

The role of partnership support in the implementation of corporate farming among independent oil palm smallholders

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ABSTRACT

The welfare of independent oil palm smallholders in Pelalawan and Siak Regencies, Riau, remains suboptimal because of challenges such as low productivity, weak bargaining power against middlemen, and issues with land legality. As a solution, the government has promoted a farmer corporatization program; however, implementation disparities exist between farmers who partner with companies and those who do not. This study aims to analyze the differences in the implementation of farmer corporatization between partnered and non-partnered independent smallholders and examine the role of partnership in enhancing the success of farmer corporatization. The research was conducted in Kerinci Kiri, Kiah Jaya, and Simpang Beringin Villages, involving 100 respondents (50 partnered and 50 non-partnered farmers) selected using cluster sampling techniques. Data were analyzed using descriptive analysis, difference tests, and simple correlation analysis. The results indicate a significant difference in the implementation of farmer corporatization between the two groups ($t = 6.410$, $p < 0.05$). Partnered farmers demonstrated superior implementation in terms of management, legality and market access. Furthermore, correlation analysis yielded a coefficient of 0.980 ($r = 0.980$, $p < 0.01$), indicating that partnerships play a very strong and positive role in the success of farmer corporatization. However, the descriptive findings reveal that existing partnership patterns tend to be top-down with limited participatory planning. In conclusion, while partnership is a primary determinant of the success of farmer corporatization, strengthening managerial aspects and active farmer participation is necessary to achieve sustainable independence.

Keywords:

Farmer corporatization, Independent oil palm farmers, Partnership

1. Introduction

Pelalawan and Siak Regencies are pivotal to Riau's palm oil landscape, encompassing an estimated 500,000 hectares of plantations. Of this vast area, smallholders manage approximately 188,194 hectares [1]. The demographic involvement is significant; while 2019 records showed over 589,000 independent farmers across the province, updated data from 2023 indicates the number of smallholder households in Riau has reached 861,765, with more than 44,000 families located specifically in Pelalawan and Siak. Beyond serving as the region's economic backbone, this sector is essential for generating employment, driving infrastructure development, and improving local community welfare [2].

Independent oil palm smallholders are defined by their autonomous control over land tenure and production resources, operating distinct from corporate-tied schemes [3]. This self-sufficiency is increasingly bolstered by agrarian reforms, ranging from the recognition of customary rights to technical subsidies, that aim to secure legal standing and productivity. Fundamentally, this model seeks to mitigate the structural inequalities often associated with traditional nucleus-plasma partnerships, allowing smallholders to decouple from rigid vertical



integration and manage their operations on their own terms [4]. Partnerships often rely on collaborative frameworks, such as the nucleus-plasma model, where large companies support smallholders with essential inputs, training, and guaranteed markets. This structure is designed to strengthen the supply chain while boosting both production capacity and farmer livelihoods [5].

Measuring the success of partnerships in independent smallholder plantations requires evaluating several operational dimensions, starting with the intensity of technical support, such as the frequency of cultivation training and the continuous introduction of new technologies [6]. On the managerial side, effectiveness is judged by the quality of business planning, specifically whether production targets and budgets are documented, alongside routine monitoring and collective coordination for tasks such as harvest scheduling. Market and financial aspects are equally critical, defined by how well farmers can access replanting programs (PSR), obtain capital, and secure transparent, stable prices based on official regulations. Finally, the sustainability of the partnership relies on institutional strength, which covers organizational legality, networking, and the active, routine participation of members in the decision-making process [7]. Collective action theory posits that the sustainable governance of common-pool resources, whether forests or agricultural land, hinges on the establishment of robust, participatory institutions [8]. To effectively mitigate the 'free-rider' problem, successful management necessitates clearly defined boundaries and inclusive decision-making processes. Furthermore, the integrity of the system is maintained through transparent internal monitoring and a framework of equitable sanctions, ensuring that individual accountability aligns with the group's collective interests [9].

