

The Impact of Globalization on Entrepreneurship

Mirjana Radović-Marković¹ | Zvonko Brnjas¹ | Vladimir Simović^{1*}

¹ Institute of Economic Sciences, Belgrade, Serbia

ABSTRACT

This paper aims to explore the importance of globalisation for the development of entrepreneurship. Changes in the global business environment require new business strategies. Small business owners are expected to be able to develop the resiliency of their businesses so that they can face severe external conditions. Their sustainability depends on resilience but also on the perspectives of long-term business operations. Therefore, small and medium-sized enterprises must demonstrate their ability to anticipate changes in the market, react to them, and initiate them. This implies the improvement of basic processes, learning new skills and closer cooperation with external and internal partners. Small enterprises need to redefine their goals and use their resources more effectively as a necessary condition for expanding maneuvering space for growth and for achieving sustainable development. Finally, it is concluded that organisations must establish the right balance between the challenges and benefits of globalization and the four basic areas for achieving the right balance are adequate cost, human resources and risk management, as well as the formulation of a strategy that follows the requirements of the global market game.

Key words: *globalization, entrepreneurship, global index of entrepreneurship, organization, competitiveness, resilience*

JEL Classification: M13, F690, M15

INTRODUCTION

The analysis of the implications of globalisation for the development of entrepreneurship is of particular importance, bearing in mind the overall significance of entrepreneurship. However, this impact varies depending on the level of economic development of a country and the degree of its integration into the global business environment. Therefore, it has long been assumed that highly developed and globally integrated countries have a developed entrepreneurial sector, measured by the global index of entrepreneurship. It determines the impact of globalisation on the development of entrepreneurship at the level of individual countries. It is also an indicator of the quality of entrepreneurship, especially related to the effects of entrepreneurship and innovation, which are conditioned by individual and institutional factors.

In addition to the differences in the global index of entrepreneurship, what is common to most countries is the fact that with the growth of globalisation, the number of start-up companies and new jobs are growing; there is an increase in innovation and effective and rapid absorption of technological progress. Globalisation influences following the strategy of the company more than before, which in today's terms implies multifunctional teams. This is also an explanation of why globalisation can never be tied only to business with one region or market. Accordingly,

* Corresponding author, e-mail: vladimir.simovic@ien.bg.ac.rs



global companies differ in their ability to serve a large number of markets, but also in their possibility to take advantage of all market opportunities and increase their competitiveness.

The method of analysis is primarily based on a review of the latest literature on this topic. The theoretical framework presented in this paper provides a starting point for the study and analysis of the relationship between the level of globalisation and the level of entrepreneurship.

LITERATURE REVIEW

Literature abounds mainly with papers dealing with the effects of globalisation on the business and performance of large multinational corporations (Drucker 2001; Mazlish, 2012; Haller, 2016; Button, 2018), while there is a lack of equivalent studies that explore these effects on the example of small and medium-sized enterprises. Drucker (2001) states that multinational companies are more knowledge-oriented, while hierarchies are less important within the organisation. They are particularly characterized by a high level of professionalism (employees are rather professionals than just executives), independence (employees have decision-making rights, flexibility in the activities they perform, access to continuous training and education) and they identify with company values. The last decade of the 20th century became a testament of the market power, benefits of integration processes and globalisation (Pesakovic, 2017).

Globalisation has also affected small and medium-sized enterprises in the fact that they have changed their role, first of all, in national economies. Namely, globalisation represents new challenges for small and medium enterprises, leading them to integrate the idea of global changes into their business strategies. In this way, by changing their business strategy in global terms, they would become less sensitive to internal and external shocks and raise the index of resilience (Radovic-Markovic, 2019). To what extent the economies deal with shocks depends on various factors, including the political environment, the depth of economic and financial diversification, and especially the quality of institutions and the economic structure of the economy. In addition, countries that have well-developed business plans and action plans in case of disaster risk, as well as programs for assessing the resilience of enterprises, showed a higher index of resilience than those who did not have it (Radovic-Markovic, 2018). The study found that the index of resilience is highly correlated with GDP per capita, suggesting that economic resilience is associated with economic success. Namely, despite the high exposure to external shocks, a large number of small countries manage to maintain economic growth and continue their development, given their relatively high GDP per capita (Radovic-Markovic, 2019).

Since the influence of many factors arising from globalisation is different for small and medium enterprises in relation to multinational companies, it is necessary to identify the most important factors and to determine their effect. One group of researchers identified the two most important factors of globalisation that directly affect small and medium enterprises (Deo, 2013):

1. Growth of cheap communications and transport (With the improvement of information technology and cheaper transport, new opportunities have opened up for many companies, especially for small and medium ones).
2. Internationalisation of businesses depending on financial and economic integration.

Also, research has shown that there is no correlation between the big market and the success of large businesses. In other words, globalisation rewards companies that are innovative and competitive, regardless of the size of the organization and the country of origin (Radovic-Markovic and Tomas, 2019). In addition, employee competencies play a major role in achieving success in the global market (Radovic-Markovic, 2011). There is great agreement among researchers that e-skills are becoming increasingly important for improving competitiveness, productivity and innovation, as well as for hiring a workforce and its professionalism. In this sense, the need to provide the knowledge, skills and competencies of managers and IT specialists in this field, as well as the users, is very evident in order to influence the fulfilment of

the highest global standards, which are continuously improved through the process of effective lifelong learning.

