Institute of Finance Management (IFM)

Entrepreneurship – MSU 06500

Bachelor of Accounts with Information Technology (BAIT)

Semester One (2023/2024) – 3nd Year

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Apply entrepreneurship contemporary issues in business operations
Topic Five - Contents

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5.1 Explain the reasons for going global

5.2 Describe the concept of gender entrepreneurship (women and male entrepreneur)

5.3 Describe various methods of entering the global market

5.4 Describe ethical issues in business

5.5 Investigate quality management systems used in business operations

5.6 Create a business network

5.7 Design a corporate social responsibility (CSR) and a corporate shared value (CSV) strategies for a business

5.1 Explain the reasons for going global
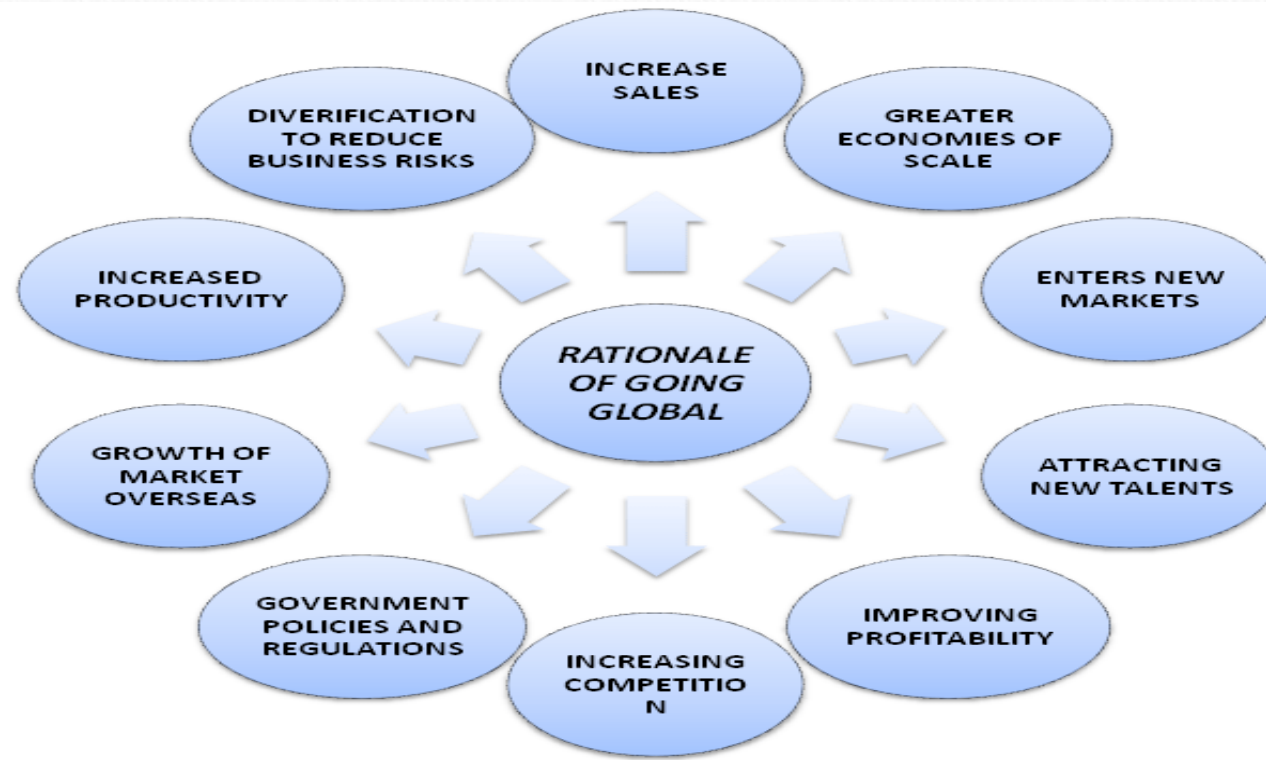
5.2 Describe the concept of gender entrepreneurship (women and male entrepreneur)

a) **Define gender entrepreneurship:**

- Women entrepreneurship refers to the process of creating, managing, and developing a business enterprise by a woman or group of women. It involves the identification of opportunities, developing and executing business strategies, managing financial resources, and taking calculated risks to achieve business objectives. World over 1/3rd of the entrepreneurial ventures are run by woman entrepreneurs.

