

Challenges to Ethical Leadership Under Business Uncertainty: A Case Study of Blusmart Mobility

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Uncertainty defines entrepreneurial markets, especially for sustainability-driven start-ups. BluSmart Mobility, India's first all-electric ride-hailing platform launched in 2019, illustrates both the promise and risks of this space. With ambitions to decarbonize urban transport, the company expanded its electric fleet, secured investor backing, and introduced initiatives such as Project Sakhi to enhance social sustainability. Yet rapid growth exposed vulnerabilities in funding, governance, driver welfare, and ethical oversight. This paper applies the 4V Model of Ethical Leadership (Values, Vision, Voice, and Virtue), to assess how BluSmart navigated these challenges using secondary data. The analysis examines tensions between sustainability ideals and financial pressures, the alignment of vision with investor expectations, the extent of stakeholder inclusion, and the testing of ethical claims amid governance lapses.

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Introduction

Business environment in the twenty first century is highly turbulent like never before. Due to technological disruption, climate imperatives, and geopolitical changes, markets are constantly redefined, and business uncertainty is a constant reality, instead of a periodic challenge. More so start-ups, have to deal with the unpredictable funding cycles, regulatory alteration, and fast-evolving consumer tastes with constrained resources and tight timeframes. Leadership decisions, in this case, are not only tactical decisions, but moral actions deciding how organizations strike a balance between profit, people and planet issues (Deb et al., 2024; Anklesaria et al., 2025).

Electric mobility has taken the shape of a technological possibility, as well as an ethical necessity, within this scenery. Governments worldwide are urging governments to make cuts in the emission of

greenhouse gases and consumers are placing more emphasis on the use of sustainable transport solutions (Pandey, 2025). India is the country where some of the worst polluted cities in the world are located, and the country has initiated aggressive policies to support electric vehicles (EVs) using subsidies, the infrastructure, and regulation. The move towards clean mobility and out of fossil-fuel-powered transport is risky. The EV adoption is still sensitive to the price of batteries, the presence of charging infrastructure, and the consumer confidence, and the development of sophisticated battery technologies requires precise state-of-charge reconstruction and predictive maintenance to be efficient in its operation (Tiwary et al., 2024). Moreover, the e-mobility ecosystem drives significant innovations within downstream supply chains, posing challenges to traditional procurement and logistics practices (Serohi, 2022).

The case of BluSmart Mobility illustrates these tensions vividly. Founded in Gurugram in 2019 as India's first all-electric ride-hailing platform, the company set out to decarbonize urban mobility. Its fleet of electric vehicles, supported by a rapidly expanding network of proprietary charging stations, enables rides with zero emissions. BluSmart's model seeks to align profitability with environmental stewardship: passengers receive reliable service while contributing to reduced urban pollution, and drivers gain more stable employment opportunities in a sector often criticized for precarious gig-work practices. Through collaborations with renewable energy providers, the acqui-

sition of carbon-credit certification, and socially oriented initiatives such as *Project Sakhi*, which empowers and educates women drivers, BluSmart positioned itself as a socially responsible actor in the Indian mobility sector. Yet, the very attributes that establish it as a sustainability pioneer also exposed it to heightened risks, underscoring the critical need for ethical leadership to navigate persistent business uncertainties

Business Uncertainty – Key Challenges

Business uncertainty refers to the unpredictable economic, technological, policy, and social factors that limit an organization's ability to anticipate and execute strategies effectively. For startups, especially within emerging clean-technology sectors, uncertainty is not an exceptional disruption but rather an inherent condition of day-to-day operations. BluSmart Mobility, India's first all-electric ride-hailing platform, exemplifies this reality, where multiple layers of uncertainty converge to challenge both business sustainability and the practice of ethical leadership (Dal Mas et al., 2020; Pandey, 2025). The following sub-sections examine the key forces shaping this volatile landscape

Market Volatility

The EV industry is influenced by the prevalence of the fast-changing technology and the changing consumer demand. The chemistry of batteries, the decline in lithium and cobalt supply, and unexpected technology development in charg-

ing can overturn the cost constructions in a few days. The same example of digital interference in other regions can show how smart contracts and blockchain application can fundamentally redefine business models to support or sabotage sustainability goals (Dal Mas et al., 2020). Consumer perception of range anxiety, maintenance cost and resale value heighten the demand uncertainty. One technological advancement in competing technologies - hydrogen fuel cells or more advanced hybrids - would shift investment and customer focus out of battery electric solutions.

Ambiguity in Regulatory & Policy.

