

## Chair or fair: a budding manager's dilemma

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### Abstract

22-year-old, Abhijeet Patel sat upon his dad's chair in the office cabin and curled upon it. As he looked on the window, he pondered about everything that happened in the morning and felt that fate had frowned upon him and started questioning about was he really worth that chair, being the next in line to takeover Patel Trading co, a family run business in Gujarat.

Looking back at his family heritage of the business, given he was the scion, net in line to take over the empire set up by his grandfather, he was hurt and devastated by the fold of events that did take place, off late in the company. The firm was the apple of his eye but yet here he was wondering if he deserved the same.

He had often come across several articles which did speak of how employees need to be given an atmosphere wherein they are made to feel like owners. Never did he imagine in his wildest dreams that it may happen the other way around as well, wherein an employer is made an employee. He felt he was in despair and saw no way out.

### Background- Patel Trading Co

Name	Patel Trading Co
Founder	Vardhan Patel
Year	1979
Line of Business	Food grains consignment, Warehousing
Headquarters	Ahmedabad
Chairman	Devansh Patel
Number of Employees	577 (March 2019)
Gross Revenue (Turnover)	Rs.137.6 crores (March 2019)



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The case writer(s) L Gandhi, Assistant Professor - OB/HRM, SDMIMD, Mysore may be reached at [gandhi@sdmimd.ac.in](mailto:gandhi@sdmimd.ac.in). Author(s) have prepared this case as the basis for class discussion rather than to illustrate either effective or ineffective handling of the situation. The case is related to a sector and a specific company. The case is based on the information available in the public domain. This publication may not be digitized, photocopied, or otherwise reproduced, posted, or transmitted, without the permission of SDMRCMS, SDMIMD, Mysore. For Teaching Notes please contact [sdmrcms@sdmimd.ac.in](mailto:sdmrcms@sdmimd.ac.in). In this case-study, the company related information and names are masked based on the request received from the company.

### **About Food grain Industry**

In order to support about 17% of the global population and 15% of the live-stock, India accounts for only about 2.4% of the globe's topographical space and 4% of its water capitals. India holds the place two on farming area (179.9 million hectares) in the globe. Agricultural yield covers significant part of the cropped space (65%) in Indian farming sector. According to the FAO world agriculture statistics (2010), India is the world's largest grower of millets and second-largest grower of wheat, rice, and pulses. In fact, Indian agriculture has faced high volatility in growth rate during the 50 years. Growth of Indian agriculture shall be sliced into six phases viz. pre-green revolution period (1960-61 to 1968-69), early green revolution period (1968-69 to 1975-76), period of wider technology dissemination (1975-76 to 1988-89), period of diversification (1988-89 to 1995-96); postreform period (1995-96 to 2004-05), and period of recovery (2004-05 to 2010-11). The green revolution era was the cherishing era for Indian agriculture, as it seen tremendous growth in agricultural production. During the era of larger span of technology, the spread of green revolution technologies forwarded to decide the enhanced rate of growth across various areas achieved during the previous period. However, a visible downfall of growth was witnessed during the postreform period, as both public and private investments suffered a setback, which resulted in the slow performance of the sector. Moreover, growth of most of the agricultural crops suffered a decrease trend because use of primary resources in the sector also slowed down. The detrimental trend of growth continued up to 2004-05, after which a sharp return was attained that can be attributed to a conscious increment in public and private ventures and adequate growth in trade in favor of the agricultural sector.

### **Food Grain Production**

Due to constant growth of population, India has constantly met the force on the requirement side. In fact, the Indian ministerial policies and strategies has always given great amount of significance to growth of food grains due to the same India has been accomplishing the consistent results despite the hurdles. In the past ten years period (2000-01 to 2010-11), the areas under cereals, pulses, and oilseeds have raised by about 5.7, 6.0, and 4.0 million hectares, respectively, and the area under coarse cereals has reduced by 2.6 million hectares. The area under wheat cultivation has enhanced in comparison to other cereals and millets. However, a moderate deceleration in total grain cultivated area in comparison to pulses cultivated area was witnessed during the years of 2005 to 2011. It was projected that the farming sector in India is expected to grow by 5.2-5.7% in 2013-14. India is one of the highest producers of cereal as well as the

biggest exporter of cereal products worldwide. India's export of cereals during 2013-14 stood at Rs. 63452.09 crores. Rice (including basmati and non-basmati) occupies the considerable size share in India's total cereals export with 64.40% during the same period.