The framework for corporate farming is specifically defined by the operational shift from fragmented individual farming to a consolidated collective management system. Instead of broad environmental metrics, the assessment focuses on structural and managerial dimensions that directly impact smallholder independence and efficiency. Key indicators include the implementation of single management to standardize cultivation practices, the strengthening of legality through formal land and organizational status, and the development of long-term business planning. Furthermore, the framework incorporates market access and technological innovation as critical measures of how well the corporate model consolidates resources to improve bargaining power and operational scale [10]. Consequently, corporate performance is evaluated beyond mere fiscal metrics; it encompasses the firm's broader impact on societal welfare and ecological integrity, manifested through concrete initiatives such as environmental rehabilitation and community empowerment programs [11]. This dynamic model hinges on the interplay of three critical elements: the vulnerability context, which encompasses external shocks such as climate shifts or conflict; transforming structures, referring to the institutional and policy environments that regulate access; and livelihood strategies, which are adaptive tactics, such as agricultural diversification or migration, that individuals employ to navigate these constraints and secure their well-being [12].

Data from 2020 to 2024 indicate a sharp contrast in developmental patterns, while Pelalawan experienced massive expansion in plantation area, surging from

119,612 hectares to 189,482 hectares, Siak remained relatively stable. However, this acreage growth was not followed by a proportional increase in production efficiency, pointing to a critical issue in per-hectare productivity. This indication is supported by the study's field data, which reveals that 82% of the respondents produce less than 1.5 tons.ha⁻¹ per month, far below the optimal standard. This yield gap occurs because independent smallholders are disconnected from essential inputs, particularly superior seeds and fertilizers. Consequently, while the push for farmer corporations must go beyond administrative restructuring, a significant knowledge gap remains regarding the specific mechanisms through which partnerships can effectively bridge these technical gaps to improve actual yields.

The sustainability of the palm oil sector hinges on evolving traditional 'nucleus-plasma' exchanges into genuine, equitable partnerships, where risks and benefits are shared rather than dictated by dominant market players [13]. Recognizing the weak bargaining position of individual farmers, the Indonesian government institutionalized the Farmer Corporation model under the 2020–2024 National Strategic Projects. This initiative aims to transform scattered smallholders into consolidated business entities, such as cooperatives, that possess the scale to operate professionally. By formally pooling resources, these corporations enable farmers to bypass intermediaries and sell directly to mills. However, realizing this potential requires overcoming significant implementation hurdles identified in this study: the program is currently in its early stages and has not reached independent smallholders evenly. Consequently, a stark disparity exists, where only partnered farmers gain access to resources, while the majority of non-partnered farmers remain isolated, creating a gap that hinders the inclusive success of the corporatization policy [14]. The demographic shift in Pelalawan and Siak between 2020 and 2024, characterized by a marked migration toward formal partnerships, has crystallized a socioeconomic bifurcation, while partnered farmers gain security through integrated resource access, independent smallholders remain exposed to market volatility and predatory intermediaries. Recognizing this vulnerability, the Indonesian government's Farmer Corporation strategy seeks to institutionalize collective power through legal consolidation, yet the policy's implementation is currently navigating a critical transition period. Consequently, it is imperative to rigorously investigate whether existing partnership structures serve as a catalyst or a barrier to this corporate adoption, ensuring that the initiative effectively bridges the welfare gap rather than exacerbating the divide between organized and autonomous cultivators.

In the agribusiness landscape, partnerships are defined as strategic alliances that integrate diverse stakeholders, from cultivators to financial institutions, to optimize the value chain performance [15]. Anchored in the principle of synergy, this model leverages the distinct assets of each party, such as technological expertise and distribution networks, to drive collective competitiveness. A practical illustration of this is the collaborative framework between producers and processors, often formalized through agreements that equitably distribute both production risks and economic yields [16]. Farmer corporations function as legally formalized entities where smallholders collaborate, often alongside strategic partners, to professionalize agricultural operations. By adopting a corporate structure, this model effectively addresses the limitations of individual

farming, unlocking essential access to finance, advanced technology, and integrated supply chains [17]. Beyond operational integration, this structural transformation provides smallholders with critical market certainty, ensuring consistent access to production inputs and guaranteed off-takers [18]. Furthermore, empirical evidence demonstrates that such collective management translates directly into improved economic welfare, driving tangible increases in farmer income through cost efficiencies and stronger bargaining power [19].

