

The Business of Globalization and the Globalization of Business

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Article abstract

The new global economy of the twenty-first century has transformed the economic, social, educational and political landscape in a profound and indelible manner. It is composed of a trilogy of interactive forces that include globalization, trade liberalization and the information technology and communications revolution. Globalization has melted national borders, free trade has enhanced economic integration and the information and communications revolution has made geography and time irrelevant. The role and functions of entrepreneurship in the new global economy have taken on added significance and face compounded challenges. We live in a challenging environment of rapidly changing economic events, where the private sector has become the most important engine of economic growth and the public sector has shrunk in importance and influence. Entrepreneurs are defining the new rules of engagement on the economic landscape as they come to grips with contemporary challenges and new opportunities. In this new environment, entrepreneurs need to articulate a pragmatic vision, exercise effective leadership and develop a competent business strategy. They should create the synergies that will allow them to integrate the interactive ingredients of the new economy in order to enhance their competitive advantage. Their business strategy should embrace flexibility, a quick response time and a proactive approach to economic opportunities. This paper will also enumerate the entrepreneurial abilities, skills, competencies and perspectives that are essential pre-requisites for success in the new global economy of the twenty-first century. In short, the economic heartbeat of the new economy is the global entrepreneur with an international mindset.

The Business of Globalization and the Globalization of Business

by

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The new global economy of the twenty-first century has transformed the economic, social, educational and political landscape in a profound and indelible manner. It is composed of a trilogy of interactive forces that include globalization, trade liberalization and the information technology and communications revolution. Globalization has melted national borders, free trade has enhanced economic integration and the information and communications revolution has made geography and time irrelevant. The role and functions of entrepreneurship in the new global economy have taken on added significance and face compounded challenges. We live in a challenging environment of rapidly changing economic events, where the private sector has become the most important engine of economic growth and the public sector has shrunk in importance and influence. Entrepreneurs are defining the new rules of engagement on the economic landscape as they come to grips with contemporary challenges and new opportunities. In this new environment, entrepreneurs need to articulate a pragmatic vision, exercise effective leadership and develop a competent business strategy. They should create the synergies that will allow them to integrate the interactive ingredients of the new economy in order to enhance their competitive advantage. Their business strategy should embrace flexibility, a quick response time and a proactive approach to economic opportunities. This paper will also enumerate the entrepreneurial abilities, skills, competencies and perspectives that

are essential pre-requisites for success in the new global economy of the twenty-first century. In short, the economic heartbeat of the new economy is the global entrepreneur with an international mindset.

Introduction

The new global economy of the 21st Century has transformed the economic, social, educational, and political landscape in a profound and indelible manner. Never before in human history has the pace of structural change been more pervasive, rapid, and global in its context. The new economy is composed of a trilogy of interactive forces that include globalization, trade liberalization, and the information technology and communications revolution. Globalization has melted national borders, free trade has enhanced economic integration, and the information and communications revolution has made geography and time irrelevant. Furthermore, the new economy is built on a culture of innovation. Indeed, the signature mark of the new global economy is new ideas, new technologies, and new initiatives.

Economic growth and development in the new global economy has been preceded by a complex structural realignment of investment streams, the clustering of business enterprises, the transformation of the production process and the adoption of a niche marketing approach (Porter, 1998). Furthermore, it has necessitated the effective integration of state-of-the-art technologies in the domain of information and communications in order to enhance competitive advantage in the forum of international trade. All of this has resulted in a fundamental restructuring of economic society. The role of innovation as a catalyst that drives the engine of economic growth needs to be acknowledged as a fundamental postulate of the new global economy. Furthermore, the pivotal role of a country's human resources and the unique economic value of its human capital endowment, reflected in the educational attainment and technical skills of its population, is an essential prerequisite for empowering the new economy and facilitating the integration of labour in knowledge based industries. Life long learning and the continuous upgrading of skills as well as the structural reorganization of the work place have become essential parameters of a country's contemporary economic profile. The knowledge based economy is fuelled by technology, human capital, and research and development which contribute to accelerating levels of productivity and economic performance (OECD, 1996). In short, the fuel of the new economy is technology and its currency is human capital. The product of the new economy is knowledge and its market is the virtual marketplace of the internet. Global opportunities require competitive tax levels, investment in research and development, an emphasis on education and training, and industrial clusters of excellence all geared towards world wide niche markets of the new global economy (OECD, 1997).

