CHAPTER VI

DIRECTION AND CONTROL IN RUBBER PLANTATIONS

1. IMPORTANCE OF DIRECTION IN THE MANAGEMENT OF RUBBER ESTATES

The purpose of direction is to "create an internal environment that will induce subordinates to work at the level of their full capabilities".\textsuperscript{88} For proper direction the estate should establish a clear objective. There should be harmony of interest between the employee and the employer regarding the objective. The employee should be made to understand the goal of his position, its scope, purpose and authority.

Order is the link in the direction process. Order has been defined as an "instruction by a superior requiring a subordinate to act or refrain from acting in a given circumstance".\footnote{Ibid., p.517.} An order can be general or specific and written or oral. In the estates oral orders take the predominant position. Delegation of authority is also a form of direction.

The instrument of direction is motivation. It is the inducing of people to act in a desired manner. Motivation demands the proper understanding of people. Some writers have noted that satisfied needs are seldom sufficient to motivate. The role of the estate manager is to discover each man's needs as he perceives them and determine and implement a system of inducement. The inducement can be negative or positive. Positive inducements can be both financial and non-financial. Granting increment, bonus and promotion are financial inducements. Non-financial inducements include making people important, recognising achievement, giving status and providing challenging assignments. Lack of a conducive atmosphere or lack of scope for advancement can be negative inducements. In addition, punishments can also work as negative inducements.

\footnote{Ibid., p.517.}
as an important quality of a successful manager. Leadership has been defined as the "art of inducing subordinates to accomplish their assignments with zeal and confidence".\textsuperscript{90} A good leader will cultivate empathy, objectivity and self knowledge. It has been noted that people tend to follow those in whom they see a chance to fulfil their own desires. The emphasis now is on participative rather than authoritarian management. However the choice of technique will depend upon the environment, the people and the needs of the estate.

Communication is an important element in the direction process. Establishing an efficient network of communication is essential in the estate where the place of work is spread over a wide area. The ability to communicate and influence people is an essential attribute of manager. Proper communication is also necessary for establishing standards, measuring performance and correcting deviations. In the estate, communication facilities are used mainly for recruitment, giving operating instructions, ensuring safety and discipline and appraising personnel. One of the duties of the estate manager is to receive, store, process and disseminate information.

The principles of unity of command and unity of direction have been largely maintained in the estates examined for the study. This has been achieved because most of the estates are located away from the head office of the company and therefore the scope for interference in the day-to-day management has been less. The manager is in overall control of the estate. It has been noted that the majority of supervisory personnel appear to have been uninformed or unaware of the objective of the estate. In the present context there is less scope for participative management since the standard of education and the level of understanding of the majority of workers and supervisors are low.

The concept of motivation though laudable, appears to have been applied less in the estates. Five estate managers have attempted to create competition in certain operations of the estates. They have instituted prizes for the best worker who participated in the replanting and new planting programmes. Three of the five estates belong to non-Indian companies.

Of the managerial personnel of the estates studied, only six managers have had some training in management. Of these five managers have undergone short term training at
the National Institute for Training in Industrial Engineering. They belong to a group of Indian estates.

There is still an element of authoritarian and paternalistic relationship between the management and the workers, although the intensity of relationship has mellowed down considerably in the recent past. In the majority of estates modern concepts of direction are yet to be adopted. The fact that the worker is dependent on the management not only for work but also for living and medical, educational and other facilities, perpetuate the paternalism. It may take some more time for the attitude to die down.

The justification advanced by the management was that a sympathy would be misconstrued as weakness by labour and the situation would be utilised for putting forward excessive demands. To a direct question in the questionnaire regarding the attitude of managers towards labour, the answer given by the majority of managers was that individually workers were co-operative and generally disciplined. Only when the collective leadership of trade unions incited them they became indisciplined and hostile. Excepting one manager of an Indian estate, none of the managers of estates considered the workers perpetually indisciplined or hostile. This estate it may be mentioned had suffered a lot as a result of labour trouble. The majority of managers appear
to treat the position that workers on the whole are playing constructive roles.

