



*Edited by*  
Rajagopal · Ramesh Behl

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# Entrepreneurship and Regional Development

Analyzing Growth  
Models in Emerging  
Markets

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Rajagopal · Ramesh Behl  
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## PREFACE

Entrepreneurship is the principal tool for economic development at the grassroots of the society. It contributes to the socio-economic and regional industrial growth as a feeder sector across various geo-demographic and cultural segments. Thus, entrepreneurship today has emerged as the mainstay of socio-economic development, which is widely supported by public policies within the emerging economies. However, performances of micro, small, medium-, and large enterprises across destinations vary due to asymmetric entrepreneurial behavior, contextual socio-political motivation, developmental resources, extent of industrial diversity, and entrepreneurial business of product and services. Entrepreneurship today has grown beyond epistemological boundaries, and it provides contemporary and hybrid insights into *coopetition* practices within the industry. It has a reciprocal relationship with markets and entrepreneurial competence, which strengthens the coexistence of social and economic goals.

In developing economies, public policies backing regional development have impelled the enthusiasm on entrepreneurial revolution aiming at making a significant shift in the conventional industry models. The growing number of local enterprises has shown remarkable industry attractiveness and market competitiveness, and it is contributing to valuable business-specific applications. The scope of reverse innovation has connected multinational companies with local enterprises to commercialize the bottom-line innovations at the global scale. Local enterprises

have made significant contributions to global markets in the areas of information technology, digital commerce, healthcare, and utilitarian applications to enhance consumer value. Multinational companies like General Electric (Healthcare), Google (Digital Commerce), Hindustan Unilever Ltd. (Ethnic products), Procter and Gamble (Organic product), and many other consumer products and technology companies have attracted start-ups, and small and medium scale enterprises to leverage a win-win business paradigm spanning beyond boundaries. This bottom-up industrial revolution empowers industries irrespective of their size to adapt to the low-cost logical business frameworks. Accordingly, local enterprises have come together in an entirely hybrid way connecting regional and global industries with the competitive edge in the marketplace.

Entrepreneurship and regional development essentially converge with effective resource planning to highlight ambidextrous growth at micro and macroeconomic levels. Planning for entrepreneurial resources encompasses areas from finance to human resources, and extends further from knowledge management to transfer of technology. The social capital and government financial programs in the destination countries promote, deliver, and manage the entrepreneurial resources as regional development measures. Besides allocating appropriate financial, technological, and human resources, effective regional planning requires accurate and spatially explicit information within the framework of changing natural resource. Natural resources have high pressure of land-use patterns in urban and rural areas apart from the significance of diverse disciplines including hydrology, soil science, geology, biology, biogeochemistry, geography, and engineering ergonomics.

Society today is largely founded on the business environment, which integrates industrial values with societal values from developed to emerging market segments. Changes in the international business governance not only affect the societal and economic development of the region, but also develop new mindsets and behaviors among emerging entrepreneurs, collaborators, and stakeholders at the grassroots level. Many start-up enterprises are aiming to grow along with large industries as their ancillary suppliers to meet the Industry 4.0 challenges. Local enterprises, along with large industries, play significant role in social and economic development of the region by providing backward linkages. However, due to resource limitations and lack of adaptation to appropriate technology, they often contribute marginally to the growth of local developmental economics. The emphasis on co-creation of innovation,

and managing innovation business projects in partnership with the local companies is gradually generating technological breakthroughs, allowing emerging companies to reduce the time to bring innovative products and services to market. Entrepreneurial revolution has driven the challenge towards unifying human elements and digitization for achieving the new generation business growth and economic development in the region. Local enterprises contribute to the new trends in manufacturing, financial, management, marketing, and supply chain management, which induces drastic drift in business practices across the global and local markets. Small innovation-led firms grow as learning organizations. They become inspirational, energetic places to work, where even relationships with customers and suppliers improve. However, a more integrated view can enable companies to innovate for long-term profitability and sustainability.

Entrepreneurs tend to diversify the product line periodically to increase market competitiveness. Overtime entrepreneurs develop industry networks to develop strategic alliances. Entrepreneurs draw up business plans for new ventures to make marketing, pricing, financial, and other projections. More often, their estimates bear little relationship to reality. Planning for new enterprises differs fundamentally from planning for existing companies, given the inherent instability of start-ups. The major challenges with the start-up enterprises (SUE) in emerging markets are to explore right opportunities, co-create value, and identify suitable marketing strategies for sustainable growth. Understanding the business eco-system of SUE is essential to analyze the performance of start-ups in reference to marketing metrics. The metrics constitutes various performance indicators, which can be explained in a marketing-mix. These indicators help the SUEs in identifying the attributes of consumers, and earmarking the potential consumer segments.

