

THE STAKEHOLDERS ROLE IN INNOVATION OF CORPORATE SOCIAL RESPONSIBILITY OF OIL PALM PLANTATION BASED FOOD AGRIBUSINESS

(Case Study at PT. Astra Agro Lestari Tbk., Borneo 1 Area)

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ABSTRACT

The development of oil palm plantations of society, including program of Income Generating Activity (IGA) has threatened the food agriculture land and could result in insecurity food, whereas constitution No. 41/2009 mandated that food agriculture land should be protected in a sustainable manner. The article is a study of qualitative assessment through case study approach at PT. Astra Agro Lestari Tbk., Area 1 Borneo.

The study aims to: (1) assess the implementation of IGA as oil palm agribusiness of society, (2) assess the advantages and weakness of IGA as oil palm agribusiness of society, (3) assess the classification of stakeholders in CSR innovation of oil palm plantation based food agribusiness, and (4) assess the role of stakeholders in innovation of CSR based oil palm food agribusiness.

The results showed: (1) entirely, IGA was the responsibility of the farmers, the corporate facilitated the loan (seed, fertilizer, and pesticide, land clearing), counseling and purchased fresh fruit bunches. Credit paid after the plant produce with a ratio of loan installment and income of the farmers were 30 : 70; (2) the advantages of implementation of IGA particularly in the level of high empowerment of the farmers, because the farmers managed it by themselves, and had an obligation to pay the loan. The weakness of IGA were in the origin work of the farmers, institutional strength, the management of farmers' groups, the farmers had the other occupation, and the involvement of government institution; (3) the farmers as main stakeholders, the corporate as key stakeholder, and the government and college as the supporting stakeholders; (4) in innovation of CSR based food agribusiness, the farmers had a role as regulator and executor, the corporate and government as regulator, motivator and facilitator, while the college as motivator and facilitator. Role as evaluator conducted by the farmers, the corporate, the government, and the college jointly.

Key word: stakeholders, CSR, oil palm, food agribusiness

I. INTRODUCTION

1.1. Background of the Study

Agribusiness is one of the approach of agriculture development based systems, by integrate the subsystem from upstream to downstream (Cook and Bredahl, 1993). Agribusiness subsystem consists of the procurement and distribution of production factor, production, processing, marketing, and supporting institution (Downey and Erickson, 1992; Krisnamurti and Saragih, 1992; Ward, 1995; Hermawan, 2008). According to Stone (2000), the development of agriculture through agribusiness subsystem integration involved many stakeholders, those are all parties which involved in agribusiness subsystem. The progressive farm involved many stakeholders (Soekartawi, 1994).

The approach of agriculture development through agribusiness system could enlarge the contribution of agriculture, because it provides greater added value for agricultural products and push to improve the business efficiency. The vertical integration of agribusiness caused added value acquisitions of agriculture which are interrelated and influence the added value generated by the industrial sector, trade and service (Mangkupraja, 1996; Markuszewkwa, 2015).

According Saragih (1998), the main issue faced in the development of agribusiness as a model of agriculture development are the issue of integration and policy coordination. The main issue arose because among each subsystems of agribusiness are still not well integrated.

Crosby (2005) mentioned that the stakeholders are anyone who affect and/or affected by the policy, program and development activities. The term “stakeholders” is used to describe a community or organization that received the impact of the activities or policies permanently. These parties interested to the results of the activity or policy (Hill and Jones, 1992; Nwanji and Howel, 2015). Some parties perhaps should pay the cost, but the others get the advantages from an activity or policy (Race and Millar, 2006).

PT. Astra Agro Lestari Tbk., Borneo 1 Area (PT. AAL B1) located in Central Kalimantan since 2003 have implemented Income Generating Activity (IGA), a program of Corporate Social Responsibility (CSR) to the surrounding community, which facilitated the clearing of oil palm plantation of society, farming loan is cheap and without interest, conduct counseling and mentoring, and purchase fresh fruit bunches produced by the farmers.

In 2007, oil palm planted since 2003 has resulted fresh fruit bunches and very interesting for the farmers and community around PT. AAL B1 to follow the program of

IGA as a livelihood source. The impact of the very high interest of society, it made the oil palm plantation development of society used the wide land, include the land that was originally used for plant agriculture. Two hectares of transmigrant's business area is almost used for the cultivation of oil palm entirely (Daud, et al., 2011).

