes are needed. Check out secondary research available from industry associations, web searches, periodicals, and federal and state agencies. You'll also need primary research – testing your idea specifically – such as customer interviews, surveys or focus groups, on your own or with the help of a professional.

Find a niche: Customers flock to businesses that offer deep product knowledge and a broad selection of the item they're seeking. Entrepreneurs don't have to go it alone. Joining a business incubator program that provides services and sometimes even office space to nurture new businesses can deliver much-needed resources and advice. Also look into the new Start-up America Partnership, which offers guidance and connects new businesses with local start-up ecosystems. [14]

MOTIVES AND MANAGEMENT OF INNOVATION STRATEGY

Companies consider innovations as a major engine to enhance their performance and to strengthen

their competitive position in the market. Many firms have paid most of their management attention to a greater focus on internal efficiencies of the development process, team structures, decision making and cross functional interaction. However, as more and more companies bring innovation straight to the heart of their corporate strategies, developing internal innovation capabilities is no longer sufficient to gain and sustain competitive advantage. Since innovation strategies look increasingly similar and commoditized, more and more organizations try to further improve their innovation performance through intensifying collaboration across industry networks and partnerships, opening up their innovation processes in line with the open innovation framework [15]. Traditionally, open innovation has been analysed mainly within the context of large, multinational, technology firms. Although [15] argued that large firms could differ from small firms in their adoption of open innovation, only a small number of studies on open innovation within smaller firms exist. For instance, Henkel (2006) examines both small and large firms, but focuses only on companies that develop open source software. [16] study on the U.S. tabletop role-playing game industry, which is a highly fragmented industry with SMEs as the main players. Furthermore, [17] illustrate the role of small companies over the life cycle of the technology. They also show that firm size does influence the innovation strategy and value capturing ability of firms on new technology. Nevertheless, prior studies have not yet systematically analysed the notion of open innovation in SMEs. Hence, it still remains to a large extent an unanswered question how small firms adopt to open innovation. This paper addresses this gap by focusing on the open innovation practices in SMEs. Based on an exploratory survey among SMEs in the Netherlands, we intend to formulate an answer on the following questions: Is open innovation different for small firms as compared to large ones? Do we find homogeneous results for all SMEs or can we make a distinction between different types of open innovation-strategies in different categories of SMEs, such as services and manufacturing firms? What are the most important drivers for SMEs to start open innovation practices? What are the major barriers? SMEs do not have internal R&D labs and cannot rely on entrenched technological competences. They have to make systematic use of the competences of suppliers, customers, competitors [18] and other actors in the value system. Moreover, many SMEs are active in medium- or low-tech industries and do not have formalized R&D-activities.

CONCLUSION

Entrepreneurial activities differ substantially depending on the type of organization and creativity involved with marketing management skills, human resource management skills, financial management and

general business management skills affect the quality of production in entrepreneurship [19]. It therefore implies that vocational programs will go a long way in enabling entrepreneurs to have management skills. Most entrepreneurs start their businesses without any professional skills necessary to facilitate business efficiency and effectiveness. Since it has been established in studies that entrepreneurial activities are contributing towards welfare, providing training programs to improve their management skills will further increase the contribution of rural entrepreneurial activities. The paper concludes that business success is a consequence of embracing a mix of strategies. Entrepreneurship education is very important as it develops skills, attributes and behaviours as well as enterprise awareness to understand and realise entrepreneurship as a career option. Training of existing and aspiring entrepreneurs should complement existing skills and the entrepreneurs' most pressing needs. Furthermore, entrepreneurs should be provided with advice, guidance, and knowledge as well as coaching in the management of business. With globalization, entrepreneurship is exposed to severe competition both from large scale sector, domestic, foreign and MNCs.

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