

## Article

# Relationships between International Buyers and Farmers: Insights from Tonga's Vanilla Industry

Sisikula Palutea Sisifa<sup>1</sup> , Christina Stringer<sup>1</sup>

<sup>1</sup> The University of Auckland Business School, New Zealand

Keywords: buying firm, social capital, tongan vanilla industry, global value chain

<https://doi.org/10.46697/001c.19417>

## AIB Insights

Vol. 21, Issue 1, 2021

Integration into value chains is a vital step for Tonga to achieve its development aspirations. Despite several geographical constraints, Tonga is the eighth largest global producer of vanilla. Tongan smallholder vanilla farmers are being integrated into value chains through two regional lead firms. This study examines this integration process and highlights how international buying firms could adopt culturally sensitive engagement practices to strengthen their connections with farmers. In particular, the study highlights the pivotal role of women in the pollination process and, by extension, in the expansion of the vanilla sector.

## INTRODUCTION

Tonga, a small island nation in the Pacific Ocean, faces several constraints in integrating into global value chains (GVCs) – a vital step for the country's development aspirations. Tonga has a narrow export base dominated by subsistence agricultural production. The country's advantages in growing vanilla, despite its geographic remoteness, diminishing arable land, and the lack of economies of scale, are not widely known. Tonga is the eighth largest producer of vanilla globally (Food and Agriculture Organization, 2020). In recent years, the presence of two regional lead firms, Heilala Vanilla and Queen Fine Foods, from New Zealand and Australia, respectively, has helped integrate Tongan smallholder farmers into GVCs.

Integrating into GVCs is not a straightforward process. This article discusses the relational dynamics between two lead firms and smallholder farmers in the vanilla industry in Tonga. In particular, we explore how farmers define relationships and the related implications for buyer engagement strategies. We also discuss the importance of women in developing this industry. This study draws on 25 *talanoa* sessions and semi-structured interviews with growers, agricultural experts, and other key stakeholders in Tonga and New Zealand. *Talanoa* is a widely used Pacific qualitative methodology that recognizes the cultural values, norms and traditions that are intrinsic to Pacific Island participants. In the Tongan context, *tala* means to tell or inform as well as enquire and apply. *Noa* means without thought or of no value. *Talanoa* centers the participant and gives them the power to define the issue at the heart of the encounter, and therefore yields authentic responses. It “allows people to engage in social conversation which lead to critical discus-

sions or knowledge creation that allows rich contextual and inter-related information to surface as constructed stories” (Vaiola, 2006: 24).

## GLOBAL VALUE CHAINS AND INTEGRATION

The GVC framework is an analytical approach that focuses on interfirm networks. GVCs can be examined through two contrasting perspectives, global (top-down) and local (bottom-up). The first encompasses three key dimensions of the GVC framework (the input-output structure, governance, and geography). In contrast, the bottom-up perspective focusses on how producers can achieve greater value through economic upgrading – the shifting to higher-value activities – and the key role of stakeholders in this process. It also focuses on the local institutional context in which the GVC is embedded for access to key inputs that promote (or hinder) growth, including labor and other resources (Fernandez-Stark & Gereffi, 2019).

While economic upgrading has received significant attention in the GVC literature, and to a lesser degree social upgrading, these are not the only forms of upgrading. Fernandez-Stark & Gereffi (2019: 61) viewed entry into the value chain as being “the first and one of the most challenging upgrading trajectories”, particularly for smallholder farmers who face several constraints in participating in GVCs and in establishing relationships with buyers. Gaining market access can affect the overall development of a competitive, inclusive value chain. Bamber & Fernandez-Stark (2012: 7) highlighted that “establishing an ongoing relationship between the producer and the buyer, is a critical factor in the inclusion of small producers in the value chain.” Moreover, the literature has generally overlooked

a Corresponding author: [s.sisifa@auckland.ac.nz](mailto:s.sisifa@auckland.ac.nz)

the role of gendered dynamics within GVCs (Barrientos, 2019). In the smallholder agricultural sector, women have traditionally been relegated to a “subordinate position” (Barrientos, 2019: 104); however, there is increasing recognition of their essential role in this sector and in laying the foundation for integration.

Research on Pacific Island agricultural value chains has increased in the past decade (Bryceson & Ross, 2020; Singh, 2015). Singh (2015) has highlighted that farmers need to become integrated into international markets. However, a notable gap in this literature relates to how relationships between farmers and buyers are established and maintained. Therefore, we examine farmers' incorporation into GVCs and, in particular, their definition of their relationships with buyers. We argue that this understanding can lead to more effective engagement practices from buyers and to enhancing the competitiveness of the value chain.

