

# Where is Pathao headed?

ZYMA ISLAM

Dear Sir,

Please accept this letter as formal notification of my resignation from my position in Pathao. As per my appointment letter I am supposed to give at least one month notice to get the full payment, hence my last day at work will be 31 July, 2019.

I am grateful for the opportunity to work here and wish you and the company the very best going forward.

Yours Sincerely,

Name:  
ID:

Point to be noticed, the letter has a blank space where concerned individuals could put in their names and ID numbers. When John Doe\* walked into work at the Pathao office in Gulshan last Tuesday morning, he was ushered into a meeting room along with a group of others, and greeted with this letter. A letter that uses the pronoun "I", but that he did not write. As one by one the employees were made to hand over their company SIM cards, sign the letter, John took a photo of it.

"What was happening here is a violation of the labour law," said John. He is not wrong—there is no provision for 'forced resignation' in the Bangladesh Labour Act 2006. According to the law, there are two ways in which an employment contract can be dissolved—the worker himself/herself can resign willingly with a month's notice—or the employer can let the worker go. If the employer decides to terminate a worker, then the latter must be given 120 days' notice (for monthly

rated workers), or the wages due for the notice period. There is also the clause that affords the terminated worker 30 days' worth of wages for every year worked spent at the organisation.

Scores of workers being laid off—often in violation of the labour law—by ready-made garments factories is a common occurrence. But the Bangladeshi corporate world with its takeaway coffee cups and shiny everything is not usually observed laying off hundreds of workers.

But when a local boy's company, that became a national brand and a solution to unemployment for thousands, cut out 353 people, it came as heartbreak for the laid-off employees. This was the general sentiment of the ex-employees that this correspondent met and spoke with. Sporting low-fade haircuts, smartwatches, Buddha beads, jogger pants and the beginnings of the tiny potbelly that comes with switching to a life sitting at a desk—they were the quintessential urban youth who take entrepreneurship classes in college and dream about start-ups.

"I joined the company because I believed in the cause. We all did," said one employee who was recently laid off, when meeting with *Star Weekend*.

"If they had laid us off as per the law, we would have been completely fine. It is a startup, and the job security is lower here, I get it. I would've wanted whatever is the best for the company," said another employee.

"It is alright to not have the funds to keep employees around, but the way they let go of people is wrong. The compensation being offered is not in accordance with the law," said yet another ex-employee.

Many others did not even know that they were laid off in violation of the law. "Do we have any rights in this situation?" asked one employee.

How did it come to this?

## Losing faith

This story has been told many times before, but it is important to be told again—as a reminder of how far the company has come, and to add context to what went wrong. Pathao started as a dream and a handful of bikes to courier parcels around the city. It received seed funding from a US-based venture capital firm called Battery Road Digital that invests in ride-sharing services globally. It soon grew to a Facebook group where friends and patrons were given access to the beta version of the app, and could request rides from a small fleet of bikes. The company was registered in August 2016 and subsequently received their second round of funding worth USD 825,000 from Battery Road Digital and another investor called Skycatcher.

There was no looking back from that point onwards. Each year brought bigger investments—until it didn't, this year.

"When we were being laid off, we were told it is because the company doesn't have investment and is unable to generate revenue," said one ex-employee who held a high-level position within Pathao. Other ex-employees mirrored the same comment, all confirming that Pathao is being unable to generate revenue. Just last month a Reuters news article went viral, where Pathao's chief operating officer put out a call for USD 50 million in funds.

Ex-employees also said that employees were laid off because foreign investors pressurised the company. Not many know that nearly all of Pathao's shares is owned by a company called Pathao Inc in New York. Only one share worth Tk 100 belongs to the Bangladeshi counterpart, Pathao Ltd, held by its foreperson Hussain M Elius. Compared to that, Pathao Inc holds 3,04,274 shares (also worth Tk 100) as per data submitted to the government in February 2018.

"The Bangladeshi entity of the company is insignificant and I wonder if that played a role in the layoffs," lamented an ex-employee.

When industry insiders were asked why Pathao is in a cash-crunch, they pointed to the company itself—the beast grew too big to control, they concluded. Winning the trust of their audience has been a challenge the company has been grappling with—and unfortunately, data shows that the customers' gut feeling is right.

A passenger of Pathao's ride-hailing service died and the biker was injured when a double-decker bus hit the bike on Airport Road in July last year. Two months later another passenger and biker duo died in a lorry accident in the city. There are many that does not even see the light of the media because people were not killed—just scroll through the Pathao user groups created on Facebook to get a sense of how frequent bike accidents have been.

One can, of course, point out that the other ride-sharing services are not immune to accidents, and that since Pathao is the top-tier bike sharing

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