

**How do Developments in Emerging Market Institutions
Impact Entrepreneurship?
The Case of India's Improving 'Ease of Doing Business'**

Bizan Sarosh Kolah

A dissertation submitted to Auckland University of Technology

In partial fulfilment of the requirements for the degree of Master of
Business (MBus)

2018

School of Business, Economics and Law

Auckland University of Technology

Attestation of Authorship

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgements), nor material, which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning.

Bizan Sarosh Kolah

A handwritten signature in black ink that reads "BSkolah". The letters are cursive and connected, with a horizontal line underlining the word.

Acknowledgements

This dissertation would not have been possible without certain individuals who helped, supported and encouraged me throughout this process. To these people, I am very grateful and I offer my sincerest gratitude.

Firstly and most importantly I am very grateful to my supervisor Dr. Fiona Hurd who right from the start has provided me with encouragement, support, and guidance throughout this process. She has also provided me with the much needed emotional support and motivation during this process. Her continuous and efficient feedback helped me to keep focus and move in the right direction.

I would also like to thank the Auckland University of Technology for giving me the opportunity to undertake this MBus course. I am grateful to each and every individual in this organisation who has made this experience possible.

I would also like to thank my father Sarosh A Kolah, my mother Gulshan S Kolah, my sister Kaizeen S Kolah and my brother Varzan S Kolah. I am utmost grateful to my parents who have given me the best of life, showering me with their love and support throughout this process and throughout my life and for making me the man I am today. I am also grateful to my sister for always being my support system and to my brother for always having my back. I would also like to thank my aunt Meher F Kolah and my uncle Farokh A Kolah for their love, care and extensive support during this journey. I dedicate this dissertation to my parents.

Abstract

Emerging markets have been an important area of research in the international business discipline, largely due to both the opportunities available in these markets, and the challenges faced in entering these markets (Tracey & Phillips, 2011). As a large emerging market, India has been of particular interest. Entrepreneurship has been previously researched in these markets and is largely found in both the formal and the informal economy (Luo, 2003). Moreover, Entrepreneurship has been found to be an important driver, and marker, of development in emerging markets (Wyrwich, Stuetzer & Sternberg, 2016). Entrepreneurship in the past has been defined by its characteristics and individuals became entrepreneurs in these markets out of necessity, in order to provide basic necessities for their families in the newly industrialised conditions. However, as countries move to emerging status, entrepreneurship also changes as entrepreneurship is then driven by choice and entrepreneurial capabilities (Zahra, Sapienza & Davidsson, 2006). This change in the outlook of entrepreneurship has been attributed to developments in the institutional environment in these emerging markets (Ngo, Janssen, & Falize, 2016). The World Bank's Ease of Doing Business Index is seen as an indicative measure of institutional development. In 2017, India entered the top 100 of the World Bank's Ease of Doing Business Ranking (The World Bank, 2017d), indicating substantial institutional development. However, the impact of this development on entrepreneurship is not well understood. Hence this study aims at determining how developments in emerging market institutions impact entrepreneurship, by examining the impact of institutional development on entrepreneurship in India between 2014-2017 under the Modi government.

This study has used a qualitative descriptive methodology with a post-positivist paradigm to conduct this research. Secondary data collection has been used to gather the data. Thematic analysis was used for the data analysis, coding themes that emerged, which was both an inductive and a deductive process. A case study approach was used in order to prove how developments of institutions impact entrepreneurship in emerging markets. In order to choose a suitable case, this research underwent a case selection, which determined why India would be a suitable case for this research. In order to answer the research question, India has been used to demonstrate how developments in the institutional environments impact entrepreneurship in India within a specific time frame of 2014-2017.

The findings illustrate that institutions have a major impact on entrepreneurship in India. As institutions in India develop, they improved business reforms by making setting up of and conducting business cheaper and faster, while also promoting and supporting entrepreneurship through initiatives such as Startup India, Make in India, and Digital India and campaigns such as Skill India. The findings of this research have identified that although financial aid is important to entrepreneurship in emerging markets, the ‘awareness’ of financial resources that are available to entrepreneurs in India remains a barrier, as entrepreneurs are unaware of the resources available to them. Also, the developments in institutions and the enhancement of entrepreneurship have changed the way in which many cultures in India view entrepreneurship. In the past, entrepreneurship was considered a risky career choice and individuals would only become entrepreneurs out of necessity (push factors), however, many cultures are now viewing entrepreneurship as an advantageous career option and individuals are now becoming entrepreneurs out of choice (pull factors).

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Chapter 1. Introduction

Emerging markets are an area of considerable research attention in the international business discipline (Tracey & Phillips, 2011). Emerging markets are defined as low-income, rapid-growth countries, which use economic liberalisation as their primary source of growth (Tracey & Phillips, 2011). Large emerging markets are of particular interest to international businesses as they offer large markets that are growing rapidly (Enderwick, 2009). Out of a total population of 7.53 billion people in the world, the largest emerging markets, Brazil, Russia, India, China and South Africa (BRICS) account for almost half of the world's population at 3.633 billion, 209 million residing in Brazil, 144 million residing in Russia, 1.339 billion residing in India, 1.386 billion residing in China and 56 million residing in South Africa (The World Bank, 2018f).

Due to the opportunities found in the largest of emerging markets, including rising middle-class consumers (Beinhocker, Farrell, & Zainulbhai, 2007), international business researchers are particularly interested in the context of India and China (Griffith, Cavusgil & Xu, 2008). Facilitated by developing institutions in emerging markets, these markets are rapidly offering opportunities across a range of industries and consumer segments (Luo, 2003).

In order for firms to grow and expand their business in different markets, firms need to comply with the host country institutions (Akitoby & Stratmann, 2010). Institutions are often discussed in relation to emerging markets, as one characteristic of emerging markets is underdeveloped institutions (Rottig, 2016). Institutional theory is used by researchers to describe the social environment of organisations and the direct impacts that it has on the organisation (Yousafzai, Saeed, & Muffato, 2015). This social environment consists of formal and informal institutions, including society, regulating authorities, local and federal government, suppliers, customers, and the media (Rottig, 2016). In order for firms to grow efficiently with the support and help of these institutions, they must be willing to comply with the wishes of these institutions, if not, they are penalised, either legally, or in terms of their reputation and acceptance by the host country (Rottig, 2016).

The institutional environment of emerging markets is different from developed countries with regards to these institutional pressures (Rottig, 2016). This difference arises

from underdeveloped, or incomplete, institutions. Researchers have found that underdevelopment in both the formal and informal institutions create institutional voids, which can either be an opportunity or a challenge for MNEs entering these markets (Luo, 2003). The development of these institutions is seen to facilitate future growth and business activities both internally and externally and also to encourage foreign direct investment (Wanjuu & Roux, 2017). As such, the development of institutions is seen as an important aspect of the development trajectory of an economy. The fastest growing emerging markets i.e. Brazil, Russia, India, China and South Africa (BRICS) have received a compelling amount of research attention in the international business discipline (Rottig, 2016). Measures of the level of institutional developments in these emerging markets are found in metrics such as the World Bank's Ease of Doing Business Index (Corcoran & Gillanders, 2015).

Another key aspect of development in emerging markets is the development, both in complexity and size, of the formal SME sector. As such entrepreneurship has been found to be an important indicator of development in emerging markets. It has been identified that entrepreneurial activity in emerging markets is constrained and facilitated by institutions, as such entrepreneurship in these markets operate in the informal economy as 60% of the employment found in emerging markets are in the informal economy, of which 70% are entrepreneurs (International Labour Organisation, 2013). A key part of institutional development is facilitating the development of formal entrepreneurship. As such, research which explores entrepreneurship alongside institutional development holds both research and policy interest.

1.1 Aims of Study

This study focuses on developments of institutional environments and the impacts on entrepreneurship in emerging markets. Entrepreneurship and emerging markets have gathered significant research attention in the recent past, however, the link between institutional developments and entrepreneurship has not been fully explored. The aim of this study is to illustrate how developments in the institutional environment in emerging markets can enhance entrepreneurship, by demonstrating the impacts that developments of institutions have on entrepreneurship in India during a given time frame, 2014-2017.

The justification for the choice of this timeframe, and for India as a case context, is covered in the Methodology.

1.2 Format of Dissertation

The dissertation contains six chapters.

Chapter one outlines the rationale of this study, firstly by illustrating the significance of emerging markets in the international business discipline along with its characteristics. Since emerging markets provide a number of opportunities for business, their institutions play a vital role on how business is conducted. Hence this section also illustrates the importance of institutional development in emerging markets.

Chapter two reviews the theoretical framework underpinning this research. The chapter analyses entrepreneurship theory, entrepreneurship, the entrepreneur, factors enhancing entrepreneurship performance, institutional theory, institutional environment, types of institutions, impacts of institutions on internationalisation, and institutions in emerging markets. This helps to investigate the key areas of research in both entrepreneurship and institutions from a general perspective while focusing on these areas in emerging markets.

Chapter three outlines the methodology underpinned by the philosophical assumptions of this study such as the ontology and epistemology. It then provides reasoning for the research paradigm that has been used to conduct this research. After which the methodology and the data collection method used in this study is explained in detail. After which, this chapter illustrates the approach taken to conduct this research along with the data description and analysis.

Chapter four presents the findings of this systematic descriptive study. A total of five themes eventually emerged after an extensive inductive and deductive process. The themes that emerged were *Ease of Doing Business*, *Financial Aid to Businesses*, *Trends in Entrepreneurship*, *Government Support for Entrepreneurs*, and *Entrepreneurship & Culture in India*. These findings have been separated into two parts, namely institutional development and entrepreneurship. These sections help in identifying how institutional development impact entrepreneurship in India during our time frame, 2014-2017. This time frame was suitable as a new government came into power with the intention of improving business in the country.

Chapter five discusses the findings of this research in light of the literature presented in chapter two. The discussion chapter also highlights the key areas of contribution to the extant literature. In doing so, this chapter sets up the significance of the study.

Chapter six concludes the study. In this chapter, concluding remarks will be made, limitations of the study discussed, and areas of future research will be presented.

Chapter 2. Literature Review

The previous chapter introduced this research and presented a rationale for the research, which focused on entrepreneurship and institutions in emerging markets. It has been identified that emerging markets are markets with great potential to set up and grow businesses, especially in a large emerging market such as India. However, institutions in emerging markets are underdeveloped, which impact the operations of businesses in those markets, which may cause a barrier to growth.

This chapter presents the theoretical framework underpinning this research, by reviewing extant literature. In particular, research in the areas of entrepreneurship and institutions are presented. A comprehensive interpretation of entrepreneurship, entrepreneurship theory, the entrepreneur, factors enhancing entrepreneurship performance and entrepreneurship in emerging markets has been investigated in this chapter. Subsequently, this chapter examined institutional theory, institutional environment, types of institutions, impacts of institutions on internationalisation and emerging markets improving institutions. The chapter concludes by outlining the summary of the chapter and the research gap.

2.1 Entrepreneurship

Entrepreneurship research as an academic discipline has seen steady growth since the 1990s (Busenitz, Plummer, Klotz, Shahzad, & Rhoads, 2014). There was a significant rise in the number of papers published during this period to reflect this growth as the number of papers published grew from 100 in the early 1990s to 5000+ in 2014 (Meyer, Libaers, Thijs, Grant, Glanzel, & Debackere, 2014). Despite the increasing attention, the word 'entrepreneurship' is still ambiguous, fragmented and context related (Hang & Weezel, 2007; Anderson & Starnawska, 2008; Zahra, Wright & Abdelgawad, 2014). The baffling nature of the word 'entrepreneurship' has led to competing definitions (Busenitz, Gomez, & Spencer, 2000) with key debates focusing on different views of the characteristics of entrepreneurship (Khajeheian, 2017).

