

Comparative Analysis of Wealth Creation in Indian and American Businesses: The role of Earning and Spending

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Abstract

This paper discusses the comparative analysis of wealth production and distribution by looking at the business contexts and earning functions where there are two sides consisting of earning and spending between India and the USA. This research looks at the business inquiries, wealth-centric cultural attitudes, and economic systems in both countries. The USA has skewed more toward innovation and consumer-driven economies, whereas India is more technology, manufacturing, and services-based - all of which are still driven primarily by the traditional values that are focused on long-term financial security. This study synthesizes the extant body of literature to probe how different earning strategies such as the difference between lowering costs and innovation, the spending patterns including corporate social responsibility initiatives and much more may impact the economic outcomes and societal well-being in each country. This paper will show the comparative analysis between India and the USA which will provide information that will help explain the various paths of wealth distribution and accumulation for the two countries.

Keywords: India, USA, Business, Spending, Wealth Creation

Introduction

Over the years it has been seen how global economic activity was largely motivated by wealth acquisition with nations and people all battling to acquire one (AM & EA, 1996) The prosperous and enterprisers are frequently depicted in the media as single people who amass wealth at the expense of others. However, on further examination, a more sophisticated story emerges. Businesses around the world share one primary goal - wealth creation. But that good intent can produce a variety of menus for how they go about it, and what is on offer in each economic environment may vary greatly, so too are the results. The fact is this: businesses - all successful ones anyway - not only profit from a shared background and platforms, but also work to create something that no single founder can hold in his home bank account inside of the safe. (Porter & Kramer, 2011)

In terms of economic structure, cultural perspectives on wealth, and business methods, India and the US offer an interesting difference. India provides a unique perspective on wealth creation due to its fast-expanding economy, which is driven by a sizable and diversified population as well as a strong emphasis on saving. Deeply rooted in cultural and family practices, the traditional Indian attitude toward wealth often emphasizes a commitment to long-term financial security over lavish spending. (Spotlight, E. 2024) By contrast, the US is vastly different in its development as a more economy of the consumer-based market

that values investment and capital spending to gain riches from innovation and technology (Monroe, M 2021)

The objective of this research paper is to make a comparative study on how wealth creation smoothed in India and USA businesses with focusing roles on earning, and spending. Through the examination of these two different economies, we hope to reveal what lies beneath dynamism in wealth accumulation and distribution within each hedge counterpoint.

Literature Review

The comparative analysis of wealth creation between Indian and American businesses has received a lot of importance in recent years and experts have been looking into the various causes of these economies' varied paths. This literature review's purpose is to synthesize the available body of research on the importance of earning and spending in the determination of wealth-building processes within Indian and American business environments.

Wealth creation is a very complicated and diverse phenomenon and it is extremely important to consider the larger economic, social and cultural settings in which many businesses exist. Indian business leaders have been portrayed to have a greater goal, prioritizing the interests of shareholders, partaking in family growth, regional success and national growth as a whole.

Wealth creation is a complicated and diverse phenomenon, and it is essential to consider the larger economic, social, and cultural settings in which businesses exist. Indian business leaders have been shown to have a greater goal and purpose, prioritizing not only the interests of shareholders but also family growth, regional success, and national growth. The American corporate landscape places a primary emphasis on total shareholder return, which contrasts with this complete approach to value generation in American Business Landscape (Cappelli, Peter, et al 2010)

Researchers have studied the sociocultural norms and practices that support the Indian businesses' process for making the correct decisions. These studies show that Indian companies that keep in touch with their traditional and cultural principles have been capable of prevailing over their competitors that have depended on only traditional paths such as innovations in products and processes, running efficiently. (Jallat & Johri, 1997)

According to research on business performance and value creation, large, publicly traded American corporations are adopting economic value added (EVA) at an ever-increasing rate (Epstein & Young, 1998). By bringing managers' incentives into line with shareholders', this measure demonstrates an unwavering dedication to creating value. But as recent research has shown, value is created and distributed differently across industries and companies, with returns to shareholders frequently making up a very small percentage of the what the total value they have created. (Lieberman et al., 2016)

The literature on corporate social responsibility (CSR) in India has produced significant findings for the factors that motivate and materialize the ethical business practices in developing nations, The socio-cultural characteristics of the Indian setting have some influence on how their enterprises respond to the drivers of CSR, despite these drivers' shared characteristics (Panda et al., 2019).

In conclusion, the existing body of research indicates the effect of a complex interaction of social, cultural, and economic elements on the wealth creation in the businesses of the USA and India. Businesses working in these environments can benefit from the comparative analysis of these components which can give really helpful information about the varied trajectories of these economies while guiding the strategic decision making.