Program IGA as oil palm agribusiness of society and until now develop rapidly, it would threaten the agriculture land that was originally as the source of food production. The using of land for the development of food cultivation could not compete with the using for oil palm cultivation, whereas constitution No. 41/2009 has mandated the protection of food agricultural land sustainability. According to Daud, et. al. (2016), that the income of the farmers which are the members of IGA palm oil is much bigger than the income from the food cultivation. The condition was consistent with the opinion of Sayer, et. al. (2016), that the development of oil palm plantations have taken over the land potential for the food development in the tropical area.

1.2. The Problem of the Study

Problem of the study, as follows:

1. How is the implementation of the IGA as oil palm agribusiness of society?
2. What are the advantages and weakness of the implementation of IGA as oil palm agribusiness of society?
3. How is the classification of stakeholders in CSR innovation of oil palm plantation based food agribusiness?
4. How is the role of stakeholders in CSR innovation of oil palm plantation based food agribusiness?

1.3. Objective of the Study

The purpose of this study, as follows:

1. Assess the implementation of IGA as oil palm agribusiness of society.
2. Assess the advantages and weakness of the implementation of IGA as oil palm agribusiness of society.
3. Assess the classification of stakeholders in CSR innovation of oil palm plantation based food agribusiness.
4. Assess the role of stakeholders in CSR innovation of oil palm plantation based food agribusiness.

1.4. Benefit of the Study

The results of this study expected to be useful for:

1. Improving the effectiveness of the using of land owned by transmigrant around PT. AAL B1.
2. Providing the alternative of CSR program conducted by PT. AAL B1 related to the development of economy program development program for the surrounding community.
3. As a Consideration of the local government in Central Kalimantan to organize and manage the development program of oil palm plantation and always observe the potential of community in the future.

II. METHOD

2.1. Type of the Study

This article is a qualitative assessment, because the main issue is uncertain and still developing, and the final result of the study was found the innovation or theory in the arrangement process in accordance with the theories and principles of agriculture development, agribusiness, and the science of community empowerment and the rules of related scientific.

The study used a case study approach. A case study at PT. AAL B1 and the surrounding community and the other parties related to the issue and objective of assessment. Intentionally a case at PT. AAL B1 determined by the following consideration, as follows:

1. PT. AAL B1 is a corporate engaged in business of oil palm plantation in Central Kalimantan, and consistently conducted the community development called IGA since 2003 until now.
2. Study result of Rusan, et. al. (2014), IGA is a partnership pattern of oil palm plantations in Central Kalimantan which has the highest sustainability index than the other patterns.
3. HGU area of PT. AAL B1 still has productive and immature plant, thus it is still opening the mutualistic cooperation with the surrounding community in a relatively long time.

2.2. Informant and Data Collection Technique

Data of the study obtained from the informant, which was divided into key informant and intermediate informant. The intermediate informant determined by “snow ball sampling” from the key informant. Informant consisted of the farmer of IGA, the manager of farmers’ group, the government official of sub-district and village, and the transmigrant farmers which have a narrow area. Data obtained from the informant through unstructured interview approach, observation, focus group discussion (FGD).

2.3. Instrument and Data Credibility

Instrument of the study was the researchers. The researcher as an instrument should be "validated" how much the strength to conduct the research and furthermore enter the field. Validation of the researcher as an instrument included the understanding validation of qualitative research method, knowledge mastery to the field learned, and researchers' strength to enter the research object. Validity of the research conducted by the researchers themselves through self-evaluation. Credibility of the data was tested by triangulation data collection technique, triangulation of data source, and triangulation theory, which is by founding the data and supporting theory and incompatible theory.

2.4. Data Analysis Procedure

Objective of the study were analyzed by using an interactive analysis model. According to Miles and Huberman (1992), one of the qualitative data analysis model is an interactive model. Interactive model is a model of data analysis which consists of data reduction, data presentation, and conclusion and interrelated during and after data collection. Analysis tool for each objective of the study as shown in Table 1.

Table 1. Data Analysis Tool Based Objective of the Study

No.	Objective of the Study	Analysis Tool	Domain
1.	The implementation of IGA as oil palm agribusiness of society.	Descriptive structure of the event.	Stages of IGA's implementation of agribusiness.
2.	The advantages and disadvantages of IGA's implementation as oil palm agribusiness of society.	Descriptive componential.	Subsystem of oil palm agribusiness.
3.	The classification of stakeholder in innovation of CSR based food agribusiness.	Strength and interest of stakeholders.	Potential land, human resources, technology, capital, and market opportunity.
4.	The role of stakeholders in CSR innovation of oil palm plantation based food agribusiness.	Descriptive componential.	Agribusiness subsystem of food agriculture.