The structural transformation of the new global economy has not been confined to economic parameters. It is equally pervasive in the way we live, learn, work, invest, provide for our health care, entertain ourselves, exercise our democratic responsibilities, influence the formulation of public policy and communicate with each other. Public services, banking, education, health care and electronic commerce are at the forefront of the Information Revolution with the capability of accessing information, services, and products from around the world almost instantaneously. The rapidity of change and the magnitude of structural transformation are hallmarks of this economic structural transformation - a pace of change that is unprecedented in the history of mankind (Gera and Mang, 1998). The information and communications technology of the 21st Century has made possible the contraction of time and space. The new information and electronic capabilities are defining the new parameters and advancing the frontiers of economic connectivity (Boston Consulting Group, 1998).

Globalization

Globalization is not a new concept. It has evolved and mutated over the centuries to reflect the priorities and ambitions of different generations. The global outreach of nations for geopolitical, economic, military, and trade benefits has transgressed the centuries and embraced almost every country in the world. From time immemorial the process of globalization has taken different forms and proceeded in different directions. The voyages of Odysseus recorded by Homer in *The Odyssey*. The Babylonian Empire that stretched over Mesopotamia in western Asia between the rivers Tigris and Euphrates from 1894 BC to 1595 BC, and again from 625 BC to 539 BC when its grasp reached as far as Palestine. The conquests of Alexander the Great (356 BC to 323 BC) who forged an empire that included parts of Europe, Africa, and the Asian continent as far as India. In the late 3rd century BC, the Romans began their conquest of the Balkan Peninsula in search of iron, copper, precious metals, crops, and slaves. This marked the beginning of the Roman Empire, which lasted from 27 BC until 476 AD, and blended unity and diversity across Sicily, Spain, Macedonia, Greece, Egypt, North Africa, Syria, parts of Asia Minor, Gaul, and Britain. The Byzantine Empire lasted from 395 AD to 1453 AD and spanned the Middle East, North Africa, and Spain. The British Empire from 1583 AD to 1931 AD included such a large collection of countries around the world that it coined the familiar phrase “the sun never sets on the British Empire”.

This short and selective geographical survey of the history of globalization attests to the permanence of mankind’s globalization ambitions. Through the discovery and exploitation of new found lands, through the military conquest and annexation of adjacent territories, and through the signing of contemporary multilateral free trade agreements, the process of globalization has

been an uninterrupted continuum in the evolving history of mankind. The steady progression of globalization has found expression in the geopolitical and economic ambitions of military, economic, and political superpowers by means of wars, mercantilism, colonization, political and economic supremacy, and more recently, through international economic liaisons and multilateral trade agreements. In short, history bears testimony that the pursuit of globalization was at times accomplished with the power of the sword on the battlefield, or through a coup d'état that sent tanks rumbling down the streets, or more recently through the stroke of a pen on an international agreement. The contemporary phase of globalization reveals that it has many dimensions - economic, social, political, cultural, religious, and environmental (Black, 1998). All of these dimensions are appropriate in a borderless, globalized world (Passaris, 2002).