Corporate management theory delineates the systemic frameworks used to orchestrate an organization's diverse assets, from human capital to financial resources, ensuring that specific objectives are met with both precision and efficiency [20]. Moving beyond mere administration, the theory centers on value creation, positing that sustainable success is driven by the synergy of robust governance, strategic agility, and operational excellence [21]. The existing literature provides a comprehensive view of the dynamics surrounding corporate farming. Santana et al. [18] identifies market certainty and access to inputs as the primary incentives for farmer participation, while Hanifah et al. [22] emphasize the system's potential to improve welfare through profit-sharing and wage mechanisms. These economic advantages are empirically supported by Maharani et al. [19], whose findings demonstrate a tangible increase in farmer income following the adoption of corporate practices. However, structural challenges persist; Pratiwi [23] noted that while capital and training support are often effective, critical elements such as land consolidation and risk management remain underdeveloped, a reality further illustrated by Dhillon et al. [24], who reported that smallholders continue to face significant barriers regarding technology access and market information.

To address these issues, this study is specifically designed to achieve two primary objectives. First, it aims to analyze the differences in the implementation of corporate farming between independent smallholders who engage in partnerships and those who do not. Second, it seeks to examine the role of partnerships in enhancing the success of the farmer corporatization program, thereby illuminating the underlying operational mechanisms that make collaborative models effective. By fulfilling these objectives, the research intends to provide empirical evidence on how strategic collaboration can effectively transform fragmented smallholders into consolidated, competitive business entities.

2. Methods

This study targeted independent oil palm smallholders in Kerinci Kiri, Kiab Jaya, and Simpang Beringin villages, Riau Province. These locations were selected using a cluster sampling method because of the high density of smallholder households in the region. The number of samples was determined using the Slovin formula, which is shown in formula (1).

From a total population of 3,137 smallholders (heads of households), 100 respondents were selected using the Slovin formula, divided equally into 50 partnered and 50 non-partnered farmers to facilitate a balanced comparison of the two groups.

Primary data were gathered via a structured questionnaire designed to measure two key variables using a Likert scale. The corporate farming variable was evaluated

based on six operational dimensions: business scale (land size and productivity), legality (land tenure and organizational status), long-term planning, single management (covering operational standardization and transparency), innovation (technology adoption), and network connectivity. Meanwhile, the partnership variable was measured through indicators of technical mentoring, market access, and managerial support.

$$n = \frac{N}{1 + N \times e^2} \quad (1)$$

Where:

n = number of samples

N = population

e = 10% (0.1)

Therefore:

$$\begin{aligned} n &= \frac{3,137}{1 + 3,137 \times 0.1^2} \\ &= \frac{3,137}{32.37} \\ &= 96.91 \end{aligned}$$

The data analysis employed three distinct methods. First, descriptive statistics were used to profile the respondents. Second, an independent sample T-test was conducted to determine whether there was a statistically significant difference in the implementation of corporate farming dimensions between the partnered and non-partnered groups. Finally, simple correlation analysis was applied to evaluate the role of partnership by measuring the strength and direction of the linear association between partnership participation and the successful adoption of the corporate farming model, with the understanding that this method identifies relational trends rather than definitive causal links.