III. RESULTS

3.1. Implementation of IGA

IGA is CSR of PT. AAL B1 based on partnerships with surrounding community through the development of oil palm agribusiness of society. Thoroughly, implementation of IGA conducted by the farmers who acted as owner operators, and had the right to conduct the monitoring and evaluation. Corporate only facilitate the loan of clearing cost, seed, fertilizer and pesticide until the plant produce. Capital distributed by the corporate to

the farmers of IGA in the form of cash and goods have to be returned after the oil palm produce FFB that purchased by the corporate.

Total of burden loan returned by the farmers of IGA were very cheap and without interest, even much cheaper than the investment of oil palm plantation development. As a comparison that investment of oil palm development until the plant produce in 2014 has an average about Rp 30.000.000 – Rp 35.000.000/hectare, even the cost of purchasing seed had an average about Rp 13.000.000/hectare. Total of loan returned by the farmers of IGA until the plant produces only about Rp 7.112.000 – Rp 14.000.000 /hectare. This condition is an indication that the development of IGA plantation which get the subsidy, and the program of IGA as one program of CSR. Loan paid by farmers to the corporate based on the price of fresh fruit bunches after the plant produce with a ratio of 30 : 70, which is 30% for installment loan and 70% as farmers' income, if the credit is paid off thus the price of fresh fruit bunches would be the rights of the farmers completely.

3.2. Advantages and Weakness of the Implementation of IGA

The advantages of IGA based subsystem of oil palm agribusiness, as follows:

1. Procurement and distribution of production facility (subsystem 1). Seed, fertilizer and pesticide in accordance with the needs of plant and distributed by the corporate to the location of IGA's farming.
2. The production process (subsystem 2). Farming management since land processing, maintenance, and harvesting would be the responsibility of the farmers.
3. Processing of the result (subsystems 3). The farmers of IGA conducted post-harvest such as collecting and cleaning and transportation of fresh fruit bunches to the factory. The processing of CPO and PKO conducted by the processing factory of PT. AAL B1.
4. Marketing (subsystem 4). Marketing of fresh fruit bunches as IGA's result conducted by the group of the farmers on behalf of its members.
5. Supporting institution (subsystem 5). Activity of IGA involved some supporting institution, either they are involved directly or indirectly.

The prominent advantages in the pattern of IGA observe from of the principle of community empowerment, it was because the farmers conduct and manage their own plantation although still need guidance and mentoring by the corporate officials, and the farmers had an obligation that is to pay the loan capital that requires the farmers to be able to manage the farming as well as possible in order to be able to pay the loan, These conditions caused the farmers have a maximum effort to master all the technical of oil palm cultivation, the farmers is responsible for all activity and risk in their farming, and get a

reward as a labor in his/her own farming, thus farmers are independent and do not always depend on the corporate.

Prominent weakness in the implementation of IGA, as follows:

1. The previous occupation of IGA's farmers was an occupation that was not settled and exploitative, it was quite difficult to follow the technique of intensive oil palm cultivation, thus it made relatively low productivity.
2. Lack of strength of the farmer institution in the procurement and distribution of production factor after the plant begin to produce.
3. There was some farmers of IGA who could not pay the loan because there was an error in the management of farmers' groups.
4. The lack of the farmers' ability in the management, maintenance at the time of immature plant because they are working to meet the needs of the family.
5. There was no program for involvement of related government institution in guidance and mentoring the farmers in a sustainable manner.

3.3. Classification of Stakeholders in Innovation of CSR Based Food Agribusiness

3.3.1. Stakeholders Mapping

Stakeholders in innovation of CSR based food agribusiness consists of:

1. The main stakeholders are the farmers. According to Crosby (1992), the main stakeholders are the parties who received the largest positive or negative impact.
2. The key stakeholder is the corporate. According to Crosby (1992), the key stakeholder is the party which have strong influence that related to these issues, such as: needs and attention for smooth operation.
3. Supporting stakeholders are the government and university. According to Crosby (1992), supporting stakeholders are the parties which become intermediaries in helping the achievement of objective.

