

Importance of Governance in Indian Entrepreneurship: Some Perspectives

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ABSTRACT

Purpose: the main purpose of this paper was to analyse the Entrepreneurship is one of the major determinants to boost the global economy. Where Pandemic has given the growth trajectory of the economy of BRICs nations a huge jolt and volatility. The paper delves that the future global economic growth will primarily be dependent on the BRICS. The reason being is out of the 7.9 billion total world population 3.23 billion BRICS countries have a combined population of 3.23 billion. It is expected that investment spending in Developing Economies would decline from 20.7% of GDP in 2017 to 18.8% in 2030. **Method:** The study is based on the review of literature. The data was collected from the Journal articles, Books, Newspapers, BRICS government reports. This paper is based on the thematic analysis. **Findings:** these countries have the potential of developmental opportunities as majorly the task force of the global economy is contributed by BRICS. The cheap labour, market value, and population. Yet, to fasten the global economic recovery, entrepreneurship in the BRICS will fasten the rate of growth of the global economy. With the boom in entrepreneurship, the imperative aspect will be to keep compliance and governance in check. There are various case studies reflecting the failure of many companies and entrepreneurs due to a lack of awareness. The governance in entrepreneurship will not only boost the economic trajectory but will also be aligned to the sentiments of public interest and keep all the stakeholder's interests in place. Right from the beginning of entrepreneurship and corporate governance and the board of directors share the same business goals. Hence a framework based on OECD principles to avoid any conflict among the stakeholders will be an economic right. An attempt is made in this paper to bring the importance of Governance for sustainable growth of BRICS countries. The paper also highlights the economic trajectory among the BRICS nations and provides some possible solutions for the entrepreneurs. **Implications:** The paper has emphasized the importance of Governance after the Pandemic and possible reformations at the policy level in BRICS. The governance encourages creating some benchmarks after following a framework for the entrepreneurs. The element of governance gives a sustainable long-term wealth generation for the entrepreneurs. Being in diversified industries like mining, BFSI, ITES, the authors has also attempted to give perspectives on the scaling and sustenance of Entrepreneurship once it is governed. **Originality:** The recovery from the economic Post Pandemic must be regulated and governed closely for long-term sustenance and long-lasting impact on the BRICS economy and subsequently on the global economy. By the following governance, the long-term income generators not only create and generate wealth for today but a robust ecosystem in developing economies that enables to provide quality education to quality old age to citizens of nations.

Keywords: Indian Entrepreneurship, BRICS, Wealth Creation, Governance, Banks, Economic Development.

JEL Codes: F63; G21; L26; O20

INTRODUCTION:

Pandemic has given the economic shift to the global economy. The starvation in the global economy since 2020 and still have been an interesting trajectory for economists all over the world. The layoffs, the great resignation, and the Change of intent in life that people are going through are some factors that have created a vacuum in economic growth and development. Where there is a sharp increase in quitting the jobs, 33% is the attrition as per in Western Countries, BRICS countries people cannot even afford to quit and sit idle because of low socioeconomic status and low per capita income. Hence, the people are continuing in unsatisfactory low-paid jobs and risking their happiness index life also. Pandemic created deflation in BRICS with the increase in the number of the poor segment and shifting middle class to poor. The economists feared deflation.

Wealth creation is pivotal to continuing the flow and circulation of wealth and creating equality in the distribution of resources to both suppliers and buyers to mitigate the risk of deflation and further damage. According to OECD after analyzing significant reduction in the cost price of goods and services, the demands were reduced due to various factors. One of the determinants was the low economic power to purchase. The signs of deflation begin with this scarcity and a misbalance in demand and supply. This is economically incorrect for the global economy.

BACKGROUND:

The authors have carried out studies to understand the essence of wealth creation and how to use the available resources to improve the trajectory of GDP. Where we witness the uneven economy of BRICS with Western economies, the disbalance is also seen. To mitigate economic disbalance and have an early recovery the growth of BRICS Economies needs a boost in their economies and their per capita income. BRICS represents 40 percent of the global population, 24 percent of the global gross domestic product, and 16 percent of the global trade. Entrepreneurship is the key for BRICS countries to give a global boost to economic development. India is the 7th largest economy with 65% of its population below 35 years of age the world has immense potential to drive the economic condition of the global economy. With a population of 1.4 billion as per the world population review, India is expected to surpass many other developing economies in terms of population. As per the report of Fortune 500 companies 30% of Indians as their CEOs. One-third of all the engineers in Silicon Valley (USA) are from India and 10% of the world's high tech company CEOs are all Indians (Gulf today, 2022). These Indian CEOs also give a deeper insight into the kind of talent the country has. This also indicates the potential and capability of people as resources to take on challenges as Entrepreneurs (Rena, 2009). There is also a thought associated with entrepreneurship. When economies begin with entrepreneurship for wealth creation; it reflects inequality and lagging economies.

