

Supplier Relationship Quality of Raw Milk Procurement in Monaragala District with Reference to a Dairy Company

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Dairy sector has a high potential to contribute for economy as a major subsector of livestock composed with Sri Lankan agriculture. Relationships among stakeholders in dairy supply chain are required to continue it effectively and raw milk procurement is the initial step. Relationship in between dairy farmer and processor (dairy processing company) which comprises of three aspects of satisfaction, trust and commitment crucially influences for the step. Therefore, the study was conducted to assess the quality of supplier relationship of raw milk procurement in Moneragala district, by analyzing determinants of quality of relationship, farmers' attitude on the effectiveness of farmer societies managed by processor and constraints of the raw milk procurement. A field survey was conducted for data collection using pre-tested questionnaire from randomly selected 98 dairy farmers. Descriptive statistics, principal component analysis, linear regression and Garrett ranking method were used in data analysis. According to the result, farmer reliability & satisfaction on price, farmer orientation, management image, attitudes on locality, equity of the company, satisfaction about communication & services, using fixed price girds and long term expectation of the farmers were extracted as determinants. Farmer orientation was an imperative determinant. Dairy farmers believed that, even farmer societies are unable to offer farmers' requirements sufficiently to develop their dairy production, they are more beneficial and effective tool to empower livelihood. Furthermore, low farm gate price, high cost of the feed, lack of finance to purchase and maintain high yielding breeds and low attention due to small scale dairy farming were identified as the major constraints. Thus, processor should built and maintain higher quality of supplier relationship as a companion by helping the farmers to overcome their constraints.

Keywords: Dairy farmers, Milk procurement, Moneragala district, Sri Lanka, Supplier relationship quality