



FINAL EXAMINATION
MODEL ANSWERS
PAPER – 20C
ENTREPRENEURSHIP AND STARTUP

SET 1
TERM – DEC 2025
SYLLABUS 2022

Time Allowed 3 Hours

Full Marks: 100

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

SECTION – A (Compulsory)

I. Choose the correct option:

[15 x 2 = 30]

- (i) **Barriers to entrepreneurship are:**
- a. **Lack of technical knowhow**
 - b. **Lack of business knowledge**
 - c. **Lack of motivation**
 - d. **All of the above**
- (ii) **SAMRIDH scheme was launched on**
- a. **1st January 2021**
 - b. **25th August 2021**
 - c. **15th August 2021**
 - d. **25th December 2021**
- (iii) **Which one of the following is not Angel Investor in India?**
- a. **Angel Network**
 - b. **Mumbai Angels**
 - c. **Angel Kolkata**
 - d. **Hyderabad Angels**
- (iv) **Positioning Process is the _____ process, which companies do to ensure strong, positive & stable positioning in a consumer's mind.**
- a. **continuous**
 - b. **reiterative**
 - c. **continuous and reiterative**
 - d. **sporadic**
- (v) **Which one of the following is not driving force for entrepreneurship development?**
- a. **Management**
 - b. **Opportunity**
 - c. **Resources**
 - d. **Talent**
- (vi) _____ is used by wholesalers and by manufacturers, businesses that deals with direct sales.
- a. **Disintermediation Model**
 - b. **Marketplace model**
 - c. **On demand model**
 - d. **Freemium model**



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- (vii) Which formula defines the anticipated ROI?
 - a. Terminal Value \times Investment Amount
 - b. Investment Amount \div Terminal Value
 - c. Post-Money Valuation \div Investment Amount
 - d. Terminal Value \div Post-Money Valuation

- (viii) Select which one is the Component of The COSO ERM framework, like the internal control framework.
 - a. Governance & culture
 - b. Performance
 - c. Review and revision
 - d. All of the above

- (ix) An organisation strategy ____
 - a. Remains set in place longer than the mission and objectives
 - b. Generally forms over a period of time as events unfold
 - c. Trends to be formed at the same time the mission is developed
 - d. None

- (x) MSME sector contributes in export about
 - a. 70%
 - b. 50%
 - c. 40%
 - d. None of these.

Answer:

| | | | | | | | | | |
|---|----|-----|----|---|----|-----|------|----|---|
| i | ii | iii | iv | v | vi | vii | viii | ix | x |
| d | b | c | c | d | a | d | d | b | c |

- (b) Based on the following case study, you are required to answer the questions no. (i) to (v) [5x2 = 10]

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).

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



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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) DirecTV’s shift to targeting “high-quality” subscribers reflects a focus on which type of market segmentation?
 - a) Geographic segmentation
 - b) Psychographic segmentation
 - c) Demographic segmentation
 - d) Behavioral segmentation

- (ii) Which of the following most accurately represents DirecTV’s differentiation strategy in a saturated media market?
 - a) Building brand equity through technological superiority and premium service experience
 - b) Cost leadership through bundling and discounts
 - c) Leveraging exclusive partnerships with content creators
 - d) Prioritizing mass-market penetration via aggressive pricing strategies

- (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 increases operational complexity and costs 0.90
 - b) It reduces customer satisfaction
 - c) It limits programming diversity
 - d) It attracts a younger demographic interested in sports 0.50

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

Answer:

| | | | | |
|---|----|-----|----|---|
| i | ii | iii | iv | v |
| d | a | c | d | a |



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Section – B

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

[5 x 14 = 70]

2. (a) Evaluate how companies can respond effectively to disruption and avoid becoming complacent during periods of success? [7]
- (b) Recommend the regulatory compliances, which are required for setting up an enterprise in India. [7]

Answer:

- (a) Disruption is a process by which smaller companies with fewer resources challenge successful businesses. Companies face several crises. One such crisis is the prosperity crisis. Sometimes companies are caught napping as they become complacent with their current success. 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.