The adoption of EVs in India is strongly shaped by government policy, which remains politically contingent. Current measures include subsidies for EV purchases, incentives for charging infrastructure, and carbon-credit schemes that stimulate private investment. While such policy-driven innovation has attracted significant capital into EV start-ups, abrupt changes or renegotiation of these incentives risk disrupting investment flows and slowing market development (Pandey, 2025). The mobilization of large-scale finance to meet EV targets is also urgent according to national planning authorities and is accompanied by the warning that a shift in fiscal priorities and administrative delays pose investors with uncertain risks (Aayog, 2021).

Finances & Investor Reliance.

BluSmart's asset-light yet capital-intensive model demands continual capital

infusion to expand its electric vehicle fleet and charging infrastructure. The sector attracts venture capital and climate-finance investors whose commitments are sensitive to macroeconomic conditions, ESG performance, and regulatory stability. Indian EV projects face the dual challenge of scaling rapidly to secure market share while simultaneously demonstrating measurable environmental impact to sustain investor confidence. Even minor disruptions, such as delays in government subsidies or adverse media coverage can strain liquidity and obstruct fleet expansion (Pathak et al., 2024).

Competitive Pressures

India's ride-hailing sector is dominated by well-funded incumbents such as Uber and Ola. In response to BluSmart's growth, these competitors may lower fares, offer greater driver incentives, or expand their own EV fleets, forcing BluSmart to balance sustainability commitments with competitive pricing. Additionally, the entry of international firms or alliances between established automotive and technology companies could further compress margins and weaken BluSmart's bargaining power with suppliers.

Operational Complexity

A fleet of large EVs involves advanced logistics, such as the location of charging station, battery status monitoring, and preventive maintenance. Precise state-of-charge (SoC) detection is crucial to prevent failure of the service and can best maximize battery life, but has proven to be a technical challenge in ur-

ban driving (Tiwary et al., 2024). The issue of grid reliability and electricity tariffs bring in another uncertainty since outages or unexpected tariff increases may disorganize the scheduling, increasing the operating costs.

Financial Risk & Supply-Chain Risk.

‘In addition to short-term financing requirements, the overall EVs ecosphere is reliant on a consistent supply of lithium, cobalt, as well as other essential minerals. International price variations, trade controls, or political instabilities might raise the purchases of vehicles and the expansion of fleets. Past events in other areas of technology demonstrate how uncertainties of the cross-border trade can

increase the risks of the downstream supply-chain (Suominen, 2017).

Reputational & Governance Problems.

Reputational shocks are particularly prone to start-ups that have explicit sustainability missions. Accusations of misappropriation of funds, salary arrears, or vague decision-making could have a swift effect of undermining the trust of the stakeholders and scare away investors. Digital markets are easily tapped by negative publicity and even small lapses in governance are exaggerated. In the case of BluSmart, it is not only necessary to have strict internal control and open communication with stakeholders, but also as a means of future funding.