A working definition of economic globalization is the global integration of economies through trade and investment flows, as well as the production of goods and services in order to enhance international competitiveness. Other capsulated definitions include the process of accelerating international integration of markets that result in an integrated global market without national economic borders. More specifically, the economic profile of globalization includes the development of global corporations and global networks; the widespread internationalization of all forms of economic activity in production, marketing, consumption, capital, standards and tastes; a rapid growth in intra-firm and intra-network trade of components and sub-assemblies and finished products leading to a much higher level of specialization; the development and wide diffusion of lean production methods and a much greater disaggregation of production; the migration of labour-intensive, standard-technology production (including components, sub-assemblies and finished products) to low wage economies; the "brain drain" or migration of highly educated and skilled labour to countries of advanced information technology; the successful integration of a multinational and multicultural workforce in order to strategically deploy the economic and social benefits of diversity; the re-orientation of large-scale production in high wage economies from economies of scale to economies of scope; the shortening of product cycles (placing a high premium on innovation, product quality and niche marketing); the integration of outside financial and other services into the production cycle; and the rapid growth and diffusion of service and knowledge-intensive activities (both products and processes) particularly in advanced industrial economies (Passaris, 2002).

Globalization has been driven by technological change and financial liberalization, and sustained by an appreciation among policy makers that an open, liberal, and rules-based international trading and financial system is essential to global economic progress. The new economy has become truly global in scope and substance. The free flow of capital, labour, goods and services within free trade regions, the development of new financial instruments

and institutions, and instantaneous access to information and communication through the new digital networks, have created a fully integrated global economic system of tremendous scope and opportunity, and achieved a higher level of international economic inter-dependence and linkages than ever before (Gupta and Choudhry, 1997).

Trade Liberalization

The second axiom of the new economy is trade liberalization. The prevailing philosophy in favour of trade liberalization is based on the export led growth model which espouses the economic benefits of exports to the national economy in the form of employment creation, income generation, and as a contributor to economic growth. Indeed, the concept of trade as an engine for growth has been an economic paradigm that has been passed down from the trade theorems of the nineteenth century.

There is no denying that in the contemporary context, most countries around the world have endorsed the principle and signed on to the potential economic rewards from global trade liberalization. This has taken the form of a strong policy commitment toward public declarations against protectionism and a strong expression of intent to dismantle the walls of protectionist tariffs, quotas, and all forms of barriers to international trade. The contemporary vision of the new global economy embraces the promotion of a free trade environment that encourages trade across national borders of goods and services, the transfer of intellectual property, and the unregulated flow of capital. In this respect, the modern phase of free global trade promotes an ambitious agenda that includes not only trade and payments, but the whole gamut of international transactions that effectively create an open, competitive, and stable international environment.

One of the most striking differences between the new economy and the one that preceded it is found in the magnitude and rapid movement of international capital flows. Capital account liberalization, the development of new financial instruments, and the new digital technologies have created a fully integrated capital market of tremendous scope and substance. Indeed, a major force driving the growth of international trade and investment has been the liberalization of global financial transactions as well as exchange and capital controls. Furthermore, technological and financial innovation has triggered a demand for more appropriate international exchange and payment systems. It has also necessitated a more acute emphasis on the development of sound financial systems, compliance with the principles of good governance, and the implementation of sound fiscal and monetary macroeconomic policies. In some countries this has meant adopting a comprehensive program of economic reforms that involved the development of domestic financial markets and institutions, and the adoption of consistent macroeconomic policies (Barro and

Sala-I-Martin, 1995). This is in sharp contrast to historical precedent that relied heavily on administrative controls to regulate international exchange and payments as well as capital transactions (Archibugi and Michie, 1997).

The larger volume of private capital flows has generated a greater reliance on interbank markets to co-ordinate the supply and demand of foreign exchange. The trend toward adopting more flexible market based exchange rate arrangements has been partly responsible for the contemporary movement towards currency convertibility. As countries eliminated exchange restrictions for current international transactions and liberalized capital movements, they created conditions conducive to the development of domestic foreign exchange markets where exchange rates could be determined more flexibly. The increase in capital flows has placed a premium on countries following consistent monetary and exchange rate policies. In most cases, the policy response to capital inflows has involved allowing more flexibility in exchange rate arrangements.

