

SHORT COMMUNICATION

SMALL-SCALE GROWER CONTRACTORS: THE ADOPTION OF A CODE OF CONDUCT

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Abstract

Cane contractors play a critical role in the sustainability and profitability of cane growers in the sugar industry. The Small-Scale Growers (SSG) sector of the industry relies mostly on cane contractors for its cane-growing activities, from planting, ratooning and harvesting. This therefore means that the contractors' performance is critical for ensuring that the growers deliver quality cane. A study was conducted in 2019 by SA Canegrowers (Dube and Nicholson, 2019) on the relationship between SSGs and contractors within the sugarcane industry. One of the outcomes of that study highlighted the importance of the institutionalisation of contractors within the sugar industry (Dube and Nicholson, 2019). This paper seeks to provide a case study analysis on the adoption of the cane contractors' Code of Conduct across the mill areas.

Keywords: Small-scale growers, contractors, competition

Introduction

SSG Cane contractors play an important role in ensuring that SSG's plant and deliver cane to remain sustainable in the sugar industry. Cane contractors offer various services within the sugar season, and SSG's depend on these contractors for labour, machinery and transportation services. Therefore the profitability of SSG's depends on the efficiency in service delivered by the contractors.

Background

The institutionalization of contractors is currently not formalized within the formal structures in the sugar industry. Mill areas differ in terms of levels of formalization of contractors structures. There is currently no formal regulations from the sugar industry regulating interactions between growers and contractors.

Purpose of the Study

The purpose of this study is:

- to review the Code of Conduct of cane contractors; and
- to provide a case study analysis on the Code of Conduct for contractors

Literature Review

Small-scale sugarcane contractors are generally described as SSGs who provide mechanical services (land preparation, crop maintenance and cane transportation) and labour (cane-cutting services) to fellow-SSGs (Sokhela *et al.*, 1998). The productivity of SSG contractors is generally low, when compared to that of large-scale growers, and it is accompanied with costly delays in transportation and unreliable service delivery (Sokhela, 1999). Improving contractor efficiency and productivity is expected to benefit both the contractors and SSGs, as the SSGs would get quality services at competitive prices, and the millers would get a steady flow of quality cane from the SSGs (Sokhela *et al.*, 1998).

Sokhele *et al.* (1998) found that many problems associated with contractor inefficiencies are related to their management skills (the lack of business skills), their finances (the lack of capital finance) and their operations (the poor quality and standard of equipment and machinery). Northard *et al.*'s (2004) study identified contractor attributes that have a significant impact on the quality of the services that they provide i.e. their transport and general service timelines, the meeting of daily ratable delivery requirements, a low downtime, good staff management, as well as minimal disagreements over service terms. The aim of Northard *et al.* (2004) was to assist the sugar industry extension services to promote the above attributes, by providing advice and training. The study found that training is an important contributor to the perceived quality of the contractors' service, and that this could be done by consultation between the contractors and the SSGs. The study also found that access to information is important for contractors e.g. information on machinery costs, new industry developments, customer needs, competitors and mill extension services (Northard *et al.*, 2004).

This paper will add to the existing body of literature by addressing the root cause of contractor problems in the industry, for example, contractors not being organised and not having a formal working relationship with the grower's organisations.

Methodology

A case study approach was used, where the South African Canegrowers Agricultural Business Advisors (ABA's) conducted surveys with contractors in the respective mill areas within the SSG sector. The aim of this survey was to investigate if there is a willingness of Small-Scale Grower contractors to form committees in the mill areas, as part of a strategy for encouraging them to have an organised structure within the mill areas. The second aim was to assess if the contractors were willing to have Code of Conduct (see Appendix 1) that provides guidelines for how they should operate, with the aim of ensuring the quality of cane deliveries by the SSGs.

The Code of Conduct for contractors was to be used in the industry and to be applicable in guiding the grower-contractor relationships and serving as a guide for contractors.

Table 1. Questionnaire for the Contractor Survey

Name and Surname:	
Mill Area:	
Services offered to growers:	
Estimate of No. of growers you service in all operations, or break-down according to operations:	
No. of Years in operation:	
Do you have a committee of contractors in your area? Yes/No	

If No, do you think it would be beneficial to have an organised committee and why would it be beneficial?	
What are the hindering factors that would prevent a committee from being formulated in your area?	
Do you have avenues/platforms through which you communicate matters with other contractors in your area? Be it informal e.g phone calls, Whatsapp groups or semi-formal meetings?	
Please read the proposed contractors Code of Conduct attached on the document and provide comments:	Refer to attachment
Would you want such standards to be adopted in your area?	
If Yes, state your reasons?	
If No, state your reasons?	
Are there standard/s you resonate with the most? State which number, according to the list	
Are there standards/s you do not agree with? State which number, according to the list	
What do you think would be a reason for these standards not to work/adopted in your area?	
Would you advise contractors in other mill areas to consider formulating formal committees? And why?	

