A STUDY OF THE NATIONAL LAND FINANCE CO-OPERATIVE SOCIETY LIMITED

by

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Rengkasan Renchana

Latehan ilmiah ini bertujuan untok meninjau 3 aspek Sharikat Bekerjasama Kebangsaan Permodalan Tanah Tanggongan Berhad, ia-itu dasar penyertaan perkongsian, susunan penubohan ladang, dan sistem gaji yang sedang di-amalkan di-dalam ladang2 Sharikat ini.

Kajian ini berdasarkan banchian atas 10 daripada 19 ladang yang di-pileh sa-chara rambang yang di-mileki oleh Sharikat ini. Banchian ini mengandongi dua bahagian. Pertama-nya di-adakan perbinchangan dengan kaki-tangan pengurusan dan mengumpul data dan maalumat dari pejabat ladang. Bahagian kedua-nya ia-lah dengan chara temu-duga. Sa-puloh peratus daripada pekerja ladang yang di-banchi telah di-pileh sa-chara rambang untok di-temu-duga sa-chara persaorangan.

Hasil dari kajian menunjokkan bahawa Sharikat ini menchapai kejayaan yang tinggi dalam menghalang ladang dari pemechahan lanjut-nya. Kejayaan ini telah di-chapai dengan kerjasama dari ahli2-nya, terutama pekerja2 ladang. Bagai-mana pun, Sharikat ini telah mengalami keadaan turun-naik yang banyak di-antara tahun2 1965 hingga 1969, terutama sa-kali oleh sebab pergantongan-nya yang besar atas getah. Kebanyakan daripada ahli2 pasif dalam hal-ehwal Sharikat itu, kerana kekurangan pengetahuan mengenai pergerakan kerjasama.

Susunan penubohan ladang ini ada-lah sa-laras dengan ladang perdagangan, tetapi pehak pengurusan menghadapi beberapa kesulitan yang tidak selalu di-hadapi oleh ladang perdagangan. Ahli2 di-anggap sa-bagai pekerja sa-mata2 dalam Sharikat ini dan ini menyebabkan ada-nya pergerakan persatuan pekerja di-dalam ladang2 Sharikat.

Sistem gaji 'pokok dan insentif' ada-lah yang paling di-hargai oleh pekerja2 jika di-bandingkan dengan sistem 'kadar kepingan' atau 'kadar harian'. Ini ada-lah kerana ada-nya gaji pokok yang di-jamin, dan chiri usaha yang mendatangkan upah. Walaupun, pekerja2 di-ladang2 Sharikat ini telah membuat pengaduan di-atas gaji yang rendah, pendapatan mereka boleh di-katakan sa-taraf dengan pukul-rata negara.

Di-tinjau dari kejayaan dan pergerakan-nya kapada negara, Sharikat ini patut di-galak untok di-besarkan dan perbagaikan pergerakan-nya lagi melalui ranchangan dan kawalan yang terator. Sa-sunggoh-nya, pergerakan kerjasama yang sa-bentok dengan Sharikat ini boleh juga di-adakan di-dalam bahagian2 lain.

SYNOPSIS

This Exercise seeks to examine three aspects of the National Land Finance Co-operative Society Limited viz: the partnership participation policy, the estate organisational structure and the existing wage systems of the Society estates.

The study is based on a survey of the 10 estates selected at random out of the 19 owned by the Society. The survey consists of two sections. The first is done by holding discussions with the management staff and the collection of data and information from the estate offices. The other section is by questionnaire-interviewing. Ten percent of the workers from the estates surveyed are selected at random for individual questionnaire-interview.

The results of the study show that the Society has attained a considerable degree of success in preventing further fragmentation of estates. This is made possible through the support of its members, mainly from the plantation workers. However, the Society has experienced a great fluctuation in income between the years 1965 to 1969, mainly because of the heavy dependence on rubber. The majority of the members are inactive in the Society matter owing to the lack of knowledge on co-operative movement.

The estate organisation structure is in line with commercial estates, but the management faces several problems which the commercial estates do not commonly do. The treatment of members as 'pure employees' in the Society has resulted in the persistence of labour Union movement within the estates.

The 'basic and incentive' wage system is most favoured by workers in comparison with those of the 'piece-rate' and the 'daily-rate'. This is because of its guaranteed basic wage and effort remunerating features. Even though some workers have been complaining about low wages, the Society estate workers' earnings are considered to be comparable with the national average.

In view of its present achievement and contributions towards the nation, the Society should be encouraged to expand and diversify its activities further through proper planning and control. In fact, co-operative movement of the same pattern as the Society could also be introduced into other sectors.

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CHAPTER I

GENERAL OUTLINE OF THE STUDY

A. Introduction

Like in most of the developing countries, the agricultural sector in Malaysia can be sub-divided into plantation agricultural[1] and small-holding.[2]

In the former, highly sophisticated techniques of production and management are employed. The important crops are rubber, oil palm, coconut and to a lesser extent, tea. The latter is relatively backward and slow in taking advantage of modern technology. The major crops are rubber, padi, coconut and oil palm in that order.

The 1968 West Malaysian Agricultural Statistics show that rubber forms 62% of the total planted acreage of 6.8 million. Rice forms 17%, coconut 8%, oil palm 7%, while tea, coffee, cocoa, spices and fruits form the remaining 5%. In terms of 1970 export revenue, rubber contributes 39% followed by palm oil products (6%) and coconut product (1%). (See Appendix Table B). The output of rice is however locally consumed.

The development of plantation agriculture in Malaya dates as far back as the 1880's when the European coffee planters faced pathological difficulties in Ceylon.[3] As a result, the planters shifted their investment into Malaya and began to dominate in the Malayan Economy. This situation began to change in the 1950s because of the fear of political instability. The Europeans began to shift their investments out of the country, resulting in part of the ownership in plantation sector being passed over to local interests.

There are five main forms of ownership in the plantation agriculture sector, namely, public companies, private companies, partnerships, sole proprietorships and one co-operative society. Usually the larger sized plantations are financed by foreign capital,

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[1] Plantation agriculture refers to farmland which is above 100 acres and under one or a group of legal ownership.

[2] Small-holding refers to farmland which is below 100 acres and under one or a group of legal ownership.

[3] V. Kumarguru, 'Rubber in Malaya 1914-41' Singapore, University of Malaya, unpublished Ph.D Thesis 1961, p.3.

while local enterprises own the smaller sized plantations.[4] The National Land Finance Co-operative Society Limited (NLFCS) is the first and only co-operative society that has ventured into plantation agriculture since the emergence of co-operative movement in Malaya in 1923.[5]

In the small-holding sector there are two main forms of farming: subsistence and cash crop farming. Padi is the main crop grown in subsistence farming together with other crops such as fruits and vegetables which are grown for consumption. Subsistence farming is manual and very traditional. However since government intervention in small-holding farming through rural development programmes the situation is gradually changing from subsistence to cash crop agriculture, which is dominated by the 2.6 million acres of rubber. Small-holding rubber forms 60% of total rubber acreage and 38% total cultivated area. Coconut, oil palm and a few other minor cash crops form the other portion of the small-holding.

Within rubber small-holding, 7 different types can be noted. These are: individual holdings, sub-divided holdings, Fringe Alienation Schemes, Federal Land Development Authority (FLDA) Schemes, Unsubsidised Block Schemes, State Schemes and other Land Schemes holdings. The sizes of these holdings range between 3.5 and 10.0 acres with an average size of about 6.6 acres.[6] An important point to note here is that the FLDA schemes and some state schemes are run on lines similar to the commercial plantations. The only exception is that while a scheme-settler is alloted his own piece of land to work on, the plantation worker is an employee working under the estate management. The other schemes are developed by the small-holders themselves with or without financial assistance from the Government.

The present study is confined to the NLFCS. The main reason for making this choice is that NLFCS is a new kind of co-operative movement undertaken by the plantation workers to counteract the drastic economic and social effects resulting from the subdivision of estates in the 1960s in this country. This movement is almost identical to the co-operative movement carried out by the Italian farmers at Ravenna in 1886.[7] Since rubber constitutes the largest single component of the NLFCS properties, the discussion will be mainly on this crop.

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[4] C. Barlow and C.K. Chan 'Towards an Optimum Size of Rubber Holding'. Journal of Rubber Research Institute of Malaya, Vol.21, Part 5, (1969), Table 15, and Malaysia, Department of Statistics, Oil Palm, Coconut and Tea Statistics 1968, (1969), Table 12.

[5] G.S. Dass, 'The Growth of the Co-operative Movement in Malaysia'. Union Herald Vol. 47, No.103 (Jan.'67) pp. 22-24.

[6] C. Barlow and C.K. Chan, op.cit. Table 2.

[7] M. Digby, 'Co-operatives and Land Use' FAO, Agricultural Development Paper No.41 (1957) p.8.

B. Objectives of the Study

The main objectives of this paper are to examine the following aspects of the NLFCS :-

1. The operation of the partnership participation policy;
2. The organisational structure at estate level; and
3. The existing wage systems in the NLFCS estates.

It is hoped that this study would throw some light on the merits and demerits of this co-operative movement in the context of Malaysian rural economy.

C. Scope and Methodology of the Study

1. Scope

The scope of this study can be divided into two parts. On the general aspect this study covers the whole organisation. While on the more specific area of study it is limited to the estate level only.

2. Methodology

This study was carried out by having detailed discussions with managers, assistant managers, chief clerks, conductors and selected mandor of the selected estates. Personal questionnaire interview was conducted from the selected sample workers. Data were collected mainly from the estate offices. The writer has also gained access into some of the confidential reports. Further description of the determination of samples are given below.

a. Determination of Estate Samples

The determination of estate samples is based on four criteria, namely i) locality, ii) age (under the possession of NLFCS), iii) size and iv) crops of the estates.

TABLE 1.1

DISTRIBUTION OF ESTATES BY STATES (number)

Items	States					Total
	Kedah	Perak	Selangor	Negri Sembilan	Pahang	
No. of estates	1	9	4	4	1	19
Samples taken	1	3	3	2	1	10

Table 1.1 shows the locality distribution of estates owned by NLFCS and the samples taken from each State. On the average 50% sample was taken. But in Perak the sample represents one-third of the population, whereas in Kedah and Pahang, the samples cover 100%. This is due to consideration of the age factor.

TABLE 1.2

DISTRIBUTION OF ESTATES BY AGE (number)

Items	Age			Total
	below 3 years	3 - 6 years	above 6 years	
No. of estates	8	7	4	19
Samples taken	4	3	3	10

The distribution of estates by age is shown in Table 1.2. Four samples are taken from those in the 'below 3 years' age group, 3 each are taken from the '3-6 years' and 'above 6 years' age groups. The samples are in relative proportion to the population.

TABLE 1.3

DISTRIBUTION OF ESTATES BY SIZE (number)

Items	Size (acres)			Total
	below 1000	1000-1999	2000 above	
No. of estates	7	7	5	19
Samples taken	4	3	3	10

The selection of samples from various sized groups is shown in Table 1.3. Four estates are selected from those 'below 1,000 acres' and 3 each from the '1,000-1,999 acres' and '2,000 acres and above' groups. The samples are fairly distributed.

TABLE 1.4

DISTRIBUTION OF ESTATES BY MAJOR CROPS (number)

Items	Major Crops			Total
	Rubber	Coconut/ cocoa	Tea	
No. of estates	16	2	1	19
Samples taken	7	2	1	10

Table 1.4 shows the samples selected according to major crops. Hundred percent sampling are taken from both coconut/cocoa and tea estates because of small population.

TABLE 1.5

AREA OF ESTATES BY MAJOR CROPS (acres)

Items	Major Crops			Total
	Rubber	coconut/ cocoa	Tea	
Total area	25,840	4,179	508	29,627
Sample coverage	11,127 (47%)	4,179 (100%)	508 (100%)	15,814 (53%)

The sample covers 11,127 acrea of rubber, which forms 47% of total rubber acreage within the NLFCS 4,179 acres of coconut/cocoa and 508 acres of tea, as exhibited in Table 1.5. The total sample coverage is 15,814 acres or 53% of the total NLFCS acreage.

The following is the list of estates which had been surveyed :

i) Bagan Pasir Estate;
ii) Belata River Estate;
iii) Blue Valley Estate;
iv) Bukit Sidim Estate;
v) Cairo Estate;
vi) Kuala Perak Estate;
vii) Pundut Estate;
viii) Sepang Valley Estate;
ix) Sungei Choh Estate; and
x) Sungei Gumut Estate.

b. Determination of Worker Samples

Originally, it had been planned that 10% sample from the workers should be taken randomly from the checkroll records basing on race, sex and job factors. But this proved to be impractical in the field. Firstly, it aroused the suspicion of the workers when their names were checked from a pre-determined list before interviewing them. Secondly, it was very difficult to locate a worker according to the sequence in the pre-determined list from the widely spread population. It was then switched to taking samples randomly from the labour line or work site. This is done by having all the workers classified into various groups according to the determining factors. The number of samples was then fixed. From these samples they were further divided into resident and non-resident groups. For the resident group, the number of units of workers' quarters was first ascertained and then divided by the number of samples required,

to get the right order of random selection i.e. one worker from every 4 houses. As for non-resident workers, it was more difficult. Fortunately, they were small in number and were not commonly found except in Sungei Choh Estate. These non-resident workers were picked up at the weighing stations or working place in some cases. This group had posed problems to the interviewer. First of all, it was difficult to locate them at the field as they were widely spread. Secondly, they would normally try to avoid the interviewer and reluctant to answer questions. This is because they were suspicious about the purpose of the interview, as they were not so well informed as resident workers. As a result, the sample had to be replaced by resident workers.

The sample taken is shown in Table 1.6.

TABLE 1.6

RACIAL AND SEX DISTRIBUTION OF POPULATION AND SAMPLES
(number)

Items	Race						Total	
	Indians		Malays		Chinese			
	M	F	M	F	M	F	M	F
Population	881	839	132	113	35	106	1048	1058
Samples	111	55	19	14	5	6	135	75
Percentage	13	7	15	13	14	6	13	7

The above shows that sample from Indian population is approximately around 10%. Malays 14% and Chinese 8%. The difference between Malays and Chinese samples is because part of the non-resident Chinese samples were replaced by Malay resident workers after exhausting all resident Chinese. The imbalance in sex distribution of samples is due to the reservation of many female samples and language problem.

In terms of job distribution, the sample is well balanced.

c. Discussion with Management Staff

Lengthy discussion was carried out with managers, assistant managers and conductors on matters relating to management and labour generally. To a lesser extent, discussion was also carried out with the office clerks, factory clerks and some randomly selected mandor[8] on their duties, problems encountered as well as other general topics in relation to the estates.

[8] Mandor is a Malay word for first-line Supervisor. Sometimes, the word is replaced by Tindal or Kangani.

d. Workers' Questionnaire Interview

In this survey, pre-prepared questionnaire was used. First of all, the selected respondent was given a briefing about the purpose of the study to gain his confidence. Sometimes, this had to be prolonged when the respondent was still doubtful about the purpose. Normally, briefing could be shortened during the second day onwards as most of them would have known about the purpose by then, through their own communication system. At first he would be posed with questions of less importance and gradually leading to more important ones. However, questioning did not follow a strict sequence and at times indirect questions were used. The main purpose of indirect questions is to prevent those who had been interviewed from telling the would-be interviewees exactly what were needed and expected.

During the interview, especially with the females, it was unavoidable that some of them might be influenced by other people around. But, this had been reduced to the minimum by telling them that only personal opinion was needed.

All the uncontrollable factors mentioned earlier have resulted in biasness, errors, and non-independence of the samples to some extent.

e. Collection of Data

Relevant data were collected from the various files and record books at the estate offices. Great assistance had been provided by the office staff, especially the chief clerks. They are not only well-versed in their office work, but also have plenty of field knowledge. In some cases, some essential data were not available as these were handled by the Agency Houses.

f. Analysis of Data

For the more complicated statistical analysis, Friden computer machine was used. For the rest, electric calculating machines were used.

D. Limitations

Three main limitations were encountered during the survey:

1. Language;
2. Co-operation and response from workers; and
3. Insufficiency of data.

1. Language

Language has caused much difficulty to the writer while conducting the interviews with workers. Indians formed about 81% of the total sample and about a quarter of them cannot understand Malay - the only medium that the writer could use to communicate with them.

Where interpreters were not available, the sample had to be replaced. Distortion of facts was unavoidable where young students were used as interpreters. The interpreters might not convey the correct questions to the interviewees and interpret their answers correctly. Nevertheless, care had been taken to minimize the error through posing of further counter-checking questions, when there were doubts.

2. Co-operation and Response from Workers

In some cases, it was difficult to get workers' co-operation. This was due to the limited time the writer could afford to spend with them before the interview was carried out. However, this did not constitute a major drawback as non-co-operative respondents were not many and could be replaced easily. Generally, the writer experienced good co-operation from both the management and workers.

3. Insufficiency of Data

In some estates, due to different accounting systems, some important records were not kept.

Admittedly, all these limitations have in one way or another, hampered the effectiveness of this study. It cannot, however, be overemphasized that a study of this nature, inspite of its shortcomings, in the context of the present day economic development of Malaysia is not only important but also urgent and timely since the success or failure of such a movement will invariably depend on the extent of understanding and management efficiency of the entire operations and systems.

The whole survey took the writer one and a half months to complete involving a journey of 800 miles across five States.

In chapter II, the discussion is centred on the operation of partnership participation policy. The organisational structure and its related factors are analysed in chapter III. The wage system and its related effects are dealt with in chapter IV and the whole study is rounded up at the fifth chapter.

CHAPTER II

EVALUATION OF PARTNERSHIP PARTICIPATION POLICY IN THE NLFCS

A. Historical Background

The formation of the NLFCS was due to several factors which are outlined in the following.

1. Rationale behind the establishment of NLFCS

The NLFCS originated in the midst of the social unrest arising from the advent of fragmentation of estates. The fear of political instability in the late 1950's, especially shortly before Independence in 1957, had led to rapid transfer of ownership from the foreign enterprises to local investors.

When the local syndicates took over, these estates were eventually subdivided into small plots to suit the demand of the small time investors. As a result of subdivision, a majority of the original workers were thrown out of job. Professor Ungku Aziz in his extensive study of estate subdivision in 1961, reveals that only 23% of the original workers remained in the fragmented estates. It had also brought about a change in the racial composition of labour force in the fragmented area.[1] The majority of Indian workers were replaced by workers of other racial origins.

