

ANALYSIS OF FACTORS AFFECTING FOR TEA BUYERS' LEVEL OF TRUST ON TEA BROKERS

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By
LAKSHIKA PRASADINI RATHNAYAKA

Tea Technology and Value Addition Degree Programme
Faculty of Animal Science and Export Agriculture
Uva Wellassa University of Sri Lanka

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ABSTRACT

The tea sector in Sri Lanka has always been a vital component of the economy. Contribution of Tea Industry to national GDP is approximately around 2 percent. Tea industry is the second largest export income generator in Sri Lanka. Ceylon tea trade possesses some key actors which determine the trading process. Almost 95 percent of total tea sales in Sri Lanka take place through the auction. In the Auction system, four segments are mainly involved as Sellers, Warehouse keepers, Brokers and Buyers. The most important concept to carry out the auction system is trust. The trust between buyer and broker plays a major role in the marketing process of tea and it will enhance the relationship between those two. Trust demonstrates itself in all stages of a relationship from setting up, developing and maintaining through long term. The study was aimed to assess the factors affecting for buyers' level of trust on tea brokers and to identify the major factors affect on buyers' trust. This study was mainly based on the primary data gathered from tea buyers who are regularly purchasing tea through the auction. Data were collected through a structured questionnaire which consist eleven main questions. Random sample of 70 tea buyers were selected and analyzed through Ordinal Logistic Regression and Descriptive Statistics using SPSS software, Minitab and Microsoft excel. Descriptive statistical analysis was applied to determine the frequencies and to perform graphs. Ordinal logistic regression was used to find out the relationship between the trust level and explanatory variables.

According to the results of descriptive statistics highest trust level that tea buyers had given was level 8. As a percentage, it was 28.6 percent of buyers. The least number of buyers had given the trust level as level 10 which explained 1.4 percent. The mean value of the trust level was 6.71. From eight factors which were considered, the Ordinal Logistic Regression reveals that frequency of telephone calls, taking immediate solutions for conflicts, interpersonal relationships, efficiency of services were positively significant for tea buyers' level of trust.

Key words: Tea, Auction, Trust, Tea Buyers, Tea Brokers, Relationship