The researchers also put entrepreneurial orientations, behavior of entrepreneurs, their personality traits, leadership styles, the influence of entrepreneurial education on the success of entrepreneurial business, and the cultural aspects of entrepreneurship in the global context (Lee, Lim & Pathak, 2009, Lepoutre et al. Al., 2010, Ryan, Tipu & Zeffane, 2011, Radovic-Markovic & Tomas, 2019). It was found that various exogenous factors, such as cultural specifics and experience, had implications for the development and types of businesses, as well as the background of family businesses and emotional intelligence of entrepreneurs (Pradhan & Nath, 2012). Namely, the conditions leading to entrepreneurial activities range from personal, cultural and institutional, and are influenced by the levels of business innovation, variety of offers (products and services) and individual entrepreneurial efforts (Wennekers, Thurik, 1999).

Having in mind the various approaches to the research of entrepreneurship, it can be concluded that entrepreneurship has become a point of interest among many researchers. In the first place, all the schools of entrepreneurship can be classified into special categories (Radovic-Markovic, 2009):

- a. **Psychological schools** - those examining personal qualities of entrepreneurs and their psychological characteristics
- b. **Traditional schools** - those based on recognizing the new opportunities in entrepreneurship
- c. **Management-based schools** - those dealing with the management and leading of entrepreneurial activities

In recent years, the schools that can also be added are those that focus on the development of entrepreneurship in the global business environment by examining its legal (Parker, 2007; Loza, 2011), socio-cultural (Valdez & Richardson, 2013; Nagayya & Tirumala 2013; Ghiat, 2014; and economic aspects (Kropp, Lindsay, & Shoham, A., 2008; Singh, Garg, & Deshmukh, 2010; Radovic-Markovic & Tomas, 2019).

THE TWO-SIDED IMPACT OF GLOBALIZATION ON SMALL AND MEDIUM-SIZED ENTERPRISES (SMES)

The impact of the phenomenon of globalisation today has become comprehensible and has affected all areas of life. Of particular importance is its impact on the economy, and here we are interested in the impact on one very important segment of the economy: small and medium-sized enterprises (SMEs), as one of the key agents of the development of entrepreneurship and innovation. The impact of globalisation on SMEs, like in other areas of life, is twofold. On the one hand, it opens up the unobserved opportunities for developing SMEs, primarily through the opening of new markets that were completely inaccessible to them in the past. By their nature and in accordance with their resources and general capacities, SMEs are targeted at local markets. The main drivers of globalization in today's conditions, primarily the development of information technology and traffic, annul the basic handicaps of small and medium-sized enterprises that are related to the inability to communicate effectively with the distant markets, how to get information about customers and suppliers, and how to send information about them in the other direction. Thanks to the availability of the market in terms of simple and efficient communication and information exchange with its stakeholders, as well as increasingly easy and cheaper ways to overcome spatial and other geographical barriers, SMEs are becoming more and more able to become equal participants in economic activities in the most distant international markets. On the other hand, these same factors allow real and potential SME competitors from international markets to suddenly appear on local markets that are considered to be their safe "protected zone" until recently and dramatically threaten existing positions and relationships.



THE CHARACTERISTICS OF SMES COMPETITIVE MODELS IN A GLOBAL ENVIRONMENT

According to the Namiki model (McKinnon, 2003); small and medium-sized enterprises in the competitive struggle on the global market have available four of the following strategic forms of competitiveness:

- *Becoming competitive by pricing.* - This model or strategy implies that SMEs, due to their flexibility, lower administrative costs, knowledge of the local labour market and in general procurement, are able to offer their products at lower costs than large local companies and most international competitors;
- *Competing by unique capabilities in production (reliance on a unique, innovative product, a wide range of products, and so on)* .- This model is based on the production capabilities that enable SMEs to offer products that will more fully meet the expectations and needs of customers compared to competitors. This type of SME can supply end-users, but also very often are contractually linked to large corporations that supply certain inputs on a long-term basis.
- *Competing by technological superiority.* - This type of competitiveness model refers to SMEs that have emerged and are developed under the influence of factors such as genuine innovative-technological solutions, inventions or expertise, which give them a superior position in relation to existing standard technological solutions used by competitors. This advantage in technology gives companies possessing it a significant market advantage over competitors.
- *Competing by high quality of services and/or products.* - Finally, SMEs can differentiate themselves from competitors with the high quality of their services and products. In addition to the technology that is especially distinguished in the previous model, this type of competitive advantage can also be based on superior market knowledge, some specific segments of clients, and the ability to satisfy their needs in the best possible way.

If a company can combine these models, i.e. to achieve a competitive advantage based on several factors, insofar as this will more favorably affect its market position. For example, if at the same time it can offer a technologically superior product at lower prices and to a greater degree adjusted to the needs of its clients, then it can count on a superior market position over the long term, with the expected continued stable financial results.