Trade liberalization is predicated upon a favourable domestic economic climate and enhanced international competitiveness for domestic products. In this regard, national attentiveness to a balanced approach of government revenue and expenditures within its fiscal policy, and the pursuit of a monetary policy that aggressively monitors inflation levels within a predetermined acceptable corridor is perceived as the most appropriate policy mix for promoting economic growth and enhancing free trade. In short, the complementarity of an enlightened approach to both fiscal and monetary policies can enhance the international competitiveness of domestic products in the global economy.

Trade liberalization has been aggressively pursued in the recent past at the multilateral and bilateral level. The cumbersome and time consuming process of reaching agreements at the multilateral level, particularly through United Nation institutions such as the World Trade Organization and its predecessor the General Agreement on Tariffs and Trade (GATT), has led to the exploration of alternative forums for international trade agreements. Countries have found it more convenient and expedient to organize their multilateral free trade agreements within geographic regional trading blocks. In addition to regional trading blocks such as the European Union and the North America Free Trade Agreement there are regional common market trading blocks such as the Common Market of South America, the Andean Pact, the Central American Common Market, the Caribbean Common Market, the Southern Africa Customs Union, and the Common Market for Eastern and Southern Africa. Regional economic agreements also include the Asia-Pacific Economic Co-operation and the Association of South East Asia Nations. Regional free trading arrangements can contribute to economic efficiency, trade, investment, and economic growth. They are also substantial contributors to structural reform by creating incentives to eliminate restrictive trade practices and licensing procedures, streamlining customs procedures and regulations and integrat-

ing financial markets. Regional trading blocks can also promote the simplification of transfers including payment and procedure policies related to transportation, infrastructure, labour, and immigration, in some countries they also harmonize investment regulation incentives, tax treatment, and standards and technical regulations.

The dynamics of contemporary trade flows are significantly different from the traditional patterns of international trade. By and large, international trade in its contemporary phase has been dominated by transnational corporations, which account for more than two-thirds of world trade. Consequently, there has been a significant increase in intra-forum trade, which amounts to about 40 per cent of total trade. Furthermore, the internationalization of production has resulted in a growing vertical specialization in world trade. As a result, there has been a marked increase in the use of imported inputs or components in the production of goods exported from developing countries. In this respect, if an increase in exports is the result of an increase in imports, then the net effect of trade would largely depend upon the structure of exports and imports, import content of exports, terms of trade, and crowding-out effects, among other things. In short, the traditional theoretical models of international trade require a measure of renewal in order to reflect the current nature and dynamics of trade flows.

The increasingly interconnected global economy requires the active promotion of international economic co-operation, free and fair trade opportunities for developed and developing countries, the reform of the international financial system, maintaining the momentum for structural economic reform and encouraging economic growth, and the eradication of poverty in the poorest countries. All of this within the overriding objective of sound macroeconomic conditions and strong non-inflationary growth.

Information Technology

The information technology revolution has profoundly altered the structural parameters and modus operandi of most national economies. Indeed, the transformation from the industrial age to the information age has resulted in the restructuring of the work environment, the creation of new economic institutions and a reconfiguration of the macroeconomic system. The role of information and communications technology in the new economy has been pivotal. This is particularly true of the changing structure of international production. In this context, firms are integrating the production and marketing of goods and services across national borders. International economic transactions that formerly were conducted between independent entities are now being internalized within a single firm or multinational corporation. The new technological infrastructure has empowered services to be delinked from production and traded or performed remotely. In this contemporary venue the market for a growing

number of internationally integrated but geographically dispersed business enterprises is global, rather than national or regional. Indeed, the collapse of time and space through the medium of information/communications technologies has displaced the physical market with the virtual market of the internet for business to business and business to consumer transactions (Cairncross, 1997).