The disruption at that time had attracted the attention of the government and politicians especially the leaders of the Indian community. After a careful study of the situation, the Malayan Indian Congress (MIC) leader Tun V.T. Sambanthan launched a campaign to overcome the problems. He proposed a co-operative movement whereby the financial resources of plantation workers would be pooled for the benefit of their own welfare.

As a result of his enthusiasm, he managed to get the support from all quarters. The NLFCS was registered in May, 1960.[2] It began operations by recruiting membership from estates and general public, throughout the country. Within a short span of 15 months the Society became the owner of the first estate in its series of acquisition.[3]

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[1] U.A. Aziz, Subdivision of Estates in Malaya 1951-1960, Kuala Lumpur, Jabatan Chetak Kerajaan, Persekutuan Tanah Melayu, 1963 Vol.1, pp.179-180.

[2] Bala Sundaram V.J., 'Growth and Achievement through a Decade 1960-1970', Kuala Lumpur NLFCS, 1970, p.3.

[3] Ibid, p.5.

2. Objectives of the Society

The primary objective of the Society is to counteract the threat of unemployment among plantation workers as a result of subdivision and fragmentation. Secondly it creates an opportunity for workers in general to pool their idle resources into a venture which is productive and beneficial to them.

From the social point of view, the Society aims at maintaining the quality of the product that would otherwise be facing deterioration under fragmented conditions. It also helps to maintain such social facilities as group hospitals, schools, labour lines, water and electricity supplies etc. to the benefits of the estate workers.[4]

3. Progress and Growth

TABLE 2.1

CUMULATIVE ESTATE ACREAGES, MEMBERSHIP AND SHARE CAPITAL 1960-69

Year	Estates Acquired		Membership	Capital
	No.	Acreage	No.	$'000
1960	-	-	5,152	273.5
1961	1	2,914	20,249	1728.7
1962	2	4,259	25,709	2886.0
1963	5	9,145	29,764	3625.9
1964	5	9,145	32,868	4456.0
1965	6	11,149	39,215	5524.3
1966	6	11,149	45,193	6879.0
1967	12	21,325	61,100	10922.6
1968	17	26,697		
1969	19	29,627	63,700	11962.9

Source: V.J. Bala Sundaram, 'Growth and Achievement through a Decade 1960-1970' Kuala Lumpur, NLFCS (1970).

The progress of the Society between 1960-1969 is reflected in the figures shown in Table 2.1. A total of 19 estates comprising 29,600 acres were acquired by NLFCS. Two main bulk transactions took place in 1967 and 1968. The number of members totalled 63,700 with a share capital of nearly $12 million.

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[4] In Prof. Ungku Aziz subdivision study, it was found that there was a fall in quality of the produce and closure or poor maintenance of several social amenities.

In part, the rapid growth of the NLFCS reflects the continued transfer of ownership from foreign to local investors. This is particularly manifested in 1966/67 when the numbers and acreages of estates increased by one fold. It should be pointed out that the main reason for the change of ownership at that period was more of economic rather than political. The rubber prices reached a very low ebb in 1966/67, and it began to shake the confidence of many investors.

There are also indications that estate workers realized that they had to unite among themselves and place their confidence on the leaders of the NLFCS.

The main source of capital came from the workers' monthly contribution of $10 per member. The share capital now constitutes a third of the total assets of the NLFCS.

B. Theory of Partnership in Co-operative Movement

There are many definitions on the concept of co-operation. However, despite the variations in these definitions, the broad and basic principles are the same. These basic principles[5] may be summarised as follows :

i) the members join the co-operative society as an individual and not as capitalist;
ii) they must meet their common needs on the basis of equality;
iii) the act of association must be voluntary;
iv) the members join together to promote their own economic, social and other needs;
v) the co-operation is a strictly business movement aiming at long run viability;
vi) membership should be open to any person who share the same objectives; and
vii) the profit or surplus are to be distributed among the members.

The objectives of co-operative movement are aiming at improving the social and economic ends of the consumers or producers against the exploitations of capitalists or middlemen. This is done by operating consumers' co-operative, loan and thrift co-operative, marketing co-operative, land co-operative etc. Bowen summarises the co-operative objectives in three words: opportunity, security and partnership.[6] By opportunity he means that every individual has his

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[5] For further detail discussions on principles of co-operation, see R.B. Tyagi, Recent trend in the co-operative movement in India, London, Asia Publishing House, 1968 Chapter I, and A. Bonner, British Co-operation Manchester, Co-operative Union Ltd., 1961, Chapter 12.

[6] E.R. Bowen The Co-operative Road to Abundance New York, Henry Schuman, 1953, pp.7-17.

own choice to satisfy his desire within his own capability in the co-operative. Security refers to the provision that all members should become part-owners of the undertaking which serve their needs. While partnership means joint ownership, equal control and equitable share of results.

However, it is necessary to make a distinction between the terms 'partnership' and 'co-partnership'.[7] No doubt the terms may be interchangable at times. By co-partnership, it is more of referring to workers' participation of ownership is a firm, through the inducement of the employers who aim at achieving greater co-operation from workers. While partnership has a better sense of equal status.

Now the features of the NLFCS which deviate from the general co-operative principles as set out earlier are examined. The two distinctive features are: profit distribution and profit orientation. Under normal circumstances, profits are distributed according to purchases as in the case of consumers' co-operatives, and productivity in the case of producers' co-operatives. But in the NLFCS, the share of profit is based on the amount of capital investment. This feature is important because the Society needs a continuing inflow of capital to offset the existing loans and to further expand its activities. Generally, co-operative societies are non-profit making institutions[8] as in the case of consumers' undertakings, and the provision of services in the case of producers' co-operatives. But the NLFCS is profit motivated. It aims at maximizing profit from the existing capital, so that it can extend and broaden its services to more members. This is especially so, when the members in the commercial estates are facing the threat of tentative disposal of property in which they are working.

C. Membership

Four aspects about memberships are discussed below:

1. Fundamental Rights of Members;
2. Growth of Membership;
3. Members' Opinion; and
4. Promotion.

1. Fundamental Rights of Members

Being a co-operative organisation, every member has an equal right in the participation of decision making at the Annual General Meeting (A.G.M.). The extent to which this right has been made use of

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[7] W. Wallace, Prescription for Partnership London, Sir Isaac Pitman & Sons Limited, 1959, p.46.

[8] Quoted in A. Bonner, op. cit. p.306.

is examined here. From the Annual Reports, it is shown that only 1.6% (or 757 in number) of the members attended the A.G.M. in 1966 and 4.1% (2216 members) in 1967. In terms of percentage, the attendance is poor. This is due to two main reasons. Firstly, the members are widely spread over the whole Malayan Peninsula. Members living in other States cannot afford to attend the meetings at their own expenses. Secondly, in view of the small number of shares they hold the majority of the members would find attending such meetings not worthwhile when they weigh benefits against opportunity costs.

TABLE 2.2

PERCENTAGES OF SAMPLE WORKERS ATTENDED A.G.M.'S BY DISTANCE FROM KUALA LUMPUR

Item	Distance from Kuala Lumpur(miles)				Average
	less than 50	50-100	101-150	151 and above	
Attended AGM's	32.7%	20.6%	43.7%	6.1%	27%

Table 2.2 shows the percentages of the sample workers who had attended any of the A.G.M.'s between 1961 to 1969. It depicts the relationship between distance and attendance.

The percentage of workers who had attended the A.G.M.'s decreases with increased distance with the exception of the third case, where in one estate, the workers show a keen interest in the Society.

TABLE 2.3

ABILITY TO UNDERSTAND THE DISCUSSIONS AT A.G.M.'s

Items	Could understand				Total
	Fully	Partly	Very little	Nothing	
Number	-	4	20	32	56
Percentage	-	7	36	57	100

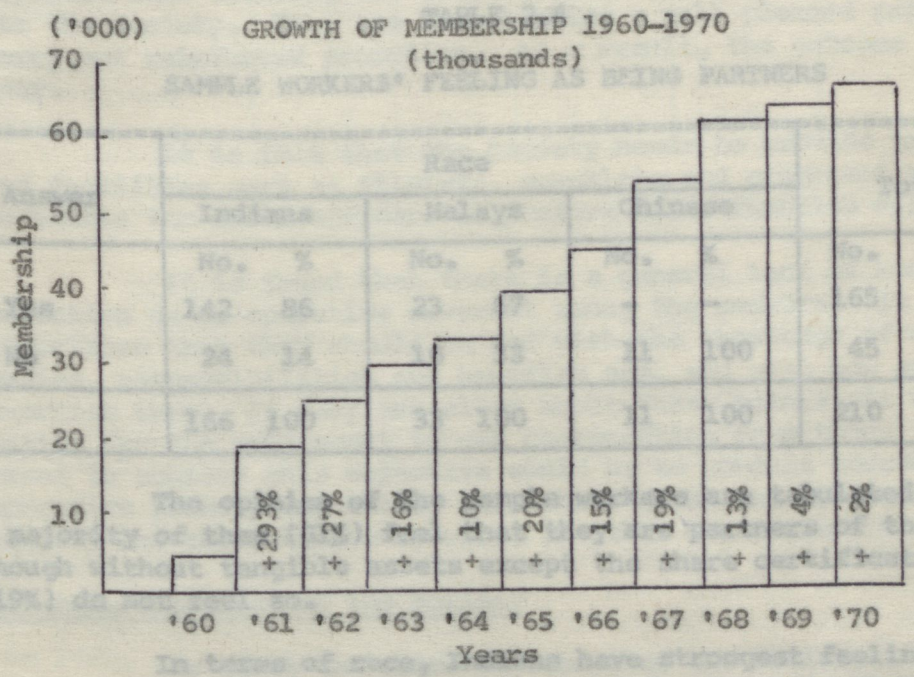
Table 2.3 indicates that only 7% of those who had attended the A.G.M.'s knew something about the discussions, 36% knew very little and 57% knew nothing. This is because of poor educational background of the members and to a certain extent, lack of interest in the discussions at the meetings. They remarked that they treated the trip to be more of an excursion than attending meeting. None of those who had attended the meeting really participated in the discussions at all, because they could not understand the subject well. They considered that they could not derive much benefits from

attending the meetings. They did participate in the voting of candidates for the Board of Directors. But they could not use their votes wisely in selecting the right candidates, as they have little knowledge about them. As it turns out, it is always a matter of a few leaders rotating among themselves.

It must be admitted that it is definitely impossible for most of the 64,000 members to take part actively in the meetings for various reasons. Nevertheless, it would not be impossible for the Society to re-organise the general procedures so that more members can play an active role.

2. Growth of Membership

FIGURE 2.1



The growth of membership is shown in figure 2.1. There was a tremendous increase in membership from an initial membership of slightly over 5,000 in 1960, to nearly 30,000 in 1963, around 55,000 in 1967 and touching 65,000 mark in 1970. When the growth is expressed in terms of percentage, the rise from 1960 to 1961 was 293%. This growth rate sharply dropped to 27% in 1962, and tapered off to 10% in 1964. There was a fluctuation from 1964 to 1967 between the level of 10-20% and eventually the growth rate dropped to 2% in 1970.

The rapid growth during the initial period was due to favourable response from the general public. It had received wide response not only from the workers in the affected or would be affected estates, but also from workers in other estates and people from other occupations. This is evidenced by the fact that in 1967, only 3,000 members were working in the Society's estates out of the total 54,000 members.[9]

[9] NLFCS, 'Annual Report' 1967/68, p.27.

The members of the Society can be broadly classified into two types viz. voluntary members and obligatory members. Voluntary members refer to those members who join the Society at their own free will. According to Webbs, obligatory members mean that the individuals are obliged to be members in order to conform to group norms.[10] The majority of the members in the Society belong to the former type of membership. All those who are working within the Society belong to the latter category, since they have to be members if they want to get job within the Society. This practice is justifiable because the Society was formed to serve them.

3. Members' Opinion

Since those employed by the Society are obligatory members, it is necessary to find out what their feelings are.

TABLE 2.4

SAMPLE WORKERS' FEELING AS BEING PARTNERS

Answer	Race						Total	
	Indians		Malays		Chinese			
	No.	%	No.	%	No.	%	No.	%
Yes	142	86	23	67	-	-	165	81
No	24	14	10	33	11	100	45	19
	166	100	33	100	11	100	210	100

The opinion of the sample workers are tabulated in Table 2.4. A majority of them (81%) feel that they are partners of the Society, though without tangible assets except the share certificates. The rest (19%) do not feel so.

In terms of race, Indians have strongest feeling towards the Society. This is easy to understand for two main reasons. Firstly they are the group worst affected by fragmentation. Secondly, the Society was organised by the prominent leaders of Indian community. It is only natural that Indian workers are having greater confidence in their leaders.

About one-third of the Malays lack the feeling as partners. It is due to the following major reasons:

i) subdivision did not have much impact on them;
ii) the number of shares held, is too small to arouse their interests; and
iii) the lack of Malay leadership in the Society.

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[10] Quoted in A. Bonner, op. cit. p.313.

The Chinese workers, on the otherhand, do not treat the shares as a form of capital investment, but as a form of compulsory savings. Several workers said that it was just another form of Employees Provident Fund. They are more materialistic than others. Of course, they were not in the least, affected by fragmentation either.

4. Promotion

There are two forms of promotion which are to be discussed: membership promotion and educational promotion.

At the moment, the Society has a team of field officers whose duty is to promote membership. But it has not been very effective during the recent years. According to a manager, these officers lack training and facilities to conduct an effective campaign for the Society. They are also lacking a well planned programme to carry out reinforced promotion. As a result, the outcome is pretty poor.

It is felt that the Society needs to provide proper training and facilities such as filmlets, pamphlets and progressive charts etc. to enable the field officers to perform their function effectively.

It is found that there is a general lack of knowledge and education on co-operative movement among the members. It is of vital importance that they should be fed with the knowledge of what their duties, responsibilities and benefits are, and also how and when to exercise them. If they are clear about these points, it would be much easier for the management to get co-operation from them. Some of the means to achieve this objective would be to conduct courses in co-operative principles, talks, film shows about the progress of the Society and co-operative movement in other countries from time to time.

D. Economic Viability of the Society

No doubt the prime objective of the Society is to counteract fragmentation. Nevertheless, the economic viability of the Society is also equally important in the long run. This sub-section is devoted to the discussion of the financial standing of the Society.

1. Profitibility During the Past Years

The gross return to total assets, net return to share-holders fund and the interest rate on external sources of fund between 1965 to 1969 are shown in Table 2.5.

TABLE 2.5

GROSS RETURN[a] RETURN TO SHARE-HOLDERS' FUND AND COST OF EXTERNAL FUND, 1965/69

Items	Year				Average 1965/69
	1965	1966	1967/68[b]	1969	
	%	%	%	%	%
Gross return to total assets	8.6	6.4	6.3	11.0	8.7
Net return to shareholders fund	9.8	5.2	3.3	16.6	10.0
Interest rate on external fund	7.3	7.8	9.1	8.7	8.5

Notes: a. - Gross return refers to return before interest charges on loan, overdraft and fixed deposit.

b. - Adjusted, for further detail see Appendix Table D.

Source: NLFCS, Annual Reports (1966, 1967/68 and 1969).

For the year 1965, the cost of external fund was 7.3%, as a result of high leverage (external loan formed 50% of total fund), it had resulted in a higher net return to shareholders fund at 9.8%. In 1966, as a result of severe drop in gross profit to 6.4% and an increase in cost of loan to 7.8%, the net return of shareholders fund dropped to 5.2%. During 1967/68 the adjusted gross return was 6.3% (see Appendix Table D) interest rate rose further to 9.1% resulting in a drastic drop of net return to share-holders' fund to 3.3%. But in 1969, as a result of favourable return in rubber prices and other factors the gross return shot up to 11% which was 2.3% higher than the cost of external fund, resulting in a sharp rise of return to share-holders' fund at 16.6%. The overall situation between 1965/69 indicates a favourable return for the share-holders because of high leverage. But it must be cautioned that the fluctuation of returns was rather severe between the period. Perhaps, in further acquisition of estates, especially rubber, more attention should be paid on the expected rate of return, rather than just to fulfil the contention of preventing the estate from being fragmented, if the long run viability of the Society is to be assured.

TABLE 2.6

RATES OF RETURN FROM THE SURVEYED ESTATES, 1970

Items	Estates									
	A[a]	B	C	D	E	F	G	H	I	J
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Profit	125.2	175.8	129.4	410.7	64.4	431.8	155.1	317.1	n.a.	98.5
Initial cost of estates	1300.0	1450.0	2000.0	4125.0	770.0	3496.4	1250.8	2086.2	n.a.	620.0
	%	%	%	%	%	%	%	%	%	%
Rates of return	9.6	12.1	6.5	10.0	8.4	12.3	12.4	15.2	-	15.9

Notes : a - exclude cost and revenue from oil palm.

n.a. - not available.

2. Return from Surveyed Estates

Table 2.6 shows the 1970 rates of return for the surveyed estates. The profit is derived by deducting the total revenue-generating expenditure from the total revenue including the 4½ cents per pound of the replanting refund cess in the case of rubber estates. The replanting expenditure incurred, has not been taken into account because it is a form of capital expenditure.

These are gross returns to initial capital investments. Interest payment, headquarters expenses, and other overhead costs have not been accounted for. There are 3 estates which earn a return of less than 10%, 4 estates between 10-13% and 2 above 15%. It must be noted that the 2 estates which earn more than 15% of return are coconut/cocoa and tea, while the other are rubber. Though the above figures could not provide a more precise picture for comparison to be made with Table 2.5, they do throw some light for discussion. It is felt that those estates with a gross return of below 10% may not be profitable enough for long run viability when all other costs have been accounted for.

In the long run, it is necessary for the Society to diversify its resources over a wider range of crops. Since tea and coconut/cocoa estates are best profit earners, the Society should make a feasible study and perhaps allocate more capital expenditure on opening up the reserve land at the tea estate which is presently lying idle, and inter-crop more cocoa plants in the coconut so that it can generate more surplus fund to ease the situation in rubber sector. As for rubber estates, where the conditions are conducive, it should be replanted with oil palm or other more profitable crops; where it is not suitable for other crops, steady replanting programmes should be carried out. At the moment, many replanting programmes have been delayed as a result of poor prices of rubber in recent years. If circumstances permit, the Society may even enter into other industries in order to support the investments in the dwindling agricultural sector.

3. Productivity and Costs of Surveyed Estates

The productivity and total cost of production ex-estate for the 7 rubber estates surveyed are shown in Table 2.7.