Leadership:

The concept of leadership as understood in management literature is not fully applied in the management of estates studied. In the recruitment policy of a few estates the qualities of leadership and smartness have been given importance at the initial selection of assistant managers. However leadership qualities seem to be not widely applied in the actual management. It is understood that certain companies have given informal instructions to their managers not to mingle freely with their workers. Perhaps the fear that such free mingling would lead the workers to demand more and more advances of money might have been one of the reasons for the instruction. The aloofness of managers is more pronounced in the non-Indian estates than in the Indian estates. In fairness it may be mentioned that the usual contacts a manager will have in the estate are with the assistant manager, the head clerk, the conductor, the rubber maker, the doctor and the headmaster.

Communication:

The production points in the estates are everywhere. Therefore the need for establishing proper communi-
Both written and oral forms of communication are adopted in the estates. Operating instructions to workers are usually given orally. The communication between the supervisory personnel and the manager takes both forms while the communication between the head office of the company and the estate usually takes the written form. Only on urgent matters telephone facilities are utilised. The study found that telephones were installed in six Indian and fourteen non-Indian estates. In addition, all companies controlling the estates have telephone facilities in the head office. Very few estates have the facility of connecting different places within the estate, such as the factory, the hospital and the residence of the manager with telephones.

There is a regular system of communication between the supervisory personnel and the manager in all non-Indian estates and most Indian estates. In fifteen non-Indian estates and twenty-nine Indian estates this takes place in a book. The assistant manager or conductor writes the matter requiring the decision or attention of the manager in the book and sends it to him. The manager records
his decision or noting and sends back the same to them.
The number of workers employed and the work done in the
division are also reported to the manager in this manner.
Separate correspondence books are also maintained in the
factory and the hospital. In five non-Indian estates a
printed chit takes the place of the book. In the remaining
six Indian estates there is no particular form for report-
ing to the manager and most of them are small estates. The
correspondence book serves the purpose of a permanent record.
In addition there are periodical reports to the company
controlling the estate. The details are discussed under
the heading 'Control'.

Issue of orders:

The duties and responsibilities of workers and
staff are spelled out in detail in the standing orders pres-
cribed separately for each under the Industrial Employment
(Standing Orders) Act, 1946. Standing orders serve as per-
manent orders for them. Specimen copies of the standing
orders are given in Annexure IX. On matters of routine
nature in most estates there is the arrangement of giving
orders in the correspondence book or slip of paper.

In addition to the issue of orders in writing,
the estate manager or assistant managers travel within the
estate frequently. In the majority of estates they are provided with vehicles. This facilitates them to issue orders and instructions on the spot. In small estates the method of issuing on the spot orders is followed more extensively since the manager can cover the entire area in a day.

Role of the visiting agent and the managing director:

The visiting agent exercises considerable influence and authority in providing direction and control. In all non-Indian estates the regularity of visit is twice a year. In fourteen non-Indian estates there are two visiting agents who rotate between themselves in the matter of visit. In sixteen Indian estates the work is performed by the managing director or a director or consultant. In thirteen of these estates the visit is at least every month. In the remaining three the visit is either once in every month or once in every two or three months. In another five Indian estates the executive in charge of rubber at the head office makes the visit every month. These estates belong to a group of companies. In the remaining fourteen Indian estates there is no regularity of visit.

The managing director/visiting agent/consultant gives necessary direction to the manager on matters of re-
planting, new planting, disease control and major construction programmes. Their role is in the nature of a directing and controlling officer.

