

FACTORS AFFECTING INDUSTRIAL EMPLOYMENT -- CASE STUDY No.3

A. Introduction.

The third case study is on British-American Tobacco (B.A.T.) Uganda Limited. The paper uses the same approach as EDRP Nos. 69 and 73.

In this case study there will be less technical probing into such matters as substitution of capital for labour, capital-job ratio etc. because the information germane to this analysis was regarded as classified so that the B.A.T. management disinclined to divulge it.

However, B.A.T. is such a highly organized and old firm that its exclusion altogether would leave unfilled gap in our Industrial Employment Survey.

The output figures are those published in Annual Trade Reports and Statistical Abstracts on excisable commodities.

B. The Company and its Employment Policies.

The Company.

The Company, like Nytil, has many international connections. It is part of a world-wide group of companies, the B.A.T. Company Limited. The B.A.T. is believed to run over 100 factories in as many as 50 countries.

The Jinja factory, the oldest in East Africa, was built in 1928. The company has its sales headquarters and also a leaf processing plant in Kampala.

The bulk of the tobacco leaf is grown in Uganda mainly in the West Nile District. The company has gone along away to promote tobacco growing under the Master Growers Scheme; the company provides aid in form of technical assistance, equipment and trained staff. With the aid, the farmers are able to increase their acreage output. They also sell cured and graded tobacco.

The Company opened new factories at Nairobi in 1956 and at Dar-es-Salaam in 1961. A tobacco research centre at Tumbi in Tanzania is used by three firms.

Recruitment.

Unskilled

For unskilled or bottom scale employees, the company uses the two methods we have come across before (EDRP 69 & 73), peaking from applicants at the gates and Labour Departments' employment exchange. Casual workers are employed during the tobacco harvest July - September and occasionally they are taken on to do odd jobs at the Factory. Some of the promising casual workers are kept on a waiting list until a vacancy is available and they are called in.

Skilled and semi-skilled.

Most of the operatives undergo some kind of training or other. Thus when a skilled or a semi-skilled job falls vacant, the practice is to appoint from the ranks. In cases of supervisory posts, the company will normally advertise in the papers.

Technical Staff

Here, the company insists that applicants be in possession of a government trade test certificate. Those who have completed courses at Kampala Technical College (former KTI) are also given equal consideration.

Clerks.

For almost all clerical posts, the procedure is to advertize in the papers. The minimum educational standard is school certificate or any recognized clerical certificate.

The applicants are not employed straight. The company has a selection Board and applicants have to be screened. In the case of unskilled employees, this condition may be waived. The recruits who pass through this hurdle are then taken on for a probationary period of three months. When on probation, they are paid full wage but are not regarded as established employees.

Aptitude Test

The company's plans to introduce an aptitude testing unit are almost complete. At both Dar and Nairobi, operatives have to pass the test before they are taken on. The testing units however are run by the governments of Tanzania and Kenya respectively. The Uganda Government has no such testing unit.

Over the years, the company has known its people. This experience has been used to alter deficiencies that would otherwise have existed because of no aptitude testing. People are carefully supervised and are moved from job to job until they are assigned to the jobs for which they have most aptitude.

Tribes.

Tribal Composition of Labour Force.

Tribes	Employees 1965 % of total
Baganda	20.2
Basoga	27.6
Basamia (Uganda)	7.9
Acholi	6.1
Kenyans	17.3
Other Ugandans	15.6
Other non-Ugandans	5.4

Tribal Composition of employees - Summary.

Tribe	% of total		
	1954*	1962*	1965
Baganda	13	23	20
Basoga	31	27	28
Others	56	50	52

Source: B.A.T. files

* UN Study: Social Factors Affecting Labour Stability in Uganda, E/CN.14/SDP 20 P.13.

The tribal composition of employees follows the pattern we have come across already at Nytil and Uganda Breweries. The Basoga, Baganda, Basamia, Acholis and Kenyans form the largest group. The Baganda, Basamia, Acholis and West Niles seem to have the largest representation whether the factory is located in Jinja or Kampala. It is too early to make definite interpretation from these numbers but if the trend so far can be regarded as an acceptance of industrial life on the part of these tribes, then one can possibly say that the core of a committed Industrial work force is already formed. Outside Uganda, the Kenyans especially the Luos, appear even a more settled group than any of the Uganda tribes.

Length of Service.

Years	No. of Employees	% of total
0 - 5	33	8.4
6 - 10	182	46.4
11 - 15	126	32.1
16 - 20	38	9.7
21 +	13	3.3

As the figures above show, over 90% of the factory's work force has been there for at least five years. The average year for the factory is 12.

Rate of turnover

1954* was 8%
 1962* " .5%
 April 1964 to
 March 1965 " .35% (12 months average).

The rate of turnover for August 1964 was relatively high (2.5%) because of rumours that the government would confiscate all provident funds. The trend is of decline in the rate of turnover. The people leaving are mainly elderly ones.

Many reasons have been suggested for the low leaving rate of the work force at the factory.

I. (a) Wages are generally higher than those paid by most employers in the same area.

(b) Factory conditions are good.

