

ENTREPRENEURSHIP AND STARTUP

Time Allowed: 3 Hours

Full Marks: 100

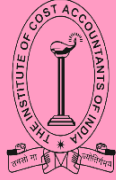
The figures in the margin on the right side indicate full marks.

SECTION – A (Compulsory)

1.(a) Choose the correct option:

[15 x 2 = 30]

- (i) What is Adversity Quotient (AQ) in entrepreneurship?  
A. A market research tool  
B. Ability to manage suffering into an opportunity  
C. A measure of financial success  
D. A market research tool
- (ii) Which agreement crystallized the importance of intellectual property protection?  
A. Paris Convention  
B. TRIPS Agreement  
C. Berne Convention  
D. Madrid Agreement
- (iii) What does "SERP" stand for  
A. Search Engine Results Page  
B. Social Engagement and Retention Platform  
C. Secure Encryption and Remote Processing  
D. Software Engineering Requirements Protocol
- (iv) At what stage does a start-up usually experience cash flow challenges?  
A. Idea Generation  
B. Pre-Seed Stage  
C. Validation  
D. Early Traction
- (v) Most entrepreneurs are inherent \_\_\_\_\_.  
A. Planned thinker  
B. Start-up thinkers  
C. Design planners  
D. Design thinkers
- (vi) In the context of Lean Start - ups, what is main purpose of Customer Validation?  
A. Scaling the start up



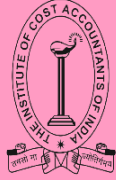
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- B. Executing growth strategies
  - C. Testing assumptions and hypotheses
  - D. Building a step-by-step plan
- (vii) Which method involves analysing recent acquisitions in the market determine a start-up's value?
- A. Comparable Transactions Method
  - B. Cost – to – Duplicate Method
  - C. Discounted Cash Flow Method
  - D. Market Multiple Method
- (viii) What is the primary purpose of risk monitoring in an organization.
- A. To create new risk management strategies.
  - B. To track and evaluate risk levels
  - C. To enforce regulations.
  - D. To compete in the market
- (ix) Competitive advantage can be best described as:
- A. Increased efficiency
  - B. What sets an organization apart
  - C. A strength and the organizations
  - D. Intangible resources
- (x) How often should risk monitoring occur in many enterprises?
- A. Quarterly
  - B. Annually
  - C. Biennially
  - D. Monthly

Answer:

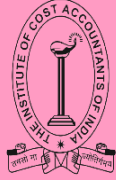
i	ii	iii	iv	v	vi	vii	viii	ix	x
B	B	A	C	D	C	D	B	A	D

- (b) Based on the following case study, you are required to answer question no. (i) to (v):  
Launched a little more than two decades ago, DirecTV now has more than 32 million subscribers in the United States and Latin America. The direct-broadcast satellite service provider faces competition on a number of fronts: from classic cable companies (Comcast and Time Warner Cable), from other direct broadcast satellite service providers (Dish), and from alternate ways to watch television digitally through downloads and streaming (Hulu, Netflix, and Amazon).

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The world's leading provider of digital television entertainment services, DirecTV Carries the slogan "Don't Just Watch TV, DirecTV," reflecting the unique positioning it has crafted thanks to a combination of features not easily matched by any competitor. Three pillars of that positioning are captured by its claims to "state-of-the-art technology, unmatched programming, and industry leading customer service." The company puts much emphasis on its comprehensive set of sports packages, its wide array of HD channels, and its broad broadcast platform that lets customers watch programming on their TVs at home and on their laptops, tablets, and cell phones. With its Genie service, users can record as many as five shows at once. In exaggerated fashion, its "Get Rid of Cable" TV ad campaign shows how customers who get mad at cable have their lives turn for the worse through a series of unfortunate events. DirecTV has made a strategic targeting shift to focus on "high quality" subscribers: loyal customers, who purchase premium services, pay their bills on time, and call less often to complain.

