

# Community Cooperative as Self-Empowerment: Smallholders Palm Oil Farmers in Kotawaringin Barat, Central Kalimantan, Indonesia

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**Abstract.** This article discusses Tani Subur cooperative, functions as community's self-empowerment in palm oil business. While palm oil business is identical with giant and sometime multi-national corporation, in Kotawaringin Barat small-holder farmers succeed to grow the business. They build and operate cooperative to maintain the farmers' assets, help manage cash-flow of the farmers, as well as to build bargaining position to the company and the local government. Driven by the difficulties in individually run artisanal palm oil business, farmers who are mostly transmigrants from Java or Javanese transcendent, formed cooperative to unite voice before the company and the governments to maintain palm oil fruit's price. Further, the cooperative has been an effective place to support farmers gaining RSPO (Roundtable on Sustainable Palm Oil) certificate that asserted their farming products complied with international standard. Based on field research in 2019, this research identifies palm oil cooperative as a crucial space for farmers' self-empowerment. Indeed, there are still challenges in sustaining the cooperative's function as a bargaining instrument for the farmers. However, so far, palm oil cooperative has been an important tool to support palm oil smallholders to sustain their businesses.

**Keywords:** Community Cooperative, Self-Empowerment, Palm Oil Smallholders

## 1 Introduction

This paper argues that community cooperative is effective in empowering smallholding farmers, given the pressures, barriers and challenges they have to face in dealing with palm oil businesses. Community cooperative has helped the small-scale farmers to secure land ownership, provide credit, fulfil plantation standardization and build bargaining position before the company in terms of palm fruit's price and the local government in relation to farming policy, especially those that dealing with farmers' palm oil businesses.

Indeed, there are still issues that need to be solved in optimizing the cooperative's effectiveness, as in terms of accesses to policy making. Yet, cooperative has provided a place for farmers for mutual sharing, collectiveness and social solidarity amidst the tough challenges to survive in that kind of business. It can be said that cooperative is a clear manifestation of local farmers' self-empowerment.

As generally known, palm oil business has been a great concern of scholars, which then put them into two opposing positions, namely between those that look it as a crucial commodity to lift up the nation's economic growth, as Syahza and Asmit [1], and those that see it as a source of problems in terms of land possession issues, land distribution, deforestation, displacement,

and environmental degradation as McCarthy and Cramb [2], Gellert [3]. However, the fact that palm oil does not only deal with big companies, has forced scholars to widen their perspective, and look more detailed to small-holder farmers that are significant in terms of number [4], which then reveals a more dynamic aspects of palm oil scholarly discussions.

There have been some scholarly works that have tried to shed light on smallholder farmers in palm oil plantation. Most of them focus on the difficulties the smallholder farmers face in running the businesses. Among them are Parvathi and Waibel [5] that focus on the problems of adoption of sustainability standard among the farmers. Saifullah, Kari and Othman [6] focus on poverty among smallholder farmers, as well as indigenous landlessness due to palm oil plantation factory establishment. Krishna [4] has raised the lack of resources and development assistance for smallholder farmers, which is of relevance for current beings of the farmers. Dima [7] has long been aware of the problem of land ownership of the smallholder farmers. Anggraini and Grundmann [8] see more on the problem of productivity of local smallholder palm oil farmers.

All these views are evident in the daily practices of smallholder farming. As our observation reveals, local farmers are lack of power, that they often left out in terms of accessing to resources and policy making processes. As a result, they face problems of low productivity, powerlessness in decision making, and poverty trap. Therefore, the above-mentioned works are useful to highlight the typical problems of smallholder farmers in palm oil business.

However, smallholder farmers sometime are not passive facing the barriers in the so-called politics of palm oil. Despite the varied problems the local farmers face, some strategies to survive are developed, and thus, interesting to discuss. There is already research on this, but still does not comprehensively inform us the detailed dynamics. Syahza and Asmit [1] for instance have identified regional empowerment through farmers' cooperative that support local economic institutional development. They argue of the improvement of income amongst farmers by strengthening the cooperative's institutional capacity through organizational building. Similarly, Dicecca, Pascucci and Contò [9] identify the role of consultants in helping smallholder farmers to improve transaction ability with buyers and input providers, which further help them reconfigure value chain. Those studies, indeed, are useful to see the other sides of smallholder farmers in agriculture. Nevertheless, those studies do not come into a more political sense of the empowerment, which leads the farmers being counted more significantly by the central and local government, as well as by the company.

This paper tries to reveal cooperative as self-empowerment, in the sense that cooperative not only easing smallholder farmers' organization, but also in widening the farmers' access in decision making processes. This paper is based on a field research in Kotawaringin Barat, Central Kalimantan, in 2019. The case is focused on Tani Subur Cooperative, built since 1984, that organizes smallholders palm oil farmers in Pangkalan Tiga village, Pangkalan Lada sub-district, in the regency.

