

EXPLORING THE READINESS TO IMPLEMENT SOCIAL SUSTAINABILITY AMONG OIL PALM INDEPENDENT SMALLHOLDERS

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ABSTRACT

Malaysian palm oil industry is one of the significant contributors to Malaysian income also serves as primary source of income to more than 250,000 Malaysian independent smallholders. The industry has been critiqued that the oil palm producers have engaged in socially conflicting practices which includes human rights abuses, labour discrimination, loss of indigenous livelihoods, and land conflicts. The critiques had directly affected the global demand and reputation of Malaysian palm oil. Therefore, Malaysia promised the world that the country will produce 100 percent sustainable oil including practicing socially sustainable by end of 2020. This means all palm oil producers (plantation, organized smallholders, and independent smallholders) will fulfill the Malaysian Sustainable Palm Oil (MSPO) certification requirements. The private plantations and organized smallholders seem to be on the right track at achieving this pledge. Unfortunately, only 31.61% (January 2021) of lands that belong to the independent smallholders are certified which means more than half of the independent smallholders' plantations are still uncertified. This study seeks to explore the readiness among these independent smallholders to practice socially sustainable practices. Qualitative approach were used through an in-depth case study (interview, observation, document review) in one area in Johor. The readiness analyzed based on related social principle of MSPO and categorized into traffic light approach. The findings indicate the independent smallholders are ready in implementing social-related principles. Particularly, able to demonstrate land use right, raised complaints, practice zero discrimination, meeting minimum labour's payment standard and basic amenities for labour. The readiness are influenced by roles of dealers who helps smallholders in their plantation practices as well as the authority body who is in charge in giving trainings towards achieving sustainability practices.

Key words: MSPO, oil palm independent smallholders, readiness, social, sustainability

INTRODUCTION

Malaysia is the second largest oil palm producer that currently accounts for 28% of world palm oil production and exporter totalling about 33% of world palm oil export i.e. equivalent to an average of USD16 billion per year. Out of the total palm oil production in Malaysia, around 17.43 million MT tons of the oil is exported to more than 120 countries around the world, which almost five times more than domestic consumption mainly for foods and biofuels. Referring to the MPOB report in 2020 the major importer of Malaysia oil palm was China followed by India, Netherlands, Pakistan and the other 50% shared among countries around the world amounting. The export of palm oil contributes quite a substantial amount to the country's GDP. Thus, anything that restricts the export of palm oil may affect the countries income quite significantly. Palm oil is notably the most productive oil among all major oils in the world i.e. in terms of yield per hectare; thus, producing affordable oil and fats for the world. A hectare of oil palm can produce 4.03 MT ton of oil which is 90% more compared to soybean, 85% to sunflower, and 80% to rapeseed. However, the industry has been attacked by several parties around the world as being unsustainably produced - environmentally and socially unsustainable.

In the social regards, the oil palm industry is claimed; among other things; to abuse a number of labour rights such as forced and child labour used, physical violence towards the labours, sexual harassment, and labour discrimination (European Commission, 2018; Barthel et al., 2018; National Geography, 2018; Shah, 2017). It is also said that the labours are placed in a calamitous living condition (Lierley, 2018). Besides the terrible treatment towards the labour working in the oil palm plantations, it is also claimed that the openings of oil palm plantations land conflicts (Barthel et al., 2018; Schrier-ujil, 2013), through the exploitation of indigenous communities (European Commission, 2018; Enden, 2013). To combat these global critiques, Malaysia introduced a Malaysia Sustainable Palm Oil (MSPO) certification in 2015. At the time the scheme was voluntary. This is to promote the industry

to practice sustainable plantation practices that not only focus on profit maximization but also consider the environmental and social aspects in producing palm oil.

Due to the prolonged debate of unsustainable produced palm oil, Amsterdam declared to criticize the unsustainable palm oil and banning its use on import or trade by year 2020 in their 2015 assembly. Three years after the declaration, the treat becomes worse as in July 2018, the Members of the European Parliament (MEPs); i.e. the second largest importer of Malaysian palm oil at that time, has declared to ban all unsustainable palm oil import by the year 2030. This policy is expected to directly and significantly affect the Malaysian palm oil export as very small percentage of our producers are sustainably certified be it the Roundtable on Sustainable Palm Oil (RSPO) certification or even Malaysian Sustainable Palm Oil (MSPO) certification (Kumaran, MPOCC, 2018). In 2017, after the banning of unsustainable palm oil, Malaysia has started to feel the heat and incurred loss as European importers started to source other sustainable certified oil such as sunflower oil (Sundram et al., MPOC, 2018). To overcome this pressing issue, Malaysia has established an official palm oil sustainable certification body and has announced that Malaysia is making it compulsory for all oil palm plantation in Malaysia to be certified sustainable by December 2020 not only for the big plantations but also applicable to all the smallholders both organized and independent ones. Since the announcement, big private plantation companies and organized smallholders have been recording a remarkable achievement where 99.8% of private plantations and 98.54% of organized smallholders have been sustainably certified (MSPO Trace; 28 Jan 2021). Unfortunately, as of January 2021, only 31.61% of lands belongs to independent smallholders are certified which means more than half of the independent smallholders' plantations are still uncertified. This study aims to explore the readiness among these independent smallholders in practicing sustainable plantation practices in the process of being ready to implement it. The scope of this paper is mainly on social sustainability practice.

