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Social Relation of Production and Conflict of Economic Interests in Smallholder Oil Palm Plantations: A Case Study of Sintang District, West Kalimantan

Relasi Sosial Produksi dan Konflik Kepentingan Ekonomi dalam Perkebunan Kelapa Sawit Petani Swadaya: Studi Kasus Kabupaten Sintang, Kalimantan Barat

Kharis Fadlan Borni Kurniawan[1,*)], Arya Hadi Dharmawan[1], Titik Sumantri[1], Mohammad Maksum[2]

[1]Department of Communication and Community Development Sciences, Faculty of Human Ecology, Bogor Agricultural Insitute, Indonesia
[2] Department of Agro-Industrial Technology, Gadjah Mada University, Indonesia
[*)]*Correspondence e-mail: bornifadlan@apps.ipb.ac.id*

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ABSTRACT

An agricultural partnership is one of the ways adopted by oil palm plantation smallholders to survive and be sustainable in the face of global competition. The agricultural partnership that is based on a contract agreement is also aimed at maintaining the welfare of the involved smallholders. Partnership in agricultural production is part of the management system or mode of economic production agreed upon by both large-scale companies and smallholders. An unbalanced arrangement sometimes occurs due to the power dominance of large-scale company interests that leads to unfair relationships in the partnership between smallholders and large-scale corporations. This study used a qualitative research method with a case study as the main approach. By taking the case of the agricultural partnership of oil palm plantation smallholders in Perembang Village and Begori Village, Regency of Sintang of West Kalimantan, this study found four typologies of social agricultural production relations, namely asymmetric partnership, exploitative partnership, distrust partnership, and forced partnership.

Keywords: *agricultural partnership, power relation smallholders, social relation of production*

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INTRODUCTION

The absorption capacity of the oil palm plantation industry sector for workers in remote forested landscapes is relatively high, reaching 3.8 million people. This is the main reason for the Indonesian government to continue promoting local economic development based on oil palm plantations (Santika, Wilson, Budiharta, et al., 2019). Another reason is, palm oil has proven itself to be a key product that saved Indonesia from the 1998 economic crisis (Orsato et al., 2013). Thus, it is quite rational if the Indonesian government makes oil palm a national strategic commodity to support the flow of state and farmers' income (Dharmawan et al., 2020; Raharja et al., 2020).

The reasons behind the policy on the oil palm plantation industry sector are back up by the national production capacity of oil palm plantations which reaches 60 percent of the world's total oil palm plantations. Of the 60 percent, 53 percent are commercial plantations managed by large private companies, while seven percent are large state plantations. The remaining 40 percent are plantations operated by smallholders (Li, 2017; McCarthy & Cramb, 2009; Moulin et al., 2017). This shows that the resilience of the oil palm plantation industry is related to market certainty. High market uncertainty will bring risks to the level of benefits received by companies and farmers. Therefore, the Indonesian government has made a partnership scheme that brings together large oil palm plantation companies with smallholders as a key mode of production. Normatively, this partnership scheme is intended to share profits fairly, by enforcing the rules of the game between the company and smallholders, so that they can overcome market risks and uncertainties (Dorner, 1992).

The Indonesian government has implemented a partnership scheme in the oil palm plantation business since the 1960s, namely since the government nationalized Dutch plantation assets into a *Perseroan Terbatas Perkebunan* (PTP). At that time, smallholder farmers were involved as part of the rural development mechanism (Gatto et al., 2017). The concept of partnership between large-scale plantation companies and farmers as discoursed by the government through Article 33 of the 1945 Constitution and Law 18/2004 on plantations prioritizes the value of cooperation and kinship (Gunawan, 2018). The problem is the social relationship of production between companies and smallholders is often colored by exploitative relations (Adams et al., 2019) and dissatisfaction due to the lack of transparency in partnership (Ruml & Qaim, 2021). Even the capacity of independent smallholders in managing their oil palm plantations is very dependent on the characteristics of the rural socio-economic system and the direction of policies that come from outside the village (Dharmawan et al., 2020)

The partnership has been renewed, and it continues to be promoted (Gatto et al., 2017; Profile, 2014) to become the concept of contract farming that is applied in policies regarding partnerships which are legalized through laws such as Law no. 5/1995 on Small Business, Law no. 19/2013 concerning the Protection and Empowerment of Farmers, and Law no. 39/2014 on Plantations (Vivian, 2018). The question then is how far is the power relationship between large-scale plantation companies and small investors in this relationship, the relation social of production between large investors and smallholders. Large oil palm plantation companies are expanding their land greedily and quickly. Even though they have small capital, small investors are still able to survive, and even manage to ride large investors and improve the situation that hinders them (Cramb & Sujang, 2013). In a capitalist society, the special relationship between society and land based resources is directed at the accumulation of capital (Smith, 1984; Brad et al., 2015). Then, by reason of overcoming the consistency of row material supply of high quality agricultural products Mugwagwa et al., (2020) and to mitigate the impact of market uncertainty, plantation companies bind smallholders through contract farming schemes. Economic exchange relations between companies and smallholders are bound in a formal and informal agreement (Brandão & Schoneveld, 2021).