Essentially the described strategies are reduced to the differentiation strategy in specific market segments, which is achieved by the specialization and high quality of products and services. The limitation of resources as a general characteristic of SMEs necessarily directs them to strategies based on entrepreneurship and innovation, which means to specialization, i.e. focusing on narrower market segments where they can be imposed as superior competitors and thus differentiate in relation to their competitors. This strategy allows them to avoid direct conflicts with large corporations in which, due to limited resources in the long run, they have no chance. It also allows them to occupy specific niches in which they can satisfy the needs of clients, including large corporations with whom they can establish cooperative relationships, instead of entering, for them into a very uncertain relationship of competitive conflicts.

COMPETITIVENESS FACTORS FOR SMES IN THE GLOBAL MARKET

The global environment is characterized by its growing complexity and uncertainty. The theorists of strategy and strategic behaviors believe that such an environment necessarily requires companies, both large and SMEs, to provide an entrepreneurial strategic response (Covin, & Lumpkin, 2011). When defining a strategy, it is no longer enough to merely make rational decisions that take into account the existing market situation, relations between competitors and similar; but rather it is necessary to make entrepreneurial decisions that create new relationships in the market and establish new "rules of the game" in a competitive bid.

The key factor for adapting to the complex global environment and successful internationalisation of business is the ability of SMEs to develop new technologies and to be competitive in the launch of advanced technological solutions and procedures (Gagnon, Sicotte and Posada, 2000). In this domain, certain limitations of SMEs have been observed, which are primarily reflected in their often insufficient administrative capacity and the establishment of robust operational procedures that are a prerequisite for the efficient management of complex production and technological systems necessary for the development and continuous production of new products. The importance of technological development for SMEs has been observed in both developed and developing areas (Almubarak & Aruna, 2013).

Research has shown that market and site clustering can significantly improve the performance of SMEs and help them empower their strategic position (Requier-Desjardins, Boucher, & Cerdan, 2003). Such groupings, due to their geographical proximity, significantly facilitate communication between these companies and lower transport costs, thus enabling synergetic effects in their operational functioning. These effects are manifested when there is direct production-business cooperation between these companies, but often in an indirect way, through the facilitated exchange of knowledge and experience. Globalisation very often has a direct positive impact on the grouping of companies, including SMEs and their clustering. Many countries, as well as regions and local governments, today bring a series of measures that encourage companies to be located on their territories. For this purpose pre-arranged and specially equipped locations are specially offered under very favourable conditions (industrial zones, business centres, innovative centres, etc.) so that they group the companies of similar or related activities.

ORGANIZATIONAL FORMS OF ENTREPRENEURS IN A GLOBAL ENVIRONMENT

The global environment, as already mentioned, exposes standard business and entrepreneurial practices to many challenges that are multiplying and becoming more and more complex. On the other hand, it opens up many new opportunities and chances: in many activities, today there are completely new forms of doing business activities in general, especially entrepreneurial activities. Further, some of the previously existing forms of activities are gaining new content and are becoming increasingly important. According to *the Global Entrepreneurship Monitor* (GEM, 2018/2019 Global Report), in the modern conditions at the global level, the following four forms of entrepreneurial activities are especially distinguished:

- "Solo" - entrepreneur
- Entrepreneurial Employee Activity
- Family entrepreneurship
- "Gig" - entrepreneurship or entrepreneurship based on Internet platforms

The "Solo" Entrepreneur. Entrepreneurial activities usually relate to an individual who appears as a leader of a smaller or larger team. He is the driver of an entrepreneurial initiative, and often at later stages of company development, and organizer and manager of operational processes. The emerging phenomenon is that a growing number of entrepreneurs decide to start, but also to continue to perform all business and entrepreneurial activities on their own, that is, to act as a "soloist", without associates, partners and employees. The reasons for this phenomenon can be found first in technological changes that allow certain activities to be completely transferred to, in a word, machines. For this reason, in some situations, instead of employing associates, they can rely on technology, especially for the purpose of performing less complex, technical tasks. These possibilities are at the same time based on changes in work habits and preferences of individuals: There are more and more people who are unwilling to submit themselves to rigid corporate procedures, externally imposed discipline, specific value systems but prefer autonomy and independence in their work.



The percentages of entrepreneurial activities carried out in this way are becoming more and more important. According to GEM report from 2018 in the Netherlands, about 23% of entrepreneurial firms are entrepreneurs - "soloists"; in Spain, Great Britain, Italy, Germany and Sweden, over 15%. This trend is also very pronounced in less developed countries. Brazil is one of the countries in which this form of entrepreneurship becomes dominant: according to the same report in this country, where the enterprise becomes characteristic of this phenomenon, as many as 53% of entrepreneurs operate alone. The next country in which solo entrepreneurs are highly represented is Madagascar (over 30%).