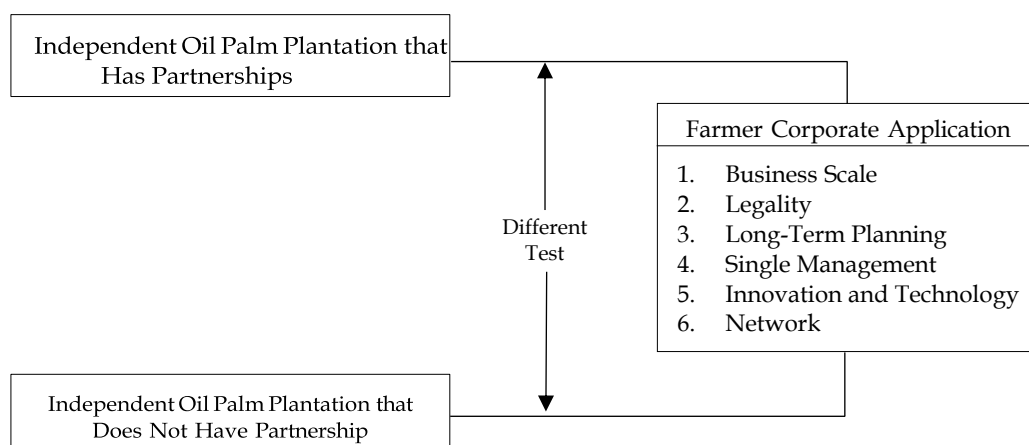


Figure 1. Conceptual Framework

3. Results and Discussion

3.1. Descriptive Analysis Results

A descriptive analysis was employed to provide an overview of the respondents' demographics and their stance on the research variables. A detailed breakdown of the frequency distributions and response percentages is presented in Table 1.

Table 1. Respondent profile descriptive analysis results

Respondent Identity	Category	Frequency	Percentage (%)
Education Level	No Formal Education/Did not complete Primary School	11	11.0
	Primary School (SD)/Equivalent	29	29.0
	Junior High School (SMP)/Equivalent	23	23.0
	Senior High School (SMA)/Equivalent	31	31.0
	Diploma/Bachelor	6	6.0
	Total	100	100.0
Farm Location	Kerinci Kiri Village	30	30.0
	Kiab Jaya Village	38	38.0
	Simpang Beringin Village	32	32.0
	Total	100	100.0

Source: Data processed with SPSS

Based on Table 1, it can be seen that out of the total 100 respondents, 11 respondents (11.0%) did not complete primary education or had no formal schooling at all, 29 respondents (29.0%) completed Primary School (SD) or equivalent, 23 respondents (23.0%) were graduates of Junior High School (SMP) or equivalent, 31 respondents (31.0%) graduated from Senior High School (SMA) or equivalent, and 6 respondents (6.0%) held a Diploma or Bachelor's degree. The respondents predominantly had lower-to-secondary education backgrounds, with the largest proportion at the Senior High School level. This reflects that the majority of independent oil palm smallholders in the study area possessed relatively limited formal education, which potentially affected their capacity to access technical and managerial information related to farmer corporations. Overall, the respondents' educational profiles indicate a need for adaptive and easily comprehensible agricultural extension approaches. Furthermore, 30 respondents (30.0%) managed oil palm plantations in Kerinci Kiri Village, 38 respondents (38.0%) in Kiab Jaya Village, and 32 respondents (32.0%) in Simpang Beringin Village. The distribution of respondents was relatively even across the three villages, with a slight predominance in Kiab Jaya Village. This indicates that the study successfully reached the various target areas proportionally, allowing the analysis results to represent the general condition of independent

smallholders in Pelalawan and Siak Regencies. This geographical balance reinforces the validity of the findings, as the study was not concentrated on a single village. Consequently, the data obtained possess sufficient generalizability regarding the overall context of the study area.

