



# The Importance of Community Involvement for Small Farmers in Hawai'i

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Small farmers are an integral part of the farming economy and the local community in Hawai'i. This paper examines the corporate social responsibility (CSR) activities of a selected group of small farmers in Hawai'i and identifies how CSR activities and community-focused marketing strategies are having a positive effect on business performance.

Niehm & Swinney (2008) identified several dimensions of CSR that relate to this study. They include 1) the firm's commitment to community; 2) the reciprocal relationship between residents and businesses in a community (community social capital); 3) community support, what the business gives back to the community (Aram 1989, enlightened self-interest model); and 4) sense of community (owner's perception of community needs and owner's satisfaction from living in the community).

This qualitative study is based on structured, face-to-face interviews of five farmers and the president of a nonprofit community organization whose mission is to promote a sustainable community plan for a community on O'ahu where several of the farmers live and work. Every farmer attempted a form of CSR activity, although they had different views of what qualifies as CSR. Although not directly asked in the interviews, the farmers shared examples of the reciprocal relationships they had with residents. Interviews also uncovered a trend of direct-marketing strategies that included direct sales to consumers at farmers' markets and direct sales to restaurants that reinforced ties with the community.

## Definitions of Small Farmers, CSR, and Direct Marketing

Based on the USDA (2013) definition of a "small farm," most farms in Hawai'i are considered small because they are less than 99 acres in size and have gross sales below \$250,000 (see Table 1). In fact, according to 2012 statistics, the average yearly income per farm in Hawai'i is \$6,282 (Census of Agriculture 2016). In contrast, when medium-sized and large corporate farms are included, agriculture adds \$2.9 billion to Hawai'i's economy (Hawai'i Department of Agriculture 2013).

"Corporate social responsibility" describes businesses' and their stakeholders' mutual concern for each others' well-being and for their shared environment (Dahlsrud 2008; Niehm, Swinney, & Miller 2008). CSR

**Table 1. Farm Sizes in Hawai'i**

Farms by size (% of total farms)	2002	2007	2012
1 to 99 acres	91.9	93.8	92.2
100 to 499 acres	5.0	4.1	5.2
500 to 999 acres	1.1	0.6	0.8
1000 to 1,999 acres	0.8	0.7	0.7
2000 or more acres	1.2	0.9	1.1

is important to every business as it develops a relationship with stakeholders and can make or break a business, particularly for small farmers. Small farmers usually have direct interactions with their customers through farmers' markets and/or through selling their produce directly to restaurants. By nurturing stakeholder relationships, small farmers can capitalize on this competitive advantage they have over large commercial farmers with far-reaching markets but weaker interpersonal relationships.

Direct farm marketing involves selling a product or service directly to the consumer (Sharp & Riggs 2004). This trend enables farmers and those in agri-tourism to find new ways to market their products, reach more customers, and increase profits by avoiding a middleman.

## Findings

**Interviews.** Five farmers were interviewed for this pilot study. The purpose of the study was to increase understanding of CSR activities of small farmers in Hawai'i. Table 2 presents demographic characteristics of the farm owners and their businesses, identifies CSR activities, and categorizes marketing strategies by type of farm. All of the farmers thought that CSR was an important business practice, and they all also implemented some type of direct marketing methods in order to increase

sales and profitability of their products.

The first farmer interviewed has been in business for 45+ years. He primarily grows salad greens and sells them through farmers' markets. He sells some value-added products as well, such as vegetable juice and sushi. By selling these value-added products directly to customers at the farmers' market, the farmer increases his profits. With respect to CSR activities, the farmer prefers to donate his products rather than his time. He values the community greatly, and by selling his products at farmers' markets, he is able to develop relationships with members of his community.

The second interview was conducted with a farm owner who also primarily grows salad greens. This farm had not been in business quite as long as the previous one, yet this farm was larger and the owner appeared more successful. The owner attributes his success to his strategy of niche marketing and selling his produce directly to high-end restaurants. This marketing strategy creates a strong and positive symbiotic relationship between the two parties because both parties mutually benefit from the relationship. The restaurants can showcase a high-quality "made in Hawai'i" product, and the farmer is able to receive higher profit through bypassing a middleman and having more control over delivery of

**Table 2. Farmer Demographics**

Farmer	Years in business	Type of farm	CSR Activity	Marketing Practices
Interview #1	45	Salad greens	Donates products	Sells value-added products/ sells at farmers' market
Interview #2	33	Salad greens	Donates products/ offers mentorship/ conducts fundraisers	Sells specialty product directly to restaurants
Interview #3	1	Egg farm	Provides on-the-job training	Sells specialty product directly to restaurants and specialty stores
Interview #4	7	Mushroom farm	Donates products	Sells specialty product directly to restaurants/sells value-added products on farm
Interview #5	6	Agri-tourism	Offers educational tours for youth	Runs a café/sells products at tour site

high-quality produce to a more limited audience. This farmer also values his community and gives back in a variety of ways. He mentors newcomers, donates to different university events, and even helps fundraise for his community. The owner has a strong sense of pride in his community since he was born and raised in the community where his farm is located.