LITERATURE REVIEW

Sustainability has been widely discussed in several fields of studies (Schaltegger and Hörisch, 2017; Khatun et al., 2017; Thomas and Lamm, 2012; Lacy et al., 2010; Zhou, 2010). The main similarity among all the discussions is that to be sustainable, one needs to consider the three main elements i.e. the environmental concerns, social needs and economic development that emerging the condition of balance, resilience and interconnectedness between each pillar (Rankin, 2014; Farley and Smith, 2014; Visser and Brudtland, 2013; Morelli, 2011; Kolonas, 2007). Only social sustainability will be discussed below as this is the focus of the discussion in this paper.

The social pillar is mainly emphasizing the human-being element within a system. Social sustainability can be broadly defined as "a positive condition within communities, and a process within communities that can achieve that condition" (McKenzie, 2004, p. 23). Dillard et al. (2008, p.4) defined the process as something that can "generate social health and well-being now and in the future, and those social institutions that facilitate environmental and economic sustainability now and in the future". Hence, it is important that elements such healthy environment for human well-being, community health, nutrition, shelter, education, culture, equity between generations besides to sustained and enhance economic viability (Morelli, 2011; Torjman, 2000; Gilbert et al., 1996). Thus, social sustainability is covered all basic needs required by the whole society. Some researchers suggest that social element of sustainability is the central prominent element to the general definition of sustainability as it the human that plays an interconnected role between the ecosystem and economic sustainability (Cruz et al., 2018; Moldan, 2011; Colantonio, 2007).

In the context of sustainable agriculture, the social sustainability system implicates plantation owners to be responsible to the individuals working at a plantation and the community/ society. These are the main two areas in which this paper will be focusing on. The former relates to anything located on the site that may be socially impacting the farmers, their family as well as the farm labour (Albayna and Er, 2018). This includes practicing employment within the realm of related laws and treating those working in the plantation with all basic human rights. For instance, the extend in which the plantation owners provide a decent living wage, basic amenities, as well as provide basic technical knowledge for their labour, as the development of knowledge (Ha, 2019; Barthel et al., 2018). Whilst the latter refers to the wider societal impact of the plantation, for instance, the extent to which the plantation owners and its activities affect the stakeholders (Albayna and Er, 2018; Martin et al., 2015). This could include ensuring no intrusion of the human rights exercised towards the community such as infringing land rights and customary rights.

There are two principles in the MSPO emphasizing into these two areas of social sustainability namely Principle 3 and Principle 4 as outlined in the Table 1 below:

Table 1: MSPO principles and criteria related to social sustainability

Principle of MSPO	Criteria
Principle 3: Compliance to legal requirements	Criterion 1- Regulatory requirements Criterion 2- Land use rights Criterion 3- Customary rights
Principle 4: Social responsibility, health, safety, and employment condition	Criterion 1- Complaints and grievances Criterion 2- Employees safety and health Criterion 3- Employment conditions Criterion 4- Training and competency

Source: Malaysia Palm Oil Certification Council (MPOCC); Malaysia Standards (MS 2530-2: 2013), 2013

Principle 3 indicates the requirement to aware of the regulatory includes local, state, national and ratified international laws and regulations pertaining to oil palm cultivation includes land use rights, indigenous and customary rights. Meanwhile, Principle 4

emphasizes on social responsibility, health, safety, and employment condition. Particularly it highlights on human rights includes labour rights (e.g. labour safety and health, working condition, labour wage), ability to address the complaint and resolve dispute, as well as enhance competency in managing oil palm plantation.

This paper is focusing on the readiness level of independent smallholders in implementing these two principles which is the main concern of social sustainability literature. The multilevel perspective was used to understand the readiness level of independent smallholders. This approach outlined that readiness to change among any individual units is linked with the readiness of the group and the organization that is involved in the change behaviour/phenomena (Loufrani-Fedida et al., 2019; Rafferty et al., 2013). The multilevel approach makes clear the interaction that happens between the hierarchical level i.e. the individual, group and organization; tend to result in the convergence of perception and behaviour based on their beliefs, attitudes and intention to change (Kozlowski and Klein, 2000; Rafferty et al., 2013; Razak, 2013). This study has recruited the top-down approach to overlook the relation between hierarchal level. (Isidiho and Sabran, 2016; Kozlowski and Klein, 2000).

Independent smallholder is the main unit for this study is the one who hold land not more than 40.46 hectares. They received minimum assistance from any parties and not contractually bound to any mills. Independent smallholder also free to choose they way to utilize and manage their land with their own fund. In Malaysia, there are another group of smallholders, called organized smallholders. The organized smallholder received a piece of land and structurally bound by contract with specific mill. Besides their farmland are directly managed, organized and supervise by the schemes' manager. With regards to the context of this research, the individual unit is referring to the independent smallholders, while the group is referring to the dealers who are usually the people who help a group of independent smallholders in their plantation practices in pursuing sustainable status. Lastly, the organization refers to the authority body that is in charge of giving training to independent smallholders in achieving sustainability practices.

