Chapter 2
Globalization and Entrepreneurship in the Industry 5.0 Era

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ABSTRACT

The definition and concepts behind globalization are sometimes confusing for the masses, and studies on globalization often focus on the macroeconomic level. Globalization is the interdependence of people and businesses everywhere that leads to global cultural, political, and economic integration. The purpose of this chapter is to provide background and insight on globalization, from concepts to linking globalization to micro, small, and medium-sized enterprises (MSMEs). Also, to showcase how favorable globalization conditions are beneficial for the growth of MSMEs, which can ultimately result in them expanding their area of operations in terms of sales, number of employees, and size. This chapter presents George Yip's broader framework of globalization that highlights the conditions needed for MSMEs to grow and flourish, including external factors. A framework is proposed to highlight the summarized framework of the external factors and conditions of globalization that influence the growth of MSMEs.

INTRODUCTION

Globalization is a collection of hazy and disparate notions from several areas and semi-scientific conceptions. However, from a geographic point of view, the world of startups and entrepreneurship, along with many large corporations in various

industries, is in profound transition. Since the 20th century, the trend has shifted from a series of discrete national initiatives that only rely on selling local exports and domestic products at the regional or national level to a more integrated global industry whose economies are increasingly interdependent on one another (Ritzer, 2008). In the case of startups and formal Micro, Small, and Medium-sized Enterprises (MSMEs), the business ties are increasingly global, which are often accompanied by strong regional patterns at the operational level; managers are slowly beginning to realize the importance of working together and integrating with a globalized market economy.

Market saturation, political pressures, dynamically changing business environment, unexpected economic recessions, and rapid advancement of technology have encouraged certain startups and MSME owners to muster the courage to not only sell their products at local scope but to sell them at the international level such as by exporting them overseas. Many startups are content to run their small businesses and abstain from expanding due to high-risk aversion. However, this comes at the risk of failing to adapt to a rapidly changing business environment. Not accepting one's business as part of a larger network of businesses runs the risk of being outdone by competitors or losing consumers worldwide due to not being flexible to adapt to changes (Watson, 2003).

As globalization accelerates, more enterprises join the market. Because of the previously mentioned accessibility, small enterprises face significantly increased rivalry worldwide. There will certainly be ten other firms providing comparable items to the one MSMEs are attempting to market. More enterprises enter the market as the globe gets more globalized, and small companies worldwide face increased competition due to the previously mentioned accessibility from globalization.

Thus, MSMEs must have the right mindset in this era of globalization. MSMEs are increasingly more relevant in the face of globalization, which has become an influential force in global trade. However, MSMEs in both developed and emerging economies face many common challenges in the globalization era, including the absence of adequate and timely finances, limited capital, and access to the international market and knowledge (Anand, 2015).

Globalization

Globalization is one of the most common terms used to describe political, economic, social, technological, environmental, and legal changes to an economy due to integration and interdependency among people and businesses from across the globe (Chew, 1993; Yameogo et al., 2021). On a more official note (Ch et al., 2011), the International Monetary Fund (IMF) adequately defines globalization as the rise of economic interdependency among economies worldwide. This is done

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