The third farmer interviewed works on a specialty egg farm owned by foreign investors. At the time of the interview, the Hawai'i farm was just under a year old. The owners bought an existing poultry farm that had been in business for 46 years and turned it into a niche-market egg farm. This is not an ordinary egg farm; the eggs cultivated at this farm are considered an Asian delicacy. In Asian culture, many dishes require that eggs be served raw, and this farm produces eggs that can be served in this traditional manner. They direct-market their eggs to specialty Asian grocery stores and to eco-conscious restaurants. Some confusion was encountered when it came to the egg farmer's understanding of what constitutes a CSR activity. This farmer identified providing a quality product to customers and training of employees as the businesses' CSR activities, but the two activities are not typically viewed as CSR activities (Dahlsrud 2008). Since this farmer came from another country and the farm had been in operation for less than a year, the farm operator probably had not had sufficient time to build a network of relationships in the community that could have led to participation in more traditional CSR activities.

The fourth interview was with a mushroom farmer. This farm grows organic Portobello mushrooms and has been in business for seven years. In terms of direct marketing, this farm sells directly to restaurants. The farm also adds value to its generic Portobello mushrooms by selling a value-added product (marinated mushrooms) directly from the farm. Because this mushroom farm is small and operates on a small profit margin, the farmer does not usually donate money to community groups. However, this farmer offers free composting materials harvested on the farm.

The fifth interview was with an agri-tourism business. The farm offers tours of the grounds and has a café located onsite with the majority of featured menu items grown on the farm. This farm has built an entire business model around direct-marketing techniques of

selling farm produce at the tour site and selling value-added products through its café. The farm also provides a valuable service, particularly to children in the community who may have never spent time on a farm before. As part of the educational tour, participants are encouraged to plant a vegetable seedling in a container to take home. As the tour participants see the local vegetables and fruits growing in the fields, they learn about the nutritional benefits of eating locally grown produce and how buying local helps small farmers continue to thrive in Hawai'i.

### Impact

**Community to Small Farmers.** Agricultural businesses tend to have generational ties to their community that lead to support of their local community (Besser 1999). By selling at farmers' markets and directly to restaurants, the farmers in this study have established a reciprocal relationship with their customers. The CSR literature identifies the nature of this relationship as one based on trust, commitment, reciprocity, and a sense of shared vision (Tsai and Goshal 1988, Coleman 1990). Almost every farmer interviewed stated that they did not perform CSR activities with self-interest in mind. Of importance is that findings from previous studies found that firms with a higher sense of community social values were more likely to report positive perceptions of business success (Besser and Miller 2001, Niehm and Swinney 2008).

The final interview was with the president of a nonprofit grassroots organization whose mission is to protect one of the few remaining agricultural valleys on O'ahu. The president was able to engage community members through dialogue in a sign-waving campaign that educated the public about the landowner's plans to urbanize their valley. The campaign generated so much community support that the landowner decided to negotiate more favorable lease agreements with the farmers and to postpone urban development of the valley.

**Farmers to Community.** Small farmers are using direct marketing to increase prices received and revenues and are using the unique and strong relationship they have established with their customers in order to increase profits. Each farmer interviewed attempted some form of direct marketing and/or value-adding activity.

## Conclusion

The farmers interviewed in this study are raising vegetables and eggs primarily for local consumption. This study met its objective of increasing understanding of the CSR activities engaged in by small farmers on O'ahu. All of the farmers interviewed give back to the community in a variety of ways. The longer the farm was in business, the more the farmer was able to go beyond donating money or products to community groups. This finding is supported by Besser (1999) in her study of small-town business operators. The more experienced and educated farmers were able to provide volunteer leadership on agricultural boards and mentorship to new farmers. Cultural values also played a role in how a farmer defines CSR, as exemplified by the egg farmer who considered the training of workers as a form of giving back to the community. The farmer explained that the training he provided to his workers was his way of supporting the community.

Small farmers rely on community members to support their operations, especially in the early years in business. All of the small farmers interviewed spoke with pride about living and working in their community. The CSR literature calls this "sense of community." Niehm and Swinney (2008) studied a national sample of U.S. small rural family businesses and found that commitment to community, community support, and sense of community collectively contributed to a positive perceived sense of business success. The farmers interviewed in this study were proud of the actions they took to improve their communities; some were even disappointed that they could not do more for their community. This sentiment shows how much these small farmers value the community that supports them.

## Implications

For small farmers, community members are also stakeholders because the community benefits when the farmers engage in CSR activities. Practitioners who work with small farmers can add CSR activities as a strategy for these farmers to view CSR as a value-added component that enables them to compete with larger farm operations by increasing sales within a local base. The study also provided insights into the value of community relationships (social capital) that these farmers have established over time (mutual trust, commitment, and loyalty with residents). With the help of a non-profit group skilled in

grassroots campaigning, one group of farmers was able to leverage their social capital to persuade a landowner to withdraw plans for residential development of farmlands in their community. Small farmers can protect land dedicated to agriculture in Hawai'i by partnering with professionals skilled in civic engagement. USDA's rural development centers can be a resource for webinars and consultation addressing these kinds of community issues.

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