

## **Factors Influencing Exporters' Shares on Value-Added Tea Exportation in Sri Lanka**

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Sri Lankan tea exporters face numerous challenges when they reach international-markets. The country has the highest cost structure among major tea producers, lack of market information, intense competition from international players, and insufficient knowledge of trends. Due to this issue, international-market exploration for the 'value-added tea' (VAT) is less and the creativity of new products will not gain the due recognition. This results in profit can be gained from value-addition is a lessen. The study aimed to analyze the factors influencing exporters' shares of VAT exportation, to determine the impact, and propose strategies to improve the country's VAT production and exportation. Ten factors identified from the literature survey and the questionnaire was pretested to collect primary data by selecting 60 VAT export companies registered in Sri Lanka Tea Board representing categories of large, medium, and small using stratified sampling technique. Correlation and multiple-regression analysis were applied to determine the relationship among variables and to estimate its impact on value-addition. The results of the Pearson-correlation analysis showed number of market-destinations ( $r=0.607$ ), international-certifications ( $r=0.594$ ) and skilled-labours in VAT operations ( $r=0.549$ ), adaptation on trade restrictions ( $r=0.544$ ) have strong positive linear relationship with the exporter's share on value addition whilst market and technological approaches ( $r=0.372, 0.432$ ), and company experience ( $r=0.482$ ) have a moderate positive linear relationship ( $p<0.05$ ). Multiple-regression analysis revealed that the number of market-destinations, technological approaches, international-certifications, and adaptations on trade restrictions have significant positive influence on exporters' share on VAT exportation ( $p<0.05$ ). For improving the industry, research and development facilities, VAT production, marketing, and technological strategies should be developed. Government and policymakers should intervene, consider such relationships in planning strategies, and provide training exposure on international-marketing policies, opening up new market avenues, tea promotional campaigns overseas, and strengthening bilateral relationships between tea-importing countries.

**Keywords:** Value-added, Tea, Multiple regression analysis, Tea exporter's share