- (i) What distinguishes DirecTV's positioning in the market according to the case study?
- A. Knv dq rt arblqshmbnrsr bnl o` qdc sn b` ald oqnuh` dqr
  - B. State-of-the-art technology, unmatched programming, and industry-leading customer service
  - C. Exclusive partnerships with streaming platforms
  - D. Limited sports packages and HD channels
- (ii) Which marketing campaign strategy does DirecTV employ to contrast itself with cable providers?
- A. "Increase Your Cable Bills"
  - B. "Get Rid of Satellite TV"
  - C. "Switch to Streaming"
  - D. "Get Rid of Cable"
- (iii) Which strategic advantage does DirecTV gain by focusing on high-Subscribers?
- A. Decreased operational costs 15 %
  - B. Higher customer acquisition cost
  - C. Enhanced customer loyalty and higher revenue per user (ARPU)14 %
  - D. Expanded market reach into new demographics
- (iv) What impact does DirecTV's comprehensive sports packages have on its market positioning, as per the case study?
- A. It attracts a younger demographic interested in sports 0.50
  - B. It increases operational complexity and costs 0.90
  - C. It reduces customer satisfaction
  - D. It limits programming diversity



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- (v) What role does DirecTV's emphasis on industry-leading customer service play in its competitive strategy?
- A. It increases customer churn rate 36.33 %
  - B. It reduces customer acquisition efforts
  - C. It enhances brand reputation and customer satisfaction
  - D. It limits technological innovation

Answer:

i	ii	iii	iv	v
B	D	C	A	C

## SECTION – B

(Answer any five questions out of seven questions given. Each question carries 14 Marks)

[5x14=70]

2. (a) Recommend the five types of risks entrepreneurs typically encounter as they embark on starting their businesses? [7]

Answer:

Entrepreneurs often navigate significant risks during the start-up phase, and Mark Zuckerberg's journey in creating Facebook serves as a notable example. Zuckerberg's risks included dropping out of college, relocating his business to Silicon Valley, turning down buyout offers, and committing to running the business diligently through his 20s. The five types of risks entrepreneurs commonly face during start-up are: Cost information enables the organization to structure the cost, understand it and use it for communicating with the stakeholders.

**(i) Founder Risk:**

Founder risk focuses on the dynamics among company founders, their compatibility, and their commitment to the business. The success of the venture can hinge on the cohesion and collaboration of the founding team.

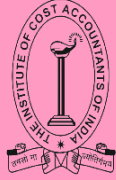
**(ii) Product Risk:**

Product risk pertains to the engineers developing new products for the business and their ability to recruit additional product engineers. This risk involves ensuring the viability and innovation of the products offered by the company.

**(iii) Market Risk:**

Market risk revolves around the problem the product solves and how consumers will respond. Understanding the market's demands and dynamics is crucial to gauging the potential success of the business.

**(iv) Competition Risk:**

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Competition risk assesses how the business differentiates itself from other organizations and companies in the market. Recognizing and leveraging unique selling propositions is essential for overcoming competition.

**(v) Sales Execution Risk:**

Sales execution risk involves the strategy for selling the product to consumers effectively. It requires presenting the product as a solution to consumers' problems and overcoming potential challenges in the sales process. Effective risk management strategies are vital for the success of entrepreneurial ventures. This includes thorough market research, strategic planning, and a resilient business model that can adapt to changing market conditions. Learning from the experiences of successful entrepreneurs like Mark Zuckerberg, who strategically navigated risks, provides valuable insights into the importance of risk management in achieving entrepreneurial success.

**(b) Suggest the strategies for facing the disruption?****[7]****Answer:**

Disruption is a process by which smaller companies with fewer resources challenge successful businesses. Sometimes companies remain focused on the most profitable customers. They ignore the need of others. Entrants target the ignored segment and gain a foothold by new offerings. Most of the times incumbents ignore this movement by new entrants. New entrants gradually enter the core segment of the incumbents thereby disrupting the business. Incumbents fail to see new competition, new technological change, changes in consumer tastes, or product innovations.

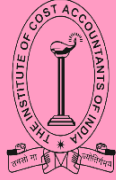
**Examples of Disruption:**

- (i) Walmart disrupted large departmental stores.
- (ii) Netflix disrupted Blockbuster
- (iii) Amazon's online bookstore disrupted brick and mortar book stores

**Strategies for facing disruption:**

1. Should keep eyes and ears open to any technological revolution that is taking place. It may be in some unrelated industry. Absorption and adoption of digital transformation.
2. Check the moves of your competitors especially the innovations they are bringing in
3. Be ready to disrupt rather than waiting to be disrupted
4. Buy the disruptor if possible
5. Customers' tastes and preferences may change quickly. Keep an eye on changing customer preferences and change accordingly. If required, diversify or refocus the business
6. Should be aggressive and not passive in approach
7. Adopt agile approach

