

Assessment of Adoption of Fair Trade Quality Standard in the Corporate Tea Sector in Sri Lanka

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In addition to conventional tea production which contributes mainly to the standard industrial tea sector, the percentage of value addition has to be gradually increased to maintain higher end market at profitable levels. It is important that value addition is coupled with other strong consumer requirements and expectations such as environment protection and bio diversity maintenance of eco systems towards combating global warming, offering social responsibility to the workers and beneficial health to consumers, convenience and sensory satisfaction. Obtaining Fairtrade quality standard appeared to be a strategic tool used in value addition of tea industry to compete in the international tea market from which Sri Lanka earns foreign exchange as a main source of export income.

This study examines the factors affecting adoption of Fairtrade Quality Standard (FQS) in the Sri Lankan corporate tea sector. The identification of the constraints for obtaining Fairtrade certificate is also targeted by the study. A questionnaire based study was carried out to collect data from 35 randomly selected tea estates in up country. Multiple Linear Regression was used to identify the factors affecting the adoption of Fairtrade quality standard. Descriptive statistical method was also used to identify constraints in obtaining Fairtrade certificate and adoptability of each standards of Fairtrade.

Results of Binary Logistic Regression reveal that adopting of Fairtrade quality standard in the corporate tea sector is significantly determined by attitude, working experience of the estate manager, revenue of the estate and number of employees in the estate. The most important constraints perceived by the corporate sector tea estates were low market share in global market, lack of finance and unawareness of the workers about Fairtrade. Some of the standards like no child labour, non-discrimination, environmental friendly farming practices and safe working conditions can be observed in most of the estates.

Key words: Adoption, Fairtrade, Quality Standard, Value Addition