Several study results on the implementation of contract farming on agricultural commodities such as cotton, peanuts, and organic coffee, concluded that contract farming provides benefits to the collaborating parties such as risk sharing, increased income and reduced transaction costs (Adams et al., 2019). Contract farming is detrimental to farmers for several reasons such as aspects of dissatisfaction with the rules of the game in the contract, understanding of the contract contents, transparency, trust and vulnerability to poverty (Cahyadi & Waibel, 2016; Ruml & Qaim, 2021). These are some of the key reasons why smallholders pull out from the contract. This paper intends to enrich the study about partnerships as a symbolic platform for the relationship between large-scale plantation companies and smallholders by focusing on the relationship of control over production and benefit sharing.

Currently, the challenges of oil palm plantations in Indonesia are not only related to the unequal relationship between companies and smallholders, but also their relationship with the market, in terms of consumers. As we know, the impact of oil palm plantation expansion has damaged the environment, from deforestation to the exploitation of child labor. In Europe, consumer awareness has increased and guided them to consume economic products with green economy principles. The application of this principle of life by the European oil palm consumer community has indirectly created demand pressure on palm oil exporting countries to produce palm oil from a production process based on the principles of Good Agricultural Practices (GAP) and sustainable values (Putri et al., 2022). Land legality to oil palm management that is clean from social disputes and environmentally friendly are some of the market demands that must be applied by oil palm producers, if they want their products to be accepted by the global market. The independent smallholder is no exception (Raharja et al., 2020). The problem is until now the high expansion of oil palm plantations in Indonesia is still marked by social and agrarian conflicts, destroying peatlands, triggering forest fires (Jelsma et al., 2019). The question then is whether the partnership scheme as a binding link between companies and smallholders can be a vehicle for achieving sustainable palm oil products.

Sintang District, is one of the regencies in West Kalimantan that has built economic production relations with the oil palm plantation industry. This can be seen from, firstly, the support of large-scale oil palm plantation companies which reach 50 company units, and secondly, political support for local policies, in the form of regional plantation master plans that have prepared 700.000 hectares for oil palm plantations from 2014 to 2034. The partnership scheme is the main scheme implemented to increase palm oil production because it involves companies and local communities.

Several previous studies warned that an expansion and partnerships in the oil palm plantation industry, on the one hand, have the potential to increase the value of palm oil production, but on the other hand, it will be followed by changes in the socio-ecological and increasing monoculture plantations as well as poor management of the use of fertilizers and pesticides (Fitzherbert et al., 2008; Merten et al., 2016; Moulin et al., 2017). Semedi (2016) concluded that the rise of oil palm plantations sparked social problems which he called panic. Social conditions like this are befalling the Dayak community. The wealth of the Dayak people increased, because of their involvement in the oil palm plantation system. However, at the same time, they are overshadowed by the growth of poverty and consumerism, so that they remain in a marginalized group in the midst of changes in the new economic order (Semedi, 2014).

By using Dahrendorf conflict analysis, this paper seeks to present evidence of the implementation of partnerships and partnership typologies in the flow of the oil palm plantation industry in Sintang Regency. Apart from that, it also seeks to add to the area of discussion on partnerships, especially from the aspect of power relations between smallholders and large oil palm plantation companies. The results of previous research have grouped partnerships based on partnering actors, for example between environmental organizations and the private sector (Glasbergen & Groenenberg, 2001), institutional and actor-based partnership (Van Huijstee et al., 2007), and partnerships based on strategic collaboration between non-profit organization and business institutions (Austin & Austin, 2014).

METHODS

The research approach is a case study approach. The author collects and organizes facts that fully describe field conditions, then produces general and abstract theories of a process of action or social interaction from the views of research participants (Syahza, 2016; Creswell, 2010). For this purpose, the research chose a village in which the Dayak indigenous people were included as the unit of analysis. There were four villages in Sintang Regency that were selected as research locations, namely Perembang Village, Begori Village, Bedaha Village and Tanjung Raya Village. Specifically, this study of partnership in oil palm plantations is based on the case of Perembang and Begori, considering that both of them are counted as villages that have long been bound in contract farming with a large-scale plantation company, namely PT. SDK and PT. SHP, while Bedaha and Tanjung Raya are in a position of resistance, vis a vis facing the process building company shelters and plantations belongs to PT. LJA since 2020. The field research was conducted in November, December 2021 and continued in January 2022.

Data collection techniques were carried out through live-in strategies, field observations and in-depth interviews. The selection of informants or resource persons is carried out in a snowball manner, namely following the recommendations from one resource person to other resource person and considering the urgency of issues in the field. Resources persons came from several groups, village heads and village officials representing village government groups, local and national NGO activists (SPKS, SPI, IHCS, WWF, Apkasindo), team leader of public relation from large oil palm plantation company (NN, M/40 and AF M/41), smallholders (Sul M/56, Ard, M/37) and profesional village assistant and villagers (Kh, M/32 & AS, M/31, Rwn, M/36, JS, M/80). The results of the interviews were then written into a diary which was continued as the basis for the data analysis. Process of data analysis was strengthened by reading various literatures and secondary data that had been collected in the field. The actual data analysis process has been carried out since the filed data collection. Here, the researcher sorted data and reconfirmed information based on a critical perspective, and then interpreted it with the power relations theory approach of Dahrendorf.