Drucker (1985) views entrepreneurship from an *Innovation Perspective*, according to him, entrepreneurship is "a systematic innovation, which consists of purposeful problems". Whereas Shane & Venkataraman, (2000, p. 4) define

entrepreneurship from an *Opportunity Perspective* where "entrepreneurship is the activity of opportunity development to introduce new good or service, a way of organising market process and raw materials through organising efforts that previously had not existed". Marco Vivarelli (2010, p.1456) adopted an *Industrial Organisation Perspective*, defining entrepreneurship as "the process by which new enterprises are founded and become viable". Bjornskov & Foss (2016) adopted a *Career Perspective* and defined entrepreneurship as 'an occupational choice taken by a person to be self-employed'. This study uses the definition by Bjornskov & Foss (2016) that adopts a *Career Perspective* defining entrepreneurship as 'an occupational choice taken by a person to be self-employed'.

Entrepreneurial motives are important factors that impact the direction, intensity and persistence of an entrepreneur (Eijdenberg & Masurel, 2013). These motives can be divided into push and pull factors. The push factors are negative motivations that force an individual to start his/her own venture out of necessity, for e.g., due to the dissatisfaction of their current situation (Amit & Muller, 1995). Whereas the pull factors are positive motivations by which an individual is willing to enter into a new venture out of choice, for e.g., to exploit opportunities (Reynolds, Bosma, Autio, Hunt, De Bono, & Servais, 2005).

2.2 Entrepreneurship Theory

Up until the 1990's, entrepreneurship research was largely constrained by the separation of macro and microeconomics as well as the domination of equilibrium models (Ripsas, 1998). However, the 1990s identified further research, which focused on the entrepreneur, in particular, the characteristics of the entrepreneur, such as uncertainty bearers, innovators, coordinators and a tool for innovation (Thornberry, 2001).

One early economic-based model, which sought to explain entrepreneurship, was Schumpeter's Theory of Economic Development. Schumpeter's Theory stated that entrepreneurship is an innovation rather than an imitation (Bula, 2010). According to him, entrepreneurs shift the economy from the static equilibrium. Whereas the basic theory of the Neoclassical School is that a firm is only viewed in technological terms where the management would be able to achieve maximum potential by using mathematical calculations. These were economic models, which were used to incorporate entrepreneurship (Devine & Adaman, 2002). Later researchers moved away from pure

economic thought to viewing tacit knowledge, and capability to explain entrepreneurship. One of the key theories of the past with respect to entrepreneurship has been the Resource-Based Theory, which stated that the availability and access to resources such as financial resources was pivotal to the success of new ventures (Barney, 2001). Both Schumpeter's and Barney's work helps to explain how entrepreneurship develops, or is enabled, as the context develops – as economic development occurs, and as context facilitates, the access to resources and development of capabilities increases.

Factors such as culture, institutional environments and economic incentives determine the growth of entrepreneurship across countries (Bruton, Ahlstrom & Li, 2010). For example, institutional environments determine the opportunities of entrepreneurs, impacting the size and rates of scalability of new ventures. In turn, entrepreneurship is also linked to economic progress within countries. Entrepreneurship has also been linked to employment and economic growth, particularly in emerging markets, leading some to suggest entrepreneurship as a tool to overcome poverty and inequality in these economies (Smith & Chimucheka, 2014).

An overall outlook of entrepreneurship theory explains how entrepreneurship theory has shifted. Past studies have researched entrepreneurship theory by detailing the characteristics and behavior of the entrepreneur. However, scholars are now investigating how individuals are now recognising entrepreneurship as a career choice in emerging markets. This shift therefore, brings the focus to the entrepreneur as an individual.

2.3 The Entrepreneur

Entrepreneurship has been affiliated with individuals that are task-related, motivated and individuals that want to be successful for self-gain (Bull & Williard, 1993). As an entrepreneur is self-employed he/she is responsible for the success and failure of his/her business and is directly affected by the success or failure of their firm. An entrepreneur is a person who starts a business in order to seek opportunities in markets, which they can exploit in order to create value for themselves, the firm and to society (Shane & Venkataraman, 2000). These individuals are those that want to work for themselves and not for others, making profits rather than wages. Along with the characteristics of entrepreneurs, the environmental factors are also vital to entrepreneurship (Stevenson & Jarillo, 1990).

2.4 Factors Enhancing Entrepreneurship Performance

A large body of research has focused on the factors, which enable and support entrepreneurship performance. These are generally grouped into innovativeness and risk-taking.

2.4.1 Innovativeness

Entrepreneurs face challenges such as environmental conditions, which include financial crises and globalisation (Aktan & Bulut, 2008). In order for entrepreneurs to sustain and maintain their competitive advantage over others, they are compelled to identify opportunities and adapt to the changes around them. Innovation includes new services, new products, new technologies for production, new administrative systems, and new plans to help improve the working of the firm (Bouncken, Pluschke, Pesch, & Kraus, 2016). Innovation also reflects an advanced thinking characteristic of an entrepreneur that wants to be a market leader by anticipating future demand by the exploitation and exploration of developing opportunities (Rank, Unger, & Gemunden, 2015). With the constant changes in customer needs and expectations, products have shorter lifecycles due to customer's demands for newer products, which force entrepreneurs to be more innovative (Baskaran, Mahadi, Rasid, & Zamil, 2018).

Innovation is defined as original ideas, material artifacts and practices, which consist of different levels of recognised originality (Dewar & Dutton, 1986). 'Innovativeness' is at the heart of entrepreneurship (Drucker, 1985). Innovativeness is considered as one of the most crucial factors in corporate entrepreneurship (Karimi & Walter, 2016). Innovation also includes a firm's openness to create new ideas and launch new products. The increase in the level of innovation of a firm also increases their financial performance (Bigliardi, 2013). Incremental innovation impacts the performance of product quality in a positive manner (Egbetokun, Siyanbola, Olamade, Adeniyi, & Irefin, 2008). Researchers are now identifying proactiveness by measuring the degrees of innovation that is being adopted by the firm internally rather than developed innovations adopted externally (Luno-Perez, Wicklund, Cabrera, 2011). Also, firms need to be innovative in order to create better ideas in order to compete with the larger companies (Kraus, Rigtering, Hughes, & Hosman, 2012).

2.4.2 Risk Taking

Entrepreneurs, in general, are individuals who are willing to take more risks than others (Macko & Tyszka, 2009). An entrepreneur is one who is willing to start a venture while working on his or her own terms and conditions. In order for a firm to operate smoothly, the entrepreneur must be an efficient decision-maker. Decision making starts from the time an individual decides to take up a business venture (Simon, Houghton, & Aquino, 2000). This step of taking up a business venture factors certain risks, for example, whether or not the venture will be profitable. Introducing new products and identifying new demands help firms to maintain a strong position in the market. However, being the first-mover also has risks, as the new plans and ideas being implemented may not be successful (Fairoz, Hirobumi, & Tanaka, 2010). The risks taken by entrepreneurs lead to the success or failure of the firm (Breugst, Patzelt, & Ranthgeber, 2015). The entrepreneurs themselves are also directly affected by the firm's performance. Hence entrepreneurs must possess the skills and instincts to take calculated risks. During the course of the venture, the level of risk that an entrepreneur takes will vary (Macko & Tyszka, 2009). However, risk-taking in entrepreneurship is inevitable.

At times, entrepreneurs base their decisions on certain hunches, accurate or inaccurate information, which creates a level of uncertainty of the outcome, which is risky (Shane & Venkataraman, 2000). It is important for an entrepreneur to strategize the way in which he/she will respond to opportunities (Lumpkin & Dess, 2001). A successful entrepreneur must be able to analyse the situation and take calculated risks in order to achieve the best possible outcome. Sometimes entrepreneurs will make very risky decisions if he/she feels that it could be beneficial. Everyone can take a risk once or twice, however, entrepreneurs are constantly taking risks, whether big or small (Aktan & Bulut, 2008).

Risk-taking can be short-term or long-term, hence it is more important for entrepreneurs to be able to handle the situation to the best of their abilities if the risk they have taken is not going according to plan. Also, situations that arise in business are often complex, unpredictable and ever-changing which makes it necessary for entrepreneurs to adapt to these changes (Kozubikova, Belas, Bilan, & Bartos, 2015). Along with decision making factors pertaining to risk, there are 3 types of strategic risks that an entrepreneur may take, namely (a) venturing into the unknown, (b) committing a significant portion of assets and (c) borrowing heavily (Lumpkin & Dess, 1996).

2.5 Entrepreneurship in Emerging Markets

As small and medium enterprises are prominent features of emerging markets, entrepreneurship in these markets is well researched (Volchek, Jantunen, & Saarenketo, 2013). Entrepreneurship in emerging markets is largely linked to the informal economy (William & Nadin, 2012). The informal economy is defined as a set of illegal yet legitimate activities through which firms recognise and exploit opportunities (Mukherjee, 2016). The size of the informal economy is linked to the degree of entrepreneurial activity in the economy (Bureau & Fendt, 2011). The informal economy is a prominent feature in emerging markets, accounting for a major part of the countries economic activity (Williams & Gurtoo, 2012). Additionally, researchers have also linked the level of entrepreneurship in emerging markets to precarious employment and unemployment (Apergis & Payne, 2016).

The informal entrepreneurial activity is also correlated to the formal economy, as in many emerging markets, as institutions develop, entrepreneurs move from the informal sector to the formal sector (Williams & Nadin, 2010). Individuals undertake entrepreneurship in the informal economy for work as entrepreneurs due to the lack of formal employment opportunities, and difficulties in setting up formal enterprises, which are due to underdeveloped institutions (Williams & Nadin, 2010). These institutions are different from institutions of developed countries as they operate differently. Often there are not enough institutions that are able to cater to the entrepreneurs that need the support of their political and financial institutions. Hence it is very important to understand the role that institutions play in emerging markets.

2.6 Institutional Theory

Institutional theory is based on the foundation that “actors pursue their interests within institutional constraints” (Ingram & Silverman, 2002, p. 1). Widely known as the ‘Rules of the Game’, institutions, created by humans, set guidelines for the basis of human interaction (Zoogah, Peng, & Woldu, 2015). In the past few decades, institutional theorists have examined organisations and the field-level unit of analysis (Thornton & Ocasio, 2008). A key insight into institutional theory was the fact that formal organisations were taken for granted (Drori, Meyer & Hwang, 2006). Institutional forces are the ones to outline the interests and passions of individuals in society (Powell & Colyvas, 2008). However, not much research has been done on level issues. This is very important to institutional theory in order to understand the origin of institutional stability

and change (Dacin, Goodstein & Scott, 2002). By analysing the level interactions, economies can understand the dishonesty of individuals at the macro level and the actors at the micro level who establish, reshape or damage institutions (Bitektine & Haack, 2015). Institutional theory stresses on the lasting nature of institutions i.e., once an institution is established, it is bound to last (Suddaby, 2010). However, this is not always the case. This is because new institutions often replace old institutions as different individuals or groups come into power.

Every market faces institutional changes, however, in emerging markets, institutions and regulations change more frequently than in developed countries which either lead to instability or growth (Aoki, 2007). Hence it is important in international business literature to examine how these institutional changes affect emerging markets. Institutions in emerging markets often tend to continue operating despite losing their functionality (Bitektine & Haack, 2015). However, the aim of institutions in emerging markets is to improve their institutions in order to uplift their economies. Although constant changes in the institutions lead to instability, it may also lead to improvements.