## PRODUCTION SHOOTS UP

Fourth Advanced Estimate of agriculture production 2017-18 (in million tonnes)

	'16-17*	'17-18**	% chg	
Rice	109.70	112.91	+2.92	■
Wheat	98.51	99.70	+1.20	■
Coarse Cereals	43.77	46.99	+7.35	■
Pulses	23.13	25.23	+9.07	■
Foodgrains	275.11	284.83	+3.53	■
Oilseeds	31.26	31.30	+0.12	■
Sugarcane	306.06	376.90	+23.14	■
Cotton***	32.57	34.88	+7.09	■

Source: [https://www.business-standard.com/article/economy-policy/india-s-foodgrain-production-likely-to-touch-record-284-83-million-tonnes-118082900063\\_1.html](https://www.business-standard.com/article/economy-policy/india-s-foodgrain-production-likely-to-touch-record-284-83-million-tonnes-118082900063_1.html)

### About Warehousing

In addition to the traditional warehouse systems, warehouse in India now pushes value-added measures like consolidation and breaking up of cargo, packaging, labelling, bar coding, reverse logistics, etc.

The development in warehousing in India is largely driven by the appended factors,

Growing production functions

Increasing local utilization

Enhancing global business

Initiating the structured retail

Increasing FII in infrastructure development

Liberalizing of government norms

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The existing scenario is widely compromised and hence unable to develop the intended integrated proposition due to several factors, as listed:

Lack of alignment of capacity with cargo flows

Limited value addition specific to the user industry, which stems from a weak understanding of the user's supply chain

Disproportionate level of automation

Inappropriate measurement of "total" logistics costs by end users, creating an illusion that value can only be driven by cutting piecemeal logistics (warehousing, transport, handling) costs

India's warehousing industry

The share of the Indian warehousing business is expected at about Rs 560 billion. The industry is growing at over 10% annually.

Warehousing forms a crucial link in the overall logistics value chain. It accounts for ~5% of the Indian logistics market (excluding inventory carrying costs, which amount to another ~30%).

Multiple business models exist within the warehousing industry. The key segments can be represented as:

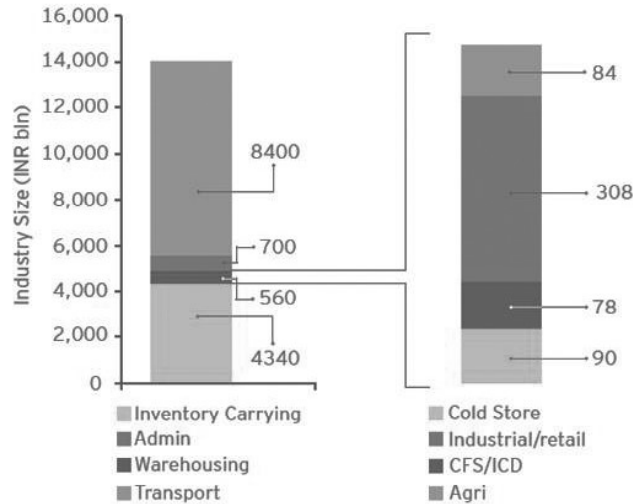
Industrial/Retail warehousing: accounts for 55% of the market

CFS/ICD: ~14% share

Agri warehousing: 15% share

Cold stores: ~16% share

Current warehouse industry size with sub segments in FY13

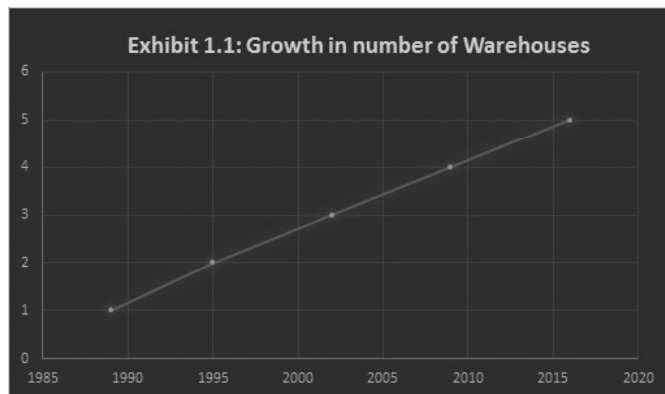


Source: EY Analysis, Crisil Report on Warehousing

Patel Trading Co was set up as a small-time food grains consignment company in Ahmedabad by Mr. Vardhan Patel, grandfather of Abhijeeth back then in 1979. Mr. Vardhan always believed in giving nothing but the best class service to all. He believed in keeping a personal touch with all his customers and frequently went on to the site involving himself in booking orders and delivering the items.