The production of goods and the provision of services in the new global economy continues to be dictated by the economics of profitability. In other words, the high cost of the information technology infrastructure and highly skilled labour used in the production process require a marketing niche that caters to a large global market than a small national market. It has also necessitated the introduction of the concept of mass customization, and sensitivity to cultural diversity. This is in addition to the logistical benefits of integrating production globally and forming international economic liaisons through mergers, acquisitions, hostile take-overs, alliances, and networks in order to bring economic transactions that were previously conducted at arms length under administrative control.

The new economy has precipitated a dramatic face lift in the workplace structure. It has replaced the rigid, hierarchical, top-down structure with a more flexible, horizontal, integrated work place model. It has also spotlighted the three essential skill requirements of the information age. First, academic skills that provide the basic foundation to get and keep a job, and to achieve the best results. Those include an ability to communicate effectively, think critically, and continue to learn for life. Second, personal management skills such as the combination of positive attitudes, responsibility, and adaptability. Those would include time management, individual accountability, and meeting deadlines. Third, teamwork skills which require a personal disposition to work with other members of a diverse and varied group of individuals. Indeed, the greatest challenge and the most unique opportunity for new age managers is to garner the tremendous potential and remarkable creativity of a workforce environment that brings together human diversity, as well as professional and occupational dissimilarity in a harmonious and productive workplace structure.

At the very heart of the information and communications revolution is the vital process of the commercialization of scientific discoveries and new inventions. There is no denying that the road from invention to innovation is long and fraught with many obstacles. It is not unusual for many inventions to be left behind because of obstacles in securing the necessary financial capital or adapting an invention to the economic realities of mass production. Furthermore, in the modern world the Graham Bell's, Thomas Edison's and Guglielmo Marconi's who endowed us with path-breaking inventions practically single handed, are few and far between. Inventions today are more likely to be the product of a team effort and a concerted research and development initiative of some government laboratory, academic institution, or major corporation.

Economists are divided into two schools of thought regarding the process of inventions. The first school subscribes to the notion that inventions are an incremental and marginal process. The second school of thought argues that some inventions are the catalyst for abrupt structural change that permeates the economic landscape in a tidal wave of production realignments and technological clustering. Regardless of what school one subscribes to, there is no denying that the great inventions that took place during the Industrial Revolution between 1860 and 1900 had a profound impact on economic productivity and personal lifestyle. These inventions included electricity, the internal combustion engine, radio, the telephone, phonograph, motion pictures, the chemical and pharmaceutical industries, advances in entertainment, communications, urban sanitation, and travel in the form of air and motor transportation. The Information Revolution has resulted in a new spurt of inventions with expansive structural changes and significant economic transformation. It should be noted that at the start of the 21st Century we are simply at the beginning of a second significant cluster of innovations with far-reaching economic and social impact. The list of inventions ascribed to the new economy is still in its infancy but already includes computers, the internet, and telecommunications devices.

The impact of the information revolution has not been limited to the restructuring of the economy. The restructuring of the workplace has individualized the nature of work and led to the disaggregation of labour. The nature of work has undergone radical change from permanent, full-time with very few job changes, to part time, contract work, responding to private and public sector out-sourcing, and a large number of job changes during one's working career. In turn, this transformation of the work environment has diluted the concept of the welfare state, and punched holes in the social safety net. The challenge facing public policy in the new economy is to find a way for flexible work and flexible employment to continue to support social security entitlements and programs.

Scale Versus Scope

The economic gains of the Industrial Revolution were associated primarily with economies of scale. Economies of scale accrue when the cost of producing a unit of output decreases as the output rate increases prior to diminishing returns setting in. This is a result of the incremental decrease in per unit cost, as the per unit fixed cost is distributed over a larger number of total production output. Economies of scale arise from specialization and the division of labour that can be attained more effectively by each business' internal structure of the production process co-ordination, rather than in market co-ordination. The mass production of consumer durable goods using the assembly line method of production is a good example of gains from economies of scale dur-

ing the Industrial Revolution. More specifically, car manufacturers have been the beneficiaries of economies of scale through the use of cost saving machinery and highly specialized labour, along with targeting increases in production output levels.