TABLE 2.7

PRODUCTIVITY AND COST OF PRODUCTION OF RUBBER ESTATES, 1970

Items	Estates						
	A	B	C	D	E	F	G
	lb	lb	lb	lb	lb	lb	lb
Yield/acre	1146	1113	1152	908	1124	1095	1485
	¢/lb	¢/lb	¢/lb	¢/lb	¢/lb	¢/lb	¢/lb
Cost per pound ex-estate	33.6	34.9	31.8	34.3	39.5	31.7	29.9

It indicates that Estate 'E' has a comparatively higher cost than those in the same productivity range. Estate 'F' shows a very low cost. Perhaps, it is possible for the Society to make some detail study on the cost structure of these estates, and hopefully it would come out with a solution to cut down costs and improve quality to ease the economic strain in the short run.

The marketing aspect of the tea products which are handled by the Agency at the moment, also offers another good avenue for study so that its present market structure and opportunity could be improved thus leading to higher profitability. Perhaps the setting up of own coconut oil mill is another feasible project that could bring about a further improvement in revenue from the coconut estates.

E. Other Considerations

There are a number of other aspects with regards to the partnership policy which are considered in further detail below.

1. Members' Level of Investment

The relationship between the age of the estates and the average number of shares held by the members and their families are depicted in Table 2.8.

TABLE 2.8

AVERAGE MEMBERS' AND FAMILIES' INVESTMENTS

Estate	Age	Average no. of shares/member	Average no. of shares/family
H	1	2.2	11.1
A	2	3.5	8.3
B	2	3.4	8.5
J	2	2.5	5.5
E	3	5.1	14.9
D	3	4.3	10.9
C	3	6.1	11.1
G	7	3.9	5.1
I	7	4.7	8.9
F	9	5.7	9.4
Average		4.4	9.4

The figures show some correlation between age and average number of shares held per member, but no significant relation can be established between age and family shares as well as average member shares and family shares.

There are some exceptions that can be traced from the table. For example, Estates 'E' and 'C' show an exceptionally high average number of shares of 5.1 and 6.1 per member. This is because members

in these two estates had put in a much higher initial investment. While Estate 'G' is having a comparatively low average, because of high turnover of members after some troubles had broken out in the estate some years back.

The slow rate of growth in the number of shares in some estates is attributable to two main reasons:

i) there has been substantial withdrawal from those long service members as a result of the introduction of work permits in 1970; and
ii) there is an influx of new members to replace the outgoing members.

It has thus reduced the average number of shares to certain extent. There is inconsistency between the number of shares held by members and families. For example in Estate 'H' the ratio is 1:5.0 while it is 1:1.6 in Estate 'F'. This is accountable for by the average number of working members per family in the individual estates.

It has also been discovered that there have been some cases of non-genuine transfer of shares going on in some estates. What happens is that there are some workers who are hard pressed for cash, and they are willing to sell their shares at a discounted value. Among the members there are some, who are rich enough to offer a helping hand to the needy fellows by paying a cash value of as low as $60 for a $100 paid-up share. However this has been stopped officially when the malpractices were brought to the notice of the Board of Directors. But it is felt that this method can not solve problem at its grass-root since there are still some dealings going on illegally at the moment. To solve the problem, the NLFCS has to develop a system which could provide financial assistance to its members if the need arises. Of course, strict steps should be taken to ensure that this privilege should not be abused.

2. Utilization of Dividends

TABLE 2.9

USES OF DIVIDENDS BY MEMBERS

Uses	Proportion of workers	
	No.	%
1. Assist family expenses	89	42
2. Serve as education fund	19	9
3. Plough back	75	36
4. Save or buy assets	10	5
5. Not eligible to draw	17	8
Total	210	100

Table 2.9 shows how dividends are being used by members. Forty two percent of them spend dividends on subsidising family expenses and 9% on children's education. There are 36% of members ploughing back their dividends, 5% use them to acquire assets or save them. The rest of 8% are not eligible to draw because they are new members or other reasons.

Further investigation reveals that for the first and second groups the dividends have redeemed them from debts or helped them to improve their standard of living.

Detail analysis of the third group highlights two basic features:

i) the amount of dividend is negligible; and
ii) some members do not know how to apply for dividends.

3. Long Term Internal Financial Support

Since the Society is depending heavily on the external sources of fund (see Appendix Table D) it is necessary to determine how willing the members are to give their continued financial support to the Society.

TABLE 2.10

MEMBERS' OPINION ON LONG TERM SUPPORT

Opinion	Results	
	Number	Percentage
Willing to continue	174	83
Not willing to continue	36	17
Total	210	100

Sample members are posed with the question whether they would be willing to continue their monthly contribution, if they are given a choice, with the assumption that their decision would not affect their employment. The results are shown in Table 2.10. It indicates that 83% of them are voluntarily giving their pledge to continue supporting the Society as long as they are employed. The other 17% of them choose to stop their contribution mainly because of financial reasons. Although information is not available from members outside the Society's properties, it can be inferred that the opinion should be more favourable as none of the outside members are obligatory members.

Though the members are giving strong support to the Society, there is one problem that they would like the management to consider. Many members complain that the deduction of monthly contribution has been too rigid. Some managers insist that they have to contribute no matter at what levels their earnings are. They would prefer that the

Board makes more flexible rulings so that they would be allowed to suspend temporily in cases where their earnings are below a certain level, especially during wintering.[11] This temporary suspension could be made good during the good months.

4. Other Benefits for Members

All members are entitled to enjoy several benefits provided by the Society.

a. Higher Study Loans

Members or their dependents can apply for Higher Study Loans from the Society. The loans provide sufficient fund for studies both in local or foreign higher educational institutions. According to the 1969 Annual Report, there were 67 students holding loans amounting to $120,000. There is no limitation in the fields of study. With this facility many more labourers' children would be coming up through the ladder.

b. Group Life Insurance Policy

A group life insurance for members has also been established. The policy provides coverage for the life of all members up to the age of 60 years. The individual members have no need to pay the premium. In the event of death, the beneficiary would be paid a sum which is equal to the value of the shares held by the deceased member or a maximum of $1,500, whichever is the lower. By 1969, 600 beneficiaries had received a total sum of nearly $100,000.

c. Housing Scheme

Members are also entitled to participate in the housing scheme which has been launched recently. The basic requirements are that the members should be able to pay a down payment of $500 on the completion of the house. He or his family members should have enough shares to be mortgaged against the loan to be extended to him. There should also be a proper system provided for regular repayment of the loan.

d. Saving Facility

The Society also provides saving facility for members and non-members to save their surplus fund. The interest rate for fixed deposit is 7%, which is slightly higher than commercial bank rate. At the end of 1969, the Society had a total deposit of $2.4 million.

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[11] Wintering refers to the period immediately after leaf-fall in rubber estates. It is usually in February and March.

5. Effect of Ownership on Workers' Performance and Management - Worker Relationship.

It is of interest to know whether ownership would result in better work performance and relationship between management and workers. From the survey conducted, none of the members indicate that they have put in extra effort on their work after the estates had changed hand. They feel that they have been working at full capacity all along.

However, a majority of them state that they have been more co-operative with the management because it is working for the interest of the Society. But this does not imply that they would be willing to accept orders that are unfair to them. The same view is shared by most managers.

Therefore, it can be inferred that ownership has an indirect effect on work performance as a result of better co-operation with the management.

F. Summary

In summing up, the NLFCS has achieved its main objectives in checking fragmentation through acquiring ownership of estates with the support of workers. It has also played an important role in nation building by offering to the 'have-nots' the opportunity to become the 'haves'. As for those members who are at present being employed in the Society, they have been provided with employment security, which would have otherwise been uncertain. They also enjoy several other benefits mentioned earlier.

From the economic point of view, the Society has prevented the quality of the output from being deteriorated and other existing social amenities such as estate group hospitals, labour lines, estate schools, sanitation facilities etc. from being withdrawn or abandoned. The Society has also ensured the maintenance of the properties to a standard which is comparable with commercial undertakings.

Nevertheless, the Society is yet to achieve the objective of operation in the true sense of co-operative principles because most of the members are lack of such knowledge. It has also been seen that the Society has been over dependent on external sources of fund. This certainly needs improvement. It is possible to improve the operation of the existing estates further. Diversification would be necessary for the long run viability of the Society.

CHAPTER III

THE ORGANISATIONAL STRUCTURE AT ESTATE LEVEL

A. Management

Three aspects of management are discussed here :

1. The Management Structure;
2. Function of Management Staff; and
3. Problems Encountered by Management.

1. The Management Structure

According to Allen, there are two separate and basic functions in the management set-up of any organisation; namely (a) staff function and (b) line function.[1] By staff function, it means that the duty of the personnel is to provide advices and services to the executives. On the other hand, the line function is responsible for executing orders and organising resources for the accomplishment of the objectives of the organisation. Therefore, line management is responsible for the success or failure of the operation towards the set goals, while the staff specialists are only assisting line managers with advisory aids, when called for.[2]

In the estate management, the survey reveals that there is a clear cut demarcation of function between the staff specialists and the line management. The staff function is assumed by the Visiting Agent, who is a well-experienced planter, appointed by the Agency House - the representative of the owners. The line function is shouldered by the managers and his supervisory subordinates at the estates.

Chart 3.1 shows a complete set-up of the management structure at NLFCS estates. It is very similar to the structure of public company estates.

Of course, there are deviations in some of the estates depending on sizes, and types of crop planted. For example, in smaller estates, there may be no residential managers. If such is the case, manager's function is performed by a Visiting Manager who comes from a nearby sister estate while the residential Assistant Manager would assume the routine operational function. The Visiting Manager is an executive and is different from Visiting Agent.

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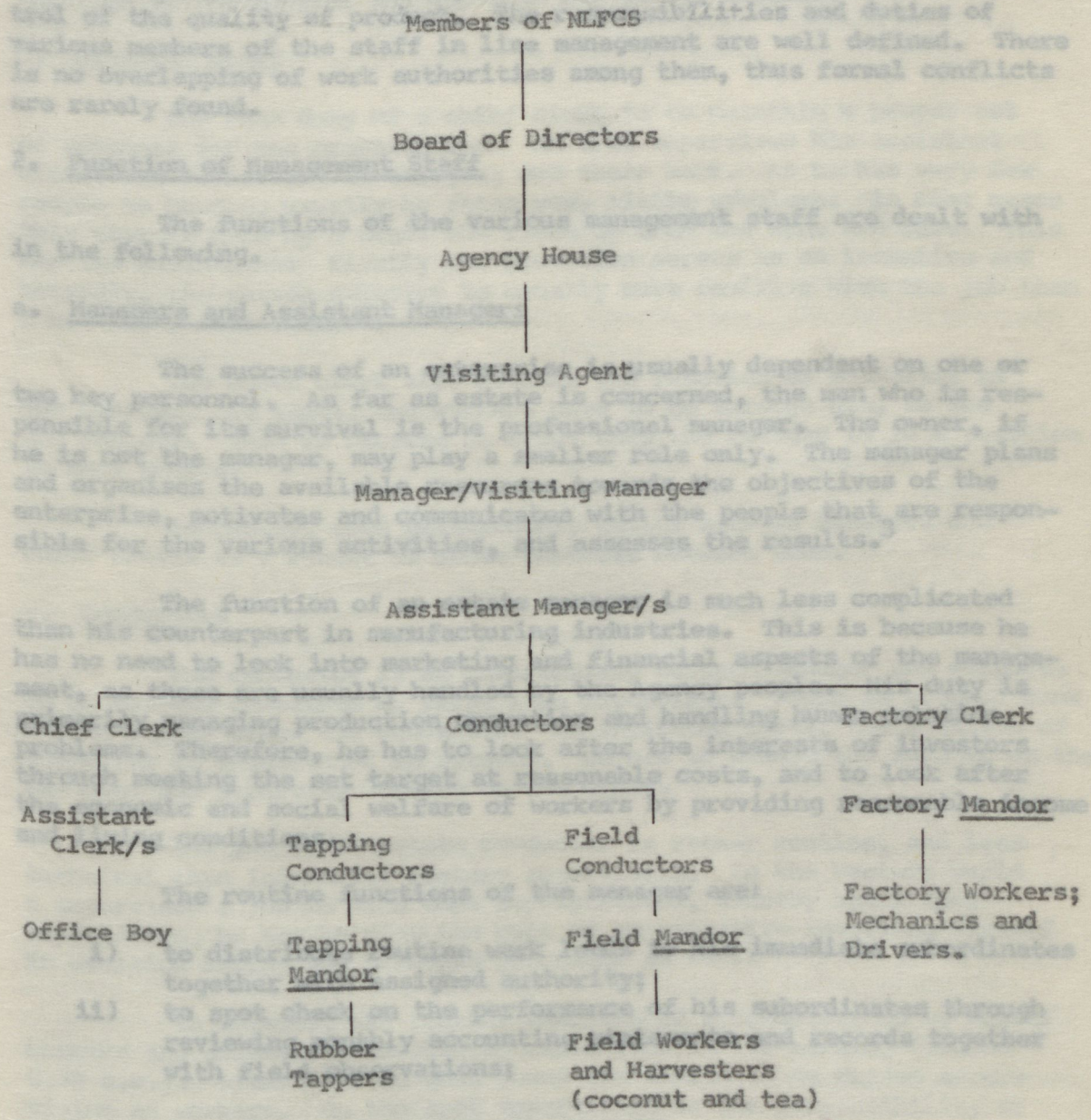
[1] Quoted in E. Rhenman L. Stromberg, and G. Westerland Conflict and co-operation in Business Organisation London, Wiley - Interscience, 1970, p.12.

[2] P. Pigors and C.A. Myers, Personal Administration New York, McGraw-Hill Inc., 1961, p.23.

CHART 3.1

ORGANISATIONAL STRUCTURE OF THE NLFCS ESTATES



There is no major difference in management function between rubber, coconut/cocoa and tea among the NLFCS estates examined. The only exceptions are: (a) the duties of the counductors; in rubber estates, conductors are separated into two types: tapping and field, while the conductors in the other two types of estates supervise both harvesters and field workers. This is because the working population in rubber estate is generally larger and tapping also requires more specialised supervision; and (b) the duty of factory clerk in tea estates is performed by a specialist - a tea maker, who is not only responsible for the supervision of workers, but also for the determination and control of the quality of product. The responsibilities and duties of various members of the staff in line management are well defined. There is no overlapping of work authorities among them, thus formal conflicts are rarely found.

2. Function of Management Staff

The functions of the various management staff are dealt with in the following.

a. Managers and Assistant Managers

The success of an enterprise is usually dependent on one or two key personnel. As far as estate is concerned, the man who is responsible for its survival is the professional manager. The owner, if he is not the manager, may play a smaller role only. The manager plans and organises the available resources towards the objectives of the enterprise, motivates and communicates with the people that are responsible for the various activities, and assesses the results.[3]

The function of an estate manager is much less complicated than his counterpart in manufacturing industries. This is because he has no need to look into marketing and financial aspects of the management, as these are usually handled by the Agency people. His duty is primarily managing production operation and handling human relation problems. Therefore, he has to look after the interests of investors through meeting the set target at reasonable costs, and to look after the economic and social welfare of workers by providing reasonable income and living conditions.

The routine functions of the manager are:

i) to distribute routine work loads to his immediate subordinates together with assigned authority;
ii) to spot check on the performance of his subordinates through reviewing monthly accounting statements and records together with field observations;

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[3] P.F. Drucker, The Practise of Management London, W. Heinemann, 1963, pp.303-304.

iii) to make decisions on alterations of original targets as a result of environmental, financial, technical and other changes;

iv) to attend to and solve workers' problems and complaints; thus gaining a better in-sight of workers' behaviour; and

v) to plan and budget at the end of each financial period - this plan or budget would serve as yardsticks in the course of evaluating the performances.

The duty of an assistant manager is to share the routine function of the manager and deputise him in his absence.

b. Clerical Staff

The main duty of a chief clerk is to maintain a proper set of accounts for the organisation. He also supervises his assistant clerks and office boy in carrying out their work. As he has very few people to handle, usually he faces very little problems. In most cases this post is held by a staff who rises up from the rank and file. This has two advantages: firstly the promotion serves as an incentive and secondly, the person selected is usually more familiar with the job than a new comer from outside.

The chief clerk also assumes the function as secretary to the manager. At times, the workers have to go through him, to see the manager. This is because he knows when the manager is in a position to meet people.

Generally, good relationship exists between managers and chief clerks as a result of close contacts between them.

c. Conductors

The conductor is an intermediary between manager and workers. He is not the immediate or first line supervisor. There is another rank called mandor below the conductor. As indicated above, the position of conductor is sandwitched in between. He has to please the manager on the one hand and supervise workers on the other.

The job of an estate conductor is rather routine, and less technical than industrial factory supervisors. In the Western world a supervisor's job is much more sophisticated, whereby apart from supervision, he has to play the role of an executive involving himself in decision making and planning processes as well.[4]

In estates, the routine function of a conductor is to muster workers and allocate them with specific jobs in the morning (around 6.30 a.m.). After that he goes round the fields to do random supervision on workers. On the spot supervision is the responsibility of

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[4] P.F. Drucker, op. cit. p. 286.

the mandor. In rubber estates, tapping conductors have to check at the weighing stations during collection time to see that adequate facilities are provided and work is carried out in normal order. However, in coconut/cocoa and tea estates, there is no special conductor to supervise harvesting process, as he has to cover both field and harvesting functions. In the afternoon, conductor has to carry out clerical work in the office and prepare payrolls at the end of each month. He has also to attend to workers' complaints and grievances and acts as liaison officer and interpreter between manager and workers.

No doubt the job is rather routine, but it needs a lot of tactful manipulation to get workers' co-operation. Therefore, it is important to have suitable person to hold the post.

Some managers are not in favour of workers' children being absorbed as conductors in the same estate. They fear that due respect may not be forthcoming from other workers. This contradicts Drucker's view that 'supervisors should be recruited from the rank and file .... The present trend towards staffing supervisory positions with boys out of college is basically irresponsible and anti-society.'[5] One estate has a junior conductor who is the son of a local rubber tapper. Discussion with him seems to disprove the common view. So far he commands high respects from his father's colleagues.

d. The Factory Clerk/Tea Maker

The factory clerk is responsible for the production of high quality product and general supervision of factory and other interrelated workers. Because his work station is more confined than that of the conductors and the number of workers handled are relatively small, he finds his problems to be lighter. But he has to be more alert on his job because any deviation in the manufacturing processes would result in inferior quality output.