## VANILLA INDUSTRY IN TONGA

Approximately 420 Tongan households participate in different stages of the vanilla cultivation process (Participant 18). Growing vanilla is a labor-intensive process because the orchid is pollinated by hand. Hand-pollination, an intricate process, requires precision and speed and must occur within 12 hours of the flower's opening. Tongan women are vital in this process since they possess the necessary skills, whereas men tend to find the process cumbersome (Emberson-Bain, 1998). One vanilla farmer described the importance of women in growing vanilla: “*Ka loto'aki pe e fafine ha ngaue ke fai ko ene lava ia*” (“When women are committed to doing something – the work will be done”; Participant 24). He attributed the success of his vanilla plantation to the determination and commitment of his wife and daughters. He, himself, had lost patience with growing vanilla.

However, conventional gender roles restrict women's engagement in vanilla farming since the situation in Tonga has long been that “cultural values continue to portray most agricultural jobs (especially jobs that are perceived as *ngaue* [work] that is – dirty, sweaty, and heavy work) as inappropriate for women” (Emberson-Bain, 1998: 52). Men are considered the laborers of the land, whereas women are considered carers and social navigators who seek to advance their family's social standing. Women use certain forms of cultural capital, such as *ngatu* (decorated bark cloth) and mats, along with income earned, to meet the expectations of their society and church and thus advance their family's social standing (Food and Agriculture Organization, 2019; Nelson & Fukofuka, 2016).

Some women adopted traditional weaving techniques to enhance the speed and accuracy of vanilla pollination – which is crucial for ensuring a consistent supply of quality vanilla beans. The weaving skills are learned, fostered, and shared in woman's village weaving groups. The adoption of traditional weaving techniques to improve vanilla pollination highlights the importance of women in this process. Despite the gender biases associated with agricultural work, recognizing women's potential to advance their economic identity by participating in vanilla production and the opportunities for labor mobility is empowerment in itself. Women in Niue and Samoa have been instrumental in pro-

moting and developing their respective vanilla industries by creating community-based groups such as Niue Organic Farmers Association and Women in Business Development Incorporated (Sisifa, Ofe-Grant, & Stringer, 2019).

## INTEGRATION INTO GVCs: THE IMPORTANCE OF RELATIONSHIPS

Heilala Vanilla and Queen Fine Foods have been instrumental in creating opportunities for Tongan vanilla farmers. Heilala Vanilla, a family-owned business, began as an aid project after cyclone Waka in 2002 (Heilala Vanilla, 2020). It sources vanilla beans from its plantation on land leased from a local family in Vava'u, Tonga. The beans are exported to New Zealand for processing and packaging. Heilala Vanilla sells its products domestically and also exports to North America, Europe, and Asia. In 2019, the company worked with 217 smallholder farmers in Tonga (Heilala Vanilla, 2020).

Queen Fine Foods sources beans from Tonga, Papua New Guinea, and Madagascar, and sells its products in the Asia-Pacific region. Originally an Australian family business, it was acquired by the German company Dr. Oetker in 2015. In 2013, the company initiated a vanilla rehabilitation program to help farmers reclaim dormant vines and restore them to productive levels. According to Sam Himstedt, who helped pioneer the program, “the incentivised program acknowledges it takes time and effort to bring vines back up to international production standards. Growers can therefore be assured of a purchase commitment from Queen at the beginning of the season, well before vanilla beans are harvested” (Ministry of Information & Communication, 2013: 1). The company assisted in forming the Vanilla Growers Association of Vava'u and then worked with it to obtain Fairtrade certification. Currently, Queen Fine Foods engages with nearly 120 vanilla farmers.

In 2013, the two companies were observed to be engaged in a “trans-Tasman scrap” (Field, 2013: 1). Queen Fine Foods introduced a five-year supply contract with 257 farmers, purchasing beans for TOP\$13 (US\$7.50) per kg (Food and Agriculture Organization, 2018). Heilala Vanilla, in turn, offered growers a higher price (TOP\$25/US\$14.43 per kg), thus instigating a price war (Food and Agriculture Organization, 2018). At the time, the global market price for vanilla was approximately TOP\$58.32 (US\$33.66) per kg (Fona Fona International, 2017). Queen Fine Foods responded with public service announcements threatening legal action against farmers who broke the terms of their contract by selling vanilla beans to Heilala Vanilla. The Tongan government, in turn, threatened Heilala Vanilla with legal action for paying farmers too much (Food and Agriculture Organization, 2018).

