ARTEFACTUM

ORGANIZATIONAL STRATEGY AND CONFLICT RESOLUTION IN AGRIBUSINESS: A CASE ON PARAGUAYAN TOBACCO PRODUCER NEGOTIATION

Estratégia organizacional e resolução de conflitos no agronegócio: um caso sobre a negociação com produtores de tabaco no paraguaio

Estrategia organizacional y resolución de conflictos en agronegocios: un caso sobre la negociación con productores de tabaco paraguayos

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ABSTRACT
This case study on contractual disputes among local producers of Virginia (Flue-Cured) tobacco in Paraguay explores the challenges the crop presents for generic name-type companies that invest in the physical, technical, and financial structures required to introduce it to a region where it is currently unknown. Through an analysis of the disputes presented by this crop to the producers who contracted with the agribusiness company, many strategies that have been implemented by the company in order to bring an end to these disputes and regain the trust of its producers, such as the renegotiation of the price of the leaf, the legal education of the producers, community mediation and the incentives for loyalty offered by the company, the conclusions reached in this case study reinforce the need to incorporate into agribusiness negotiations not only legal awareness on the part of the producers, but also transparency and collaboration between the parties in order to establish agreements that are mutually beneficial and sustainable.

Keywords: contract breach, agribusiness negotiation, trust-building, conflict resolution, Paraguay tobacco producers.

RESUMO
Este estudo de caso sobre disputas contratuais entre produtores locais de tabaco da Virgínia (Curado com Chaminé) no Paraguai explora os desafios que a cultura apresenta para empresas de nome genérico que investem nas estruturas físicas, técnicas e financeiras necessárias para introduzi-la em uma região onde atualmente é desconhecida. Por meio da análise das disputas apresentadas por essa cultura aos produtores que contrataram com a empresa agroindústria, muitas estratégias implementadas pela empresa para pôr fim a essas disputas e reconquistar a confiança de seus produtores, como a renegociação do preço da folha, a educação jurídica dos produtores, Mediação comunitária

e os incentivos à lealdade oferecidos pela empresa, as conclusões alcançadas neste estudo de caso reforçam a necessidade de incorporar nas negociações do agronegócio não apenas a consciência jurídica por parte dos produtores, mas também a transparência e a colaboração entre as partes para estabelecer acordos mutuamente benéficos e sustentáveis.´

Palavras-chave: violação de contrato, negociação de agronegócios, construção de confiança, resolução de conflitos, produtores de tabaco do Paraguai.

RESUMEN
Este estudio de caso sobre disputas contractuales entre productores locales de tabaco Virginia (Curado con Llamina) en Paraguay explora los retos que presenta el cultivo para las empresas de tipo genérico que invierten en las estructuras físicas, técnicas y financieras necesarias para introducirlo en una región donde actualmente es desconocido. A través del análisis de las disputas presentadas por este cultivo a los productores que contrataron con la empresa agroindustrial, se han implementado muchas estrategias que la empresa ha implementado para poner fin a estas disputas y recuperar la confianza de sus propios productores, como la renegociación del precio de la hoja, la formación legal de los productores, La mediación comunitaria y los incentivos para la lealtad ofrecidos por la empresa, las conclusiones alcanzadas en este estudio de caso refuerzan la necesidad de incorporar en las negociaciones agroindustriales no solo la conciencia legal por parte de los productores, sino también la transparencia y colaboración entre las partes para establecer acuerdos mutuamente beneficiosos y sostenibles.

Palabras clave: incumplimiento de contrato, negociación agroindustrial, construcción de confianza, resolución de conflictos, productores de tabaco paraguayos.

1 INTRODUCTION

The operations of agribusiness ventures in emerging economies are often complex because agreements between companies and farmers must include not only contractual terms but also measures to build trust as part of a broader strategy. This case study follows the development of a Paraguayan agribusiness company, referred to here by the generic name “company” for compliance and ethical reasons, which attempted to introduce Virginia (Flue-Cure) tobacco into a region with no prior experience of this variety. The company began its activities in 1999, with the main objectives of developing Virginia tobacco production to supply the local cigarette market and avoiding dependence on tobacco imports from other Latin American countries, as experienced by most agribusiness companies in Paraguay.