LITERATURE REVIEW:

History of Entrepreneurship:

The term Entrepreneur was first coined by Richard Cantillon as early as in the eighteenth century. Early-19th century French economist Jean-Baptiste Say provided a broad definition of entrepreneurship, saying that it "shifts economic resources out of an area of lower and into an area of higher productivity and greater yield" (Rena, 2009; Haase, Lautenschläger, and Rena, 2011; Wikipedia: Enterprenuership, 2022; Igwe, Adebayo, Olakanmi, Ogbonna, and Aina, 2013). The tribes were exchanging goods even 20,000 years ago also. The bartering system was a practice being followed as Entrepreneurship. Entrepreneurship has evolved in all these eras. Earlier also the exchange was as per the need of the customer. The goods were exchanged as per the requirement. Hence the need of the customer was of utmost requirement. Today also, the entrepreneurship journey is all about satisfying the demands of the customer and stakeholders and creating a balance of supplies and demands. Let's look back at how our industries have evolved and revolutionized (Jooris, 2021). The first Industrial Revolution began in the mid-18th century with the advent of Factories. There was a paradigm shift from agriculture sector to the basic factories in an organized way. The second and third revolution was about mass production and computing. Kicked off in the middle of the 19th century. The era of automobiles also began during this time. The third revolution was about Mainframe Computing. This era gave us Bill Gates and Steve Jobs. The fourth Industrial Revolution that is where we are in is about the Internet of Things (IoT) and Cyber-Physical Systems. It will not be doing justice if the essence of Information Technology and Artificial Intelligence (AI) is not mentioned in the

Research. This is the key driver of Governance with minimal effort. AI is to not only mitigate risks but also to improve efficiency for long-term sustainability. The use of Artificial Intelligence by BRICS enables them to globalize in business and expand their entrepreneurship. AI also creates a compelling Governance and improves checks and controls through innovations. This era comes with opportunity entrepreneurship which is business-driven and AI. Referring to the above-mentioned definition of Entrepreneurship, how to create higher productivity of the resources is the determining force of entrepreneurship. In BRICS the resources are there and have significant potential to improve the economic power of their respective countries and give a powerful shift to the Global Economy in the GDP.

DISCUSSION AND ANALYSIS:

Potential of India in Entrepreneurship to Strive Global Economy:

The GDP of a country gives a snapshot of its economy. GDP ranking by country 2022 ranked India as the 7th with a GDP of \$ 2.72 trillion following the USA (GDP: \$20.49 T), China (13.4 T), Japan (4.97 T), Germany (4.00 T), UK (2.83 T) and France (2.78 T). After a continuous fall of 7.5% to 5% for straight 3 years in GDP growth, India lost its fifth position as the Highest GDP in the world in 2019 ([World Population Review, 2022](#)). The nation being diverse and robust with the modern infrastructure could combat poverty with reformation in education. With a stable political government strengthening laws against violations of Governance will be significant and much deeper for the implementation. The central government steering the policies will be based on a solid foundation because of the stability. The nation being diverse and robust with the modern infrastructure can combat poverty with reformation in education. With a stable political government strengthening Laws against violations of Governance will be significant and much deeper for the implementation. The central government steering the policies will be based on a solid foundation because of the stability. The advent of Entrepreneurship at a grass root level in India is a key lever to boost Wealth Creation. The scope of Entrepreneurship in India is recognized by the initiative of GOI “Start-up India”. A 10% increase in the registration of new firms per district year yields a 1.8% increase in the Gross Domestic District Product (GDDP). The results concluded that entrepreneurship is the Torch-Bearer of the growth of the Indian economy in future years. This is also an alternative employment option too and will significantly impact the global economy as well. The migration of labour from unproductive sectors into entrepreneurship has a high potential to reduce the productivity gap in India ([Ministry of Finance, 2020](#)).

