

# REDESIGNING OF TOP BRASS RECRUITMENT AND SELECTION POLICY : NEED FOR THE COOPERATIVE SUGAR SECTOR

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## SUGAR CO-OPERATIVES IN INDIA

Our co-operative movement in this country is a century plus year old. The movement put its first foot impression on 25th March 1904. Last year, more than five lakhs self-help group commemorated 'century celebration'. In terms of geographical coverage co-operative is the largest movement of its kind in the world. In India itself on an average the movement assimilated in 84 per cent of the villages and a quarter of population in the second half of the last century. As per the needs of the Indian society, the Indian scholars refined the concepts of the British and Continental co-operative founders. After the independence late first Prime Minister Pandit Jawahar Lal Nehru recognized the importance of the cooperative movement and its impact on Indian economy. The movement made a remarkable contribution in rural India in particular and to the all round development in general. In India the pioneers of this movement were imbued with the spirit of cooperation towards institution as well as towards movement.

The co-operative sugar sector contributes about 59 per cent of the total contribution of co-operative sector. India ranks first with regard to the area (40.76 lakh hectares) followed by Brazil.

Till today altogether there are 553 sugar mills installed in India with a production capacity of 18 million MT, unfortunately some come out from 496 mills in crushing season. The co-operative sector share is of 296 mills; the private entrepreneur run 166 mills and rest 34 mills are in public sector. The sector generated employment for four crore farmers in fields and five lakhs people in factories. India produces sugarcane of 300 million MT and 15.53 million MT of sugar. Exports 0.81 million tonnes p.a. to more than 38 countries.

The State of Maharashtra known as sugar bowl of India produces 5.34 million tonnes of sugar. At present 172 sugar factories are in the State. 156 mills are in co-operative sector. Area under sugarcane cultivation is about 5,26,000 hectares. The total sugarcane cultivation is about 26,982 MT. A high recovery rate is observed in Kolhapur district. Average recovery rate of the State recorded as 11.64 %.

There are 38 sugar factories in Karnataka State. 21 mills are in co-operative sector. The area under sugarcane cultivation is about 2,37,000 hectares and the sugarcane cultivated from these area is about 15,800 MT. The working sugar mills are capable to produce 2,84,54,000 tonnes of sugar for our nation. Kaveri belt and Belgaum district are recognized as high recovery area. Average recovery rate of the State is 10.79%.

Sanjivani Sahakari Sakhar Karkhana is the only one sugar factory in Goa. Cane cultivation area is just 1200 hectares. During the last 30 years Goan farmers brought additional 150 hectares under cane cultivation. The total sugarcane cultivation is about 80,000 MT out of which 40,000 to 55,000 MT are utilised towards factory. The factory needs at least 2,00,000 MT of cane to achieve BEP (Break Even Point). Starving factory is depending upon gate cane from Karnataka. The recovery rate is less than 9%. The output of the factory is 1.2 lakhs quintals of sugar. The cumulative effect of accumulated loss about 30 crore.

## VISION OF THE CO-OPERATIVE MOVEMENT

The early co-operators had vision with two strong dimensions – self help and self-responsibility. Lack of managerial skill specially among the members (farmer) and Directors in sugar sector, compelled appointment top brass as an ex-officio to take major decisions and initiate the policy matters for the betterment of the sugar mills. The co-operative sector is only the field where the members play multi-dimensional role: as buyers, as sellers, as producers, as administrators, as bankers, etc. In case of joint-stock companies, real owners are kept away from direct participation. Vision of the sugar cooperatives is slowly changing to out sourcing skilled top brass, which means self-responsibility into shift-responsibility and self-help (*motto of credit cooperatives*) in to profit maximization. The democratic concept of sugar cooperatives - Of the members For the members and By the members, now spelt as Off the members, Far (away) the members and Buy the members.

## LEADERSHIP IN SUGAR CO-OPERATIVES

Only the efficient and expert management can create

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innovative ideas. Majority of the Board of Directors occupy the position by virtue of their economic status in the society. The quorum of these Directors hampers the innovative ideas of the sugar professionals in Board. A well-defined recruitment policy provides a framework for formulation and implementation of policies and procedures for the betterment of the sugar karkhanas. The success of subsequent recruitment policy depends upon THREE 'A's—Adept, Adapt and Adopt and Mentality of the employees.

Let the adept or expert personnel frame the policy;  
Let us adopt or accept it, if does not work;  
Let us adapt or adjust/modify as per our needs.

Galloping style of profit maximization is observed in all sugar mills other than the co-operative sugar mills. Managing Directors (MDs) play a major role in private and public sector sugar mills. MDs recruitment and selection procedures are totally different in these three sectors. MDs with sense (high degree) of cost control, trimming of existing man power and a little contact with political heroes will be given red carpet welcome in private and public sectors.

In case of Goa and Karnataka the MDs get appointed through their respective Public Services Commission. Generally a district level Registrar of Cooperatives is deputed to the said post. The cooperative scholars think that the practice of deputation is against the principles of cooperation. Members objected that they do not have commitment towards the institutions. The officers are jack of all cooperative trade but master of none. They are very expert in cooperative 'clauses and causes' but certainly do not have the knowledge in sugar mill management. The deputed bureaucrats of five years tenure are more interested in *status quo* policies and procedures of the factory rather than implementing new policies and ventures. The minutes of General Body Meetings of some co-operative sugar mills show that the Board of Directors have passed Resolution to remove their MDs for their irregularity. It indicates lack of loyalty towards institution. Another external environment is the changing political scenario – adept administrators often get transferred before they complete their fixed term. Hence a high degree of complete patriotism cannot be expected from such salaried servants.