RESULTS AND DISCUSSION

Perembang was built and inhabited by the Linoh Sub Dayak community unit, while Begori was founded by the Melahoi (Malahui) Sub Dayak were familiar with the government called "tumenggungan" and familiar with village land and spatial planning called "mali" or "pemali". In terms of livelihoods and sources of livelihood, the Dayak people in Perembang and Begori previously worked on shifting cultivation and gardening. Farming activities are identical to rice and secondary crops farming activities. While gardening is an activity of tapping rubber. Exposure to oil palm to Begori and Perembang at different times. PT. SDK succeeded in establishing its plantation in Perembang in the early 1990s, while PT. SHP managed to control the land in Begori at twenty years later. With the entry of investment in oil palm plantations, the livelihoods of the majority of the population have been transformed from rice cultivators and rubber planters to oil palm plantations.

The partnership discourse offered by the company to the community so that they are willing to release their customary land and private land to the company. In summary, from the author's interview with activists of the Oil Palm Farmers Union (*Serikat Petani Kelapa Sawit*), it is stated that there are three major partnership schemes implemented, namely *Perkebunan Inti Rakyat* (PIR), *Perkebunan Inti Rakyat-Koperasi Primer Kredit untuk Anggota* (PIR KKPA) and PIR Revitalization. This third scheme, according to the Regulation of Minister of Agriculture No. 33/2006 concerning Plantation Development through the Plantation Revitalization Program explained that this program is an effort to accelerate the development of smallholder plantation through expansion, rejuvenation and rehabilitation of plantation crops supported by bank investment credit and interest subsidies by the government by involving companies in the plantation business as partners in plantation development, processing and marketing of products. This concept is widely known as a one-stop management partnership. Why is this partnership pattern important for the company, an employee of PT. SM (NN)? The researchers conveyed the concept of a one-stop management partnership as follows:

> *The "full management" partnership pattern is the same as one*-stop management. The point *is that all production processes starting from land processing, maintenance, maintenance and harvesting are carried out by the company. Farmers are charged. Why is this pattern applied? It is because land ownership has shifted to the second generation from the first farmer who previously carried out a partnership pattern with a mismanagement pattern. Most of these second-generation children no longer concentrate on the agricultural sector. Most of them choose to improve the quality of their education, go to college and enter the non-oil economic business sector (NN, Jakarta, 1/11/2021).*

From the explanation above, it is known that normatively the company does not want to burden the community with the work of managing oil palm plantations. Therefore, all stages of oil palm plantation governance are taken over by the company. Smallholder families no longer need to work in the garden, but only receive a share of the results every month.

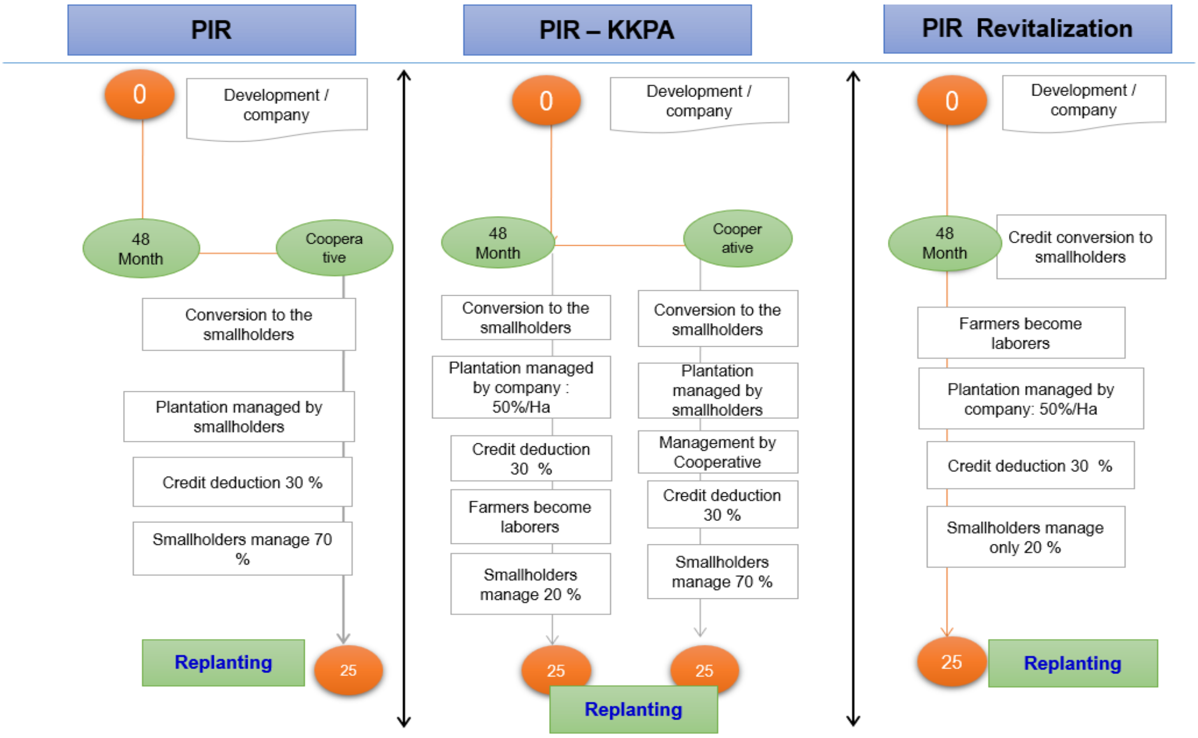

Figure 1. Partnership scheme in oil palm plantation business. **Source**: SPKS (2020)