Entrepreneurship and hybrid firms have evolved over the growing competitive dynamics in the regional and global markets since the mid-twentieth century. Entrepreneurial firms in emerging markets are engaged in diversified business projects to drive high performance, collaborate with large firms, and gain competitive advantage in the market. Entrepreneurship over the years has developed to manage multiple business projects growing from start-up enterprises to large companies. The micro enterprises are growing rapidly as new growth models and local markets are encouraging smart enterprises. Enterprise modeling in reference to innovation and technology constitute the core focus of enterprise management today, irrespective of its organizational size, investment, and revenue.

The new trends in enterprise modeling constitute high cost implications in digitization, computing systems, and risk management.

Software contribution, services application, and cloud computing are in high demand for managing effective business growth through continuous innovation. In addition, performance evaluation, measurement and manufacturing optimization, critical to quality, and voice of customers form a major part of new business modeling process. Small and medium enterprises are promoted in an integrated way by the local authorities in developing countries. The government support for these enterprises range from land allocation to building the industry infrastructure. Land-use planning for micro, small, and medium sector industries, and facilities planning and management. With the growth of technology, the enterprise analytics system has moved from conventional wisdom to decision-making tools. Automation in manufacturing systems, and new marketing-mix tools used in the small and medium enterprises. Management of logistics and inventory systems have shifted to Internet-based monitoring domains using the radio frequency identification technology, as the technology-oriented enterprise management has turned cost-effective since the early twenty-first century.

This book discusses innovation audit as a control tool for start-up enterprises. Innovation auditing is a well-established practice used by managers to identify strengths and weaknesses in innovation, and to explore new opportunities. Innovation audit in the companies needs to be conducted following the contemporary trends that exhibit market and consumer behaviors towards the innovative products and services. Innovations led by the trends tend to transform the market and consumers' landscape. These trends include shifts from closed to transparent and open models of innovation (openness), shifts from providing only physical products to industrial product-services combination (servitization), and moving from conventional manufacturing and marketing paradigms to industry 4.0 business philosophy (automation).

This edited volume aims at delivering an anthology of articles on entrepreneurship development and raising rich discussion on symbiotic themes of entrepreneurship, resource planning, and regional development and their impact on global-local business imperatives. Discussions in this volume critically analyzes the convergence of entrepreneurship, innovation, technology, business practices, public policies, political ideologies, and consumer values for improving the global-local business paradigm to support regional development. The anthology of selected



papers in this volume also enriches knowledge and skills on contemporary entrepreneurship models, convergence business strategies towards entrepreneurial and industrial alliance in manufacturing, services, and marketing organizations. This book contemplates on developing new business models and hybrid entrepreneurial perspectives to match with the changing priorities of regional economic development in the developing countries. Discussions across the chapters in this volume envisage developing new entrepreneurial visions and business perspectives to match with the changing priorities of industries in the emerging markets. Interestingly, this volume has an exclusive section on case studies, which manifests the ground reality of entrepreneurs in developing economies.

This book is divided into six sections consisting of entrepreneurial development including economics and management, enterprise modeling with innovation and technology, socio-economic and cultural perspectives, global business, entrepreneurial education and organizational behavior, and case studies on entrepreneurship. These sections comprise conceptual and empirical research articles and case studies across the geo-demographic segments of emerging markets. In all, twenty-one Chapters covering India, Mexico, Philippines, and Africa are included in this volume. This book delineates multiple effects of entrepreneurial finance, capabilities and competencies, innovation and technology, the global-local business imperatives, on the entrepreneurial economics and business. The anthology of articles in this book critically analyzes the convergence of entrepreneurial behavior, economics, education, business practices, public policies, and customer values to improve entrepreneurial performance at the global-local paradigm. This edited volume includes broad themes on entrepreneurship, resource planning, and regional development, which will enrich knowledge and skills on economic development. The discussions contemplate on developing new visions and business perspectives to match with the changing priorities of entrepreneurship and enterprises in the emerging markets.