MATERIALS AND METHODS

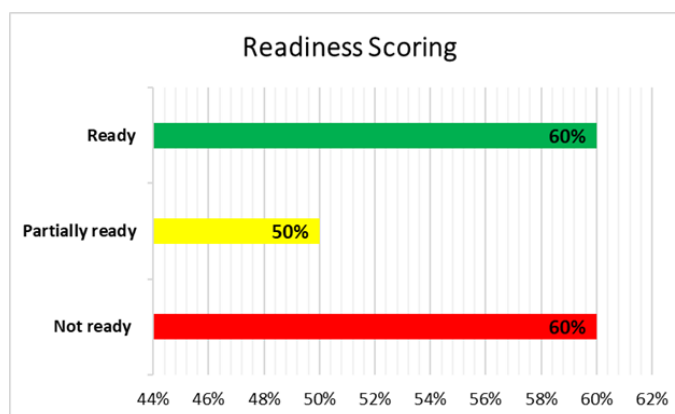
Data Collection

This study employed the case study approach of qualitative research in order to explore deeper understanding and explanation on independent smallholders' plantation practices. Face-to-face interview was conducted toward 13 independent smallholders, 2 dealer officers, and 2 authority body (MPOB) officers, also having plantation observation as well as reviewed related documents. All the data was gathered in year 2018, after Malaysia announced to make the MSPO certification as compulsory to all plantations. The study was carried out at one area in Johor, which is Batu Pahat. Johor was considered as the largest oil palm planted area also having the highest percentage of independent smallholders which accounts for 30.7% in peninsular Malaysia.

The utilization of top-down approach also helps to reach the informants. The higher management, in this case, the authority body officers (MPOB) was approached in gathering specific information about the dealers and independent smallholders. Then, it followed by engaging the dealer officers and finally the main informant, independent smallholders. The main informants (independent smallholder) are the one who holds oil palm plantation; either partially or fully managed by their own; and not yet MSPO certified or in a progress to be certified. The second group of informants is the dealer. Dealer is an organization that acts as intermediaries in helping the independent smallholders in getting certification, renewing licence, providing financial assistance, FFB buyer and provide other services to independent smallholders in the research area. Meanwhile, the third group of informants, i.e. district authority body, also in a national level called MPOB. Being the higher management in Malaysia palm oil industry, they are particularly monitored the independent smallholders in receiving MSPO certification, provides training and organized program which also act as information center.

Data analysis

The audio files from the face-to-face in-depth interview were transcribed verbatim into a Word document, while the observation's data i.e. photos and relevant documents were reviewed with specific notes. The thematic analysis process was undertaken, to look into the practices and implementation of MSPO requirement to interpret the independent smallholders' readiness. Line-by-line analysis was first carried out to generate the open coding. All the codes were grouped according to the concept of social sustainability and named with the new themes and finally classed into the MSPO principle and criteria. The themes were then analyzed manually to measure the independent smallholder readiness in practicing MSPO social related principle.

Figure 1: Readiness score and code

The readiness was classified into three categories using traffic light approach adopted from Sustainable Development Goal that usually used to measure the performance (SDG Indicator 2.4.1, 2018) The colours represent the level of readiness i.e. red (not ready), yellow (partially ready) and green (ready). The categorization of readiness was based on the percentage score (refer to Figure 1) of the number of independent smallholders that fulfilled and unfulfilled the specific requirements. When the result shows more than 60 percent of smallholders unfulfilled the MSPO criteria, they are grouped under not ready (red), while if more than 60 percent of them managed to fulfil the MSPO specification, they will categorize as ready (green) and if half number of the smallholders fulfil the requirement, the particular criteria will be categorized as partially ready (yellow). For instance, when 10 out of 13 of smallholders able to fulfil the MSPO criteria specification, it brings to about 77 percent of the independent smallholders fulfilling the requirement, thus they will be categorized as ready (green) toward that particular criterion.

FINDINGS

There are 2 principles in the MSPO standards that deal with social sustainability, i.e. Principle 3 and Principle 4.

Principle 3: Compliance to legal requirements

As mentioned earlier (refer to Table 1), Principle 3 covers the act of following the regulatory requirement, land use rights, and customary rights by the smallholders. The Malaysian Standards of MSPO (2013) requires that “smallholders shall show awareness of compliance with all applicable local, state, national, and ratified international laws and regulations” as well as “demonstrate rights to their landholdings [in terms of land use rights and customary rights] and there is no evidence of major disputes” (Malaysian Standards, 2013, p. 3-4). Specifically, these paragraphs in the standards relate to the land, which includes the approval to use the land for oil palm cultivation such as having land rental/mortgage agreement, ensuring that the status of the grant allows for oil palm cultivation, MPOB licence for specific land to be able to sell the FFB, and the use of approved herbicides on the land.