The partnership pattern has been developed between PT. SDK with smallholder that uses PIR scheme. In this scheme, the large company builds nucleus and plasma oil palm plantations with communities. In Begori, PT. SHP uses the newest partnership scheme, namely "one roof management" or "one stop management", in accordance with the Minister of Agriculture Regulation No. 33 of 2006 concerning Plantation Development through the Revitalization Program. In this scheme, the entire management of nucleus-plasma plantations, starting from developing, managing and maintaining plantation areas and collecting harvests, collecting, carrying out transportation and buying all fresh fruit bunch (FFB) of oil palm produced from the company through a cooperative has been appointed by the company.

How is the implementation of the two partnership schemes in the two villages carried out, and what are the implications for benefit sharing between the company and the smallholders that should be fair? By borrowing from Ralf Dahrendorf's power relations and relations of production approaches, which mapped superordinate and subordinate authoritative powers (Dahrendorf, 1957), this study found four typologies of power relations in the partnership scheme between large private companies and smallholders, namely asymmetric partnerships, exploitative partnership, distrust partnership and forced partnership, partnerships characterized by distrust of farmers in companies. The asymmetric type and distrust partnership are in line with the findings of Ruml & Qaim (2021) which states that the main problem with the contract schemes is the closedness of detailed information on contract agreements to smallholder, which causes mistrust of smallholder to company (Ruml & Qaim, 2021). In the simple term, explanation of the type of partnership can be outlined in the table below:

Table 1. Typologies of power relations in the partnership scheme between large private companies and smallholders

Type of Partnership	Superordinate & sub-ordinate	Rules of the game & benefit sharing
Asymmetric partnership	Superordinate: large plantation companies & cooperatives Subordinate: smallholders	- The company creates a cooperative as a subsidiary company; - Partnership contracts is not between companies and smallholders, but between the cooperative and company - Smallholders are bound in a one-stop partnership contract, managed fully by the company; smallholders receive result.

Type of Partnership	Superordinate & sub-ordinate	Rules of the game & benefit sharing
		- Information & the rule of economic transactions are in the power of company and cooperative.
Exploitative partnership	Superordinate: large plantation companies Subordinate: smallholders	- Scheme of land sharing 70 : 30, 70 for company, and 30 for smallholders. - Smallholder lose arable land - The land is managed by company; peasants become labours of plantation company;
Distrust partnership	Superordinate: large plantation companies Subordinate: smallholders	- The company promises to arrange land certificates for smallholders' land that has not been certified and will be returned after the credit agreement. - Many smallholders did not receive the certificate promised by the company; - The company changed the location and position of smallholders' land ownership and monopolised the spatial arrangement of the nucleus-plasma plantations.
Forced partnership	Superordinate: large plantation companies Subordinate: smallholders	- Smallholders must be members of the cooperative formed by company; - Smallholders must obey to the rule of game from contract that have been handed over by company to the cooperative.

Asymmetric partnership

In the economic theory of New Institutional Economic (NIE), it is stated that to reduce the risks and costs of human transactions, create formal institutions such as writing and enforcing constitutions, laws, contracts and regulations and creating informal institutions such as structuring and inculcating norms, beliefs and habits of thinking and behavior. According to this theory, market performance depends on both types of institutions and organizational modes that facilitate transactional and cooperative behavior (Wendschlag, 2009). Therefore, institutional experts believe that imperfect information (asymmetric information) in a cooperation is a determining factor in the advantages and disadvantages of a cooperation contract.

This asymmetric information condition afflicts the smallholders who are bound in partnership contracts, either the PIR partnership scheme between the people of Perembang and PT. SDK and a one-stop management partnership scheme between the Begori community and PT. SHP. In general, the entry to investment in oil palm plantations into these two villages is through a ratification scheme or institutionalization of the oil palm plantation development agenda into the village development policy plan. The Perembang Village Government, supported by several community leaders, officially submitted an investment proposal to PT. SDK in the early 1990s. In Begori, PT. SHP succeeded in opening a nucleus plasma plantation not long after a community leader in 2007, was elected as head. After being sworn in, the village head immediately confirmed the inclusion of a partnership program and plantation land clearing with PT. SHP is included in the RPJM Desa priority agenda.