Researchers have aimed at understanding how institutions which are set out to perform in the best possible way for the betterment of the country, often create setbacks (Cardinale, 2018). Institutional theorists suggest that the actors of the institutions are choosing to take certain actions over others and are not being structurally forced to take up certain actions, allowing them to take actions which are advantageous to them (DiMaggio, 1988). Institutions are meant to be modes of social structures in which actions are taken and must work as an instrument to provide stability and value to the social life. The work of individuals in the institutions leads to the success or failure of the institution, which have effects on the social life of the people as well (Meyer & Nguyen 2005). Since the beginning of institutional theory, the action taken by actors within the institutions has been the fundamental theme. These institutions are often limited by organisational, individual and societal factors (Cardinale, 2018).

2.7 Institutional Environment

Institutions can be classified into two levels: (1) Institutional Environment which is the set of fundamental political, legal and social ground rules that form the basis for production, and distribution and (2) Institutional Arrangement or Institutions of Governance which comprises of an arrangement between economic bodies that govern the manner in which

these units can cooperate (Covaleski, Dirsmith, & Samuel, 2003). The institutional environment plays a very important part in the institutional arrangement as it first sets out the 'rules of the game' and then controls the manner in which the 'game is being played' (Marquis & Raynard, 2015). The rules set out by these institutions have a great impact on how entrepreneurs will conduct their business ("Play the Game"). There are two kinds of institutional environments i.e. (a) Informal Institutions, which consists of customs, traditions, sanctions, and codes of conduct, and (b) Formal Institutions, which consist of laws of property, and conduct (Ngo et al., 2016). The most important duty of the institutions is to maintain a stable body for human interaction by reducing any level of uncertainty.

Despite the importance of stable institutions, institutions are constantly changing in countries all around the world and especially in emerging markets, due to external or internal sources, making them diverse and complicated (Epifanova, Romanenko, Mosienko, Skvortsova & Kurpchinskiy, 2015). These changes create uncertainty in institutions, which make it difficult to predict institutions in an accurate manner. These uncertainties not only cause a rickety institutional environment in that economy but also create a dilemma for firms who are trying to conduct business in that economy as they find it difficult to adapt to the changing policies made by the changing institutions (Kshetri, 2007). Due to this level of uncertainty, individuals are discouraged from investing their own resources and capabilities, which are necessary to grow.

When institutions are weak, firms lack the motivation to invest in themselves in that economy, which may lead them to invest themselves and their business elsewhere. This is a result of deinstitutionalisation i.e. when the working of an organisation becomes inefficient (Peng, 2003). In this case, scintillating individuals invest their time and money in other markets. This leads to the development of other markets that reap the benefits of such individuals by acquiring them overseas, allowing their economy to grow, whereas the economies with unstable institutions do not improve and benefit from their own intelligent individuals (Ngo et al., 2016). On the other hand, when entrepreneurs are unable to predict the certainty and strength of these institutions, they are unable to estimate the costs and benefits of their transaction with other firms, which lead them to either neglect, delay or invest in smaller projects causing growth barriers. Institutional predictability relates to the predictions of entrepreneurs on the future state of rules and regulations whereas institutional stability relates to an entrepreneurs experience of the

rules and regulations in the past (Phillips & Tracey, 2007). Although these are different, they are also interconnected, as the firm's experience in the past will also influence their predictability of what the institution is going to be like in the future.

Institutions impact the success or failure of businesses all over the world and especially in emerging economies as it helps in economic development. When the institutions are strong, the country has a greater potential for economic growth (Rodrik, Subramanian, & Trebbi, 2004). The quality of institutions impacts whether new entrepreneurs in emerging markets would start up a business. This helps us to understand the interrelationship between entrepreneurs and institutions. The rules and regulations of institutions do not have a fixed pattern. They may vary across cultures, depending on the power and the size of the economy at that moment (Echeverry, Haar, & Breton, 2014). Institutions in emerging countries are often not stable, they tend to be incremental, slow and often show a pattern of dependency. In developing countries, it is very difficult for institutions to strengthen their policies and promote entrepreneurship. In order to measure the quality of institutions in relation to entrepreneurship, the quality of legal services, property rights protection, corruption control and law enforcement are taken into consideration (Echeverry et al., 2014). The stronger these policies are, the more potential the country has for economic growth.

As countries all over the world are constantly developing, a major focus of international business lies in emerging economies. Entrepreneurship is a key factor that will help to uplift the economy of emerging markets. Until the late 2000s, entrepreneurship in the emerging markets was not focused on in academic research (Bruton, Ahlstrom, & Obloj, 2008).

Studies suggest that the gap between emerging economies and developed economies will slowly decline due to globalisation (Bruton et al., 2008). This is because information technology and other lower end innovations are now available to the developing world. This access to technology will help the developing countries to constantly develop and grow. Entrepreneurship, in general, focuses on profit maximisation and individual potential growth. However despite entrepreneurs having the knowledge and expertise that is required to start a successful business, the type of economy that it belongs to plays a vital role (Prasad, Rogoff, Wei, & Kose, 2005). Organisational and entrepreneurial behavior is often based on religion, educational system

and culture values and norms (Bruton et al., 2008). In a developing world, emerging economies are working on improving their institutional environment, which in turn enable entrepreneurs to start a business as opportunities are being provided to those who can seize the opportunities that are being provided to them.

The main assumption of institutional theory is that a broader environment influences the performance of individuals and organisations. This environment consists of various organisations, which are governed by various rules and norms (Epstein, Kieff, & Spulber, 2011). The institutional forces that influence individual and organisational behavior are divided into 3 categories, which are regulatory, cognitive and normative. The regulatory form of the institutional environment comprises of the formal system of rules and regulations that either restrict or enable certain behavior (Sambharya & Musteen, 2014). The cognitive forms relate to the rules and meanings that are formed on the basis of culture which influences individual behavior. The normative form of the institutional environment involves the informal socially driven models, which have been accepted. The impacts that these forms have on entrepreneurs is evident in the entrepreneur's cognitions and attitudes as well as their access to resources, venture capital and formal banking (Oliver, 1997).

2.8 Types of Institutions

As illustrated above, firms are not motivated to establish their businesses where institutions are unstable. Lack of stable institutions in the past reduces the confidence of future entrepreneurs as they predict that institutions will operate in the same way as they always have. Also, entrepreneurship in emerging markets is greatly impacted by the types of institutions. Hence entrepreneurs must be aware of the working of different types of institutions.

2.8.1 Normative Institutions

In terms of normative institutions, individuals must obey the norms of behavior and comply with what is acceptable to society. These institutions determine whether or not the activities of the entrepreneurs are supported and acceptable (Stephan, Uhlaner, & Stride, 2015). An important indicator of entrepreneurship in this environment is based on how society supports and values private businesses as a means for creating wealth in their society. When markets have less economic and market freedom, entrepreneurship will not receive great support and they will be forced to enter the informal sector (Webb, Tihanyi, Ireland, &

Simon, 2009). When the involvement of the government is high, entrepreneurs are less likely to fail (Sambharya & Musteen, 2014). The role of the government is certainly very vital in the economy. The better the government, the better will be the economy. When governments provide opportunities and support to the entrepreneurs, the more involved individuals will get in starting businesses. Market openness and freedom will encourage individuals to enter into new ventures. These institutions also ensure that businesses work fairly, which helps to maintain a positive business environment in those markets (Welter, Brush, & De Bruin, 2014). When there is overall support from normative institutions towards entrepreneurs, investors also feel encouraged and safe with investing in new ventures. These institutions play a vital role to opportunity-driven entrepreneurs who seek to create value for themselves and to society.

The formal institutions look into the social, economic, political and sociocultural institutional dimensions, which are powerful in the modern sector. These institutions include investments, banking institutions that regulate and incentivise transactions, exchanges and labour markets (Zoogah et al., 2015). These institutions are usually sophisticated, monetised and legalised in urban areas. Political institutions produce regulative bodies, which comprise of democratic and legislative systems. Often these bodies give rise to corruption, troublesome market incentives, which result in the misuse of resources (Bruton, Dess & Janney, 2007). Legislations affect both internal services and operations such as equal pay for both genders, external services, and operations such as antitrust (Zoogah et al., 2015). These institutions include the social and cultural norms, which are widespread in the society. They look after and control the social activities of individuals and groups.

2.8.2 Regulatory Institutions

This environment, which consists of formal rules and regulations, can either be advantageous and disadvantageous to entrepreneurs. The services that a country renders to entrepreneurs vary across different countries in terms of capital requirements, labour safety, licensing, labour regulations and the various other legal documentations and procedures that need to be followed in order to start a new business. For e.g., it takes 1 day to start up a business in New Zealand, whereas it takes about 700 days to start a business in Surinam (Sambharya & Musteen, 2014). Hence entrepreneurs would be more reluctant and discouraged from starting a business if the procedures are long and tedious.

Institutions in emerging countries are more likely to relate to institutional voids than those in developed countries. A key characteristic in the institutional context is that some emerging economies have weak laws. In China, the law is marginalised and the legal system is demoted to a lower position in a spectrum of meditative mechanisms. However, these laws can also be manipulated by the powerful sectors of the state and the society (Kshetri & Dholakia, 2011).

2.8.3 Cognitive Institutions

Cognitive institutions relate to the beliefs and values that tend to restrict behavior and act on the basis of culture. Culture plays a vital role in cognitive institutions as it influences the perception that people have on entrepreneurs in terms of risk-taking, initiatives and independent thinking. In a large emerging market like India, there are a large number of diverse cultures; hence, institutions tend to operate in a manner suitable to traditional cultural beliefs (Zoogah et al., 2015). These institutions need to protect the interests of individuals belonging to these communities as well as control them. These bodies play an important role in markets with diverse cultures. Some cultures may reward entrepreneurs and their ventures whereas others may look down upon it. Hence more constraints and restrictions lead to a level of uncertainty (Sambharya & Musteen, 2014). Due to high levels of uncertainty in certain countries, people are not willing to try new products and services, which make it very difficult for new ventures to survive.

2.9 Impacts of Institutions on Internationalisation

When firms want to internationalise they may face certain difficulties such as (a) the costs associated with geographic distance, (b) costs associated with the host country environment, (c) the cost from the home country environment and (d) the firms-specific cost which is based on any unfamiliarity with the local environment (Ngo et al., 2016). Past research has not examined the impacts that institutions have on entrepreneurship in emerging markets especially in relation to the internationalisation of firms and the issues that may arise during the process. Institutions represent the bosses of society that set out the rules or officially are the humanly devised restrictions by which human interaction is shaped.

Institutions in emerging markets are generally controlled by inefficient or corrupt governments, which makes their formal institutions weak and less efficient (Ma, Ding, & Yuan, 2016). However, in developed countries, institutions are efficient. These differences impact the internationalisation strategies and processes of entrepreneurs. The development

phase of institutions in the home country impacts a firm's tendency to internationalise and enhance its performance in the future. Well-established institutions enable firms to acquire more resources and gain more knowledge, which helps to internationalise. However in order for these firms to gather these resources they must be ready to exploit the benefits that these institutions provide (Hermelo & Vassolo, 2010). Hence firms must formulate their strategies by gathering knowledge and understanding the extent to which they can benefit from their institutions, rather than just being inactive beneficiaries.

Research suggests that there are two factors necessary to exploit institutional advantages i.e. (a) understanding institutions completely and (b) the ability to utilise these institutions (Ma et al., 2016). In general, firms have limited knowledge of institutional benefits. Strong institutions provide benefits like enhancing transaction efficiency, reduction in transaction cost which enhances and simplify transactions of the firm (Ma et al., 2016). The extent to which a firm can exploit these advantages is based on the extent of knowledge it has on the institutions, hence more knowledge leads to better benefits and less knowledge leads to fewer benefits.

