

**THE IMPACT OF THE APPLICATION OF TRADITIONAL
MANAGEMENT CONCEPTS ON PRODUCTIVITY: AN
OPENION SURVEY OF TEA PLANTATION SECTOR IN SRI
LANKA**

By

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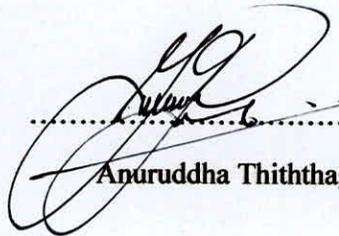
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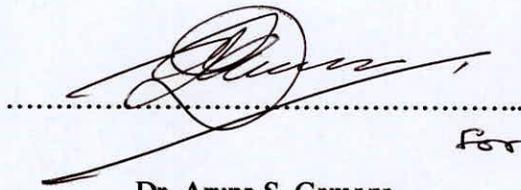
The work described in this research was carried out by me under the supervision of Dr. Aruna S. Gamage, Senior Lecturer in Human Resource Management, University of Sri Jayawardenepura and a report on this has not been submitted in whole or in part to any university or any other institution for another Degree/ Diploma.



.....
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DECLARATION

I certify that the above statement made by the candidate is true and that this research is suitable for submission to the University for the purpose of evaluation.



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ABSTRACT

Tea industry is one of the major sources, also plays a significant role of foreign exchange earner in Sri Lankan economy. Commercial cultivation of tea in Sri Lanka has been started in 1876, under the management of British planters and after 1960's, qualified Sri Lankan professionals have dominated in the industry and yet majority of them are practicing the same management concepts and practices while referring to them as "Good old days management".

Presently, the overall productivity of the tea industry is in downward trend in almost all the productivity measurement factors, i.e. yield and profitability and it has become a burning issue for present estate managers and superintendents. This is the reason why the traditional or conventional approach in the tea estate sector, which applies disciplinary and punitive methods on the worker, is being rejected.

The effect of changes to different management factors, i.e. planning, organizing, motivation, communication, controlling, coordinating, leadership and cumulative effect of above factors on productivity of tea plantations were tested. The method used for the data collection of the study was structured questionnaire and direct interviews of selected plantation executives, working in different capacities with different years of experience. The questionnaire was design to evaluate the effect of changes to traditional plantation management concepts on different management factors on yield (quantity of made tea per unit land area) and profitability. Meantime, the current view of plantation executives on changes expected in traditional plantation management concepts was also evaluated.

According to the research findings, the needs of changes in management factors are essential and it is a current requirement for the sustainability and productivity improvements in the tea sector. Therefore, higher percentage of responded plantation executives has replied positively on the need of changes in traditional plantation management concepts, but it has been clearly highlighted the importance of maintaining the valuable characteristics of the traditional system as well. And also, changes in all the identified management factors could play an important role on the productivity improvement in the tea plantation sector. The concept of strict management with “rule book” on the worker and keeping the pressure on in order to improve the productivity has been rejected by most of the responded plantation executives.

It was agreed that, most striking mistake made by the traditional management in plantation sector is to offer maximum pressure in order to obtain the best outputs from the workers is rejected. Certain tea estate superintendents and managers have successfully faced and survived with the present challenges, by deviating from traditional management footprints while practicing advance methods of leadership approaches in the plantation sector to enhance the productivity.

1.0 CHAPTER ONE

INTRODUCTION

1.1 Introduction to background of the study

Tea is considered as a beverage perennial crop, which is consumed after brewing and is also identified as the second most popular drink in the world after water. For a number of developing countries including Sri Lanka, tea has been identified as an important commodity in terms of employment and export earnings (Wal, 2008, p. 12). Tea occupies an important position in Sri Lankan agriculture and it plays an important role in the domestic economy as a foreign exchange earner. Sri Lanka was the third largest tea producing country with 9 % share of global production and highest ever revenue was recorded in year 2010, which was Rs.155.3 billion and the highest volume of 24.6 million Kgs of made tea (Anon^d, 2010).

Sri Lanka is one of the oldest tea producing countries in the world and the produced tea is popularly known as “pure Ceylon Tea”, which ranks one of the best in international trade. Presently the total extent cultivated under tea has been estimated 195000 hectares. Sri Lanka produces tea throughout the year, and the growing areas are mainly concentrated in the central highlands and southern inland areas of the country (Wal, 2008, p. 95).

The commercial planting of tea in Sri Lanka was introduced by a Scotsman, James Taylor in 1867, in 19 acres of land at Loolecondera Estate, Hewaheta. This was carried out with the idea of testing tea as a possible alternative crop for coffee which was facing a leaf rust disease at that time. For decades, tea has been the main

agricultural export of Sri Lanka. (Source: Sri Lanka Tea Board - Statistical Bulletin 2006).

In the year 1992, 460 State owned plantations were privatized and divided among 23 private regional plantation companies. Since then, according to the agreement of privatization the plantation companies were agreed to contribute for the sustainable long term development of this industry while keeping the main objective of following the best agricultural practices for sustainability and productivity improvement while maximizing their profits.

Being the main agricultural export product for 141 years, tea has contributed significantly towards the economic and cultural development in Sri Lanka. It is an industry of its own identical management concepts with high disciplines, rules and regulations with a unique culture deeply rooted in our history. Hence it is the duty and responsibility of the State and the private plantation sector to take the industry forward for the benefit of next generations. But, the limitation of the forward process of productivity improvement is linked with some of the issues that have been identified in relation to workforce and management. Some of these issues are low productivity, high cost of production, labour out migration, militant trade unionism, lack of worker discipline, and alcoholism (Asian Development Bank, 2002: Wickramasinghe, and Cameron, 2003, p. 13). Therefore, understanding the impact of the existing traditional plantation management concepts on productivity factors is important to develop a viable strategic plan, which will help to increase the productivity and sustainable profitability of the tea industry with various present competitive market challenges.