In general, the village government and the community do not have adequate knowledge about the rules and governance of partnerships in oil palm plantations. Without learning about the legal basis and governance of the partnership, the Perembang Village Government took the initiative to establish communication and negotiations with PT. SDK to be willing to build a mill and oil palm plantation in Perembang. There are several formal request clauses in the communication process: 1) the Perembang village government wants the company to be willing to invest, by establishing a crude oil palm processing factory and its plantation in Perembang. 2) the village government prepares land, approximately one thousand hectares to be used as a nucleus-plasma plantation area. The prepared lands consist of land belonging to certified transmigrants and land belonging to the Linoh Dayak indigenous people, the majority of which are not certified except for the recognition of customary law. 3) the company assists in the certification process of the lands handed over by the village community to the company, and within a certain period, after the end of the cooperation, the certificates are returned to the smallholders.

According to Sul (M, 50 years old), the village government and PT. SDK, agreed to carried out a binding agreement, with several clauses: 1) the company is responsible for the process of clearing the land, planting, caring for and with the harvesting process until the sale of fresh fruit bunch. 2) Smallholders who own land work for the company and the company is obliged to give them wages. 3) For all operational costs that have been spent by the company starting from land clearing to harvesting and selling fresh fruit bunch to the palm oil processing plant (PT. SDK), then each smallholder who owns the land is subject to provisions that must make up for the production costs that have been incurred by the company by means of in installments. Actual installment period is calculated about six years from land clearing. The total amount that farmers had to pay in installments at that time was IDR 29 million for each plot (one plot = two hectares). 4) After the harvest period (fruit sand), the land is returned to the smallholder. Those who previously submitted two certificates were counted as getting one plot, those who submitted one certificate (one hectare) were counted as half a lot. According to the agreement for 70:20 percent of the land (70 percent belongs to the company, while 30 percent belongs to the smallholder) then after the land is returned, the smallholder are required to make a “credit agreement” which will be automatically deducted by the company through a designated cooperative, from the profits which is 30 percent of the fresh fruit bunch sales. The next agreement (5) is fresh fruit bunch must be sold to the company.

In practice, the company is not open to smallholders, especially related to the arrangement of plantation land and the management of land certificates, so that the partnership is not created for the smallholders. First, the company reorganizes the land or redesigns the layout of the nucleus-plasma plantation according to the market created by the company, without the knowledge of the smallholders who own it. As a result, the position of the smallholders’ land has shifted, and the land-owning smallholders no longer know the location or position of the land that was previously handed over to the company. Sul himself, when this research was conducted, had chosen to become a freelance plasma smallholder or smallholder who was no longer tied to PT. SDK. He conveys his experience as follows:

> *In this system, smallholders work for companies (labor). They work starting from land clearing phase or in the local term “masa tumbang” or logging period, clearing land that is still in the form of forest into land ready for planting. Land that is still deep forest is arranged into plots. With changes in land use as a result of land clearing, the layout or position of smallholders’ land ownership changes without the knowledge of smallholders. In other words, the layout or position of the land plots belonging to smallholders is reshuffled (Sul, Perembang, 21/11/2021)*

Second, in Perembang, the company returned land certificates after completion of the credit agreement only to farming communities from transmigrants, but did not manage and also did not give certificates to the Linoh Dayak tribal community group. Third, the company requires the owner smallholders who were previously constracted to become company workers during the plantation development process, to pay in installments or return the wages they have received from company when entering the credit agreement phase.

Exploitative partnership

Exploitative size according to classical Marx is when companies make profits form labor (Luna & Luna, 2018). In the oil palm plantation industry, some of the profits that companies get are obtained by exploiting profits that should have been the right of smallholders. One of the ways is through a 70:30 contract scheme. In 2012 the Begori Village Government succeeded in facilitating a partnership agreement with PT. SHP. The partnership agreement between PT. SHP and Begori Village through the SBP Cooperative succeeded in mobilizing 687 farmers and collecting 1160 hectares of land. The position of the land is not only in Begori Village but also in the neighboring Gurung Sangiang. Within the framework of the partnership agreement with the 70:30 land-sharing scheme, NSA, the head master of village of Begori who also handed over the land, admitted that he was quite pleased with the compensation money (sago hati/darasah) he received from the company amounting to Rp. 21,036,000 for the handover of 52.59 hectares of land. However, if it is calculated carefully, in the 70:30 partnership scheme, the person concerned actually suffers a loss, in terms of land distribution. This is because, based on the minutes of land over dated June 22, 2011, of the 52.59 hectares that was handed over to the company, the NSA only received 15.78 hectares as plasma plantations. Besides, NSA also loses its personal assets or capital and its right to manage its own land, because the management rights are transferred to the company.

For NSA, the result of the economic agreement between him and the company may not be perceived as a loss or disadvantage, given his social position and economic strata in a village that is classified as being in the upper strata. However, the story will be different when it befalls ordinary smallholders. According to RWN (M, 36 years old):

> *PT. SHP implements a 70:30 percent partnership. In 30 percent, it's not only the people who deliver the land and receive the results, it's actually less than 30 percent. So, in 30 percent there is another pattern of distribution, the first is to pay the cost of the bailout/loan provided by the company in the management of the oil palm plantation. Of the 30 percent, only 15 percent is returned to the community. The length of the partnership contract is 30 years. In 30 years, if the debt is not paid off, the smallholder will only receive 15 percent.*

From the RWN exploration above, it is noted that the implementation of the one-stop management partnership concept with 70:30 scheme is detrimental to farmers, giving up 30 percent, but receiving only 15 percent of the results. By capitalizing the stage of facilitation of community plantation development as company receivables, it indirectly forces smallholders into a long-term debt and debt system with the company. Finally, in order to close their debt gap and low income, the smallholder families are willing to work for the company. The negative impact of the one-stop management partnership scheme as stated by RWN above, is in line with the case presented by KRN (M, 34 years old), an activist of SPKS Sintang.

