Global Vision in Entrepreneurial Environment: India vis-a-vis other Countries

Dr. Sarita Rana,

Associate Professor (Commerce),

University College,

Kurukshetra University, Kurukshetra.

A business consisting of commerce, trade, aids to trade and industry is very sensitive to its environment that may be internal and external both. The internal environment may constitute the financial, physical and human resources along with the promoter's vision, objectives, managerial policies, labour-management relationship, morale & commitment, work environment and research & development activities. The external environment may be further categorised into two parts. One is the micro environment that comprises its suppliers chain, customers chain, competitors and of course general public. Another is the macro environment that encompasses economic, social, political, cultural, technological, demographic and global factors. The present research study will focus on the macro environment consisting overall business entrepreneurial environment of the whole world that may facilitate different governments, multi-national companies, multilateral institutions, planners and decision-makers to take various decisions of investments whether foreign direct or portfolio both. During the era of the WTO or globalization, it is far more important to know such external environment of a State before taking any decision by the MNCs.

Objectives of the Study-

The specific objectives of the study are the following:

1) To study the comprehensive economic and political environment of different economies of the world.

2) To examine the status of the different States and Markets in different countries in comparable form.

3) To suggest the different positive and negative aspects of different economies so that an effective policy implications may be drawn.

Sources of data and Research Methodology-

The study is purely based on secondary data collected from the following source:

World Development Indicators, World Bank Group, Washington D.C., 2015 that constitutes its fifth chapter on the States and Markets that constitutes very important and impressive cross-sectional data directly relevant and in comparable form for different countries, MNCs and multilateral institutions.

The present study uses a research methodology of Exegesis of the Content Analysis which is quite an appropriate research technique for the systematic, objective, quantitative and qualitative description of the data procured through various secondary sources. The relevant data have been collected, brought into a comparable form, condensed, organized and presented into two-dimensional tables. Then these tables are analysed and interpreted for further planning and decision-making for the whole of the nation, that is Indian union. It will also be beneficial to know the business environment of other countries so that an appropriate investment decisions in foreign countries may be taken.

© Associated Asia Research Foundation (AARF)

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories.

Page | 708

Table - Entrepreneurial Environment in Major Economies of the World

Sr. No.	Country	Business Entry Density (per 1000 people) Ages 12-64 2012	Time Required to Start a Business Days June, 2014	Domestic Credit Provided by Financial Sector (% of GDP) 2013	Tax Revenue Collected by Central Govt. (% of GDP) 2012	Military Expenditure (% of GDP) 2013
1.	2.	3.	4.	5.	6.	7.
1	Australia	12.16	3	159.1	21.4	1.6
2	Botswana	12.30	60	13.6	27.1[b]	2.0
3	Bulgaria	9.03	18	71.1	19.0[b]	1.5
4	Chile	5.69	6	115.5	19.0	2.0
5	China	-	31	163.0	10.6[b]	2.1[c]
6	- Hong Kong SAR China	28.12	3	224.0	-	-
7	Cyprus	22.51	8	335.8	25.5	2.1
8	Denmark	4.36	6	199.6	33.4	1.4
9	France	2.88	5	130.8	21.4	2.2
10	Georgia	4.86	2	42.9	24.1[b]	2.7
11	Germany	1.29	15	113.5	11.5	1.3
12	Hungary	4.75	5	64.7	22.9	0.9
13	Iceland	8.17	4	130.9	22.3	0.1
14	**India**	**0.12**	**28**	**77.2**	**10.8[b]**	**2.4**
15	Ireland	4.50	6	186.1	22.0	0.5
16	Isle of Man	45.27	-	-	-	-
17	Israel	2.96	13	-	22.1	5.6
18	Latvia	11.63	13	58.6	13.8[b]	1.0
19	Luxembourg	20.98	19	163.9	25.5	0.5
20	Malta	13.61	35	146.7	27.0	0.6
21	Mauritius	7.40	6	122.4	19.0	0.2
22	Netherlands	4.44	4	193.0	19.7	1.2
23	New Zealand	15.07	1	-	29.3	1.0
24	Norway	7.83	5	-	27.3	1.4
25	Panama	14.10	6	67.6	-	-
26	Pakistan	0.04	19	49.0	10.1[b]	3.5
27	Singapore	8.04	3	112.6	14.0[b]	3.3
28	South Africa	6.54	19	182.2	25.5	1.1
29	Sweden	6.41	16	138.1	20.7	1.1
30	United Kingdom	11.04	6	184.1	25.3	2.2
31	United States	-	6	240.5	10.2	3.8
32	**World**	**3.83w**	**22u**	**166.5w**	**14.3w**	**2.3w**