Based on the observation, the smallholders repetitively mentioned the changing of land status from rubber tree to oil palm. Almost all of the interviewed smallholders have changed the land status although some do it later than the others. Examples of the comments are as follows:

“When we first cultivated oil palm, they asked us to change. Supposedly, we change from rubber to oil palm before we start cultivating, but we plant first and change later. But now, all have already been changed [the land status]” (IS04, 19 July 2018)

“There is not much land regulation that we have to comply. It is just that the last time they asked us to change the land status...from rubber to oil palm. Yes, we have done that a long time ago” (IS10 20 Aug 2018)

“It has already been 3 years since I had received the grant. MPOB assisted me in getting it” (IS06, 03 Aug 2018)

Although most of the interviewed smallholders mentioned that they have changed the land status accordingly, some still maintain the old status i.e. land approved to cultivate rubber rather than oil palm. This is mainly because they want the option to be able to change it back to rubber if they want to. Meanwhile, there was also a case where the smallholders do not have a grant to clearly show that the land belongs to them; nonetheless, they received help from the higher authority and managed to demonstrate the legal ownership and the rights to use the land. Besides, in the case below, the smallholders cultivated oil palm under the existing rubber tree by which the plan is to change the land status only after the oil palm bears feasible output.

“Actually, the regulation is there. They wanted us to change the land status in the grant...but we did not do it because we still have our rubber. So, my grant is still stated as rubber rather than oil palm” (IS10, 20 Aug 2018)

There is also evidence that the smallholders sometimes open the land for oil palm cultivation even before the land was legally transferred to their names, as their former owner has orally dealt with the latest landowner in transferring the legal ownership. For example,

“I have many plantations...but one of my plantations in Air Putih ... I have not received any grant yet...in fact, people are saying that there is a rumour that the land will be taken by the royal of Johor” (IS03, 17 July 2018)

Furthermore, the smallholders are also aware that they should have had the MPOB licence that allows them to sell their fresh fruits bunches (FFB) directly from their plantation sites to any ramp nearby. This has been expressed by one of the smallholders, as follows:

“Everyone [independent smallholders] that holds oil palm plantations should have the MPOB licence to sell their FFB. Previously, it was not compulsory, but now we need to have it” (IS04, 19 July 2019)

Nonetheless, there are still smallholders who sell their FFB without renewing their licence; in fact, they are confused with the ramp that does not help them to renew the licence.

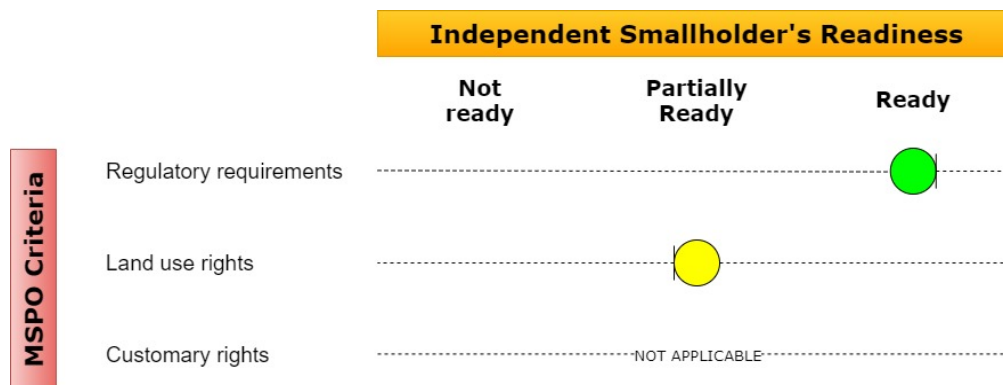
“For the latest [FFB sold], it was mentioned that the licence was expired. Renewing the licence is actually the ramp’s responsibility. I have shown my PORLA [MPOB] number and asked for renewal” (IS03, 17 July 2018)

There are also cases where the lands are managed by the dealers instead of the smallholders. This normally happens when the smallholders do not have enough capital or the capability to manage the oil palm plantations themselves. In such cases, the smallholders will be paid in percentage according to the yield per month or a flat-rate per month. Normally, the dealers will ensure that a proper contract is signed with the smallholders to evidence their rights to managing the land and taking its yield. One extract for this point is shown below.

“Back then, when I was still working and busy, I was not pawning the land, but it was fully managed by the PPK... Therefore, if we managed to get high income, they would refund and give it to us” (IS01, 4 July 2018)

“It will be a contract to sign with the smallholders for several years. Usually, we will manage the plantations; if the owner does not have any capital or capability to manage it, with a maximum of 15 years until the capital is fully repaid, then the land will be given back to the smallholders” (Enabler A staff, written note)

Figure 2: Readiness based on criteria of Principle 3. Notes, green- ready; yellow- partially ready; red- not ready. Adapted from SDG Indicator 2.4.1, 2018; Malaysian Standards, 2013 (MS 2530-2:2013)



Based on this observation, most of the smallholders are aware of the regulatory requirements applicable to them and they can also demonstrate their rights to use the land for oil palm cultivation. Even though some have still not fulfilled the regulatory requirements, they intend to do so after the output is deemed sustainable and feasible. Thus, in terms of awareness, the independent smallholders seem fully aware and ready (refer to Figure 2 for illustration). However, in terms of the ability to demonstrate land use rights, although the majority of them are able to demonstrate such rights, some are still sceptical and unable to demonstrate it. Hence, they are categorized as partially ready. As for the third indicator (customary rights), the area is not within the provision of land that requires any approval for customary rights.