Developed institutions have channels such as merchant bankers, investment analysts, credit rating agencies, recruiting agencies, investment bankers, advertising agencies which allow firms to gain access to resources in labour, product and capital markets (Ma et al., 2016). Once firms have identified the advantages, they must be able to utilise these advantages effectively in order to scale globally.

2.10 Emerging Markets Improving Institutions

Emerging markets need to create new policies in order to help in the economic development of their country, and to improve their institutions. In order to help economic development, governments are creating new policies by which firms are able to establish and conduct their business in an efficient manner (Henisz, 2000). This improves the performance of local firms and helps to attract foreign direct investment (Demirbag, McGuinness, & Altay, 2010). Developments in institutions directly impact the businesses of that country. When institutions develop, the enforcement of contracts improves, transaction cost reduces and factual information is improved which enhances the strategy of entrepreneurs in terms of price and quality (Henisz, 2002). The improvement of legal protection for investors help in creating long-term venture capital markets. This helps to generate knowledge and finance private technologies (Hermelo & Vassolo, 2010). As institutions develop, the smaller and

newer businesses are also able to establish themselves in the market along with large companies as developed institutions provide capital requirements and enhance economies of scale.

2.11 Summary and Research Gap

This chapter has presented the theoretical framework to be used in this study, which explores the impacts of improving institutions on entrepreneurship in emerging markets. Previous research has focused on the definitions of entrepreneurship, traits of the entrepreneur, and factors, which encourage growth in entrepreneurial firms. Past research has also highlighted that institutional development is a key facet of emerging market development. However, there is no previous research on the impact of developing institutions on entrepreneurship in these markets, thus forming a significant research gap. This research aims to explore this gap. The next chapter will outline the methodology and research methods to be used in the study.

Chapter 3. Methodology

The previous chapter outlined the theoretical framework underpinning this research. The key areas of research pertaining to this research topic were defined in order to present the foundation of this dissertation. The above chapter identified the key theories and types of entrepreneurship and institutions along with other important research areas relevant to this study. In particular, a research gap was identified in exploring the impacts of developing institutions on entrepreneurship in emerging markets. This chapter will outline the methodology and methods that were used in order to conduct this research and to answer the research question – How do Developments in Emerging Market Institutions Impact Entrepreneurship?

The following sections outline the methodology and method, based on a qualitative descriptive case study approach.

3.1 Philosophical Assumptions

In this study an objective ontology was used, comprising of human thoughts and beliefs once it was elucidated through social conditioning (Wahyuni, 2012). Ontology is the manner in which an individual views reality. This study attempted to identify the reality of the impact that developments of institutional environments had on entrepreneurship in an emerging market. The epistemology of this study focused on ways in which this research could bring about, understand and utilise the adequate and valid knowledge that was gathered (Scotland, 2012). The epistemology comprised of credible facts and data (Wahyuni, 2012). The epistemology was essential in reducing the phenomena of the impacts that the institutional environment had on entrepreneurship in an emerging market in an uncomplicated manner.

3.2 Research Paradigm

Post-Positivism is a paradigm, which can shift positivism from a confined context into a more evolved demeanor with the purpose of examining real-world problems (Henderson, 2011). This is important as the research question involved real-world problems, which made post-positivism a suitable paradigm for this study. Unlike interpretivism that investigates certain social concerns, post-positivism gives priority to meaning. Positivism is a broad practice that allows researchers to bring together theory and practice, which has enabled

researchers to be committed and motivated to their topic (Ryan, 2006). It also allows researchers to use a variety of appropriate methods to be carried out for data collection and analysis. The concept of positivism is often related to modernism, which shines a light on understanding the importance of rationalism and empirical knowledge which has been used in this study, rather than other ways of finding out the truth (Henderson, 2011).

3.3 Methodology

A Qualitative Descriptive methodology is a well-developed method of research, which helped this study to present an extensive summary of events in day-to-day terms (Sandelowski, 2010). This kind of methodology involves low levels of interpretation as compared to other qualitative approaches such as grounded theory or phenomenology, which requires high interpretation, which made it suitable to conduct this research. Since this study aimed at illustrating the ways in which developments in the institutional environment in emerging markets impact entrepreneurship', a qualitative descriptive methodology enabled the use of this studies inclination, perception, sensitivity and sensibility of the data (Sandelowski, 2000). This methodology also allows researchers to remain close to the data that they have collected and to the events that are taking place. Since there was less interference, there were more agreements made by different researchers on the required facts, which resulted in a detailed analysis of the data gathered (Colorafi & Evans, 2016). The reason for choosing this methodology was because (a) it enabled a wide range of choices for philosophical and theoretical orientations, (b) the possibility to use any purposive sampling technique (a typical case) and (c) the ability to provide a descriptive summary of the different information collected in the most systematic and compelling way in which the data fit best (Colorafi & Evans, 2016).

This methodology is based on the general foundation of naturalistic inquiry rather than a set approach as in grounded theory. Hence qualitative descriptive methodology allowed this study to identify the key areas of 'entrepreneurship and institutions in emerging markets' and then analyses 'How do Developments in Emerging Market Institutions Impact Entrepreneurship'?

This research question did not pertain to a single area such as a particular company, it was in relation to emerging markets and the changes being made in India, requiring a large amount of varied information, from policy details, to industry reports and statistics; hence secondary data collection was an appropriate choice. This study used qualitative data

collected, which (a) provided information and (b) involved a collection of data over a period of time (Leech & Onwuegbuzie, 2004).

3.4 Methods

The research method to be used in this study included a secondary case study. This chapter also includes the justification of the case selected, along with the data description, and data analysis techniques used in this study.

3.4.1 Case Study Method

In order to understand the impact that developments in the institutional environment had on entrepreneurship in emerging markets in a definite manner, a single case study design was used along with multiple data analysis (Aberdeen, 2013). A case study approach is used when (a) the aim of the study is to answer ‘why’ or ‘how’ research questions, (b) when the researcher is unable to manipulate the performance of those that are involved in the study, (c) a researcher wants to go over the circumstantial conditions because he/she believes that it will be related to the event that is under study and (d) the boundaries between the event and the circumstances are unclear (Baxter & Jack, 2008).

A case study approach allowed this research to examine how the developments in the institutional environment impacted entrepreneurship in an emerging market (India), which formulated a clear research framework. Also, this approach helped to identify patterns of research, which were assumed and established in past studies. It also allowed this study to identify the findings by adopting different viewpoints (Gibbert, Ruigrok, & Wicki, 2008). This was the best approach to answer the research question as it enabled this research to explore a wide range of data from the past and recent present which would not have been possible in the case of interviews or surveys as these approaches would not help this study to attain a great deal of data in the given time period.

According to Stake (1995), an instrumental case study is appropriate when the particular case is a clearly defined example of the phenomenon to be studied. As this research focused on the impact of developing institutions on entrepreneurship, the Indian context during this period was a clearly defined example to be used. The date range, 2014-2017, was the period in which the new government of India under the leadership of Mr. Narendra Modi came into power with the focus of improving institutions, promoting entrepreneurship and enhancing the Ease of Doing Business in India (Hall, 2015).

Therefore, this period was a strong example to explore the impact of developing institutions on entrepreneurship. The table below illustrates the sources of data that has been used in this study. For all the sources, this study used a consistent date range in searches of January 01 2014 – December 31 2017. The table below illustrates the theoretical support for using these initial constructs in the study.

Table 1. Data Collection Criteria & Sources

Theoretical Construct	Justification	Sources	Search For	Date Ranges
Institutions				
<ul style="list-style-type: none"> Political Institutions 	<p>Government support and encouraging policies enhance internationalisation (Li & Ding, 2017).</p> <p>The political developments in India have set a range of changes in motion, which aimed at inspiring the bureaucracy relieving the concerns of industry and to improve public sentiment. This is to restore faith in the public of sustained growth. Prime minister Modi's most significant announcement to boost entrepreneurship has been the setting up of a Ministry of Entrepreneurship and Skill development, under the Union Government in New Delhi (Muruges, 2014).</p>	<p>The World Bank</p> <p>Ministry of Skill Development and Entrepreneurship http://www.skilldevelopment.gov.in/index.html#</p> <p>Global Entrepreneurship Summit. https://www.ges2017.org/govt-of-india-support-for-entrepreneurs/</p> <p>The World Bank</p>	<p>Ease of Doing Business Ranking</p> <p>Entrepreneurship – Proposed Schemes/ Partners</p> <p>The Government of India Support for Innovation and Entrepreneurship in India</p>	<p>2014-2017</p> <p>2014-2017</p> <p>2014-2017</p>
<ul style="list-style-type: none"> Legal Institutions 	<p>Entrepreneurs in India need to spend more time on the development and marketing of products and managing operations rather than chasing papers for approvals in government offices (Muruges, 2014). Bureaucratic procedures i.e. licensing and approvals need to become faster and simpler in order for India to become a country where it is easy to do business.</p>		<p>Starting a Business (India)</p> <p>Business Reforms in India</p>	<p>2014-2017</p> <p>2014-2017</p>
<ul style="list-style-type: none"> Financial institutions 	<p>Trade Finance is the International Finance Corporation's (IFC) priority due to its high development impact in emerging markets. IFC's trade and Commodity Finance have contributed to \$145 Billion in global trade, to date. It is important to</p>	<p>The World Bank</p> <p>Reserve Bank of India</p>	<p>IFC and Emerging Markets</p> <p>Government Policy Changes</p>	<p>2014-2017</p> <p>2014-2017</p>

	<p>understand financial institutions, as access to capital is very important for entrepreneurs. About 1/3 of the top 500 companies in India are funded by venture capitals (Joshi & Subrahmanya, 2015). Hence in order for entrepreneurship to grow, financial institutions need to develop.</p> <p>Policies such as startup India brought a positive vibe to the entrepreneurship ecosystem. This initiative taken by the government highlighted the revolution of the Indian entrepreneurial sector which changed the youth of the nation from being job seekers to job creators.</p> <p>Government subsidies such as no capital gains tax, ease of doing business, no tax on startup profits for 3 years help to support new ventures.</p>	<p>Ministry of Micro, Small and Medium Enterprises</p> <p>Government of India -Ministry of Commerce and Industry https://www.startupindia.gov.in/status.php</p> <p>The World Bank</p>	<p>Entrepreneurship And Skill Development Progra</p> <p>Startup India Benefits</p> <p>Startup India Action Plan</p> <p>Subsidies to Entrepreneurs (India)</p>	<p>2014-2017</p> <p>2014-2017</p> <p>2014-2017</p> <p>2014-2017</p>
<p>Entrepreneurship</p> <ul style="list-style-type: none"> • Entrepreneurship Growth in India 	<p>In India, 83% of the workforce would like to be entrepreneurs, which is more than the global average of 53%. 56% of the individuals are also willing to quit their jobs to become entrepreneurs. Market-oriented reforms like Make in India</p>	<p>The World Bank</p> <p>Development commissioner of micro, small and medium enterprises. http://dcmsme.gov.in/data-stat.htm</p> <p>https://rbi.org.in/scripts/AnnualPublications.aspx?head=Handbook%20of%20Statistics%20on%20Indian%20Economy</p>	<p>New Businesses Registered</p> <p>New Business Density</p> <p>Data and statistics (Monthly financial and physical performance report)</p>	<p>2014-2017</p> <p>2014-2017</p> <p>2014-2017</p>