Technically, the tea maker, is a specialist rather than a mere factory clerk. He needs more skill in determining the quality of product and more care in processing in order to maintain a certain flavour which is the main determinant of the grades of final product.

e. 'Mandor' - first line supervisor

The mandor is equivalent to 'foremen' in Western factories. All of them are promoted from within the labour class on the basis their outstanding quality and personality. Though they are officially members of management, they are allowed to join the Union activities of workers. There are two estates in which mandor are elected officials of the local branch of the National Union of Plantation Workers (NUPW). In this aspect, it is quite different from Western society where foremen are not allowed to join workers' Union.

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[5] P.F. Drucker op.cit. p.285.

Generally mandor are more 'product centred' than 'employee centred'.[6] By 'product centred' it means that the supervisor is more concerned with the output of product rather than other factors. 'Employee centred' refers to situation where the supervisor cares more for the interests of employees. The rationale behind the attitude of mandor is that they are basically more hard working and productivity conscious even before they are promoted. Furthermore, they do not receive training in industrial relations when they are given the supervisory job. At the same time the colonial type of management that they experienced before, is also an important factor in influencing their attitudes towards their fellow workers.

Apart from supervision, mandor is also responsible for training and placement of workers. They are the first level staff to take disciplinary action against, and recommend promotion for, the workers.

In terms of social structure, they are quite akin to the labour class. Therefore, they are much closer to the workers than other staff. But it is not uncommon to find some mandor who maintain a distance from their former colleagues after their promotion. This type of mandor usually find it difficult to get good co-operation from fellow workers.

The routine work of mandor is to assist conductor in conducting morning muster and direct supervision at the field. In the case of tapping and tea harvesting mandor, they have also to carry out weighing of crops at weighing stations or at factories. They are not involved with clerical work.

3. Problems Encountered by the Management

Since the Society is a co-operative organisation, some of the problems encountered by the management are not commonly found in commercial estates. They are discussed in greater details below.

a. Lack of Central Control System

The Society does not have an Estate Department to deal with the management of estate properties. The estate management function is delegated to three Agency Houses. As a result there is discrepancy in management practices, accounting systems, etc. between estates. This has created many problems to all concerned in the estates, either when there is a change of managers or Agencies. For example, when one manager is transferred from one estate to another under different Agencies, he has to get himself familiarised with the system and policy of the new Agency before he can proceed with the works. Sometimes, he may apply the old rulings in the new environment, which might upset the existing good relationship with workers. The writer has observed a case where, as a result of change in Agency, the chief clerk has to spend considerable amount of time in learning up the new systems again.

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[6] F.J. Carvell, Human Relations in Business Toronto, McMillan Co. 1970, p.225.

In more severe cases, different Agencies may emphasize the importance on different aspects of cultivation practices; this again, would interupt the smooth running of the estate if the Agency is changed. If there is a central co-ordinating body within the organisation all these unnecessary inconveniences can be avoided.

Furthermore, centralised system can serve several important purposes such as :

i) to have central planning for all estates, rather than sub-optimized planning carried out by individual estates;
ii) to set up a common system of management practices;
iii) to co-ordinate the activities among estates; and
iv) to develop a centralised control system.

b. Interference from Board Members

It was found that, there were occasions that some managers experienced interference from Board members on certain internal issues between management and workers. It might be true that the Board members might do so out of good intention, but they might not be aware that such actions seriously undermined the authority of managers. They would cause the managers to lose command of respects from subordinates, consequently, life would be difficult for them. Just to quote the view of a manager: he would definately leave the job rather than bow down to the interference if what he did was right.

c. Employment Policy or Labour Efficiency

Some managers face a problem between providing employment to members and improving labour efficiency. Since the former is the primary policy of the Society, managers are told not to retrench workers unnecessarily because of the implementation of progressive replanting programme, many estates have experienced the problem of surplus labour. In order to toe the line of Society principle, managers have to accommodate the excessive workers at the expense of reducing efficiency and productivity. Normally, this is done by reducing the task sizes and increasing tapping frequency. At the moment rubber industry is facing a severe threat of falling price. A likely and most immediate solution would be to cut down costs and improve efficiency if the industry is going to survive. Somehow or other, the Society has to make a clear stand between the two choices.

d. Transfer of Managers

Several managers experience transfers too frequently, i.e. within every one or two years. Undoubtedly, transfers facilitate managers to pick up more practical experience from a wider horizon. But frequent transfers would do more harm than good. Fundamentally, unless the manager is given sufficient time in an estate, he would not be able to see the accomplishment of the project he has undertaken. More likely, one would hesitate to carry out what he plans to do if he expects to spend only a short time at the estate. It is likely that a new manager would disrupt any existing programme which has been initiated by his

predecessor, if he does not agree. This would result in straining the relationship with workers, should his decision affect them. In fact all these would end up with losses to the Society.

e. Burden of management staff

There is no standardisation of burden on the management staff in the Society estates. This is shown in Table 3.1.

TABLE 3.1

BURDEN OF MANAGEMENT STAFF

Items	In surveyed estates			National Average
	Highest	Lowest	Average	
Managers/ Assistants	Acres/Staff	Acres/Staff	Acres/Staff	Acres/Staff
Rubber	3500	500	1500(7)	1453[a]
Coconut/ Cocoa	2420	1485	1672(2)	n.a.
Tea	-	-	500(1)	n.a.
Supervisors				
Rubber	172	87	152(7)	273
Coconut/ Cocoa	302	247	261(2)	n.a.
Tea	-	-	46(1)	n.a.
Worker Staff ratio:	Workers/Staff	Workers/Staff	Workers/Staff	Workers/Staff
Rubber	21.3	14.0	17.2(7)	16.5
Coconut/ Cocoa	19.4	16.1	17.2(2)	13.7
Tea	-	-	14.5(1)	17.0

Notes: a - refers to 'above 1,000 acres' group only.
n.a. - not available.
Figures in brackers indicate number of estates.

Source: 1) Rubber Research Institute of Malaya, 'Guide to Estate Management' 1970 edition, Economics and Planning Division Report, No.7, 1970 Table 21.

2) Malaysia, Department of Statistics, Monthly Statistical Bulletin of West Malaysia, March, 1971, Table 4.1 (Labour).

The average coverage per manager/assistant is 1,500 acres in rubber estates, which is quite in line with the national average. But there is a great discrepancy in acreages handled by individual managers which range from 500 to 3,500 acres. Undoubtedly, the situation should be rectified so that there would be a more balanced distribution if efficiency is to be improved. As for coconut/cocoa and tea estates, figures are not available for comparison.

The supervisors'[7] coverage of 152 acres per person in rubber estates is by far below the national average of 273 acres. Furthermore it ranges from 87 acres to 172 acres per person. This clearly indicates that there is a surplus of supervisors. Corrective action is also needed here. The supervisors in coconut estates cover a much larger acreage than rubber. However, tea estate supervisors have an extremely low area to look after.

This problem is now re-examined from another angle. In terms of workers/staff ratio, the average in rubber estates is 17.2:1 which is slightly higher than the national average of 16.5:1. The high ratio is partly accountable for by large labour force experienced in some of these estates. The ratio in coconut estates of 17.2:1 is higher than the national average of 13.7:1. As for tea estate the ratio is 14.5:1 against 17.0:1, it is an indication of having an excess of supervisory staff.

The unbalanced distribution of burden has caused much dissatisfaction among some staff and it also poses difficulty in judging the efficiency of the staff.

B. Patterns of Workers

In any economic undertaking, there are four basic elements : land, labour, capital and entreprenuer. Without any one of these no economic activity could be effected. In this section, the discussion is on the workers pattern in terms of race, job, age, etc.

1. Racial Distribution

The racial combination of the workers for various types of estates is shown in Table 3.2.

In rubber estates, the proportion of Indian workers (78%) is almost one and a half times the national average of 47%. As a result, the percentage of Malays and Chinese are greatly reduced to 13% and 9% respectively. The main reasons are :

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[7] In this context, supervisors include both conductors and mandor.

TABLE 3.2

DISTRIBUTION OF WORKERS[a] BY RACE AND TYPES OF ESTATES

Type of Estates	Race						Total Labour Force
	Indian		Malay		Chinese		
	Survey[b]	National[c]	Survey	National	Survey	National	
	%	%	%	%	%	%	No.
Rubber	78	47	13	13	9	30	1565
Coconut/ cocoa	93	87	7	11	.d	2	363
Tea	87	70	13	12	.	14	182
Average	81	-	12	-	7	-	2110

Notes : a - Workers only refer to directly employed labour force.
b - Survey figures refer to the average of the 10 surveyed estates.
c - National figures refer to the average at 31-7-1965.
d - Less than 1%.

Source : The Malayan Planting Industries Employers' Association (MPIEA) Annual Report, 1965/66 Table 9.

i) since the Society was established by Indian community leaders to rescue the Indian labour force, it is natural that Indian workers would give most support and get most jobs;

ii) Malay labour force is more localised, while some of the estates are located at area which are not close to Malay settlement; hence the consequence of uneven distribution of Malay workers in surveyed estates and an overall low percentage; and

iii) Chinese labour force is not keen in share participation and also less dependent on estate employment.

For coconut estates, Indians have been monopolising the jobs ever since the early days. The slight difference in distribution is mainly accounted for by the first reason given above.

The proportion of Chinese labour is taken over by Indians in tea estate, because of environmental factor. In the surrounding region of the tea estate, most Chinese are confined to vegetable farming thus they have no need to look for jobs around. The percentage of Malays which include the Aborigines is slightly above the national average. In fact the Aborigines form a larger proportion, as most lowland Malay workers find it difficult to adjust themselves to the cold weather. The climatic factor has also caused a shortage of labour supply because many non-

citizens had left the estate for India.

2. Job Distribution

The jobs are broadly classified into four categories : the harvesters, the field workers, the factory workers and others who cannot be classified into any of the specific categories mentioned.

TABLE 3.3

JOB DISTRIBUTION BY TYPES OF ESTATES

Nature of Work	Rubber		Coconut/Cocoa		Tea	
	Survey	National[b]	Survey	National	Survey	National
	%	%	%	%	%	%
Harvesters[a]	68	71	27	20	61	62
Field workers	19	15	49	35	20	14
Factory workers	7	4	17	18	13	9
Others	6	4	7	21	6	10
Total in:						
Percentage	100	100	100	100	100	100
Number	1565	-	363	-	182	-

Notes: a - Harvesters include rubber tappers, coconut pluckers and huskers and tea pluckers.
b - National data refer to 31-7-1969.

Source: Malaysia, Department of Statistics Monthly Statistical Bulletin for West Malaysia March, 1971, Table 4.1 (Labour).

As shown in Table 3.3, the percentage of rubber tappers is below the national average by 3%. This could be accounted for from the 66 contract tappers who are not included in the survey as they are non-members of the Society. Consequently it has also inflated the percentages of other categories of workers. The percentage of field workers looks somewhat higher (19%), probably there could be an excessive number of workers in this category. The percentages of factory and other workers are also higher than averages.

The percentage of harvesters in coconut estates is higher than the national average by 7%, because of higher harvesting frequency. Normally, the harvesting rotation is every two months,[8] but the estates

[8] R. Child Coconuts London, Longman Green & Co. Ltd., 1964, p.148.

are practising a 45-day rotation. This has resulted in smaller area coverage per worker and more workers would be required. Because of the intercropping of cocoa, more field workers are needed, thus, the percentage of field workers is higher than the national average by 14%. The percentage of factory workers is about average but other workers form a much smaller proportion.

The proportion of tea pluckers is consistent with the national average, but the proportion of field workers and factory workers are much higher than the national averages. This could be due to more intensive field work and the more labour intensive method of processing because of the lacking of very modernised machinery in existing tea factory. The percentage of other workers is offset by the high proportion of two categories of workers just mentioned.

3. Age Structure of Workers

The age structure of workers is based on the 210 samples of workers taken from the 10 surveyed estates. It is now examined in greater detail here.

TABLE 3.4

AGE STRUCTURE OF WORKERS BY TYPES OF ESTATES

Age groups	Surveyed estates				Padi[a]
	Rubber	Coconut/ Cocoa	Tea	Overall	
Years	%	%	%	%	%
Below 20	6	3	20	7	1
20 - 29	36	47	45	38	15
30 - 39	25	28	15	25	20
40 - 49	24	19	15	22	29
50 & above	9	3	5	8	35
Total	100	100	100	100	100
No. of Samples	No 158	No 32	No 20	No 210	No n.a.

Notes : a - Padi farmer statistics are taken from a survey carried out in 1968 by Agricultural Department.

n.a.- not available.

Source : Malaysia, Ministry of Agriculture and Co-operatives, Socio-Economic Study of Padi Farms in Kemubu Area of Kelantan, 1968, 1969, Table 19.

There is similarity in the age structure for the three types of estates that they have a common mode at the '20 - 29 years' group. It is then tapering down to a very low percentage at the '50 and above years' group. This pattern is very much different from that of the padi farmers in which the percentage increases as the age increases. The main reasons for the high percentage of young workers in the estates are :

i). the estates practise the policy of retiring workers who are above 55 years old, which is not the case in padi farming;
ii) the young people within the estates find it difficult to get jobs elsewhere, thus to a certain extent, they take over their parents' jobs at home; and
iii) with the implementation of work permits, many non-citizen middle and older age workers have to leave the plantations; consequently these vacancies are taken over by young people, this is especially significant in the tea estate.

With the emergence of young people, the management would be facing a more challenging situation. This is due to the fact that most of the young workers are having some basic education, and some of them even have lower secondary education. A few Form V drop-outs are also found among them. They would not be so willing as their parents to accept the directives which they think are not justifiable.

4. Family Size and Proportion of Working Members

The family size and the proportion of working members have an important impact on the economic condition of workers. As such, it is also examined in this study, basing on the 210 samples of workers.

TABLE 3.5

FAMILY SIZE AND PROPORTION OF WORKING MEMBERS

Family Size	Family		Average Working Members	
	Distribution	Average Size		
	%	No	No	%
1 - 3	18	2.8	1.4	50
4 - 6	40	5.0	1.9	38
7 - 9	28	7.8	2.3	30
10 & above	14	11.1	3.3	30
Overall Average	-	6.3±2.9	2.1±1.0	34

Table 3.5 indicates that the majority of the workers fall within the '4-6' and '7-9 members' groups, the combination of which forms 68% of the total. Those, with '10 members and above', form the smallest proportion of 14%, while the percentage for '1-3 members' group is 18%. The average family size rises steadily from 2.8 to 11.1 members per family. The overall average is 6.3± 2.9 members per family. This is much higher than the average family size of the padi farmers in Kemubu of 5.1 members,[9] and Barlow et al's estimation of rubber small-holders average family size of 5.5 members.[10]

The number of working members increases gradually as the family size increases. It ranges from 1.4 working members in the '1-3 members' group to 3.3 in the 'above 10 members' group. The overall average is 2.1 ± 1.0. In terms of percentage, it falls as the family size increases. For the '1-3 members' group, working members form 50%. It drops to 38% in the '4-6 members' group, and is further down the scale to 30% in the '7-9' and 'above 10 members' groups. The overall proportion is 34%. Therefore, the burden of working members is proportionally heavier in those larger size families. This is a clear indication that workers should participate in family planning as it is the best way of improving living standard.

The worker-dependent ratio of 1 : 2 is quite in line with the ratio computed from the 1957 population census of 1 : 1.9 for all industries,[11] but much higher than the ratio of rubber estate of 1 : 1.2.[12]

5. Mobility of Labour

The survey result shows that 44% of the sample workers indicate that they have not changed the place of employment since they first started earning their livings. This is a clear evidence of immobility among the labour force, which is rather traditional among many Asian people. There are two defects which are the direct results of immobility. Firstly it has caused the problem of overcrowdedness in some estates. Secondly, it has also led to the problem of being unable to fill vacancies, by members from sister estates, arising from the termination of work permits on non-citizens members. These estates are forced to take in non-members subsequently, while there are plenty of members who are underemployed.

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[9] Malaysia, Ministry of Agriculture and Co-operatives, Socio Economic Study of Padi Farms in Kemubu Area in Kelantan, 1958, 1969, Table 14.

[10] Barlow, C. and C.K. Chan, op.cit. p.65.

[11] H.A. Fell, 1957 Population Census of the Federation of Malaya, Kuala Lumpur, Department of Statistics, 1960, Table 2.3.

[12] Malaysia, Ministry of Labour and Social Welfare, Annual Report 1967, p.103.

Perhaps, something should be done to overcome this problem.

C. Management Principles

By 'management principles' it refers to the various practices of getting work done through people. The basic theories and present practise in the estates are studied below.

1. Basic Theories

In management field, basically there are two schools of thought. One was developed by Taylor, founder of scientific management. According to his theory, there should be a separation of the brains from the brawn in an organisation. Work should be allocated to people best suited to it and workers should be motivated with monetary rewards, and disciplined through proper training.[13] The other School of thought follows the human relation approach, which was initiated by McGregor,[14] and have since been refined by people like William F. Whyte, E. Wight Bakke, Leonard Sayles and others.[15] However, each theory has its own advantages and defects.

2. Present Practice in the Estates

Though the estates are co-operative properties, the management system is in line with the commercial estates. The position of members are made clear to them that they are 'pure employees' and not 'members' as long as the management is concerned. This differs from what has been practised in some Western Land Co-operatives where members participate actively in decision making.[16] At the moment workers in the Society estates, are not given any form of participation in decision making machinery at estate level. The reasons given by the managers for the maintenance of such policy are :

i) because of high illiteracy rate among members, it would be difficult for them to accept voluntary responsibility like Western workers;
ii) present practice gives management the necessary power to make decision to the best of the organisational interests; and
iii) workers would always definately put their own interests in priority to the organisational interests.

A case has been cited to demonstrate the failure in the adoption of workers' participation in decision making machinery, which is now related as follows :

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[13] B.B. Gardner and D.G. Moore, Human Relations in Industry, 4th eds. Richard D. Irwin, Homewood Illinois, 1964, pp.83-86.

[14] D. McGregor, The Human Side of Enterprise McGrawHill, New York, 1960, p.124-131.

[15] B.B. Gardner, et al op.cit. p.98.

[16] M. Digby, op.cit. p.9.

