# The Impact of Tea Small Holdings on Rural Employment (with reference to Imaduwa Divisional Secretariat in Galle District)

M.K.D. Vithanawsam[1]

## 1. Introduction

Tea is one of main agricultural crop as well as commercial crops which contributes substantial percentage of GDP for agricultural sector. According to the elevation, tea planted areas are categorized into three types as high-growing tea (upcountry tea), mid-grown (mid country tea) tea and low-growing tea (low country tea) in Sri Lanka (හඳුන්ගේ, 2019). Mainly there are two types of tea sectors in Sri Lanka. There are large-scale tea plantation sector and small tea holding sector. In Sri Lanka, according to the Tea Control Act, a tea smallholder was a farmer who was cultivating tea less than 10 acres (Thushara, 2015).

Tea industry opens the door to the lots of employment opportunities in the rural sector. It becomes one of largest employer with workforce over 2.5 million. Out from more than 6.4 million rural workers, about 1.8 million are in farm wage employment. The majority of employment in the tea smallholder sector is informal as they are not registered with the Farm Employees Provident Fund or the Inland Revenue Department. Tea Small Holding related jobs can be mainly classified into four categories. They are OWA, Unpaid family worker, Employee and employer. (Food and Agriculture Organizations of the United & Nations (FAO) Sri Lanka, 2018).

## 2. Materials and Methods

The primary data collected by issuing questioner. Secondary data were gathered from the Annual reports published by Central Bank, Tea Small Holdings Development Authority and International Labour Organization of Sri Lanka. Also, secondary data were collected using the internet. Using the SPSS software and MS Excel, the acquired data from this   questionnaire is analyzed and interpretations are made. The demographic profile of the respondents was analyzed using descriptive

[1] Department of Social Statistics, University of Kelaniya
kaushidulanjani@gmail.com

analysis. Pearson's Chi-square test to determine whether there was a relationship between the demographic and working condition factors and the status in employment associate with Tea Small holding sector. Exploratory Factor analysis was used to determine key factors affecting respondents to select an employment in Tea Small Holding.

## 3. Results and Discussion

Based on the findings of the study, majority of the people worked as employee in the Tea Small Holding sector and it is around 42% from the total. And the majority of the employee are field workers. It is nearly 48% of the total. Tea plucking is often done by the female side and they harvested nearly average of 25 – 30 kg of tea leaves per day. As a result of the BLF, 52% of the sample is factory-based employments. Majority of the people are permanently employed in the Tea Small Holding sector and it is about 61%. 29% are temporarily employed. And 10 percent of employments are secondary employment hoping to earn extra income.

65% of the respondents are not engaged in a previous job before entering to the employment in Tea Small Holding sector. It can be predicted that the majority of respondents earn less than 15,000 LKR monthly income. And mostly the employee who worked in the field received monthly income less than 15,000 LKR received the minimum wage rate. People with 5-7 acres of tea land produce more than 350 kilograms of 'leaves'. Existing data which were collected through the questionnaire show that the vast majority of small tea estates are significantly dependent on hired labor. Accordingly, in addition to employers, those with more than 3 acres are dependent on hired labor.

The main objective of this study is to identify the impact of tea small holdings on rural employment. Based on the built-in hypotheses, Pearson's Chi-square test used at 95% confidence level.

Table 1: Relationship between demographic factors and the status in employment associate with Tea Small Holding sector

|  | $H_0$ hypotheses | $\chi^2$ | Significant level | There is reject or not reject $H_0$ hypotheses |
|---|---|---|---|---|
| 01 | There is no relationship between status in employment associate with Tea Small holding sector and Gender | 24.166 | 0.000 | $H_0$ hypothesis is rejected |
| 02 | There is no relationship between status in employment associate with Tea Small holding sector and level of education | 35.579 | 0.002 | $H_0$ hypothesis is rejected |

*Source: Research Data, 2022*

Table 1 shows the values obtained according to Pearson's Chi-square test conducted to test the relationship between status in employment associate with Tea Small holding sector and Gender and level of education. Thus, $0.000 < 0.05$ and $0.002 < 0.05$ are respectively, the $H_0$ hypothesis is rejected at a level of 95% confidence level. Therefore, it shows that there is a relationship between status in employment associate with Tea Small holding sector and demographic factors (gender and level of education)

Table 2: Relationship between working condition factors and the status in employment associate with Tea Small Holding sector.

