



**COMPETENT AND COMMITTED LABOUR
FOR DEVELOPMENT OF
PRIVATISED PLANTATION SECTOR OF
UP COUNTRY TEA INDUSTRY**

SUBMITTED BY

K.M.SUDU BANDA

CANDIDATE NO.38

FACULTY OF GRADUATE STUDIES

**A THESIS SUBMITTED IN FULFILMENT OF THE
REQUIREMENT OF MASTER OF PHILOSOPHY OF THE
UNIVERSITY OF COLOMBO**

1st MARCH 2007

ABSTRACT

Over the past many decades tea estates sector has been playing a vital role in the national economy of Sri Lanka by contributing to the Gross Domestic Product, foreign exchange earnings and creating employment opportunities. The all time production increase for the period 1995 to 2004 was 13 %. In 2004 its production was estimated to be 308.1 million kg indicating an increase of 1.6 % over the previous year. Option for maintaining its viability would be to concentrate on tea as a mono-crop in viable areas and developing low yielding fields with export crops, forestry and other diversified activities to enhance productivity and improve quality of orthodox black tea with value addition. Scenario was that the Regional Plantation Companies (RPCs), which were established in June 1992 and thereafter, have now reached the threshold of slow down in obtaining and retaining the required quantity of labour. This has been aggravated by a number of extraneous factors. Labour management analysis of the tea estates had stressed the importance of a further research on this area over the long term as a whole. Therefore the current study attempted to examine the issues that generated the problem in the privatized tea estates especially in the up country identifying its magnitude. This necessitated understanding of the existing management practices for selecting the appropriate practices to attract and retain competent and committed labour. Need would be for the workers to operate within working and living environment acceptable to them in their respective estates. A number of relevant theories and concepts were assembled to demonstrate the necessity and limitations in formulating the methods and techniques. In gathering primary data the techniques used were key informant interviews, focus group discussions, direct observations, and face-to-face interviews. The randomly selected sample was managers, staff members and workers from three RPCs. Review of literature revealed that these privatized companies were transforming the traditional system of labour management practices mixed with deficiencies to achieve employer goals. They attributed importance to the development of quality of work life and quality of life of the worker community. Towards this end grants and soft loans of donor agencies have been utilized. There were a number of key findings in this study: 'short supply of labour' being the long run and most important issue projected to 2015 and thereafter, calculated on 100 % worker respondents discouraging their youth to enter the estate labour force. Worker

'absenteeism' was the immediate issue being a common feature experienced everywhere in the tea sector. An important management deficiency observed was that the RPCs were maintaining their self-interest and not becoming 'risk-takers'. These three findings, which were related to each other justified in concluding that to attract and retain the required labour a two-pronged approach might be the probable remedy. In this approach appropriate elements of scientific management and acceptable management practices need to be incorporated. Designing jobs with suitable designations; training, re-training, adult education and development of workers; development of quality of work life and quality of life, mobility of labour; and limitations on forestry and diversification were identified activities to be incorporated in short term and long term strategic plans to function simultaneously. In the implementation of policies on human resource and plantation crops a host of implications would arise from social, political, legal, stakeholder and other institutions in the tea trade. This is because policies would involve policy makers, implementers, beneficiaries and affected society. Therefore most of the issues would arise from the beneficiaries of the estate community supported by trade union and political influence; followed by enforcement of law to protect the rights of workers, employers and the society. Further enforcement of the fiscal law adjudicated by the government; shareholder rights to profit; consumer demand on maintaining quality standards; adherence to commercial banking norms and finally the obligations towards the community would be the responsibility of RPCs. Ideally the results of this research might best be suited for a document for the policy makers in developing manpower policies for the tea industry, and for conducting further research on this study area to enhance worker prosperity and continue to increase the contribution of quality tea production to the national economy.

Table 1.1: Matching Related Aspects of Tea Estates Sector High country, Mid country and Low country (1995)	3
Table 1.2: The significance of the Agency Houses in the national economy in 1970 from tea	10
Table 1.3: Change of Ownership and Management since Independence	13
Table 1.4: Timor workers' wage revision effective from 01.10.2004	13
Table 1.5: Departures for foreign employment from Nuwara Eliya District	28
Table 1.6: Marital status of female over 15 years of age - 1995	29
Table 2.1: Key Informants to represent Executives, Staff and Workers	208