Table 2. Descriptive analysis of partnership variables

	Question	Response Options	Frequency	Percentage (%)
1.	How often do you receive technical training (e.g., fertilization, harvesting) from your partner?	Never received training.	14	28.0
		Received training, but not through direct guidance (e.g. general seminars).	18	36.0
		Routinely receive scheduled training from partners/associations.	18	36.0
		Total	50	100.0
2.	How did the partner handle the introduction of innovations (e.g., high-yield seeds, farming apps)?	No introduction at all.	13	26.0
		It was introduced only once at the beginning of the partnership.	21	42.0
		Continuous introduction and guidance on new technologies.	16	32.0
		Total	50	100.0
3.	Does the partner assist in drafting your farming business plan?	They have never assisted in drafting a plan.	14	28.0
		A plan exists, but there is hesitation in executing it.	20	40.0
		The business plan is well documented and clear for execution.	16	32.0
		Total	50	100.0
4.	Does the partner monitor the progress of the farm?	Never monitored.	12	24.0
		Monitored but irregularly (unscheduled).	20	40.0
		Routine and schedule	18	36.0
		Total	50	100.0
5.	How is coordination with the partner regarding farm production and operations?	No management or joint coordination was performed.	13	26.0
		Coordination exists; however, it is rare and inconsistent.	23	46.0
		Good and consistent coordination was observed.	14	28.0
		Total	50	100.0
6.	How do you receive Fresh Fruit Bunches (FFB) price information from the partner?	Do not receive official price information.	11	22.0
		Receives price information, but the sources are limited or unofficial.	20	40.0

Question	Response Options	Frequency	Percentage (%)
	Official price information (e.g. from the Plantation Office) must be received transparently.	19	38.0
	Total	50	100.0
7. How is the stability of the FFB selling price received from the partner?	Prices often fluctuate and are unstable.	12	24.0
	Prices are fairly stable but occasionally fluctuate.	24	48.0
	Prices are stable according to a clear agreement or contract.	14	28.0
	Total	50	100.0
8. Does this partnership help you access the Smallholder Replanting Program (PSR)?	Not connected to the PSR program.	18	36.0
	Although connected, access is limited or difficult.	14	28.0
	Full support was provided to access the PSR program.	18	36.0
	Total	50	100.0
9. Does the partner provide financial support (e.g., for fertilizer and inputs)?	No financing support at all.	50	100.0
	Support exists, but the amount is limited or suboptimal.	0	0.0
	Full financing support according to need.	0	0.0
	Total	50	100.0
10. Does the partner help strengthen the organizational structure of your corporation/farmer group?	No assistance; the organizational structure is unclear.	0	0.0
	Assistance was provided, but the structure is not functioning well yet.	0	0.0
	Assistance provided; the structure is clear and functioning well.	50	100.0
	Total	50	100.0
11. Does the partner encourage or assist in the legal process (becoming a legal entity)?	No support for legality.	11	11.0
	Support is provided, but it is not yet a legal entity.	21	21.0
	Support is provided until the corporation/group becomes a legal entity.	18	18.0
	Total	50	100.0
12. Does the partnership help connect your corporation/farmer	It was never connected to other associations.	14	28.0
	Connected with other associations informally.	18	36.0

Question	Response Options	Frequency	Percentage (%)
group with other associations?	Formally part of a larger association	18	36.0
	Total	50	100.0
13. How often are you involved by the partner in partnership program planning?	Never involved at all.	14	28.0
	Involved but not routinely.	22	44.0
	They are always routinely involved in every planning phase.	14	28.0
	Total	50	100.0
14. Are your opinions heard and considered during deliberations with your partner?	They were never involved in deliberations.	14	28.0
	However, opinions are rarely considered.	20	40.0
	They are always involved, and their opinions are key considerations.	16	32.0
	Total	50	100.0

Source: Data processed with SPSS

Based on the descriptive analysis of partnership variables in Table 2, technical and operational assistance was not evenly distributed. Although some respondents received training and introductions to innovation, the majority still experienced assistance that was sporadic, unsustainable, or even non-existent. A similar trend was observed in monitoring mechanisms and production coordination, where the majority of respondents perceived supervision and operational integration as weak. Consequently, technology transfer and collective efficiency remained suboptimal, leading to cultivation practices that tended to operate individually without consistent quality standards. From an economic perspective, farmer vulnerability remained significant. The majority of respondents faced price uncertainty and market volatility because transparency regarding FFB prices had not reached all members, particularly those who were new or less active. Furthermore, financing was identified as the weakest aspect of this partnership; 100% of respondents stated they received no financial support from partners, leaving the full burden of production costs on the farmers.