- According to Schumpeter – "Women entrepreneurs are those women who innovate, initiate or adopt a business activity".

- According to the Government of India – "A woman entrepreneur is defined as an enterprise owned and controlled by a woman having a minimum financial interest of 51 percent of the capital and giving at least 51 percent of the employment generated in the enterprise to women."

5.2 Describe the concept of gender entrepreneurship (women and male entrepreneur)

b) Factors that motivate women to be entrepreneurs:

- Economic necessity

- Desire for high achievement

- Independence

- Government encouragement

- Education

- Family occupation

- Employment generations

- Self identity & social status

5.2 Describe the concept of gender entrepreneurship (women and male entrepreneur)

c) Barriers to female entrepreneurship:

- Role of women in society
- Cost of child care
- Lack of confidence
- Access to finance
- Lack of female role models
- Overdependence on intermediaries
- Lack of education
- Social attitude
- Male dominated society

5.3 Describe various methods of entering the global market

a) Methods of entering global markets

- Exporting

- Franchising

- Licencing agreement

- Joint venture

- Foreign Direct Investment

- Greenfield investment

5.3 Describe various methods of entering the global market

(For our session we are going to look on <u>five</u> methods of entering foreign / international market)

a) Exporting

b) Turnkey Projects

c) Franchising

d) Licensing

e) Joint Venture

Modes of International market entry or expansion

Do not put all eggs in one basket.
– Warren Buffet

a) Exporting

What is exporting?

Exporting is ddirect sales of goods and or services produced in home country to customers in another country!

Exporting (cont...)

❑ A simple definition of exporting :

'An action by a firm to send produced goods and services from the home country to other countries.'

❑ According to **Kotler (2000:374)** the normal way to get involved into a foreign market is through export.
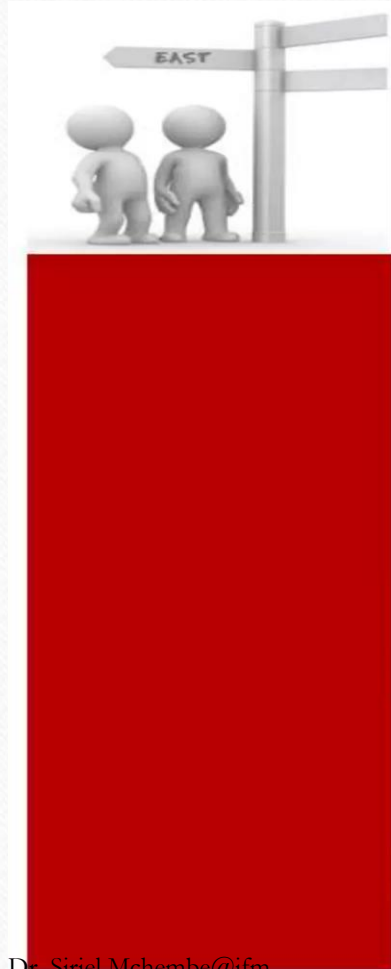
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a) Exporting…

Two types of Export

Direct Export

- Producer sells directly to the importer

- Very little or no knowledge about the foreign market is needed

Indirect Export

- A firm in the domestic country is used to do the exporting for the manufacturer