This is the background for the case studied here. A Paraguayan agribusiness began producing Virginia (Flue-Cured) tobacco in an area where this variety was not well known. The company from which this case study originates built up a series of drying barns, in addition to a storage plant. Large amounts of financial resources were also made available to repay part of the harvest to the producers who worked the land. As stated earlier, the producers were chosen because they already had experience with other kinds of tobacco, possessed land, and had family members willing to work during the harvest. The producers entered into contracts with the company, which stipulated that they would exclusively produce and sell this tobacco variety. The agreements signed with the producers included a condition that they would deliver a portion of the harvest to repay the financial resources the company had invested in them, and the company would pay the remaining portion in cash.

The research problem addressed in this study is the conflict between contractual enforcement and trust in agribusiness negotiations. The case of the analyzed company shows that, by relying on formal contracts to secure its interests, it encountered producers interested in short-term gains rather than honoring their commitments in the long run. This is the classic problem of negotiation between two parties, analyzed by Lax and Sebenius (1986), who distinguished between creating value and claiming value, and by Fisher and Ury (1981), who analyzed how trust is generated in such negotiations.

In summary, this introduction outlines a single case study of a Paraguayan agribusiness attempting to establish production of Virginia (Flue-Cure) tobacco in a region where this crop was not previously grown. The study explores the events and negotiations of this attempt and examines them in the light of relevant theoretical material from the fields of negotiation and organizational studies. The study is relevant to agriculture, business, negotiation, and organizational studies. It reports the experience of a single company in attempting to manage the breaches of contract by some of its producers and outlines the steps the company took and the results that it achieved in its attempts to recover from the situation created by the producers’ breaches of contract and to begin to build trust with the remaining producers.

2 THEORETICAL FRAMEWORKS

Research on negotiation is not currently converging on a single theory or approach. Instead, in various fields, such as economics, psychology, organizational behavior, and law, different frameworks, models, and analyses are developed. Many of the classical approaches are still used today by negotiators in both academic and practical contexts. So Fisher and Ury (1981) developed the so-called ‘principled negotiation’. This approach attempts to separate people from problems. Solutions are sought that benefit both parties. Another classic is the ‘negotiator’s dilemma’ by Lax and Sebenius (1986). On the one hand, negotiators can choose cooperative strategies that create value. On the other hand, they can also choose competitive strategies that only claim value that already exists. Negotiation analysis by Raiffa, Richardson, and Metcalfe (2002) examines negotiation from a decision-making perspective to solve problems collaboratively. These approaches are also used in research on contractual conflicts between companies in the agribusiness sector.

Research on managers' decisions has a bearing on the study of negotiation. In a comprehensive treatise, Bazerman and Moore (1994) observed that a host of factors can influence the decisions of parties in a negotiation. “Information asymmetry between two parties is often the root cause of conflict, as is the considerable difference in legal competence that typically exists between parties and their lawyers.” Agricultural producers seeking to receive the highest possible price for their products in the shortest time may employ short-term strategies to achieve greater returns in the long run. Indeed, such producers could employ a variety of tactics quite different from those used by other interest holders. In his classic work, Pruitt (1981) addressed the behavior of the parties to a dispute at different stages in the process. He found that the parties were more competitive at times and more cooperative at others.

Many models and tools have been proposed to analyze and manage conflicts. These models and tools attempt to categorize the strategies or tactics used by the parties involved in the conflict or dispute. The Thomas-Kilmann Conflict Mode Instrument (TKI), for example, identifies five modes for dealing with conflict: competing, collaborating, compromising, avoiding, and accommodating (Thomas & Kilmann, 1974). In order to present a case study of a Paraguayan company that trades in tobacco, recently introduced in the country by large companies that are also engaged in the marketing of processed foods and drinks such as soft drinks, beer, biscuits, and chocolate, the negotiations carried out by this company with its producers in order to renegotiate the contracts of purchase and sales of tobacco will be analyzed. The study of the negotiations and the way in which they were managed by the parties involved in the conflict or dispute will allow us to analyze the transition that said parties have made from strategies of conflict that are based on competition and on the avoidance of said conflict, to strategies that are based on compromise and collaboration between the parties involved. From a different perspective, the process of negotiation among human beings (between individuals or between individuals and organizations) is also a process for reaching agreements between the parties involved in the conflict or dispute and, at the same time, a process of management of the relationships between said parties (Schatzki & Coffey, 1981). In recent years, this perspective has been the subject of greater study, particularly regarding the generation and management of trust in negotiations (Santos & Dias, 2024). In addition, negotiation serious games have been used to improve negotiation skills, a topic that will also be analyzed in this research, as it has been examined by other researchers (Carvalho & Dias 2025).