The similarity between compact digital cameras and dinosaur is that they both are extinct now. Smartphone cameras ensured the extinction of camera stores in the neighbourhood. There are other victims of disruption by smartphones. Portable music players, gaming systems all got disrupted. All these industries were profitable but disruption finished them in a couple of years. So, it is important to keep ears and eyes open and not be complacent when the company is doing well. Success today does not guarantee success tomorrow.

In the face of disruption, many companies have adopted strategies to retool their offerings and operations to stay competitive. This type of transformation requires efforts from all parts of the organization.

Some strategies for facing the disruptions are given below :

- a) 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
- b) Check the moves of your competitors especially the innovations they are bringing in
- c) Be ready to disrupt rather than waiting to be disrupted.
- d) Buy the disruptor if possible.
- e) Customers' tastes and preferences may change quickly. Keep an eye on changing customer preferences and change accordingly. If required, diversify or refocus the business.
- f) Should be aggressive and not passive in approach.
- g) Adopt agile approach.

Companies should continuously try to innovate and keep pace with the changing customer demands. If a company fails to innovate and does not match up to the demand of the customers, then the products of those companies lose relevance.



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Examples of Disruption

- Walmart disrupted large departmental stores.
- Netflix disrupted Blockbuster.
- Amazon's online bookstore disrupted brick and mortar book stores.

(b) Following regulatory compliances are required for setting up an enterprise in India –

Entrepreneur should have or they should hire or outsource someone who has a good understanding about the basic laws of the land, rules, regulations that are applicable and various government schemes that are drawn for the welfare of the budding businesses and their smooth functioning. An entrepreneur should follow the following as a part of business compliance:

1. Select which type of business entity is to be established. (Sole proprietorship, private limited, public limited, partnership, limited liability partnership (LLP) etc.).
2. Business Licensing
3. Company law-based compliances (Annual General Meeting, Board Meetings, Appointment of Auditor).
4. Taxation based compliances
5. IPR based compliance
6. Compliances under labour laws.
 - The Industrial Disputes Act, 1947
 - The Trade Union Act, 1926
 - Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996
 - The Industrial Employment (Standing Orders) Act, 1946
 - The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979
 - The Payment of Gratuity Act, 1972
 - The Contract Labour (Regulation and Abolition) Act, 1970
 - The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
 - The Employees' State Insurance Act, 1948

3. (a) Advise the steps involved in order-to-cash (OTC) process. [7]

(b) On 1st January, 2024, 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, prepare:

- (a) A working capital requirement forecast and
- (b) An estimated Profit and Loss Account and Balance Sheet at the end of the year.
 - (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, 2024.



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- (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.
- (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. [7]

Answer:

(a) The following steps are involved in order-to-cash (OTC) process:

1. Inquiry: A customer inquires about the product price and service. This is a very starting point of the OTC process. This process does not have any effect on general ledger accounts and does not have any accounting entries. Once a customer creates an inquiry, an inquiry number is generated and it will be recorded in the system.
2. Quotation: Quotation is a price quote given to the customer. A quotation follows inquiry steps. A quotation can be created via inquiry or without an inquiry reference number.
3. Sales: According to some SAP experts, sales order is the first step of the OTC process. After inquiry and quotation, once it's gets created. Sales order can be created with reference to quotation or without reference. It does not make any accounting book entry and it does not make any change in General Ledger accounts. It is just a commitment to deliver goods to the customer.
4. Post Goods Issue: Post goods issue is the steps where goods are being picked by the warehouse, packed, and shipped to the customer's given shipping address as per the sales order. We have accounting entries as inventory is being credited against the cost of goods sales (COGS) debited. General ledger accounts associated with the cost of goods sales and inventory is affected respectively.
5. Delivery: Delivery follows post goods issue (PGI). Delivery is the actual fulfilment of goods to the customer's shipping address. At the delivery stage, we have accounting entries in the books. At this stage, we debit the revenue account and credit the customer account.
6. Billing: At the billing stage, we send the bill to the customer for the goods delivered. We have accounting entries at this stage where we debit customers and credit cash accounts.