- The sale of a firm's products in foreign markets through an export agent
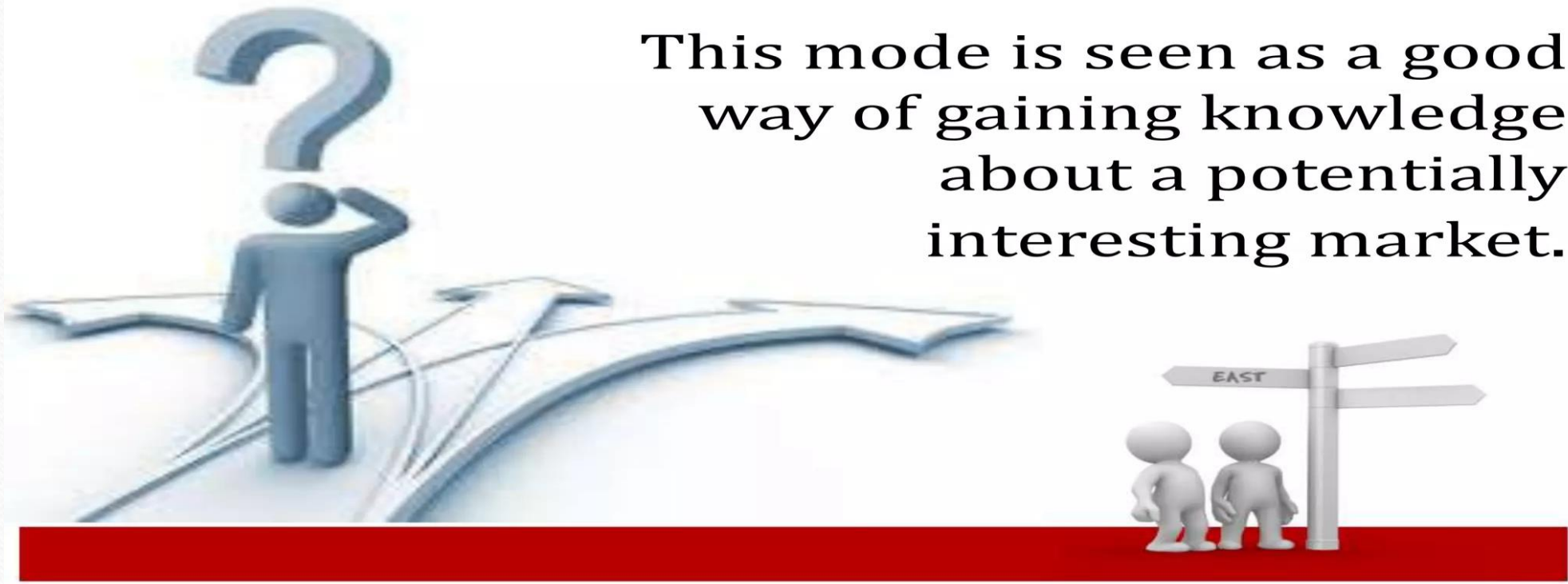
a) Exporting…

Direct Export

❏ This mode gives the company a greater degree of control over its distribution channels.

a) Exporting…

Indirect Exporting

This mode is seen as a good way of gaining knowledge about a potentially interesting market.

EAST

b) Turnkey Projects

Turnkey Projects

❑ A method for a foreign company to **export its process and technology** to other countries by building a plant in that country.

❑ The company hires a contractor in the desired country that they want to create an operation.

Turnkey Projects

❑ The turnkey contractor is responsible for the
  – Design

  – Construction

  – Installation of a new plant

  – Maintenance of the plant (in some cases)

At the completion of the contract, the foreign company gives
the key to the project
and it is ready for operation

b) Turnkey Projects…

❑ Turnkey projects are most typical in companies that specialize in expensive, complex production technologies, such as the

- Chemical industry

- Pharmaceutical industry

- Petroleum refining industry

- Metal refining industry

c) Franchising

Franchising

- A method of business expansion over the last thirty years

(Eroglu 1992)

- It involves

'a franchisor firm that undertakes to transfer a business concept that it has developed, with corresponding operational guidelines, to non-domestic parties for a fee'.

- Franchisors are responsible for
  - improving the product/service mix,
  - policing outlet quality,
  - promoting the brand in the host country.

- High level of trust is needed

c) Franchising…

Examples

- Examples of companies that use franchising as a mode of entry are

    - McDonalds,

    - Kentucky Fried Chicken,

    - Hilton hotels

(Johnson/Beaton (1998), p. 107; Hill/Jones (1998), p. 263).

Pizza Hut

❑ World's largest Pizza Restaurant Company

  - more than 12,000 restaurants

  - in over 80 countries

  - 30 years of experience in building great franchise partnerships.

d) Licensing

Licensing

❑ A key mode of entry for firms targeting international expansion.

❑ Defined as

' *a contractual mode of entry, whereby a company (the licensor) grants a foreign firm (the licensee) the rights to use some or all of its intangible properties (patents, trademarks, copyrights, etc.).'*

Osland; Taylor; Zou (2001)

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Osland; Taylor; Zou (2001)

Coca-Cola

❑ Has licensed its famous trademark to clothing manufacturers, which have incorporated the design into their clothing.

d) Licensing…

e) Joint Venture

Joint Venture

❑ Became an important element of many firms' international strategies.