- (i) employees get free uniform
- (ii) employees get free tea and lunch.
- (iii) the factory premises are clean.
- (iv) work is less manual
- (v) the factory is not very noisy
- (vi) the company provides free medical service.

2. Difficulty involved in getting new employment; apart from

* UN Study quoted above.

engineers and electricians, skills are not easily transferable.

3. People are getting more urbanized.

Education.

Educational composition of employees 1965

Education	No.	% of total
Illiterate	136	34.7
P 1 - 6	189	48.2
J 1 - 3	54	13.8
S 1 - 4	13	3.3

Most of the workers in the factory have either had no education (34.7%) or have been to Primary Schools (48.2%). The three bottom Scales (grades 4 - 6) form 65.6% of total work force at the factory this year.

The evidence here would seem to agree with our earlier conclusion at Nytil i.e. that experience and an intensive on the job training programme at the moment decided the factory's labour performance standards and not formal education.

Promotions

The management contends, it is basing its promotion considerations on two criteria:

- (a) Merit
- (b) length of service.

When the case in point includes foremen, clerks or accountants, then educational attainment may be of greater help. Opportunities for promotion are limited by the vacancies that become available in the next higher grade.

Working hours.

The factory has no shift system. It has a working week of 45 hours, 9 hours a day Monday to Friday. The nine hours include teabreaks in the mornings and afternoons.

Leave.

Completed years of Service	No of days	Grade	Allowance
1	18	4-6	50/-
		5	75/-
		2	100/-
		1	200/-
		C	300/-
1 +	21		

In addition, compassionate leave with no pay can be granted, a maternity leave of three months at half the wage rate is granted. Miscellaneous cases like sick leave are granted on individual merit.

Training.

The company has one of the comprehensive training schemes in the country.

1. Training the operatives.

On the job training is the most important type of training an operative has to undertake. The training is designed to equip a worker with a first hand knowledge of a particular machine. A foreman or a senior machine operator draws a training programme for a particular group of machines. The machines are given a period in which they can be finished. Then the new employee is put under someone. The training is one by one or just a few and not in form of a school as we saw at Nytil. The company used to train many operatives in a group when there were large scale recruiting campaigns e.g. for the Nairobi Factory.

When an employee is training for a particular job, he trains in a grade below that job. If he is unsuccessful, he is withdrawn and put back to his former job.

2. Training Clerks, Technical staff and Supervisory staff (including foremen).

In addition to Government sponsored courses e.g. training within industry, the company has its own training schemes for the above job-categories at its Nairobi training school.

(i) Clerks.

They go to the Nairobi training School and are taught general principles of accounting. They are also indoctrinated in the Company's accounting methods.

(ii) Technical staff.

These are mainly taught the setting and functioning of the machines they are expected to operate. The course puts more emphasis on the principles at which these machines run. When they return to the factory, a similar course in nature is run but this time putting emphasis on the practical aspect and also putting special attention to particular needs and conditions of the factory. The courses at the factory are supervised by technical superintendent of each department.

(iii) Supervisors

The Supervisors also train at the Nairobi School. The course covers both management principles and a form of training within industry but more oriented to the tobacco organization.

The company's employees in the above three groups have to go through this training at one time or other. The courses generally last for three weeks. In addition, the clerks and supervisors attend courses run by the School of Social Studies at Kikuyu, Kenya. For all the training, the company meets the cost.

3. Training Management.

Formerly the management staff used to attend courses sponsored by the British Institute of Management at the Labour Department here or at University College, Nairobi. At present the arrangement is for the staff to attend government run courses at East African Staff College and Federation of Uganda Employers run courses on Industrial Relations.

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For the new recruits straight from School or College, they are put in the departments for which they are selected for a period of about a year to two years. Then for a more intensive technical and management knowledge, they may be sent to the company's school at Sussex in U.K. This School is run by the B.A.T. Group. The successful candidates then join the management rank.

C. Capital Equipment, output and Employment.

Capital Equipment.

Like Nytil, B.A.T. Uganda is capital-intensive and the machines are modern. Since the standards at which the establishment is being run are those followed by 'greater' B.A.T., one is made to believe that timing and introduction of new machinery is dictated by International Technological Advancement.

Machines making cigarettes in the factory produce over 1000 per minute. Packing is also done by machines - packing over 5000 cigarettes a minute. These machines are provided with electrical detectors which will cause the machine to stop when there is anything wrong with the packet.

Output

The available figures (Table 1) show that the upward trend in output which must have started in earlier years ended in 1955. The increase in 1955 over 1951 was of about 25.8%. The annual increase for those years averaged about 5.3%.

The declining trend started in 1956. In that year the decline over the previous year was about 42.3%. This can be attributed to the establishment of a new factory in Nairobi. It is however notable that when the factory at Dar started operating in 1961, the decline in output at the Jinja factory was negligible. The explanation cannot be got directly from import figures because imports of cigarettes into East Africa in 1961 went up by 12.1%. From 1960 to 1964, the decline in output averages about 2.9% per year.

Employment.

