

Business 'institutions' essential for India's growth

Like brakes and shock absorbers in a car, society needs cushioning from shocks and volatility



INNOCOLUMN

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Reading recent books on business — pharma, financial services, technology firms — it appears that we love to hate business. The truth is that we just cannot do without them. So we mock them, criticise them. Listening to populist politicians, economists, academics and journalists, one could conjure up a vision of the inhabitants of the commercial world as greedy, power-hungry megalomaniacs.

It would not be an incorrect vision, but it would be a seriously partial one. It would be as true and as valid as damning all politicians, bureaucrats, journal-

ists and social sector people through examples of the venal among them. In my last column, I concluded with the statement that there is a difference between a company and an institution, and that, more and more, India needs institutions to realise her potential. Business and entrepreneurship can be soul-elevating, I know that. Atomic physicist, Niels Bohr, said many decades ago, "The opposite of a truth is not a falsehood. It may be yet another truth."

Business makes most of the stuff that we enjoy, it gives the nation jobs and is a synonym for both opportunity and for prosperity. Business deserves a high status in society and should be respected for its virtues, while striving to reduce its vices. Business is human. The frauds by corrupt business are an extension of the propensity of society. Business practitioners stand as much on a pedestal as educationists, doctors, administrators and the defence forces.

Society needs aggressive, entrepreneurial people, they are like the fuel in the car. Second, business energy must be guided with capabilities and infrastructure (education,

health, housing and communications being the gear). Third, like brakes and shock absorbers in a car, society needs cushioning from shocks and volatility (regulations, surveillance). The three components of a wholesome society are business, infrastructure and governance.

For the first 35 years after independence till liberalisation, Indian business was regarded by society with huge suspicion. Over the next couple of decades since liberalisation, Indian business spread wings in India as well as globally. For sure, some overstretched, a few shockingly so. However, this is a phase in larger economic development.

India needs great business institutions, not just companies. Institutions have durability, philosophy, talent and structures, leading to dependable performance. The building of companies as institutions is at a nascent stage in India. Creating and celebrating strong business institutions must become a national priority.

Business is a fabulous force for good in society, conducted by good people

with good results for the national good. For example, Unilever and Tata have been highly ethical and responsible companies for over a century, and they have done so with occasional displays of the human frailties that all of us are prone to. In fact, it is those occasional frailties that remind the observer that there are no gods in society — there are some outstanding people, many good people, with a small number of misdirected people.

As some scholars have pointed out, society has three types of people, all operating in the same cauldron. There are "the fearful", who are people with wealth and status but who are afraid of losing them swiftly. Think of zamindars and the princely states from before Independence; think of the wealthy, slow-growing Japanese or European countries, which are anxious that their future generations may be worse off than their own generation. Then, there are "the tormented" who seek to establish themselves as equal members of society — a position that they have failed to achieve because of the historical malpractices of the privileged.

Recall the tribal and Dalit communities in India, or the Arabs in the world economic order, as examples of the tormented. Lastly, there are "the aspirants", the people who fight with industriousness and hard work to win a better life for themselves and their descendants. Think of the South Asian, Chinese and Indian economies. Just as the nurturing and support of the south eastern, Chinese and Indian economies have been important for the global economy, business and enterprise, the aspirant class in the Indian economy needs growing and legitimate nurturing in the coming years.

Business and entrepreneurship can do what governments and infrastructures cannot. Business and trade alone can create wealth, growth and jobs. I feel optimistic that this distinctive role for business in the national economy will be supported by society in the that is developing. Business management is a great career for young people — for at least the next 50 years!

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