Fig. 1 Uncertainty Factor in Business in BluSmart Mobility

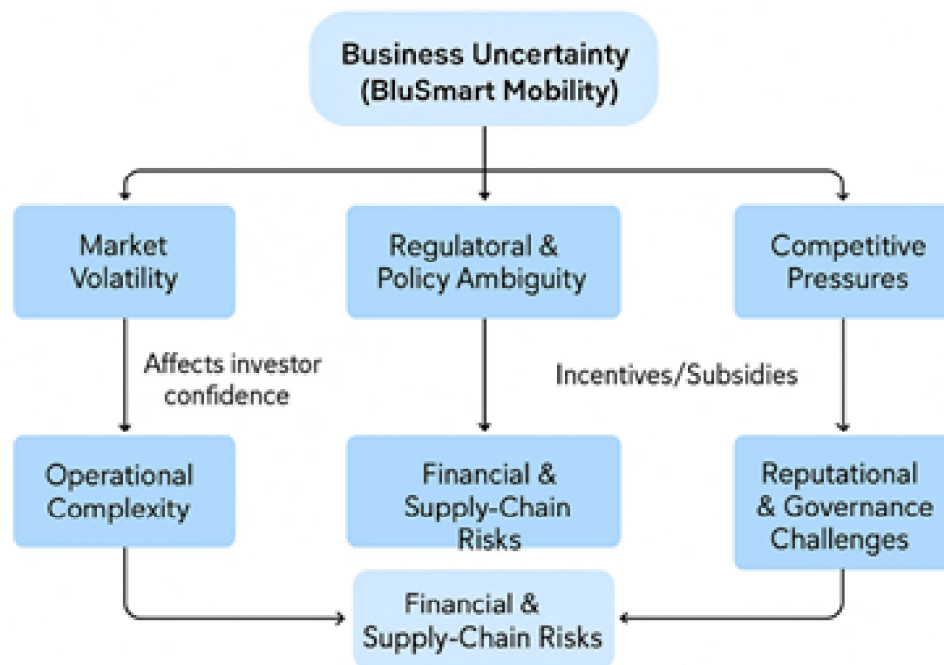


Fig. 1 illustrates the multi-dimensional sources of business uncertainty faced by BluSmart Mobility. The model highlights how cascading challenges emerge from market volatility, regulatory and policy ambiguity, and competitive pressures. Market volatility complicates operations, while uncertainty amplifies financial and supply-chain risks. At the same time, competitive pressures generate reputational and governance concerns. These risks ultimately reinforce financial vulnerabilities, creating a recurring cycle of uncertainty. The diagram further emphasizes that external business conditions directly influence internal operations and financial sustainability, with all risk factors remaining deeply interconnected in the context of sustainable mobility venture.

Ethical Leadership

Ethical leadership is commonly understood as guiding organizations through decisions and actions that reflect moral values, fairness, and responsibility, while encouraging similar conduct among followers. Its importance becomes particularly pronounced in turbulent markets, where leaders must balance the short-term pressures of competition and financial survival against longer-term commitments to stakeholders and society. Evidence consistently shows that ethical leadership fosters employee loyalty, strengthens customer trust, and enhances overall organizational stability (Basilio, 2025; Crossley et al., 2024; Mehmood & Lawa, 2025; Tseng & Wu, 2017; Reddrick, 2023). Ethical leaders are moral compass in whom they establish

behavioral norms, communicate well their values and provide accountability mechanisms even in situations where short-term incentives may be tempting people to derail. Ethical leadership, especially in the case of platform-based companies like ride-hailing services, is especially important since digital mediation tends to mix the lines of responsibility and increase the possibility of exploiting workers, a lack of transparency in governance, and unequal power dynamics (Ravi, 2025).

The 4 V Model of Ethical Leadership

The 4V Model (Values, Vision, Voice, and Virtue), provides a comprehensive framework for understanding ethical leadership in challenging contexts. *Values* represent the ethical foundations guiding decisions and sustaining organizational culture by ensuring that actions align with shared principles. *Vision* reflects a leader's ability to articulate a morally grounded future that integrates business objectives with societal interests, thereby inspiring employees and stakeholders beyond mere profit. *Voice* emphasizes communication and participatory processes, where leaders engage stakeholders, foster dialogue, and legitimize dissent, ensuring that ethics are co-created rather than imposed. *Virtue* refers to the individual traits of leaders such as integrity, courage, humility, perseverance that allow them to uphold the ethical behavior even in the market extreme pressure or on themselves (Reddrick, 2023). This model combines both inward and outward behaviors to ensure that ethics is grounded in the character of an indi-

vidual and an organization as opposed to being a theoretical dream.

Applicability of 4V Model to BluSmart.

The 4V model applies to BluSmart Mobility by describing interactions between sustainability objectives and ethical issues in a growing platform business. Environmental stewardship, inclusivity and transparency are BluSmart's public values, demonstrated through renewable power sourcing and Project Sakhi for women drivers (Radhika Sharma, 2024; Tata Power, 2024). These principles face challenges from fraud claims and governance issues that affect the company's ability to implement ideals. The company's vision to decarbonize mobility aligns business suc-

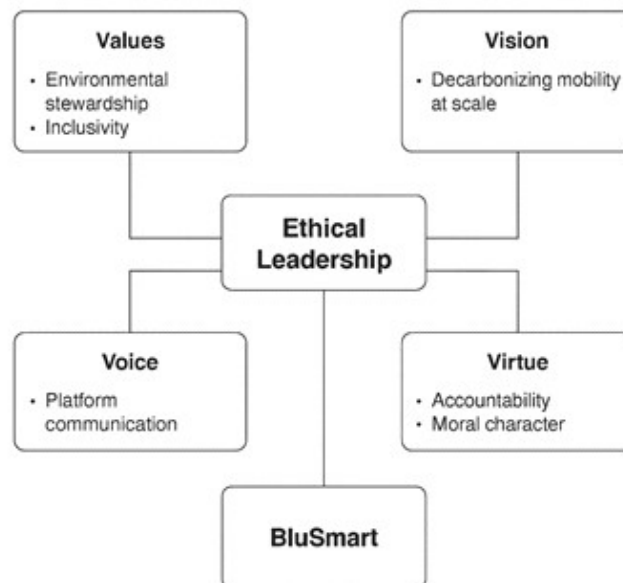
cess with environmental action while uniting investors, staff, and clients. During funding delays and operational crises, leaders must maintain environmental and social priorities despite profitability pressures. Voice is crucial for BluSmart's digital platform, requiring clear communication with drivers and customers about services and complaints (Senthilnathan & Rajendran, 2024; Su et al., 2025). Poor stakeholder engagement can damage trust in the gig-economy where workers face power disadvantages. The virtue dimension tests ethical lead-