Principle 4: Social responsibility, health, safety, and employment condition

Principle 4 relates to human rights in ensuring labour health and providing safe working conditions, addressing complaints and grievances, as well as enhancing the competency of workers through training. The first criterion in this principle entails complaints and grievances. The standards stipulate that “independent smallholders shall be able to respond to complaints that are raised by their neighbours or other stakeholders” (Malaysian Standards, 2013, p. 4) and that the complaint system should be able to resolve any disputes from any of the stakeholders.

Based on the evidence from the data, no tangible systems are put in place for complaints and grievances; however, all complaints by the stakeholders such as the surrounding community/neighbourhood and plantation workers were delivered orally to the plantation owners and were mostly responded to or at least acknowledged by the plantation owners. For instance, when the plantation owners cleared the rubber tree from their land to cultivate oil palm, the people in the neighbourhood were complaining that the big lorries carrying the rubber logs were damaging the road and other infrastructure. One smallholder mentioned that,

“Most of the smallholders change from rubber plantation to oil palm plantation...so, there is a lot of rubber logging that is affecting the infrastructure such as the road. Hence, we [few smallholders] told the contractor to take actions and reduce the amount of logs during the transportation... so, we asked them to repair [road] from the one who took and bought the logs” (IS01, 04 July 2018)

As the lorry contractors agreed to reduce the logs carried during each trip, no further damages have been incurred. The damages that already took place were repaired by the logs’ buyer as discussed. Another incidence shared by one of the smallholders was a complaint made by the smallholder’s workers about finding a snake at the plantation site:

“The worker complained about the snake at the backside of the plantation site. He told my husband about that...we acknowledged it, [but] we could not do anything because the snake was already gone...it was only there for a certain time... just after he finished weeding, he asked to pay extra for 4 acres size with a price RM1300, for 3 times of weeding to remove all weed. Then we just paid him because he will also be going back to Indonesia, so out of pity, I just paid the worker” (IS011, 14 Aug 2018)

Although nothing was done about the snake, the smallholders acknowledged the complaint and paid as requested by the worker even though the payment was higher than usual. Hence, this shows that the plantation owners are concerned about her worker.

Based on the observation, it can be said that the smallholders are socially responsible when it comes to complaints and grievances made by the surrounding stakeholders. This could be due to the social culture of the people in the research area. They are villagers who are permanent residents in the areas for many generations and they are close with one another. Although complaints were only made orally, either directly to the plantation owners or during any community gatherings such as at the prayer places, these complaints were taken seriously.

The complaints channelled at the dealer’s level for the smallholders, workers, and community are seen to be more systematic. According to one of the dealer officers,

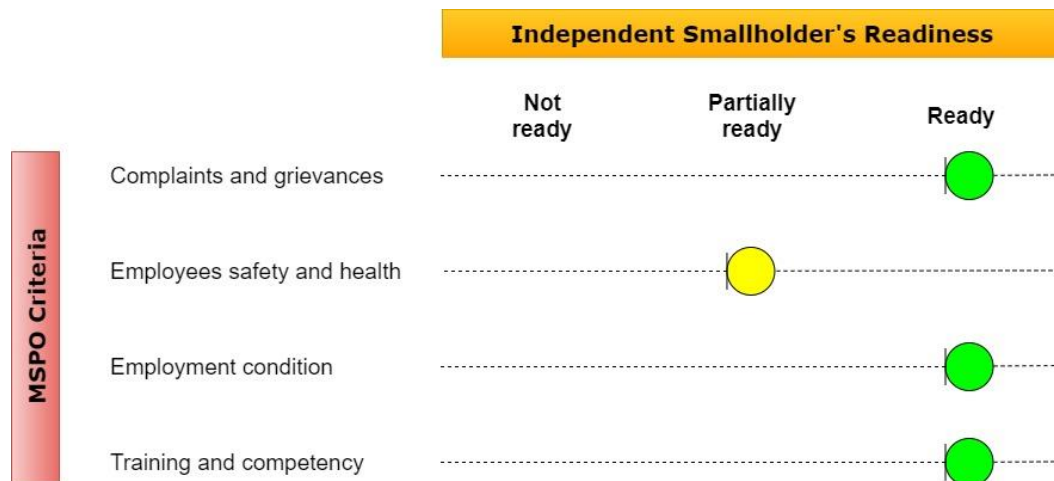
“The smallholders will make any complaint or consultation at the counter or the marketing office. The landowner [plantation managed by the enabler] will complain to the mini-estate manager. We also conduct meetings with our members [independent smallholder] and head units from time to time to discuss the complaints and ideas from the board” (dealer officer 1, written note).