3. EVALUATION OF DIRECTION IN THE MANAGEMENT OF RUBBER ESTATES

Direction is found to be the weak link in the management chain of rubber estates. The concepts advocated by management writers on direction have less relevance in the context of present management practices adopted in these estates. Excepting five estate managers who had introduced some competition and reward in fulfilling certain operations, there appears to be no other method adopted for motivating the different categories of personnel. It is true that the wages of tappers contain an element of incentive, but it is no longer an effective motivator since the incentive element has been taken for granted as part of wages. The workers and staff get annual bonus. But the bonus as paid now is not related to productivity of individual estates. The bonus agreement is concluded for the industry as a whole. Hence bonus is also not an effective motivator.

Very often the multiplicity of trade unions works at cross purposes with the objectives of the estate. They
compete among themselves to submit higher demands to management with a view to attracting more workers. Most of them are against the introduction of measures intended to increase productivity.

At the supervisory level there is better scope for introducing motivational techniques. As opportunities for promotion are limited in the estates, alternate methods of motivating them have better chance for success.

The network of communications established in the estates covered by the study appears to be generally adequate for issuing operating instructions. Since training and development are neglected areas in the management of estates, communication has also been generally weak in those areas. Leadership qualities also have not been made use of widely. On the whole direction as understood in management literature plays only limited role in the management of estates covered by the study.

4. IMPORTANCE OF CONTROL IN THE MANAGEMENT OF RUBBER ESTATES

The purpose of control is to find out what is done is what is intended and also to verify whether it is done according to plan. Establishing standards of performance is the first step of control. The standards are
intended to measure the results and the measurement would involve detecting and correcting deviations from the agreed path. It is not possible for the estate manager to observe every activity, hence control should be on critical points. The control techniques introduced in the estate should be objective, economical and easily understood. Budget is perhaps the oldest form of control and budget existed in most estates.

Establishing procedure and guidelines is a traditional method used in Government for the purpose of control. This has been followed in other organizations including estates. In Government it is often enshrined in Manuals. Among the non-budgetory controls, statistical analysis is the most important one. Relevant data are analysed and presented as tables or charts. Statistical analyses have wide scope in the rubber estates.

Standard cost is another control technique. It is worked out by taking the cost of materials and labour and adding a standard overhead. Though standard cost rarely equals actual cost, it will provide a means to measure actual cost. Since cost estimates are made by many estates, this technique can be fruitfully employed. Break even chart can also be used to analyse cost.
Financial and accounting data can be analysed with a view to finding out the profitability of the company controlling the estate. Such analysis can also reveal the position of the company in the rubber plantation industry. Internal audit is the most common technique used in industry and Government. Some estates have introduced internal audit. Statistical Quality Control (SQC) obviates the examination of every individual unit of production. With some training the rubber maker or the factory supervisor will be able to ensure quality of rubber with the aid of SQC.

Electronic Data Processing is fast acquiring currency in industry replacing old control techniques. Electronic calculators and even mini-computers are now becoming common. There is considerable scope in introducing electronic calculators in the estate office where a lot of calculations are to be carried out daily.

Programme Evaluation and Review Technique (PERT) is also a new development aimed at facilitating better control. Under this method every significant event that occurs before the launching of a project is listed out. The sequence of events and their relationships are shown in a network diagram and specific time is set for the completion of each item. PERT has a practical utility in the estates
when major construction or new planting or replanting programmes are launched.

Other control techniques that can be applied are management audit and employee attitude surveys. Large companies have scope for introducing even Operations Research.

Human attitudes to control have been widely examined by management writers and it has been found that workers generally dislike controls since controls imply an element of restriction and compulsion. Therefore the estate manager has to devise methods to get the workers accept reasonable system of control. It has been observed that to get the best results subordinates should be encouraged to participate in setting standards.