The Entrepreneurial Employee Activity. - Entrepreneurship is most often viewed and studied as the activity of autonomous, independent individuals (owners and managers of newly-launched and already existing entrepreneurial businesses, as well as already mentioned "solo" entrepreneurs). In recent years, more and more attention has been paid to entrepreneurial activities driven by people who are employed in already existing companies. This phenomenon denotes entrepreneurial behaviour within an existing company in which employees take the immediate responsibility to turn an innovative idea into a profitable business. It is often referred to in the literature as "entrepreneurial activity of employees"¹, and also often the term *intrapreneurship*, which was first introduced at the end of the last century, is often used (Pinchot, 1984).

Interestingly, the entrepreneurial employee activity (or EEAs) in some countries viewed by the participation in overall entrepreneurial activities is equally important as independent entrepreneurship. This is the case in Sweden, Germany and Cyprus, while in the Netherlands and Canada, this form of entrepreneurship has somewhat less participation, albeit with it, its movement closely correlates with the trends of independent entrepreneurship (GEM, 2018/2019 Global Report).

The research of these two forms of entrepreneurship has shown that, according to some key parameters between their bearers (the two types of entrepreneurs: independent and employed in companies), there are essentially no major differences (Nyström, 2012). It turned out that both groups perceive in the same way, i.e. highly value entrepreneurship in terms of three indicators, namely as a good choice regarding the development of one's own career, according to the social status that they can have as successful entrepreneurs and the attention given to them by the media. However, the difference is seen in perceiving the opportunities for entrepreneurship and having the knowledge and skills to start a new business. Employed entrepreneurs, namely, as well as those independent, consider that the chances of starting entrepreneurial activities are good, but unlike independent ones, they feel that they do not have enough knowledge and skills to start a new business on their own.

Family entrepreneurship - Family business, especially within SMEs, is a phenomenon whose significance has been observed for a long time, and as such has been the subject of numerous research, as well as specific measures of active economic policy. What is more specifically indicated to in recent times is family entrepreneurship. Family entrepreneurship is defined as an entrepreneurial business involving more members of one family. A family entrepreneurial company is distinguished in which members of one family jointly own and/or actively participate in the management of a company from a company in which ownership and management is not shared among family members, but they are only part of the collective (family members are employed by the company without managerial and proprietary rights). According to the GEM definition, the first form is said to be the complete form of family entrepreneurship, and the second the partial form of family entrepreneurship (GEM, 2018/2019 Global Report).

Family entrepreneurship is particularly pronounced in start-ups. Namely, entrepreneurs turn to the family most often during the first stages of starting their businesses. This phenomenon is

¹ Entrepreneurial Employee Activity (EEA)

particularly pronounced in Asia; thus, for example, in China and Thailand, every fourth started business involves more members of one family. In Europe and North America, this trend ranges between medium and highly present: in Switzerland and Bulgaria, for example, about 30% of newly-established companies have characteristics of family entrepreneurship. Countries with this characteristic are least visible in Poland and the UK. In examining the development of family businesses in Serbia, Grozdanic and Radovic-Markovic (2015) emphasize that resource-limited family businesses must use internationalisation as a strategy to address current resource requirements. They also state that economic policymakers in the country need to improve general business parameters so that business internationalization can become faster, and resources can be easily transmitted across borders.

"Gig" - entrepreneurship or entrepreneurship based on Internet platforms. - The development of information technology and the process of globalisation, which alongside it is causative, have initiated the development of a phenomenon that can in many respects be considered the beginning of some completely new forms of entrepreneurship and forms of work in general. They have the potential to make a real revolution in the organisation of work at the micro level (level of the individual workplace), but also at the macro level in terms of the way companies organize their operational processes. It is an economy based on internet platforms for which a completely new term is crafted: the "gig" - the economy.

"Gig" economy denotes a situation in which individuals offer their services to small and large companies on the basis of individual contracts. The business operations are therefore not performed on the basis of employment of people with certain skills, qualifications, etc. but an agreement is being made to provide a specific service. This type of work is suitable for service providers (the so-called "freelancers") because it provides them with flexibility and autonomy; On the other hand, for companies, this form of human resources security is cheaper and gives them also considerable flexibility in conducting operational activities.

The "Gig" economy formally represents a form of work that has long been present in the practice of employment: technically, it is temporary work. What, however, in contemporary conditions of globalisation gives a completely different dimension to this form of work is the inclusion of IT technology which opens to both sides (service providers and companies) unprecedented opportunities in terms of market capacities and potentials. Special internet platforms have been developed (such as "99 Designs", "Airtasker", Airbnb and others) that link service seekers (companies), on the one hand, and service providers ("freelancers"), on the other hand on a global level. Thanks to information technology, locations of both companies and freelancers become irrelevant, so partners in these forms of work can be from completely different parts of the globe.

Due to the role of the Internet in these processes, the "gig" -the economy is also called an economy based on Internet platforms, a sharing economy or a network economy (Frenken & Schor, 2017). Given that this is a new phenomenon, there is still no comprehensive statistics on the number and share of this type of economy in total economies. Some individual assessments, however, indicate a high share of this kind of work in the total number of employees and a very dynamic trend of its further growth. Thus, it is estimated that in South Korea, every fifth adult resident participates in a "gig" economy; High participation of this phenomenon is also registered in Israel, Ireland and the United States (GEM, 2018/2019 Global Report).