Conversely, the most significant positive impact of the partnership is evident in the strengthening of the organizational structure, with all respondents acknowledging the partner's role in establishing more professional and clear group governance. However, this success has not yet extended to legality and strategic planning; most groups lack legal entity status, and farm business planning remains weak or reactive in nature. Constraints related to land legality and insufficient internal administrative readiness among farmers are major barriers to accessing the PSR and expanding networks with external associations. The established partnership tends to be top-down. Most respondents felt minimally involved in program planning or deliberations, perceiving that their aspirations were rarely considered. This low level of active participation reflects an asymmetry in power relations and one-way

communication, indicating that farmers do not yet fully experience the partnership as an equal and participatory collaboration.

Table 3. Descriptive analysis of corporate farming variables

Question	Response Options	Frequency	Percentage (%)
1. What is the average harvest yield (productivity) of your farm per hectare per month?	Less than 1 ton.ha ⁻¹ .	39	39.0
	Between 1 – 1.5 tons.ha ⁻¹ .	43	43.0
	More than 2 tons.ha ⁻¹ .	18	18.0
	Total	100	100.0
2. Where do you usually sell your FFB harvest?	Only to middlemen.	54	54.0
	Sometimes to middlemen, sometimes to the Mill (PKS).	29	29.0
	Directly to the Mill (PKS) routinely.	17	17.0
	Total	100	100.0
3. What is the legal status of the land you manage?	No legal letter (e.g. only a village letter).	38	38.0
	SKGR (Land Compensation Certificate).	45	45.0
	SHM (Freehold Title).	17	17.0
	Total	100	100.0
4. What is the status of the corporation/ farmer group you belong to?	Not a part of any association.	36	36.0
	Part of an association but not a legal entity.	46	46.0
	Part of an association that is a legal entity (e.g., cooperative).	18	18.0
	Total	100	100.0
5. Does your corporation/ farmer group have a long-term business plan document?	There was no business plan document.	49	49.0
	Document exists, but the content is limited/incomplete.	36	36.0
	A complete and structured business plan document exists.	15	15.0
	Total	100	100.0
6. Is there a clear plan within the corporation/ group for oil palm replanting?	No planning at all.	50	50.0
	Plan exists, but the timing and methods are unclear.	33	33.0
	A clear and scheduled replanting plan exists.	17	17.0
	Total	100	100.0
7. Are there shared technical standards (e.g., fertilization timing, harvesting	No technical standards exist; everyone operates independently.	44	44.0
	Technical coordination exists,	37	37.0

Question	Response Options	Frequency	Percentage (%)
methods) coordinated by the corporation/group?	but is only followed by some members.		
	Shared technical coordination exists and is followed by all the members.	19	19.0
	Total	100	100.0
8. How are transparency and management control (e.g. finance and sales) handled within the corporation/group?	There was no transparency or control.	20	20.0
	Control exists but is irregular and not transparent.	39	39.0
	Routine control and transparency exist (e.g. in financial reports and audits).	41	41.0
	Total	100	100.0
9. How often does the corporation/group conduct training or knowledge transfer?	Never conducts training.	44	44.0
	Training exists but rarely (e.g. once a year).	39	39.0
	Training is conducted routinely and according to schedule.	17	17.0
	Total	100	100.0
10. How do the corporation/group members use seeds and fertilizers?	Not using superior seeds or recommended fertilizers.	49	49.0
	Follow fertilizer recommendations, but do not use superior seeds.	33	33.0
	All members used the superior seeds and fertilizers as recommended.	18	18.0
	Total	100	100.0
11. Is your corporation/farmer group connected to other oil palm farmer associations?	No relationship was observed with other associations.	42	42.0
	The relationship exists but is informal.	40	40.0
	Formally part of a larger association or network.	18	18.0
	Total	100	100.0
12. How does the corporation/group access government programs such as the PSR?	Not connected at all.	51	51.0
	Access to these resources is often limited or difficult.	33	33.0
	Full and sustainable access to the program.	16	16.0
	Total	100	100.0

