

FACTORS AFFECTING INDUSTRIAL EMPLOYMENT

MADHVANI SUGAR WORKS (KAKIRA)

A. Introduction.

Sugar production is one of the oldest activities of the Madhvani Group and is now the key industry in the Madhvani Complex. The factory, which started production in 1930, is located 9 miles from Jinja in the middle of a sugar cane plantation of about 19500 acres. The sugar plantation the largest producer of sugar in East Africa, is one of the most highly developed in this part of the world. A modern irrigation scheme covers about 6750 acres (35% of the estate), an area mostly hit from December to March by annual drought. In the rest of year, rainfall is evenly distributed - about 50 - 60 inches.

B. Employment

Recruitment

For the Estate.

Employees on the estate are recruited under the so called "Contract System". This is a policy of recruiting migrant labour. The Company has two Recruiting Bureaus at Masaka and Arua. At the Masaka post, workers from Rwanda and Burundi are recruited and brought to the Kakira Sugar estate to work. In past years, the company had, in addition to Masaka, an agent at Kabale but this was later on closed. At the Arua post, the Company officials recruit people from both the Congo and the Sudan. These recruiting centres are so well known among the named groups of employees that the company does little publicity work these days. In each case, workers are recruited for a period of 12 months (used to be six months). Their fares to and from Masaka and Arua towns are paid by the Company. The contract system has been in operation for such a long time that most employees presently

working on the estate are supposed to have been contractors twice or thrice before.

For the Factory.

Kakira being near Jinja is in the unskilled labour surplus area. And since it is estimated that about 95% of the factory jobs are in the unskilled category, management has no difficulties in recruiting workers. Most of them have been picked at factory gates. Labour exchanges are never used at all. It is only for the skilled jobs that the Head Office in Jinja is requested to advertize the post in the paper.

Tribes.

District/Country	P l a n t a t i o n			Factory
	1960	1963	1965	1965
Busoga	28	36	57	288
Bugisu	61	58	49	93
Kigezi	45	20	12	15
Teso	80	27	16	213
West Nile	358	246	161	218
Other Ugandans	103	41	35	372*
Rwanda-Burundi	3260	4261	3655	143
Sudan	1670	1574	1149	429
Congo	1127	1030	1224	148
Kenya	234	146	136	552
Tanganyika	56	14	31	12
Other non-Ugandans	-	1	1	-

Source: Madhveni Sugar Works Files.

* Of these 185 were from Acholi, 33 Lango and 55 Bukedi.

Tribes - Summary

Country	P l a n t a n t i o n			Factory
	1960	1963	1965	1965
Ugandans	675 (9.6%)	428 (5.7%)	330 (5.1%)	1199 (48.3%)
Non-Ugandans	6347 (90.4%)	7026 (94.3%)	6195 (94.9%)	1284 (51.7%)

Source: Madhvani Sugar Works' Files.

The following points stand out on the tribal composition of labour force:-

- (i) The sugar production at Kakira is largely dependent upon workers from Rwanda, Burundi, Congo and Sudan.
- (ii) The number of Ugandan employees working at the sugar estate is very small indeed (about 5% in 1965). At the factory however, the number is relatively larger (48% in 1965).
- (iii) Kenyans working at the factory are also numerous while the number at the estate is comparatively small.

Length of Service and Turnover.

Turnover figures were not made available but it appears the rate of absenteeism is fairly high. Since it is the official policy to repatriate workers on the estate after they have served for twelve months, labour stability to say the least, is not encouraged.

Working Hours.

Workers on the estate work on tasks which the Management allots to each employee each day. Employees who fail to finish the day's task do not get the pay for that day.

Factory employees work on a shift basis. There are three eight hour shifts each day Monday through Friday. Only two twelve hour shifts are done on Saturdays and Sundays. Employees are paid on overtime rates for the four extra hours worked on Saturday and Sunday .

Training.

There are two training areas at Madhvani Sugar Works.

1. The Madhvani Plantation Training School.

This institution has been in existence for about six years. Training is mainly for headmen of plantation gangs. The emphasis is on agricultural knowledge pertaining to sugar cultivation e.g. working of a tractor, irrigation and soils. Employees who qualify for the courses are those who have a general writing knowledge of swahili and English i.e. those who can make reports. The course lasts for two years and usually 20 - 25 employees are taken at one time.

2. Madhvani Technical Training Centre.

The centre started in September, 1965. It is intended to train employees working at the factory. Some formal subjects like English, Arithmetic and Geometry are taught but the emphasis is on technical subjects e.g. motor mechanics, metal work and wood work. For employees to be selected, a minimum education of primary 6 or Secondary One is required. At the time of the visit to the factory, there were fifteen factory employees and five pupils (sons of Madhvani employees) taking the course. The course is supposed to last for a year.

3. The third form of training is that provided by the Labour Department and the Federation of Uganda Employers to middle management groups.

Some comment would seem to be called for on employment policy. The contract labour policy as it is pursued at the Sugar Factories in Uganda (Kakira and Lugazi) has the following disadvantages:-

- (a) Labour is officially kept unstable.
- (b) Productivity of labour is thereby kept low.
- (c) Discipline within the labour movement is weak, consequently there have been infrequent wild-cat strikes at these two factories.