Table 2, shows that decline in employment which began over 15 years ago is still continuing. The company was by June 1964 employing 71% people less than they did employ in June 1950. Employment declined in those years 1950-55 when output was increasing at an annual rate of 5.9%. The decline in 1952 over 1950 was of about 33.7%. The annual rate of decline from 1951 to 1955 however, was about 6.5%. In 1956 the African work force was reduced by 173 (20%) people.

With regard to productivity trends, in 1951 to 1955 when output was increasing at annual rate of 5.9% while employment was declining at about 6.5% annually, average labour productivity increased at an annual rate of 13.3%. In 1960-64 however when both employment and output were declining but the former declining faster (6.2%) than the latter (2.9%) productivity only increased by 3.4% each year.

Trends in Output, Employment and Average Productivity
1951 - 55 and 1960 - 64.

<u>1951 - 55</u>			
Growth	in	output	= 5.9% p.a.
"	"	Employment	= -6.5% p.a.
"	"	Productivity	= 13.3% p.a.

<u>1960 - 64.</u>			
Growth	in	Output	= -2.9% p.a.
"	"	Employment	= -6.2% p.a.
"	"	Productivity	= 3.4% p.a.

D. Wages.

The Company pays on a monthly basis. Like Nytil, B.A.T. Uganda has job evaluation grading system. The grades range from A to 6 for urban employees and 7 is for rural areas.

<u>G r a d e</u>	<u>Skill-category.</u>	
A	Senior foreman	} highly skilled
B	foreman (Admin.)	
C	foreman (Mechanics)	
1	} Skilled operatives	
2		
3		
4		
5		
6	General labourer - unskilled.	

Grades A & B are confidential or non-Union. That is, people in these grades cannot take active part in Union activity. They may however give moral support on some Union issues.

The grading system at Jinja is based on the results from the job evaluation exercise which took place at the Nairobi Factory. In 1960, a job evaluation expert, using the 'point scoring' method, evaluated all the jobs in the company's organization.

The starting monthly scale of sh. 649.90* (Table 3) for the bottom grade is of course, one of the highest in the country. Needless to say, it is higher than the minimum wage. As indicated earlier, 65.6% of the employees are in the bottom three scales. Most of the Female employees (91%) are in the bottom three grades compared to the male employees (56%).

There is a yearly review of increments. Usually the review in favour of increase or no increase depends on the results of the factory's general performance. If an employee reaches the maximum of his grade, there will not be any further increment until he or she is promoted to a higher grade and therefore a higher wage-scale.

* This amount incorporates end of the year gift which the company gives to its employees.

TABLE 1.

Output 1951 - 1964.

YEAR	CIGARETTES (TONS)	CHANGE OVER PREVIOUS YEAR (TONS)
1951	2439	
1952	2592	153
1953	2764	172
1954	2950	186
1955	5069	139
1956	1770	- 1299
1957	1424	- 346
1958	1449	25
1959	1457	8
1960	1560	- 97
1961	1294	- 66
1962	1297	3
1963	1328	131
1964	1206	- 122

Source: Statistical Abstracts - Uganda.

TABLE 2.

EMPLOYMENT 1950 - 1964.

YEAR	EUROPEANS	ASIANS	AFRICANS	TOTAL
1950	11	44	1353	1408
1951	13	42	1128	1183
1952	9	43	891	943
1953	10	53	868	931
1954	14	45	840	899
1955	12	36	854	902
1956	12	39	681	732
1957	13	44	568	625
1958	14	39	510	563
1959	15	55	437	537
1960	14	34	475	523
1961	12	29	468	509
1962	19	36	735	790
1963	18	31	632	681
1964	7	20	578	605

Source: Annual responses to Enumeration of Employees,
by permission of B.A.T. Uganda.

Note: 1962-65 figures include employees in Kampala.

TABLE 3.

EMPLOYMENT BY WAGE - GROUP 1965.

GRADE	NO. OF EMPLOYEES		MEDIAN SCALE Shs. per month	RANGE.
	Male	Female		Shs.
6	65	38	277.34	304.78 249.90
5	61	46	362.60	406.70 318.50
4.	33	13	458.15	550.76 365.54
3	50	3	578.20	692.86 463.54
2	23	7	726.18	858.48 593.88
1	28	-	940.80	1074.08 807.52
C	23	-	1304.38	1524.68 1083.88

Source: B.A.T. Uganda files.

Note: Confidential grades A & B have 9 male employees, Management 9 male employees and 2 female staff (secretaries).

TABLE 4.

WAGE STRUCTURE (AFRICAN EMPLOYEES).

RANGE	Y E A R					
	1958	1959	1960	1961	1962	1963
70-79	97					
80-89	94	93				
90-99	81	78	21			
100-124	71	118	130	35	46	
125-149	59	33	122	149	294	
150-174	26	22	25	37	105	
175-199	14	36	15	25	45	7
200-299	83	107	70	80	94	380
300-399			39	35	76	90
400-499			18	18	26	42
500-999				49	39	95
1000-1499					10	13
1500+						5

Source: Annual responses to Enumeration of Employees, by permission of B.A.T. Uganda.

Note: 1962-63 figures include the Company's employees in Kampala.

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