Background of Indian and American Economies

It is clear from looking at the histories of the USA and Indian businesses that have seen great economic expansion as well as development. The Indian economy has transformed from having a majority agrarian to being more diversified and service-based as a result of major financial and economic changes that were put into place in the early 1990s. Conversely, the American economy has almost always been distinguished by a significant focus on technology developments, creativity, innovation, and entrepreneurship. India's economy is among the fastest growing economies in the world, whereas the USA is still the world's largest economy as a result of its strong consumer base and high quality of living standards.

(Era Dabla-Norris et al.2015)

Earning Strategies of Indian and American Businesses

Earning methods are an essential aspect in defining the absolute performance and profitability of businesses in the USA and India. To increase profits, Indian companies usually concentrate on cost-cutting strategies, outsourcing specific tasks, and also utilizing technology breakthroughs. Indian companies are more cautious and favour steady and incremental growth. However, American companies often place a strong emphasis on innovation, market uniqueness, and strategic alliances. Studies have shown that American companies frequently take more risks to seize newer chances and increase market share in order to increase their revenue. It is important to keep in mind that the differences in culture, economy, and regulations between India and the US might have a significant impact on the effectiveness and long-term sustainability of various earning strategies. Therefore, comparing the earning techniques used by Indian and American companies might shed light on the different variables affecting wealth development in these two different economic contexts.

(John L. Pender et al.2014)

Entrepreneurship and creative business ideas usually help wealth creation in Indian businesses by leveraging India's population and expanding the consumer base. Many Indian enterprises have pursued various economic innovations that keep prices very low while providing good quality services and products to their clients. Companies in India have also invested in infrastructure and technology recently. For example, in addition to concentrating on digital infrastructure, the Tata Group plans to grow its IT services in the future. Reliance is also enhancing its telecom network with JIO while investing in digital services. Some more examples are that of Infosys and Wipro which are advancing AI and cloud computing solutions and driving digital transformation across industries. (Jain, I.2023)

Due to this economic growth, there will be more consumer spending and hence, more job opportunities in India due to the demand and supply increasing. With companies like Reliance, Tata, and Infosys, the diverse methods of wealth creation in India are highlighted. The service sector, software, and IT services contribute to 55% of the GDP of the country. (World Bank 2021)

Moreover, in December 2019, the Indian government launched the National Broadband Mission with a \$100 billion investment to improve digital communication infrastructure which included \$35 billion for telecom towers, \$30 billion for optical fibre infrastructure, and \$35 billion for spectrum and research and development. (ICT 2024)

Spending Patterns in Indian and American Businesses

Wealth distribution in India through corporate social responsibility (CSR) and investment has significantly impacted the socio-economic development in India. Companies have to follow the Indian government's

legal structure which forces them to spend at least 2% of their average net profits over the past 3 years on CSR activities. Azim Premji established the foundation, which is dedicated to tackling social issues and enhancing education. By transferring a sizeable portion of his Wipro shares to the foundation, Mr. Premji established one of the biggest endowments in the world. Mr. Premji donated 213 million equity shares of Wipro LTD in total in 2010 and an additional \$7.5 billion worth of shares in 2019. The total donations by Mr. Premji were 213 million equity shares of Wipro LTD in 2010 and another \$7.5 billion worth of shares in 2019. This distribution of wealth funds educational projects like teacher preparation courses, educational materials, and studies aimed at enhancing public education.

Companies in India often invest CSR funds in areas like healthcare, education, environmental sustainability, and rural development. The licensures that corporate profits contribute to societal welfare. For example, the Tata Group and Reliance Industries distribute wealth by investing over \$20 billion and \$10 billion annually, respectively, in diverse sectors. Their CSR activities allocate 2-3% of profits, amounting to approximately \$500 million annually, to education, healthcare, and community development projects, uplifting millions and fostering sustainable growth (Tata Group, 2021; Reliance Industries, 2022). All of these companies therefore distribute wealth through giving back to the community by giving what they have earned and investing for the greater good of India.

In the United States, wealth distribution has taken place through spending and investing by well-known companies and individuals, particularly in the tech sector. One notable example is the Bill & Melinda Gates Foundation, founded by Microsoft's co-founder Bill Gates and his late wife Melinda French Gates. A significant amount of Bill and Melinda Gates' money, which they acquired mostly through Microsoft's success, has been donated to solve global issues (Bill & Melinda Gates Foundation, 2022). The organization funds numerous projects with an emphasis on reducing poverty, promoting health, and educating people. The battle against diseases including malaria, TB, and HIV/AIDS has been greatly impacted by the billions of dollars it has spent on global health initiatives. In the first ten years of the twenty-first century, the foundation committed more than \$10 billion to enhancing vaccine distribution and development. The foundation has made educational investments in the United States with the goals of advancing educational equity, bolstering post-secondary education, and strengthening public schooling systems. Additionally, the foundation's efforts in financial inclusion and agricultural development aim to provide economic opportunities to marginalized communities. (Bill & Melinda Gates Foundation, 2022). Through strategic investments and philanthropy, the Gates Foundation exemplifies how the wealth generated from the tech industry can be reinvested to address some of the world's most pressing issues, contributing to societal well-being and fostering sustainable development. The US has exceptional infrastructure, technology, entrepreneurship, jobs with high pay and has become a global economic leader due to this, they are able to spend more than India on CSR which will be beneficial for them.