Other topics that are typically discussed in buyer-seller negotiations in agribusiness, such as financing, exclusivity, and enforcement, were explored by Dias *et al.* (2022). Negotiation strategies in agribusiness: A case study of the acquisition of a military cargo jet to transport Paraguayan tobacco and vehicle procurement. In this study, the strategies used by companies in different types of procurement contracts (such as tendering and reverse auctioning) to deal with issues such as financing, exclusivity, and enforcement were analyzed. In addition to research on negotiation, negotiation strategies, and trust in business relationships, there is also an increasing body of research into the key forces that affect virtual negotiations, that is, those conducted online (Santos & Dias, 2024). There is also considerable research on nonmarket negotiations among producers, governments, and NGOs (Navarro & Dias, 2024). In agribusiness negotiations, it is common for producers to lack the resources to negotiate with other key actors in the chain; therefore, building trust and using accessible strategies and instruments that provide fair incentives while also being culturally appropriate are key for such producers. However, within the vast body of research on negotiation, many gaps remain. Most research on Negotiation has focused on analyzing the processes used by the parties involved. There is a significant amount of research on the negotiations conducted by producers in agribusiness in Paraguay. The research presented here consists of an analysis of how a producer negotiated the introduction of a new crop variety to the local market, as well as how he dealt with breaches of contract by some of his producers. Furthermore, there is a lack of research on the role of legal literacy in ensuring compliance with contract terms and conditions. How education can be used to ensure that agribusiness producers in Paraguay comply with the terms and conditions of any contract is another research question this case study aims to answer.

3 METHODOLOGY

We employ a single case study of the contractual disputes between Paraguayan agribusiness and local producers of Virginia (Flue-Cured) tobacco to describe in detail the negotiation process of a given company and to analyze a specific contractual agreement (Yin, 2004, p. 13). Given the research questions under analysis, we employ a research methodology in line with the aims of the study, and accordingly, a single case study design will be the most appropriate one in order to analyze a unique negotiation process, which is being analyzed within a real-life context (Yin, 2004, p. 13). We are not analyzing a hypothesis to test it or to establish cause-and-effect relationships; consequently, a unique and specific negotiation process that has been taking place in the above-mentioned company will be described in detail. In negotiation studies, this type of research methodology has been commonly employed by various authors, who have described in detail other types of negotiation in order to explain in a clear manner various types of approaches in order to negotiate effectively (Fisher & Ury, 1981; Lax & Sebenius, 1986; Raiffa *et al.*, 2002) as well as in conflict resolution (Pruitt, 1981).

3.1 RESEARCH DESIGN

The research design is a single-case descriptive study. This type of research study is used to describe a process or set of processes that occur within an organization or across organizations in their respective contexts. It is particularly suitable for the study of unique, complex processes. As Yin (2004:5) noted, many studies on negotiation and conflict resolution have employed this approach, including those of Fisher and Ury (1981), Lax and Sebenius (1986), and Raiffa, Steinbrenner, and Burton (2002).

3.2 DATA SOURCES

Information gathered from the company's story, the company's signed contracts, and the farmers who produce Virginia tobacco was the primary source for this study. In addition, many books, articles, and papers written by academics and practitioners on topics such as negotiation, conflict management, and business were used as secondary sources. The negotiation classic texts, written by many academics and practitioners, including Bazerman and Moore (1994), Pruitt (1981), Santos and Dias (2024), and Navarro and Dias (2024), were used extensively. Also, industry reports and numerous case studies from Latin American countries, authored by Dias *et al.* (2020; 2026), were used in this study.