The information technology revolution created an economic synergy of a different sort that is referred to as economies of scope. Economies of scope accrue when highly specialized labour inputs and expensive state of the art equipment is used to produce a range of goods and services. Hence, a decrease in per unit cost as a consequence of increasing the number of different goods produced is attained. In other words, economies of scope are realized when highly specialized and expensive technical inputs are shared by a variety of different outputs. Microsoft is a good example of a business enterprise that has attained economics of scope. More specifically, Microsoft hires and utilizes the specialized skills of computer programmers, designers and marketing experts across a range of software products. In other words, a business enterprise can realize cost savings by utilizing the same inputs across a varied product range, thereby spreading the input cost and decreasing the per unit cost of production. Economies of scope are important for knowledge based industries that have a high break even point because of expensive inputs and cost overlays utilized in software development, infrastructural plans, and equipment and marketing strategies. It is important to note that in this sector, productivity gains are not due solely to the utilization of computers, but more specifically to the synergy of the information technology sector that embraces computer hardware, software and communications.

Internetization

Internetization is a word that I have coined to capture the pervasive influence of the internet and the world wide web on all aspects of human endeavour for our society in the 21st Century. It is a process that is empowered by information and communications technology in a world with a tremendous capacity for virtual connectivity. Hardly a day goes by when our individual and collective lives are not touched by some aspect of the information technology and communications revolution. The electronic prefix that is appearing before an increasing number of our daily activities such as e-commerce, e-mail, e-learning and e-government is a tangible expression of the pervasive influence of the internet.

At the very heart of information technology applications for the knowledge based sector of the economy is the widespread use of computers and robotics. A collateral benefit of this transformation has been the extraordinary scale of research and development in the quest for new applications to the advances in information and communications technology, the phenomenal growth of the software industry and related business services, the scale of

investment in computerized equipment and in the telecommunications infrastructure, as well as the rapid growth of niche markets for satellite and peripheral industries supplying information and communications technology products, specialized components, and services.

Schumpeterian Entrepreneur

In his two seminal books *The Theory of Economic Development and Business Cycles*, Schumpeter (1912) articulated his path-breaking analysis on the role of the entrepreneur in economic growth. To this day, his body of work on entrepreneurship remains the most authoritative analysis on this subject area (Orati and Dahiya, 2001). According to Schumpeter, innovation is what determines the value of entrepreneurship to economic society. Schumpeter embraced the principle that innovation precipitates a change in production function, and the entrepreneur is the catalyst that brings it about. In this context, entrepreneurship takes on added significance as the engine of growth and a contributor to the wealth of nations (Schumpeter, 1939).

This is perhaps an opportune time to draw a distinction between management and entrepreneurship. The manager has more limited, confined and static responsibilities in the day to day operation of a business enterprise. The entrepreneur, on the other hand, is more of an economic visionary (McFarling, 2000). The functions of an entrepreneur are more dynamic and risk-taking, which embrace attempting new ways of doing business, and trying new ideas or new production methods, introducing new products, new processes and new structural forms of business organizations (McDaniel, 2000). In short, managers improve a company that has already been established, while entrepreneurs create successful corporations.

Global Entrepreneur

The role and functions of entrepreneurship in the new global economy of the 21st Century have taken on added significance and face compounded challenges. Today we live in a challenging environment of rapidly changing economic events, where the private sector has become the most important engine of economic growth, and the public sector has shrunk in importance and influence. In this context, the entrepreneur has a primary role to play in promoting national well-being through the enterprise of the private sector. Entrepreneurs are defining new rules of engagement on the economic landscape as they come to grips with contemporary challenges and new opportunities. New ideas, new directions, and new initiatives are the signature mark of the 21st Century. In this new environment, entrepreneurs need to articulate a pragmatic vision, exercise effective leadership, and develop a competent business strategy. They should have personal qualities to integrate the interactive ingredients of the new

economy, viz. globalization, trade liberalization, and the information technology and communications revolution, in order to enhance their competitive advantage. Their business strategy should embrace flexibility, a quick response time and a proactive approach to economic opportunities (Passaris, 2002).