ership through the founders' and managers' conduct. Issues with payment delays, oversight, and shareholder concerns scrutinize BluSmart management's ethical character. Accountability, fair driver treatment and honest crisis reporting are essential for ethical legitimacy and continued growth.

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Fig. 2 illustrates the role of ethical leadership in shaping organizational culture besides assuring alignment of corporate responsibility, stakeholder trust as well as long-term sustainability objectives.

Fig. 2 Ethical Leadership Model within BluSmart



Case Study Analysis: BluSmart Case Details

BluSmart Mobility stands at the intersection of technology, environmental sustainability, and ethical entrepreneurship. As a rapidly expanding electric vehicle (EV) ride-hailing start-up in India, it exemplifies the challenges of building a business that must simultaneously satisfy the expectations of investors, regulators, drivers, and customers while upholding its mission to decarbonize urban transport. This section offers a critical reflection on BluSmart's evolution, financial strategy, and ethical leadership, highlighting both the promise of its sustainability narrative and the vulnerabilities of its integrity in an environment marked by constant change

Origins, Mission & Core Business Model

In 2019, BluSmart was established in Gurugram and has an ambitious goal of decarbonizing the scale of mobility. Inspired by the fact that Indian cities were dealing with the problem of severe air pollution and the growing worries of climate change, BluSmart aimed to stand out of the crowd of other ride-hailing companies such as Uber and Ola by providing a 100 percent electric ride-hailing service. At its inception, the company embraced a hybrid asset-light and fleet-controlled business model, with its vehicles being either owned by the company or leased on a long-term basis instead of being owned by the drivers. This method provided BluSmart with more control over the quality of vehicles, up-

keep, and charging times, which assured upholding the standards of zero-emission (Jaiswal & Prajapati, 2025).

The goals of the BluSmart mission were based on three interrelated objectives: (1) cutting down the amount of greenhouse gas emissions by running a fleet of vehicles that operate solely on renewable energy; (2) enhancing the livelihoods of drivers by paying regular salary, predictable payouts, and insurance that would otherwise make the livelihood unstable in gig work; and (3) providing customers with convenient and predictable fares that do not experience a surge pricing. Project Sakhi, an initiative by BluSmart to employ women drivers is another strategy the company employed to cover gender gaps in the Indian mobility workforce, thus improving its social impact. The business model combined the use of technology in fleet management and renewable energy alliances, and the company lead in the green mobility ecosystem in India. This multi-layered mission made BluSmart an excellent story of sustainability but became the target of greater scrutiny of regulators, investors, and the population.

Financing & Funding issues.

BluSmart faced acute financial strain, a characteristic of capital-intensive green start-ups, despite its strong sustainability mission. High initial costs associated with acquiring electric vehicles, maintaining high-capacity batteries, and building charging infrastructure exerted significant pressure. While ven-

ture capital provided critical early-stage funding, dependence on external investors exposed the firm to market volatility and shifting investor sentiment (Jeong et al., 2020). In times of budget constraints, management risks prioritized short-term cash flow over long-term sustainability goals.

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Government subsidies for EVs and charging systems helped offset expenses but remained vulnerable to political shifts, creating regulatory uncertainty and complicating financial planning (Jaiswal & Prajapati, 2025). Recent governance lapses, including allegations of fund misappropriation and wage delays, have further eroded investor confidence and attracted regulatory scrutiny (Abhishek, 2025). Such incidents not only jeopardized future funding but also increased reputational risks, reinforcing perceptions of “green mirage” behavior where financial realities contradicted sustainability claims (Anklesaria et al., 2025). BluSmart’s financial trajectory illustrates a delicate balance: expansion requires continual resource acquisition, yet credibility with stakeholders must not be compromised. To navigate this bind, strong ethical leadership is essential to assuring investors, employees, and customers that financial growth will not come at the expense of transparency, governance, or social responsibility.

Ethical Leadership in BluSmart.