Principal audience of this book are managers, researchers, and students of business economics, business strategy, product development, innovation management, and international trade. The book covers varied studies on entrepreneurship management, economic effects of small enterprises,

and regional development across technology driven farm and non-farm economic sectors. Hence, this book would serve as a guide and think tank for the researchers, management students, entrepreneurs, policy makers, and corporate managers.

Mexico City, Mexico  
Bhubaneswar, India  
April 2020

Rajagopal  
Ramesh Behl

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PART I

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Entrepreneurial Development, Economics,  
and Management



## CHAPTER 1

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# Entrepreneurship, Education, and Economics: A Helix Effect on Business Growth

*Rajagopal*

## INTRODUCTION

Educational programs for entrepreneurs of micro, small, and medium size enterprises (MSMEs) disseminate knowledge and skills for the existing businesses. This chapter aims to contribute to the effect of macroeconomic factors comprising innovation, technology, cost factors, and public policies on entrepreneurial promotion. The functional aspects of enterprises such as market competitiveness, design-to-market business modeling, and socio-economic wellbeing of small entrepreneurs in developing economies have been critically examined in this chapter. In particular, the double and triple helix effects concerning the business performance of the small enterprises have been discussed in the context of strategic alliances, innovation, technology, public policies, and the role of entrepreneurial education. Discussion in the chapter analyzes how these

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components related to MSMEs are being structured to improve their business performance and drive them competitive in the regional or global marketplace.

## ENTREPRENEURSHIP EDUCATION

Entrepreneurship education has emerged as a new area of teaching and research in view of its applied significance and contributions in expediting the socio-economic wellbeing. It is characterized by interactive learning within business and community initiatives, which builds a sense of convergence of industry and market with entrepreneurship education. Therefore, it is largely an experience-based learning approach (Boon et al. 2013). Entrepreneurship in individuals evolves cognitively with the personal abilities to turn ideas into action and build a contextual business model. It is a pool of practice-led knowledge, innovation, and business vision among the entrepreneurs, which they either inherit or learn among social interactions. Entrepreneurs are innovative, and they take the initiative and risks, to plan and manage business projects to achieve predetermined goals. Entrepreneurial competencies are learnt regardless of their current position in business or their professional prospects. Entrepreneurship education helps in enhancing their competencies and capabilities (Strauti et al. 2018). Diffusion of entrepreneurial knowledge promoted through public-private management training modules and social interactions, which is being governed by public policies in the developing countries. Despite the popularity of applied education, the modes of imparting applied education to the entrepreneurs still need to be fully understood within the society. The nature and ability of entrepreneurship education needs a crowd-based diffusion model with a distinctive goal to transform society (Turner and Gianiodis 2018). The design cube explores applied education for entrepreneurship promotion in the context of design-to-market, design-to-society thinking, and design-to-value. Such effort requires substantial investments in entrepreneurship education in terms of money, time, and effort by the public and private organizations, besides the governmental programs. New pedagogies have emerged on digital and workshop-based teaching platforms, which are shifting the entrepreneurial learning from conventional modes to market-oriented domains (Longva and Foss 2018).

Most small and medium enterprises (SME) serve as feeder industries and play key role in the value chain of the large companies. Thus,



these enterprises establish industry connection and seek support on entrepreneurship education through experience-based learning approach. The experience-linked entrepreneurial education drives organizational change with increasing usage of social media (Chawinga 2017). The taxonomy of entrepreneurship education categorically explains causal and effectuation approaches. The causal approach is related to economic plans and strategies as it focuses on entrepreneurial education models that affect business growth and performance. The effectuation approach comprises entrepreneurial experiences that have grown through the uncertain business environments. However, in both the approaches of entrepreneurial education, the underlying challenge is the systematic diffusion and learning of entrepreneurial models (Ilonen and Heinonen 2018). The pedagogic approaches are designed to deliver mixed knowledge on refining entrepreneurship in tune to Industry 4.0 revolution and develop market-oriented approaches based on practical entrepreneurial needs. Working along the automation trend and following digital marketing practices are the most dominating problems for SME entrepreneurs for the survival and growth of their businesses (Amjad et al. 2020). The failure of SME entrepreneurs not only diminishes their business growth, but also damages the initiatives taken by the governments and private institutions for entrepreneurship development as a socio-economic goal (Ogbari et al. 2019).