3.3.2. Strength of the Stakeholders

Strength of stakeholders in innovation of CSR based food agribusiness categorized into low strength and high strength in the domain of potential land, the potential of human resources, technology, capital, and market opportunity. Strength of stakeholders as shown in Table 2.

Table 2. Strength of Stakeholders in Innovation of CSR Based Food Agribusiness

No.	Domain	Stakeholders			
		Farmer	Corporate	Government	College
1.	Land resources	High	Low	Low	Low

2.	Human resources	High	High	High	High
3.	Technology	Low	High	High	High
4.	Capital	Low	High	Low	Low
5.	Market opportunity	High	High	High	Low
Strength Category		High	High	Low	Low

Source: Data was Processed in 2014

3.3.3. Interest of Stakeholders

Based on the results of the inventory of stakeholders in innovation of CSR based food agribusiness, thus the level of stakeholders' interest began from the farmers, government, corporate, and university sequentially, as follows:

1. The high interest is on the farmers, because the using of land in an intensive manner, occupation field, availability of labor, and a source of food supply for the household.
2. The high interest is on the government, hope could be a pattern of the development of food commodity involved the private sector.
3. Low interest is on corporate and college. Corporate is not interested to the program which are not directly related to the development of oil palm as its flagship product and only facilitated the community if there is a high wish of group community to develop their potential. The college just considered it as a place for the application of science, knowledge and technology.

Based on the strengths and interests of stakeholder's innovation of CSR based food agribusiness thus the classification of stakeholders based on the diagram of basic pattern expressed by Finn (1995); Jones and Wicks (1999), as shown Figure 1.

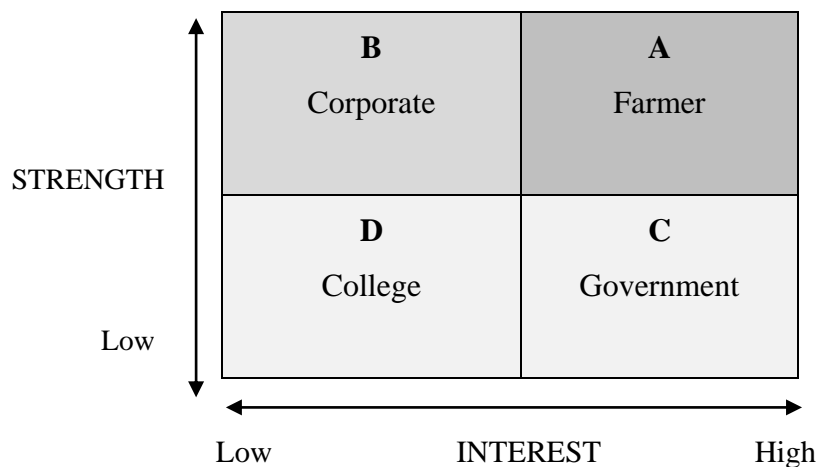


Figure 1. Stakeholders Classification in Innovation of CSR Based-Food Agribusiness

3.4. Role of Stakeholders in Innovation of CSR Based Food Agribusiness

3.4.1. Procurement and Distribution of Production Factors

The production factor of food agribusiness was equal to a factor of agriculture production in a large meaning, which is consists of land, capital, labor, and management (Mubyarto, 1994). Stakeholders have a role in innovation of CSR based food agribusiness at subsystem procurement and distribution of production factor was the farmers and corporate, with the division of roles as shown in Table 3.

Table 3. The Division of the Farmers' Roles and Corporate in Procurement and Distribution of Production Factors

No.	Stakeholder	Role in Procurement and Distribution
1.	Farmer	a) Preparation of farming land. b) Farming equipment. c) Labor in the distribution of production factor to the farming land.
2.	Corporate	a) Loan of capital in the form of seed, fertilizer, pesticide. b) Loan of cost of living for the farmers who need it. c) Transport of seed, fertilizer and pesticide to the farmers' group.

Source: Data was Processed in 2014

3.4.2. Implementation of the Production

Implementation of the production in innovation of CSR based food agribusiness conducted by the farmers and their family entirely which are the member of farmers' group. Implementation of food production consisted of the steps of farming activity from the planning and preparation, land processing, planting, maintenance and harvesting. The division of role of stakeholders in implementation of food production in Table 4.