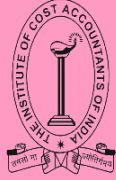
**3. (a) Explain the Industrial Property Rights?****[7]**



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**Answer:**

- I. **Patent:** A Patent is a statutory right for an invention granted for a limited period of time to the patentee by the Government, in exchange of full disclosure of his invention for excluding others, from making, using, selling, importing the patented product or process for producing that product for those purposes without his consent. The term of every patent granted is 20 years from the date of filing of application.
  - II. **Designs:** As per the Designs Act, 2000, 'Design' means only the features of shape, configuration, pattern or ornament or composition of lines or colour or combination thereof applied to any article whether two dimensional or three dimensional or in both forms, by any industrial process or means, whether manual, mechanical or chemical, separate or combined, which in the finished article appeal to and are judged solely by the eye.
  - III. **Trademark:** A trademark is a special symbol for distinguishing the goods offered for sale or otherwise put on the market by one trader from those of another. Trademarks may protect signs, in particular: words, letters, numerals, abbreviations, graphical representations, combinations of colours and the tints thereof, three-dimensional forms, shapes of the goods or the packaging thereof, provided that they are distinctive, as well as the combinations of all the above indicated signs. Coca-Cola has a trademark for its bottle design.
  - IV. **Plant Breeders' Rights:** To protect the rights of plant breeders and farmers, and to encourage the development of new varieties of plants and to give effect to the provisions of TRIPS Agreement, the Government enacted the Protection of Plant Varieties and Farmers' Right Act, 2001
  - V. **Trade Secrets:** A trade secret may refer to a practice, process, design, instrument or a compilation of data or information relating to the business which is not generally known to the public and which the owner reasonably attempts to keep secret and confidential
  - VI. **Geographical Indications:** Geographical indications (GIs) are intellectual property (IP) rights that serve to identify a product that originates from a specific geographical area and that has a quality, reputation, or other characteristics that are essentially attributable to its geographical origin.
- (b) On 1st January, 2023, the Board of Directors of Mangesh and Co. Ltd., wish to know the amount of Working Capital that will be required to meet the programme of activity they have planned for the year. From the following information available,
- i. Issued and Paid-up share Capital ₹2,00,000.
  - ii. 5% Debenture (Secured on assets) ₹50,000.
  - iii. Fixed assets valued at ₹1,25,000 as on 31st December, 2023.
  - iv. Production during previous year was 60,000 units, it is planned that this level of activity should be maintained during the present year.
  - v. The expected ratios of cost to selling price are: Raw material 60%, Direct wages: 0% and Overheads 20%.
  - vi. Raw materials are expected to remain in stores for an average of two months before issued to production.
  - vii. Each unit of production is expected to be in process for one month.



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- viii. Finished goods will stay in warehouse for approximately 3 months.  
ix. Creditors allow credit for two months from date of delivery of raw materials.  
x. Credit allowed to debtors is three months from date of dispatch.  
xi. Selling price per unit is ₹5.  
xii. There is a regular production and sales cycle

Prepare: A working capital requirement forecast

[7]

Answer:

## Forecast of Working Capital Requirement

Current Assets	Credit Period	₹
Raw material	2 months	30,000
Work-in-progress	1 months	17,500
Finished goods	3 months	67,500
Debtors	3 months	67,500
		1,82,500
Current Assets	Credit Period	₹
Less : Current Liabilities :		
Creditors	2 months	30,000
		1,52,500

Other Working Notes:

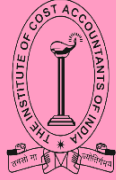
	Particulars	₹
(i)	Raw material in stock at any date	
	Raw material required per month (1,80,000/12)	15,000
	In stores for 2 months, therefore 15,000*2	30,000
(ii)	Work-in-progress: Cost of Production (Direct) 2,10,000/12 = ₹17,500 per month	17,500
(iii)	Finished goods at any time	
	Cost of Production: 2,70,000/12 = 22,500 p.m.	67,500
	In stores for 3 months: 22,500*3	67,500
(iv)	Debtors working as above: for 3 months	30,000
(v)	Creditors-raw material per (1,80,00/12) = ₹15,000. Credit period for 2 months	

4. (a) Recommend the stages of Bootstrapping and Bootstrapping Strategy

[7]

Answer:

There are a few stages that a bootstrapped company goes through:

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**1. Beginner Stage:** The beginner stage starts with some saved money or borrowed/invested money coming from friends. For example, the founder continues to work on their main job and, at the same time, starts a business.