One reason advanced by the management as to why they have to recruit labour outside Uganda is that local people have not been coming forward to take up cane cutting jobs. One question that is never answered is why they have to take these recruits back after 6 - 12 months.

A major reason why local people have not been attracted to the work on the estates is because the wages are relatively low. It should, for example, be noted that in the factory where wages are higher, local employees were as many as 48% (compared to 5% on the estate) in 1965. Objections raised against raising wages on the estate are based on the ability to pay argument. It has to be realized that the present migrant labour is not cheap at all. Recruitment costs are high and to the extent that local labour could be made stable, output could be made to increase because of increased man-day efficiency and infrequent labour stoppages.

Task work too as it operates at the sugar estates is rather unsatisfactory. The company uses it because there is little supervision required.

The workers however resent it because the tasks are arbitrarily decided and they get no pay for uncompleted tasks. The task-work done at the estate is quite low compared with what is accomplished at estates say in Tanzania.*

The Personnel Officer (a European) at Kakira is supposed to be in charge of personnel matters of all the Madhvani Group of Companies. This means that he has little time to devote to individual company labour problems. At Kakira, nearly all clerical and supervisory posts are managed by Asians and this looks like a closed system. Some of the Asian supervisors (e.g. overseers or gang headmen) who deal with labourers at working level are not trained as supervisors at all. Asians discuss all matters in their own languages and use swahili only when they are talking to the African employees. Reports and some of the company business are kept in languages not understood by most employees. The head of the accounts section at Kakira, an Asian of somewhere above sixty years old could not speak a word of English. In this type of situation, where communication between management and workers is poor, it is difficult to see how new measures designed to upgrade standards and increase output (e.g. incentive bonuses) could be made to succeed.

C. Capital Equipment, Output, Employment and Wages.

Capital Equipment.

Figures on fixed assets were not made available to me and therefore it is not possible to make an analysis of Capital-job ratios or growth in fixed assets over the period.

With the exception of harvesting, the jobs on the estate are largely carried out by machines. For example, crop planting and manuring is all done by machines, weeding is partly done by machines and partly done by labour.

* There two tons of cane are cut and loaded by a single employee while at Kakira only 1 or 1½ tons are cut but not loaded.

The irrigation scheme on the estate is largely a machine operated affair.

In the factory, operations are to a large extent mechanical but a fair amount of manual work still exists. Management contends that more room for using better equipment exists but that they are handicapped by the lack of highly trained labour which is needed to handle sophisticated operations.

Output.

For over a decade, Uganda has been producing more sugar than she is able to consume. The surplus has usually been exported to Kenya and Tanzania. Hitherto, there have been two companies, Mehta's at Lugazi and Madhvani's at Kakira, responsible for sugar production. As indicated earlier Madhvanis is the oldest and largest producer of sugar.

As Table I shows, since 1954 increases in sugar production have been very substantial.

Between 1955 and 1960, output has increased by 48.2 per cent or at 8.2 per cent annually. Between 1960 and 1964 the increase was rather less, 27 per cent or at an annual rate of increase of 6.2 per cent. Over the 1955 - 1964 period the increase was of 88.3 per cent.

Adequate water seems to be a key factor in maintaining a high level of sugar output. Since the introduction of irrigation scheme in 1959, it has been possible to keep the growing cane fresh in former dry areas of the estate. The sugar cane yield per acre in Uganda, is one of the highly ranked in the world. In 1963* for example,

* See The Sugar Industry in East Africa by Charles R. Frank, E.A.I.S.R., Makerere P.86.

estate grown cane yielded 63 tons an acre on irrigated land and on non-irrigated land, the yield was 45 tons an acre.

Employment.

Madhvani sugar works is probably the single largest employer in the country. In the last decade, employment each year has been round the 9000 level.

It is noticeable (Table II) that neither at the factory nor the plantation has any significant changes in employment taken place. At the plantation, the labour force has moved up and down between 6000 and 8000 levels but there was a decline in employment of about 9.7% between 1955 and 1964. The factory work force has remained fairly constant round the 2000 level. The increase between 1955 and 1964 was only 13.5%.

Change in Employment 1955 - 1964

	1955-60	1960-64	1955-64
All employees	- 7.9%	3%	- 5.1%
Plantation employees	- 12.5%	3.2%	- 9.7%
Factory "	8.8%	4.4%	13.5%

Comparisons of Change in Employment and change in Output(Tons)

	1955-60	1960-64	1955-64
Employment	- 7.9%	3%	- 5.1%
Output	48.2%	27.1%	88.3%

Employment between 1955 and 1964 has declined by about 5% compared to an increase in output of about 88%.

The trends in Output, Employment and Average Productivity during the two periods 1955 - 60 and 1960 - 64 are summarised below:-

i. Using Sugar tonnage as output measure.