## **2 Methodology**

This paper is based on qualitative research used case study a research approach. Funded by the Ministry of Education and Culture, Republic of Indonesia, under the coordination of Research and Community Service Institution, Diponegoro University, this paper is part of a project on the politics of natural resource governance, conducted in 2018-2020.

Fieldwork in Kalimantan is part of the second phase of the research. It is conducted between March-October 2019. In the fieldwork, there are about 30 people being interviewed,

including the key figures in community cooperative, the farmers' facilitator, the company, the project coordinator of community empowerment program, the local government officers and the local NGO activists. In addition to direct visit and in-depth interviews, this research also applies documentary research, that reviews data from the published research reports that focus on palm oil governance and smallholder farming.

### 3 Results and Discussion

Tani Subur is known as among the few palm oil farmers' cooperatives in Indonesia that are successful in empowering palm oil smallholder farmers in one community organization. The cooperative becomes an effective place to manage palm oil business internally, and a vehicle to bargain with external parties, as companies and local and national government externally.

Tani Subur was established in 1984, initially aimed to help transmigrant farmers who were no longer eligible to gain government's livelihood assistance, in order to be able to survive [10]. Later, it organizes farmers who gained allocated land from palm oil corporations, called plasma. Since 1986, Tani Subur also covers the organization of plasma farmers, who cultivate lands allocated by companies. Later, the farmers expand their plantation areas by buying land from local people. The cooperative currently organizes 435 families or 708 individual members that have land for palm oil plantation. It employs 230 workers, which consists of 30 people that work in internal cooperative management and 200 people that work outside in the fields. Its assets and businesses are diversified that include a two-billion Rupiah credit and loan facility (as recorded in 2019), cattle, fish and poultry breeding facilities, a two-story supermarket and a popular sprawling agrotourism center set up in the middle of a palm oil plantation. The total asset of the cooperative currently is 15 billion Rupiah [11].

One of the successes Tani Subur cooperative recently gained is the international recognition of palm oil plantation sustainability through the achievement of RSPO certificate in 2017, covering 190 farmers with 300 acres of land, which implies that the farmers' palm oil plantation is complied with international sustainability standard. Tani Subur RSPO's certificate cover 190 farmers and administered under the assistance of INOBU, a national NGO based in Bogor, West Java, focusing on sustainable agriculture. Currently, Tani Subur is proposing the second round of RSPO proposal for their rest farmer members. Hopefully, it will succeed soon.

Mustofa, a man that sits in cooperative's management, asserted that Tani Subur has been a destination for ministries to succeed their program. This is unlike the other organizations that still look for policy support from the government. Tani Subur has been the best cooperative in Central Kalimantan province in 2017, and then represented the province in national level competition. In 2019, Tani Subur awarded as the best cooperative in national level by the Ministry of Cooperative and Small and Medium Enterprises.

What makes Tani Subur's experience more interesting to discuss is the awareness of the farmers that palm oil has limitation in terms of periods. Nurhidayah, regency head of Kotawaringin Barat asserted, "The diversification of business in Tani Subur cooperative is not only meant to provide daily needs of the community or supporting their palm oil businesses. Beyond this aspect, Tani Subur is prepared to support farmers ready to face post-palm oil periods" [12].

Agrotourism, built on 23 acres of unproductive land, previously used for palm oil plantation, is a clear proof of the farmers' awareness on the need to develop alternatives for economic activities. The same is with the development of cattle production, fisheries, and poultry. Tani Subur farmers realize that soon or later, they can no longer rely on palm oil.

Interestingly, farmers also started to research for alternative crops, that is more sustainable and long-lasting and green, but also become global commodities. Coffee currently is among the ones that attract farmers to develop. Some people have started to plant coffee, but it still needs time and efforts for extensification.

Based on the above written explanation, we can see that people in grassroot level keep building strategies to survive despite the challenges they face in palm oil farming. Collectiveness and solidarity are a clear key in explaining the success of Tani Subur in dealing with policies and politics related to palm oil businesses.

Tani Subur cooperative is a clear picture of community self-empowerment. Goodley [13] defines self-empowerment as self-advocacy and resilience. A clear explanation proposed by Conger and Kanungo [14] who assert power as crucial part in empowerment. For Conger and Kanungo [14] empowerment relates to the shift of powerless to equally powerful beings. In terms of process, it is not rare to happen where empowerment is promoted by external actors in order to share assistance to tackle community's difficult situation. International Development Agency, Non-Government Organization, and philanthropy institutions are amongst organizations that deeply deal with community empowerment. Yet, in some other occasions people empower themselves by improving their capacity, so that they are able to tackle challenges and barriers that prevent them from having an advanced and better life. In this regard, we call them as doing self-empowerment. Confirming Goodley [13], as such, self-empowerment is about strengthening self-resilience to the difficulties the communities are facing internally and externally, as well as politically, culturally, and economically.