**2. Customer-funded Stage:** When money from customers/clients is used to keep the business operating and to fund its growth.

**3. Credit Stage:** The credit stage involves the entrepreneur focusing on funding specific activities, such as hiring Staff, upgrading equipment, etc. At the credit stage, the business takes out loans or tries to find venture capital for expansion.

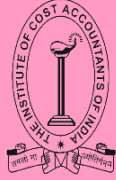
**Bootstrapping Strategy:**

- a. Reinvest net profit
- b. Create a business plan. Planning is necessary, and it will help the owner organize things and understand the vectors of movement.
- c. A business idea (product/service) should solve someone's problem.
- d. Attract a mentor or any person who is successful in that business and who will give useful advice
- e. Use the most of networking opportunities and communicate with a network of personal contacts. In a developed personal network (or a network of friends and relatives), there may be journalists who will write about you or graphic designers who will make a logo or a minimalistic but trendy website out of friendship

**(b) Discuss about Sustainable Impact Initiatives****[7]****Answer:**

1. People prefer to be a part of something which they believe in. Customers and investors expect ethical behaviour from the firms. It is not enough to earn only the profit. Focus has now shifted to the triple bottom line that is Profit, People, and Planet from the standard bottom line that is Profit.
2. Business leaders have started understanding the power of sustainable business strategy. The main objective of a sustainable business strategy is to have a positive impact on society and the environment or any one of the two.
3. Business leaders have started appreciating the fact that businesses can do well by doing good. Sustainable business strategies not only address some of the pressing problems that we are facing right now but are also responsible for the success of the business.
4. Firms have started embracing sustainable business practices and are focusing on creating values for the stakeholders who include employees, customers, and also community.
5. A sustainable business strategy requires clear organizational goals and a strategy to achieve those goals.
6. Senior leaders in an organization are responsible for the execution of the strategy. So, organizational capabilities need to be developed to embrace sustainability.
7. Firms with better ESG (Environmental, Social, and Governance) metrics tend to do better financially. Many firms are reaping financial benefits by embracing sustainable business practices.





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8. Sustainable Business Practice Example:
- Ikea manufacture products that use sustainable materials and their waste is recycled into energy.
  - Apple's goal is to reduce carbon emissions. So, they mostly use aluminum because it produces fewer emissions. Their partners are also committed to renewable energy.

**5. (a) Critically asses the steps of Product Positioning?****[7]****Answer:**

Following are the steps of product positioning:

**1. Define target audience:** Know your customers' needs, wants, demographics, and interests allow you to give them the product they strive for. This way, one can reach their target audience and motivate them to buy your products.

**2. Identify the key benefits of product:** Benefits are a top priority for any customer who wants to solve a particular problem. As a business owner, you need to know all the peculiarities of your products or services, including their features and advantages.

**3. Establish brand credibility:** Need to create a brand that people can rely on to build trusting relationships and encourage their customers to make repeat purchases.

**4. Offer a unique value proposition:** Communicate the value of your product that can bring to your target audience.

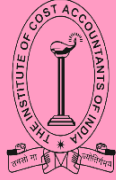
**5. Consider audience segmentation:** If you want to obtain the best results, you need to segment your audience since your product cannot satisfy all your customers' needs. One can divide them into groups based on their interests, traits, and needs to create customized messages.

**6. Craft your messaging:** Once you segment your customers, it is necessary to select the right communication channels for each group. Some of them might prefer social media platforms, but others might use traditional channels like TV and radio

**7. Do a competitive analysis:** Once your message is ready, you need to evaluate your competitors' businesses and the products or services they offer. Competitor research gives you a clear understanding of your rivals, their offers, and what makes your product different in a positive way

**8. Demonstrate your expertise:** Explain to your customers why they should choose you over your competitors. You should also prove that your product is better and that it has several benefits useful for consumers.