❑ Defined as

'an enterprise, corporation or partnership, **formed by two or more companies**, individuals, or organizations, at least one of which is an operating entity which **wishes to broaden its activities**, for the purpose of conducting a **new, profit-motivated business of permanent duration.**'

Motives for Joint Venture

❑ Commonly used by firms to as a means of

➢ Competing multi-domestic or

➢ Global competitive arenas

(Porter & Fuller 1986; Harrigan 1988).

e) Joint Venture…

❑ Joint venture is associated with providing access to :

➢ resource and market,

➢ technology transfer,

➢ reduce political risk and

➢ help to improve the firms competitive position.

(Bradley 2005:249)

Apollo Hospitals Group

❑ The largest healthcare group in Asia

❑ With more than 7,500 beds in 43 hospitals

❑ 16 million patients from 55 countries

5.4   Describe ethical issues in business

a) Harassment and Discrimination in work place

b) Health and safety in the workplace

c) Whistleblowing or Social Media Rants

d) Ethics in Accounting Practices

e) Nondisclosure and Corporate Espionage

f) Technology and Privacy Practices

5.5   Investigate Quality Management Systems (QMS) used in business operations

a)   What is QMS?

Is a collection of business **processes and procedures** which aims to ensure that the **quality of products or services** meets or exceed customer expectations.

a)   Qualities of QMS

- Customer focus

- Leadership

- Engagement of people

- Process approach

- Improvement

- Evidence based decision making

- Relationship Management

5.6 Create a business network

What is networking?

- Establishing & maintaining lines of communication with people
- About connecting with people in order to:
  — share information
  — resources
  — leads
- The emphasis is on <u>relationship</u> building
  — getting to know people
  — finding out how <u>you</u> can help them
  — what they can do for you

RBS | essa
The Royal Bank of Scotland Group

5.6 Create a business network…

Benefits of networking

- Effective networkers use their networking skills throughout their life. The main benefits are:
  - Raising awareness about you
  - Sharing ideas and solving problems
  - Building strong relationships and rapport
  - Developing partnerships, leads and referrals
  - Becoming more influential in your industry
  - Increasing efficiency and productivity

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The Royal Bank of Scotland Group

5.6 Create a business network…

The Key Steps

- Determine your goal
- Decide who to talk to / Know your audience
- Figure out what the person knows / WIIFM
- Practice the opening speech & request(ask) a meeting
- Prepare to handle doubters
- Prepare to show & have the meeting
- Follow-up: Thank-you's, nurture connections and keep track of contacts

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5.6 Create a business network…

Networking Toolkit

- Business Cards
- Style and Clothing
- Event Research
- Make a plan
- What can you do for nothing
- Opening Speech

5.6 Create a business network…

Online networking

5.7 Design a Corporate Social Responsibility (CSR) and a Corporate Shared Value (CSV) strategies for a business

a) What is CSR?

- CSR is not a new idea to business. Although it can be traced back to the 1950s, it was driven by social movements such as civil rights, environmental movements, women's rights and consumers' rights in the 1960s (Carroll and Shabana, 2010).

- However, the awareness and growth of CSR to a large extent has been influenced and spearheaded by globalisation in developing economies (Chambers et al., 2003).

- Companies need to take a holistic approach to CSR, integrating socially responsible practices into their core business operations.

5.7 Design a Corporate Social Responsibility (CSR) and a Corporate Shared Value (CSV) strategies for a business

a) What is CSR?

According to World Business Council for Sustainable Development, (1999) CSR is the "**The commitment** of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large **to improve their quality of life**".

b) What is CSR Strategy?

CSR Strategy is the **comprehensive plan** businesses and funders use to design, execute, and analyze their initiatives. It includes specific focus areas, program design, promotion and communications approaches, and evaluation procedures.

c) What id Corporate Shared Value (CSV)

CSV are **policies and operating practices** that enhance the competitiveness of a company while simultaneously advancing the **economic and social conditions** on the communities in which it operates. Example providing microloans to entrepreneurs in LDC or developing financial literacy programs.