'When the assistant manager was promoted as manager on one estate, he encouraged workers to set up consultative committee and dissolve the Union. With his blessing, the Committee grow in strength. But the Committee had always been putting workers' interests ahead of the Society interests. One day when the manager proposed that the wage system be switched from the existing one to a new system as all other sister estates were doing, to his surprise he received tremendous objection. When they faced a dead lock in the negotiation, the workers resorted to stay off from their jobs. It eventually ended up with the result that the management gave in to the workers' request.'

Careful analysis indicates that the members are lack of understanding of the principles of co-operative. They fail to know clearly what their responsibilities and benefits are, as members of the Society. They have been behaving in the capacity as 'workers'. One should not look at this case in the same manner from Dale's finding that workers do not act in 'good faith' and they also challenge or invade management authority when they are given the opportunity to participate in decision making.[17] The reason is that Dale's finding was based on survey conducted on private firms where workers might not be share-holders at all in some cases. It is not so in the present case.

The present management practices have led to indications of workers' frustration which are elaborated in fuller details in the next section.

D. Workers' Response to Management Practices

The workers respond to the management practices in two ways :

1. By adopting a Non-Co-operative Attitude; and
2. Resorting to Union Activities.

1. Non-Co-operative Attitude

When workers in the Society estates first became members of the Society, they were overwhelmed with joy, because they were now partners of the land on which they worked on. They had then been released from the suppression of their employers. But when they were told that their status did not alter, though the land belonged to them, many workers showed their disappointment and frustration by adopting a non-co-operative attitude with the management. This eventually subsided with the repeated warnings of facing expulsion if they persisted in their attitude.

2. The Reviving of Union Activities

When workers are denied their rights as partners at the estate level, some of them resort to revive the Union activities, which have been either lying low or dissolved in the early stage on the advice

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[17] E. Dale, 'Greater Productivity through Labour-Management Co-operation' American Management Association Research Report No.14, 1949, p.26.

of the Board of Directors. At the moment, there are five estates which have branches of the National Union of Plantation Workers (NUPW). A section of workers in the other five non-unionised estates also express their regret for dissolving the Union, and steps have been taken, in two estates, to re-form Union again.

Fundamentally, Union seeks to protect and promote the following :

i) the working conditions of workers, which include wages, working hours, etc.;
ii) against the cost and impact of technological changes on workers; and
iii) against the arbitrary actions and discrimination of management.

The estate Union activities are now examined in the above contexts.

The opinion survey from Union members shows that their main aim is to check the arbitrary actions of the managers, because they are not given any right in the management machinery where they can voice their grievances effectively, except at the A.G.M.'s of the Society, which, they consider to be not effective at all. The other two points are of secondary importance to them. In those estates where the branches of NUPW have been dissolved, 28% of the sample workers express the desire of having Union again because at the moment there is no counteracting device to prevent the staff in manipulating the rules and regulations and the practice of discrimination. However, 43% of workers in non-unionised estates and 15% of workers in unionised estates hold an indifferent attitude without any specific reasons. It could be that they have been trained to be timid during the former days. About 29% of workersin non-unionised and 15% in unionised estates say that they do not like to join Union because of heavy Union subscription of $2 per month, or being disappointed with union before, or because they do not feel such needs since they believe that what the management are doing is for the benefit of the Society as a whole.

In summing up, it could be said that the persistence of the Union or the desire to revive the Union, arises out of the fact of dissatisfaction over the treatment of their basic rights as members of the Society, in the estates.

E. Other Factors Affecting Management-Worker Relationship

Apart from what have been discussed, there are several other factors that could in one way or another affect the management-worker relation.

The important ones are :

1. Internal Communication System;
2. Disciplinary Actions and Rewards; and
3. Informal Activities.

1. Internal Communication System

Much have been stressed on 'communication' in personnel administration by researchers.[18] The main problem in communication is how to get a message across to the receiver without being distorted. This is a very difficult task, especially the messages have to go through a series of intermediaries. Carvell finds that a message is significantly distorted when it goes through several persons to reach the receivers.[19]

Basically communication system can be divided into three forms :

a. Downward Communication;
b. Upward Communication; and
c. Horizontal Communication.

a. Downward Communication

In estates, this refers to the passing of instructions and orders from the managers down through the ladder to workers. The source of a message can be either from an outside body i.e. Government department etc. or from the manager himself. It usually goes through the conductors to reach the target - workers, in verbal manner. In more important cases, an additional written notice is put up in the notice board. There are two important defects in this system. Firstly the message can be distorted through briefness. Just to cite a hypothetical case :

> 'At the muster, a conductor announces to workers, "This month, your wage rate is $3.10 a day."
>
> With the assumption that the actual message is that the basic wage is reduced from $3.20 in last month to $3.10 in this month because of the fall in rubber price.'

When the workers do not have enough background knowledge about the movement of rubber prices and its effect on their wage rate, they would wonder why they should accept the unreasonable cut in wage rate. Thus the feeling of dissatisfaction arises. Should the message be passed over in full, such confusion should not arise at all.

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[18] For further detail discussion see G.T. Vardaman and C.C. Halterman, Managerial Control through Communication New York, John Wiley & Sons Inc., 1968, Chapter I and L.O. Thayer Administrative Communication Homewood, Illinois, Richard D. Irwin Inc., 1961, Chapter III.

[19] F.J. Carvell, op.cit. p.225.

The other factor that can bring about misinterpretation of message is 'Language'.[20] This is very commonly found in cases where the person who passes the message cannot express it in the language of receiver. According to Albers distortion of messages can be in two basic forms, deliberate and unintentional.[21] The former refers to the distortion of fact with an intention while the latter case is done without his own knowledge.

So far, the management does not seem to deem the problem to be serious. Nevertheless, it leaves opportunity for improvement.

b. Upward Communication

This is the reverse of downward communication. There are two main sources of upward communication. One is from the mandor, and conductors to reach the managers. This is mainly concerned with the progress of the scheduled work programme and other related areas. This type of message also has the possibility of being distorted. For example, if the result of any programme turns out to be less favourable, the messenger may report it to be alright, or he may add in some unfounded facts either to impress, or cause an alarm to the boss. In certain cases, the messages may be ommitted altogether, if it is going to have bad repercussion on the messenger.

The other source is from workers. It has been a practice that workers are allowed to see managers without making appointment. This serves the purpose of providing satisfaction to workers and checking on the dishonesty of the staff. The manager can also get a better insight about the workers through closer contacts. However, the managers are rather disappointed that most of the workers fail to give an unbias account over any complaints, thus resulting in the wastage of time in making investigations. They estimate that on the average only about 20% of workers' complaints are genuine and valid.

c. Horizontal Communication

As far as staff is concerned, there is not much problem in understanding each other over a piece of message, unless with an intention of distorting the facts. It is a much more serious problem among workers, because of the lacking of the sense of responsibility and too much indirect communication. The chances of deliberate distortion are very high. Just to lengthen the hypothetical case mentioned

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[20] F.J. Carvell, op.cit. p.294.

[21] H.H. Albers, Organised Executive Action: Decision Making, Communication and Leadership New York, John Wiley & Sons Inc., 1962, pp.361-362.

earlier, the message can be distorted by workers as follows :

> 'Ahmad passes the message to Ramasamy, "Samy, do you know that our wage rate has been cut from $3.20 to $3.10 this month?"'

This would have a worse off effect than the way the conductor puts it because Ahmad has added in three key words 'has been cut'.

So, one can see how important is message communication. If managers can improve the system with minimum intermediaries and distortion through briefness, it would help to improve the relationship with workers considerably.

2. Disciplinary Actions and Rewards

The motive of any disciplinary action is to correct the wrong act of an individual.[22] However, this is closely related to 'communication' mentioned earlier. To prevent workers from committing wrong, they should be well informed of the rules and regulations. These rules and regulations should not be too complicated and rigid so that workers would findthem easy to follow and comply with.

The following is an account of the practice of disciplinary actions in the estates :

i) verbal warning from mandor for the first offence;
ii) written warning for repeated offences from conductors;
iii) suspension from work for further offences; as for rubber tappers, if they have consumed the 'limited bark allowed'[23] before a specific time limit they would be suspended from work also;
iv) demotion of job function would have to be effected if one does not prove himself capable in handling the job; and
v) dismissal, in case of criminal offences.

The following are the types of offences which are relatively common in the estates :

i) wounding of trees while tapping is most common either because tappers have to rush to finish a given task which is well above their capacity or due to the unskilled tapping of the helpers;

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[22] G. Strauss and L. Sayles, Personnel: The Human Problems of Management 2nd edition, New Delhi, Prentice-Hall, 1968, p.308.

[23] Rubber Tappers in young area are given a limit of about half to an inch of the bark per month, depending on the frequency of tapping. This is to ensure that no wastage of bark should be allowed.

ii) excessive bark consumption is next in the list. This is because tappers tend to cut a slightly thicker bark in order to get more yield;

iii) the next is leaving out trees untapped or latex uncollected, the frequency depends on the level of supervision, the size of a given task, the system of payment and the price of rubber; and

iv) plucking of branch leaves from tea bush is found in tea estate. The tendency depends on supervision.

Generally, other workers do not have much chances to be mischievous either because their nature of work do not need high skill or their mistakes can be easily traced.

The most important factor in taking any disciplinary action is that it should be fair and impersonal.[24] So far there is no evidence that workers are not feeling happy over the practices in the estates.

A reward is an act of appreciation from the superior on the achievement of some difficult task by the subordinate.[25] In the estates, rewards can be in the form of promotion to better paid jobs, i.e. from weeder to rubber tapper, provided he has the required skill. In isolated cases one might get promotion as mandor. Generally, the scope of promotion is limited because of low turnover in better paid jobs.

3. Informal Activities

Participation in informal functions can be a very effective means of promoting the goodwill between management and workers. The following is a case which the writer came across during the survey :

> 'One tapper says, "I find my manager to be a very nice person. He always helps us when we are in need of help. He attends our invitations, helps us in our application of citizenships, and many other things. At times, I dare not take leave even if I am not feeling very well. I feel very bad about it if I take leave, because he likes us to be hard working and earn more money."'

Although what he says is simple and straight forward, it reflects a deep sense of appreciation of the kindness of his superior.

The present study reveals that most managers encourage workers to take up sports, etc. They also participate in workers' activities such as temple festivals, marriages, sports meet, either in personal attendance or through the offer of presents if they are not free. Most young members of the staff also take part in games

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[24] G. Strauss and L. Sayles, op.cit. pp.309-312

[25] F.J. Carvell, op.cit. p.263.

together with workers. All these participations have a considerable effect in promoting better understanding. Lately, the football teams for the Tenth Anniversary Football Tournament, consist of players both from the staff and the workers. This type of situation was not common in the olden days.

F. Evaluation

The lack of central planning, co-ordinating and control system within the Society properties has caused many problems to managers and staff. The situation is further aggravated by the interference of Board members, society employment policy and the frequent transfers. All these have resulted in much losses to the Society.

The immobility of workers has resulted in overcrowdedness of labour force which directly causes the cost of production to be higher. This type of situation would become unbearable if the rubber prices persist at low level.

The existing management practices which deviate from co-operative principles have caused dissatisfaction to a section of the working members. As a consequence, Union still persists in some of the estates, despite the fact that they are also partners. This does not imply that workers should be given full control over the management; rather they should be given opportunity in the decision making machinery. But this would require a change of attitude among managers and the willingness of the members to accept responsibilities. Co-operative education would be the pre-requisite before such implementation, if success is to be anticipated. The case cited should not be a stumbling block to prevent managers from making changes, instead, it should serve as a case for them to study and examine where it went wrong.

Once workers' representation becomes successful, it would lighten the burden of the management to a considerable extent. It also eliminates the necessity of having Union.

The communication system does not seem to attract much attention from managers. But with further improvement, it would certainly promote further co-operation of workers and leave less chances for manipulation by trouble makers.

Workers are relatively satisfied with the present practices of disciplinary actions and the participation of informal activities by managers and staff is also a good way to promote relationship between management and workers.

CHAPTER IV

THE SYSTEMS OF PAYMENT, OTHER SOURCES OF INCOME AND FRINGE BENEFITS

A. Purpose of Wage Incentive

According to Louden and Deegan, there are three basic objectives in any wage programme. These are :

i) to hire the kind of people needed;
ii) to keep them on the job; and
iii) to aid in keeping them productive.[1]

Taylor stated that 'what worker wants beyond anything else is "high wages" and what employer wants is "lower labour cost of manufacture" .... both employer and employee must have "satisfaction" from the scheme introduced'.[2] So wage incentive is a means that could be used to motivate workers to contribute their effort towards the organisational objectives. But it should be well designed to satisfy both parties involved, or else, disincentive such as restriction of output would set in.[3]

Since wage incentive is such an important factor in determining the satisfaction and productivity of workers and profitibility of an enterprise, it is necessary to make a critical study of the existing wage structure in the Society estates.

B. Existing Wage Structure

The existing wage structure of the NLFCS estates can be divided into three categories :

1. The Basic and Incentive System;
2. The Piece-rate Payment; and
3. The Daily-rate Payment.

1. Basic and Incentive System

The incentive feature of the basic and incentive system for rubber tappers is divided into two parts: one for the high yielding rubber[4] and the other for low yielding rubber.[5] They are tabulated in Table 4.1.

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[1] J.K. Louden and J.W. Deegan, Wage Incentives 2nd edition, New York, John Wiley & Sons Inc., 1959, p.1.

[2] F.W. Taylor, Shop Management New York, Harper Bros., 1912, p.21.

[3] R. Marriot, Incentive Payment Systems: A Review of Research and Opinion London, Staples Press Limited, 1957, pp.138-153.

[4] High yielding rubber refers to fields which were planted with selected modern planting materials, after the 2nd World War.

[5] Low yielding rubber refers to fields which were planted before the 2nd World War, including 1941, irrespective of planting materials.

TABLE 4.1

BASIC AND INCENTIVE PLAN FOR RUBBER TAPPERS

Items	Type of Rubber	Price Zones of R.S.S.1 ¢/lb.					
		40-45	45-50	50-55	55-60	60-65	65-70
		$/day	$/day	$/day	$/day	$/day	$/day
Basic Wage		3.10	3.10	3.10	3.10	3.10	3.10
Price Bonus		-	-	0.05	0.10	0.15	0.20
		¢/lb	¢/lb	¢/lb	¢/lb	¢/lb	¢/lb
Latex Incentive	H.Y.	4	5	6	7	8	9
	L.Y.	6	7	8	9	10	11
Lower Grades Factors		4¢/lb.(wet) for the average daily output of first 4 lb. and 5¢/lb.(wet) thereafter.					

Notes : R.S.S. = Ribbed smoke sheet No.1
H.Y. = High yielding
L.Y. = Low yielding

Source : Malaysia, Industrial Court, Industrial Court Award No.8/68. Schedules 3 and 4.

The above system is adopted from the Industrial Court Award No.8/68.[6] It is practised in 6 of the 7 NLFCS rubber estates. The other one follows 'the 1964 Wage Agreement' of the Malayan Planting Industries Employers' Association (MPIEA) and the National Union of Plantation Workers (NUPW), which ceased to exist after MPIEA was dissolved in 1966. The system presently discussed consists 4 elements :

a. The Basic Wage;
b. The Price Bonus;
c. The Latex Incentive; and
d. The Lower Grades Factors.

a. The Basic Wage

Rubber tappers are paid $3.10 for a day's work which includes normal day, washout day - where the day's work is interrupted by rain and late tapping - tapping carried out later than 10.00 a.m. In the case of double tapping - tapping two tasks in a day, it is counted as two working days.

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[6] Malaysia, Industrial Court, Industrial Court Award No.8/68, 1968.

The standard output required for the basic wage is 22 lbs. and 14 lbs. per day respectively in the high yielding and low yielding fields.

b. The Price Bonus

A price bonus of 5 cents per day is awarded if rubber price is at 50-55 ¢/lb. level. It further rises up to a maximum of 20 cents per day when rubber price is 65-70 ¢/lb.

c. The Latex Incentive

The incentive is paid for every pound of rubber produced in excess of the required standard poundage during the month. Output in washout days would be omitted in the calculation of incentive payment.

The rates are 4 to 9 cents and 6 to 11 cents per pound (in terms of dry rubber content) in the high yielding and low yielding fields respectively. For late tapping an extra of 2 and 3 cents per pound are awarded for the two classes of fields.

d. The Lower Grades Factors

The lower grades factors are the payment made to the tappers for the lower grades rubber i.e. tree lace and cup lump etc. they bring in. It is at 4 cents per pound wet (6.7 cents per pound dry - at the conversion rate of 60% dry rubber content for every pound of wet lower grades) for the first 4 pounds of the average daily output. It is 5 cents per pound wet (8.3 cents per pound dry) thereafter. But there are some estates which pay a flat rate of 4 cents.

2. Piece-rate Payment

There are 3 types of piece-rates found in the Society estates. The first type is for rubber tappers tapping in fields which are not economical to be paid by the 'basic and incentive' system. The rates range from 17 to 26 cents per pound. 'Lower grades payment' is same as other tappers.

This category of tappers do not enjoy the benefit of guaranteed basic wage. The purpose of having flexible rates is to even out the fluctuation of income between peak and wintering months.

The coconut pluckers get $3.50 for each thousand nuts plucked and heaped. The huskers get $5.00 for a thousand nuts husked, splited and delivered to kilns either by rails or by sampans. The rates are relatively constant and close to the rates paid in the surrounding region. They do not enjoy guaranteed basic wage also.

TABLE 4.2

PIECE - RATES PAYMENTS FOR RUBBER TAPPERS, COCONUT HARVESTERS AND TEA PLUCKERS

Item	Types of Workers			
	Rubber tappers	Coconut pluckers	Coconut huskers	Tea pluckers
	¢/lb	$/1000 nuts	$/1000 nuts	¢/lb.
Piece-rates	17-26	3.50	5.00	8¼

Tea pluckers get a stable rate of 8¼ cents per pound for wet leaves collected. Basic wage is also not applicable here.

3. Daily-rate Payment

All field and factory workers in rubber, coconut/cocoa and tea estates receive the same type of payment which is part and parcel of the Industrial Court Award No.8/68. The rates are shown in Table 4.3.

TABLE 4.3

DAILY-RATES FOR FIELD AND FACTORY WORKERS

Types of Workers	Daily-rates	Price bonus base on R.S.S.1 Price ¢/lb					
		40-45	45-50	50-55	55-60	60-65	65-70
	$/day	$/day	$/day	$/day	$/day	$/day	$/day
Male	$3.10	-	-	0.05	0.10	0.15	0.20
Female	$2.50	-	-	0.05	0.10	0.15	0.20
Young person	$2.30	-	-	0.05	0.10	0.15	0.20
Non-able-bodied	$2.30	-	-	0.05	0.10	0.15	0.20

Source : Malaysia, Industrial Court, Industrial Court Award No.8/68. Schedule 4.