BluSmart’s founders have consistently positioned the company as a mission-driven enterprise, pledging commitments to renewable energy, transparent pricing, and driver welfare. Initiatives such as *Project Sakhi*, which trains and employs women drivers, and the reliance on renewable energy for charging infrastructure, reflect an effort to embed sustainability in both operations and corporate image (Anklesaria et al., 2025). However, translating aspirational rhetoric into operational reality has been problematic. Allegations of financial mismanagement, delayed wage payments, and opaque decision-making have undermined the firm’s ethical credibility (Abhishek, 2025). Scholars note that green economy ventures are particularly vulnerable to greenwashing, where environmental claims exceed actual practices (Anklesaria et al., 2025). BluSmart illustrates this tension: while its environmental mission is compelling, governance shortcomings risk eroding stakeholder trust.

Using the 4V Model of ethical leadership, BluSmart demonstrates strengths in *Values* and *Vision* through its sustainability objectives and decarbonization agenda. Yet weaknesses in *Voice* and *Virtue* emerge under financial and regulatory pressures, particularly in inconsistent communication, wage delays, and lapses in fairness toward drivers. The company’s credibility as a pioneer of ethical mobility in India will ultimately depend on its ability to reinforce transparency, maintain financial discipline, and

Table1 BluSmart's Business Model, Financial Landscape, & Ethical Leadership Assessment

Dimension	Key Features / Actions	Strategic or Ethical Implications	Key Risks and Challenges
Founding & Mission	Established in 2019 in Gurugram with a mission to decarbonize mobility at scale (Jaiswal & Prajapati, 2025)	Early-mover advantage in Indian EV ride-hailing; strong climate narrative	High public expectations for environmental integrity
Fleet & Operations	Company-owned/long-term leased electric fleet; app-based booking and AI fleet management	Full control over vehicle quality and emission standards; supports sustainability goals	High capital requirements for vehicle procurement and maintenance
Revenue Model	Ride-hailing fares, corporate mobility contracts, and potential carbon credit revenue	Diversified income streams reduce reliance on passenger fares	Carbon credit revenue depends on evolving verification protocols
Social Initiatives	Project Sakhi for women drivers; fixed salaries and insurance for drivers	Strengthens social license to operate; addresses gender inequality	Requires sustained funding and consistent implementation
Funding Sources	Venture capital and private equity, government subsidies, corporate partnerships (Jeong et al., 2020)	Provides resources for rapid expansion and charging infrastructure	Policy reversals, investor sentiment, and market volatility threaten funding continuity
Governance Challenges	Allegations of fund misappropriation and salary delays (Abhishek, 2025)	Tests leadership credibility and investor trust	Regulatory scrutiny; reputational damage
Values (4V)	Commitment to renewable energy, gender inclusion, and transparent pricing (Anklesaria et al., 2025)	Aligns operations with ESG expectations	Inconsistent implementation undermines stated values
Vision (4V)	Large-scale decarbonization of Indian urban transport	Inspires employees and investors; differentiates BluSmart from competitors	Maintaining momentum during financial and regulatory uncertainty
Voice (4V)	App-based communication with drivers and customers; stakeholder meetings	Enables engagement and grievance redressal	Needs greater transparency during crises
Virtue (4V)	Leadership statements emphasizing accountability and social good	Builds moral authority and long-term stakeholder trust	Integrity tested under funding pressure and public investigation

uphold equitable treatment of its workforce.

The case of BluSmart underscores the dual nature of sustainability-driven entrepreneurship. On one hand, it demonstrates how a clear mission and values-based leadership can mobilize investors, employees, and customers around a climate-positive agenda. On the other, its financial dependencies, regulatory exposure, and governance controversies reveal how fragile ethical commitments can become under competitive and policy pressures. This discussion suggests that strong ethical leadership, grounded in clearly defined values, a compelling vision, transparent communication, and personal integrity is not merely desirable but essential for ensuring credibility and long-term success in India's green mobility sector.

Key Challenges at BluSmart

BluSmart Mobility stands as a prominent pilot initiative in India's pursuit of urban transport electrification. Positioned as an ambitious, large-scale decarbonization project, it has become a flagship green start-up. However, its journey is marked by a web of interrelated challenges that test its ability to sustain profitability, uphold stakeholder confidence, and remain true to its ethical commitments. Recent scholarly and policy research identifies the uniqueness of these pressures on BluSmart and their representativity of the larger electric mobility industry (Dash & Wappelhorst, 2021; Jha et al., 2025; Mondal & Suman, 2025; Singh et al., 2021; Tripathi & Bhattacharya, 2025; Verma et al., 2024).