The Indian Context:

The honourable finance Minister Ms. Nirmala Sitharaman said, “Those who create wealth are India’s wealth!” She moreover emphasized ethical wealth creation and pointed out it as a noble human pursuit too. The greatness of a nation is not in history but in its industries. The USA is great because of its great companies like Apple, Microsoft, Google, etc ([Ministry of Finance, 2020](#)). These companies by providing employment, products and paying valuable taxes to the government, not only create a fortune for their employees but also for the nation where they are established and even worked. The idea of free market i.e. minimum government engagements is the base of the strategic disinvestment in enterprises of sectors where competitive markets have come to an age. Better technology and management expertise would create wealth and thus economic growth for the nation also ([World Population Review, 2022](#)). An increase of INR 33,000 crore is seen due to strategic disinvestment in Bharat Petroleum Corporation Limited (BPCL) in comparison of Hindustan Petroleum Corporation Limited (HPCL) which continues to be under government control. Analogous to the same gain, there are almost 11 more Central Public Sector Enterprises (CPSEs) examples are there in the economic survey 2019-20 ([Ministry of Finance, 2020](#)). The country has already begun by building new institutional policies and building its capabilities. This has merit with the system-based high growth and creation of an entrepreneurial ecosystem. With the boom in “Make in India”, entrepreneurship will also enable India to reach its Make in India Goals. Being Asia’s third-largest economy, FDI has been steadily increased in India since 1991. As per The World Investment Report, 2020 by the UN Conference on Trade and Development (UNCTAD) said that India was the 9th largest recipient of FDI in 2019, with \$51 billion of inflow during the year, an increase from \$42 billion of FDI received in 2018, when India ranked 12 among the top 20 host economies in the world.

The political stability along with Make in India is also a confidence booster to many entrepreneurs. India is one of the choicest countries in the West to drive their business because of the finest education, intellect, visionary will to work and thrive in the business. This shows the quantum of the task force and visionary

talent the country possesses. Hence, India's prospects are more promising because of demographic development and political stability. After assessing the industry and present scenario, the authors have given certain factors why India is considered as a good hub for start-ups?

- Political Stability
- Government Will and support
- Technical Development and advancement
- Boom in Digital Marketing for marketing their products
- Low Infrastructural costs
- Change in Perception about Entrepreneurship

HIGHER WEALTH CREATION FOR DEVELOPING ECONOMIES:

Higher Wealth is just not the only determinant of a healthy economy. Additionally, higher income does call for higher savings and higher taxes. The higher savings enable banks to further invest and circulate wealth to give a boost to economic development. Let's see the studies of Chanakya's Arthshastra. The main objective was to create an ecosystem to create and gain wealth. In "Arthshastra" the role of a king/government is defined as a facilitator (Ministry of Finance, 2020). Long before as, the root of wealth creation is economic activities and lack of it brings material distress. In the non-economic activities, both current and future growth are in danger of destruction.

Banks or financial intermediaries are the pillars, or one can say the backbone of present time economies. They don't control the demand and supply of the market. But they provide strength to the invisible hands of the economy (Smith, 2002) which are the capital market which helps in wealth creation and the hand of trust which supports the first hand. Therefore, macroeconomics is the domain of the banks. Banks with huge capital and coverage are capable to give loans to enterprises to produce goods and services, providing wages and boost to economic activities and transactions. The failure of a bank shows the failure of an economy as well as the government policies. In developing countries, higher wealth creation is so much of important the potential to attract FDI. According to studies (Rena, 2009; Haase, Lautenschläger, and Rena, 2011; Igwe, et al., 2013), several low enterprises and a stringent entrepreneurship environment are the cause of the poor human development index (HDI) of Nigeria for continuous years. The recent case of giant Chinese real estate company "Evergrande" missing its debt premium has created a huge toll on the market in China and even globally. The default made a question on the Chinese banks and market as well. The price was paid by the international markets too. In the world of globalization wealth creation is not limited to the boundaries of a nation and so is the banking system. In 2001, the chairman Jim O'Neil of Goldman Sachs gave a report named "Building Better Global Economic BRICs". Here BRIC stands for Brazil, Russia, India, and China, as they constitute 40% of the world population and 22% of world GDP, Jim stated that BRIC nations will be the global leaders by 2050. Even after many setbacks in the past, political conflicts, disputes between the nations, and pandemic crises, the chairman still has faith in the BRICs now BRICS. These nations are developing in the context and have huge potential. The first thing they created is the bank to finance the Foreign Reserves and Development Work for the member nations. They are Contingent Reserve Arrangements and New Development Bank respectively. Here governance plays an important role in the success of these institutions. A better entrepreneurship environment with transparent and robust MoUs between the nation will increase the ranges for the new enterprises and the economic activities will flourish exponentially that will increasing the number of new enterprises.