According to the above comment by the dealer, they normally conduct a meeting to address the complaints and issues raised by the smallholders. Particularly, in the research area, the smallholders will be divided into several units and the meeting conducted by the units is basically held twice a year. Besides, other smallholders who are not able to attend the meeting can also raise complaints to the head of the unit, which is also a smallholder (dealer officer 2, 25 July 2018). Through such frequent meetings, they are able to address the issues promptly, take timely actions, and offer ideas to make a decision to solve the issues related to plantations. The meetings allow the smallholders to raise their complaints and grievances, thus portraying a good relationship between the smallholders, communities, and the dealers as a whole.

In relation to the evidence discussed above, it can be described that the smallholders in charge of the plantation themselves including the dealers who help manage the smallholders’ plantations take the complaints received from their stakeholders seriously; thus, they are categorised as ready (green – refer to Figure 3). Although the smallholders do not have any formal system like the dealer, evidence shows that they indeed take the complaints seriously and address them promptly. The actions they took normally solve any disputes that arise.

The second criterion in Principle 4 is related to employee safety and health. This requires the smallholders to “ensure that all work practices are safe” (Malaysian Standards, 2013, p. 4) without necessarily having a formal health and safety plan. Nonetheless, this is the only criterion that the smallholders seem not be fully ready for.

Figure 3: Readiness based on criteria of Principle 4. Notes, green- ready; yellow- partially ready; red- not ready. Adapted from SDG Indicator 2.4.1, 2018; Malaysian Standards, 2013 (MS 2530-2:2013)



Based on the observations and interview feedback, many of the smallholders do exercise safe working practices. For example, they wear gloves, masks, and safety boots when working at the plantation sites. They also know about the dangerous pesticides/herbicides and how these should be used. Below are some of the examples of exchanges encountered.

“If it is about safety, we have practised it such as wearing gloves, masks, safety boots, and I usually wear my dad’s safety shoes” (IS13, 04 Sept 2018)

“When we harvest the fruits, we must wear safety hat and shoes...it is dangerous... when we spray herbicides, we make sure that we cover our faces using masks...even when mixing it ...and we only wear the approved ones... some of the “poisons” are banned by the government. They are dangerous and bad for health. We do not use them” (IS01, 04 July 2018)

The photos (Figure 4) show the normal Personal Protective Equipment (PPE) that the smallholders or the workers wear while working at the plantation sites. The sprayer (Figure 4 (a)) wears a hat to help reduce skin contact to pesticide poison, including a mask to reduce the chances of pesticide poisoning as well as safety boots to avoid any direct contact with pesticides and thorns. Meanwhile, the harvester (Figure 4 (b)) only wears safety boots without a solid hat to prevent any falling fruits or palm fronds. The sprayer further wears an apron and rubber gloves to reduce exposure to pesticides. In addition, one smallholder also mentioned that he will indicate the wind direction at the time to ensure that it is suitable to conduct the spraying activities (IS04, 19 July 2018).



(a)



(b)

Figure 4: (a) Sprayer observed without an apron and gloves [Source: IS13, 04 Sept 2018]; (b) Harvester observed without hat, gloves and wearing short sleeve [Source: IS13, 04 Sept 2018]

However, some smallholders do know about all the safety and health policies; however, they do not bother to follow the policy and rules. Some even shared about several incidences or accidents that occurred during the activities such as palm fronds and fruit bunch fell onto smallholder. For instance, one of the smallholders claims that,

“During the harvesting, we just wear normal t-shirts and safety shoes... we supposedly wear hats and safety boots...I remind my children to wear the safety shoes because the palm oil tree has thorns that can affect us during the activities but they normally refuse...they only wear safety shoes as a protection from the thorns...yes, we had accidents that caused injuries. It was my son, but that was when he started learning to do loading...he did not know how to use the charm, instead, the fruit went to his leg” (IS12, 31 Aug 2018)

Another smallholder mentioned an incident when the palm frond fell onto him while pruning. However, according to some of the smallholders, it is common to have small incidences of such injuries; however, nothing severe has happened thus far (IS08, 08 Aug 2018).

The third criterion under Principle 4 is the employment condition. The criterion requires that the plantation owners who have workers working under them ensure that the employment contract is based on a mutual agreement without force; no discrimination shall be practiced among workers and their salary has to be paid at a fair rate and when due. If the plantation owners provide accommodation, the place should be habitable and furnished with basic amenities. The plantation owners must also ensure that the workers are of allowable age to work. If they are family members, they are allowed to help out at the plantation sites although they are below the age required, provided that they are under the supervision of adults.

Based on the observation, there is no forced labour cited by any of the smallholders. Many smallholders hire both local and foreign workers from Indonesia to work at their plantation sites. The foreign and local workers are also paid similar wages, and if there are facilities provided to the workers such as accommodation and bonuses, all of them will receive the same unless the workers opt not to take the provided facilities. Thus, the evidence indicated no discriminations practiced among the smallholders at the plantation sites.