> *According to KRN, PT. CKS (Indofood company group) is no longer operating in the field, because smallholders are disappointed. The monthly yield (profit sharing) received by smallholders is only around 50 thousand of the average one hectare of land handed over to company. In 2020 the smallholders who originally joined the plasma with PT. CKS took their respective lands. Therefore, now the company is bankrupt (KRN, M, 43 years old, Sintang 20/11/2021).*

From KRN's testimony above, it can be seen that the one-stop management partnership relationship has not resulted in proper welfare for smallholders. From one hectare of land handed over to the company, smallholders receive a net profit sharing of only Rp.50,000 for one hectare. If calculated at normal prices without a partnership scheme, one hectare of oil palm plantations can produce 24 tons/ha/year. Thus, in one month, one hectare of plantation can produce two tons of fresh fruit bunch. Furthermore, in a month, for a healthy oil palm plantation, smallholders can harvest oil palm twice. If the price of fresh fruit bunch for every one kilogram of it is IDR 3000, then the smallholder who owns the plantation should be able to earn an income of IDR 3,000,000. Thus, the calculation of the profit sharing that is only IDR 50,000 per month received by the smallholders is conditional by deception.

The low income and losses suffered by the smallholders from the results of the oil palm plantation business managed within the framework of the partnership stem from unbalanced and monopolistic partnership agreements. This conclusion can be seen from one of the points of the agreement contract between PT. SHP and smallholders in Begori represented by the SBP Cooperative and read as follows:

> *Subject to the terms set forth in this agreement, the company is responsible for any and all matters relating to the project and will enjoy the sole and exclusive right to develop, manage and maintain the plasma plantation area as an oil palm plantation and to harvest, collect, transport and purchase all fresh fruit bunch products originating from the plasma plantation area.*

In the clause above, it is clearly stated that the companies on the one hand are responsible for all matters relating to the smallholder oil palm plantation development project, but on the other hand they claim to have sole and exclusive rights in plantation management, including enjoying the purchase of all the fresh fruit bunch produced from the plasma plantation area.

Distrust partnership

An agrarian reform activist, Gun (M, 46 years old) expressed the following opinion:

The company does not always use money to solve land expansion obstacles. The only thing limiting expansion is the forest. Forests are limited by the government; the government is under international pressure. If there is no international pressure on the issue of climate change, perhaps oil palm expansion will continue to enter the forest. In expansion there are bound to be obstacles. When there are obstacles, and they see a partnership opportunity, the company chooses to use a partnership strategy (Gun, M, 46 years old, Jakarta, 12/10/2021)..

From Gun's opinion, it can be understood that partnership is a shortcut for companies to avoid plantation expansion, which previously mostly targeted forest, causing tremendous deforestation and drawing a lot of criticism from environmental activists. Now, the direction of oil palm plantation expansion is no longer targeting the forest, but towards the village (Wulansari, 2017), targeting the living space and livelihoods of indigenous peoples. In Kalimantan, the expansion of oil palm plantations on the one hand has opened up village isolation. Village communities now have access to better life facilities because they have more access to diverse food sources, while villages that have not opened access to the oil palm economy, and do not have adequate access to health facilities actually have a lower malnutrition rate than villages that have received oil palm facilities (Santika, Wilson, Meijaard, et al., 2019).

Another consequence of the expansion of oil palm to village is the vulnerability to social conflict. From a record of 119 cases of conflict related to the development of oil palm plantations in West Kalimantan, it shows that there are various conflicts that accompany the spread of oil palm plantation. West Kalimantan has the second highest intensity of land conflicts (after South Sumatera regarding oil palm plantations in Indonesia). The details are 31 cases in Sanggau, 27 cases in Ketapang, 17 cases in Sintang, 14 cases in Sekadau, and 12 cases in Sambas. The variety of cases includes 53 cases of unwanted land conservation, 24 cases of company refusal, 20 cases of partnership schemes, 10 cases of fraud, 5 cases of environmental pollution, 3 cases of horizontal conflict, 2 cases of theft of fresh fruit bunches and 2 cases of internal management (Cramb & McCarthy, 2016).

As previously explained, the transfer of land from farmers to companies and land certification by companies have become clauses of mutual agreement between smallholders and companies in both Perembang and Begori. In Perembang, the agreement was not honestly realized by the company. First, people do not know that certificates are actually used as a means by the company to seek capital loans. This conclusion is at least based on the following opinion of an employee of PT. SM:

The certificate is given to the company as collateral to the bank. The partnership is carried out by three parties: smallholders, companies and banks. Smallholders own the land, banks own the money, and companies own the technology and marketing assurance. The company is ready to build, and the capital is from the bank. So, smallholders hand over land to companies for capital loans to banks. The company here has a position as a guarantor (guarantee). Government policy imposes a condition of 50 hectares in one partnership agreement. In general, one smallholder has four hectares in one household (NN, 1/11/2021).