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| 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:

| | | ₹ |
|-------|--|--------|
| (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 (1,80,000/12) = ₹15,000. Credit period for 2 months | |

Profitability forecast for the year 2024

| | ₹ | ₹ |
|--|----------|----------|
| Sales 60,000 units @ ₹ 5 each | | |
| Cost of production: | | |
| Raw material @ 60% | 1,80,000 | |
| Direct Wages @10% | 30,000 | |
| Overheads @20% | 60,000 | 2,70,000 |
| | | 30,000 |
| Less: Debenture Interest @5% on ₹ 50,000 | | 2,500 |
| Net Profit | | 27,500 |



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Balance Sheet as at 31st December 2024

| | ₹ | ₹ |
|-------------------------------------|----------|----------|
| Share Capital | 2,00,000 | |
| Reserves and Surplus | 27,500 | 2,27,500 |
| Debentures | | 50,000 |
| | | 2,77,500 |
| Fixed Assets | | 1,25,000 |
| Current Assets | | |
| Raw material | 30,000 | |
| Work – in- progress | 17,500 | |
| Finished goods | 67,500 | |
| Debtors | 67,500 | |
| | 1,82,500 | |
| Less: Current Liabilities Creditors | 30,000 | 1,52,500 |
| | | 2,77,500 |

4. (a) Evaluate the advantages of Bootstrapping and suggest key strategies that support success in a bootstrapped startup. [7]
- (b) Discuss about Sustainable Impact Initiatives [7]

Answer:

(a) The advantages of bootstrapping are as follows:

- a. The owner(s) maintains complete control of the company, without outside influences from investors, for example.
- b. Relying on existing resources, without loans, reduces the need to outlay cash to pay back a loan.
- c. Carefully managing money from the outset creates smart spending habits.
- d. The entrepreneur gets a wealth of experience while risking his own money only. It means that if the business fails, he will not be forced to pay off loans or other borrowed funds. If the project is successful, the business owner will save capital and will be able to attract investors. So, the business will grow up to a new level.
- e. The “bootstrapper” reserves the right to all developments, as well as ideas that were used during the development of the business.
- f. The lack of initial funding makes entrepreneurs look for unusual ways to solve problems, create new offers on the market, and show creative thinking.
- g. Independence from investor opinions. An entrepreneur can make all the decisions independently, so he is able to create something unique, realize a dream, test strength, and be independent of the investors’ instructions.
- h. Attracting external funding is challenging and can be a very stressful and time-consuming task.

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Bootstrapping allows an entrepreneur to fully focus on the key aspects of the business, such as sales, product development, etc.

- i. Creating the financial foundations of business by an entrepreneur is a huge attraction for future investments. Investors, such as private individuals, special funds, or venture capital firms, are much more confident in financing businesses that are already secured and have demonstrated the promises and commitment of the owners.
- j. Providing value to people. Business is all about delivering a particular value through a product or service.

Below are some proven methods that will help an entrepreneur in the early stages of the bootstrapped startup:

- Reinvest net profit.
 - Create a business plan. Planning is necessary, and it will help the owner organize things and understand the vectors of movement.
 - A business idea (product/service) should solve someone's problem. Otherwise, there is neither a product nor a target audience.
 - Attract a mentor or any person who is successful in that business and who will give useful advice.
 - 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)
- People prefer to be a part of something that 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.
 - 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.
 - 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.
 - Firms have started embracing sustainable business practices and are focusing on creating values for the stakeholders who include employees, customers, and community.
 - A sustainable business strategy requires clear organizational goals and a strategy to achieve those goals.
 - Senior leaders in an organization are responsible for the execution of the strategy. So, organizational capabilities need to be developed to embrace sustainability.
 - 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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- Sustainable Business Practice Example:
 - a. Ikea manufacture products that use sustainable materials and their waste is recycled into energy.
 - b. 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) **Assess the five stages of innovation in turning an idea into a successful outcome.** [7]

(b) **Recommend the Product Positioning Strategies.** [7]

Answer:

(a) **Stage 1: Idea Generation and Mobilization**

The generation stage is the starting line for new ideas. Successful idea generation should be fuelled both by the pressure to compete and by the freedom to explore. IDEO, the product development and branding company based in Palo Alto, California, is a good example of an organization that encourages successful idea generation by finding a balance between playfulness and need.