The pervasive economic integration that has taken place in the new global economy has compounded the interdependence of nations, and enhanced the linkages of production and marketing. At the very heart of this transformation is the birth of the global entrepreneur. In other words, the ability to adopt a global mindset in the exercise of entrepreneurial initiatives. Indeed, in addition to a new global vision, new competencies and new skills are necessary tools for the modern entrepreneur. Among those new skills are the ability to cope with the tidal wave of frequent and repeated change, more cost-effective production methods, improving the quality of products, having a faster response time to changing market conditions, selling at lower prices, and being more aggressively competitive. In order to strategize globally, the contemporary entrepreneur must extend his/her mindset to incorporate multidimensional relationships and complex social, cultural, economic and political realities.

One of the most important entrepreneurial requirements is the ability to have a global perspective. Globalization has for all practical purposes melted national borders and made geographical location irrelevant. Entrepreneurs with a global vision have the advantage of reaching out to embrace economic opportunities world-wide. Conducting business in a local, regional or national milieu is significantly different from doing business internationally. For example, it requires upscaling from a national image in the market place to a global image. This involves endorsing the same standards of quality throughout the world on a consistent basis, but at the same time incorporating the flexibility to tailor packaging or the image of the product to suit the customs and traditions of the local market.

Second, the new global entrepreneur must have the ability to meet the challenges and take advantage of the opportunities associated with human diversity. This requires the adoption of a progressive multicultural approach in terms of one's workforce as well as one's product clients. The contemporary entrepreneur must develop a knowledge and appreciation of the cultural, social, and economic differences that influence how people perceive and interact in their environment and its relationship to community development. It requires being constantly sensitized to the different cultural values, attitudes and approaches to problem solving and decision-making. A proficiency in managing diversity domestically and internationally is essential for harnessing the multicultural profile of the workforce and ensuring optimum levels of productivity. The cultural diversity of the workforce is an economic asset that must be deployed to strategic business advantage. It translates into an ability to communicate in the languages of many different countries, and familiarity with

local customs, traditions, business, and financial habits. Marketing strategies must understand the role of languages and cultures as they attempt to introduce new products in foreign markets. The failure to take local preferences, packaging, branding, local conditions, and economic infrastructure into account can result in poor strategic decisions. An imperative for effectively managing cultural diversity is cultural sensitivity. The modern entrepreneur requires a comfort level that is conducive to utilizing the multicultural, multiracial, multilingual, and multifaith character of the workforce. This is a profound economic advantage in such areas as international trade, identifying export markets, overseas business contacts, opening doors of economic opportunity, establishing a presence in overseas markets, facilitating foreign direct investment, integrating advanced technology, and assessing the business risk of operating in a foreign market. A global perspective involves a holistic view of workforce inclusiveness whereby all employees are treated fairly and equitably, and are provided with equal opportunities and equal rewards. It requires the effective integration of diverse cultures in the business network in a productive and trusting environment. In short, this is about creating people synergy, where the outcome is greater than the inputs, because of the strategic co-ordination of a diverse and pluralistic workforce.