The accommodation provided by the plantation owners meet the workers’ basic needs such as water and electricity; some even provided them with basic furniture.

“Yes [we provide workers with accommodation], together with water and electricity” (IS02, 08 July 2018)

“Our workers...we provide a fully furnished house. Some of them who are seniors will be given a motorbike so that it is easy for them to commute to the plantation site....as for my foreign workers, I also give them free flight tickets to go back home...once in every two years, normally when they have fulfilled their contracts...on top of salary, we even give extra bonuses during festive seasons such as Ramadhan and Eid. I also give some incentives if they work overtime or work outstation” (IS05, 20 July 2018)

Based on the evidence, the smallholders have not only fulfilled the third criterion of Principle 4, but they have also been doing extra in terms of the wages as well as providing facilities to their workers; hence, they are categorized as fully ready for these criteria.

As for child labour, the standards outlined that children and young individuals should not be employed at the plantation sites; however, the standards allow for children or young individuals to work at their family farm provided that it is under adult supervision and it does not interfere with their education. They should also not be exposed to hazardous conditions. In fact, there are quite several cases observed where family members below the age of 15 helped out at the plantation sites; however, they did not work full-time and they would only help out during the weekend and under the supervision of their parents or older siblings.

The last criterion in Principle 4 includes training and competency. The standards encourage smallholders to increase their knowledge to enhance their competency in managing plantations. Thanks to the MPOB (authority body) that is in charge of facilitating training on MSPO as well as other plantation techniques for the smallholders, the smallholders have been attending training quite frequently. For example, one smallholder mentioned that he attended training organized by MPOB three times in less than a year.

“Before this, I have attended some training on oil palm management because, at that time, I was working full-time in managing my plantations and others. After my MSPO application, I have attended three more training in less than a year. The training is conducted by MPOB” (IS06, 03 Aug 2018)

Other than that, several smallholders also mentioned that they were invited by the MPOB officers to attend the training:

“MPOB always calls us to attend their training. They normally invite us in clusters. The MPOB officers will give the talk. During the training, we can ask them about new things as well as how to solve some of the issues that we face at our plantation sites. If we ask them, sometimes they even visit our plantation sites to understand our problem and help us out...normally, they invite the owners, not the workers...we then teach our workers” (IS02, 08 July 2018)

“Although I am in a different state, I would go to Pahang to attend training so that I can learn the basic knowledge of cultivating oil palm, the fertilizing practices, management, and others” (IS05, 20 July 2018).

The evidence shows that most of the smallholders do not have any problem pursuing knowledge to improve their plantation management and practices. They are also keen on continuously enriching their knowledge through the available training platforms provided by MPOB, which seems to be aiding them in this regard.

Based on the discussion above, effective communication and unformal medium in raising complaints and grievances are efficient enough to be resolved by the smallholders. The smallholders also managed to serve their workers with fair wages, provide basic housing amenities, and other aspects that were mutually agreed by both sides, i.e. plantation owners and workers. Thus, in terms of responding to complaints, employment condition, and the development of workers and personal competency, the plantation owners are deemed fully ready. Nonetheless, in terms of the ability to ensure the safety and health of workers at plantation sites, it seems that although the majority of the owners are aware of safety, several independent smallholders are still not relatively aware of this aspect. Hence, they are categorized into the second criteria under the fourth principle, which is partially ready.

DISCUSSION

This study provides an initial exploration of independent smallholders' readiness in implementing the social-related principles of MSPO standards. Based on the face-to-face interviews, observations, and document reviews, it can be deduced that the independent smallholders have positively practiced and are aware of the basic social sustainability elements. Looking into the third principle, i.e. compliance to the legal requirement, most of the smallholders are able to demonstrate the legal ownership to use the land as the respective landholders whilst fulfilling the state, local, and national laws and regulations in cultivating oil palm, especially on the land status and land title. Some smallholders have even asked the authority body to assist them in acquiring their own land title. This portrays that the smallholders are able to show their awareness and knowledgeable about the basic laws and regulations in cultivating oil palm plantations, in addition to their efforts to comply with the local regulation. Nonetheless, several issues remain among several smallholders with regard to land dispute on the use of land that operates without a grant, yet they still have great concern of the land, manage it well, and are even willing to give it back to the right parties upon issuance. Additionally, the right to use the land is not disputed by indigenous people or those related to customary land as the research area is not dominated by indigenous people of any ethnics. Meanwhile, the dealers that help manage the smallholders' plantations have also clearly and visibly demonstrated their rights to fully manage the plantation sites. This shows transparent and effective communication among both parties, i.e. dealers and smallholders. Overall, the smallholders' readiness in implementing the whole Principle 3 can be summarized as ready as they are mainly responsible and aware of the legal laws and regulations; the smallholders can directly and socially sustainable in managing their plantations.