Comparative Analysis of Indian and American Business Environments

Earning- Economic impact and job creation drive higher earnings in India's tech and manufacturing sectors, but the country's lower minimum wage, often below \$3 per day, constrains overall earning potential. Conversely, the US emphasizes innovation in tech and finance, with a federal minimum wage of \$7.25 per hour, impacting earnings differently. Economic impact and job creation in India exhibit a unique pattern compared to the United States, significantly influencing wealth creation and distribution. In India, sectors such as technology, manufacturing, and services, supported by investments from Tata Group and Reliance Industries, fuel infrastructure development and innovation, increasing the income

levels and societal welfare. Conversely, in the US, economic impact and job creation primarily encourage consumer spending and technological advancements which are driven by companies like Microsoft, which increase high-paying job opportunities and foster a knowledge-based economy, therefore impacting wealth distribution differently. These variations underscore distinct societal welfare implications; India's reliance on diverse sectors and contributions from remittances and tourism diversifies income sources, potentially enhancing resilience, while the US's concentration on technology, finance, and healthcare underscores the importance of maintaining innovation and competitiveness in these sectors for sustained economic growth and societal well-being. Hence, India earns money primarily through diverse sectors including technology, agriculture, manufacturing, services, and pharmaceuticals. Additionally, remittances, tourism, and exports contribute significantly to the country's income whereas, the US earns money primarily through sectors like technology, finance, healthcare, manufacturing, and energy, alongside significant exports and services. India's diverse income sources may bolster societal welfare, whereas, US innovation emphasizes competitiveness, impacting access to quality jobs and services.

Spending- In India, philanthropy targets poverty, education, healthcare, and rural development, with initiatives by Tata Trusts and the Azim Premji Foundation. The Bill & Melinda Gates Foundation collaborates on healthcare. In the US, philanthropy covers education, healthcare, environment, and social justice, with examples like the Gates Foundation and corporate initiatives by Walmart and Google. **Philanthropy And Social Welfare-** In India, philanthropy and social welfare spending focus on basic needs like education, healthcare, and infrastructure as shown above. Initiatives by entities like the Tata Group and Reliance Industries address poverty and inequality, improving living standards and enabling economic mobility which happens due to their spending and donating money. Whereas, in the U.S., philanthropic spending often targets systemic issues such as educational reform, healthcare innovation, and global health. Foundations like the Bill & Melinda Gates Foundation, as stated above, invest in large-scale projects that drive long-term social change. These efforts enhance societal well-being and contribute to economic stability by reducing disparities and fostering inclusive growth. Hence, India allocates its funds primarily towards sectors like infrastructure development, healthcare, education, defence, social welfare programs, and agricultural subsidies to foster economic growth and societal well-being and the US allocates funds mainly to areas like defence, healthcare, social security, education, infrastructure, and research and development. Therefore, in India, philanthropy and social welfare spending focus on poverty, education, healthcare, and rural development whereas, in the US, they address education, healthcare, social justice, and environmental conservation.

Conclusion

In conclusion, this paper has explored the contrasting perspectives of India and the USA on the wealth creation in addition to the distribution which highlights social welfare. In India, economic growth is driven by various sectors such as technology, manufacturing, services, etc. Whereas, in the USA, economic growth is driven by innovation in technology and finance. Education, healthcare, and infrastructure development a common aspect between both countries but their outcomes and approaches differ. In conclusion, this paper has explored the contrasting perspectives of India and the USA on the wealth creation in addition to the distribution which highlights social welfare. In India, economic growth is driven by various sectors such as technology, manufacturing, services, etc. Whereas, in the USA, economic growth is driven by innovation in technology and finance. Education, healthcare, and infrastructure development a common aspect between both countries but their outcomes and approaches differ. Both

economies are made up of tiny startups that are vital to supporting innovation and generating jobs. Both nations' governments are forced to make choices that alter the social welfare budget, the minimum wage, and many other aspects of daily life. Thus, both countries should invest in education, healthcare, and infrastructure, and support small businesses, while using government policies to achieve economic growth future research should focus on the long-term effects of these investments and policies, aiming to create sustainable and equitable economic models. Thus, both countries should invest in education, healthcare, and infrastructure, and support small businesses, while using government policies to achieve economic growth future research should focus on the long-term effects of these investments and policies, aiming to create sustainable and equitable economic models.

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