Critical to the success of inclusion in GVCs is the fostering of ongoing relationships between farmers and lead firms. For Tongan farmers, this means *tauhi vā* (maintaining relationships) and *tauhi vaha'a* (relatedness). These important cultural values yield insights into how farmers engage with lead firms. Practices that underpin these values include recognizing the interconnectedness of different *vā* (relationships) and collectively committing to, or taking re-

sponsibility for, nurturing the relationships between key parties.

The uneasy relationship between the buyers and the limited consideration of farmers' voices heightened the farmers' lack of confidence in their ability to sustain a relationship with buyers. One farmer stated, "there has to be some security for the *kautaha* [buyer] because they invest a lot, and they want good beans so they can sell them. But they have to listen to us. Talk to us, meet with us, they have to tell us how and why they do things and work with us" (Participant 5). Another informant shared, "we may not know business, but we know vanilla and if they want good vanilla, then they should listen to our needs so that we can give them good beans" (Participant 12). Further, "you know, when the buyer gives good prices and take care of the farmers, they [farmers] will do their best to return the deed by giving steady and quality supply. It is a give and take – everyone benefits in the *vā*" (Participant 21).

Very little eventuated in the price war between the two lead firms at a formal level. However, farmers voiced their ongoing mistrust about whether they would receive a "fair" price from Queen Fine Foods. In particular, they viewed Queen Fine Foods as not doing enough to establish trust and rapport. One farmer explained, "you know the contract, we know what that is, we have experience, but the *vā* [is] more than a piece of paper – it is in the day-to-day stuff when you talk to them [buyer] and see them at the *fakataha* [village meetings]" (Participant 8).

## IMPLICATIONS FOR BUYERS

Small-scale farmers in agricultural societies such as Tonga are defined by social interdependence, which means that farmers and buyers should have strong sociocultural relationships outside the exchange network (Viswanathan, Sridharan, Ritchie, Venugopal, & Jung, 2012). Such relationships provide a form of social capital that informs market activity and cements informal, yet important, social relationships. Socially-embedded market networks are reinforced by these social interconnections. Buyers must understand and work with these dynamics to better engage farmers in upgrading trajectories.

Understanding the cultural nuances and practices for maintaining relationships is critical to successfully incorporating Tongan vanilla farmers into value chains. We found that farmers consider the way buyers *tauhi vā* as a measure of their trustworthiness. *Tauhi vā* is a reciprocal activity in which parties engage in meaningful exchanges and a mutual performance of responsibilities and obligations, thus nurturing, strengthening, and maintaining their *vā*. As a concrete example, farmers perceived buyers' physical presence at village meetings and information sharing as practices that would strengthen their *vā* with the buyer firms.

While cultural norms traditionally have hindered the economic empowerment of Tongan women, growing vanilla presents them opportunities to transform their economic identity. For example, Heilala Vanilla provides women with ongoing training in both vanilla production and value-added processes, and more importantly, opportunities for labor mobility. It has pledged that it will employ 200 women in Tonga by the end of 2021. Buyers should take proactive

measures for engaging and working with women to help further develop the vanilla industry in Tonga.

Since vanilla is a high-value product, ensuring its consistent supply and quality is crucial for developing a competitive value chain; to this end, accurate information and commitment from buyers is required. The Tongan government has long struggled with capacity in extension services, which are vital to ensuring sustainable, realistic supply contracts between farmers and buyers. Thus, buyers' sustained commitment to creating trust-bearing relationships with farmers is imperative to developing a competitive, sustainable value chain.

The key message of this study is that to ensure that smallholder farmers in Tonga are incorporated into value chains, lead firms must understand and consider their cultural framings of relationships and the practices that foster trust. Thus, lead firms need to adopt more culturally nuanced engagement strategies, which would help them to cultivate trustworthy relationships with farmers. Buyers should employ actions that encourage visibility, community presence, and information sharing with local stakeholders. To enhance the overall competitiveness of the vanilla value chain, policy enhancements that promote women's participation and encourage inclusive, culturally sensitive engagement practices should be implemented together to improve the development outcomes for Tongan farmers.

## ACKNOWLEDGEMENTS

We thank our interviewees for participating in this study and sharing their insights and experiences with us. This research was funded and supported by The University of Auckland Faculty Research Development Fund (3712527).

## ABOUT THE AUTHORS

**Sisikula Sisifa** is a Professional Teaching Fellow, in the Department of Management and International Business, the University of Auckland Business School, New Zealand. Her research focuses broadly on development practice in the Pacific. Sisikula received her PhD from The University of Auckland Business School, where she examined project management practices in aid projects in Tonga.