5.7 Design a Corporate Social Responsibility (CSR) and a Corporate Shared Value (CSV) strategies for a business

c) **Creating CSR strategy for a business:-**
   i.   Raising CSR awareness inside an organization
   ii. Assessing corporate purpose in its societal context
   iii. Establishing a vision and a working definition of CSR
   iv. Developing a CSR integrated strategic plan

CSR is very important to any business. With CSR you get special licence which is called 'social license'. Companies are expected not only to concentrate on making profit, they are also expected to consider the impact of their actions and relationship with the society.

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d) Importance's of CSR

- Gain competitive advantage,

- Develop a stronger brand image, reputation and legitimacy,

- Increase customer loyalty and sales

- Reduce costs and risks, and

- Achieve win-win effects through synergistic value creation

Source: Kurucz (2008)

5.7 Design a Corporate Social Responsibility (CSR) and a Corporate Shared Value (CSV) strategies for a business…
e) Replacement of CSR with CSV

The managers of great brands, replace CSR with CSV — creating shared value

SOCIETAL VALUE

SHARED VALUE

ECONOMIC VALUE

5.7 Design a Corporate Social Responsibility (CSR) and a Corporate Shared Value (CSV) strategies for a business

d) Difference between CSR and CSV:-

CSR is more of a **strategic initiative** – a business model – that keeps businesses more **accountable for their impact.** It looks to prioritise profits, people, and the planet in equal measure, operating as a means of **improving reputation and profitability**. It is a strategy to communicate all that a business does, as a means of appealing to a wider range of stakeholders, investors, and consumers.

Examples of CSR might be helping in the **local community**, reducing your organisation's carbon footprint, or giving to local charities. CSR initiatives are however you can change and adapt your existing operations to better serve communities, people, and the planet. Ultimately, you do so with the long-term view of improving profitability and business success.

5.7 Design a Corporate Social Responsibility (CSR) and a Corporate Shared Value (CSV) strategies for a business
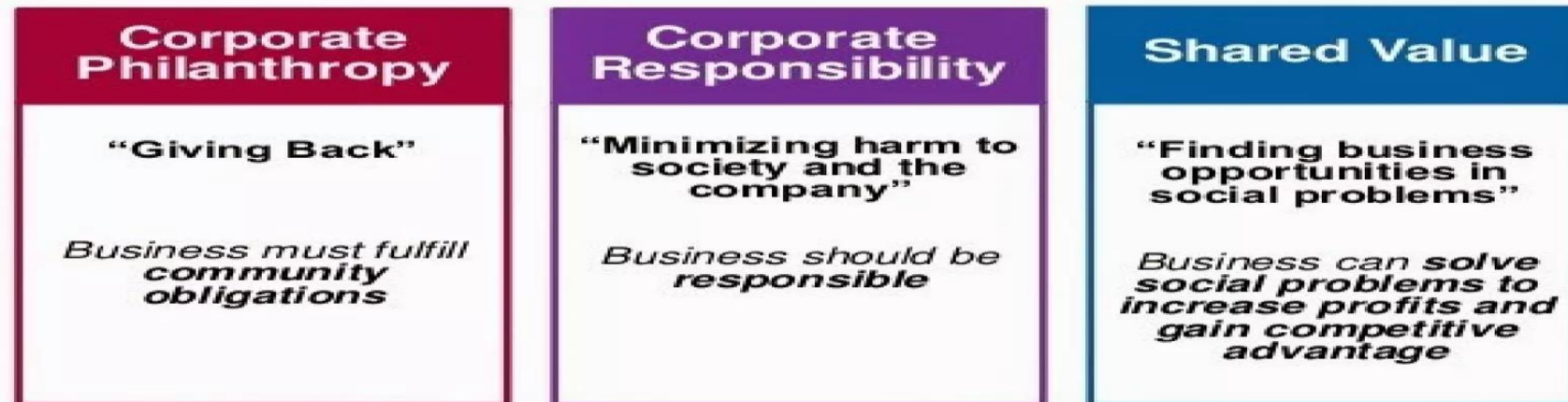
d) Difference between CSR and CSV…

Social Shared value, however, sits at the very heart of a company. It's a desire to get the **best value for money in terms of profits and financial success** for the company, as well as generating **long-term positive impacts** for local communities, the environment, and other external parties. It marks an ongoing ambition to **make a difference to society in some way**. And, unlike CSR, it is a lot more embedded in every facet of the business.