	<u>1955-60</u>	<u>1960-64</u>
Growth in Real Output	8.2% p.a.	6.2% p.a.
" " Employment	-1.6% p.a.	.8% p.a.
" " Real Average Productivity	8.7% p.a.	4.3% p.a.

ii. Using Sales Value of Output measure

	<u>1955-60</u>	<u>1960-64</u>
Growth in Sales value of Output	9.1% p.a.	8.5% p.a.
" " Employment	-1.6% p.a.	.8% p.a.
" " Average Value Productivity	9.6% p.a.	7.7% p.a.

Thus increases in productivity in the early 1960s have been rather small while the productivity increases in the late 1950s were moderately rapid.

On cane cutting basis, productivity per worker in Uganda is pretty low compared to other countries. For example, productivity in Uganda is estimated at about .9 to 1.5 tons per day per worker compared to about 2 tons a day in Tanzania; 2 to 3 tons in West Indies and 6 to 7 tons in Australia.

Wages.

The company was not able to give figures on the wage bill but figures published in the Companies pamphlet, The Madhvani Group of Companies, Enterprise in East Africa, show that wages for employees on the estate only, increased by 71.3% between 1959 and 1963 and at annual growth rate of about 14.4%. It has to be remembered that in this period, employment on the estate increased by 10% and output (in tons) increased by about 47%.

The wage structure (Table III) however shows a large section of the Company's employees in the low-wage bracket. For example, at the plantation, about 95% of the employees are getting less than Shs.150/- a month; about 31% actually get less than Shs.100/- a month. At the factory, about 80% of the employees were getting less than Shs.150/- a month by June 30, 1965 but none was getting less than Shs.100/- a month.

The major reason why money wages are low is that the company provides free housing, free medical services and free education for employees' children. One wonders however how the 31% at the estate survive with their families at less than Shs.100/- a month. It would seem to suggest that the number of the company's work force who have their families with them to benefit from the free services is small.

Because of the company's policy of repatriating labour after 6 to 12 months, it does not appear possible to organize workers in an effective Union movement. This could be one other reason why wages are low (assuming that the company had the capacity to pay). Another reason is that the two major sugar works in Uganda are located outside the Government Minimum Wage Areas.

D. Conclusions.

Employment at Madhvani sugar works has not increased over the past ten years. On the plantation, there has been some declines with considerable year to year fluctuations. At the factory level, employment increased between 1955 and 1958 but then declined in the following four years. In the past three years (1963 - 1965) it has levelled off.

TABLE I.

O U T P U T 1953 - 1964

Year	U G A N D A		MADHVANI SUGAR WORKS			
	Tons	Change over previous year (tons)	Tons	Change over previous year (tons)	£	Change over previous year (£)
1953	47973		26972	- 3182	1310410	139071
1954	40813	-7160	20300	- 6672	995500	-314910
1955	65155	24342	38016	17716	2016966	1021466
1956	69038	3883	39926	1910	1948238	- 68728
1957	80775	11737	51936	12010	2897700	949462
1958	80890	115	52935	999	3194655	296955
1959	81078	188	47854	- 5081	2616484	-578171
1960	92979	11901	56329	8475	3112220	495736
1961	95463	2484	48012	- 8317	3058441	53779
1962	104657	9194	56787	8775	3303651	245210
1963	122046	17389	71134	14347	4121779	818128
1964	123681	1635	71600	466	4316583	194804

Source: Madhvani Sugar Works Files and Statistical Abstract.

On the other hand, there have been considerable increases in Output; and employment remaining virtually unchanged there has been a considerable increase in productivity. Output per head rose over the period 1955 to 1964 by 7.3% p.a. This increase in output is not surprising in view of the contention that one worker can produce 8 tons of sugar per annum,* it would seem that for a long time labour was being used inefficiently. According to the above contention for example, total employment at the sugar works should have been round the 3000 level in 1955 but it was actually on the 9000 level. Rising costs for housing, medical services, wages etc. could be a major factor that has forced management to re-examine their use of labour and to introduce mechanization in irrigation scheme with the resulting increase in output per head.

* The Sugar Industry in East Africa, op. cit., P. 100.

TABLE II

EMPLOYMENT (Average) 1952 - 1965

Year	Plantation (Numbers)	Factory (Numbers)	Total
1952	6026		
1953	7861		
1954	6282		
1955	7698	2109	9807
1956	7511	2017	9528
1957	6175	2316	8491
1958	6553	2365	8918
1959	6418	2294	8712
1960	6735	2294	9029
1961	6943	1882	8825
1962	7289	2037	9326
1963	7090	2322	9412
1964	6949	2355	9304
1965	6270	2394	8664

Source: Madhvani Sugar Works Files.

TABLE III

W A G E S T R U C T U R E

RANGES shs Per Month	PLANTATION (Feb.1966)		FACTORY (June 30,1965)
	Africans	Asians	Africans
Under 1. 100	2006		
100 - 124	2956		1273
125 - 149	1210		712
150 - 174	209		175
175 - 199	33		58
200 - 299	85		164
300 - 399	18		37
400 - 499	4	4	28
500 - 999	4	53	32
1000 - 1499	-	18	2
1500+	1	12	2
	6510	87	2483

Source: Madhvani Sugar Works Files.

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