The third axiom of successful entrepreneurship in the new economy depends on pushing the frontiers of innovation in a persistent and deliberate manner. Integrating innovation has become a constant objective for economic efficiency and the development of a successful business strategy. The maxim "if it ain't broke don't fix it" should be replaced with "if it ain't broke improve it". The modern entrepreneur must embrace the role of a catalyst for innovative change on a continuous time frame. In this respect, entrepreneurs must seek opportunities for achieving economies of scale and economies of scope. Global enterprises can ascertain these economies by extending their reach to global markets. In doing so, they extend the potential of their domestic market and enhance the scope of their innovation initiatives through research and development, the development of new products, improving quality, and reducing the cost of existing products. It should be noted that developing global niche market requires a long-term customer oriented focus. In order to compete in the contemporary global market, products and services must be sensitive and responsive to local market needs and customer preferences. Furthermore, in the fast paced world of business, even the long term is getting shorter. Given the diversity of market requirements and needs, the dispersion of manufacturing and out sourcing, the importance of research and development leadership, and the recognition of technological advances for product and process innovations; learning and the transfer of knowledge are key to global success. Business organizations that are successful must be able to co-ordinate, transfer, and use knowledge gained rapidly and effectively.

New corporations with an international focus must embrace an organiza-

tional vision that has a global reach. There must be an administrative model that facilitates the corporate vision and has the plans to implement it effectively and consistently throughout the entire organization. It is in this regard that product quality takes on added significance. The culture of the modern enterprise must be to adhere to high quality standards that are company-wide and permeate throughout the entire enterprise, not just parts of it.

The modern horizontal structure of the new global corporation allows the process of shared ideas and new information that are the catalysts for creating new opportunities. In this global environment, corporations will require the skills to communicate with diverse groups of people. To do so effectively requires multilingual training and high levels of cross cultural awareness and sensitivity. Besides the positive effects of good communication skills among colleagues and with clients, effective communication is of particular importance to geographically dispersed and culturally diverse organizations. Sensitive communications build trust and send a common message that helps build a strong corporate culture and shared value systems.

The modern entrepreneur must instil an element of creativity in the organizational design as well as reflect a functional global perspective. The organizational structure must be characterized by flexibility and multidimensionality in order to operate effectively in a diverse global environment. In this regard, effective teamwork is an essential requirement for business success. It goes without saying that with the increased complexity of global operations, the ability to function effectively in work teams - especially in culturally diverse groups - is of paramount importance. The advent of better and cheaper global communication technology means that global teams can operate without being in the same physical location. Global team work can contribute to successful business planning, a stronger commitment to achieving world wide objectives, and a closer collaboration in carrying out strategic change.

In short, international business offers more opportunity today than ever before. However, enhanced opportunities also imply compounded challenges that are accompanied by increased complexity, uncertainty, and risk. Indeed, being global is more than simply geography. It means integrating and leveraging the tools for the successful implementation of a global vision. It also means being adept at understanding and utilizing the forces, ideologies and value systems that which shape the way nations and cultures interact, and the way social, political and economic policy impacts every aspect of how modern corporations and organizations operate across the globe. It requires a holistic approach towards harnessing the synergy from economic, human and social capital on an international playing field.

Conclusion

The economic profile of the new global economy has been driven by technology, fuelled by innovation and entrepreneurial initiative, and is based on new ideas, new perspectives and new business strategies. It has opened the door to new investment opportunities and acted as a catalyst for employment creation. At the same time the new economy has altered the economic landscape and realigned the linkages between different sectors of the economy. In short, technological innovation and entrepreneurial initiative is alive and well in the new global economy of the 21st Century.

The new economy has markedly transformed the structural parameters of the economic landscape and contracted the prism for time and space. The role of information technology in the new economy has been pivotal. It is particularly potent in the changing structure of international production. International economic transactions that formerly were conducted between independent entities are now being internalized within a single firm or multinational corporation. The new technological infrastructure has empowered services to be delinked from production, and traded or performed remotely. In this contemporary venue, the market for a growing number of internationally integrated but geographically dispersed business enterprises is global, rather than national or regional. The internationalization of production is necessitated by the economics of profitability. In other words, the high cost of information technology and the highly skilled labour used in the production process, require a marketing niche that caters to a global market rather than a smaller national market. The economic heartbeat of the new economy is the global entrepreneur.

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