5. FINDINGS OF THE STUDY ON CONTROL

Budget:

As pointed out in the Chapter dealing with Planning, budget is prepared only by fifty-two estates out of fifty-five. The preparation of budget in the estate consists of estimating yield, income, cost of materials, wages and other remunerations and capital expenditure like expenditure on construction of buildings, roads and
factories. Wage rates, rubber prices and cost of inputs and stores will have to be estimated realistically so as to make the budget itself reasonably accurate compared to actuals later on. The main heads of expenditure appearing in a common form of budget are given in Annexure VI.

Statistical Analysis:

Statistical analysis of yield and cost of production are regularly carried out in two non-Indian companies controlling fourteen estates. Three other non-Indian companies controlling six estates also carry out statistical analysis. But this is usually done as and when required or at the time of preparing estimates for the budget. In the Indian group, four companies controlling six estates also carry out analysis of data more or less regularly. As in the case of budgets three estates do not carry out any analysis worth the name. In the case of others it is not done in any systematic manner. The past trend is examined by these estates when estimates are made. It may however be noted that usually the analysis is carried out in the head office of the company controlling the estate.

Electronic or mechanical calculators are made use of in the head office of five non-Indian companies. In two of these companies there is a section to analyse the
data systematically. In the Indian group eight companies controlling twelve estates have purchased electronic calculators to aid them in the analysis. This trend is catching up with other companies and estates also particularly since the prices of calculators began to decline. The offices of fourteen non-Indian estates are also provided with small calculators.

**Standard cost:**

Cost estimate is systematically carried out by all non-Indian estates as part of their routine activities. Since refined data on past trend are available with these estates more or less accurate costing is done in advance. Twenty-two Indian estates also carry out cost estimates. Of these, six estates conduct systematic costing as part of their routine activities. The cost estimates are later compared with actuals. In the non-Indian estates the comparison is made at regular intervals. Indian estates also make comparison with actuals but the regularity is not maintained by all estates. Costing is usually done in the head office of the company controlling the estate.

**Internal audit:**

All non-Indian companies have a system of internal audit. Six Indian companies controlling ten estates also
conducted internal audit from the head office. This audit is different from the annual audit carried out by a chartered accountant as required by the Companies Act. The statutory audit is carried out in all companies examined for the study.

Crop control:

Crop control involves the production and despatch of crop. In large estates this control starts from the point of tapping. In such estates there will be crop reception centres located in the field. The dry rubber content (d.r.c.) of latex is worked out at the centre to decide the wages and incentives to be paid to the tapper. In estates where there is a factory, the day's crop of latex will be poured into the factory reception tank and the d.r.c. will be determined. The total of the d.r.c. of collection centres and the d.r.c. of the factory tank serves as a control measure for the receipt of crop of the day.

Another method of control is the crop statement. It enables the head office to compare the crop estimated for the year and that of the actual production. The statement usually contains the crop harvested on the same day in the previous year also. It would indicate inefficient tapping if any. Two types of crop statements are sent by
almost all estates, one will contain the total production and the other, details of production from different fields or even from different planting materials. The former is more regular. There are estates sending them every week or every ten days. Where the details are sent every month the statement will be considerably elaborate. The regularity of reporting such details to the head office of the company is given in Table 48.

TABLE - 48
REGULARITY OF REPORTING TO THE HEAD OFFICE

<table>
<thead>
<tr>
<th>REGULARITY OF REPORTING</th>
<th>NUMBER OF INDIAN ESTATES</th>
<th>NUMBER OF NON-INDIAN ESTATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily, weekly and monthly</td>
<td>9</td>
<td>..</td>
</tr>
<tr>
<td>Daily, ten days and monthly</td>
<td>7</td>
<td>..</td>
</tr>
<tr>
<td>Daily and monthly</td>
<td>5</td>
<td>..</td>
</tr>
<tr>
<td>Weekly and monthly</td>
<td>6</td>
<td>..</td>
</tr>
<tr>
<td>Weekly only</td>
<td>2</td>
<td>..</td>
</tr>
<tr>
<td>Monthly only</td>
<td>6</td>
<td>20</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>35</strong></td>
<td><strong>20</strong></td>
</tr>
</tbody>
</table>

It would be seen from Table 48 that non-Indian estates were sending the statements every month only while
twenty-one Indian estates were sending daily reports to the companies controlling them.

