International Entrepreneurship:
Starting, Developing and Managing a Global Venture 2e

Part 1 – International Entrepreneurship and Entrepreneurship Opportunities

Chapter 1 – Importance of International Entrepreneurship

Questions for Discussion

1. What are some differences between domestic and international entrepreneurship?

International entrepreneurship requires the consideration of a multitude of factors that will impact the business decision making process. These factors include:

- *The Economics* of the new market and how that market's economy will be able to support the new product or service being introduced.
- *The Stage of Economic Development* that that market is in and whether it is in the right stage for this business.
- *The Balance of Payments* in a country and its impact on currency exchange rates,
- *Type of Economic System* present in that country and how a foreign would go about entering the market.
- *Political-Legal Environment* and how laws and regulations are created and enforced.
- *Cultural Environment* of the country and how that country's cultural practices differ from yours.

- *Technological Environment* determines if that market is in fact ready for the product and has the necessary technical infrastructure for it to be useful.

2. What are the key characteristics to understand when moving a business from one country or region to another?

- Economics
- State in economic development
- Balance of payments – balance of trade
- Type of economic system
- Political-legal environment
- Cultural environment
- Technological environment

3. What potential problems might an entrepreneur encounter when entering a new country?

Success in one country or market does not automatically mean success in other countries. An entrepreneur needs to be aware of the market conditions in that country, whether there is a need for their product or service, whether there is a distribution network that can efficiently get that good to the customer, and a sales network to deliver it. Fluctuations in currency exchange rates can have a drastic impact on businesses as sales one day could be worth much less than sales the next depending on movements in rates. This makes planning and pricing difficult. Local competition can be problematic if the entrepreneur does not know the new market well as a local player could be completely dominant and the local market will not shift to a foreign entrant. Communication problems and cultural differences could lead to misunderstandings or disagreements between the entrepreneur and their customers, limiting potential business opportunities and growth. And legal problems could arise if there is no protection of trade rights, intellectual property, or contract enforcement. And in some instances foreign governments have been known to take over foreign businesses or push them out of the market with little notice.

4. ***What does an entrepreneur need to be aware of before entering a foreign market?***

The entrepreneur needs to be aware of several things before entering a foreign market:

- the distribution system
- the banking system
- foreign exchange rates and policies
- tariff rules and regulations
- patent protection enforcement policies
- any appropriation regulations and business practices