Once a new idea is generated, it passes on to the mobilization stage, wherein the idea travels to a different physical or logical location. Since most inventors aren’t also marketers, a new idea often needs someone other than its originator to move it along. This stage is vitally important to the progression of a new idea and skipping it can delay or even sabotage the innovation process

Step 2 : Advocacy and Screening

Advocacy and screening help to evaluate the feasibility of a business idea with its potential problems and benefits. Hence, a decision can be made about an idea’s future. Companies looking to develop a culture can establish a few best practices.

For instance, employees should have plenty of avenues to receive advocacy and feedback. Also, organizations must understand the difficulties involved in evaluating truly innovative ideas. Also, organizations need to build transparent evaluation and screening protocols.

Step 3 : Experimentation

The experimentation stage tests the sustainability of ideas for an organization at a specific time. Experimentation generates new ideas with the information that is gathered on the results and feasibility of the original idea. For instance, when Amazon tested its grocery delivery service in certain Seattle suburbs. After this, Amazon Fresh expanded to Los Angeles, San Diego, and New York City

Step 4 : Commercialization

Commercialization develops market value for an idea by focusing on its impact. An important part is establishing the specifications of any given idea. Commercialization is the stage that involves the change of focus developments to persuasion. After the idea is clarified and a business plan is developed, it will be ready for diffusion and implementation.

Step 5 : Diffusion and Implementation

Diffusion is the company-wide acceptance of an innovative idea, and implementation sets up everything needed to develop the innovation. Diffusion and implementation allow the organization to determine the next set of needs for customers. Receiving feedback, indicators for success metrics, and other benchmarks enable the organization to stimulate the innovation process.



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(b) Product Positioning Strategies are as follows:

While a lot of time is devoted to product development, only a few companies think about how consumers will perceive the product when it is already in the market. Marketers should pay attention to what their customers think. The key strategies of product positioning are mentioned below:

- **Characteristics-based positioning:** Brands give certain characteristics to their products that aim at creating associations. It has done to make consumers choose based on brand image and product characteristics. Let us take the automobile industry, for example. A person who worries about safety will probably choose Volvo because of the brand's positioning. At the same time, another customer who pays attention to reliability would prefer Toyota.
- **Pricing-based positioning:** This strategy involves associating your company with competitive pricing. Brands often position themselves as those that offer products or services at the lowest price. Let us take supermarkets, for example. They can afford to provide customers with products for lower prices because of the lower costs they pay for shipping and distribution, huge turnover, and a large procurement of goods. As a result, many consumers already know the supermarkets with attractive prices and choose them without considering other options.
- **Use or application-based positioning:** Companies can also position themselves by associating with a certain use or application. People who adhere to a healthy lifestyle create a great demand for products that help increase performance in the gym. Hence, many businesses offer nutritional supplements. These brands sell supplements that are high in calories, vitamins, and minerals
- **Quality or prestige-based positioning:** The brands we are talking about now don't concentrate on their price point; they focus on their prestige or high quality instead. Sometimes, it's the reputation that makes a brand attract customers. Let's take Rolex, for example. This famous watch brand is associated with achievement and excellence in sport and is popular among powerful and wealthy people.
- **Competitor-based positioning:** The strategy involves using competitors' alternatives to differentiate products and highlight their advantages. It helps brands distinguish their products and show their uniqueness

6. (a) **Recommend the seven-step approach to successful mergers and acquisitions.** [7]

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

Answer:

(a) Following seven steps occur in sequential order for executing the process of merger and acquisition. These are discussed below:

- a. **Identify Potential Growth Markets/Services :** The process of evaluating acquisitions will require the identification of growth potential in business or service lines. Substantial data need to be collected and analysed to identify the growth potential of an organisation.