Entrepreneurs experiences	To triangulate with, and provide depth, to statistics	The Hindu Times of India	Entrepreneur AND government Entrepreneur AND ease of doing business	2014-2017 2014-2017
Informal Economy	Entrepreneurs in the informal economy were increasing out of necessity due to choices being unsatisfactory or absent (Williams & Nadin, 2010).	The Hindu http://www.thehindu.com/opinion/columns/Chandrasekhar/indias-informal-economy/article11119085.ece Times of India The Economic Times https://blogs.economictimes.indiatimes.com/cursor/end-of-the-informal-economy/	Entrepreneurship in the informal economy Informal economy	2014-2017 2014-2017
Informal economy statistics/Characteristics	To explore changes in the level of the informal economy as the institutions change	http://www.ilo.org/newdelhi/areasofwork/informal-economy/lang--en/index.htm Ministry of Statistics and Programme Information (2009-2010 report) http://mospi.nic.in/sites/default/files/publication_reports/nss_rep_539.pdf	Informal Economy	2014-2017
Context Details • Formal Institutions	(Fuentelsaz, Gonzalez, Maicas, & Montero, 2015) say that institutional environment dimensions such as Government policies and procedures, socioeconomic conditions, entrepreneurial and business skills and financial and non-financial assistance are important aspects from an entrepreneur's point of view. In order for India to regain its foreign engagement, the	Financial Express	Formal Institutions and entrepreneurship	2014-2017

<ul style="list-style-type: none"> Policy changes under Modi Government 	<p>Modi Government has taken initiatives such as Act East Policy and Neighborhood First Policy, with the hope that 'Indian Foreign Policy' will witness significant change (Chandra, 2017).</p> <p>Policy Changes</p> <ul style="list-style-type: none"> India.com Make in India, Jan Dhan Yojna (Setting up Banks with no balance) Skill India Start-Up India 	<p>Economic Times</p> <p>Global Entrepreneurship Summit</p> <p>Ministry of Commerce and Industry</p>	<p>Indian Prime Ministers Modi's Foreign Policy: First 100 days.</p> <p>Modi Government and Foreign Policy.</p> <p>Policy Changes by Modi Government</p>	<p>2014-2017</p> <p>2014-2017</p> <p>2014-2017</p>
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3.4.2 Case Selection and Background

The case selected for this study is India. This context is important as India, is one of the largest and fastest growing emerging markets with a significant portion of its workforce belonging to entrepreneurship (Todd & Jabalgi, 2007). Institutional change and development have been an ongoing process for India (Mukherji, 2015). The changes in institutions and policies being made by the new Indian Government has created a shift in the economic development in India, making this case study suitable to the research question by allowing this research to explore its impact on entrepreneurship (Sinha, 2017).

During the 1950s, the larger industries in India were mainly controlled by the public sector firms, which brought about a level of uncertainty of sector choice as well as opportunity recognition for small and start-up firms (Ghosh, Bhowmick, & Guin, 2014). Due to this uncertainty, start-ups were exposed to resource scarcity, rivalry competition and an abundance of opportunities. Hence a better understanding of the institutional environment uncertainty from the perception of an emerging market like India would help entrepreneurs to equip themselves to seek opportunities, enhance performance and gain competitive advantage.

India's GDP in 2014 – 2.035\$ trillion, 2015 – 2.09\$ trillion an 2016 – 2.264\$ trillion (The World Bank, 2018a). In India, reports show that 29.8 million MSMEs in India contributed to 11.5% of the GDP, employing nearly 60 million Indians (International Finance Corporation, 2014). In 2016, India's economy grew by 8.0% in that fiscal year, which has been the fastest since 2011-12. However, in 2017 it fell to 7%. The IMF forecast states that this drop will only be short-lived due to the impact of demonisation and will rise back to 7.7% by 2019 (International Labour Organization, 2017). India's GDP stability illustrates a suitable economy for entrepreneurship, which also makes it a suitable emerging market to examine with respect to entrepreneurship and institutional development.

India has accomplished major changes in terms of 'Ease of Doing Business'. The World Bank's Ease of Doing Business Ranking stated that India entered into the top 100 of the World Banks Ease of Doing Business Global Ranking for the first time ever in 2017 (The World Bank, 2017a). This was a great achievement as it jumped 30 places in just one year since 2016. India also was one of the top 10 improvers in Doing Business as it implemented 8 out of 10 Doing Business indicators (The World Bank, 2017a). This shows how India is moving towards a 'Better India' where the country is shifting towards

the best practice they can achieve in business regulation. India's strength lies in attaining electricity, protecting minority investors (currently 4th in the world) and getting credit (The World Bank, 2017a). The 'Ease of Doing Business' impacted entrepreneurship in India by removing barriers and encouraging local firms to establish themselves in the formal economy. In order to help increase the 'Ease of Doing Business', emerging markets are also taking measures to help start-ups in India (Ghosh et al., 2014).

This shows how an emerging market like India, is finally changing its ways in which business is conducted and how there is a shift in the 'ease of doing business', making India's Ease of Doing Business suitable as the case selection. Once a large emerging market like India makes changes in their institutions, which benefit businesses and entrepreneurs, it directly affects international business as more countries want to get involved with India and may expand their business to such a country significantly. This will enable entrepreneurs to be more capable of conducting business and will motivate more people to be self-employed. Such improvements may also encourage other emerging markets to improve their institutions.

3.4.3 Data Description

In total, this study gathered 45 sources of data. Table 2. Themes and Sources of Data provide a breakdown of the data set that has been used in this study.

Table 2. Themes and Sources of data

Themes	Number of Sources
Government Support	33
Statistics and Rates of Change	20
Future of Indian Entrepreneurs	20
Youth Entrepreneurship	8
Skill Development	12
Female Entrepreneurship	8
Business Licensing	13
Development of India	6
India Vs. World Entrepreneurs	7
Job Creation	9
Business Reforms	12
Ease of Doing Business	13
Foreign Policy	1

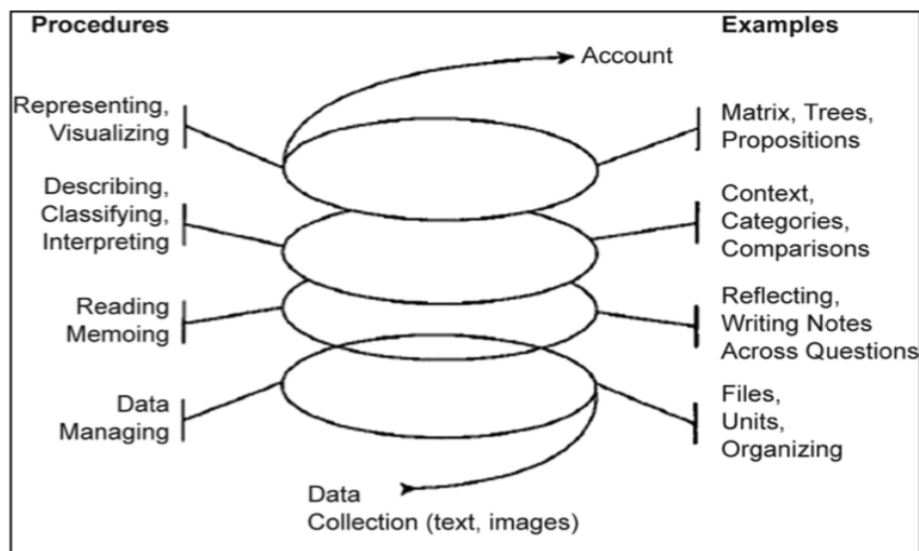
Modernising India	6
Gross Domestic Product	6
SMEs Growth	5
Financial Support	2

3.4.4 Data Analysis

This study used thematic analysis to analyse the data (Vaismoradi, Turunen & Bondas, 2013), coding themes, which arose. This was both an inductive and a deductive process. Thematic analysis is used to analyse different kinds of themes (Jones, Coviello & Tang 2011). Themes are important topics, which are gathered after analysing different sources of data. Initially, this study searched for themes, which either fell into institutional development, or entrepreneurship, area. Thereafter, the constituted themes within each of the broad areas were determined, by drawing on the literature in chapter two. Once this literature-led process was complete, the study evaluated the data and searched for additional themes outside of these, in an inductive process.

Once the initial coding was complete, these themes were grouped into 17 themes. This process is reflective of Creswell's analytic spiral (Creswell, 2007).

Figure 1. Creswell's Data Analysis Spiral



Source: (Creswell, 2007)

There were 17 themes that emerged namely, *government support, statistics and rates of change, youth entrepreneurship, future of India, skill development, female entrepreneurship, business licensing, impact of entrepreneurship on the development of India, Indian entrepreneurs vs. entrepreneurs around the world, job creation, business reforms, ease of doing business, foreign policy, modernising India, GDP growth, SMEs growth and financial support*. As there were a number of themes, the themes were then combined. In order to achieve a suitable outcome, each source was marked with a yes (y) or a no (n) based on the themes they covered. This helped to create a pattern by the separation of all the themes with the (y)'s. These themes were then combined based on the amount of valid information that was found and their relevance to the research question.

3.5 Summary

This research used a qualitative descriptive methodology to conduct this research. Secondary data collection was used, such as government publications, media sources, national newspapers and organisational websites to collect the data. The multiple sources enabled this research to gather themes and ideas, which were then compared and interpreted in order to gain an in-depth understanding of the area that was researched (Hox & Boeijs, 2005). Secondary data collection proved to be of significant importance in this research, as it enabled this study to analyse different sources of data in this research area and study India as a case. Secondary data collection allowed this research to gather information on entrepreneurship, institutional changes and the improvements made in India to enhance the 'Ease of Doing Business'. In the following chapter, the findings of this research will be presented.

Chapter 4. Findings

In chapter two, this study outlined a research gap in relation to the impact of institutional change on entrepreneurship in emerging markets, and formed a research question to guide the research of ‘How do Developments in Emerging Market Institutions Impact Entrepreneurship?’ This research question was explored in relation to the case of India’s institutional development from 2014-2017. A qualitative descriptive methodology was used to collect, analyse and interpret the collected data. As demonstrated in the above chapter, these findings were a result of a systematic and meticulous analysis of the secondary data that was collected.

In this chapter, the findings of the research are presented. To demonstrate the findings of this research, themes have been used to present the findings in the most suitable manner. The time frame used to gather these findings is from 2014-2017. This period has been used to gather data due to the significant changes that have been made in the institutional environment to promote and support entrepreneurship in India by the current government, under the leadership of Prime Minister Narendra Modi who came into power in May 2014 (Hall, 2015).

From the analysis of the data, five themes emerged, namely *Ease of Doing Business*, *Financial Aid to Businesses*, *Trends in Entrepreneurship*, *Government Support for Entrepreneurs*, and *Entrepreneurship and Culture in India*.

The remainder of this chapter will outline these findings. The first part of this chapter illustrates the developments of the institutional environment in India under Institutional Development. This section addresses all the relevant data that was collected and analysed with respect to India’s *Ease of Doing Business*. This is because this study aimed at explaining the ways in which institutional developments in an emerging market such as India, impacted entrepreneurship, which is demonstrated by the findings in this section. This section then illustrates how institutions are providing *Financial Aid to Entrepreneurs* in India. The second part of this chapter investigates Entrepreneurship in India. Within this section, the *Trends in Entrepreneurship* within the proposed time frame of 2014-2017 are addressed, to help understand how entrepreneurship in India has evolved during this time under the new government. After that, the *Government Support for Entrepreneurs* has been illustrated, which is demonstrated in the initiatives taken by the

current government to support and promote entrepreneurship in India. Finally, the last theme is *Entrepreneurship & Culture in India*, which is an important part of entrepreneurship in India as entrepreneurship was viewed differently by different cultures but now entrepreneurship in India is being viewed positively by most cultures.