Source: World Development Indicators, World Bank Group, Washington DC, 2015.

Notes : b - Data adjusted to the accrual framework of the IMF's *Government Finance Statistics Manual 2001.*

c - Differs from the official value published by the National Bureau of Statistics of China, www.stats.gov.cn).

w- The Aggregates are totals by weighted average.

u- The Aggregates are simple average.

Results and Discussion-

The Table comprises data on the Business Entry Density (per 1,000 people) between the age group of 12 to 64 for the year 2012; the time period required to start a new business at a point of time, i.e., June, 2014; the domestic credit provided by the financial sector as per cent of the GDP for the year 2013; the tax revenue collected by the Central Government as per cent of the GDP for the year 2012 and the military expenditures as per cent of the GDP for the year 2013. The third column of the table shows the business entry density per one thousand people in the age group of 12 to 64 years for the year 2012. The rate new businesses are started in an economy is an effective measure of its dynamism and entrepreneurial activity. The World Bank collects data on this variable for more than 150 countries, though only significant countries are shown in the aforesaid table here. The World Bank has collected the data for the period from 2004 to 2012 and shown here. The data may be used for the relationship between the creation of new firms and economic growth of an economy. The data for new registered businesses have been collected from the respective Registrar of companies of different companies. There have been eleven indicators covering different aspects of business and ease of doing business that signify the business entry density. The highest business entry density in the world is 45.27 per one thousand people in the working age group of 12 to 64 for the year 2012. The second highest in the world is for 28.12 per one thousand people for the Hong Kong, which is the Special Administrative Region of China. The third highest is the Cyprus, that is, 22.51 per one thousand people. In India, the picture is quite dismal, that is, only 0.12 per one thousand people whereas the world average is 3.83w per thousand people, where w refers to the aggregates of the weighted average. In this way, the most entrepreneurial population lives in the Isle of Man, a self-governing British Crown dependency in the Irish Sea between England and Ireland followed by Hong Kong, Cyprus, Luxembourg, etc.

The Fourth Column of the table shows the time required to start a new business. The more number of days, the less attraction for the entrepreneurs and vice versa is the relevant statement. The most worst condition is in the cases of the countries like Botswana, Indonesia and Malta which is 60, 53 and 35 days. India required 28 days to start a new business. However, the world average is 22 days. The most efficient countries are New Zealand, Australia, Singapore and Hong Kong where only 1, 3, 3 and 3 days are required to start a new business respectively. Other efficient countries are Norway, France, Panama, United Kingdom and United States having 5, 5, 6, 6 and 6 days respectively.

The Fifth Column shows domestic credit provided by financial sector as per cent of the GDP for the year 2013. The more the variable, the more of ease of doing business and vice versa is the implication for the entrepreneurs. The highest domestic credit provided by the corresponding financial sector of the countries are Cyprus, the U.S., Hong Kong, a SAR of the China, United Kingdom and South Africa which is 335.8, 240.5, 224.0, 184.1 and 182.2 per cent of their respective GDPs. The worst position is for Botswana, Indonesia and Pakistan, that is, 13.6, 45.6 and 49.0 per cents for their respective GDPs. In India, it is 77.2 per cent of the GDP whereas the world's average is 166.5w, where w signifies the aggregates of the weighted average.