When Mr. Devansh Patel (Father of Abhijeet Patel) came of age, he too was involved in the business. Ever since a tender age Devansh too was fully involved in all the matters of the business right from booking and delivering orders to entering into new business deals.

Soon Mr. Devansh Patel took over the business and what began as a single roof firm under Mr. Vardhan gradually expanded to oversee over 5 warehouses under Devansh (Refer exhibit 1.1). Patel Trading co was now a familiar name in the area of cereals consignment in Ahmedabad.



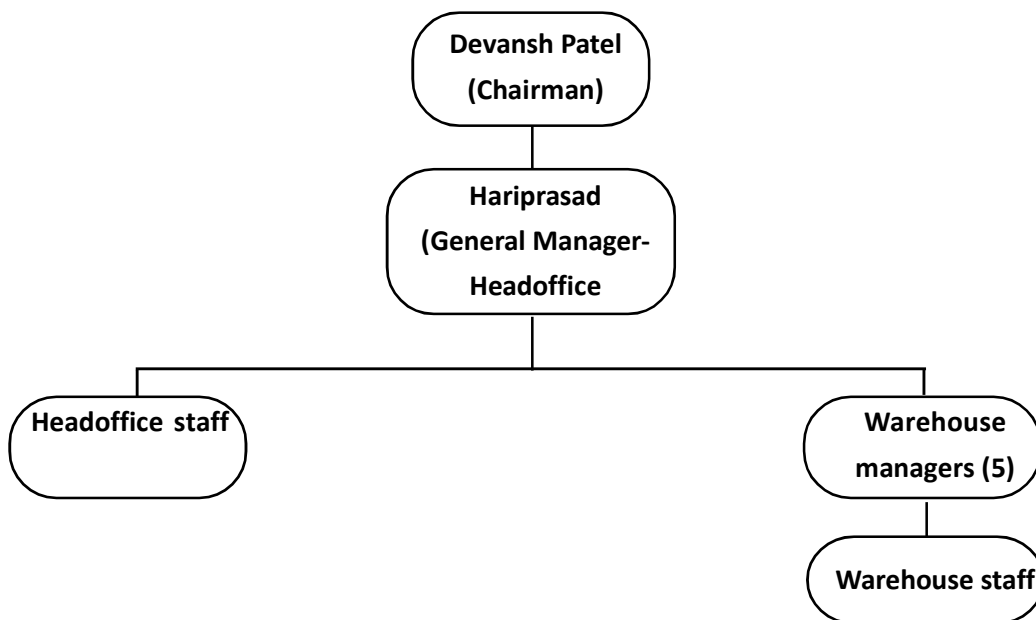
### Abhijeeth's experience

Abhijeeth, son of Devansh Patel started going to office in his free time once he was done with his secondary school. Mr. Devansh always emphasized on learning things from the grass-root level. He believed that should any employee be on leave on any given day, the employer (boss) needs to be ready to take over the work. Having gone through all the laborious tasks of the field himself, Devansh knew the importance of knowing all the groundwork of any business. Abhijeeth too readily agreed and was simultaneously involved with all the tasks in the site.

His job consisted of packing on the various items, loading to the trucks, carrying them over and personally delivering it to various customers. He even went along with his staff in for booking the orders, pushing up on monthly sales and ensuring timely collection of receivables.

Several months passed by and this became the routine tasks that Abhijeeth used to perform. Although he did enjoy his work, he soon began to realize that he wasn't progressing in any manner as he wasn't being involved in any sort of managerial decision making. When Mr. Devansh was not around, all urgent matters involving managerial thought process or actions were delegated to Hariprasad, a longtime employee who rose to the rank of General Manager of Patel Trading Co