4.1 Institutional Development

Institutions have proven to be a key factor that influences entrepreneurship in India (Hermelo & Vassolo, 2010). As addressed above in May 2014, Narendra Modi came into power as the Prime Minister of India with the intent of changing the face of India (Hall, 2015). Data in this section demonstrates the development of institutions over the period of 2014-2017 particularly in the area of Ease of Doing Business, where India has shown significant progress in its political institutions that have improved India's world ranking in the Ease of Doing Business, attaining electricity faster and making the processes of setting up businesses cheaper and easier. Financial institutions are also playing a major role in funding entrepreneurship.

During this time frame, the institutions have developed a number of 'business reforms', which have improved entrepreneurship in India. In 2015, starting a business was made easier by reducing the registration fees, while acquiring electricity was also made easier due to the reduction of security deposits required to start a new connection (The World Bank, 2014b). In 2014, it took 30 days to obtain construction-related permits and 16 days to obtain operation licenses (The World Bank, 2014b). In 2016, starting a business was made easier by abolishing the minimum capital requirement and the requirement of a certificate to begin business operations. Minority investors were protected as the government made laws by which board members had to disclose most of their conflict of interests and the safeguards of shareholders of private companies was also increased (The World Bank, 2018a). India has adopted 37 reforms since 2003, of which 50% of these reforms were implemented during the time frame of this research – 2014-2017 (The World Bank, 2017e). The implementation of half of these reforms in just four years illustrate the initiatives taken by the new government in India which focused on improving the Ease of Doing Business.

Payment of taxes was also made easier with the introduction of 'computer systems' for the payment of employee state insurance contributions. Importing and exporting was made simpler with the launch of the 'Customs Electronic Commerce Interchange Gateway

Portal’ making the border and portal documentation procedures simpler (The World Bank, 2018a). India faces difficulty when it comes to the law, as the time taken to complete cases was long. This creates a sense of discomfort, as foreign investors are reluctant to invest in India due to their weak legal framework. Businesses also face delays due to the lack of efficiency in the courts. Often the delay of cases in court makes the operating cost much more than the actual amount involved in the settlement (The Times of India, 2017b). In order to tackle these problems, the current government introduced e-summons and e-fillings in the district courts to speed up the process. The current government has also allotted five district courts and five city civil courts as “commercial courts” in order to reduce the cases that are flooding the high courts.

The outcome of the developed business reforms explained above could be further understood in the first theme of this chapters findings *Ease of Doing Business*.

4.1.1 Ease of Doing Business

The *Ease of Doing Business* is the first theme of this findings chapter. The Ease of Doing Business in India has improved significantly. For e.g. for the first time ever, India ranked in the top 100 in the World Banks Ease of Doing Business Ranking in 2017, which shows how institutions in India are developing and making it easier for individuals to conduct business.

The table below demonstrates certain data pertaining to the accomplishments of India with respect to the first theme of this findings chapter.

Table 3. Ease of Doing Business

References	Data	2014	2015	2016	2017
(The World Bank, 2014a), (The World Bank, 2015a), (The World Bank, 2017b), (The World Bank, 2017d)	Ease of Doing Business (World Ranking)	134	142	130	100

(The World Bank, 2018b).	Starting a Business (Distance to Frontier)	60.65	63.33	73.24	73.69
(The World Bank, 2018b).	(Procedures)	13.5	13.9	12.9	12.9
(The World Bank, 2018b).	(Days)	32.6	35	30	28.5
(The World Bank, 2018b).	(Construction Permits)	32.5	32.5	32.5	32.5
(The World Bank, 2017b), (The World Bank, 2017b), (The World Bank, 2017b), (The World Bank, 2017a)	New Business Density (New registrations per 1000 people 15-64yrs)	0.084	0.094	0.107	0.110
(The World Bank, 2018e), (The World Bank, 2018e), (The World Bank, 2018e)	New Businesses Registered	69841	80546	93714	-

Firstly, the World Bank's Ease of Doing Business Ranking illustrates that despite their shortcoming in 2015, for the first time ever, India entered the top 100 of the World Bank's Ease of Doing Business in 2017 where the total number of countries in this index was 190 (The World Bank, 2017b). This was very significant as India jumped 30 spots from the previous year which was one of the greatest year-on-year improvements accomplished by any country (The World Bank, 2018c). These improvements are a result of significant changes being made in the institutional environment which contributed to the Ease of Doing Business in India as explained in this section below.

Secondly, starting a business was also made easier and faster as measured by the Distance to Frontier measurements i.e. the measurement of the distance of an economy to the 'frontier' that symbolises the best performance in the topics of Doing Business (The World Bank, 2017b). As illustrated in the above table, India has shown significant improvement in the DTF measurement. The procedures and days taken to start a business also reduced during the time frame of this study, while the construction permits remained the same. Thirdly, the new business density gradually increased. Finally, the number of new businesses registered increased significantly. The data presented with respect to New Businesses Registered, is a combination of the relationship between entrepreneurship and the business environment (The World Bank, 2018c).

The above findings demonstrate how the Ease of Doing Business in India has improved during this study's timeframe, as measured by The World Bank. Indians are now leaning towards entrepreneurship and the numbers of businesses are rising. Also, in order to measure entrepreneurial activity, the new business registered are attained from 139 company registrars (The World Bank, 2018c).

The amount of time taken to acquire an electricity connection in Delhi has gone from 138 days in 2013 to 45 days in 2017 and is placed 29th in the global ranking of the Getting Electricity indicator (The World Bank, 2017e). The time required to start a business in India has gone from 127 days in 2002 to 30 days in 2017 (The World Bank, 2017e). India's startup ecosystem was identified as one of the fastest growing startup ecosystems with 3,100 startups and was the 3rd largest startup ecosystem in 2015 (The World Bank, 2015b). Prime Minister Modi's goal is to reach the top 50 in the Ease of Doing Business Global Ranking (Arora, 2015).

India ranked 2nd with respect to the most 'confident people' in terms of their economy worldwide in the IPSOS economic pulse of the world study at the end of 2014 (Prime Minister of India, 2018). Such a boost of confidence in only the first year of the new government has greatly influenced a number of entrepreneurs and has resulted in the setting up of new businesses all over the country (Prime Minister of India, 2018). India ranks in the top 50 economies with respect to 3 indicators namely- Getting Electricity, Protecting Minority Investors and Getting Credit (The World Bank, 2016). Also, Entrepreneurs who are interested to open a new enterprise would be able to do so by filling just one form called INC-29 rather than filling 8 forms, which helped in the Ease of Doing Business (Arora, 2015). The Doing Business 2018 ranking identified India in the top 10 improvers amongst 190 countries. India is the only country in South-East Asia and BRICS (Brazil, Russia, India, China and South Africa) to be listed in the top improvers of Doing Business (The World Bank, 2018d).

The applications for the Tax Account Number (TAN) and the Permanent Account Number (PAN) were merged in order to speed up the process of starting a business (The World Bank, 2017a). These accomplishments have been achieved due to the continued implementation and improvements of business reforms initiated by the Modi government since 2014 (The World Bank, 2018d). In order to further improve their ranking, India is now focusing on 90 measures which include simpler registration procedures of new firms,

faster ways of obtaining construction permits, use of Aadhaar cards and providing cash refunds on capital equipment imports (The Economic Times, 2018a).

Despite India's accomplishments, they do have major drawbacks. India ranks 181st with respect to cost and 185th with respect to procedures, 95th with respect to time taken to acquire building permits and 65th with respect to quality of building regulations (The World Bank, 2017e). India also ranks 164th with respect to enforcing contracts, 185th in the time taken to settle conflicts and 51st with respect to quality of judicial processes (The World Bank, 2018h). This shows that despite India's significant improvements in their quality of regulations it is still falls behind in the implementation of laws (The World Bank, 2018d). The time taken to enforce a contract was more in 2017 at 1445 days as compared to 1420 days in 2012 (The World Bank, 2017e). The time taken to register a property increased in 2016 – 53 days as compared to 46.8 days in 2014/15 (The World Bank, 2018h). The procedures taken to register a property in India increased to 8 in 2016 and 2017 as compared to 7 in 2014 and 2015 (The World Bank, 2018g). Hence, India's institutional development has shown significant progress in improving the 'Ease of Doing Business' but still has room for improvement.

4.1.2 Financial Aid to Businesses

In order for entrepreneurs to establish and continue a business that can survive and succeed, financial aid is very important, hence the second theme of this findings chapter is *Financial Aid to Businesses*. In 2015, The World Bank approved a 550\$ million loan to help support startup franchising finance and debt development in India (The World Bank, 2017f). The International Finance Corporation is now working to spread 'awareness' of the financial resources that are available to entrepreneurs in India and focuses on (a) creating awareness of financial support that is available to women-owned businesses in India, (b) strengthen the financial sector with respect to its capacity in order to provide the best financial services to women entrepreneurs and (c) prove that women entrepreneurs in India will be able to sustain and profit much more if they are aware of the help available to them (International Finance Corporation, 2014).

The Startup Hub will help entrepreneurs through their business lifecycle with respect to financing. Startup Hubs will allow entrepreneurs to work and get support from banks, consultants and experienced business partners (Ministry of Commerce and Industry, 2016). The government is also creating measures to fund startups through the 'Fund of

Funds' which will have a total corpus of 10,000 crores which will be used over 4 years (Ministry of Commerce and Industry, 2016). Startup incentives are also being issued for the first 3 years of the startups, such as income tax exemption on profits (Ministry of Commerce and Industry, 2016).

The Modi government helped to recapitalise banks in the public sector with an infusion of 32\$ billion, which include 1.35 trillion rupees in recapitalisation bonds and 760 billion rupees in budgetary support (The Diplomat, 2017). The overall financial aid of capital-backed ventures in India topped at \$12 billion, which covered 1220 deals in 2014-15, out of which \$7.3 billion was invested in 880 deals in 2015 (The Economic Times, 2016). In the 2015-16 Budget speech, the Finance Minister announced that 150 crores would be granted to the Atal Innovation Mission (AIM) that focused on entrepreneurship and innovation which would prove to be vital to 'awareness' of financial resources, entrepreneurial growth, and job creation in the following years (NITI Aayog, 2015). Out of all the measurements taken in the Ease of Doing Business in India, Getting Credit was one of the major improvements made by the financial institutions in India (The World Bank, 2017c).

4.2 Entrepreneurship

The first part of this findings chapter demonstrated the ways in which institutions in India are promoting/supporting entrepreneurship and also how an emerging market such as India is improving the ways in which business is being conducted. The second part of this findings chapter pertains to Entrepreneurship. In this chapter, the data first presents the *Trends in Entrepreneurship* during the time frame of this research (2014-2017) to help understand how entrepreneurship in India has evolved in the recent past. Following that, the data illustrates the initiatives and promotion efforts taken by the government, which demonstrates the *Government Support for Entrepreneurs*. Finally, *Entrepreneurship & Culture* in India helps to understand how the mindset of entrepreneurship has shifted.