The analysts of this phenomenon especially point to another potentially very positive effect of the "gig" of the economy. "Freelancers" and all others engaged in the "gig" economy represent a significant reservoir of future entrepreneurs. Namely, "gig" entrepreneurs are only a step away from the other forms of entrepreneurship described above, especially from solo-entrepreneurship. The extent to which people that perform certain economic activity through individual contracts will be devoted to establishing a separate firm and starting their own entrepreneurial business depends on the environment. In this regard, economic policymakers



are suggested to pay special attention to this (potential) entrepreneurial population by creating a special set of incentive measures for them.

It should be pointed out, however, that in addition to all of the above mentioned positive effects, the "gig" economy also brings certain risks and controversies (Kobie, 2018). They are mainly related to limiting the rights of employees: companies in these relationships often, in the effort to reduce costs, do not pay ordinary employment benefits (health and pension insurance, etc.). Therefore, as part of the above-mentioned incentive measures for the "gig" economy and "gig" entrepreneurs, it is necessary to pay attention to ensuring fair working conditions in which employees in this form will have all forms of social protection, identical or similar to those obtained in other forms of employment. It is significant that countries will simultaneously provide fiscal support for this type of work, which has a growth trend in the future.

GENDER ASPECTS OF ENTREPRENEURSHIP

In the last two decades, there are first studies that focus on gender aspects of entrepreneurship. In many countries, their need to realize themselves in their work through the realization of their business ideas has not been properly understood and recognized for a long time (Radovic-Markovic, 2012). For these reasons, there was no longer a significant period of significant research. Even in the late 1980s and early 1990s, literature was concerned only with male entrepreneurs (Loza, 2011). Therefore, only in the late 1990s papers appeared in the literature citing the importance of the special study of women as entrepreneurs (Wortman, 1987, Devine, 1994; Coleman, 1998). They mostly deal with women in business only as an economic and social phenomenon. However, recent studies on women entrepreneurship expand the scope of their research, focusing on five thematic areas (Radovic-Markovic, 2007):

1. Studies dealing with the motivation factors of women who decide to establish their businesses
2. Studies dealing with the constraints faced by women who want to engage in entrepreneurial activities
3. Studies dealing with models of female entrepreneurship
4. Studies examining the "entrepreneurial culture" of entrepreneurial women
5. Studies examining the types of businesses that women are dealing with

Also, there are more and more studies dealing with the economic potentials of women, which put their research into a global context (Karnani, 2007; Minniti, 2010; Radovic-Markovic, 2007, 2011, 2019).

INFORMATION TECHNOLOGIES AND ENTREPRENEURSHIP

The development of information technology, the internationalization of businesses, globalization and other processes whose influence on the development of entrepreneurship is analyzed in the previous part of this paper are inextricably linked to the development of the Internet as a global medium, which by its occurrence has drastically changed the way companies conduct their business operations, led to the emergence of new business models and the creation of a new, unique virtual market.

According to data from relevant agencies (Internet World Stats, 2019) in March 2019, the number of Internet users in the world was around 4.38 billion, or about 56.8% of the world's population. In developed regions of the world (North America and Europe) penetration of Internet users is between 86% and 89%, which is a huge, highly payable virtual market. This fact, together with all the other advantages of Internet business, is one of the main reasons for the expansion of Internet-based entrepreneurship in recent years.

With its occurrence, the Internet has led to the emergence of new business models, many of which could not even be imagined before the emergence of the Internet. By using and combining different business models, contemporary entrepreneurs create new value by using their distinctive advantages and market dynamics (Tallman et al., 2017). Below are some of the most common business models of Internet business systematized:

1. Business models based on commission (commission based model). The essence of this model is in a business that provides a dedicated service for a fee (commission) (Lumpkin, Dess, 2004). An Internet business that applies this business model in its business usually has the role of intermediary between, on the one hand, customers and, on the other hand, sellers. By facilitating transactions between buyers and sellers, the broker earns from the commission he charges, usually to the seller. There are many variations of this business model that have surfaced over time on the Internet, such as services that connect consumers and sellers of fast food (donesi.com), services that connect buyers and sellers to auctions (limundo.com), services that link owners of apartments and travelers (booking.com) and the like.
2. Business models based on advertising (advertisement based model). The essence of this business model is the free provision of content and services to visitors who are subsequently monetized through the payment of advertisements. The best-known example of a service that has monetized its popularity globally through the advertising-based model is Google. Google has created two parallel services that monetize its enormous popularity. The first is called Google AdWords and is intended for business owners who in this way, want to advertise their service using Google's platform. The second service is Google AdSense and is intended for owners of popular sites who, by connecting to this service, give Google some part of the ad space to advertise advertisements from other advertisers. In addition to Google, the second largest online platform that monetized its enormous popularity through a business-based advertising model is Facebook. Google and Facebook are certainly gigantic Internet entrepreneurs, but a large number of other, smaller service-providers offering different, usually free content to their users, later monetize their popularity through a business-based advertising model.
3. Merchant business model. It is a business model that has its foundation in a real environment and classical trade, regardless of whether it is a wholesale or retail sale. This type of business model is equally represented in both the click and mortar companies and virtual companies, that is, with companies that normally operate in a real environment that use the Internet to expand its market boundaries and reduce costs and companies operating exclusively on the Internet. The essence of this business model is to obtain cheaper and sell more expensive, using the advantages that the Internet carries with it in terms of significantly lower operating costs and greater geographic reach. Examples of large and successful companies that apply this business model in their business are numerous and varied. Some examples are Amazon and Aliexpress, but the Internet market is full of many other successful Internet businesses that apply this business model in their business.
4. Manufacturing business model. As the title suggests, it is a business model in which the entrepreneurial idea is based on production based on the use of available raw materials and intermediate goods. Two basic categories of advantages that the Internet has contributed to by its appearance, and in the context of this business model, are considerably lower marketing costs and the ability to produce personalised product versions, which has a very beneficial impact on consumer loyalty (Lumpkin, Dess, 2004). A company that is a representative example of the successful implementation of this business model is Dell.