3.3 ANALYTICAL FRAMEWORK

In contrast to many other single-case studies, this study does not rely on a single theory to explain the phenomena observed. Rather, the processes and tools used by the agribusiness studied here in its negotiations with its tobacco producers are analyzed through the lens of established negotiation frameworks, and, more specifically, the contents, procedures, and actors involved in such negotiations. In addition to the analysis of the negotiations' contents, procedures, and actors, the Zone of Possible Agreement (ZOPA) for both parties and their Best Alternative to a Negotiated Agreement (BATNA) are analyzed to evaluate the strategies available to each party. Finally, the study also uses the framework of trust-building strategies developed by Santos and Dias (2024) and Navarro and Dias (2024) to describe and analyze the actions this company took to rebuild the trust it had broken with the tobacco producers studied here. Legal education, community mediation, and a series of loyalty incentives are among the strategies this agribusiness uses to regain the trust of its producers.

3.4 LIMITATIONS

However, the research has some limitations. The research is a single case study; therefore, it is not generalizable. However, the findings from this research could be valuable to others undertaking negotiations in the agribusiness sector. The research has been conducted using a primarily descriptive methodology; therefore, no conclusions can be drawn regarding causality. Such conclusions are best drawn using experimental methodologies. The research has a historical dimension and was conducted within a specific cultural context in Paraguay. As such, the findings may not be transferable to other parts of the world or to other situations. The research has also been dependent upon data provided by the agribusiness; therefore, the findings are from that particular perspective. Although every effort has been made to use the largest possible number of sources to check for consistency, the producers' perspective may not have been recorded as fully as the companies. These limitations are typical of case study research (Yin, 2004; Saunders *et al.*, 2009).

4 CASE DESCRIPTION

The Paraguayan agribusiness case study is based on the experiences of a Paraguayan company that began producing Virginia (Flue-Cured) tobacco in a region unfamiliar with that variety. The company began operations in 1999 with the strategic objective of supplying the local cigarette market to avoid imports from Brazil and Argentina. The company first invested in infrastructure, technical expertise, and training local producers of traditional tobacco varieties, such as “criollo,” to grow the new Virginia tobacco variety. The company recruited local farmers who were already producing tobacco, had suitable land, and had sufficient family labor. The producers were financed at an average of USD 1,000 per producer per year for an average of 5 years to build drying barns and install drying systems. In 2001–2002, the company finally implemented a new drying system in the wooden barns and began using modern methods to cure tobacco. At the peak of production, the company had more than 250 producers under contract with average financing per producer of USD 2,500–3,000 per harvest cycle. The financing included seeds and inputs as well as technical assistance.

3.5 CONTEXT AND EARLY DEVELOPMENT

When the company began producing tobacco, it worked with a group of local farmers experienced with other tobacco varieties, such as the traditional “criollo” type. They had suitable land for planting the crop and enough family members to work it. The company paid for the construction of the drying barns and other storage facilities. The farmers signed a contract with the company, which designated them as the exclusive producers and sellers of Virginia-type tobacco. The farmers repaid the investment, which averaged $1,000 per farmer per year, through a portion of their harvest. By 2001–2002, the company had implemented its own system of drying tobacco in its barns, using wood for the fire and employing the most modern techniques for curing Virginia tobacco. At its peak production, the company worked with 250 farmers from the region, who were contracted by the company and received financing for seeds, cultivation inputs, and the technical assistance they needed. On average, each farmer received USD 2,500–3,000 in financing per harvest cycle. Thus, the average annual financing per farmer was around USD 1,000 for the construction and maintenance of barns and drying systems.