4.2.1 Trends in Entrepreneurship 2014-2017

The third theme, *Trends in Entrepreneurship*, illustrates the changes being made in entrepreneurship in India in the recent past. In 2014, the World Economic Forum categorised India as a factor-driven economy, which exhibits positive attitudes towards entrepreneurship. A Global Entrepreneurship Monitor survey 2014-15 reported that 4.1% of entrepreneurs are nascent entrepreneurs while 2.5% are new business owners (Shukla,

Tanuku, Bharti, & Dwinvedi, 2014). A total of 6.6% in the Total Early-Stage Entrepreneurial Activity (TEA), show that 1 in every 14 adults are involved in some form of entrepreneurial activity in the early stages. This number is expected to grow to 7.66% in 2015-2016, as more adults are inclined to start new businesses (Shukla et al., 2014). Whereas in 2016-17, 4% of the entrepreneurs belonged to nascent entrepreneurs while 7% belonged to new business owners, combining a TEA score of 11% (Shukla, Parray, Chatwal, Bharti, & Dwinvedi, 2017). Before 2014-15, entrepreneurs in India were necessity driven. Individuals would open up small businesses to earn a living for their families. However, in 2016-2017 entrepreneurship flourished due to opportunity-driven entrepreneurs who wanted to exploit business opportunities. Also, the fear of failure rate of entrepreneurs in India fell from 44% in 2014-15 to 37.5% in 2016-17 (The Economic Times, 2018b). Entrepreneurial intention grew from 9% in 2014-15 to 14.9% in 2016-17. In 2015, the number of active investors in India grew to 490, more than double the number of active investors in 2014, which stood at 220 (The Economic Times, 2016). The number of entrepreneur's memorandums filled across India grew from 362,991 in 2014 to 425,328 in 2015 (The Statista Portal, 2018).

Sole proprietorship in India accounted for 62.5% of the working force (The World Bank, 2014b). Only 4.69% of India's population has gone through formal skill training (Ministry of Micro Small & Medium Enterprises, 2015). MSMEs in India account for a total of 80% of the total industrial enterprise while employing 117 million Indians. Since 50% of these enterprises are rural enterprises belonging to the low-income states, this sector is very vital to India's economic growth. Every year, 1 million people enter the labour force in India (The World Bank, 2017f).

Along with governments, entrepreneurs in India are also taking certain measures to expand the entrepreneurship ecosystem in India. A group of entrepreneurs in Andhra Pradesh formed a non-profit organisation known as StartAp. They launched a programme called StartAp100 with the primary focus of mentoring and creating 100 successful entrepreneurs by 2020 (Srinivasan, 2018). This programme will help Startups to scale their business. In order to bring new products into the market, StartAp would also organise other programs such as StartAp Campus, StartAp Fest, StartAp 100, and StartAp Go with the aegis and support of the State government. The Ministry of Small and Medium Enterprises are focusing on Entrepreneurship Development programs to further enhance the expertise of new and potential entrepreneurs (Ministry of Skill Development & Entrepreneurship,

2017a). As the business environment improved since 2014, the amounts of people wanting to become entrepreneurs were 83% in 2017, which exceeded the global average of 53% (The Times of India, 2017a).

4.2.2 Government Support for Entrepreneurs

Government Support for Entrepreneurs is the fourth theme of this findings chapter. Improvements to develop the skills of the working class and entrepreneurs have been made by institutions in the past few years. The National Policy for Skill Development and Entrepreneurship in 2015 is much more efficient than the National Skill Development Policy in 2009 (Ministry of Skill Development and Entrepreneurship, 2015). In order for the skill development policy to improve, the government is implementing a policy where 25% of the schools will incorporate the skill development program for future entrepreneurs from class nine onwards (Ministry of Skill Development and Entrepreneurship, 2015). The focus of the National Policy for Skill Development and Entrepreneurship is to (a) bridge the gap between entrepreneurs and their peers/incubators and mentors, (b) promote women entrepreneurship, (c) improve access to financial support, (d) educate and prepare future/early stage entrepreneurs and (e) improve the ease of doing business (Ministry of Skill Development and Entrepreneurship, 2015). In order to promote entrepreneurship in India, the government has initiated tax incentives for upcoming entrepreneurs (Ministry of Skill Development and Entrepreneurship, 2015).

4.2.3 Government Initiatives to Promote Entrepreneurship

During the period studied, the Modi Government implemented a number of initiatives, which directly aimed to support the growth of entrepreneurship in India.

1. **Startup India** – In 2016, the government of India launched Startup India with the aim of promoting entrepreneurship through nurturing, mentoring and facilitating startups during their entire business lifecycle. This initiative provides a free online learning programme which goes on for 4 weeks, setting up of research parks and has established startup centers to create strong networks of academia (Global Entrepreneurship Summit, 2017). A ‘Fund of Funds’ has also been set up which enables startups to gain access to funds. This initiative was created by the government to create and enhance the entrepreneurship ecosystem where entrepreneurs could succeed without any barriers through Learning Programs, Easy Compliance Norms, Facilitated Patent Filing, Funding Support and Tax benefits.

Startup India is an initiative to enhance innovation and encourage startups, which will increase the entrepreneurship ecosystem, create sustainable growth and provide large-scale opportunities for employment (Ministry of Commerce and Industry, 2016). The Startup India action plan states that individuals will be given permission to self-certify consent through the Startup Mobile App as well.

The government introduced 37 reforms to improve the procedure of taxes, insolvency settlement, and to protect the interest of minority shareholders (The Diplomat, 2017). The amount of support and initiatives created shows the interest being taken by the new government. In August 2017, more than 212 entrepreneurs and startup founders from the education, financial and health sectors presented their ideas and plans to the Prime Minister of India in the ‘Champions of Change’ programme. The Prime Minister also joined these entrepreneurs for an informal dinner after. This shows that the government is not only supporting entrepreneurs in India, but the Prime Minister himself is directly getting involved to promote entrepreneurship (The Economic Times, 2017).

2. **Make in India** – In September 2014, the Government of India launched this initiative with the intention of transforming India into a global design and manufacturing hub. This initiative was a powerful statement being made to the Indian citizens, business leaders and to potential investors from all around the world (Global Entrepreneurship Summit, 2017). This initiative was one of the most significant ones taken by the government in the recent history of India. By replacing outdated and intrusive frameworks, with the user-friendly and transparent system, this initiative has helped to support innovation, protect intellectual property (IP) and acquire investments from all over the globe.

3. **Digital India** – This initiative was created to make all government services electronically available to the public. To help India’s Ease of Doing Business, this initiative helps to provide high-speed Internet while securing India’s cyberspace (Global Entrepreneurship Summit, 2017). In order to promote Digital India to people all over the country, the digital services and resources will also be provided in all Indian languages.

Other Initiatives launched by the government to support and promote entrepreneurship in India are Atal Innovation Mission (AIM), Support to Training and Employment Programme for Women (STEP), Jan Dhan-Aadhaar Mobile (JAM), Trade-

Related Entrepreneurship Assistance and Development (TREAD), and National Skill Development Mission (Global Entrepreneurship Summit, 2017).

With the promotion of entrepreneurship and improving institutions, the employment opportunities are estimated to increase from 461.1 million in 2013 to 581.9 million in 2022 (Ministry of Skill Development and Entrepreneurship, 2016). The Skill India policy is promoting an entrepreneurship culture supporting and unifying entrepreneurship education as a part of formal education (Ministry of Skill Development and Entrepreneurship, 2016). Research suggests that in order for India to make the best use of its youth, skill development programs need to begin at an early stage, where there are more educational courses to equip students from their schooling days (The British Council, 2016). India's skilled workforce is at 4.69% as compared to developed countries whose skilled workforce ranges from 60-90%. In order to improve India's workforce and create an entrepreneurial ecosystem in India, the Government of India has implemented over 40 Skill Development Programs (SDPs), which are controlled and managed by more than 18 Ministries and Departments of the Government (Ministry of Skill Development and Entrepreneurship, 2017b).

Skill India is focusing on ways to equip students to become entrepreneurs. Students who are enrolled in schools (10+2) will be offered two courses pertaining to entrepreneurship (a) Foundation Course – Analysing, examining, understanding and researching entrepreneurship and (b) Advanced Course – Preparing these students to start a new venture (Ministry of Skill Development and Entrepreneurship, 2017b). Entrepreneurship Development Centers are also being set up which will be a 30-hour course spread of 3 months which will help in tackling certain business skills (Ministry of Skill Development and Entrepreneurship, 2017a). Entrepreneurship HUBs are being established to run entrepreneurship education programs (Ministry of Skill Development and Entrepreneurship, 2017b).

In order to enhance the entrepreneurship ecosystem and recognise the efforts of entrepreneurs, the government has implemented the “National Entrepreneurship Awards” which happens every year (Ministry of Skill Development and Entrepreneurship, 2017b). Studies show that India will be the country whose economy will flourish in a time where the global economic outlook is mediocre (The World Bank, 2015c). The training and development of entrepreneurship are one of the major factors in the promotion of micro, small and medium enterprises (Ministry of Micro Small & Medium Enterprises, 2015).

However, The Ministry of MSMEs are the ones that support the state government in the order to promote and develop entrepreneurship (Ministry of Micro Small & Medium Enterprises, 2015). Entrepreneurship Development Programs (EDPs) are being set up by the current government to train the youth entrepreneurs on the challenges that they will face when setting up MSMEs (Ministry of Micro Small & Medium Enterprises, 2015). Entrepreneurship Skill Development Programme (ESDP) is a training program being provided in order to enhance the skills of the current workforce belonging to the MSME sectors, which helps firms to attain the best outcomes (Ministry of Micro Small & Medium Enterprises, 2015).

4.2.4 Entrepreneurship & Culture in India

The fifth theme of this findings chapter is *Entrepreneurship & Culture in India*. Most of the cultures have entrepreneurship inbuilt in them, however many of them don't. The government is trying to promote entrepreneurship by making people realise the opportunities and benefits of becoming entrepreneurs with their support (Ministry of Skill Development and Entrepreneurship, 2015). Culture in India has been argued to view entrepreneurship as too risky and has been avoided due to the fear of failure (Ministry of Commerce and Industry, 2016). However, with the current government aiming to spread awareness and opportunities, the challenges of culture and mindset with respect to entrepreneurship is changing. Initiatives like Make in India also provides support for long-term entrepreneurship by joining them to large-scale economic and social programmes (NITI Aayog, 2015). The perception of entrepreneurship is now changing amongst cultures as 44% of entrepreneurs view entrepreneurship as a desired career in 2016 as compared to 39.3% in 2015 (Shukla et al., 2014).

4.3 Summary

This chapter presented the findings from the secondary data collected to answer the research based on the research question –‘How do Developments in Emerging Market Institutions Impact Entrepreneurship in India’? In particular, it was found that India’s Ease of Doing Business has improved significantly by entering the top 100 in the World Bank’s Ease of Doing Business ranking for the first time ever, which was achieved under the current government. Business reforms are being implemented to speed up the time taken to start a business as well as reducing costs by reducing registration fees as stated above. Many financial institutions are creating ways to fund entrepreneurship in India and are focusing on spreading ‘awareness’ of the financial resources that are available to

entrepreneurs. Entrepreneurship in India during the time frame of this study has demonstrated that individuals are now leaning towards entrepreneurship out of choice rather than necessity. Along with the government support, other entrepreneurs are also promoting entrepreneurship in India by helping entrepreneurs to scale their business such as the StartAp organisation that aims at mentoring entrepreneurs at no profit. The current government has implemented a number of initiatives to support and promote entrepreneurship in India. They are also trying to modernise India by implementing the Digital India initiative. Finally, entrepreneurship in India is being looked at from a positive viewpoint by many cultures. In the following chapter, the implications of this research will be discussed in light of the theoretical framework presented in chapter two.

Chapter 5. Discussion

The previous chapter outlined the findings of this study. The findings were presented with respect to India's Ease of Doing Business during the period of 2014-2017 under the leadership of Mr. Narendra Modi. This chapter discusses the key findings of this study in light of the literature presented in chapter two, as well as highlighting key areas of contribution to the extant literature.