5. **Affiliate business model.** The basic assumption of this business model is in rewarding business associates for traffic (visitors) who come from their websites to the merchant website that has launched an affiliate business model with the aim of undertaking some concrete action: purchasing, registering, application to mailing lists etc. For any action taken by the visitor who came from the affiliate's website on the merchant's site, the affiliate receives a certain fee. In this way, the market reach significantly increases and reduces the costs of marketing. An example of a company that owes its initial market success precisely to the business model of the associate is Amazon.
6. **Subscription-based business model.** The essence of this business model of modern entrepreneurs is to charge subscriptions at a monthly and/or annual level in the name of providing a kind of service or content that is made available to users. Companies that provide hosting services to users are an example of this business model. Content creators such as Netflix are also examples of Internet companies that base their business models on the subscription model.
7. **Software as a Service Business Model (SaaS).** Progress in cloud computing has led to the emergence of a variation of this technology called Software as a Service. The essence of this technology is that software is placed on remote servers and thus made available to users instead of a traditional approach that involved purchasing a software license and installing software on a local machine. Some providers, using this business model, do not charge any fees to users (for example, Google's Drive service). This business logic is conditioned by monetization through another business model, in the case of Google's advertising.
8. **The fee for service model.** The essence of this model is that providers charge content or other types of resources that they make available to their users according to actual consumption or the degree of use that the client has in a given period. For example, eProject.com provides its clients with a virtual work environment equipped with Collaboration tools and charges them with the degree of utilization of these resources during the month.

These business models of modern entrepreneurs represent only a copy of those models that over time, have been clearly differentiated and demonstrated that they have significant potential for purposeful business use. In addition to the above, there are a number of other business models in the modern business practice, whose number practically has no limits, since the business model settings that will be applied in Internet business are limited only by the imagination and the entrepreneurial imagination.

One of the most important features of modern entrepreneurs is flexibility. In this regard, the selected business models of successful Internet businesses often involve a combination of several different business models. Competent managers, who are at the forefront of innovative entrepreneurial ventures, should use a wide range of new, technologically-supported options in formulating their strategies in order to respond to changes, rather than just reacting to them (Radovic-Markovic et al., 2018). The combination of innovative business models is one of the good examples of such a practice. Educating entrepreneurs also plays a very important role in this process (Simovic, Radovic-Markovic, 2018). As suggested by Fjeldstad and Snow (2018), the business model choice is directly related to organisational design and performance. The goal of combining different business models is to provide a competitive advantage and more potential revenue sources for the entrepreneurial enterprise (revenue streams).

CONCLUSION

This paper presents a systematic effort to perceive, through the analysis of relevant literature in the field of entrepreneurship, processes that have a dominant influence on the development of entrepreneurship in the 21st century. Although entrepreneurship as a practical activity appears

in antiquity, the creation of a scientific-theoretical framework has been implemented only since the mid-18th century.

Given that each country has its history and vision regarding its integration into global business flows, it is necessary to take into account their size and their diversity; variations in their inclusion in international trade; their geographical, ethnic and cultural differences; and differences in the degree of their economic development.

The opinions in regards to the effects of globalisation on the development of small and medium enterprises are different in scientific circles. On the one hand, it is claimed that the turnover of the global market would improve the access of SMEs to foreign inputs and international finance, while on the other hand it would be considered that globalisation could only intensify restrictions for SMEs and jeopardise their ability to survive in global business frameworks. Despite the fact that many researchers believe that small and medium-sized enterprises are endangered in the global business environment due to limited size and resources, they play an important role in this type of internationalization (Radovic-Markovic & Tomas, 2019).