**Exhibit 1.2 displaying organizational structure**

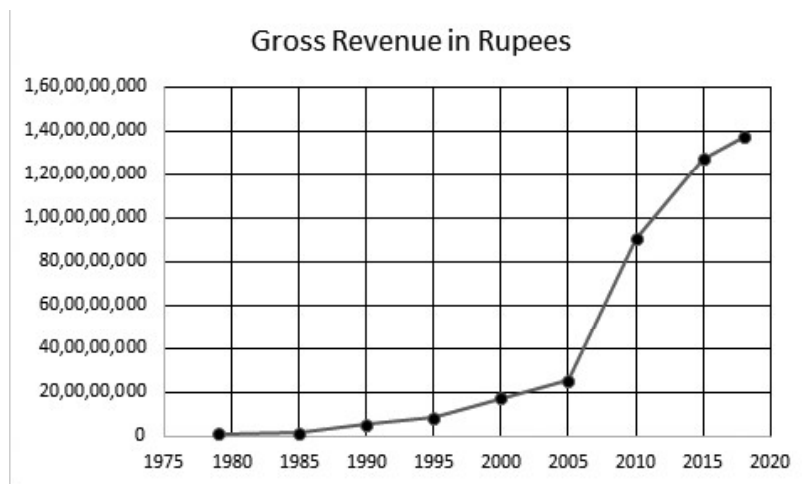


Source: Compiled by the author

**Exhibit 1.3 displaying increase in turnover over the years**

Year	Gross Revenue in Rupees
1979	94,12,543
1985	1,27,45,655
1990	5,25,78,333
1995	8,39,42,487
2000	17,06,42,345
2005	25,42,87,865
2010	90,57,48,324
2015	127,54,65,789
2018	137,61,43,243

Source: Compiled by the author



Several years passed by and Abhijeeth was still stuck with his routine tasks. Though Abhijeeth requested his father to get him involved in managerial tasks, Devansh was quite firm in getting him know all the foundation works and only then progress ahead. Now Devansh was often quite hard pressed for time and would often request son, Abhijeet to get coffee and snacks for himself and all the staff around in their main head office involving around 10 employees. Abhijeeth

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wouldn't mind doing any tasks as the principles on which 'his company works as a team' was out rightly ingrained in him ever since his childhood. And this thought was deeply rooted with Abhijeeth as he was pretty much accepted that there is no superior and inferior job as such.

There were times when Devansh wouldn't be in his office and the manager Mr. Hariprasad, having watched Abhijeeth routinely get coffee, would request him to get coffee and snacks for all the staff around, considering everyone around was busy. Abhijeeth having realized that all the staff were really caught up with work, readily agreed.

But soon this continued for another few days where Hariprasad would request Abhijeeth to get coffee for everyone. Abhijeeth now realized that he had fallen at the mercy of the commanding nature being displayed by Hariprasad.

Hariprasad, the longest serving employee of the firm had seen Abhijeeth grow ever since he was a small boy and since he was just another member of the team, never considered him as a potential heir to the company. To him, Abhijeeth was just another staff among the others who carried on tasks that every other staff would do. Hariprasad did have all the respect for Abhijeeth. But the only problem was lying in the fact that he never thought of him as a potential employer.

### **The dilemma**

Now Abhijeeth was in his father's chair recalling everything that happened in the morning. He had now come to a point wherein an employer was taking orders from an employee. Abhijeeth never minded doing any work. But, when the appropriate moment came to take on the chair, he was quite anxious as he was quite unsure as to where to draw the line and give them an implicit feeling that he was now the owner and would have people reporting to him. Additionally, he wasn't quite familiar with all the other tasks in his business in other areas except for what he was doing repetitively.

Abhijeeth was a smart chap ever since his school days and was exceedingly brilliant in academics. He was very enthusiastic in his extracurricular activities as well and went to be awarded the best outgoing student and was also a rank holder in his university. Being blessed with a good flair towards academics he was contemplating about pursuing a master's degree in management.

But there was one thought that constantly held him back. His father like many others never did a management degree yet managed the business brilliantly. Hence, he was pondering if a



management degree is really worth it to manage the family business considering the heavy cash outlay required to be expended on a B school. Additionally, he felt there was no difference between him and his classmate in his school days who had dropped out to manage their family business.

He questioned whether so many degrees which really be worth the salt, as his childhood schoolmate with so many years of experience may be managing his business better than that of Abhijeeth. He now felt all roads ahead were closed considering the little knowledge that he gained of his business and his failure to claim his stature as the owner.

### Questions

1. What would you do if you were Abhijeeth, the next time you receive orders from manager Hariprasad?
2. What can Abhijeeth do to affirm his position as the employer?
3. How would you resolve Abhijeeth's dilemma?
4. Discuss the concept and components of attitude. Based on the case, discuss the impact of attitude in organizational decision making.
5. Explain self-efficacy theory and the importance of self-efficacy for an entrepreneur to be successful in handling employees.

### References

(Ernst & Young Global Limited, 2018)- [https://www.business-standard.com/article/economy-policy/india-s-foodgrain-production-likely-to-touch-record-284-83-million-tonnes-118082900063\\_1.html](https://www.business-standard.com/article/economy-policy/india-s-foodgrain-production-likely-to-touch-record-284-83-million-tonnes-118082900063_1.html)<sup>®</sup>