5.1 Support for Institutional Literature

The literature on institutional theory suggests that actors of institutions act in ways, which are advantageous to them (DiMaggio, 1988). The findings of this study demonstrate that in developing the initiatives, the actions taken by the actors of institutions have provided benefits to Indian entrepreneurs such as financial aid and tax incentives (The World Bank, 2017f; Ministry of Skill Development and Entrepreneurship, 2015). These benefits may at first seem to benefit parties outside of these institutions i.e. not the institutional actors, in this case, the Modi government. However, the growth of the entrepreneurial sector is closely aligned with the aims of the Modi government of positioning India as a hub of innovation and entrepreneurship. Therefore, these actions of the institutional actors are reinforcing the government's legitimacy, to the benefit of these actors. Therefore, the findings of this study support the key tenants of institutional explanations of institutional behavior and development.

The literature also highlights the fact that institutional leaders are able to create significant changes in emerging markets by setting goals and managing the institutions in an efficient manner in order to achieve those goals (Cardinale, 2018). In the case of India, this is evidenced by the measured improvements in India's Ease of Doing Business (The World Bank, 2017b).

The findings of this study therefore also find agreement with the literature that in emerging markets, institutional development is related to the growth of entrepreneurial activity in the formal sector (Williams & Nadin, 2010). This is due to the fact that when institutions develop, they provide support and benefits to entrepreneurs operating in the formal economy, such as tax incentives, funding of startups, and entrepreneurship training which motivates entrepreneurs in the informal economy to enter the formal economy

(Ministry of Skill Development and Entrepreneurship, 2015; Global Entrepreneurship Summit, 2017; Ministry of Skill Development and Entrepreneurship, 2017b).

Despite the importance of improving institutions in emerging markets, it has also been previously found that there is historical legacy of poor institutional development to overcome before seeing marked institutional development (Phillips & Tracey, 2007). The findings of this study support that this change will not be a linear path of development and countries will experience setbacks along the way and require adequate time to ‘right the wrongs’ of the past (International Labour Organization, 2017). This is demonstrated in India’s ranking path in the Ease of Doing Business Ranking where India entered the top 100 in 2017 after a setback in 2015 (The World Bank, 2017b).

Overall, the results of this study suggest that while institutional development is a key characteristic of emerging markets, and development of these institutions is important for the development of the formal entrepreneurial sector, this development path is historically, and contextually specific.

5.2 Importance of Widespread Business Reforms

It has previously been suggested that in order for a country to increase its potential for economic growth, they must implement robust policies (Echeverry et al., 2014; Smith & Chimucheka, 2014). These policies are outlined in the literature as the ‘Rules of the Game’ (Marquis & Raynard, 2015). However, oftentimes the justification of these reforms is given to attract Foreign Direct Investment. However, the findings of this study highlighted that widespread business reforms, facilitate the growth of domestic businesses.

The literature suggests that institutions in emerging markets are constantly changing, which leads to constant policy changes (Kshetri, 2007). These policy changes create uncertainty in institutions, increasing political risk for international businesses, and making it difficult for local firms to adapt to these changes. However, the findings of this study suggest that as business reforms in India were introduced, firms were able to adapt to the changes, which is evident in the increasing number of new ventures (The World Bank, 2018c). This is because individuals were motivated to enter into new ventures as starting a business was made cheaper, faster and simpler (The World Bank, 2014b).

5.3 Reducing Entrepreneurial Challenges

Entrepreneurship literature has emphasised the factors that influence entrepreneurship (Bruton et al., 2010). The literature highlights the push and pull factors which determine entrepreneurial motives (Eijdenberg & Masurel, 2013). Additionally, the literature on entrepreneurship in emerging markets suggests that individuals in emerging markets become entrepreneurs out of necessity (Push Factor) and mostly operate in the informal economy due to underdeveloped institutions (Williams & Nadin, 2010). However, the findings of this study suggest that as institutions develop, the reduced barriers to entrepreneurship such as cost, time and accessibility to resources become pull factors for entrepreneurs to enter the formal sector (The World Bank, 2014b). The reduction in entrepreneurial challenges has given rise to a large startup ecosystem in India and individuals are viewing entrepreneurship as a desired career choice (Pull Factor) as outlined in the findings of this study (The World Bank, 2015b; Shukla et al., 2014).

From a resource-based view, availability and access to certain resources such as financial resources is a key determinant to the success of a new venture (Barney, 2001). Indeed, it has been found that lack of access to financial resources and services is a key challenge for entrepreneurs in emerging markets. However, in the case of India, it was found that despite increasing the availability of financial resources, the ‘awareness’ of financial resources available to entrepreneurs in emerging remained a barrier. The findings of this study suggest that although institutions in India and institutions such as The World Bank and the International Finance Corporation are providing financial aid to entrepreneurs in India, these institutions are also focusing on spreading ‘awareness’ of the financial resources available to entrepreneurs (International Finance Corporation, 2014). This lack of awareness is due to the fact that most of these entrepreneurs operate in the informal economy and these resources are available to those individuals operating in the formal sector.

5.4 Importance of Direct Government Support

It is well established that entrepreneurship is supported by broad institutional development (Williams & Nadin, 2010). However, it is not currently emphasised that direct government support for entrepreneurs in emerging market is a facet of this institutional development. The findings suggest that direct government support promotes entrepreneurship in India and enhances the entrepreneurship ecosystem (Ministry of Commerce and Industry, 2016). The findings outlined the initiatives taken by the government of India such as Startup India,

Make in India and Digital India (Global Entrepreneurship Summit, 2017). These initiatives have helped to mentor and nurture future entrepreneurs, enhance innovation and increase employment opportunities in the country.

The findings also demonstrate that the Indian Government has taken steps such as Skill India to equip aspiring entrepreneurs by providing entrepreneurial education and training from a young age (Ministry of Skill Development and Entrepreneurship, 2017a). Also, the governments have also implemented the National Entrepreneurship Awards, in order to recognize the efforts of entrepreneurs in India, which has been influential in enhancing the entrepreneurship ecosystem (Ministry of Skill Development and Entrepreneurship, 2017a). Also, as governments promote and support entrepreneurship in India, cultural perspectives have changed, as many cultures in the past viewed entrepreneurship as a risky career, but are now viewing entrepreneurship as a desired career choice (Shukla et al., 2014).

5.5 Summary

In light of the theoretical framework presented in chapter two, the findings provide a number of points of discussion, outlined in this chapter. Firstly, the findings suggest that institutions play an important role in entrepreneurship in India. As institutions in India developed, the Ease of Doing Business in India improved significantly. Institutional development also motivates entrepreneurs in the informal sector to enter into the formal sector, which enhances economic growth. Also, institutions that are governed by efficient leaders are able to make changes over time despite certain setbacks. Secondly, it is important for governments to improve and implement policies in order to motivate individuals to enter into new ventures. Individuals are able to adapt to changing policies if the policies make it easier to start and operate a business. Implementation of business reforms also increased the amounts of businesses registered in India. Thirdly, as institutions develop, they reduce entrepreneurial challenges. The reduction of challenges enhanced the entrepreneurship ecosystem and individuals entered into new ventures out of choice (Pull factors) rather than necessity (Push factors). Institutions in India, The World Bank and the International Finance Corporation are focusing on spreading ‘awareness’ of financial resources available to entrepreneurs in India, as entrepreneurs are unaware of the resources available to them. Lastly, direct government support is vital to entrepreneurship in India as it enhances the entrepreneurship ecosystem by providing support to entrepreneurs. Also, direct government support is influential in preparing future entrepreneurs of the country.

Direct government support and promotion of entrepreneurship has increased employment opportunities and has brought many cultures to view entrepreneurship as a desired career choice. In chapter six, the study will be concluded and the limitations and opportunities for future research will be outlined.

Chapter 6. Conclusion

In the previous chapter, the research findings were discussed in light of the theoretical framework presented in chapter two. In this chapter, concluding remarks will be made, limitations of the study discussed, and areas of future research presented.

6.1 Dissertation Summary

In chapter one, the rationale of this study was presented for exploring the importance of entrepreneurship in the context of emerging markets. Chapter two presented the theoretical framework for this study, reviewing previous literature, and identifying a research gap in the link between institutional development and entrepreneurship in emerging markets. In chapter three, the methodology, methods and a qualitative descriptive case study was presented along with the justification of the case selection. Chapter four outlined the research findings, which centered on 5 key themes. The findings identified that institutional development improved India's Ease of Doing Business ranking while enhancing the entrepreneurship ecosystem. 'Awareness' of financial aid was a key finding of this study as well. The findings also highlight that direct government support is a key facet for institutional development and enhancement of the entrepreneurship ecosystem. In chapter five, areas of theoretical agreement and contributions were discussed.

6.2 Research Contributions

This research has made contributions on a theoretical, policy and practice-based level.

6.2.1 Contributions to Theory

This study demonstrates how changing policies can lead to a growing entrepreneurial ecosystem in an emerging market. Financial resources have been a key focus on entrepreneurial barriers; however, this study contributes to the fact that in an emerging market like India, the 'awareness' of financial resources available to entrepreneurs remains a barrier. Also, current theory suggests that entrepreneurship in emerging markets operate in the informal economy, this study suggests that as institutions develop, entrepreneurship in emerging markets shift from the informal economy to the formal economy. Such a shift creates opportunities for entrepreneurs while enhancing economic development. This study also suggests that promotion and support of entrepreneurship by institutions can also alter the way in which entrepreneurship is viewed. As highlighted in this study, entrepreneurship is now being viewed as a desired career choice rather than a risky career choice.

6.2.2 Contributions to Policy

This study demonstrates that new and improved policies are a key determinant in overcoming barriers of entrepreneurship. This study outlines how policy changes in the form of business reforms have encouraged entrepreneurship. As the procedures of starting and conducting a business became easier and cheaper, more individuals were willing to enter into new ventures, which enhanced economic growth and employment opportunities. Hence, emerging markets are able to use this study as an example of the impacts that new and improved policies have on the entrepreneurship ecosystem as well as to the country. Also, as outlined in the discussion, there is an absolute need for strong political leadership in order to overcome barriers of the past, and to witness marked institutional development.

6.2.3 Contributions to International Business

Entrepreneurship in emerging markets has been a key area of research in the international business discipline. However, this study has demonstrated that institutional development enhances entrepreneurship. Hence international businesses are now able to focus on those emerging markets, which are developing their institutions, since developing institutions impact entrepreneurship. In doing so, the international businesses are able to expand their businesses in these emerging markets through entrepreneurship.

6.3 Limitations

This study was conducted within the guidelines of a robust methodology, as outlined in chapter three. However, notwithstanding, there are limitations to this research. As a study, which is constrained by time, and therefore scope, the single case represents a limitation, which may limit the generalisability of the findings to other emerging market contexts. Moreover, the focus on analysis of secondary data provides a limitation as the data used is largely from third-party sources, which may render it open to interpretation.

6.4 Areas of Future Research

There are a number of opportunities for future research, which arise from this study. One area, which arose during the course of the research, but was outside the scope of this study, was the specific contribution and challenges for female entrepreneurs in emerging markets. In India, only 10.7% of firms consist of female owners (The World Bank, 2014b). Women entrepreneurs in India account for 10% of the MSMEs in India and 90% of these women belong to the informal sector (International Finance Corporation, 2014). There are nearly 3

million micro, small and medium enterprises in India that are partially or fully owned by women, which illustrates the contribution of women entrepreneur to the Indian economy. Together, women-owned enterprises provide for 3.09% of the entire industrial output in India (International Finance Corporation, 2014). The total financial requirements for women-entrepreneurs are close to \$158 billion (International Finance Corporation, 2014). Women-owned entrepreneurs provide employment to around 8 million people (International Finance Corporation, 2014). Although this is an important aspect of entrepreneurship, the research in this area could be extended.

Additionally, as a secondary study, the findings in this study could be extended with future research involving primary research. In particular, in-depth studies, which explore the experiences of Indian entrepreneurs, would add context to the existing qualitative and secondary studies.

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