Besides many differences, what is common to most entrepreneurship theorists is the fact that SMEs can succeed in global processes if they can increase economic competitiveness and innovation. Consequently, this paper provides integrated insight into the models and factors of competitiveness of SMEs in the global business environment. The organisational forms of entrepreneurship in the global environment have been thoroughly analyzed, and the current views of the scientific community on this issue are presented. Examples of leading SMEs around the world emphasise that specific information and communication technologies, then innovations and the implementation of strategic risk management and risk management in small businesses are becoming more and more important for their survival and development. Therefore, a special segment of the paper deals with the analysis of the relationship between the Internet and modern entrepreneurship. In this segment of the paper, business models of modern entrepreneurial ventures on the Internet were analyzed, and the importance of combining business models was pointed out with which modern entrepreneurs resort to the goal of achieving competitive advantage.

Speaking about the future of the entrepreneurial sector, a large number of researchers in the world believe that global start-ups will change the world's business and business style (Lesáková, 2009). Global start-up firms will play an important role in the development of innovation. Further, they will generate new types of entrepreneurship in the international market in almost every sector.

REFERENCE

- Almubarak, H. & Aruna M.** (2013). *Technology Innovation for SME Growth: A Perception for the Emerging Economies*, Journal of Economics and Sustainable Development, Vol. 4, No. 3
- Button, A.** (2018). The Effects of Globalization on Multinational Corporations. bizfluent.com. Retrieved from <https://bizfluent.com/info-8229550-effects-globalization-multinational-corporations.html>
- Coleman, S.** (1998). Access to Capital: A Comparison of Men and Women-Owned Small Businesses, *Frontiers of Entrepreneurship Research*, Babson College.
- Covin, J. G. & Lumpkin, G. T.** (2011). Entrepreneurial Orientation Theory and Research: Reflections on a Needed Construct, *Entrepreneurship Theory and Practice*
- Deo, S.** (2013). The Impact of Globalisation on Small Business Enterprises (SBEs) Small Enterprise Association of Australia and New Zealand, 26th Annual SEAANZ Conference Proceedings, 11-12 Sydney 2013.
- Devine, T.** (1994). Characteristics of Self-employed Women in the United States, 117 *Monthly Labor Rev.* 20-34 (1994);



- Drucker, P.** (2001). The Next Society: A Survey of the Future, *The Economist*, November 3
- Fjeldstad, Ø. & Snow, C. C.** (2018). Business models and organization design. *Long Range Planning*, 51(1), 32-39. doi:10.1016/j.lrp.2017.07.008
- Frenken, K. & Schor, J.** (2017). *Putting the sharing economy into perspective*, Environmental Innovation and Societal Transitions
- Gagnon, Y., Sicotte, H. & Posada, E.** (2000). Impact of SME manager' behavior on the adoption of technology, *Entrepreneurship: Theory & Practice*
- Ghiat, B.** (2014). "Socio-cultural constraints of women entrepreneurs in Algeria". *Journal of Women's Entrepreneurship and Education*, 1-4: 107-122.
- Global Entrepreneurship Monitor**, 2018/2019 Global Report
- Grozdanic, R. & Radovic-Markovic, M.** (2015). Family businesses motives for internationalisation: evidence from Serbia. *Y: DANA, Léo-Paul (ur.), RAMADANI, Veland (ur.). Family businesses in transition economies: management, succession and internationalization. Heidelberg [etc.]: Springer, cop. 2015, str. 267-292*
- Haller, A. P.** (2016). Globalisation, multinational companies and emerging markets, *Ecoforum*, Volume 5, Issue 1 (8), 2016.
- Internet World Stats**, <https://internetworldstats.com/stats.htm>, accessed 09th May 2019.
- Karnani, A.** (2007a). Do Women Benefit from Microcredit, in *The Perspective of Women's Entrepreneurship in the Age of Globalization* (Mirjana Radović -Marković, ed., 2007).
- Kobie, N.** September 2018. *What is the gig economy and why is it so controversial?* WIRED
- Kropp, F. Lindsay, N. & Shoham, A.** (2008). Entrepreneurial orientation and international entrepreneurial business venture startup. *International Journal of Entrepreneurial Behaviour & Research*, 14(2), pp.102-117.
- Lee, S.M., Lim, S. & Pathak, R.D.** (2009). Culture and entrepreneurial orientation: a multi-country study. *International Entrepreneurship and Management Journal*, 7(1), pp.1-15.
- Lepoutre, J., Tilleuit, O. & Crijs, H.** (2010). A New Approach to Testing the Effects of Entrepreneurship, Education among Secondary School Pupil (2010), Working Paper, Vlerick Leuven Gent Management School.
- Lubica, L.** (2009). Innovations in Small and Medium Enterprises in Slovakia. *Acta Polytechnica Hungarica*. 110. 10.1016/j.sbspro.2013.12.849.
- Loza, E.** (2011). Female Entrepreneurship Theory, *Journal of Women's Entrepreneurship and Education*, 2011, No. 1-2, 26-64.
- Lumpkin, T. & Dess, G.** (2004). E-Business Strategies and Internet Business Models: Organizational Dynamics, 33(2), 161-173. doi:10.1016/j.orgdyn.2004.01.004
- Mazlish, B.** (2012). Three Factors of Globalization: Multinational Corporations, Non-Governmental Organizations, and Global Consciousness, *Globality studies Journal*, pp. 1-3
- McKinnon, A.** (2003). Entrepreneurship and Globalization a Literature Review - Online Resources
- Minniti, M.** (2010). "Female entrepreneurship and economic activity". *European Journal of Development Research*, 22: 294-312.
- Nagayya D. & Tirumala, P.** (2013). Small & Medium Enterprises in the Era of Globalization, *Journal of Rural Development*, Vol. 32(1), pp. 1-17.
- Nyström, K.** (2012). Entrepreneurial Employees: Are they different from independent entrepreneurs?, Working Paper, Swedish Entrepreneurship Forum
- Parker, S.** (2007). "Law and the Economics of Entrepreneurship." *Comparative Labor Law & Policy Journal*, 28(4).
- Pesakovic, G.** (2017). "Global Economy 1987-2017 - Unpredictability of Predictability", *Economic Analysis*, vol. 50, no. 3-4, pp. 1-8
- Pinchot, G.** (1984). Who is the Intrapreneur? In: *Intrapreneuring: Why You Don't Have to Leave the Corporation to Become an Entrepreneur*, New York: Harper & Row