Most SME entrepreneurs develop design-to-market strategies in view of the lessons learned from market competition and their experience in managing niche market strategies. The design-to-market strategies over time become a common practice as entrepreneurial marketing. Accordingly, entrepreneurs follow bottom-up approach by choosing the target market or segment in the beginning, and later explore the needs and demands of their targeted segment through personal relations to serve them efficiently (Stokes 2000). The entrepreneurial marketing approach involves cost-effective activities by avoiding formal market research or involving mass promotions strategies to promote business. However, entrepreneurs of small and medium business segment significantly depend on their personal networks to collect information about consumers and the market. These entrepreneurs heavily use consumer psychodynamics and the interpersonal communication such as word-of-mouth to promote their products and services (Copley 2013). The social facet of entrepreneurship education has closer proximity to innovation diffusion and business modeling than the formal teaching pedagogy or regulatory

education to entrepreneurs. Though regulatory and social environment resources are external to entrepreneurship education, they can be purposely integrated and aligned with the entrepreneurial touchpoints to expand and enhance customers' journeys, customer experience, and marketability of their products or services in the emerging markets (Homburg et al. 2017).

The growing body of research on entrepreneurship education has revealed that the practice-oriented education to entrepreneurs is focused today on service quality, customer relationship management, customer centricity, and customer engagement (Jiang et al. 2018). Some researchers also suggest that education may even influence individuals' dispositions by signaling social acceptability or desirability of entrepreneurship activities. Entrepreneurship-friendly learning policies and government funding opportunities to promote entrepreneurship education are integrated into the design-to-market practices in the emerging markets. In addition, regulatory policies are linked to the creation of applied atmosphere for entrepreneurs. The institutional theory and the entrepreneurial action model suggest that the outcomes of entrepreneurship education help in building multilevel applications encompassing finance, operations, ad marketing. Therefore, entrepreneurship education has stronger relationships with entrepreneurial activities (Walter and Block 2016).

## MACROECONOMIC MOVES AND SHIFTS IN BUSINESS MODELS

Among many macroeconomic factors and public governance of local enterprises in combination with other factors makes significant impact on the performance of enterprises. In general, government policies in emerging markets support micro, small, and medium enterprises. However, the informal economy mostly lowers entrepreneurship productivity. As governments in countries with large informal economies attempt to promote native enterprises, constraining informal business activities causes potential effects on entrepreneurship productivity (Bruton et al. 2012). Opportunity-led entrepreneurship grows in the region as entrepreneurs look for alternate work options, but still decide to pursue a government promoted business opportunity that offers economic benefits such as capital and infrastructure subsidies, and tax advantages. It is a key construct in understanding the entrepreneurial abilities in a country better as compared to the necessity driven entrepreneurship (Acs et al. 2008).

Global marketplace equipped with the application of global communications has become the focus of the global business arena that enables the world markets to remain open and involve in the fair competitive practices. Global marketplace provides scope for opportunity-based entrepreneurship, which contributes to social, economic, and environmental qualities of economic development. The public policies to promote micro, small, and medium enterprises moderate the relationship between the opportunity-based entrepreneurship and the quality of socio-economic development. The resource-based view and public governance perspectives augment the scope of market-oriented entrepreneurship development (Dimitratos et al. 2016). Efficient multinational companies from the leading countries enter the secured country markets and drain out the regional players from the benefit market segments (Rajagopal 2007). Market competition in the global markets has not only entailed the economic process and free markets in relation to developing the local enterprises, but it also envelopes the economic and ecological concerns, corporate power, social rights and needs, and economic wellbeing of marginal and small firms. Such complexity also embraces the social, political, and cultural dimensions of doing business beyond boundaries in the globalization process. Thus, entrepreneurship amidst growing market competition has a complex dynamics of business evolution within the social, economic, and technological diffusion on the interpersonal and digital platforms (Brinkman and Brinkman 2002).

Micro, small, and medium enterprises (MSME) in the global environment require competitive skills to market their products with niche business model in the initial stages, and to restructure business policies later as the market evolves for the enterprises. The phenomenon of the global customer is growing in importance every day, and so is the global-customer-centric organization. Going global is an easy process for firms. Firms need to simulate the impact of their business in global market in reference to their resources, target markets, and operational efficiency. Most firms concentrate on product markets considering the customers, who seek benefits or to be served with the same products, services, innovation and technology regardless of the geo-demographic differences and cognitive behavior. There are a number of paradoxes in communicating the product-marketing strategies in global marketplace. It is imperative to enhance market competitiveness of micro, small, and medium enterprises, which requires enabling innovation and technology with adequate finance

and institutional structures including human capital. Continuous innovation helps these enterprises stay competitive and transform into an agent of reverse globalization. MSMEs must embrace global changes in cultural norms so that they can develop market competitiveness in reference to quality, price, and services to survive and find a place for themselves in the global competitive environment (Anand 2015).