Results

Komati Mill Results (Number of responses: 5)

Table 2: Responses on contractor profile and state of contractor affairs in the Komati area

Name	Mill Area	Services offered to Growers	No. of growers serviced	No. of years in service	Do you have a committee of contractors in your area? Yes/No	If No, do you think it would be beneficial to have an organized committee?	why would it be beneficial?	What are hindering factors that would prevent a committee being formulated in your area?	Avenues/platforms where you communicate matters with other	Detail
Gilima Nkuna	Komati	Transport	400	21	No	Yes	Discuss issues, find solutions, set prices	Competition	Yes	Harvesting forum
Joyce Mashiye	Komati	Planting, Weeding, Herbicide application	30	13	No	Yes	Setting prices	Competition	No	Each contractor for himself
Nonhlanhla Malubane	Komati	Land Prep	50	4	No	Yes	Setting price	Too much competition		
							assist each other in cases of breakdowns	We do not get along	No	
Nhlanhla Mashele	Komati	Fertiliser Application	20	8	No	Yes	Setting price	Contractor want to set own prices	No	
Zandile Lubisi	Komati	Cane cutters	100	16	Yes, cane cutters committee				Yes, Harvesting forum	

Table 2 above provides a summary of the responses from contractors that were surveyed, whose services range from haulage, planting, input application, harvesting and land preparation. The majority of contractors responded by saying they did not have existing committees, and all the respondents felt that it would be beneficial to have an organised committee. The majority felt that this would help in the setting contractor prices and it would open up a platform for discussing grower issues. The high competitiveness in the area was highlighted as a hindering factor in formulating a committee, because the contractors did not get along, in general.

Table 3: Responses on the adoption of Code of conduct for Komati contractors

Name	Would you want these types of standards to be adopted in your area?	If Yes state your reasons?	If No state your reasons?	Are there standard/s you resonate with the most? list	Are there standards/s you do not agree with? list	What do you think would be a reason for these standards not to work/adopted in your area?	Would you advise contractors in other mill areas to consider	Detail
Gilima Nkuna	Yes	To remove competition	-	1,3,5,7,8,17	2	Growers select their own contractors	Yes	Would eliminate competitive pricing
Joyce Mashiye	Yes	Offers a platform for setting standards for contractors in the area	-	1,4,6	2,1		Yes	A platform where grower issues are discussed
Nonhlanhla Malubane								
	Yes	Will help contractors to gain more knowledge about the industry		1,4,5,6,7	2	Different grower associations	Yes	To ensure unity in dealing with grower problems
Nhlanhla Mashele	Yes	To remove competition	-	1,4,6,12	2, 10	Might be biasness in contractor selection	Yes	Contractors will have one voice and solve grower issues as a collective
Zandile Lubisi	Yes	Assist growers in getting good yields	-	1,3,4,5,6,7,8,17	2, 10	Sometimes its not easy to meet grower standards	Yes	Will help growers get maximum yeild

Table 3 above summarises the responses on questions that referred to the Code of Conduct. The respondents had to first read the Code of Conduct in Appendix A, in which the standards are set out on how contractors should conduct their work for the SSGs. All respondents said that they wanted these standards, and the majority felt that these standards would assist in removing competition in the area ('competition' referring to them competing against other contractors to provide their services to the growers). The factors that were highlighted as being a hindrance for the adoption of these standards include the possibility of bias in the selection of contractors by grower bodies ('bias' refers to unfair selection of contractors by grower leaders, who would be in charge of the contractor selection process), the different grower associations and the fact that it would not be easy to follow the growers' standards for ensuring their yields.