- Pradhan, R. & Nath, P.** (2012). "Perception of Entrepreneurial Orientation and Emotional Intelligence: A Study on India's Future Techno-Managers" *Global Business Review*, Sage Publications, Vol. 13(1) pp. 89-108.
- Radovic-Markovic, M.** (2019). The Impact of Globalization on Entrepreneurship in Small Countries: A Case of Serbia and Western Balkan Countries. In: *Serbia: Current Political, Economic and Social Issues and Challenges* (Igor Janev ed.), Nova Science Publishers, New York, United States
- Radovic-Markovic, M. & Tomas, R.** (2019). *Globalization and Entrepreneurship in Small Countries*, Routledge, New York, United States
- Radović Marković, M.** (2018). Resilience of Small and Medium-Sized Enterprises in terms of Globalization: An evidence of Serbia, *The Journal of Entrepreneurship and Business Resilience*, FIMEK, Novi Sad, pp. 5-15
- Radović Marković, M., Marković, D. & Simovic, V.** (2018). Informatičke kompetencije menadžera i virtuelnih timova, *Trendovi u poslovanju*, vol. 2, br. 12, pp. 29-36
- Radovic-Markovic, M.** (2012). *Impact of Globalization on Organizational Culture, Behaviour and Gender Role*. IAP, Charlotte, NC, 148 pp.
- Radović, Markovic, M.** (2011). *Obrazovni sistem i potrebe privrede u Srbiji*. In: J. Zubović, ed. *Aktivne mere na tržištu rada i pitanja zaposlenosti*. Beograd: Institut ekonomskih nauka, pp. 27-43.
- Radović, Markovic, M.** (2009). *Preduzetništvo: vrste preduzetništva i preduzetnika*, Institut ekonomskih nauka, Beograd, 274 str.
- Radović Marković, M.** (2007). *Preduzetništvo: proces i praksa*. Beograd: Digital Art, 2007. 358 str.
- Radović Marković, M.** (2007a). „Women Entrepreneurs and Managers in Serbia“, chapter in the book *“The Perspective of Women’s Entrepreneurship in the Age of Globalization”*, (edited by Mirjana Radovic Markovic) Information Age Publishing (IAP), Charlotte, United States, 2007, 77-87 pp.
- Requier-Desjardins, D., Boucher, F. & Cerdan, C.** (2003). *Globalization, competitive advantages and the evolution of production systems: rural food processing and localized agri-food systems in Latin-American countries*, *Entrepreneurship & Regional Development*
- Ryan, J., Tipu, S., & Zeffane, R.** (2011). Need for achievement and entrepreneurial potential: A study of young adults in the UAE. *Education, Business & Society: Contemporary Middle Eastern Issues*, 4(3), pp. 153-166.
- Simović, V. & Radović Marković, M.** (2018). *Modern Business Environment and Entrepreneurship Education*, Silver and Smith Publishers, pp.148-169
- Singh, R. K., Garg, S. & Deshmukh, S.G.** (2010). 'The competitiveness of SMEs in a globalized economy: observations from China and India', *Management Research Review*, vol. 33, no. 1, pp. 54-65
- Tallman, S., Luo, Y. & Buckley, P.** (2017). Business models in global competition. *Global Strategy Journal*, 8(4), 517-535. doi:10.1002/gsj.1165
- Valdez, M. & Richardson, J.** (2013). "Institutional Determinants of Macro-Level Entrepreneurship." *Entrepreneurship Theory and Practice*, 37(5): 1149-1175.
- Wennekers, S. & Thurik, R.** (1999). Linking entrepreneurship and economic growth. *Small Business Economics*, 13(1) pp. 27-55. 15.
- Wortman, M.** (1987). *Entrepreneurship: An Integrated Typology and Evaluation of Empirical Research in the Field*, 13 *J. Mgmt. Stud.* 259-79 (1987))

| | |
|-------------------------|------------------------|
| <i>Article history:</i> | Received: May 16, 2019 |
| | Accepted: June 4, 2019 |