Legalizing dual sources of income and part-time jobs along with full-time jobs should also be permitted. The Pandemic has given a maximum jolt to developing economies and people. The people who were laid off in their prime age were lost and had no source of income. Where 5 days a week and 9 hours a day in working it, it is high time that the developing countries should allow their people to generate sources of income as freelancers during the non-office time. The BRICS cannot afford to make their people survive in one job and then make them wait for 3 months' notice period to switch over to a new job. Aggressively approach toward wealth creation at the individual level will not only get them material gains but also more taxes to the government, increased purchasing power, and robustness to the economy. There is a need for Policy advocacy at a government level to permit people to generate their wealth with their skills. This will enable and gap in the inequality of wealth which is a major concern in developing economies. It has been clearly remarked in the 13th BRICS Summit took place 9 September 2021 at New Delhi, India that even when we have achieved a lot, we cannot be satisfied and increase the rate of development.

Indian Prime Minister Mr Narendra Modi also emphasized integrating the BRICS to strengthen the ties and cooperate with each other. The 4 Cs of Co-operation, Continuity, consolidation, Consensus will be the governing principles of BRICS as a stepping step toward growth.

Governance in BRICS entrepreneurship gives ethical and sustainable Impact on Economy:

To reach to point from where there is no return should be the last an entrepreneur should do. Creating an ecosystem of compliance and governance in BRICS Countries is vital for the sustainable economic growth of the global economy. Compliance brings Trust and long-term sustainability and goodwill. It also enforces discipline and accountability of the entrepreneurs towards various stakeholders. Start-ups can be transactional hence in developing countries and in incubation centers centres centers, the importance of governance cannot be ignored. The emphasis should not be only on the governance but also on the strict implementation to be advocated. The selection of countries in BRICS is based on population and demography. With the rate of the increased number of people in families enables the potential and scope of success of entrepreneurship in these countries. The awareness of being in the framework of compliance will create confidence in the Global Economy in developing nations.

These are the proxies that will make entrepreneurship sustainable once the framework of governance is followed:

1. Control of corruption
2. Rule of law
3. Regulatory framework
4. Government effectiveness
5. Political stability

The above indicators in the countries of BRICS play a pivotal role. Along with the economic growth Entrepreneurship also improves the socio-economic status of the BRICS countries. Along with development, it also brings the well-being of the society (Ministry of Finance, 2012).

Post-Pandemic, where BRICS was one of the most affected economies because of low economic power and the economies also must thrive back with their available economic resources. The multiple sources of income and being a wealth multiplier is the key determinant. Let's evaluate what is best in these economies for the global shift to the Global Economy.

According to Statista (2022), in 2021 BRICS countries Russia and China were with have the highest GDP per capita, 11000 USD and 12000 USD respectively. Then followed by Brazil and South Africa and later in last by India with \$2000 per person. This gap between China and India is so unfair even though smaller economies like Brazil and South Africa is higher than India. The sense of the results is very unclear seeing the data.

Analyzing the governance of the BRICS, the authors have come to the consensus that the political and social stability of the countries also needs to be intrigued to give the requisite shift. There has to be thought of creating transparency in the regulations and governance. We have spoken a lot about creating wealth, we cannot underestimate the innate skills of our human capital.

Governance is required in SMEs and MSMEs also for sustainability. With governance practices, we attract better visionaries, reduce costs, quick decision making, trust in people, higher investment from the market. The goodwill that the SMEs gain in practicing good governance enables them to expand in the market and scale up to the next level. Bad governance creates legalities and legal costs and further business expenses. According to the United Nations, these are the factors of Good Governance-

1. Participation,
2. Rule of Law,
3. Transparency,
4. Responsiveness,
5. Consensus Oriented,
6. Equity and Inclusiveness,
7. Effectiveness,
8. Efficiency, and Accountability.

These factors are not only theoretical but are used and required in any company. The authors will highlight each aspect that adds to the value propositions associated with it.

Governance also creates equality in income. The disparity of income also brings a lagging economy. To sustain in the times of recession after the Pandemic we need a good understanding of the basic principle of mutuality and interdependence.