**9. Focus on your competitive advantage:** These are the factors that enable your company to manufacture better or cheaper products and outperform your competitors. You need to speak about the actual benefit your product provides. Customers should truly need this product and obtain its visible value.



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**10. Maintain your brand's position:** Once you reach this step, you need to maintain your brand's position so that customers continue buying your products. For Example, the brand "Bisleri" stands for purity.

**(b) Recommend the types of business innovation?**

[7]

**Answer:**

The types of Business Innovation are:

**Product Innovation:** Any innovation that creates a new product or increases the product capacity or creates more value for consumers will be termed as product innovation. The concept is applicable both for goods and services. Change in product that brings innovation can be a change in both its constituents and aesthetic appeal. For e.g. development of a new model of I-Phone, development of a new model of Laptop, etc. An innovative product can cut through a stagnant market and meet customer needs in new, exciting ways. At its heart, innovation allows businesses to stay relevant and drive growth.

**Process Innovation:** It is innovation in an existing business process or development of a new process that either increases the value of the final product or reduces operational cost considerably. Important examples of process innovations are development of new system of stock recording, development of new production process, development of new HR schemes, etc. Process innovation is about designing and implementation new and significantly improved business processes. Whether in the production process or delivery process its focus is on improving the process, productivity and reducing waste.

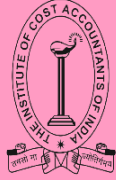
**Marketing Innovation:** Marketing innovation can be defined as any innovation in the marketing area of an organization. It basically involves innovation related designs and writings on product packing and packaging, innovations related to product pricing, innovations related to product promotions and distributions. A marketing innovation is the implementation of a new marketing method (marketing idea or strategy) that differs significantly from the previous marketing method used by the enterprise and that has not been previously used by the enterprise.

**Organizational Innovation:** Organizational innovation involves the implementation of novel methods, practices, or structures within an organization with the goal of enhancing its overall functioning, efficiency, and effectiveness. This type of innovation focuses on transforming aspects of the business beyond products and processes, addressing the internal dynamics, structures, and relationships within the organization.

**6. (a) Evaluate the sources of funding for start-ups?**

[7]

**Answer:**



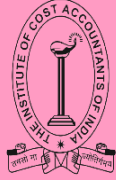
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1. **Bootstrapping:** . The process of utilizing personal saved up funds or funding from friends and family is known as bootstrapping or self-funding. Obtaining funding from family and friends is a unique way to kick off start-up.
2. **Crowdfunding:** Crowdfunding platforms are basically set up for individuals to pitch their business ideas or challenges to a community of investors or people willing to support their ideas or cause.
3. **Angel Investors:** Angel investors are basically people with a huge amount of capital and are willing to invest it on over the edge business ideas. Angel investors sometimes come together in groups to scrutinize business proposals, in order to select the perfect candidate to invest in.
4. **Venture Capital Funds:** Venture Capital Funds invest in high-growth companies/start-ups, and they have their preferences for sectors, companies, and funding amounts. In exchange for their investments, they expect stock and a significant stake in the company's decision-making process.
5. **Incubators:** Incubators are the organizations that provide investments to companies and also deal in activities that assist in the operation of the business such as office spaces, utilities, and legal assistance. These types of organizations have a goal of helping the various organizations in starting their company.
6. **Venture Debt Funds:** Several private investment funds that lend money to businesses in the form of debt investments with a fixed rate of interest that must be repaid to investor within a set period.
7. **Grants:** Grants are monetary contributions made to startup and enterprise for specific purpose grants can come from a variety of places, including the central government, state governments, and private entity grant programmes.
8. **Product Pre-Sale:** An amazing way of raising funds for business is through product Pre-sale before launching the product officially. This builds consumer confidence in brand and allows to size up the Demand of the product.
9. **Debt Financing:** In Debt Financing, the primary risk is with the firm that accepts The investment, as it is obliged to repay the investors promptly which is agreed between the investors and the company.

(b) Justify the benefits of effective enterprise risk management as per COSO. [7]

**Answer:**

- i. **Increasing the range of opportunities:** By considering all possibilities—both positive and negative aspects of risk— management can identify new opportunities and unique challenges associated with current opportunities.
- ii. **Identifying and managing risk entity-wide:** Every entity faces myriad risks that can affect many parts of the organization. Sometimes a risk can originate in one part of the entity but impact a different part. Consequently, management identifies and manages these entity-wide risks to sustain and improve performance.