3.6 EMERGENCE OF CONFLICT

Things went wrong when a competitor entered the market, and most farmers did not know how to read a contract. The competitor promised them cash immediately. He even set up alternative purchasing agreements that were supposedly better for them. In the end, thirty of the farmers broke their contracts and sold their harvest to the new competitor. The loss to the agribusiness was significant, as the contracted tobacco would not be repaid, and the company would be unable to sell it to another customer. However, the fact that thirty producers had breached their contracts created a serious problem for the agribusiness. First, they were losing tobacco that the company had contracted and for which the agribusiness had financed payment. Second, and more important, the other 200 producers were watching to see how the company would handle the situation. If the company did not handle the situation fairly, the other producers could also break their contracts. The agribusiness, therefore, began to take legal action against the producers who had breached their contracts. However, because farmers' resources were limited, judicial enforcement proved a very time-consuming and costly process for the company. The agribusiness, therefore, was in a very difficult situation. On the one hand, it wanted to collect what was owed to it. On the other hand, it did not want to penalize the producers for their actions. It even wanted to continue to work with the producers who had breached their contracts.

3.7 CONFLICT DYNAMICS

The company took a very competitive stance in attempting to enforce the contractual obligations of the producers who had breached. The producers, however, were merely avoiding their obligations under the contract and were being offered higher payments by the competitor for their tobacco. Therefore, although the company's strategy was intended to deliver results, it ultimately failed to do so. The company failed to enforce the contracts with the producers due to a lack of trust, transparency, and information asymmetry. The company had invested heavily in physical capital but neglected to build social capital and to educate the producers on legal matters. Therefore, the producers were easy for the competitor to exploit. The Zone of Possible Agreement (ZOPA) was extremely narrow. As mentioned before, the company's Best Alternative to a Negotiated Agreement (BATNA) was to go to court to collect the full amount due from the producers for the producers' tobacco, or to move production to another part of the country. The producers' BATNA was to start selling their tobacco to another competitor. Of course, they would have lost the technical assistance and the financing, and, most likely, they would have been committing a legal offense in doing so.

3.8 STRATEGIES TO RESOLVE THE CONFLICT

Dealing with breaches of contract by several producers and preventing other producers from breaching their contracts in the future were the challenges the company faced. To address this problem, the company implemented several strategies. Individual Negotiations with defaulting producers: After having negotiated with the 30 producers who had breached their contracts with the agribusiness, the firm required them to compensate for the losses suffered by the agribusiness with a part of their property where the agribusiness had constructed the drying barns, storage, etc., that were then assigned to other producers within the project. Renegotiation of contracts with the remaining producers: The company released the producers who had breached their contracts from any judicial liability to the agribusiness and entered into new contracts with them, under which the producers were to repay the agribusiness's losses from their future deliveries. Incentives and Bonuses: the agribusiness introduced quality and quantity premiums for farmers, which would increase the price they receive for their tobacco leaves and thus encourage them to comply with their contractual agreements. Legal and Financial Education: Workshops were organized and held in Spanish and Guarani, the local language, to inform producers about the terms and conditions of their contract and the obligations incumbent upon them. Community Mediation: The agribusiness company engaged external mediators, such as non-governmental organizations operating at the local level. They acted as mediators between the company and the producers. This helped the producers reduce their mistrust of the company and work together.

The company began hosting radio programs for farmers in both Spanish and Guarani. These programs kept the farmers updated on the company's activities and allowed them to express their complaints. In addition, the company also organized meetings with local communities. These measures are related to the negotiation to solve the conflicts between the company and the producers. The company's approach to resolving conflicts has shifted from a competitive to a more cooperative stance. To resolve conflicts, Thomas and Kilmann (1974) suggest a number of behavioral patterns that fall into two categories: competitive and cooperative. The measures above are adequate in the context of the local culture to restore trust and to establish communication with the farmers.

3.9 OUTCOMES

The conflict has been solved in a partial way, in the sense that while a group of producers abandoned the project and the company, other producers have returned to the agreement, signing a new contract, and the company was able to keep its position in the market, continuing to produce and market in Paraguay the Virginia tobacco under an exclusive basis.

As a result, the company experienced exponential growth, reaching 1,200 tobacco producers — mostly small- and medium-sized farmers with plots between five and ten hectares — thanks also to a policy of strengthening the company's image through powerful radio programs, especially in rural Paraguay, which were easily accessible to these producers.