Table 4. Role of Stakeholders in the Implementation of Production in CSR Innovation Based Food Agribusiness

No.	Implementation	Stakeholders			
		Farmer	Corporate	Government	College
1.	Preparation and planning	Ensure the certainty of land mastery	Activity which suggested in shareholders meeting	Planning of extension placing	Potential assessment of advisability technique and economical
2.	Land clearing	Prepare the land which is ready to plant	Helping of land strength	Mentoring about the clearing land	Helping of mentoring
3.	Planting	Conduct the planting	Mentoring the planting	Mentoring the planting	Helping of mentoring
4.	Maintenance	Conduct the maintenance	Mentoring of maintenance	Mentoring of maintenance	Helping of mentoring
5.	Harvesting	Conduct the harvesting	Mentoring of harvesting	Mentoring of harvesting	Helping of mentoring

Source: Data was Processed in 2014

3.4.3. Processing

Processing is an activity after harvesting. Processing conducted to increase the added value of the farmers and expand marketing access. For food products which are sold in the form of fresh primary products, processing related to post-harvest such as cleaning, standardization, and packing. All work in processing or post-harvest conducted by the farmers and their family who received guidance and mentoring from corporate, government and college alternately, thus the processing or post-harvest performed in a well done and in accordance with the physical of food product and consumer's demand.

3.4.4. Marketing

The marketing of the result of food product in innovation of CSR based food agribusiness priority for the corporate worker who were in locations of workers' resident. Marketing conducted by farmers and farmers' group. If the food product haven been produced, the marketing activity conducts every day in according with the total and type of consumer's demand. Thus the marketing run effectively and efficiently, need a relevance among consumer's demand with the total, type and time of food production. At the beginning stage of marketing implementation, need the role of college to assess the changes of the total and types of consumer's demand and there is possibility of the changes of consumption pattern. The total and type of food product which is marketed determine the cycle of food production.

3.4.5. Supporting Institutions

Supporting institution involved in innovation of CSR based food agribusiness, as follows:

1. Counseling institution provided guidance and mentoring for the farmers and farmers' group.
2. Research institutions conducted the assessment of issue which faced and the potential for business development.
3. Marketing institution provided the necessary of production factor and the distribution of result.
4. Transport institution facilitated the distribution of production factors and the result.
5. Education institutions put academician and students in the research activity, internships, practice courses, practice field, and community service.

Based on some of the descriptions of the role of stakeholders in innovation of CSR based food agribusiness, thus the farmers have a role as regulator and executor, the corporate and the government as regulator, motivator and facilitator, while the college as

motivator and facilitator. Role as evaluators conducted by the farmers, corporate, government, and college jointly.

IV. CONCLUSION AND SUGGESTION

4.1. Conclusion

Conclusion of the study, as follows:

1. The Implementation of IGA as oil palm agribusiness of society is the responsibility of the farmer in farmer's group. Corporate only facilitate loan for seed, fertilizer, pesticide, and the cost of land clearing, counseling and mentoring, and purchase fresh fruit bunches. Loan paid by the farmers to the corporate after the plant produce with a ratio of 30: 70, which is 30% for installment loan and 70% as a farmers' income.
2. The advantages of the implementation of IGA as oil palm agribusiness of society, particularly in the level of high empowerment of the farmers, because the farmers conducted and managed it by themselves, and had an obligation to pay the loan of capital. The weakness of the implementation of IGA found the exploitative origin work of the farmers, institutional strength, mismanagement of farmers group, the farmers have another job, and had not involved in the government institution.
3. Stakeholders in innovation of CSR based food agribusiness are the farmers as main stakeholders, the corporate as key stakeholder, and government and college as supporting stakeholders.
4. In innovation of CSR based food agribusiness, the farmers as regulator and executor, corporate and government as regulator, motivator and facilitator, while the college as motivator and facilitator. Role as evaluator conducted by the farmers, corporate, government, and college jointly.

4.2. Suggestion

Based on the conclusion of the study, suggested as follows:

1. Land of yard owned by transmigrant that are not the participant of IGA could use more effectively and efficiently through the development of CSR directed to food agribusiness such as crop, horticulture, livestock, and fish.
2. To reduce imbalance social and anticipate the food insecurity, CSR corporate should do not always priority to the oil palm development, but could reach the farmers who have narrow field to be able to develop themselves and improve their income.

3. Equitable rural development in the area of oil palm plantation industry required the government policy which involved the economic development of society by involving the private sector through CSR programs in accordance with the prevail legislation.

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