In terms of Principle 4 on social responsibility, health, safety, and employment condition, the smallholders themselves are largely responsible for responding to complaints and grievances raised by their surroundings. Although there are no formal or systematic system, the smallholders portray effective communication and good relation between the smallholders and their surroundings including the stakeholders through an oral and in-person platform where complaints can be raised and addressed. Besides, the smallholders are also free to make complaints and share their grievances to the dealers who are directly or indirectly responsible in helping smallholders to achieve sustainability. The complaint platform between smallholders and the dealers are more systematic than just in-person, where complaints usually reported at the office counter where the dealers operate and all these complaints will be discussed at the annual meeting, i.e. about new problems and progress of solving previous problems. Looking into the practices and readiness of independent smallholders relative to the first criterion, they are really aware of the surrounding issues and even try their best to resolve and respond to the complaints.

As for the second sub-point of principle 4 (workers' safety and health), most of the smallholders and the workers were aware of the plantation hazards but not all of them take it seriously. Some smallholders are not even aware of several hazardous aspects such as the use of proper apparels in doing plantation activities such as manuring, spraying and harvesting where it led to the exposure of hazards and occurrence of accidents at the plantation sites. Hence, it seems that the smallholders require more knowledge and exposure on a comprehensive understanding of safety issues at plantation sites, methods of chemical (pesticides/herbicides) handling, and technical skills of workers to ensure that all of the working practices are safe.

On the other hand, with regards to equality and discrimination, the smallholders have positively demonstrated equality and zero discrimination among local and foreign workers; in fact, they are committed to paying their workers according to the payment standards as mutually agreed between the smallholders and the workers, in addition to providing basic house amenities including transportation. In addition, the smallholders do not use any child labour. However, some of their children help out at the plantation sites but are strictly under their supervision as allowed by the standard. The children are also not exposed to hazardous works such as pesticide/herbicide spraying; in fact, their children were paid extra. This portrays that the independent smallholders are aware of labour rights and they also have a common sense to provide freedom and better living for the plantation workers.

The findings also found that the smallholders added the value of their knowledge by joining the training on palm oil cultivation, waste management, management of labour, fertilizing practice etc. This implies that the smallholders are willing to seek knowledge to ensure that they are well-prepared to practice sustainability besides gaining further technical knowledge in terms of managing plantations. This further shows that the higher management, i.e. the authority body plays their role in training and transferring knowledge to the independent smallholders. Thus, in terms of principle 4, it can be deduced that the independent smallholders are ready because they are respectful of human rights, alongside decent working conditions with no discrimination, harassment, or abuse on the farmworkers, committed to providing fair payments, and comply with the minimum legal requirements.

Therefore, in the sense of fulfilling MSPO principles related to the social pillars, the independent smallholders can be categorized as ready and shall move forward to improve their practices, especially in terms of compliance with the regulatory requirements appertaining to land title and land status as well as their awareness of health and safety risks associated with farm work, which should be fully implemented. Apparently, the smallholders' circle and communities have stipulated their readiness towards the social principle, in addition to having friendly dealers, landowners, and good relationships with the communities and other stakeholders. Furthermore, the attitudes of the smallholders themselves, i.e. seeking knowledge, treating workers appropriately, aware of laws and regulations also imply that they are ready and committed to continuously improving their compliance with the social standards.

CONCLUSION

The term "socially sustainable" mainly questions the extent to which the plantation owners are responsible to every individual worker or any people involved at the plantation sites as well the surrounding community/society. In the context of oil palm cultivation, the internal stakeholders (directly attached to plantations) and external stakeholders (indirectly attached to plantations) are the groups that often impact oil palm activities socially. Based on the case study, the internal stakeholders mainly include the smallholders' families and workers, while the external stakeholders include the dealers, villagers, and the surrounding community. Hence, majority of the independent smallholder can be said to have good relations with all of the related stakeholders. Particularly, this implies that they satisfy all the basic rights that include labour rights, human rights, also their responsibility to communities. From this study, it can be concluded that the majority of the independent smallholders are practicing the laws, implementing all the required regulations, and treating the stakeholders with basic human rights. While the communities are free to raise complaints, the plantation workers are also treated fairly with standard wages, basic amenities, zero discrimination, harassment, or violence, and the right to use the land. Therefore, the independent smallholders are deemed ready for implementing the MSPO standards in relation to social principles.

We conclude that the criticism specially on the social principles and issues are false and unfounded. The research finding has revealed that the independent smallholders were mostly socially sustainable and bring off their awareness and understanding in dealing with their social environment i.e. dealers, labours, community, families and other who directly or indirectly related with their farm. The low percentage of certified sustainable among independent smallholders may due to other issues as the independent smallholders are ready toward the social sustainability pillar. Thus, this research, will significantly help the government agencies that work with independent smallholders in getting the ideal culture of independent smallholder in dealing with social environment.

Overall, the study suggests that the smallholders should continuously be exposed to many social aspects such as training in order to fully sustainable in managing their plantations. Besides, they should also be exposed to the fundamental practices of health and safety in plantations so as to reduce injuries and serious exposure to chemicals. In addition, they should also be placed under the supervision of the Department of Occupational Safety and Health (DOSHS) on a regular basis. This study only focusing on one of

the three sustainability pillars, future research should look at the independent smallholders' readiness in the scope of environmental and economic pillars toward practicing sustainability.

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