Example: CICI Bank may have recognized a lot of growth potential in acquiring Bank of Rajasthan in 2010, as the merger will significantly expand ICICI Bank's branch network, particularly in

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- northern and western India. The deal will combine the branch network of the Bank of Rajasthan with the capital strength of ICICI Bank.
- b. Identify Candidates for Mergers & Acquisitions: A universe of possible merger or acquisition candidates that could help you accomplish your strategic financial growth aims in exact markets or service lines. This entails identifying “likely suspects” in a thorough manner.
- c. Evaluate the Financial Position and fit of the Company’s Strategic Financial Plan: The following questions must be answered at this stage:
- Likely benefits of a deal with this acquisition target
 - Potential dangers
 - How does this target compare to other opportunities that have been targeted?
- Financial Position: A thorough assessment of the target’s financial and credit standing. Volume, income, cost, and balance sheet issues are all part of the evaluation.
- d. Make a Go/No-Go Decision : According to the proposed acquisition or merger, corporate leadership must assess the potential benefits and cons.
- e. Perform a Valuation: The fifth step involves the determination of the target’s worth, identifying different transaction structures of mergers and acquisitions, analysing the structures, and selecting the best possible structure which will enable the company to achieve its goal.
- Discounted cash flow analysis, comparable transaction analysis, and comparable publicly listed company analysis are the three main approaches to valuation. The responsibility of corporate leadership is to choose the best possible strategy based on a realistic valuation range.
- f. Conduct with Diligence, Negotiate a Contract, and Complete the Transaction : Thorough due diligence for the examination of the target is required after the offer is accepted. It will help to ascertain the opportunities, dangers, and difficulties associated with the transaction.
- A review of the target’s financials is part of due diligence. Parties negotiate definite agreements after the completion of due diligence. Transactions are completed after getting the regulatory permissions if required.
- The acquirer should monitor the merger or acquisition during execution. It will help to ensure that the negotiated transaction achieves the transaction’s aims and objectives specified at the end of the strategic evaluation.
- g. Execute the Transaction by Tracking its Progress: Some basic queries for the execution of the transaction
- Will the management be willing to make the difficult operational changes needed to realize the financial gains?
 - What are the human resource implications? Is there support from the stakeholders (management, board of directors, service providers, community, and employees)?
 - What are the legal and regulatory obstacles (court clearances, SEBI regulations, tax ramifications, and so on)?
 - What are the advantages?



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(b)

- 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.
- 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.
- 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.
- 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.
- 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.
- 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) **Review the main strategies for change management adopted by organizations.** [7]
- (b) **Discuss the impact of Micro, Small, and Medium Enterprises (MSMEs) on people's lives and their role and importance in the Indian economy.** [7]

Answer:

- (a) Change can be approached in a number of ways. Efficient change management strategies are required for overcoming the change in the organisation. For this purpose, five strategies are adopted:
- **Directive Strategy:** In this strategy authority and power of the manager is used to manage change. This is mostly used by the top-level management with no or minimum involvement of others. The advantage of this strategy is that it can be undertaken quickly as it involves less number of people. The disadvantage of this strategy is that it does not consider the opinion of others who are involved or affected by these changes. In this strategy the changes are imposed upon the staff without any discussion or their preparedness which may cause resentment among them.