Global markets not only provide multiple goods and services to the customers but also expose their behavior to the cross-cultural differences and innovations. Specialization of the production process has also caused such cultural changes by business penetrations in the low production skills regions across countries. Most small enterprises have succeeded in developing up-stream markets in organic apparel from Asian countries like India, Bangladesh, Indonesia, and Korea. The growth of consumer concern on sustainability and technology has developed dynamic synchronization with the industry today and is converging fast, leading to quick adaptations of local products in global markets. The globalization of customer requirements is resulting from the identification of worldwide customer segments of homogeneous preferences across the territorial boundaries. Business-to-consumers and Business-to-business markets are powered by the consumer demands from the global companies, as they are perceived more value oriented and of added benefits. Innovation and technology played a pivotal role in opening the global avenues for the regional firms.

Incubation of innovations has emerged as a new model of start-up facilitation in most developing economies. Venture capitalists review the incubators and assess the projected growth and profitability in businesses to invest. The venture capitalists review the incubators to diversify risky investment portfolios, while the prospecting entrepreneurs approach the incubators to review the economically viable and technologically feasible support for start-up projects. Entrepreneurial incubators face both challenges and the opportunities to grow competitive enterprises considering the embedded investment and entrepreneurial risks. Broadly, there are five incubator archetypes such as the university incubator, the independent commercial incubator, the regional business incubator, the company-internal incubator, and the virtual incubator (Carayannis and von Zedtwitz 2005). Innovations of local origin are attracted to the global companies as they plan to bring back the local innovation, which is largely frugal in nature, to the mass-market. Therefore, the relational embeddedness of large companies with the external MSMEs appears to be essential

for the evolution of local innovations to the global scale. Turning local innovations into global brands can be identified as innovativeness evoked by the large companies or their subsidiaries at the bottom-of-the-pyramid. However, in this process, transfer of reverse knowledge in the functional areas is a critical perspective (Isaac et al. 2019).

Most studies reveal that the relationship between innovation efficiency and size of the firm play significant role in improving market performance and exploring the prevailing and new market opportunities. Marketing and product innovation strategies are the key contributors to market performance, while the competitiveness has become an indispensable factor for the MSMEs to survive the marketplace rivalry (Blocker et al. 2011). In an open market competition, firms of different types and sizes use upfront marketing strategies and tactics to pull down the competing firms. Such competition forces small firms to struggle for existence against relatively large firms, while large firms strengthen their marketing strategies to sustain the competition and stay fittest in the competitive marketplace. However, large firms at the early maturity stage of their business attempt to consolidate their product-line to stay abreast with market competition and develop product portfolio in tune to the market demand. In order to gain a suitable competitive position in the marketplace, firms pump enormous resources in innovation, technology, advertisement, communication, and sales activities. The low returns on investment builds sunk cost over time.

There are many differences between large firms and MSMEs, which include leadership, autonomy, fragility, ownership, resource limitations, and decision-making processes. Consequently, these enterprises have a high rate of failure. The lack of leadership, resistance to change, and informal planning processes are the primary reasons for the failure of MSMEs. Such organizational attributes drive these enterprises to seeking various ways to improve their performance and gain competitive advantage through innovation, increased productivity, and marketing. In a limited way, MSMEs invest in carrying out innovations to gain a competitive advantage in the marketplace and improve market performance (Aksoy 2017).

In an oligopolistic market competition, there are only a few firms that make up an industry. This select group of firms has control over the price; and like a monopoly, an oligopoly has high barriers to entry. The products that the oligopolistic firms produce are often nearly identical; therefore, the companies competing for market share are interdependent