Profitability vs. Sustainability

The most promising aspect of the BluSmart product is its pledge of 100 percent electric and zero-emission rides, which happens to be the most expensive exercise done by the company. The electric vehicles are more costly to purchase initially, include costly battery packs, and their maintenance needs are complicated as opposed to the internal combustion cars. Despite the FAME-II subsidies in India and state-level incentives, capital costs of fleet expansion are high and prone to change of policy at any moment (Tripathi & Bhattacharya, 2025). Electrification research of ride-hailing markets has shown that payback times may extend long beyond initial investor predictions, especially when battery replacement times and the cost of the charging infrastructure are factored in (Dash & Wappelhorst, 2021). BluSmart tries to subsidize these expenses with the help of the diversified sources of revenue, including the corporate mobility contracts, and the possible carbon-credit trading, which, however, are either immature or unstable. Being environmentally credible and at the same time provide investor returns therefore calls upon unceasing strategic balancing. When leaders grow too slowly, they will lose first-mover advantage; when they grow too quickly, they will go out of business.

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Navigating Pressure from Investors & Stakeholders

The high rates of growth have rendered BluSmart to have a high dependency on venture capital and strategic partnerships to finance it in an ongoing manner. Venture investors usually require rapid user adoption and high rates of fleet usage, although the latter may be incompatible with slower metrics necessary to develop trustworthy charging systems and conduct strict maintenance. According to Verma et al., (2024) , the regulatory environment of ride-hailing in India is dynamic with the demand to change the conditions of the fleet licensing, fares and the contracts of the drivers. Every regulatory change compels renegotiation of the investors and partners, increasing the chances of conflicting expectations. The issues faced by BluSmart in terms of governance like the claims of misappropriation of funds and late payment of salaries remain another problem that complicates this association as the confidence of creditors, venture capitalists and partners in the public sectors are eroded. The impatience of the investors, combined with the uncertainty of regulatory measures, compel the leadership to make hard trade-offs as the need to preserve the long-term mission of the company might lead to the necessity to ignore cash flows in the short term.

Workforce: Gig Economy New Dynamics & Treatment of Drivers.

Similar to other platform-based ride-hailing companies, BluSmart depends on the fact that there is a vast number of

drivers, who are usually treated as independent contractors, but not full-time employees. This model of labor enables flexibility with restriction to benefits and social protection. Jha et al. (2025) captures extensive income instability, excessive working hours and reduced grieving processes in the ride-hailing ecosystem of India. BluSmart has also attempted to outdo its rivals by providing salaries, insurance policies, and training to its drivers at a fixed rate. However, financial pressure has also been cited as a reason behind the lack of payment of wages during funding crises which eroded the guarantee of consistent income in the company. The drivers are still exposed to the algorithmic governance dynamics of dynamic pricing, route assignment and monitoring performance, which may subject them to unknown pressure even in situations where pay might seem secure. A reasonable and fair treatment, clear incentives, and significant involvement are, therefore, not only morally important but contribute to fleet reliability and customer satisfaction.

Data Security & Online Morality in Application Services

The app-based business model of BluSmart relies on the constant gathering of sensitive data: the position of passengers, the route that drivers take, the information about their payments, as well as the performance indicators of the fleet. Such data streams not only allow algorithmic dispatching and predictive maintenance they also pose a risk of abuse and unauthorized use. The data-protection situation in India is still frag-

mented, as the new legal framework is still pending, and there is a lack of enforcement mechanisms (Tripathi & Bhattacharya, 2025). Within this type of environment, companies such as BluSmart have to depend on internal policies to protect user privacy in addition to providing secure digital infrastructure. The concept of ethical concerns goes beyond data breaches to extend to algorithmic bias, where automated decision systems may harm some drivers or neighborhoods. Any non-handling of these issues will put BluSmart in an image-damaging situation, lawsuits, and loss of consumer confidence; all of which can be as devastating as money.

Leadership Decisions under Pressure

The leadership of BluSmart is in a crisis management environment where decisions must be made swiftly yet ethically to avoid outrage as funds are delayed, under regulation is unclear, and the public is watching. Financial mismanagement allegations have already instigated insolvency procedures, which has put the foundational team to test. According to Dash & Wappelhorst, (2021), ride-hailing fleet electrification requires both technical innovation and leadership that bridges environmental commitments with financial realities. At BluSmart, virtues of honesty, courage, and accountability are tested as leaders balance investor confidence with transparency toward drivers, employees, and regulators. Timely wage payments, disclosure of financial challenges, and effective crisis communication emerge as ethical and

strategic imperatives that define the company's long-term credibility with stakeholders.