The workers are classified into 4 groups : the male workers, the female workers, the young persons and the non-able-bodied workers. The male workers include field and factory workers who are healthy and up to the age of 60 years. The female workers cover the type of workers with the same qualifications as male workers. Young persons refer to workers who are below or up to the age of 16 years for both sexes. Non-

able-bodied workers are those who have been certified by medical practitioners to be not fully fit to carry out work as normal persons.

The field and factory workers are also paid a price bonus basing on rubber prices. It is the same as those earned by tappers under the'basic and incentive' system.

The labour input is eight hours per day for all classes of workers.

C. Evaluation of the Existing Wage Structure

The evaluation of the existing wage structure is based on four aspects : its effects on productivity, workers' income, cost and efficiency.

1. The Basic and Incentive System

The effects of the'basic and incentive' system are now examined.

a. Incentive and Productivity

No records are available from the surveyed estates to ascertain the effect of incentive and productivity. However, a different set of data has been securred from two commercial estates to illustrate this point. It is shown in Table 4.4.

The 'time period' does not indicate the actual year of tapping, it only serves as an indicator of time. The data are collected from a number of fields which have been tapped from 5-9 years. The percentage increase in yield is expressed by taking succeeding year as numerator and preceeding year as denominator, and multiplied by 100. During Years 1 and 2, only daily-rates of $2.50 and $2.70 were paid. 'Basic and incentive' was introduced at April, Year 3, with $2.70 per day for the average daily output of 21 lbs. and 12 cents per pound thereafter.

The effect of incentive on productivity is clearly indicated by the 'Difference between 1 and 2' in the last row of Table 4.4. No doubt, there are other factors such as increase in maturity and rainfall which could influence the productivity, but it is not possible to isolate them. It is expected that the influence would not be great enough to cause the incentive effect to be insignificant.

Therefore, it can be safely concluded that incentive has a direct effect on productivity. However, this does not infer that the incentive effect on the NLFCS estates under discussion would be the same as shown in Table 4.4 because the incentive rate of 12 cents per pound in this particular case is much higher than those shown in Table 4.1. Table 4.5 shows the actual effects on the estates under discussion.

TABLE 4.4

EFFECT OF CHANGE IN PAYMENT SYSTEMS ON LATEX OUTPUT

Items	Months												Yearly Average
	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	
Time period	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day
Year 1	11.7	16.5	17.7	19.3	18.8	20.7	20.4	22.0	23.2	23.1	15.5	13.5	18.6
Year 2	18.4	21.0	22.4	22.4	21.8	24.2	23.7	25.6	26.0	26.9	23.4	18.7	22.9
Year 3	32.3	34.9	34.0	37.2	35.0	35.2	35.5	37.4	36.7	38.2	31.7	21.5	36.1
% increase in yield	%	%	%	%	%	%	%	%	%	%	%	%	%
1. Y2/Y1	57	27	27	16	16	17	16	16	12	16	50	38	23
2. Y3/Y3	75	66	52	66	60	45	50	46	41	42	35	15	57
Difference between 1 and 2.	+18	+39	+25	+50	+44	+28	+34	+30	+29	+26	-15	-23	+34

TABLE 4.5

TAPPERS' PRODUCTIVITY (LATEX) DURING DIFFERENT SEASONS BY ESTATES

Items	Estates							Overall average
	A	B	C	D	E	F	G	
High Yielding Area	%[b]	%	%	%	%	%	%	%
Peak month[a]	+21	+30	+33	+54	+72	+79	+119	+49
Annual average	- 4	+13	+10	+30	+33	+37	+ 72	+26
Lowest month	-47	-38	-36	-23	- 1	-15	- 29	-24
Low Yielding Area								
Peak month	+81	+97	+144	+42	+26	-	-	+62
Annual average	+51	+46	+59	+16	+ 1	-	-	+25
Lowest month	+ 3	-35	+ 8	-16	-44	-	-	-39

Notes : a - Highest yielding month
b - Percentage is expressed in excess or falling short of the standard poundage of 22 lbs. and 14 lbs. in the two classes of fields.

In Table 4.5, the 'Annual average productivity' per tapper in high yielding area for the 7 estates vary from 4% below the standard poundage to as high as 72% above the standard. But during peak month, the percentages range from 21% to 119%. On the other hand, during wintering, the productivity falls between 1% to 47% below the standard.

In low yielding fields, the 'Annual average productivity' per tapper ranges from 1% to 59% above the standard. For peak month, the percentages vary from 26% to 144% above the level, while in lowest month, they come down to 8% above to 44% below the standard.

The reasons for such wide variation are many, but the important ones are :

i) variation in clones;
ii) variation in task sizes;
iii) variation in age of trees, tapping systems; and
iv) variation in locality, land fertility and rainfall.

Therefore, it can be summarised that the effect of incentive on productivity varies from estate to estate depending on several governing factors.

b. Incentive and Workers' Income

Incentive has been considered as 'a means of recognizing these individual differences. .... These differences may be apparent in higher output .... or higher yield.'[7] The effect of incentive on workers' income at different levels of output efficiency is listed in Table 4.6.

TABLE 4.6

EFFECT OF INCENTIVE ON WORKERS' INCOME AT DIFFERENT OUTPUT LEVELS

R.S.S.1 Price zone	High yielding : Output at			Low yielding : Output at		
	100%	150%	200%	100%	150%	200%
¢/lb	$/day	%[a]	%	$/day	%	%
40 - 45	3.10	114	128	3.10	113	127
45 - 50	3.10	117	135	3.10	116	132
50 - 55	3.15	124	142	3.15	118	135
55 - 60	3.20	125	148	3.20	120	139
60 - 65	3.25	127	154	3.25	122	143
65 - 70	3.30	130	160	3.30	122	146

Note : a - Earnings are expressed as percentages of the earnings at 100% efficiency.

The above analysis shows that tappers are getting relatively poor incentives, i.e. only 28% and 27% in high yielding and low yielding fields at 200% output efficiency when the price is around 40-45 ¢/lb. However, the incentive rates rise as the rubber prices go up. When the rubber price is 65-70 ¢/lb. the incentives are 60% in high yielding area and 46% in low yielding area, at 200% efficiency.

However, it must be clarified that tapping cost alone forms 56% of total production costs in rubber.[8] As such, the design of paying less than proportionate incentive plan appears justifiable. This type of plan has another advantage by relating incentives to prices, it enables the estates to survive, through natural reduction in costs as rubber prices fall.

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[7] J.K. Louden and J.W. Deegan, op.cit. p.2.

[8] C.S. Ng, C. Barlow and C.K. Chan, 'Factors Affecting the Profitibility of Rubber Production in West Malaysian Estates' Journal of Rubber Research Institute of Malaya, Volume 21, Part 5, p.656.

c. Incentive and Tapping Cost

The relationship between incentive payment and tapping cost is shown in Table 4.7

TABLE 4.7

TAPPING COST PER POUND AT DIFFERENT LEVELS OF OUTPUT AND PRICES

R.S.S.1 Price zone	High yielding : Output at				Low yielding : output at			
	50%	100%	150%	200%	50%	100%	150%	200%
¢/lb	¢/lb	¢/lb	¢/lb	¢/lb	¢/lb	¢/lb	¢/lb	¢/lb
40 - 45	28.2	14.1	9.3	9.0	44.3	22.1	16.8	14.1
45 - 50	28.2	14.1	11.0	9.5	44.3	22.1	17.1	14.6
50 - 55	28.6	14.3	11.5	10.1	45.0	22.5	17.7	15.2
55 - 60	29.1	14.5	11.8	10.7	45.7	22.9	18.2	15.9
60 - 65	29.5	14.8	12.5	11.4	46.4	23.2	18.8	16.6
65 - 70	30.0	15.0	13.0	12.0	47.1	23.6	19.4	17.2

Under high yielding condition, the cost falls from 14.1 to 9.0 ¢/lb. or 42% when productivity rises from 100 to 200% at the price level of 40-45 ¢/lb. However, the fall in cost is from 15 to 12 ¢/lb. or only 20%, when the price level is at 65-70 ¢/lb. Alternatively, under low yielding condition, the decrease in tapping cost is from 22.1 to 14.1¢ or 36% at the price level of 40-45¢ and productivity levels between 100 and 200%. When the price level is at 65-70 ¢/lb, the cost is reduced from 23.6 to 17.2 ¢/lb or 27% for efficiency of 100 - 200%.

Therefore, the fall in cost is more effective when prices are low. 'High yielding incentive' has given rise to a wider gap of deduction of tapping cost which ranges from 20 to 42% for the price ranges of 65-70 ¢/lb. to 40-45 ¢/lb. 'Low yielding incentive' has a smaller gap of reducing cost. It ranges from 27 to 36% for the same price zones.

d. Incentive and Tapping Standard

Tapping standard is measured in terms of 'number of woundings' and level of 'depth in tapping cuts'. Basically two effects have been established from the incentive system. Firstly incentive can bring about better tapping standard by those skillful tappers. With incentive they would tap to the optimum level of depth that would bring about maximum yield and minimum woundings to the trees. On the other hand, tappers with lower skill would tend to cause a higher degree of woundings, if they are paid with incentive. This is usually caused by trying to tap deeper in anticipation of better yield. But due to lacking of proper skill, they tend to misjudge the optimum level of cut and it would end up in increasing

the degree of woundings. 'Helper'[9] is another factor that would cause the woundings to increase. Because tappers are rewarded on output, they tend to get their children to help them to cover more trees or they may use the trees as a training ground for their children. Consequently more woundings would be found because of the poor skill of the 'helpers'. But strict restriction has been imposed to prevent children from carrying out tapping.

e. Advantages of Present System

The present incentive system has three basic advantages over the 'daily-rate' and 'piece-rate' systems. These are :

i) individual efforts are rewarded;
ii) workers are provided with minimum guaranteed basic wage; and
iii) the employer enjoys the benefit of reducing costs as output increases.

f. Disadvantages of Present System

The two basic disadvantages are :

i) 'lower grades factors' are higher than 'latex incentive' at low price zone; and
ii) complication of the system.

They are now examined in greater detail as follows :

i. Defects of Lower Grades Factors

Figure 4.1 (see page 57) shows that when rubber price falls below 55 ¢/lb. the 'latex incentives' for high yielding area are more inferior than 'lower grades factor I' (at 4 ¢/lb. wet). Even when the rubber price is around 65 ¢/lb. the 'lower grades factor II' (at 5 ¢/lb. wet) would still be higher than the 'latex incentives'. On the other hand under low yielding condition, 'lower grades factor I' is superior to 'latex incentive' only when rubber price is below 45 ¢/lb. and 'factor II' is more superior when the price is below 55 ¢/lb.

These situations would result in encouraging workers to bring in more lower grades rubber and less latex by such practices as leaving some trees purposely uncollected or collection without proper cleaning so that the left-over would become cup-lump. The main problem lies in the fact that lower grades rubber fetches only about half the price of rubber processed from latex. This point has been mentioned by Pee et al in their paper entitled 'Economics of Tapping Systems'.[10]

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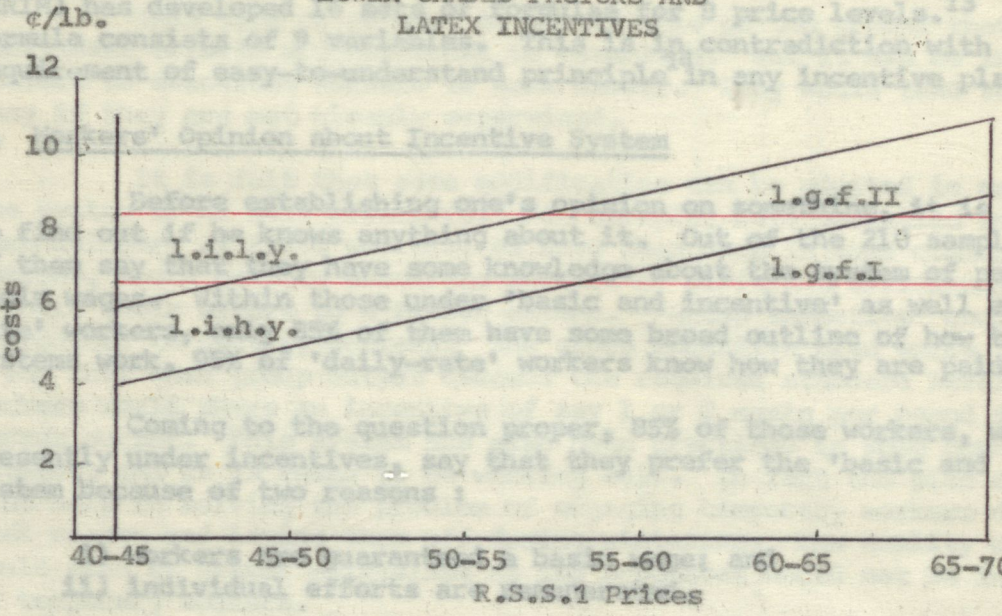
[9] 'Helpers' refers to tappers' assistants who are usually the children of the tappers.

[10] T.Y. Pee and T.C. P'ng 'Economics of Tapping Systems' Planters' Bulletin No.111 (November, 1970) p.336.

FIGURE 4.1

LOWER GRADES FACTORS AND
LATEX INCENTIVES



Notes: l.i.h.y. refers to latex incentives for low yielding fields
l.i.l.y. refers to latex incentives for high yielding fields
l.g.f.I refers to lower grades factor at 4¢/lb wet or 6.7¢/lb dry
l.g.f.II refers to lower grades factor at 5¢/lb wet or 8.3¢/lb dry.

The situation can be more serious when 'Ethrel Experiment'[11] becomes successful in future. According to the latest result, with ethrel stimulant, some clones could bring about a 100% increase in yield. Usually it is in the form of 'late dripping'[12] which would extend to late in the afternoon. If workers are not motivated by proper incentive that would bring them better benefits by collecting latex than lower grades, the loss occurred to individual estates and the country would be severe.

ii) Complication

The present incentive system is not easy to understand because of its number of variables involved. Evidence shows that

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[11] P.D. Abraham, 'Field Trials with Ethrel' Planters' Bulletin No.111, (November 1970) pp.366-386.

[12] 'Late dripping' means the continuous flow of latex after normal collection time.

few managers found that some of the staff found it difficult to follow when it was first introduced. The Rubber Research Institute of Malaya (RRIM) has developed 16 sets of formulae for 8 price levels.[13] Each formula consists of 9 variables. This is in contradiction with the requirement of easy-to-understand principle[14] in any incentive plan.

g. Workers' Opinion about Incentive System

Before establishing one's opinion on something, it is necessary to find out if he knows anything about it. Out of the 210 samples, 90% of them say that they have some knowledge about the system of payment of their wages. Within those under 'basic and incentive' as well as 'piece-rate' workers, only 85% of them have some broad outline of how the systems work, 95% of 'daily-rate' workers know how they are paid.

Coming to the question proper, 85% of those workers, who are presently under incentives, say that they prefer the 'basic and incentive' system because of two reasons :

i) workers are guaranteed a basic wage; and
ii) individual efforts are remunerated.

For daily-paid workers, 75% of them prefer to have some form of 'incentives' rather than just a flat rate for workers of different efficiency. The other 20% would not like to have 'incentive' because they feel that their nature of work is difficult to be measured for incentive payment, as such if incentive is introduced, it would lead to the malpractices of favouritism by supervisors. Thus it would result in more dissatisfaction among the fellow workers. However, this argument might not be very sound, because the writer has come across several cases where the same category of field workers are rated with different efficiencies and remunerated accordingly; yet no problemsare encountered.

2. Piece-rate Payment

The advantages of the existing 'piece-rate' payment are :

i) individuals are remunerated according to their output; and
ii) it is a full participation plan - workers are paid the full amount at whatever the level of output would be.

The disadvantages are :

i) workers are not given any guaranteed basic wage; and
ii) the rate-cutting practice in tappers' rate during peak months might have the effect of demoralising workers thus discouraging them from putting in maximum effort.

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[13] Rubber Research Institute of Malaya (RRIM) 'Guide to Estate Management' 1970 edition, Economics and Planning Division Report No.7, pp.88-91.

[14] J.K. Louden and J.W. Deegan, op.cit. p.26.

3. Daily-rate Payment

This type of payment is justifiable on the ground that individual efforts are difficult to establish. But it has no incentive feature to encourage workers to work harder. They would tend to be lazy if they are not closely supervised.

It is felt that some modification can be adopted in making the system to be more effective. For example, rate variation among the same category of field workers, as have been done in some commercial estates, would help to encourage workers of different efficiency to contribute their effort to a fuller extent. 'Group incentive' could also be introduced to factory workers. The group incentive plan works in such a way that when group output exceeds the required standard level, the workers would share an incentive of say 1 or 2 cents per pound for the excess output. This system has also been practised in some commercial estates, and it is found to be working well. In fact the plan could also help in solving the problem of engaging temporary workers during peak season and laying them off during wintering. The quality of output could also be better maintained as the processes would not be interrupted by temporary workers.

Among the three systems, each has its own unique features and merits. However, 'basic and incentive' system is more favoured by the majority of the workers, because of two basic factors : guaranteed basic wage and effort remuneration.

D. Comparison of Workers' Earnings

The earnings of workers in the surveyed estates are available for comparison with the 1968 and 1969 national averages which are securred through the annual survey conducted by the Ministry of Labour on the month of July on selected samples of estates on national scale. The comparison is made on the basis of workers under the same types of crops.

1. Rubber Estate Workers

The average earnings of workers in rubber estates are depicted in Table 4.8.