as a result of market forces. One of the consequences of the growing imperfect competition in the global marketplace is that consumer value and marketing of the firm for products and services are no longer necessarily created through the traditional strategy of vertical integration. Most start-up enterprises and MSMEs tend to develop relationship marketing by sharing consumer experiences to enhance customer values and attract new customers. Experiential marketing has become a part of corporate marketing strategy, which is being adopted by the MSMEs at the bottom-of-the-pyramid alike large companies. Experiential marketing is defined as a process of identifying and satisfying customer needs and aspirations profitably, by engaging them through bidirectional communications to validate brand personalities for social values and lifestyle among the target customers. Feeling, utilitarian or hedonic cognition, and perceived experience include emotions attached to a brand that express happiness, satisfaction, joy, etc. Most MSMEs within the niche stimulate creative involvement with costumers and build top-of-the-mind brand to match with the self-image congruence of customers. Brands communicate with them to build unique perceptual experience (Navratilova and Milichovsky 2015). Firms are increasingly specializing to build competencies and form alliances to augment the value chain and increase their market share. Most large firms are engaged in production sharing to reduce their costs and are successfully using outsourcing of manufacturing from MSMEs (Walters and Rainbird 2004).

## COMPETITIVE INTELLIGENCE

Competitive intelligence (CI) contributes to the learning process, which is embedded in the web-based entrepreneurial business models, of a growing firm. The contemporary research has revealed that information collection techniques with reference to business analytics toward backward and forward linking elements of a business influence the performance of a company. Progressive entrepreneurs reveal positive impact of web-based competitive intelligence, which is embedded in the business models to gain higher business performance within industry (Markovich et al. 2019).

Competitive intelligence is the information available to the competitors for free access to the public resources, which is periodically updated to present the current contents and potential strategic information.

Emerging enterprises can benefit from the spatial and temporal analysis of the CI information to develop appropriate market segments and marketing strategies. CI is common in services industry. However, many companies do not use formal and centralized information analysis in daily operations. In the customer-centric enterprises, the frontline employees might play critical roles in the CI processes and practices. There is no formal system for CI process management followed by MSMEs, which includes data collection, storage, analysis, and dissemination (Köseoglu et al. 2019). The information acquired by the competitors through public sources serves as an important input in formulating marketing strategy. A firm must be aware of the perspectives of its competitors before deciding which competitive moves to make. In order to acquire required information on the competitors, firms must develop an internal fit with its employees, market players, and stakeholders. Managers of the firm should determine information needs and should take the management of the firm to prepare for driving competitive intelligence.

Social media has emerged as an important channel to disseminate user-generated contents and experience-based CI. Recent research studies suggest that social media is an influential channel to share customer-centric information, enhance sales performance, and learn about competitor moves focused on customers. However, its use alone does not guarantee the quality of decision analytics and its role in effective decision-making. In tactical moves, the use of social media affects performance of salespeople through analysis of competitive intelligence information and customer-centric selling (Itani et al. 2017). Increasingly, business-to-business and customer-centric marketing companies are adding social media as a powerful communication channel to the traditional marketing- and promotion-mix tools. Social media can be technically defined as a group of web-based applications that is built on the ideological and technological foundations within the virtual business maxims that allow the creation and exchange of user-generated content and market information. Social media disseminates information interlinking social and professional networking sites, social blogs, micro-blogging, and podcasts (Kaplan and Haenlein 2010). The competitive intelligence includes information beyond industry statistics and trade gossip. It involves close observation of competitors to learn what they do best and why and where they are weak. There are three types of competitive intelligence-defensive, passive, and offensive. The defensive intelligence is the information gathered, analyzed, and used to avoid being caught off-balance. In this process,

a deliberate attempt is made by the competing firm to gather information on the prevailing competition in a structured fashion and to keep track of moves of the rivals that are relevant to the firm's business. The passive intelligence is the temporary information gathered for a specific decision.

Most enterprises rely on competitive intelligence and business analytics for developing appropriate strategies for risk management and toward building base for decision support. A large numbers of customer-generated product reviews often contain information about competitors, and have become a new source of mining competitive intelligence. Based on such information, MSMEs learn the relative weaknesses and strengths of their own products, and design competitive products and campaigns to countervail those of competitors (Xu et al. 2011). Most firms in the global marketplace tend to adopt a more focused business strategy and focus on realizing how the effect of interplay between premium and low-cost rivals on achieving market share and profit can be minimized. Companies today must learn how to take on low-cost competitors in the large consumer segments, develop inimitable market tools, develop organizational leadership, and build sustainable customer (Ryans 2010). Comparison of customer opinions are precious information sources for the enterprises to identify the relative strengths and weaknesses of their products and services. The enterprise risk and threats of competitors need to be analyzed by the small and medium enterprises to develop design-to-market business strategies for their products and services. Mining such comparative opinions need qualitative analysis due to the large amount of customer reviews and their informal style of opinion documentation (Xu et al. 2011).