Crop book:

The crop book is the basic document for information and control in the estate. Generally a separate page or pages will be devoted for noting the details of a field. Details like the planting material, total area under rubber, total number of trees, number of trees tapped, method of tapping, yield obtained and quantity of manure and spraying materials used are recorded in the book. This book properly written up-to-date will provide the details of the field and will be sufficient for comparing the performance of that field over a period of time. In all non-Indian estates the crop book is maintained with the above details. Excepting three, the crop book is maintained with varying details in all Indian estates also.

Cost control:

The crop statement sent to the head office usually contains the details of cost incurred and the number of workers employed on different items of work. It would show the estimated expenditure on various heads and the actual expenditure up-to-date. This will enable the head office to see whether expenditure is on the increase or decrease and to take remedial action as and when necessary. In the
non-Indian estates and a few Indian estates, cost of different items of expenditure per kilogram is estimated in advance on the basis of the previous year's actual cost. This is compared with the actual cost on the item at periodical interval and at the end of the financial year.

The statement sent to the head office will usually show the stock in hand, crop despatched during the period, labour utilisation, details of each item of expenditure, cash position and a summary of the checkroll. The statement, by showing the actual position till date against the estimate provides a form of control. It will also show the trend in estate cost till date and will enable the management to correct the same. The cost is also reviewed in the majority of estates once in a year. The visiting agent who sees the statement in the head office of the company is able to check the cost and suggest modifications in his report.

Financial analysis:

Financial analysis is also attempted by some companies controlling the estates. Inter company comparison is made rarely. However inter estate comparison is made by companies controlling a number of estates. Table 49 shows the number of estates undertaking financial analysis and the regularity of the same. It would be seen from Table 49 that not all Indian estates are conducting financial analysis.
TABLE - 49

REGULARITY OF FINANCIAL ANALYSIS

<table>
<thead>
<tr>
<th>REGULARITY OF FINANCIAL ANALYSIS</th>
<th>NUMBER OF INDIAN ESTATES</th>
<th>NUMBER OF NON-INDIAN ESTATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly</td>
<td>17</td>
<td>16</td>
</tr>
<tr>
<td>Annual</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Not regular</td>
<td>8</td>
<td>..</td>
</tr>
<tr>
<td>Nil</td>
<td>5</td>
<td>..</td>
</tr>
<tr>
<td>TOTAL</td>
<td>35</td>
<td>20</td>
</tr>
</tbody>
</table>

Manager's control:

In most of the large estates the manager has wide discretionary powers. He is considerably independent if the company has a number of estates. If on the other hand the company has only one estate the discretionary powers are very often exercised by the managing director of the company.

The manager's performance is largely judged by the company on the basis of his ability to bring the actual cost within the estimated cost. Due allowance is however given to unforeseen circumstances.

The manager will usually receive a report from the assistant manager or division conductor regarding each
day's work in the division. The report will usually give such details as the crop obtained, the progress of cultivation and upkeep operations and the number of tappers and field workers employed. This will enable him to make enquiries regarding the deficiency, if any. It also serves as a form of daily control.

Internal control:

Some sort of internal control on payment of money and stores is exercised in all estates examined for the study. In the estates the accounts are written up by clerical assistants and supervised by the head clerk in case there is a post of head clerk. Where the clerks are more than one, the work is subdivided among them. One of the clerks or the head clerk will be in charge of the cash book. However the sanction of the manager is required for the payment of cash everywhere. The cash is kept invariably with the manager.

The manager and clerks function in the same building in all estates covered by the study. In the majority of estates the manager would be sitting in an adjoining room in the building where he can oversee the work of the clerks and the head clerk.