3.10 BROADER SIGNIFICANCE

The Agribusiness Negotiation in Developing Economies study follows the experience of a small agribusiness in Paraguay that negotiated with a large competitor after 30 of the agribusiness's producers had breached their contracts by selling their Virginia tobacco harvests to the competitor. The case study written by the researcher who followed the breach and subsequent conflict experienced by the agribusiness presents the challenges that negotiation in agribusinesses poses in developing economies. The agribusiness experience was marked by a lack of trust and transparency on the part of the company toward its producers. Moreover, the company failed to build social capital with the producers and to educate them regarding their contractual obligations. As a result, the company's heavy investment in physical capital was insufficient to overcome the conflicts that arose between the parties. The study uses negotiation conceptual frameworks, particularly the Zone of Possible Agreement and the Best Alternative to a Negotiated Agreement, to analyze negotiations between the agribusiness and the producers who breached their contracts. The study links the analysis of the case to the body of literature on negotiation and conflict resolution (Fisher & Ury, 1981; Lax & Sebenius, 1986; Raiffa *et al.*, 2002) and applies it to the study of the breach and subsequent conflict of the agribusiness with the producers who breached their contracts. Finally, the study contributes to our understanding of how firms breach and sustain cooperation in complex, difficult environments (Dias *et al.*, 2020, 2025; 2026).

4 RESULTS AND DISCUSSION

4.1 RESULTS

4.1.1 Batna analysis

1. **For the Company:** Sue producers, seek compensation and/or migrate to other regions or countries, but with high legal costs, loss of investment and damage to image;

2. **For Producers:** Break away from the company entirely and sell to the competitor, but at the risk of losing technical assistance, future funding, and facing lawsuits.

4.1.2 ZOPA analysis

There is room for agreement if:

1. The company **renegotiates prices or bonuses** to make the contract more attractive than the competitors;
2. Producers **make a formal commitment** to comply, with clearer and more accessible clauses (e.g., translation into Guarani, community meetings);
3. Create a **mediation mechanism** (e.g. joint company-producer commission) to resolve disagreements before breach of contract;
4. Offer **loyalty bonuses** or **profit sharing** at the end of the harvest.

ZOPA identified: Renegotiation of prices and outstanding debts + reinforcement of technical assistance + community mediation + bonuses.

4.2. DISCUSSION

When dealing with these kinds of problems, the company went from a competitive to a collaborative approach to dealing with market issues. The company used several conflict management approaches outlined in the Thomas-Kilmann Conflict Mode Instrument (Thomas & Kilmann, 1974). Initially, when entering the market, the company took a very competitive approach to awarding contracts. Enforcing terms and conditions of the contract and taking litigation when necessary to ensure that terms and conditions were adhered to. As time passed the company found that this was not the most effective way to deal with issues arising from the terms and conditions of contracts and moved to a more compromise approach including renegotiating the terms and conditions of contracts as well as educating producers on the terms and conditions of contracts, as well as bringing in external mediators to deal with issues that had arisen from the terms and conditions of contracts. As far as corrective strategies for addressing contractual breaches are concerned, the company’s work can be measured in a few ways. The majority of the workshops in Spanish and Guarani were likely intended to address the producers’ breaches of trust and the company's breaches of contract. Through a series of external mediators, the company addressed the contractual breaches with the producers individually. The following strategies to mitigate the conflict were adopted:

a) Retention of Producers: The number of permanent leavers among the producers was considerable, but in the end, the majority were willing to continue with the project under the terms and conditions set out in the new contracts they signed;
b) The company used incentives, such as bonuses for full compliance and higher payments for high-quality tobacco, as its standards were raised. Most of all, the producers were willing to continue working with the company because the company was meeting its full obligations under the new contracts;
c) © Increased Legal Awareness: Producers gained knowledge of their contracts through workshops and community-mediated sessions held on their grounds. This will enable them to address any future disputes arising from potential breaches of contract more effectively;
d) Reputation: It was very important for the company to maintain its reputation during the conflict. Through a transparent and collaborative conflict-resolution process, the company maintained its good name and remained the exclusive producer of Virginia tobacco in Paraguay. The strategies implemented by the company to negotiate and reach agreements with producers demonstrate that, through negotiation, it is possible to manage the risks of contract breaches in agriculture, especially by building trust and providing education.