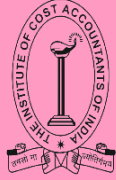
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- iii. **Increasing positive outcomes and advantage while reducing negative surprises:** Enterprise risk management allows entities to improve their ability to identify risks and establish appropriate responses, reducing surprises and related costs or losses, while profiting from advantageous developments.
- iv. **Reducing performance variability:** For some, the challenge is less with surprises and losses and more with variability in performance. Performing ahead of schedule or beyond expectations may cause as much concern as performing short of scheduling and expectations. Enterprise risk management allows organizations to anticipate the risks that would affect performance and enable them to put in place the actions needed to minimize disruption and maximize opportunity.
- v. **Improving resource deployment:** Every risk could be considered a request for resources. Obtaining robust information on risk allows management, in the face of finite resources, to assess overall resource needs, prioritize resource deployment and enhance resource allocation.
- vi. **Enhancing enterprise resilience:** An entity's medium- and long-term viability depends on its ability to anticipate and respond to change, not only to survive but also to evolve and thrive. This is, in part, enabled by effective enterprise risk management. It becomes increasingly important as the pace of change accelerates and business complexity increases. These benefits highlight the fact that risk should not be viewed solely as a potential constraint or challenge to setting and carrying out a strategy. Rather, the change that underlies risk and the organizational responses to risk give rise to strategic opportunities and key differentiating capabilities.
7. (a) **Ups and downs are a part of business cycle. In context of this elaborate how the Entrepreneur can sustain its business in difficult times.** [7]

**Answer:**

**The ups and downs of business will make you sick to the stomach at times. Some ways to dealing with the ups and downs in business are as follows:**

1. **Celebrate your small victories:** Even minor successes ought to be celebrated. Recognizing small victories helps keep the spirit upbeat and enthusiastic because they happen far more frequently than those significant achievements. A positive mind-set is developed by focusing on good news, good events, and good outcomes regardless of how big or small.
2. **Calculate and evaluate:** The hardest part of owning a business is being composed as revenue goes up and down. Company's daily revenue fluctuates a lot, which may be extremely stressful. Numerous upstream operations combine to produce the daily earnings.
3. **Focus on moving forward:** Managing a business is important to completing a race. There will be ups and downs, so prepare for both to stay motivated. When the business is in an upswing, focus all energies on moving forward and continuing to advance, and when it is in a downswing, keep all energies centred on maintaining the same position.
4. **Observe the bright side:** Even if tough circumstances make it extremely difficult for enterprises to survive, remember that every coin has two sides, so concentrate on the

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advantages of being a business owner. It is tough for businessmen to try out new routes and business strategies when they become so anxious in such circumstances that they pack up and leave the market. Take difficult times as an opportunity to reflect and develop as a business.

5. **Establish a work-life balance:** Having a fantastic routine outside of work is essential for navigating the ups and downs of running a business. Make sure your home life is balanced and engage in regular stress-relieving activities.
6. **Continue to learn:** Many business leaders don't have a broad curiosity for learning, which makes it challenging for them to grow their companies. Learning new abilities can be facilitated via mentoring, coaching, workshops, books, and more.
7. **Consult with other entrepreneurs:** Regularly speaking with other business owners is one of the best ways to deal with the ups and downs of running a business. It really helps keep things in perspective. While some work in related industries, others are in totally unrelated ones. The fact that many of us are at various stages of building our businesses also helps. Having somebody you can bounce ideas off of and with whom you can open up about your successes and failures is good.

**(b) Evaluate the significance of Social Entrepreneurs.**

[7]