Rather than encompassing a few initiatives, social value is a long-term commitment to **giving back.** Purely because it is the right thing to do and with the intent of being an ethical business. Examples might be ongoing partnerships with local non-profits, upholding ethical supply chains with organisations who align with your values, or donating a portion of all profits to a worthy cause.

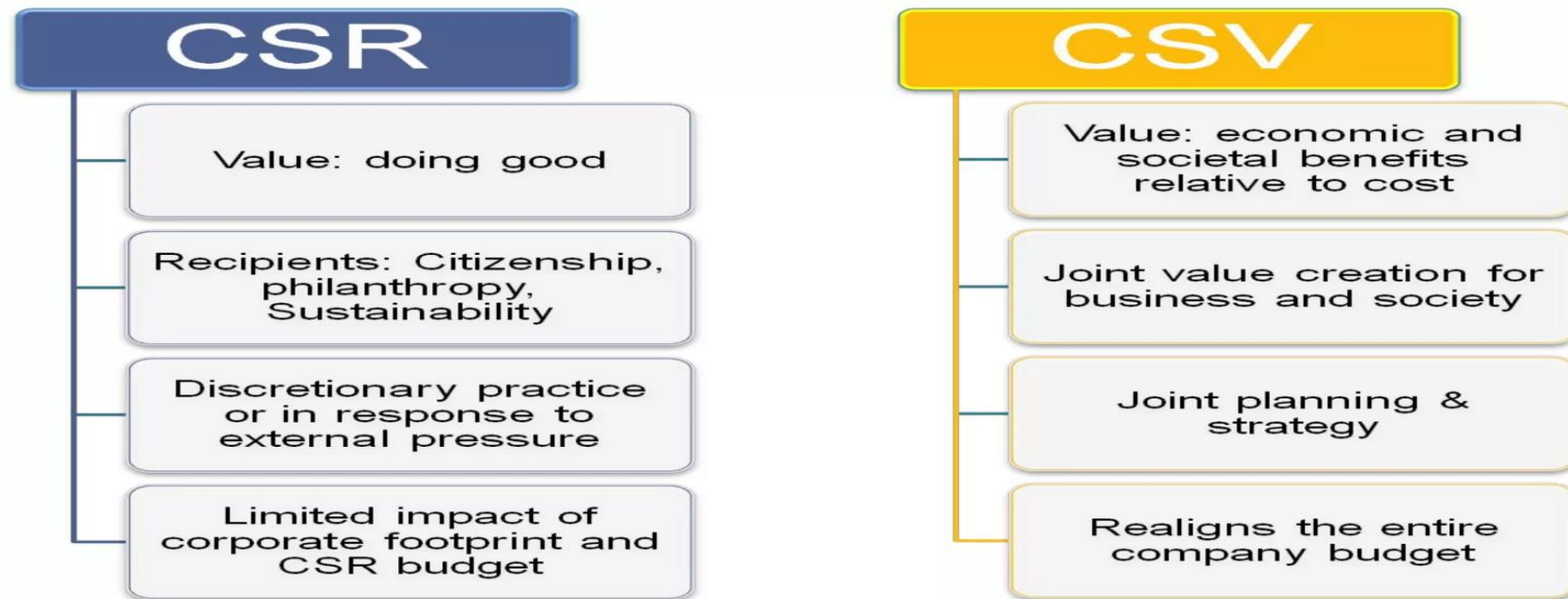# 5.7 Design a Corporate Social Responsibility (CSR) and a Corporate Shared Value (CSV) strategies for a business…

Brand Can Engage with Society in Three Ways

Corporate Philanthropy	Corporate Responsibility	Shared Value
"Giving Back"	"Minimizing harm to society and the company"	"Finding business opportunities in social problems"
Business must fulfill **community obligations**	Business should be **responsible**	Business can **solve social problems to increase profits and gain competitive advantage**

Past efforts have emphasized the friction between business and society instead of the synergy

5.7 Design a Corporate Social Responsibility (CSR) and a Corporate Shared Value (CSV) strategies for a business…

d) Difference between CSR and CSV

Corporate social responsibility (CSR), Creating Shared Value (CSV)

THE END

OF

TOPIC FIVE

(Kindly refer recommended readings,

class assignments and

tutorial questions)