Umfoloji Mill Results (Number of responses: 4)

Table 4: Responses on contractor profile and state of contractor affairs in the uMfolozi area

Name	Mill Area	Services offered to Growers	No. of growers serviced	No. of years in service	Do you have a committee of contractors in your area? Yes/No	If No, do you think it would be beneficial to have an organized committee?	Why would it be beneficial?	What are hindering factors that would prevent a committee being formulated in your area?	Avenues/platforms where you communicate matters with other contractors?	Detail
Jabulani Manana	uMfolozi	Planting, Bell loader, Harvesting, Seedcane Transport	200	4	No	Yes	Will offer collective decision making	Nothing, we would need to know how to start	Yes	Whatsapp group
Mzwandile Buthelezi	uMfolozi	Cane cutting	52	4	No	Yes	Contractors can be united and plan work on the ground	Grower division, two grower associations	No	-
Denis Gumede	uMfolozi	Bell loader, Cane cutting	14	35	No	Yes	Provide information sharing and learning platform	Grower division between the two grower associations	No	-
Milton Myeni	uMfolozi	Cane cutting	30	19	No	Yes	Could help with information and work sharing	Nothing, we have not thought about it	Yes	Phone calls

Table 4 above provides a summary of the responses from contractors that were surveyed at the uMfolozi Mill, who ranged from bell loader, harvesting and seedcane transport contractors. These contractors service about 296 growers in the uMfolozi Mill area and, in total, they have had a substantial number of years' experience. All respondents responded by saying that they did not have existing committees and they all felt that it would be beneficial to have an organised committee. The majority felt that the benefits of having a committee would help with information-sharing and it would provide contractor unity. It was noted that grower division, in terms of there being two grower associations, would hinder the formulation of committees (as the two grower associations i.e SACGA and SAFDA that growers are affiliated with, have caused division in grower structures, and the respondents expressed that this is likely to cause division in the contractor structures, as they might be restricted to only servicing growers within the grower association that they are affiliated with).

Table 5: Responses on the adoption of Code of Conduct for contractors

Name	Would you want these types of standards to be adopted in your area?	If Yes state your reasons?	If No state your reasons?	Are there standard/s you resonate with the most? list	Are there standards/s you do not agree with? list	What do you think would be a reason for these standards not to work/adopted in your area?	Would you advise contractors in other mill areas to consider formulating	Detail
Jabulani Manana	Yes	They provide guidelines on how to better service growers		15	None	None, they would work	Yes	Would make contractor to have stronger relations to better service growers
Mzwandile Buthelezi	Yes	They provide standard that will help in provding good service		14	None	Divisions between grower structures	Yes	Would control contractor work and ensure we operate under same standards
Denis Gumede	Yes	These would help in providing better service to growers		14	None	Grower association devide	Yes	Creting relationships with other contractors
Milton Myeni	Yes	Would encourage business growth		15	None	None	Yes	Committees will promote team work and great service delivery

Table 5 above summarises the responses to questions referring to the Code of Conduct, which the respondents had to read first. All respondents responded that they wanted these standards. The majority felt that they would assist them by providing guidelines for proper service delivery to growers and that they would encourage business growth. No hindrances were highlighted regarding the adoption of these standards. All respondents believed that having the a set of standards would assist them to create contractor relations and to promote teamwork.

Pongola Mill Results (Number of responses: 5; Excluded: 1 - reason: lack of information)

Table 6: Responses on the contractor profile and state of contractor affairs in Pongola area

Name	Mill Area	Services offered to Growers	No. of growers serviced	No. of years in service	Do you have a committee of contractors in your area? Yes/No	If No, do you think it would be beneficial to have an organized committee?	why would it be beneficial?	What are hindering factors that would prevent a committee being formulated in your area?	Avenues/platforms where you communicate matters with other	Detail
Paul Zungu	Pongola	Land Prep, input application, harvesting, planting	40	16	No	Yes		No intergration with Large Scale contractors, lack of communication	No	
Indonsa Contractors	Pongola	Harvesting, Haulage	16	12	No	Yes		Different views that lead to conflict	No	
Bernard Johnstone	Pongola	Harvesting, Loading, Land Prep, Input application, Haulage	15	23	Yes			Grower division between the two grower associations	Yes	
Zungu	Pongola	Harvesting, Haulage	4	7	No	Yes	Contractors can work in a uniform way	Different grower associations	No	

Table 6 above provides a summary of the responses of contractors, who ranged from haulage, planting, input application, harvesting and land preparation contractors. These contractors service a total of -±75 growers in the Pongola Mill area and, in total, have had adequate years

of experience. The majority of the contractors responded by saying that they did not have existing committees and that it would be beneficial to have an organised committee. Half of the respondents felt that the divisions between the grower associations would be a hindrance in the formulation of contractor structures, and that there was a lack of working relations with the large-scale contractors.