It would be more meaningful to make comparison with the 1968 national averages because the rubber price for July 1968 was 58.7 ¢/lb. which is closer to that of the July, 1970 of 53.2 ¢/lb, while the July, 1969 rubber price was 75.5 ¢/lb.

a. Rubber Tappers

The earnings of rubber tappers in high yielding area are by far higher than the 1968 national average of $3.92 per day. The workers in Estate 'G' earn as high as $5.45 per day which is higher than the 1968 national average by 39%. In low yielding fields, earnings of Estates 'C' and 'D' workers are lower than the 1968 national average, but the earnings of workers in Estates 'A', 'B' and 'E' are by far

TABLE 4.8

AVERAGE EARNINGS AT JULY, 1970 IN SURVEYED RUBBER ESTATES AND NATIONAL AVERAGES

Types of Workers	Estates								National Average	
	A	B	C	D	E	F	G	Average	July, 1968	July, 1969
Rubber Tappers:	$/day	$/day	$/day	$/day	$/day	$/day	$/day	$/day	$/day	$/day
High yielding	3.96	4.32	4.07	4.27	4.28	4.89	5.45	4.44	3.92	4.46
Low yielding	5.75	5.04	3.70	3.65	4.63	-	-	4.19		
Field Workers:										
Male	3.12	3.53	3.25	3.25	3.35	2.89	3.25	3.27	3.00	3.09
Female		2.79	2.56		2.76	2.33	2.50	2.54		
Factory Workers:	-	5.12	3.55	4.45	3.73	3.97	3.77	4.10	4.11	4.50

Source : Malaysia, Department of Statistics, Monthly Statistical Bulletin of West Malaysia July, 1970, Table 5.1 (Labour) and March, 1971, Table 5.1 (Labour).

above the 1968 nationalaverage. There is another significant contradictory point to note that in Estates 'A', 'B' and 'E' tappers in low yielding fields earn more than those in high yielding fields and the highest earners among tappers are those from the low yielding fields in Estate 'A'.

b. Field Workers

The earnings of male field workers are above the 1968 national average except Estate 'F'. The highest earning is $3.53 per day in Estate 'B' and the lowest is $2.89 from Estate 'F'. The female workers generally, earn a much lower income which ranges from $2.33 to $2.79 per day.

c. Factory Workers

The majority of the factory workers are having a lower income than the 1968 national average. It is likely due to the effect that greater number of female workers have been employed, which has resulted in pulling down the average earnings of workers. However, factory workers in Estate 'A' earn as high as $5.12 per day which is 24% above the 1968 national average. The lowest income is $3.55 which is equivalent to 86% of the 1968 national average.

It can be summed up that there is no standardisation of earnings among the workers from the various estates in this study, because of several factors such as work load, productivity of trees, tapping systems, systems of payment, and the amount of overtime payment.

2. Coconut Estate Workers

The earning position of the coconut workers are shown in Table 4.9.

The harvesters in Estate 'H' are better off than those in Estate 'I'. But the reverse is true in the case of field and factory workers. The main factor for such variation in harvesters income is the difference in productivity between the two estates, whereas in the case of field and factory workers; it is due to the amount of overtime work available. Another unique feature shown in Table 4.9 is that pluckers are earning less than huskers, while the national averages show the other way round.

a. Harvesters

On average, pluckers earn $5.97 per day which is slightly below the 1968 national average, but higher than the 1969 national average by about 10%. The average earning of huskers is $8.11 per day, which is 37% higher than the 1968 national average.

TABLE 4.9

AVERAGE EARNINGS AT JULY, 1970 IN SURVEYED COCONUT ESTATES AND NATIONAL AVERAGES

Type of Workers	Estates			National Average	
	H	I	Average	July,1968	July,1969
Coconut Pluckers	6.47	5.55	5.97	6.00	5.41
Coconut Huskers	8.44	7.71	8.11	5.88	5.19
Field Workers:					
Male		4.06			
Female	3.31	3.45	3.41	2.78	2.86
Factory Workers:					
Kiln Workers	3.29	4.48	3.92	3.32	3.44
Shellers[a]	2.61	2.91	2.76		

Note : a - 'Shellers' refer to workers who remove the copra from the shells after drying.

Source : Malaysia, Department of Statistics, Monthly Statistical Bulletin of West Malaysia, July, 1970, Table 5.1 (Labour) and March, 1971 Table 5.1 (Labour).

b. Field Workers

The earning of field workers are very much higher than both the 1968 and 1969 national averages for reason already mentioned. However, inter-estate comparison shows that workers in Estate 'I' are much better off than those in Estate 'H'. The female workers in the latter also earn as much as $3.45 per day.

c. Factory Workers

The kiln workers get a much higher wage than the 'shellers' mainly because the former are males while the latter are females. In addition, kiln workers in Estate 'I' get more overtime pay. The 'shellers' get less overtime pay because there are a lot of workers available to take up the additional simple job. It is also true that the standard of shelling 2,000 pieces of copra per day is relatively high, thus leaving not much opportunity for 'shellers' in doing overtime work.

TABLE 4.10

AVERAGE EARNINGS AT JULY, 1970 IN SURVEYED TEA ESTATE AND NATIONAL AVERAGES

Type of Workers	Surveyed Estate	National Average	
		July, 1968	July, 1969
	$/day	$/day	$/day
Tea Pluckers	4.12	4.13	3.92
Field Workers	3.10	3.22	2.82
Factory Workers	3.69	4.52	4.60

Comparison between surveyed estate and the 1968 national averages shows that tea pluckers' earnings are comparable. The earnings of field workers are slightly lower, while factory workers' earnings are very much below the national average level. When compared with the 1969 national averages, the earnings of tea pluckers and field workers of surveyed estate are much higher, but factory workers' earnings are much lower than the national averages.

It can be generalised that the earnings of workers in surveyed estates are comparable with the 1968 national averages with the exception of coconut pluckers and tea factory workers whose earnings are much lower. However, inter-estates comparison shows that there is a great variation as a result of differences in several factors already accounted for.

E. Other Sources of Income and Fringe Benefits

In this section, the discussion is broadly divided into two parts :

1. Workers' Other Sources of Income which cover income from overtime, farmland and animal husbandry; and
2. Workers' Fringe Benefits: such as holiday pays, medical benefits, accommodation etc.

1. Workers' Other Sources of Income

Workers' other sources of income, other than normal wages are shown in Table 4.11. They are examined in greater detail below.

a. Overtime

Only 15% of the families have extra earnings from overtime work. Most of the overtime are found in field and factory work. This is because the managers prefer to get their own workers to do some overtime on the short term work at the replanting area and to handle the fluctuation of crops in the factories over the seasons. The amount of overtime payment could not be determined because it is included in their pay packets.

TABLE 4.11

FAMILIES HAVING OTHER SOURCES OF INCOME, 1970

Item	Sources of Income From						
	Over-time	Farming	Animal Hus-bandry	Overtime and Farming	Overtime and Animal Hus-bandry	Farming and Animal Hus-bandry	3 Sources
Proportion of Families	% 15	% 10	% 7	% 2	% 5	% 3	% none

b. Farming

About 10% of the families derive extra income from farmland. One-third of them cultivate marketable vegetables at free-of-charge estate land because the land is not suitable for the main crop. The income from this source range from a loss of $25 to a profit of $1,200 with an annual average of $654 in 1970. The difference in profitibility is due to floods, damages caused by pests and diseases and wrong timing.

One-fifth of them derive income from rubber land under the government land development scheme. The income vary from $85 to $350, because most area are small in size and just newly opened for tapping. The average earning is $198.

The rest of them own dusun, padi farms and rubber farms which are either inherited or bought with their own effort. In the case of dusun and padi farms, part or the whole of the crops are consumed. Monetary value of these products have been imputed for the present purpose. The income vary from $50 in dusun to $950 in rubber, while the average is $356. The variation is due to sizes, crops and productivity of different farms.

c. Animal Husbandry

The main forms of animal husbandry are cattle and goats rearing. The average income is $134 in 1970, with a minimum of $60 to a maximum of $550. At the moment only 7% of the families take up the venture. From the information gathered, animal husbandry had been very popular during former days. But when the estates changed hand, most of the workers disposed of their cattle and goats to subscribe for the NLFCS capital.

d. Overtime and Farming

Around 2% of the families have two extra sources of income: overtime and farming. The annual average is $254 excluding overtime in

1970. The majority of them are having dusun and padi farms.

e. Overtime and Animal Husbandry

This type of combination is more common than the other forms. The 1970 average income is $142, excluding overtime.

f. Farming and Animal Husbandry

Only about 3% of the families have a mixed income of farming and animal husbandry. This is because both the enterprises need considerable amount of capital. The 1970 average income from this category is $624 which is still lower than those families who own commercial vegetable farms.

No families have extra income from more than two sources.

2. Fringe Benefits

Apart from what have been mentioned workers also get the following fringe benefits.

a. Paid Holidays

All workers are entitled to :

i) 7 days fixed holidays a year; and
ii) 3 or 2 holidays a quarter if the absenteeism is not more than 4 days in the first case and more than 4 but less than 6 days in the second case.

b. Hospitalisation Pay

In case of hospitalisation, workers are entitled to half pay leave for a maximum of 3 months, while for Tuberculosis patients, it is extended to 9 months.

Workers also get full sick-leave pay up to a maximum of 28 days a year in non-hospitalised cases.

c. Maternity Leave Pay

Female workers would get 60 days allowance at $3 a day for pre and post-confinement periods, subject to a minimum of 5 weeks, if workers do not take leave during the pre-confinement period.

d. Employees Provident Fund

The Society contributes 5% of the total monthly wages towards Employees Provident Fund.

e. Weekly Rest

The fixed weekly no-pay resting day is either on Friday or Sunday. In rubber estates, most tappers prefer to work on resting day at a payment of one and a half times for the basic wage. Most of the other workers observe the resting day.

f. Medical Facilities

Free medical treatment is available at estate dispensary or group hospital for members and their dependents up to 16 years old.

Family planning services are also provided, but it is not very popular.

g. Housing Facilities

Every family is given a unit of labour quarters or $15 housing allowance per month for non-resident families.

The Society has also launched its first housing scheme at Bukit Sidim Estate.

h. Water Supply, Electricity and Sanitation

Pipe or well water and local generated electricity are supplied. Line sweepers are engaged to maintain good sanitation around living compounds.

i. Schools

Primary schools of Malay and Tamil or Telegu media are available at estates.

j. Children's Welfare

Creches are available free-of-charge for workers to keep their babies during working hours. Free milk or porridge are provided also.

k. Recreation and Social Facilities

Football fields, badminton courts, temples and mosques are also found in the estates. In some cases, television sets are also supplied.

l. Rice Rationing

Rice rationing is still carried out in several estates. This has been stopped in most commercial estates.

3. Comments

Though about 42% of the sample families reported having other income apart from wages, it is mainly localised and not distributed over the whole range of estates. These sources of income have provided some forms of financial relief and satisfaction to the members, though in some cases, the amount may be very insignificant. These types of activities should be further encouraged with two aims: to develop the habit of thriftiness and to utilise the leisure hours more profitably.

The new replanting area could constitute a suitable site for vegetable farming. Goat and cattle husbandry should be encouraged if it does not cause damages to estate properties.

According to the Rubber Research Institute of Malaya, the provision of fringe benefits has raised the worker's income by 61.5 cents per man-day.[15] Other general advantages of the provision are summarised as follows :

i) the weekly rest would enable workers to recover from fatigue and a break from monotony;

ii) hospitalisation and other medical benefits ensure some form of security to members and families;

iii) the housing scheme has provided opportunity for workers to be more independent rather than depending on estate labour quarters for the whole life;

iv) food rationing ensures workers to get cheaper food supply on credit;

v) the educational facilities provide every eligible child a chance of the minimum of primary education at the least costs; and

vi) the recreation facilities creat opportunity for workers to keep themselves fit and healthy.

But there is still room for improvement of which a few are suggested below :

i) family planning can be improved through co-ordination with the Family Planning Board so that lady advisers could be sent to estates regularly to give advices and education to female workers. This is the surest means to control population and improve the health and nutritious conditions of workers in the long run;

ii) stricter supervision on line sweepers and proper control on rubbish disposals could lead to better sanitation;

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[15] Rubber Research Institute of Malaya, op.cit. p.58.

iii) it has been found that some units of the labour quarters need repairs badly, and the drainage system too is in a bad shape. The improvement on such facilities would bring about better satisfaction to the individuals concerned;

iv) milk or milk powder and sugar could be included in the food rationing list. This would serve to improve the nutritious value of workers' diet.

F. Summary

In view of the forth going discussion, it can be said that the 'basic and incentive' wage plan and the 'piece-rate' system have achieved their aims of motivating workers to put in their effort. However, they are not without shortcomings such as the permanent feature that 'lower grades factors' are superior than 'latex incentives' when rubber prices are low, and the absence of a guaranteed basic wage in the latter. The 'daily-rate' system on the other hand, kills incentive while assuring a stable income.

The earnings of Society estates workers are generally higher than the national average earnings with one or two exceptions. This has disproved the claim of some workers that they are worst off than those in commercial estates. But there are great variation in earnings between estates because of the various factors mentioned.

The other sources of workers' income are significant, but are not evenly distributed. However, it still leaves room for improvement.

The fringe benefits enjoyed by the workers has been estimated to be equivalent to 20% of their basic wage. These benefits can be further improved for the long run gain of the workers and Society as a whole.

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

A. Conclusions

The formation of the National Land Finance Co-operative Society has checked the fragmentation of estates to a considerable extent. In the past decade at least 30,000 acres have been successfully prevented from deteriorating into it. The success is brought about by the strong support from the Society's 64,000 members. From the social point of view, it has also prevented the aggravation of social unrest, resulting from the effect of fragmentation. Also, had it not been for the NLFCS, the $12 million which is now mobilised for useful investment, might still be lying idle and unproductive. To generalise, NLFCS has brought about significant economic and social welfare directly to the members of the Society and indirectly to the nation as a whole.

However, the operations of NLFCS are not without shortcomings and defects. Fundamentally, the majority of its members are still ignorant of the principles and practices of the co-operative movement, resulting in poor co-operative spirit among them. Another important weakness to note is that in some of the investments, the returns are relatively low in view of the long run economic viability.

The organisational structure of the NLFCS estates is moulded according to that of commercial estates. Unless the many problems faced by the management are solved, it is difficult to run the estates efficiently. Hence, particular attention should be given in tackling the basic problems.

The present management practice of treating members as 'pure employees' has brought about a certain degree of dissatisfaction, henceforth, the persistence of the union activities in the estates. If workers' participation in decision making could be introduced gradually, the true form of co-operative management would eventually emerge. However, it must be stressed that this would not be possible, unless the members could understand and are willing to accept their responsibilities and duties.

The basic and incentive system of wage payment has received much popularity because it is superior to the other two systems, i.e. the piece-rate and the daily-rate. In general, the earnings of NLFCS workers are comparable to that of the national average, although, there exists a considerable disparity in workers' earnings within the NLFCS estates.

The other sources of income, especially from vegetable farming, have formed a substantial part of the total earnings of some of the families. They should, no doubt, be further encouraged if

opportunities arise. Although the fringe benefits enjoyed by the workers have incurred considerable additional expenses to the Society, these facilities should, nevertheless, be further improved and extended so as to provide better health and welfare to the workers. These two elements are essential for the progress towards higher economic productivity.

The NLFCS should be encouraged to expand further, through proper planning and control. In fact, co-operative movement of the same form as NLFCS could be introduced into other economic activities, as basically, it has three important advantages:

i) it enjoys the operation of economies of scale;
ii) it provides opportunities for the 'have-nots' to advance; and
iii) it ensures a better distribution of income within the national economy.

B. Recommendations

The following are some recommendations which, it is believed, would bring about improvement to the NLFCS. These recommendations only pertain to the organisation of the NLFCS.

1. Members' Basic Rights

In view of the problem that most members do not have the opportunity in participating effectively in the Annual General Meetings as they are widely spread out, it is suggested that the Society should re-organise the method of convening the A.G.M.'s. This could be done by holding regional meetings before each A.G.M. The Central Meeting would then be attended by the regional representatives rather than by individual members.

This could bring about better opportunities for members to take an active part in solving the many problems faced by the Society. It also enables the members to understand more clearly the actual situation of the Society.

2. Education for Members

Since many members barely have any knowledge in the operation of the co-operative movement, it would be very essential for the Society to have an effective education bureau, whose functions would cover the promotion of members' interests and understanding of co-operative principles, the progress of the Society and other co-operative movements within and without the country. It could also undertake to promote the recruitment of more membership.

With such a facility, it is anticipated that members would foster better co-operative spirit which would lead to higher efficiency within the organisation. However, this project would involve a considerable amount of money and yet its effectiveness would depend on several other factors, such as the running and organisation of the bureau, and the capabilities of its personnel.

3. Economic Considerations

The Society is primarily dealing with the investments on primary products, the prices of which have been fluctuating all these years. It is especially so for rubber which forms the largest single crop of the Society's properties. Therefore, it would be necessary for the Society to evaluate the economic position of the projects in hand from time to time. This would facilitate opportunities for improvement. But it might bring about the repercussion that some members would have to face retrenchment if efficiency is going to improve. This touchy problem could be reduced if members are willing to accept jobs in labour-shortage estates. Hence, labour mobility within the NLFCS estates should be encouraged.

To ensure long run survival, it would be advisable for the Society to diversify its investments on to other crops as well as other commercial undertakings. But it should be cautioned that a balanced emphasis on employment opportunities and economic viability should be the basis for evaluating new projects.

4. Management Problems

The Society entrusts the administration of the Society into the hand of the Agency Houses, and as such, it has resulted in several problems. The major ones are the lack of central planning and control, inconsistency in management practices and different accounting systems. It would definitely more beneficial for the Society to set up its own 'Estate Department', staffed with specialised personnel. This would avoid duplication and facilitate better co-ordination, hence leading to higher efficiency and lower costs.

5. Aspiration of Members in the Estates

As a result of the members being denied of their opportunity in the decision making machinery in the estates, the undesirable factors such as non-co-operation and union activities have come about. This could be solved by establishing an estate management committee consisting of workers representatives and management staff, through proper planning.

It must be cautioned that if workers are irresponsible, the setting up of such committee would not only be unable to solve the problems, and worst still, it might aggravate the situation.

6. Wage Systems

The 'lower grades factors' in the present basic and incentive system has the drawback that it is more superior than 'latex incentives' in low price zones. This would have reduced the amount of latex collected hence affects the revenue of the estates. In some estates it is found that tappers in low yielding fields have significantly higher earnings than those in high yielding fields. This would probably be due to the fact that the classification of fields is not comprehensive enough

by the Industrial Court. Therefore the Society should modify its present wage system to rid off the disadvantages.