The Sixth Column of the table shows the tax revenue collected by the Central Government as per cent of the GDP for the year 2012. The highest tax is collected by 29.3, 27.3 and 27.1 per cents of the GDP for New Zealand, Norway and Botswana respectively. On the other hand, the lowest tax is collected by Pakistan, the U.S. and India, that is, 10.1, 10.2 and 10.8 per cents respectively for the year 2012.

The last and Seventh Column of the table shows the military expenditures as per cent of the GDP for the year 2013. The high or low expenditure on military also shows the internal political will of the Government along with the security in the society. It is very difficult to say whether high or low military expenditure is good for the economy. The highest expenditure is for the U.S., Pakistan and Singapore, that is, 3.8, 3.5 and 3.3 per cents of the GDP respectively. The lowest expenditure is done by the Luxembourg, Malta and Indonesia, that is, 0.5, 0.6 and 0.9 per cents of the GDP respectively. In India, it is 2.4 per cent against the world's average of 2.3w per cent of the GDP, where w is the aggregates of the weighted average.

Conclusion and Suggestions-

The business environment is represented by five variables in the research study. There may be mixed positives and negatives for different countries of the world. New Zealand is such a country where there is only one day time required to start a new business. At the same time, the business entry density for New Zealand is 15.07 per one thousand people that shows good entrepreneurial ability. Likewise, military expenditure of New Zealand is also 1.0 per cent of its GDP. However, the tax revenue collected by the New Zealand Government is the highest in the world, i.e., 29.3 per cent of the GDP. There may be many lessons learnt by the whole world from New Zealand. Likewise, in entrepreneurial activity, at the top of the list in the world is Isle of Man in Europe. The small territory is quite an example for the whole world. Cyprus is an example of providing highest domestic credit by its financial sector. The

U.S. is an example on the variable of lowest tax revenue collected by its Government as per cent of its GDP. Lastly, Luxembourg has been posing quite an impressive position by spending the lowest, i.e., 0.5 per cent of the GDP on military expenditure. In essence, the global business environment in modern times is quite impressive in which different countries have been showing different capabilities in the direction of entrepreneurship to the rest of the world.

References:

ASSOCHAM India (2014), Evolution of E-Commerce in India (Creating the bricks behind the clicks), Available at https://www.pwc.in

Bajaj, K. Kamlesh and Nag Debjani (2000), E-Commerce: The Cutting Edge of Business, Tata McGraw-Hill Publishing Co. Ltd., New Delhi.

Chhabra T.N., Suri, R.K. and Verma Sanjiv (2004), E-Commerce (New Vistas for Business), Dhanpat Rai & Co., Delhi.

Kocolowski M D (2010), Shared Leadership: Is it time for a Change, Emerging Leadership Journeys 3 (1), 22-32, Available at researchgate.net

Leora Klapper and Inessa Love (2010), The Impact of Business Environment Reforms on New Firm Registration, The World Bank, Available at elibrary.worldbank.org

Mesut Savrul, Ahmet Incekara and Sefer Sener (2014), The Potential of E-Commerce for SMEs in a Globalizing Business Environment, Procedia-Social and Behavioral Sciences, Available at sciencedirect.com

Mirjana Radovic Markovic (2008), Managing the Organizational Change and Culture in the Age of Globalisation, Journal of Business Economics and Management, 9 (1), 3-11. Available at https://www.tandfonline.com

Noor Hazlina Ahmad, T Ramayah, Carlene Wilson and Liz Kummerow (2010), Is Entrepreneurial Competency and Business Success Relationship Contingent upon Business Environment, International Journal of Entrepreneurial Behavior & Research, Available at http://www.emerald.com

Pittenger Linda M and Sheri Perelli and Toni Somers (2012), IT Professionals: Maximising Engagement in the Rapidly Changing Business Environment, International Technology Management Conference, 248-256, Available at ieeexplore.ieee.org

Siddappa (2014), "E-Commerce Industry in India," International Journal of Economic and Business Review, ISSN 2347-9671, Volume No.2, Issue No.5, May, 2014.

Statista, India – Statistics and Facts, Available at https://www.statista.com

UNCTAD, E-Commerce and Development Report Series (Various Issues), United Nations, New York and Geneva. Available at https://www.unctad.org