Table 7: Responses on the adoption of the Code of Conduct for Pongola contractors

Name	Would you want these types of standards to be adopted in your area?	If Yes state your reasons?	If No state your reasons?	Are there standard/s you resonate with the most? list	Are there standards/s you do not agree with? list	What do you think would be a reason for these standards not to work/adopted in your area?	Would you advise contractors in other mill areas to consider	Detail
Paul Zungu	Yes	It will make working with growers efficient	-	1	None	None, they would work	Yes	Would make contractor plan work orderly, contractors can assist each other
Indonsa Contractors	Yes	Will create efficient working relations with growers	-	2,6,8,11	None	Conflict in the area	Yes	This will make growers and contractors to have better relationship.
Bernard Johnstone	Yes	Assist in better communication between contractors	-	8	4	Farms are different	Yes	Create better communication between contractors
Zungu	No	Would encourage business growth	Contractors are difficult to work with in the area	7,12,13	None	Individuals have different goals and objectives	Yes	Working in unity promotes prosperity

Table 7 summarises the responses to questions that referred to the Code of Conduct, which the respondents had to read first. Three respondents said that they wanted these standards and felt that they would assist in providing efficient working relations with growers and better communication between the contractors. The majority stated that there would be no hindrances to these standards being adopted; however, one contractor stated that it would be difficult to work with each other. All respondents believed that having these set standards would assist their businesses and help to build better relations between the growers and contractors.

Conclusion and Recommendations

Contractors in those mill areas that were surveyed showed an interest in getting some level of an organised structures among the contractors within the respective mill areas. The most common reasons why contractors want a formal structure is that committees offer an opportunity to share information, to create unity in working relations, to have working standards and to provide a platform for engaging on setting their prices. The common issues against being formalised included the division amongst growers within the two grower associations, as well as the high competition within the sector. All respondents stated they were willing to adopt the Code of Conduct and they emphasised the fact that these standards would assist in improving the service delivery to the growers, while ensuring contractor unity and business growth.

Appendix 1

CODE OF CONDUCT FOR SMALL-SCALE CONTRACTORS

The Contractor will:

1. recognise the growers as being 'number one' and place their (the growers') interests ahead of their own, accepting that the one main goal of both the contractors and growers is to produce a maximum yield of the highest quality per hectare, whilst using the recommended agronomic practices, at an affordable cost, to enable growers to get a profit for their efforts;
2. accept that the appointment of contractors will be through the grower structures at the beginning of the new crushing season;
3. consult closely with the grower structures on all aspects of the contract work and refrain from imposing their wishes over those of the growers e.g. they will follow a harvesting sequence, as arranged by the growers, and they will not burn more cane than can be cut and delivered to the mill within three days;
4. carry out work, as stipulated by the growers, for an agreed rate of pay. Any changes must be negotiated with the relevant parties in advance;
5. ensure a fair charge for work done, by negotiation, and if need be, to seek external advice e.g from the Economic Advisor for the region;
6. not to accept work that exceeds their competence and that they cannot accomplish satisfactorily and on time; they must ensure that they have well-maintained machinery, well-trained and sufficient labour, as well as enough supervision to satisfy the customers, and they should avoid delays, due to insufficient finances;
7. maintain and keep their machinery fully-serviced, in readiness to be used as requested by the growers and, in cases of the unforeseen, alternative means must be applied, whilst keeping the grower structures informed of the developments;
8. listen carefully to the complaints of the growers and try to correct the matter as quickly as possible;
9. where a customer requires trained labour for high quality work, an effort must be made to meet the growers' demands;
10. as far as possible, the contractor must provide the basic conditions of employment for their labour force;
11. follow the recommendations of the experts in all operations, in order to help growers to make a profit;
12. make use of recommendations from SASRI, as well as other centres of knowledge;
13. ensure that their operations follow the recommended methods, in order to conserve the environment;
14. not to be elected as a representative in the grower structures, in order to avoid any conflict of interest;
15. not to do anything that may harm the relationship with the growers;

16. liaise closely with the grower structures and other relevant support organisations through the MCC;
17. liaise with the mill and the MGB on matters such as estimates;
18. be a member and participate in the activities of the local contractor's association; and
19. avoid any activity that may undermine the good name of the contractor's association.

Functions of the Contractors Committee:

- to develop functional relationships between growers, contractors and other stakeholders;
- to monitor cane deliveries from the field to the mill;
- to encourage diversification in cane contracting;
- to identify the training needs of cane contractors;
- to assist with management of cane contracting services;
- to improve the recoverable value obtained by the SSGs;
- to liaise and communicate with support service providers;
- to establish criteria for contractor selection for various operations; and
- to provide procedures for contractor selection.