|  | $H_0$ hypotheses | $\chi^2$ | Significant level | There is reject or not reject $H_0$ hypotheses |
|---|---|---|---|---|
| 01 | There is no relationship between status in employment associate with Tea Small holding sector and income | 33.962 | 0.000 | $H_0$ hypothesis is rejected |
| 02 | There is no relationship between status in employment associate with | 125.696 | 0.000 | $H_0$ hypothesis is rejected |

| | | | | |
|---|---|---|---|---|
| | Tea Small holding sector and average working hours | | | |
| 03 | There is no relationship between status in employment associate with Tea Small holding sector and duration of the employment. | 17.643 | 0.282 | $H_0$ hypothesis is not rejected |

*Source: Research Data, 2022*

According to Table 2, the significant values are 0.000 < 0.05, 0.000 < 0.05 and 0.282 < 0.05 respectively. the $H_0$ hypothesis is rejected at a level of 95% confidence level for first two factors while the $H_0$ hypothesis is rejected for the third factor. Therefore, it shows that there is a relationship between status in employment associate with Tea Small holding sector and income, average working hours. And There is no relationship between status in employment associate with Tea Small holding sector and duration of the employment.

Factor analysis is used for identifying the factors which are influence to select an employment in Tea Small Holding. The KMO test value is 0.596 which is more than 0.5, can be considered acceptable and valid to conduct data reduction technique. Bartlett's Test of Sphericity significant is 0.001 which shows that there is a high level of correlation between variables which make it adequate to apply factor analysis.

Table 3: Rotated Component Matrix

| Rotated Component Matrix[a] | | | | |
|---|---|---|---|---|
| | Component | | | |
| | **1** | **2** | **3** | **4** |
| Lack_of_education | .851 | | | |
| Attractive_Wage_income | .775 | | | |
| Regular_work | .651 | | | |
| Job_freedom | -.580 | | | |
| Comes_from_generations | | .825 | | |
| Experiences | | .733 | | |
| Work_at_nearby_house_or_village | | | .758 | |
| No_alternative_employment | | | .664 | |
| Government_contribution | | | | .920 |
| Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.[a] | | | | |

| a. Rotation converged in 5 iterations. |
| --- |

*Source: Survey Data, 2022*

According to the table 3 all the variables are formally distributed into the four components. The factor loadings after rotation were clustered on the same components suggest: component 1 represents influence in socio-economic and working conditions, component 2 represents the influence in experiences, component 3 represents influence in living area (rural), component 4 represents government influence.

## 4. Conclusions and Recommendations

Tea plays a major role in Sri Lankan economy. In Sri Lanka, according to the Tea Control Act, a tea smallholder was a farmer who was cultivating tea less than 10 acres. Many believe that the future of the Sri Lankan tea industry will largely depend on tea smallholders and their production method. This study was undertaken with main objective of Identify the Impact of Tea Small holdings on Rural Employment. This study was conducted based on the Imaduwa Divisional Secretariat in Galle district. A structured questionnaire was distributed among 91 families with total labour force of 255.

Pearson's Chi-square tests are proved that variables such as Gender, level of education, income and average of working hours have an impact on status in employment associate with Tea Small holding. But the variable, duration of the employment shows that there is no relationship between status in employment associate with Tea Small holding sector and duration of the employment. Through Exploratory Factor analysis, the variables are formally distributed into the four components such as influence in socio-economic and working conditions, the influence in experiences, influence in living area (rural), and government influence. Descriptive analysis proves that the Tea small holding related employment covers nearly one third of the rural employment. Therefore, there is a high impact in tea small holdings on rural employment.

At present the government has lifted the ban on fertilizer and imports tea fertilizer. But the price of those fertilizers is too high for tea smallholders to afford. For this, the government should take immediate action and provide a fertilizer subsidy to farmers. Furthermore, the smallholder tea grower can be retained in the industry by paying compensation for crop damage caused

to crops due to the lack of fertilizer so far. There are also women who have made tea smallholdings their main source of income. Rural women should be empowered through enhancing their access to financial services, women entrepreneurship and access to their training and skills development opportunities to encourage productive employment.

Today, Sri Lanka is highly literate. Due to this many people are moving from the agricultural sector to the industrial and service sector for employment. As a result of that, the small tea estate sector is facing a severe labor shortage. As a solution to this, the government should take the initiative to create a structure to create a skilled workforce at the local level with the support of those involved in the tea sector. Skills development, vocational training and attractive incentive programs should be promoted among the unemployed youth with regard of the small tea industry. These programs should cover workplace topics such as the use of modern technology in production, sustainable farming practices, value-added processing of tea, and tea tourism.

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