What farmers try to do with Tani Subur cooperative is clearly a reflection of self-empowerment, in which people try to solve the problems by their own capacity. This is clearly a time-consuming process yet shows us community's persistence in dealing with political and business barriers.

As we might already know, running artisanal palm oil business means a must-dealing negotiation with giant palm oil companies. Because smallholder farmers do not have downstream production unit to further process the palm oil fruits, companies are the only place to market the yields. If the farmers sell the fruits individually, they indeed will be in powerless being, unable to bargain the fruit price, and there is no protection for them. In this case, cooperative plays crucial roles to help farmers have mediation with the companies to build cooperation and exchange. Fruit price is the key issue among the farmers. Cooperative, moreover with RSPO certificate, makes sure that companies buy fruits with a good price, so farmers do not get lost. Cooperative collect farmers in one organization and tie them into farmers' solidarity and collective actions. Cooperative has been a clear manifestation of grassroot people's collectiveness to make sure that they are secured in palm oil market.

In addition, cooperative becomes an effective institution to get counted in policy making. In many occasions, Tani Subur cooperative is made as pilot project for local and national government to succeed their programs. Microcredit, cooperative governance empowerment, agrotourism, and small and medium enterprises are among programs Tani Subur ever conducted with the supports from ministries, regency government and provincial government.

Tani Subur cooperative also becomes community's own mechanism for self-protection. By setting up businesses in areas other than palm oil, the cooperative has opened up opportunities for its farmer members to secure their future. Agrotourism, for instance, has yielded profit up to 1 billion rupiah annually. Cattle production has improved its number of cows from 50 to 200 in 2019. This is not to mention poultry and fisheries, as well as the experimentation of coffee plantation.

Community business expansion through Tani Subur cooperative in fields other than palm oil has given us a clear manifestation of farmers' awareness towards the future risks of palm oil business. Farmers do not only think about today, but they are aware of about tomorrow.

From this case, we can say that Tani Subur cooperative has been an important place for smallholder farmers to empower their selves. For the farmers, the cooperative has been a key helper and protector of their interests before the companies and the government. Meanwhile, for the companies, the cooperative has counted as important business counterpart, and for the government it is placed as an important policy partner. As such, it is not too exaggerating if we say that Tani Subur cooperative is as smallholder farmers' self-empowerment media.

There are some other cooperatives in palm oil plantation areas. However, most of them are known not to be optimal in yielding advantages for communities. Most of cooperatives are not well organized, have problems in financial management, and sometime merely become an extension of the corporation's hand. Tani Subur started to reform its organization in early 2000s, by fixing their organization, accountability and reporting. As the cooperative leader said, it is not easy at the beginning. There are also some members that were skeptical towards the cooperative empowerment. Yet, once the community started to capture the advantage, they then were open for collaboration.

Indeed, this does not mean that Tani Subur does not face any problem and difficulty. While in the internal environment sometimes it is not easy to convince farmers to get consolidated in self-advocacy, as in RSPO proposal, it is also not easy for the cooperative so solve problems related to customary land. There are some cases where farmers have to release the land they gained, bought and cultivated years ago to native people. In this case, government also do not take much action to mediate the problems. Unlike their back-up to the companies, the same back-up for mediation is not provided for smallholder farmers. Nevertheless, Tani Subur farmers realize that native people are also in huge barriers to develop their lives, given the land acquisition during New Order, which then devoted to the companies and plasma farmers now organized in the cooperatives. Therefore, in some cases, Tani Sibur cooperative's farmers choose to negotiate and return the land back.

Nevertheless, Tani Subur cooperative remains an important institution for smallholder farmers to secure their interests before outsider parties in relations to palm oil businesses. The cooperative does not only support farmers for their current businesses, it also helps farmers prepare for the future in post-palm oil periods.

## **4 Conclusion**

Tani Subur cooperative is not a portrait of smallholder palm oil farmers in general. It is an exception. Smallholder farmers in Kotawaringin Barat and in the other regencies in Sumatra, Kalimantan, and Sulawesi mostly give us a portrait of powerlessness. Nevertheless, Tani Subur cooperative has been a good lesson for us that despite the huge challenges in doing artisanal business of global commodities, good strategies are still relevant to build and promote to make sure that farmers are all well-protected and empowered.

## 5 Acknowledgement

This research is funded by The Ministry of Education and Culture under the coordination of Research and Community Service Institution, Diponegoro University, Semarang, Indonesia, 2019. Authors would to thank for supports have been given. Authors would also like to express appreciation for research assistants and local research associate, including Prasetyo Sitowin and Septian Tri Baskoro Adi, as well as Nugroho Budi Baskoro in Kotawaringin Barat, and all informants who have shared their experience during fieldworks.

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