Broadly the wage systems should follow the following guideline:

i) the wage rates should be compatible with those of the other estates;

ii) all workers should have a basic wage according to the price of each commodity, except where only piece-rates can be practised;

iii) rubber tappers should be paid an incentive commensurate with prevailing prices, for latex output in excess of set standard; there should be only one 'lower grades factor' which varies according to prices, and at no occasion should it be higher than 'latex incentives', otherwise, tapper would tend to bring in less latex than they would have brought;

iv) on top of basic wages, harvesters of coconut and tea estates should also be paid an incentive which varies with the respective commodity prices;

v) for field workers, they should receive an incentive according to efficiency rating, for example it can range from 10 to 50 cents per day; and

vi) group incentive can be provided to rubber and tea factory workers, for output which is above the standard set.

APPENDIX TABLE A

CULTIVATED AREA UNDER AGRICULTURAL CROPS
WEST MALAYSIA, 1968
(in thousand acres)

Items	Crops					Total
	Rubber	Rice	Coconut	Oil Palm	Others	
Acreage	4,258	1,183	517	498	350	6,806
Percentage	62.5	17.4	7.6	7.3	5.2	100.0

Source : Malaysia, Department of Statistics, Monthly Statistical Bulletin of West Malaysia, March, 1971, Table 1.2 (Agriculture, Forestry and Fishing).

APPENDIX TABLE B

WEST MALAYSIAN EXPORT REVENUE BY
MAIN COMMODITIES,1970
(in million dollars)

Proceed	Commodities					Total
	Rubber	Tin & Iron	Palm Oil & Kernel	Copra & Coconut Oil	Others	
Value	1,621	965	252	36	1,295	4,196
Percentage	39.0	23.1	6.0	0.9	31.0	100.0

Source : Malaysia, Department of Statistics, Monthly Statistical Bulletin of West Malaysia, March, 1971, Tables 1.4; 1.5; 1.6; and 1.7 (Export Trade).

APPENDIX TABLE C

LIST OF ESTATES OWNED BY NLFCS,

1970.

	Name and Locality	Crops	Acreage
1.	Bangan Pasir Estate, Bagan Pasir, Lower Perak.	Coconut/ cocoa	1,250
2.	Belata River Estate, Kerling, Selangor.	Rubber	1,793
3.	Blue Valley Estate, Kampong Rajah, Cameron Highlands, Pahang.	Tea	508
4.	Bukit Sidim Estate, Kulim, Kedah.	Rubber	2,914
5.	Cairo Estate, Nilai, Negeri Sembilan.	Rubber	550
6.	Kuala Perak Estate, Bagan Datoh, Lower Perak.	Coconut/ cocoa	3,016
7.	Ladang Bahru Estate, Bahau, Negeri Sembilan.	Rubber	1,359
8.	Lauderdale Estate, Matang, Perak.	Rubber	1,026
9.	Pundut Estate, Sitiawan, Perak.	Rubber	1,003
10.	Rinching Estate, Semenyih, Selangor.	Rubber	1,345
11.	Sepang Valley Estate, Nilai, Negeri Sembilan.	Rubber/ Oil Palm	954
12.	Seremban Estate, Seremban, Negeri Sembilan	Rubber	2,729
13.	Soon Lee Estate, Bagan Serai, Perak.	Rubber	1,715
14.	Stoughton Estate, Batu Kurau, Perak.	Rubber	1,126
15.	Sungei Choh Estate, Rawang, Selangor.	Rubber	3,700

Name and Locality	Crops	Acreage
16. Sungei Gumut Estate, Tanjong Malim, Selangor.	Rubber	888
17. Sungei Krudda Estate, Sungei Siput, Perak.	Rubber	991
18. Sungei Siput Estate, Sungei Siput, Perak	Rubber	2,004
19. Ulu Ayer Tawar Estate, Sitiawan, Perak.	Rubber	835

APPENDIX TABLE D

CAPITAL STRUCTURE, GROSS RETURN, RETURN TO SHARE-HOLDERS' FUND AND COST OF EXTERNAL FUND, 1965/69
(in thousand dollars)

Items	Financial Years			
	1965	1966	1967/68	1969
Capital Structure				
Share-holders' Fund	6,391	7,855	12,172	15,086
External Fund	6,874	6,122	19,792	20,578
Total	13,265	13,977	31,964	35,664
Gross Return				
Gross Profit	1,129	890	1,518[a]	4,249
Total Assets	13,138	13,788	23,895	39,052
Rate of Return	8.6%	6.4%	6.3%[b]	11.0%
Share-holders' Profit				
Net Profit	625	410	331[a]	2,500
Rate of Return	9.8%	5.2%	3.3%[b]	16.6%
Cost of Loans				
Interest Paid	501	480	1,187[a]	1,795
Rate of Interest	7.3%	7.8%	9.1%[b]	8.7%

Notes : a - These figures are adjusted to yearly basis by dividing the appropriate amounts by 2.

b - The figures are arrived by using half of the sum of the appropriate amounts at the beginning and ending of the financial period as denominators.

Source : NLFCS, 'Annual Reports', 1966, 1967/68 and 1969.

APPENDIX TABLE E

REVENUE, EXPENDITURE AND PROFIT BY ESTATES, 1970
(in thousand dollars)

Items	Estates									
	A[a]	B	C	D	E	F	G	H	I	J
Revenue	416	676	425	1,359	253	1,169	397	515	n.a.	515
Expenditure[b]	291	500	296	949	189	737	242	198	n.a.	416
Profit	125	176	129	410	64	432	155	317	n.a.	99

APPENDIX TABLE F

AVERAGE EARNINGS OF RUBBER TAPPERS BY MONTHS AND ESTATES, 1970
(dollars per day)

Estates / Fields / Months	A		B		C		D		E		F		G	
	H.Y.	L.Y.	H.Y.	L.Y.	H.Y.	L.Y.	H.Y.	L.Y.	H.Y.	L.Y.	H.Y.	L.Y.	H.Y.	L.Y.
January	4.25	4.99	5.07	5.19	4.20	4.61	4.45	4.15	5.58	4.19	5.45	-	6.22	-
February	3.74	3.76	4.58	4.51	4.15	4.11	4.05	3.66	4.73	3.49	5.13	-	5.88	-
March	3.96	3.90	4.03	3.83	3.65	4.03	3.36	3.16	3.98	3.55	4.54	-	4.23	-
April	3.62	4.95	4.16	3.79	3.04	4.03	3.62	3.59	3.87	4.13	4.10	-	3.82	-
May	3.74	4.92	4.57	4.24	3.24	3.58	3.94	3.44	3.85	4.12	4.31	-	4.83	-
June	4.30	5.05	4.78	4.91	4.14	3.64	4.08	3.60	4.37	4.36	5.03	-	5.92	-
July	3.96	5.75	4.32	5.04	4.07	3.70	4.27	3.65	4.28	4.63	4.89	-	5.45	-
August	4.09	6.26	4.36	5.24	3.64	3.86	4.53	4.10	4.39	4.12	5.05	-	5.23	-
September	4.26	6.53	4.29	5.07	4.13	4.26	4.58	4.16	4.23	4.11	5.01	-	5.26	-
October	4.29	6.13	4.26	4.60	3.97	4.86	4.57	4.38	4.27	4.50	4.83	-	5.27	-
November	3.88	6.31	3.80	4.09	3.77	4.04	4.26	4.21	3.67	4.37	4.54	-	5.01	-
December	4.17	6.84	4.06	4.92	4.10	4.99	4.63	4.59	4.14	4.32	5.32	-	4.88	-
Average	4.02	5.45	4.36	4.62	3.84	4.14	4.20	3.89	4.28	4.16	4.85	-	5.15	-

APPENDIX TABLE G

AVERAGE EARNINGS OF FIELD WORKERS BY MONTHS AND ESTATES, 1970
(dollars per day)

Months \ Estates / Sex	A	B		C		D	E		F		G	
	Combined	M	F	M	F	Combined	M	F	M	F	M	F
January	3.34	3.98	3.34	3.14	2.50	3.35	3.47	3.13	3.22	2.61	3.46	2.58
February	3.13	3.60	2.87	3.45	2.56	3.81	3.39	2.79	3.18	2.36	3.32	2.50
March	3.34	3.72	3.12	3.34	2.65	3.30	3.71	2.79	3.12	2.50	3.30	2.54
April	3.09	3.46	2.83	3.33	2.76	3.31	3.32	2.66	2.94	2.39	3.70	2.64
May	3.02	3.51	2.85	3.14	2.53	3.20	3.95	2.11	2.92	2.31	3.25	2.50
June	3.37	3.78	2.96	3.54	2.82	3.29	3.60	2.29	3.11	2.58	3.50	2.69
July	3.12	3.53	2.79	3.25	2.56	3.25	3.35	2.76	2.89	2.33	3.25	2.50
August	3.16	3.65	2.84	3.72	2.83	3.27	3.37	2.54	3.03	2.58	3.89	2.50
September	3.39	3.52	3.05	3.49	2.74	3.31	3.58	2.57	2.93	2.30	3.55	2.61
October	3.42	3.79	2.81	3.58	2.82	4.79	3.46	2.76	2.91	2.32	3.57	2.49
November	3.16	3.80	2.69	3.17	2.51	3.61	3.37	2.68	2.84	2.27	3.66	2.73
December	3.45	4.02	2.64	3.41	2.69	n.a.	3.24	2.51	3.07	2.32	3.25	2.78
Average	3.24	3.68	2.89	3.37	2.66	3.49	3.52	2.66	3.01	2.42	3.47	2.51

APPENDIX TABLE H

AVERAGE EARNINGS OF RUBBER FACTORY WORKERS BY MONTHS AND ESTATES, 1970
(dollars per days)

Months	Estates						
	A	B	C	D	E	F	G
January	-	5.03	3.68	4.73	3.78	4.81	3.83
February	-	4.48	3.57	4.92	3.71	3.97	4.14
March	-	4.68	3.45	4.21	4.07	3.75	4.79
April	-	4.67	3.54	4.31	3.74	3.42	4.23
May	-	4.58	3.21	4.54	4.38	4.18	4.28
June	-	5.36	3.84	4.44	3.91	4.65	4.51
July	-	5.12	3.55	4.45	3.73	3.97	3.77
August	-	4.97	3.54	4.98	3.64	4.37	3.76
September	-	4.92	4.15	4.82	3.78	4.56	3.93
October	-	5.26	3.76	6.88	3.81	4.73	4.61
November	-	4.88	3.48	5.01	3.51	4.53	-
December	-	5.11	4.13	n.a.	3.57	5.18	-
Average	-	4.92	3.66	4.88	3.79	4.36	4.08

APPENDIX TABLE I

AVERAGE EARNINGS OF COCONUT ESTATES WORKERS BY MONTHS, 1970
(dollars per day)

Months	Pluckers		Huskers		Field Workers		Kiln Workers		Shellers	
	H	I	H	I	H	I	H	I	H	I
January	4.17	3.43	4.71	4.79	2.90	4.40	3.18	3.96	2.51	2.40
February	3.30	3.34	4.12	4.58	3.09	3.29	3.18	3.91	2.69	2.69
March	4.17	3.83	5.17	4.27	2.85	3.66	3.18	4.22	2.72	2.59
April	4.43	4.32	5.89	5.23	2.69	3.47	3.20	4.16	3.36	2.80
May	5.26	5.00	7.16	6.77	2.99	3.43	3.17	4.45	3.06	2.97
June	5.03	5.38	7.71	6.08	3.12	3.49	3.29	5.04	2.62	3.24
July	6.47	5.55	8.44	7.71	3.31	3.81	3.29	4.48	2.61	2.91
August	4.95	4.73	7.41	6.62	3.00	3.22	3.32	4.32	2.53	2.94
September	4.57	3.81	8.96	5.23	2.95	3.28	3.28	4.36	2.59	2.56
October	3.84	3.35	5.83	4.96	3.03	2.95	3.26	4.03	2.58	2.27
November	3.54	3.64	4.40	4.78	2.72	3.42	3.26	4.00	2.52	2.39
December	4.22	3.59	6.23	4.43	2.92	3.23	3.57	3.96	2.79	2.52
Average	4.50	3.93	6.22	5.46	2.97	3.32	3.27	4.24	2.70	2.68

APPENDIX TABLE J

AVERAGE EARNINGS OF TEA ESTATES WORKERS BY MONTHS, 1970
(dollars per day)

Months	Pluckers		Field Workers		Factory Workers	
	M	F	M	F.	M	F
January	3.04	2.92	3.37	2.64	3.88	2.84
February	4.96	5.40	3.32	2.61	4.42	3.14
March	4.79	5.13	3.60	2.83	4.76	3.11
April	4.57	4.93	3.26	2.59	4.62	3.16
May	4.30	4.78	3.32	2.72	4.60	3.21
June	4.47	4.66	3.44	2.77	4.94	3.31
July	3.99	4.10	3.32	2.61	4.23	2.92
August	4.10	4.04	3.49	2.72	4.52	3.19
September	4.69	4.84	3.41	2.78	4.57	3.29
October	5.71	5.81	3.52	2.80	4.66	3.17
November	4.83	4.73	3.23	2.60	4.39	2.97
December	4.14	4.08	3.47	2.79	4.86	3.24
Average	4.48	4.65	3.40	2.70	4.55	3.13

APPENDIX K

ESTATE RECORD

Name of Estate: _____

Locality: _____

Acreage:

Mature Area

Year of planting	Clones	Acreage
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Immature Area

_____	_____	_____
_____	_____	_____
_____	_____	_____

Other crops	Crops	Acreage
Mature	_____	_____
Immature	_____	_____
Vacant and others		
Total estate acreage		=======

Labour force:

	Indians		Malays		Chinese		Total	
	M	F	M	F	M	F	M	F
Harvesters								
Field workers								
Factory workers								
Others								
TOTAL								
Dependents								
Total population								

Revenue:	Income from sales of crops	$	_____
	Income Replanting Refund Cess	$	_____
	Other Income	$	_____
	Total Revenue	$	==========
Expenditure:			
	Revenue-generating expenditure	$	_____
	Replanting expenditure	$	_____
	Profit	$	==========

Crop output:

Rubber		
R.S.S. 1/Liquid Latex	_____	lbs.
R.S.S. 2/5	_____	lbs.
Cuttings	_____	lbs.
Lower grades/crepe	_____	lbs
Total	_____	lbs.
Oil palm		
Fresh fruit bunch	_____	tons.
Coconut		
Copra	_____	pikuls.
Nuts	_____	nuts.
Cocoa		
Fresh fruits	_____	pods.
Cocoa beans	_____	lbs.
Tea		
Grade 1	_____	lbs.
Grades 2 & 3	_____	lbs.
Tea dust	_____	lbs.
Tea stalk	_____	lbs.

APPENDIX L

WORKERS' WAGES

Type of Workers: _____

System of payment: _____

Rates: Basic/daily-rate: _____

Incentive/piece-rate: _____

Lower grades rate: _____

Number of workers: _____

Month 1970	Earnings $	Turnout days	Average earnings $/day
January			
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			
Total			

APPENDIX M-1

Yield Record (Rubber)

Field classification: _____

Age:	Clones:	Acreage:
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Tapping systems: _____

Task sizes: _____

Month 1970	Latex lbs.	L/grades lbs.	Total lbs.	Turnout days
January				
February				
March				
April				
May				
June				
July				
August				
September				
October				
November				
December				
Total				

APPENDIX M-2

Yield Record (Coconut/cocoa)

Field classification: _____

Age:	Clones:	Acreage:
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Month 1970	Nuts/Fresh fruit nuts/pods	Copra/Beans lbs.	Turnout days
January			
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			
Total			

APPENDIX M-3

Yield Record (Tea)

Team classification: _____

Area covered: Fields: _____ Acreage: _____

_____ _____

_____ _____

_____ _____

Month 1970	Wet-leaves lbs.	Products lbs.	Turnout days
January			
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			
Total			

APPENDIX N

QUESTIONNAIRE FOR WORKERS

Estate: _____

Race: Indian ☐ Malay ☐ Chinese ☐

Sex: Male ☐ Female ☐

Marital Status: Married ☐
Single ☐
Widowed ☐

Age group: Below 20 ☐
20 - 29 ☐
30 - 39 ☐
40 - 49 ☐
Above 50 ☐

Family size: Working members ☐
Dependents ☐
Total ☐

SECTION A

1. Have you got any knowledge about co-operative movement principles?
Yes ☐ No ☐

2. For how many years you have been a member of the Society?
☐ Years

3. How many shares do you own now? ☐ Shares

4. How many shares do your family members own now?
☐ Shares

5. Have you attended the A.G.M.'s so far?

Yes ☐ No ☐

6. If yes, how much could understand the discussions?

Fully ☐

Partly ☐

Very little ☐

Nothing ☐

7. Have you participated in any of the discussions?

Yes ☐ No ☐

8. If no, why? _____

9. Do you consider attending the A.G.M. to be beneficial?

Yes ☐ No ☐

10. Why? _____

11. Do you feel that you are a partner of the Society's estates?

Yes ☐ No ☐

12. Why? _____

13. How do you normally use your dividends?

Subsidise family expenses ☐

Subsidise education expenses ☐

Save or buy assets ☐

Not eligible to draw ☐

14. If it will not affect your employment, would you like to stop or continue subscribing the monthly contribution?

Stop ☐ Continue ☐

15. Do you work harder under the Society than under the former employer? Yes ☐ No ☐

16. If no, why? _____

17. Being a partner are you more co-operative with the management?

Yes ☐ No ☐

SECTION B

1. What is your occupation? _____

2. Have you been working in other places before?

Yes ☐ No ☐

3. How long have you been in this estate?

☐ Years

4. Are you/do you like to be a Union member?

Yes ☐ No ☐

5. If yes, why Union is still needed since you are already a partner?

_____

6. If no, why? _____

7. Do you consider the method of taking disciplinary actions is fair here?

Yes ☐ No ☐

8. If no, why? _____

SECTION C

1. Which wage system are you in?

Basic and Incentive ☐

Piece-rate ☐

Daily-rate ☐

2. Do you have any idea how to calculate your wages?

Yes ☐ No ☐

3. Which of the three systems do you like most?

Basic and Incentive ☐

Piece-rate ☐

Daily-rate ☐

4. Why? _____

5. Does anyone in the family have overtime work?

Yes ☐ No ☐

Amount earned in 1970: $ _____

6. Do your family carry out farming?

Yes ☐ No ☐

Crops: _____

Land ownership: _____

Amount earned in 1970: $ _____

7. Do your family keep cattle/goats?

Yes ☐ No ☐

Amount earned in 1970? $ _____

8. Do your family have any other form of income?

Yes ☐ No ☐

Nature: _____

Amount earned in 1970: $ _____

9. What problems and suggestions you would like to put forward regarding the Society and the estate management?

_____

_____

_____

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