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- **Expert Strategy:** In this approach, the change is viewed as a problem solving process and for this purpose help of an expert is taken to resolve it. In this approach, also there is little involvement of those who are affected by these changes. The main advantage of this approach is that with the help and guidance of experts the change can be implemented quickly and effectively.
 - **Negotiated Strategy:** In this strategy, the top management discusses the various issues with those who are affected by the changes. This approach involves negotiation and bargaining on the part of the top management to implement the changes in the organisation. The changes to be made are discussed and the methods of implementation and the possible outcomes are also agreed upon. The major advantage is that this approach have major involvement of all those who are affected by these changes which results in participation and support from all. The main disadvantage of this approach is that it takes longer to implement the changes. Another disadvantage is that it is difficult to predict all the possible outcomes.
 - **Educative Strategy:** This approach is based on redefining and reinterpreting people's norms and values thus motivating them to support the changes being made. Here the main attention is on them who are involved in the process of change. The theory behind this approach is that people's behaviour and mind set is governed by social norms and values and to change them first these existing norms and values must be changed and redefined. And for this education, training, consultation must be needed. The advantage of this approach is that it helps in developing positive commitment to the changes being implemented. Thus this approach brings the support and participation of the individuals in the organisation. The major disadvantage is that it takes longer to implement because of involvement of several people.
 - **Participative Strategy:** As the name suggests it is based on participation of all individuals in the change process. Though the decisions are taken by the top level management, discussions and meetings are held for taking the view of the individuals before implementing the change. The focus is on full involvement of those who are affected by the changes. The views of the experts and consultants are also sought. The major advantage is participation and involvement of all so the change process has support of all. It gives individuals an opportunity to increase their skills and knowledge about the organisation and its functioning. The main disadvantage is that it takes longer to implement the changes as, it is relatively slow. It is not only time consuming but costly also because of number of meetings and discussions
- (b) Impact of MSMEs on people's lives**
- MSMEs aim to make workers' lives better. they help them by providing jobs, loans, and other services
 - MSMEs contribute to the advancement of innovative technologies, the expansion of infrastructure, and the modernization of the sector as a whole, all of which improve labourers' working conditions.
 - They also offer high-quality certification services and state-of-the-art testing labs.
 - MSMEs are now supporting product development, design innovation, intervention, and packaging in keeping with current trends, ensuring that clients receive the highest quality products.
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ENTREPRENEURSHIP AND STARTUP

Role and importance in the Indian economy

- Economic stability: Because of MSME’s contribution to manufacturing, exports, and jobs, it benefits other industries. MNCs frequently purchase semi-finished and additional items from small businesses, such as clutches and brakes, by vehicle manufacturers. Even after the GST is implemented, it helps bridge the gap between small and large companies. 40% of the total MSMEs sector has also implemented GST registration, which has increased the government’s revenue by 11%.
- Cheap labour: One of the critical challenges in large-scale firms is to retain human resources through effective human resource management professionals. However, when it comes to MSMEs, the labor requirement is lower, and it does not necessitate the use of a highly skilled laborer. as a result, the owner’s indirect expenses are also minimal.
- Large-scale employment generation: MSMEs seek to improve the lives of workers by offering employment, loans, and other services. MSMEs play a significant role in supporting India’s young talent as they join the workforce.
- A significant contribution to “make in India”: Thanks to MSMEs, the prime minister of India’s trademark campaign, “make in India,” has been simplified. it serves as a foundation for making this ambition a reality. Furthermore, the government has urged the banking institutions to offer more credit to small and medium-sized businesses.

8. **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 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 ongoing privatization of public services.

| Facts of the case | Stakeholders involved | Ethical values |
|---|---|---|
| <ul style="list-style-type: none"> • Strike by workers against privatization move. | <ul style="list-style-type: none"> • Workers | <ul style="list-style-type: none"> • Leadership • Courage |



ENTREPRENEURSHIP AND STARTUP

| | | |
|--|---|--|
| <ul style="list-style-type: none">• Structural problems in the state transport corporation.• Workers not getting a timely salary.• Commuters facing hardship as transport services in peril.• Bribe offered to negotiate. | <ul style="list-style-type: none">• Transport department Officials• Commuters or the general public• Self (as head of worker union)• Political leaders | <ul style="list-style-type: none">• Fortitude• Empathy• Efficiency• Spirit of service |
|--|---|--|

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.
- 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.