Financial sustainability, stakeholder management, labor relations, digital ethics, and moral leadership are not isolated concerns but interdependent dimensions.

The BluSmart case shows that financial sustainability, stakeholder management, labor relations, digital ethics, and moral leadership are not isolated concerns but interdependent dimensions. A lapse in any one area—such as wage delays or a cyberattack—can trigger cascading effects on investor confidence, regulatory scrutiny, and public trust. This reinforces a central insight from the literature on electric mobility in markets shaped by technological uncertainty and high social expectations, ethical leadership is not peripheral but a core competence. (Jha et al., 2025; Verma et al., 2024). The future of BluSmart will be determined by the ability of its executives to balance profitability with sustainability, transparency in the use of power, and the ability to demonstrate the same leadership values that guide its environmental mission.

The BluSmart experience can be interpreted through the 4V Model of Ethical Leadership. The tension between Values and Vision is shown through the first challenge, balancing profitability and sustainability. BluSmart has been able to convey a powerful environmental mission

to decarbonize mobility, a mission that complies with the policy expectations of electric ride-hailing in India (Dash & Wappelhorst, 2021; Mondal & Suman, 2025; Singh et al., 2021). The financial dynamics of high vehicle purchases, costly battery changes, and unpredictable government subsidies, however, put a heavy toll on the company to continue its growth and at the same time ensure that its operations remain environmentally clean. These forces have slowed the growth of the fleet and have led to financing delays that show the environmental values of the company to be weak in response to jeopardized profitability. According to the literature on EV markets, subsidies may be cancelled or amended without any notice, compelling companies to endure lengthy payback periods and unstable cost bases (Singh et al., 2021). The difficulty of BluSmart in aligning these financial limitations with its zero-emission mission is a classic clash of dreams and reality of a capital-intensive business.

A second concern relates to investor and stakeholder pressures, which exposed weaknesses in BluSmart's Voice and Virtue. The company's dependence on venture capital and strategic alliances, coupled with India's fluid regulatory environment in licensing and pricing, created tensions between investor expectations for rapid fleet utilization and regulatory uncertainty (Verma et al., 2024). Ethical leadership requires openness in communicating challenges and moral strength in times of adversity, yet BluSmart failed to uphold transparency, delaying disclosures and damaging inves-

tor relations during financial crises. Regulatory research further warns that loopholes in the EV sector increase the risk of distorted financial practices (Tripathi & Bhattacharya, 2025).

A third challenge lies in workforce management within the gig economy. While BluSmart initially distinguished itself by offering drivers fixed salaries, insurance, and training (Jha et al., 2025), financial strain resulted in wage delays, weakening trust and compromising BluSmart's commitments. Inadequate voice mechanisms further restricted drivers' participation in decision-making, leaving them exposed to payment uncertainties. This underscores that ethical leadership demands not only equitable policies but also their consistent implementation, especially when dealing with workers holding limited bargaining power.

Voice and Virtue are further challenged by the fourth problem, which is the data privacy and digital ethics in app-based services. The system of BluSmart is gathering sensitive geolocation, financial, and behavioral data to streamline the allocation of rides and fleet maintenance. The unfinished data-protection framework in India leaves most of the data privacy and security to individual companies (Tripathi & Bhattacharya, 2025). Although no significant data breach has been documented, BluSmart gives very little information about its policies in data management to the general population. Ethical leadership entails taking the initiative of being transparent and having a strong self-regulation in order to make sure that the customers and drivers are

aware of how their data are used. Even the lack of real violations cannot help to stop the lack of trust between the stakeholders without proper communication.

Indirect test of Virtue, the last challenge, leadership decisions under pressure, is the most direct one. The studies about the process of electrification of ride-hailing fleets presuppose that the leaders should show integrity and moral courage during the time of crisis (Dash & Wappelhorst, 2021). The continual postponing of funding by BluSmart, regulatory ambiguity, and scrutiny by the wider community have compelled the company management to make hard decisions regarding the growth of the fleet, payment of salaries, and communication with the investors and drivers. The nature of the people leading this company has continued to help it to maintain its sustainability mission and deal with both short-term financial and regulatory risk factors instead of strategic planning. Ethical virtue is thus a practical factor rather than an abstract one as it determines whether the company will be able to stick to its mission despite adversity.

The analysis has revealed a very obvious pattern, Values and Vision are the strongest dimensions at BluSmart.