All estates sell rubber through the head office and the money required by the estate is received from there.
The manager will request for money at a regular interval which is usually every fifteen days or a month. Such requests are often supported by a statement of proposed expenditure. This serves as an effective check.

Physical check:

Physical check is carried out in all large estates where the activities are spread far and wide. Apart from the field, the checks are carried out in the store, the factory, the hospital and the school. It is the general practice of the manager to visit the field in the morning and attend office in the afternoon. However when pressing problems arise the routine may change to suit the convenience. In most large estates the manager usually visits the factory at least once a day. However the stores, the hospital and the school are visited only once in a while. In the case of the store, the frequency of visit is considerably more while it is less in the case of hospital and school.

Stores control:

In large estates separate stores are maintained under the charge of a store keeper. Where a factory exists, store is kept usually as part of it. In small estates one of the clerks attends to this duty also. The arrangement in large estates is to give an authorisation signed by the manager whenever an item is to be obtained from the store for
which a printed slip is generally used. This is filed by the store-keeper. Bin cards or other modern forms of store control techniques are not adopted in any of the estates examined for the study. Generally a register is maintained which would show the current position of items in the store.

Control by the head office:

The method generally adopted by the head office to control cost is to compare one's with that of the other estates of the company. Public limited companies generally publish the estate cost of production in the balance sheet and profit and loss account. This is made use of by other companies for comparing their cost.

By providing more or less correct estimate of cost the company controlling the estate can to a very large extent control the movement of cost. The estimate of cost is generally made prior to the beginning of the financial year. Generally the board of directors of the company takes the decision on the basis of the report of the managing director who in turn makes the recommendation on the advice of the visiting agent or the manager. However the manager of the estate will supply the detailed calculations and estimates.

The other forms of control exercised by the head office are by the visit of managing director, inspection of
the visiting agent, internal audit and the scrutiny of various statements received from the estate. It has been observed during the study that the head office of one company is located within the estate controlled by that company. In the case of all others the head office is located far away from the estate. In the case of the above company the location of estate happened to be very near a municipal town connected by a State highway.

6. EVALUATION OF THE CONTROL TECHNIQUES ADOPTED IN RUBBER ESTATES

From the study it is found that control is the only aspect of estate management which closely agrees with the theory of management. The control techniques adopted in the estates largely satisfy the theory of management. It has been noted that the managers of estates examined for the study have followed in most cases the theoretical prescription 'controlling the critical points'. This is largely correct in regard to non-Indian estates, particularly those belonging to companies with estates in other countries. Such companies are able to assimilate modern techniques of control more quickly than others. Some of them use sophisticated equipments in their head offices. In certain Indian estates there appears to be some excessive control also. Some Indian estates require the managers to submit
reports daily, weekly or every ten days and monthly. This control appears to be a little too much. In certain Indian estates on the other hand there is inadequacy of control also. The form of control now in operation in the estates has been largely developed by the non-Indian companies and subsequently followed by Indian companies.

For adequate internal control it would be desirable to record each day's factory production and relate it to a particular day's crop. The existing crop book can be modified with additional columns for field and factory reception weights separately and final weight after processing. This will facilitate the detection of unexplained or abnormal loss of weight including loss due to pilferage or careless handling.

The present system of stores control has certain disadvantages. In the first place it is not possible to find out quickly which item is in short supply. Secondly the stores register may become very large making the tracing of stores items difficult. It is suggested that the stores register be replaced by stores card noting each item on one card. The stores card may be placed along with each item. This will enable the store-keeper to re-order an item easily and also to find out which item is fast moving. The estate office can also keep a set of cards on each item.
It would also be desirable to use duplicate copies of the form used for requisitioning stores item so that one copy may be kept in the office and the other with the store keeper. It is also desirable to write the stores ledger in the estate office and the store keeper can be entrusted with store keeping only. Only responsible officers should be empowered to issue stores items.