## COST-BASED DECISIONS

Conventional MSMEs in developing countries search for businesses with low labor costs and availability of high volume of workers to effectively reduce costs and maximize their returns on investment. Such business philosophy forces these enterprises to develop their short-run business models to implement at lower costs and satisfy consumer demands, remain competitive, and retain profitability. This appears to be highly challenging, and for many MSMEs it is impossible to achieve such goals and change traditional production methods to a new manufacturing model that improves production efficiency, decreases labor costs, and solves the environmental issues (Tsai and Jhong 2019).



Industries with high fixed costs tend to be more competitive because competing firms are forced to cut prices to be able to operate at the economies of scale. However, with the differentiation strategy, rivalry is reduced among the products and services offered by the competitors, in both real and perceived senses. Another significant concept, which can be explained through this model, is the associated difficulty of exit from an industry, which may result into struggle for survival and intensified competition among the firms. Further, there remains the threat of entry by new firms into the industry, which may enhance competition. Several barriers, however, make it difficult to enter an industry. Two cost-related entry barriers are: economies of scale, and absolute cost advantage. The absolute cost advantage remains with the long-standing firms in the market, which possess technological and brand advantages for their products and services. The activity-based costing (ABC) approach has been adopted by many large industries such as aviation, metal manufacturing, and construction, as it helps companies to directly calculate the various costs and resources instead of using a single factor as the basis of financial proposition (Tsai et al. 2017). The convergence of ABC and the theory of constraint (TOC) could be learned by the managers adequately to find solutions for long-range problems concerning management costs and short-range problems for resource constraints to decrease operational costs effectively. The combined application of ABC and TOC measures the costs of related activities with a holistic approach of resources that are used in manufacturing and marketing of products at MSMEs. This method also is helpful in cost administration by cost centers or departments within the company (Park and Simpson 2008).

Most competing companies control their costs to the lower end-user prices and stay competitive in the marketplace. MSMEs fail to catch-up with the customer with large enterprises, as they do not operate on the economy of scale. Small enterprises widely function as demand-led-suppliers rather than working on the supply-led business model. Consequently, these enterprises often fail to control time-cost effects on consumer pricing and substitution effect. With time-cost substitutability, a potential competitor in the market gains advantage in customer acquisition and sales against the small enterprises (Wang and Hu 2017). Most MSMEs have high experimental intensity with high cost and relatively lower rate of success of products and services in the market. These enterprises, therefore, suffer from lower cost advantage, which usually drives down the new product's quality and first-mover advantage (Time element in cost).

### *Industry Attractiveness*

New entrants, substitution effects, and bargaining power of customers and suppliers within an industry broadly portrays the attributes of industry attractiveness. Substitute products in the market adversely affect the industry potential, and pose threat to the customer preferences. Bargaining power of buyers refers to the direct or indirect pressure tactics to force the industry to reduce prices, or increase product features, in view to optimize the customer value. Buyers gain power when they have choices-when their needs can be met by a substitute product or by the same product offered by another supplier. In addition, high buyer concentration, the threat of backward integration, and low switching costs add to buyer power. Similarly, the bargaining power of suppliers refers to their ability to force the industry to accept higher margins or reduced services, in the interest of augmenting or securing their profits. The factors influencing supplier power are the same as that of buyer power. In this case, however, industry members act as buyers.

Firms, which simultaneously engage in a high degree of both innovation and efficiency, follow an ambidextrous strategy by adopting both exploitative and explorative strategies in the innovation process. However, few firms are able to balance between these two emphases despite internal conflicts for resources, and external risks over innovation and its economies of scale. Though the ambidextrous strategy in nurturing the product or service innovation is complex for most of the firms, the turbulent nature and intense competition of today's markets reinforce the need for firms to consider this dual approach for longer-term success (Sarkees and Hulland 2008). An innovation breakthrough in firms can deliver a strong advantage to the overall posture of the company in the marketplace and drive a major shift in industry leadership. However, not all companies show the ability to foster management innovation due to lack of generating unique ideas. A management innovation creates long-lasting advantage if it is based on a novel principle that challenges the traditional wisdom, is systemic in processes and methods, and is supported by a program of the company to carry out innovation (Hamel 2006).

### THE HELIX EFFECT

Broadly, the shift from conventional- to new-generation organizational structure and business modeling can be delineated as the helix effect in business. The core of the helix lies in disaggregating the traditional