

Analysis of factors affecting for Tea buyers' level of trust on Tea brokers

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Introduction

The tea industry in Sri Lanka has paramount importance to country's economy. In Sri Lanka, out of total quantity of bulk packaged tea, more than 95% is sold through public auction annually. The main participants of auction system are buyers and brokers. The most important concept, to carry out the business relationship between buyers and brokers is TRUST. All the transactions between buyers and brokers will confirm with the trust before complete the transaction by using monetary terms. In economic terms, trust can be defined as "the belief or perception by one party (e.g. a principal) that the other party (e.g. an agent) to a particular transaction will not cheat" (Paul J. Zak and Knack, 2001). In the case of buyer-broker relationship in the tea industry (relevant to buyers), trust can be defined as a belief of the buyer that the broker will efficiently provide good quality teas without any deceptions, while maintaining the goodwill. Therefore this research was carried out to identify major factors affecting for tea buyers' trust on tea brokers.

Methodology

The selected population for the study was all the tea buyers who are weekly buying tea at the Colombo Tea Auction. The data were collected from a sample of 70 tea buyers selected using Simple Random Sampling technique and ranked according to their export quantity (Sri Lanka Custom Data, 2012).

Data were collected through a questionnaire by individually giving it to the selected sample. The trust was measured by using ten point likert scales. Data were analyzed using Descriptive Statistics manner and based on Ordinal Logistic Regression analysis techniques. Ordinal Logistic Regression is used to predict an ordinal dependent variable given one or more independent variables (Christensen R.H.B., 2011). The SPSS statistical software, Minitab 16 software and Microsoft Excel were used for both descriptive and ordinal logistic regression analysis.

Result and Discussion

Following empirical model was developed to determine the factors affecting for buyers' trust on brokers.

$$Y_j = \alpha_j + \beta_1 RC + \beta_2 RP + \beta_3 CS + \beta_4 CON + \beta_5 COM + \beta_6 EX + \beta_7 IR + \beta_8 ES + \epsilon$$

Where, j = from 1 to the number of trust levels minus 1 = 1 to 9, α_j = Intercept of j^{th} threshold level (threshold coefficient), β_1 to β_8 = coefficient, RC=Relationship Continuity, RP= Reputation, CS=Conflict Solving, CON=Confrontation, COM=Communication, EX= Experience in the industry as a individual person, IR=Interpersonal Relationship, ES=Efficiency of the service and ϵ = error.

Table 1: Estimated values of the Parameters in the fitted Regression Model Parameter Estimate Table

Variable	Estimated coefficient	Significant value
<u>Threshold</u>		
Trust = 3	- 8.496	0.000
Trust = 4	-7.653	0.000
Trust = 5	- 6.245	0.000
Trust = 6	- 5.708	0.000
Trust = 7	- 3.417	0.008
Trust = 8	0.024	0.985
<u>Location</u>		
Relationship continuity	0.070	0.548
Reputation 2	- 1.979	0.167
Reputation 3	0 ^a	-
Conflicts solving 0	2.196	0.007 ***
Conflicts solving 1	0 ^a	-
Confrontations	- 0.378	0.051
Telephone frequency	0.098	0.001 ***
Experience	- 0.212	0.078
Interpersonal relationship 0	- 2.832	0.013 ***
Interpersonal relationship1	0 ^a	-
Efficiency of services 2	- 3.606	0.012 ***
Efficiency of services 3	0 ^a	-

Source: SPSS output * Significant at 5% significant level

Table 1 contains the estimated coefficients for the model. The estimates labeled thresholds are the α_j 's, the intercept equivalent terms. The estimates labeled locations are the coefficients for the predictor variables. According to table 4.5, Reputation (Good), Taking immediate solutions for conflicts (Yes), Having interpersonal relationship (Yes) and Efficiency of the services (Efficient) were dropped to avoid singularity problems in the respond. All these variables were measured relative to the dropped categories. Estimated coefficients are tested by using standard errors and p-values

Conclusion

The results of the study revealed that frequency of telephone calls, taking immediate actions to solve problems, interpersonal relationship and efficiency of service providing were significant factors on

the buyers' level of trust on tea brokers at 5% significant level. Brokers should consider much on significant factors, to increase the buyers' trust level towards them by doing adjustments according to the identified factors. Experience of buyer in the tea industry (number of years in the industry as a buyer) is not affect to their trust on tea brokers. Therefore brokers should consider on all buyers without any differences according their working period in the tea industry. Sometimes though a broker is given more respect and consideration to experienced buyer, some new buyers will trust the broker than old buyer. And when having trust, it is not difficult to continue the business relationship with buyers.

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