**Answer:**

- **Focus on Social Problems:** Social Entrepreneurs mainly focus on social problems. They initiate innovation by mobilizing the resources available to build social arrangements in response to social problems
  - **Change Agent in Social Sector:** Social Entrepreneurs act as change makers in society who in turn influence others to contribute to the development of mankind. They work not only as a strong catalyst in society, but as change agents in the social sector.
  - **Bring the Changes:** They adopt a mission to create and sustain social value; recognizing and rigidly pursuing new opportunities, engaging in a process of continuous innovation, adaptation and learning.
  - **Increased Accountability:** They act boldly without being limited by resources in hand and exhibit heightened accountability to the constituencies.
  - **Improve People's Lives:** People are attracted to social entrepreneurs like the Nobel Peace Prize laureate Muhammad Yunus for many of the same reasons that they find business entrepreneurs like Steve Jobs so compelling – these extraordinary people come up with brilliant ideas and against all the odds succeed at creating new products and services that dramatically improve people's lives.
  - **Help in Achieving Inclusive Society:** They are also playing a pivotal role in the inclusive recovery and rebuilding of communities at the grassroots level.
8. (a) **The Government has planned the strategic disinvestment of State Road Transportation Corporation in a phased manner by allowing some private companies to ferry buses on marked routes. The outraged workers have called for a strike against the move. You are**



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the head of the workers union of the transport corporation. In a meeting with State officials, they have informed you about the circumstances of inefficiency, corruption and deteriorating quality of service to commuters. You have also presented the worker's viewpoint and their complaints of low pay scale and non-payment of salaries from the past few months. A deadlock has occurred between the two parties where no-side is willing to lose. To break the deadlock, the officials offer you a bribe and other perks to comply with the decision of privatisation in a phased manner. State transport services are in a state of peril and there is a huge outcry among the common masses

- Identify the moral dilemma faced by you.
- Analyse your role and duties, also suggest your course of action. Explain briefly about the Scope of Internal Control. [14]

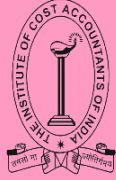
Answer:

The given case highlights a common problem with state-run public services and the on-going privatization of public services.

Facts of the case	Stakeholders involved	Ethical values
<ul style="list-style-type: none"><li>Strike by workers against privat-ization move.</li><li>Structural problems in the statetransport corporation.</li><li>Workers not getting a timely sal-ary.</li><li>Commuters facing hardship astransport services in peril.</li><li>Bribe offered to negotiate.</li></ul>	<ul style="list-style-type: none"><li>Workers</li><li>Transport department officials</li><li>Commuters or the general pub-lic</li><li>Self (as head of worker union)</li><li>Political leaders</li></ul>	<ul style="list-style-type: none"><li>Leadership</li><li>Courage</li><li>Fortitude</li><li>Empathy</li><li>Efficiency</li><li>Spirit of service</li></ul>

The moral dilemma faced :

- Personal v/s professional ethics:** As an employee of the State transport corporation, one should adhere to the orders of superiors. On the other hand, as a leader of worker union, one should support the demands of fellow workers and even motivate them to continue the strike.
- Personal interest v/s Community interest:** One may accept the bribe for monetary and personal gains or show conviction towards the duty to uphold the rights of fellow workers.
- Role and duties of the head of the worker union:**
- Upholding the interest of workers:** As a leader of worker union, one must show courage and fortitude to fight for the rights of workers and negotiate with the transport officials. It is the opportune moment to put pressure on the management to address the grievances of the workers.
- Showing moral righteousness:** Deontological approach of Immanuel Kant suggests that it is immoral to take the bribe and one must adhere to his duty towards the interest of the fellow workers. The worker's faith and trust must not be broken for petty material gains.



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- **Showing administrative leadership:** One should be accommodative enough and should even make the workers realize the problems faced by commuters due to the strike. Hence, they must look for early resolution of the problem.

**The course of action:**

- **Negotiating with the transport officials:** Good governance can be ensured only by accommodative nature of negotiations without viewing it as a loss of personal prestige. All leaders should engage for a faster and meaningful resolution of the dispute.
- **Ensuring peaceful and legitimate protest:** Everyone has a right to protest in a democracy. However, leaders must ensure that protests are done in a peaceful manner without any unethical means.
- **Attitudinal change by moral suasion:** Workers should be persuaded to call off the strike so that public services can be restored at the earliest.
- **Long term measures:**
- **Welfare of workers:** The political leaders should empathize with the employees. All legitimate needs of the workers should be accepted like timely payment of wages, providing basic insurance facilities, etc.
- **Resolving state budget constraints:** Arrangements must be made to augment the transport department budget through alternate means considering its importance for the general public.
- **Regulation of services:** Privatization is needed to increase efficiency. However, privatisation of transport services, unless well regulated, can lead to unhappy outcomes such as a rise in accidents, and unruly driving and behaviour. Hence, if the sector is privatized, it must be duly regulated.