**Christina Stringer** is an Associate Professor in International Business at the University of Auckland Business School, New Zealand. Her research focuses on labor and human rights abuses in global value chains. She has published on the topic in a range of journals including *Environment and Planning A*, *Global Networks*, *Journal of Economic Geography*, *Journal of Management Inquiry*, and *Marine Policy*.

Submitted: October 13, 2020 EST, Accepted: February 03, 2021 EST



This is an open-access article distributed under the terms of the Creative Commons Attribution 4.0 International License (CC-BY-4.0). View this license's legal deed at <http://creativecommons.org/licenses/by/4.0> and legal code at <http://creativecommons.org/licenses/by/4.0/legalcode> for more information.

## REFERENCES

- Bamber, P., & Fernandez-Stark, K. 2012. *Strengthening the competitiveness of the stevia value chain in Paraguay*. Durham, NC: Duke Centre on Globalization, Governance and Competitiveness.
- Barrientos, S. 2019. *Gender and Work in Global Value Chains – Capturing the Gains?* Cambridge: Cambridge University Press.
- Bryceson, K. P., & Ross, A. 2020. Habitus of informality in small scale society agrifood chains – filling the knowledge gap using a socio-culturally focused value chain analysis tool. *Journal of Asia Pacific Economy*, 25(3): 545–570.
- Emberson-Bain, A. 1998. *Country briefing: Women in Tonga*. <https://www.adb.org/sites/default/files/institutional-document/32602/women-tonga.pdf>.
- Fernandez-Stark, K., & Gereffi, G. 2019. Global value chain analysis: A primer. In S. Ponte, G. Gereffi, & G. Raj-Reichert (Eds.), *Handbook on Global Value Chains* (2nd ed.): 54–76. Cheltenham: Edward Elgar Publishing.
- Field, M. 2013. No sweetness in ANZAC vanilla war. *Stuff*. <http://www.stuff.co.nz/business/9217911/No-sweetness-in-Anzac-vanilla-war>.
- Fona International. 2017. *Special Report – Vanilla: Navigating the perfect storm*. [https://www.fona.com/wp-content/themes/fona/migrated-files/VanillaSpecialReport\\_0617\\_2.pdf](https://www.fona.com/wp-content/themes/fona/migrated-files/VanillaSpecialReport_0617_2.pdf).
- Food and Agriculture Organization. 2018. *Contract breakdown and conflict resolution. The case of vanilla in Tonga*. <http://www.fao.org/in-action/contract-farming/training/module-4/case-study-vanilla-in-tonga/ar/>.
- Food and Agriculture Organization. 2019. *Country gender assessment of agriculture and the rural sector – Tonga*. <http://www.fao.org/3/ca6864en/ca6864en.pdf>.
- Food and Agriculture Organization. 2020. *Production statistics*. <https://knoema.com/FAOPRDSC2020/production-statistics-crops-crops-processed?item=1001030-vanilla>.
- Heilala Vanilla. 2020. *2020 Impact Statement*. [http://cdn.shopify.com/s/files/1/0342/2188/3530/files/334\\_HV\\_Impact\\_Statement\\_2020\\_29th\\_Sept.pdf?v=1604877389](http://cdn.shopify.com/s/files/1/0342/2188/3530/files/334_HV_Impact_Statement_2020_29th_Sept.pdf?v=1604877389).
- Ministry of Information & Communication. 2013. *Queen vanilla certificate course – Tonga vanilla gets a fair deal*. <http://www.mic.gov.to/ministrydepartment/14-govt-ministries/agriculture-forestry-food-a-fisheries/4394-tongan-vanilla-gets-a-fair-deal>.
- Nelson, C., & Fukofuka, S. 2016. *Technical Report: Gender analysis – Tongatapu, Kingdom of Tonga, Pacific Horticultural and Agricultural Market Access (PHAMA) Program*. <https://pafpnet.spc.int/attachments/article/622/PHAMA%20TR%20Gender%20Analysis.pdf>.
- Singh, R. 2015. Key issues in Pacific agriculture and value chain analysis. *Journal of South Pacific Agriculture*, 18(1): 6–10.
- Sisifa, S., Ofe-Grant, B., & Stringer, C. 2019. *Opportunities to improve vanilla value chains for small Pacific Island Countries*. Auckland: New Zealand for Pacific Research.
- Vaiola, T. 2006. Talanoa research methodology: A developing position on Pacific research. *Waikato Journal of Education*, 12: 21–34.
- Viswanathan, M., Sridharan, S., Ritchie, R., Venugopal, S., & Jung, K. 2012. Marketing interactions in subsistence marketplaces: A bottom-up approach to designing public policy. *Journal of Public Policy & Marketing*, 31(2): 159–177.