Second, the hopes of smallholders to get back their certificates that have been submitted and to get the new certificates promised by the company have not been realized as they should be. A community leader in Perembang recounted his experience as follows:

The people want their land to be planted with oil palm by the company. Let it be managed by the company, and after so many years it will be returned to the residents. But the fact is it is not all returned, part of the company's core. So, the children of the first generation of society do not get it. The image of the community is handing over 1000 in return for 1000 hectares, but in reality, it is so different (Mrd, L, 56 years old, 21/1/2022).

The experience of returning certificates and the certification process as promised by the old and unclear company indirectly fueled the distrust of the smallholders. However, realizing the potential for distrust, the company took a social approach that was deemed appropriate so that the concept of partnership that had been running was still accepted by the community on the one hand, while simultaneously silencing the potential for social resistance on the other. One way to reduce it is through the recruitment of workers who come from the village where the company's plantation is located. Ana, an activist of SPKS Sintang, expressed the following opinion:

To reduce smallholder' resistance to the potential downside of one stop management partnership, the company implements a hegemonic strategy, namely recruiting workers from the communities surrounding the company's plantations. So, when there is resistance, the

> *community will not dare to do things because there are fellow workers in the company, the place they work (KRN, L, 34 years old, 20 November 2021).*

Influencing and controlling village elites (village government elites and indigenous community elites) in Perembang and Begori is another step taken by the company to gain support from village knowledge and policies for the company's plans to develop oil palm plantations and perpetuate the partnership. In Perembang, the company promised the allocation of land to be used as Village Treasury Land (*Tanah Kas Desa*) and influenced the village head election arena in order to get a village head figure who safeguarded the company's interests. More or less the same strategy was also applied by PT. SHP in Begori. There is one company strategy that ultimately results in resistance from the developer community, namely transferring the management power of the company's management to other investors.

In recent developments, the village treasury land is managed secretly by the village head and the profits go into the village head's personal account. The communal land certificates promised by the company have also never been given to the Linoh Sub Dayak community. Even though there was disappointment among the Linoh Dayak community because the promised land and certificates were not returned, the village government remained unmoved, not advocating for the company to fulfill the community's right. The bad partnership contract after the credit agreement was completed made people become independent oil palm smallholders. One of these rational choices was made by Sul (M, 50 years old), a smallholder from Perembang who stated the following story:

> *Since 2014 I have become independent. By becoming an independent smallholder, I have more freedom to determine the direction of my oil palm plantation business. I do everything by myself, meaning making my own seeds and planting them. I have been planting my own seeds for the last three years, as many as 700 trees. Currently, my land asset has increased three hectares, and it is specifically for oil palm which is managed independently. So now, there are five plots of independent oil palm plus three acres of land that I have bought myself (Sul, L, 50 years old, 21/11/2021).*

The courage to be independent or not to engage in a partnership scheme with the company is also carried out by the second generation of smallholders in Perembang. On average, they are young smallholders who work on land inherited from their parents that is not handed over by the company. Therefore, in terms of layout, the position of their lands is spread out (skaters), unlike plasma plantations which are located within the circle of nucleus-plasma plantations. One of them is done by Ard. In relation to WWF's assistance and empowerment, Ard together with 11 other smallholders formed an independent smallholder group called Rimba Harapan. Ard shared his story with the author that the oil palm plantations he cares for are carried out within the framework of good agricultural practices as applied in Indonesia Sustainable Palm Oil (ISPO) as he knows from WWF. The goal is to get an ISPO certificate so that it has legal legitimacy as a palm oil plantation product that is produced from oil palm governance in accordance with the principles of sustainability. As with Sul's experience above, Ard gets better benefits from following a partnership system with plantation companies. Ard shares his story as follows:

> *I started planting oil palm independently in 2014. With one hectare of land from my father, now I produce an average of one ton harvest of 100 Kg (in one harvest cycle or per 15 days). This means that in one moth there are two harvests. Thus, in one month I can harvest 2.2 tons of fresh fruit bunch. In the last three months, the FFB price per Kg is IDR 3100 (gross price or factory price). This means that with the factory price calculation, in one month's gross calculation, I get 6.8 million. After deducting the cooperative's mandatory dues (20,000/smallholder), loading and unloading fruit (60 rupiah/Kg), field management wages (Rp 30/Kg), transportation costs or truck rental/transportation services Rp150/Kg, deductions cut of PPN and PPH the net profit I earn is five to six million (Ard, L, 37 years old, Perembang, 21/01/2022).*

As in Perembang, the company's hegemonic practice of smallholders in Begori has also succeeded in protecting the production works of PT. SHP. The company provides full support to the Begori Village Government, which in its RPJM Desa has launched a palm oil plantation development program. With this privilege, the village head has the flexibility to propose and include his own residents or relatives to become company workers. With this privilege, the person concerned is able to place his brother in a fairly prestigious position, for example as a garden foreman. However, we can read from this privilege that the village head is actually under the hegemonic control of the company, thus making it easier for the company to reduce social turmoil that will lead to the emergence of public distrust on the part of the company.