In general, the analysis has revealed a very obvious pattern, Values and Vision are the strongest dimensions at BluSmart, which are reflected in an impressive environmental mission and a unique business model, yet these ideals

can be easily undermined in case Voice and Virtue are pushed to their limits due to financial catastrophes, regulatory uncertainty, and operational pressure.

Discussion

The experience of BluSmart offers critical lessons for start-ups pursuing both rapid growth and sustainability objectives. The case underscores the need to strengthen ethical infrastructure alongside financial infrastructure to sustain visionary goals (Shankar, 2025).

First, governance must be designed early, with autonomous boards, robust financial controls, and auditing systems to prevent founder overreach and safeguard investor trust. Second, financial contingency planning is essential, as reliance on subsidies and policy incentives increases vulnerability; diversified revenue streams and prudent debt management mitigate external shocks (Mondal & Suman, 2025; Singh et al., 2021). Third, labor security through minimum payments, insurance, and grievance mechanisms enhances operational stability by reducing driver turnover (Jha et al., 2025). Fourth, platform-based firms must proactively practice data ethics, establishing strong privacy standards and transparent policies even in the absence of regulation (Tripathi & Bhattacharya, 2025). Finally, leadership development is vital to instill honesty, courage, and accountability during crises.

The case also contributes to theory, while the 4V Model of ethical leadership highlights values, vision, voice, and vir-

Table 2 Challenge-by-Challenge Analysis with the 4V Model

Key Challenge	Relevant 4V Dimensions	Evidence from Literature & BluSmart Context	Findings / Ethical Gaps
Balancing profitability with sustainability	Values, Vision	Electric ride-hailing requires heavy capital outlay, high battery costs, and unpredictable subsidies (Dash & Wappelhorst, 2021; Mondal & Suman, 2025; Singh et al., 2021). BluSmart champions a zero-emission mission but struggles with funding delays and slow fleet expansion. Venture investors demand rapid scaling while regulations evolve unpredictably (Verma et al., 2024). Governance gaps noted in India's EV sector (Tripathi & Bhattacharya, 2025) magnify risk. Blu Smart has faced intense investor scrutiny during funding delays.	Vision of decarbonisation is strong, but financial stress threatens the consistency of environmental values when short-term profitability is at risk.
Investor and stakeholder pressure	Voice, Virtue		External voice to investors is clear, but internal virtue and transparency weaken under pressure, eroding trust.
Workforce issues (gig dynamics, driver treatment)	Values, Voice	Indian ride-hailing drivers face income volatility and limited protections. (Jha et al., 2025) BluSmart offers fixed salaries and insurance but has experienced wage delays in financial crunches.	Values of fairness and inclusion are evident, but inconsistent wage practices undermine credibility; stronger voice mechanisms for drivers are needed.
Data privacy and digital ethics	Voice, Virtue	App-based platforms collect sensitive data amid weak Indian privacy regulation (Tripathi & Bhattacharya, 2025). BluSmart provides limited public disclosure of data policies.	Ethical virtue requires proactive safeguards and transparent communication to maintain user trust, even without regulatory compulsion.
Leadership decisions under pressure	Virtue	EV start-ups often face crises that test leadership integrity (Dash & Wappelhorst, 2021). BluSmart leaders have had to make rapid decisions on fleet expansion, salary disbursement, and investor relations.	Virtue is the most vulnerable dimension; moral courage and accountability determine whether sustainability goals survive financial crises.

tue, it fails to capture the centrality of financial viability in sustainability-driven enterprises. Future scholarship should expand the model with a fifth dimension “Viability”, linking financial governance and ethical leadership. Comparative studies across emerging markets and longitudinal research on leadership dynamics can further illuminate how financial discipline and ethical cultures evolve through the growth and crisis cycles of high-risk industries (*BluSmart Mobility Private Limited 5th Annual Report*, 2023).

Conclusion

The case of BluSmart demonstrates the challenges of sustainability-driven entrepreneurship in emerging economies. Entering India’s ride-hailing market with a vision of decarbonizing urban mobility, the company aligned with ESG principles. However, its experience shows how financial fragility can undermine visionary goals amid regulatory uncertainty. BluSmart’s poor communication during funding crises, wage delays, and governance lapses eroded trust and exposed the limits of mission-driven rhetoric. For other start-ups, BluSmart serves as a cautionary case. Strong ethical infrastructure must evolve alongside market growth. Future research should expand the 4V framework to include financial viability as an ethical dimension. The survival of such ventures depends on embedding ethical leadership into all deci-

Strong ethical infrastructure must evolve alongside market growth.

sions, ensuring environmental and social commitments align with financial resilience.

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