The authors recommend OECD model of corporate governance covers most of the aspects of all diversified industries. The regulations further build the robustness of any entrepreneurship. It is not to create challenges but to ease out the functioning and create equality and inclusivity for all stakeholders. Along with that a decent income, clean environment, access to knowledge and skills. It covers the challenges of Youth Empowerment, to quality education, climate change, and automation which falls in the gambit of successful Entrepreneurship across BRICS.

The elements are –

- Ensuring the basis for an effective corporate governance framework
- Basic rights of shareholders and key ownership functions
- Equitable treatment of shareholders
- Role of stakeholders in corporate governance
- Disclosure and transparency
- Board responsibilities

Entrepreneurship also comes with responsibility and that's why an entrepreneurial mindset must be wealth creation in the right way while keeping their reputation into consideration. To avoid scams and failures in business in the future and to run in a loss and closure of business, the framework of governance is framed for their sustainability and to take their business closer to the goals of UN SDG.

Social Change and creating some benchmarks:

Any research is done to create benchmarks with Knowledge and practical experience. Here also, after exploring and counting unparallel potential in BRICS the researchers also emphasize the social change. Good governance nurtures entrepreneurship development.

Governance will bring Social Change by being ethical in business. The ethics that are being followed in turn will create Trust among the stakeholders. As mentioned earlier it is all about creating resources for the customers and keeping in the interest of the stakeholders creates the sustainability of entrepreneurship.

There is a social change when ethics in business are followed by the Entrepreneurs. The reputation is acknowledged and there will also be a shift of giving due importance to the values of Integrity, Trust, Compliance. By having these values systems, entrepreneurship in the BRICS will be a model in the world. Let's see how the business model of Akshaya Patra Foundation has created some benchmarks after following all governance policies and creating social change- An entrepreneurial model of NGO Public-Private Partnership of 60 percent government-funded and 40 percent funded by corporates and private companies. This unique Public-Private Partnership (PPP) has created social reformation by providing Government Mid-day Meal Program. With this business model, they are closely aligned to the UN SDG goals of Zero Hunger and Quality Education. While researching the business model, we also learned about the supply chain model of the Akshaya Patra and providing rations to prepare 20,000 meals a day during Ukraine- Russia War. During Covid when most of the entrepreneurs were struggling with funds, they were able to feed 22.9 crores meals from March 2020 -to 28th Feb 2022. This was not charity but a collective duty that they did and created some significant benchmarks. By providing one-day mid-day meals they are providing economic support to the families and encouraging families to send their children to school. These children are not deprived of education because of food and are getting ready for the future. Today this trust is running because of the untiring and relentless work done by its founders and entrepreneurs who begin this entrepreneurship. The sustainability model of their entrepreneurship enabled them to globalize and expand in countries like the USA, the UK, and many other countries also.

To create benchmarks, it is also important to use all the knowledge management for policy reformation

CONCLUSION:

The researchers want to bring the importance of Governance and Compliance in Entrepreneurship which will further boost the Global Economy. The findings of this research have given meaningful implications to understand the challenges of Governance. Undoubtedly, Post Pandemic Wealth Creation is a key driver to boosting Global Economy, yet the importance and awareness of Governance must keep in mind parallelly. The business start-up cost, Property Registration expenses manufacturing cost, and all other expenses entrepreneurs tend to face are challenging to tempt the governance aspect.

Yet, the research has given perspectives on creating sustainable entrepreneurship and sticking to the social norms to gain the trust of Stakeholders. This is because governance plays diversely in specific industries.

In the manufacturing and mining industry, the external stakeholders' interest can never be ignored as it has a direct effect of Climate Change. Governance is non importable across the border as remarked by Acharya. It could be a daunting task and a constraint to business, yet the winnings are only accountable and being ethical. To have a stable economy and to stay away from deflation or inflation and volatility of developing economies they need a framework.

To give a thought- Facebook even if the business is booming the reputation is sinking. It has dropped 3 points down from 2019. The name change is not enough to fix the reputation. The high-profile battles are one of the biggest challenges. It is one of the most distrusted websites when it comes to data sharing. That's where complying, winning over the confidence of our customers is the key to driving the economy and giving a global positive impact. That's where complying, winning over the confidence of our customers is the key to driving the economy and giving a global positive impact. Therefore, where Entrepreneurship is one of the major driving forces for an economic boost, it should be well-governed with regulatory practices for them to create a robust and scalable business. This will be a sustainable economic boost and will shift the economic wellness of BRICS and will create some benchmarks in the Global Economy.

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