Forced partnership

One of the nodes of the asymmetric relationship between smallholders and companies is the role of cooperatives. Based on the experience of initiating the establishment of partner cooperatives in Perembang and Begori, the determination og partner cooperatives is in the hands of the company. Therefore, the role of cooperatives is relatively tough to the bargaining power of farmers in front of corporations, but weak to the interests of companies. This means that, structurally, the cooperative institutions becomes the representative of group of overland smallholders in developing the materials for the partnership agreement with the company. However, because the cooperative appointed as a partner is an insitution formed by the company, the role and function of the cooperative is biased to the company. An employee in the public relations department of a large private plantation company in Melawi Regency stated this:

> *In the partnership pattern, the name is cooperative, not KUD. Previously, it was the pattern of KKPA and KUD, Head of Village Unit which is spoofed to become the Head Get Benefit First. Currently, the partnership pattern is still under the auspices of the company. So, it is the company subsidiary, but in the form of a cooperative; (It is) formed by a company, but the partners are companies. In partnership, there are no divisions. So, the smallholders only know the results. (They) don't know where the plantation is (AF, Perembang, 21/11/2022).*

AF's opinion above is in line with the opinion expressed by SPKS Sintang activists as follows:

> *The existence of cooperatives under one roof management makes cooperatives have no power or no function. Unlike the KKPA, in the company's view, cooperatives are only used as tools to fulfill CSR principles. The cooperative belongs to the company. Even employees are paid by the company. So, the smallholders have no power. Management is indeed formed by and from the community. But, the real function of the cooperatives is castrated by the company. Cooperatives are only played as distributors of profit- sharing payers (KRN, Sintang, 22 April 1977).*

From the statements of AF (M, 41 years old) and KRN (M, 34 years old) above, it is read that the company has an interest in the cooperative it has formed by itself. It is also read that the company did not give the community the opportunity to form their own cooperative. So, thus the partnership that should be carried out in the framework of equality and justice, is instead carried out in an imbalance where smallholders are in a subordinate position. In this position, the relative flow of information about partnership only takes place at the level of companies and cooperatives. The cooperative will filter the information that needs to be conveyed from the company to the smallholders. Normatively in the agreement letter it is stated that the definition of partnership is cooperation carried out by the first party and the second party within a certain period of time to achieve mutual benefits or benefits with the principle of mutual need and mutual enlargement and/or to strengthen the position of each partnering party. Its success is largely determined by the compliance between the parties in carrying out the rights and obligations of each party responsibly. So, actually there is no institutional relationship in the partnership between the company and the smallholders; there is a partnership relationship between the company and the cooperative formed by the company itself. In the performance of such power relations, hierarchically the position of smallholder is in the domination of the power of companies and cooperatives.

CONCLUSION

The expansion of oil palm plantations is one of the factors causing deforestation, so it has received a lot of criticism. The enactment of the plantation law provides an opportunity for companies to continue plantation expansion by riding on a partnership policy discourse. The positive impact is that state forests are no longer targets for plantation expansion. However, oil palm plantation expansion continues by entering the village and targeting the existence of village forests and indigenous peoples' lands. The threat of ecological damage and social conflict eventually turned to the village. To reduce the potential of social resistance, the company carries out a hegemonic strategy by giving privileges to the village elites and customary society and promises of prosperity as well as facilitating the issuance of land certificates for indigenous peoples.

The 70:30 land-sharing scheme that applies between PT. SDK and Perembang smallholders in the PIR or 80:20 partnership scheme agreed by the Begori community with. PT. SHP in the one-stop management partnership scheme has become a discourse that looks promising for prosperity. But, in fact it is a predatory scheme for companies to take control of the community's land (land grabbing) and an entry point to lead people to release land and at the same time to be willing to works as company workers. In this way the exploitation runs smoothly where the facilitation of community estate development carried out by the company is realized without any sacrifice of company capital, but compensates for the welfare of smallholders through a discourse called "credit management".

Agricultural partnership in the plantation sub-sector, both in the PIR partnership scheme or the one-stop management partnership scheme, has encouraged the transformation of the livelihood strategies of rural communities from landholders to landless smallholders and eventually to plantation company workers. Thus, plantation capitalism with this partnership scheme actually forces land-owning smallholders to release their relationship with their agrarian resources, and then outsources them to the company. After the land management is under the authority of the company, smallholders are conditioned to become factory workers. What happened next is smallholders experience what is called depeasantiation and proletarianization (Brass & Bernstein, 2019)

Finally, the agricultural partnership scheme which presupposes cooperation between smallholders and companies on an equal basis, in the end runs out of balance, because the institutions or rules of the game in the cooperation contract is dominated by the company's big interests. This study finds that the entry of oil palm plantation capitalism into Perembang and Begori has indirectly created four types of social production relations between large-scale companies and smallholders: i) asymmetric partnership, ii) exploitative partnership, iii) distrust partnership, and iv) forced partnership.

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