MDs are expected to play multiple roles and therefore expected to be more qualified and experienced to guide the various sections of sugar mill – Agriculture, Milling and Marketing. A MD with professional knowledge always tries to encash his knowledge and skill in 'Strategy Management' by (or by mixing with) resizing manpower, make use of controlling cost, prevailing marketing conditions and Government Sugar Policy. It is high time to consider (separately) that the Top Brass (MD) is also one of the vital factors of production.

## PREVAILING RECRUITMENT AND SELECTION ENVIRONMENT

The procedures implemented by the Government of Maharashtra should be appreciated at this juncture. The list of qualified MDs in the State is notified by the Government after following three-tier selection procedure – Work Experience, Knowledge and Skill :

- i. The candidate must have work experience as an officer in a sugar mill for a period of not less than five years;
- ii. The knowledge in sugar industry is tested through a written test; and
- iii. A Board of Experts evaluates the administrative skill of the candidate.

The list of the successful candidates will be sent to the Government. The Board of the concerned sugar co-operatives has to select one of the candidates from the notified list of MDs as their MD for a period of five years. The said conditions are not mandatory for public and private sugar mills. The listed MDs struggle to build up their image in the course of their era and for the future appointments in the same concern or else in other large concerns.

The MDs of Private sugar companies are generally mill owners or lion shareholders. Cost reduction and cost control with an ultimate goal of wealth maximization are their inherent objective. That is the spearhead objectives of all founder members. The cane suppliers are given limited rewards 'in time' with certain conditions. Reciprocal gain sharing agreement between the farmers and mill owners play a major role. Unfortunately the management of public and the cooperative sugar mills did not reorganize the said factors seriously.

The impact of the recruitment and selection procedures of MDs; presence of corporate patriotism if MDs appointed by the Government on deputation/as representative or from the list of qualified MDs or by the shareholders; Leadership styles followed by the MDs during the tenure of their office and popularity gained by them among the farmer members/shareholders; possibility of future appointment of the same MD if they are appointed by the Government on deputation/from the list of qualified MDs/by the shareholders' and how these MDs struggle to build up self image during their tenure of office, have been extracted during personal interview with MDs and other officials. These are the consolidated responses of a few MDs. The entire situation is considered as 'Triangle of Environment'; three dimensions are Three Angles of the triangle; and ultimate result shown in Circle. Putting them into a table can be compared the advocated gist. The opinions of the top brass and officers have been tabulated and evaluated in terms of percentages.

## BLENDING BALANCED MODEL (BBM)

1. The role of the Indian cooperative top brass should be re-defined.
2. The deputed MDs in the co-operatives need to remember that they work for the betterment of farmer members and safe guard the interest of the society rather than a representative of the Government.
3. Awareness (of policies and procedures of administration) programme for the members to generate Corporate Patriotism.
4. Keeping away from politics or from being in and around politics.
5. Recruiting co-operative Top Brass in sugar industry as directed by the Government of Maharashtra.
6. Compulsory training programme soon after their appointment.
7. Open gate for researches of sugar co-operatives in the list of MDs with one year training.
8. Performance evaluation of every MD by an Expert

Board with the help of a Standard Model—containing objectivity based evaluation criteria and grading them.

9. Discarding the bad practice of 'Change in Government means transfer of MD'. It is observed that the low performance of co-operative sugar sector is due to the high performance of internal (management) and external (controlled quota and price market) politics.

Let us gear up the growth engine of co-operative sugar factories for prosperity and nation building with self-respect, self-confidence, self-help and self-sufficiency.

- NB :**
1. During the course of interview many officers expressed their frustrations towards the sugar price. Once upon a time prices of Tea and Sugar were jumping and bumping together. Today Tea is ten fold away from sugar. This is nothing but self created poverty for sweet sugar sector.
  2. Based on an opinion study. Study area – Maharashtra, Karnataka and Goa.

## PREVAILING ENVIRONMENT AND THE DEGREE OF IMPACT

Triangle of Environment	Co-op.	Private Ltd.	Public Ltd.
<b>ANGLE I : RECRUITMENT AND SELECTION</b>			
A. Presence of Corporate patriotism if MDs appointed by the/from the :			
i. Government (representation / deputation)	D	NA	NA
ii. List of qualified MDs	B	NA	NA
iii. Shareholders	NA	A	B
<b>ANGLE II : LEADERSHIP</b>			
B. Leadership styles followed by the MDs and popularity gained by them among the members/shareholders :			
i. Authoritarian leadership	C	B	C
ii. Democratic leadership	B	C	D
<b>ANGLE III : FUTURE</b>			
C. Possibility of future appointment of the same MD if they are appointed by the/from the :			
i. Government (representation/deputation)	D	NA	NA
ii. List of qualified MDs	B	NA	NA
iii. Shareholders	NA	A	C
<b>RESULTS (CORE OF THE TRIANGLE) : IMAGE</b>			
D. MDs struggle to build up self image : if they are appointed by the/from the :			
i. Government (representation/deputation)	D	NA	NA
ii. List of qualified MDs	A	NA	NA
iii. Shareholders	NA	B	B

A = 100-80%, B=80-60%, C=60-40% and D=01-40% : Diagrammatic representation

### TRIANGLE OF ENVIRONMENT