This conflict has been analyzed through several negotiation frameworks: Fisher and Ury (1981), Lax and Sebenius (1986), Raiffa *et al.* (2002), and Thomas and Kilmann (1974). In summary, the main lessons learned from these models for conflict resolution are: 1) to distinguish between people and the problem at hand when in conflict (Fisher and Ury, 1981); 2) to manage a negotiator's dilemma between cooperation and competition (Lax and Sebenius, 1986); and 3) to analyze the strategic options available to both parties in a conflict and to follow the different stages of a person's conflict behavior as described by the Thomas-Kilmann model (Thomas and Kilmann, 1974). They have analyzed the negotiation processes and the various aspects that have affected the agreements reached by the parties. However, most of these studies have focused on aspects relevant to the parties' ability to reach an agreement. This case focuses on the legal agreement the company sought to enter into with the producers to ensure a mutually beneficial relationship. Other factors, such as trust, producers' stereotypes about the company, and other situational factors, have played an important role in the negotiation process in Paraguay as they have in Brazil.

6 CONCLUSION

This This case study follows the management of negotiations of a Paraguayan agribusiness (generic name) with the tobacco producers contracted by the company to produce Virginia (Flue-Cured) tobacco. As the company had invested in infrastructure, the producer held an exclusive contract with it. However, as competition increased, the company's strategy proved insufficient, and the producers' contracts were breached, revealing the fragile agreements based on trust and transparency that characterized the company's relations with the producers.

The ways in which the company attempted to manage the breach of contract by its tobacco producers, such as amending terms and conditions of the contracts with its tobacco producers, the introduction of loyalty incentives, the legal and financial education of the contracted producers and their families, and the establishment of community-based mediation processes, show how the company moved from a competitive enforcement-oriented approach to problem-solving in negotiations. The ways in which the company managed to restore partial compliance by the tobacco producers, and go on to sustain its business in the long term, and maintain its good reputation, demonstrate the kind of adaptability that is required in negotiations and how these can be analyzed using the frameworks of ZOPA, BATNA, and conflict mode analysis. A study of negotiations in the context of an agribusiness venture can offer several new insights into the topic. One of the principal differences between an agribusiness venture and other previously studied organizations is that the venture can suffer from a lack of social capital within the firm. Thus, the negotiations conducted on behalf of the venture must compensate for this deficiency by employing practices that rely on social capital, cultural sensitivity, and transparent communication to succeed.

In summary, good agribusiness negotiations are more than simply having a lot of money to invest in an agricultural business or farm and then trying to enforce a number of contracts over farmers and producers. Good agribusiness negotiations are a holistic process in which the physical investment in a farm is part of it, but also, over time, the attempt to build trust and cooperation with farmers and producers. That can be done through a number of means, including loyalty payments or premiums the company pays to the farmer to ensure the farmer remains loyal to the company. The other way trust and cooperation are built is through the education and training of farmers and producers. That is, the company helps farmers and producers develop their own capacities to improve their positions in the marketplace. In addition, in some cases, trust and cooperation are built through mediation and other conflict-resolution techniques at the community level. The research reported here contributes to our understanding of these issues by using a case study of one company to mine negotiations in agribusiness through frameworks and approaches.

7 FUTURE RESEARCH DIRECTIONS

Future research must focus on the effects of range and education on agricultural negotiations across different cultures and economies. A comparative study of the challenges that producers in Latin America, Africa, and Asia face when contracting with agribusiness firms would allow us to analyze whether similar patterns of producer vulnerability to exploitation due to information asymmetry exist. Longitudinal research tracking producers' behavior over several harvest periods could test the sustainability of different strategies for building trust with farmers, as the company in this case study has done. To gain a deeper understanding, agricultural firms can use their investments in physical and social capital to develop agreements that foster long-term cooperation with producers. Research conducted from the perspectives of different disciplines (perspectives, rural sociology, development economics, and law) is warranted.

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