Source: Data processed with SPSS

Based on the descriptive analysis of the farmer corporation variable in Table 3, the operational and economic performance of independent smallholders remains far from optimal. The majority of respondents (82.0%) exhibit low productivity below industry standards, which is directly caused by the minimal implementation of complete technology packages, such as the use of high-yield seeds and proper fertilization, as well as the absence of collective technical standards in cultivation (81.0%). This condition is exacerbated by the farmers' weak bargaining power, where 83.0% of respondents still depend on middlemen for FFB sales and have very limited direct access to processing mills, thereby hindering price transparency and income stability.

From an institutional and legal perspective, farmer corporations continue to face severe structural challenges. The majority of farmers (82.0%) have not joined institutions with strong legal entity status, and 83.0% do not possess land legality certificates (SHM), a condition that complicates access to financing, long-term investment, and formal business cooperation. This institutional weakness is also evident in network isolation, where most farmers (82.0%) lack strong external connections with other associations, alongside persistent gaps in governance implementation and control transparency in some groups caused by low member participation. Managerial weaknesses further hinder long-term farming sustainability. A large portion of respondents (85.0%) do not have adequate strategic planning documents, including unclear replanting plans, which is caused more by uncertainty regarding methods and funding rather than a lack of willingness from the farmers. This is compounded by minimal knowledge transfer, where 83.0% of farmers do not receive routine training, resulting in stagnant human resource capacity. As a cumulative result of such weak legality, planning, and managerial capacity, the majority of farmers (84.0%) are ultimately unable to access strategic government programs such as the PSR, indicating that farmer corporations have not yet functioned effectively as a gateway for development.

3.2. Subtitle Independent Sample T-Test Analysis Results

Table 4. Independent sample t-test analysis results

t-statistic	Significance
6.410	0.00

Source: Data processed with SPSS

A comparative test was conducted to determine whether there were significant disparities in the implementation of corporate farming between partnered and non-partnered farmers. The findings from this analysis are presented in Table 4. The difference test analysis presented in Table 4 reveals a calculated t-value of 6.410, which exceeds the critical t-table value of 1.660 ($p < 0.05$). This provides robust evidence of a statistically significant disparity in corporate farming implementation between partnered and non-partnered independent smallholders. The magnitude of the t-value highlights a substantial gap; specifically, partnered farmers demonstrate a more active and structured application of corporate principles. This disparity occurs because partnerships act as a crucial "transforming structure" within the Sustainable Livelihoods Framework, effectively bridging farmers' access to physical, financial, and social capital. Non-partnered farmers often struggle to establish collective action

to reach economies of scale, resulting in isolated and fragmented individual farming. Conversely, partnered smallholders achieve significantly higher land productivity due to strict technical standard interventions from the partner companies, and they enjoy guaranteed market access by selling directly to the mills. These field realities strongly corroborate previous studies. The isolated condition and resource limitations of non-partnered farmers mirror the findings of Dhillon et al. [24], who highlighted that restricted access to technology and market information forms a severe barrier for small-scale cultivators. Meanwhile, the early benefits experienced by partnered farmers align seamlessly with Santana et al. [18], who identified market certainty and input access as the primary drivers for smallholders to join corporate farming programs. Furthermore, the empirical evidence that partnership intervention dictates operational disparity supports Pratiwi's [23] study, which noted that capital and marketing integrations are effectively running under corporate models, despite other areas needing optimization.

3.3. Simple Correlation Analysis Results

Table 5. Simple correlation analysis results

Correlation Coefficient	Significance
0.980	0.00

Source: Data processed with SPSS

As a preliminary step to assess the relationships between variables, a simple correlation test was performed. It is important to note that this test was specifically designed to measure the strength and direction of the linear relationship (correlation) between partnership quality and corporate farming achievement scores, rather than establishing a causal effect. The results of this analysis are presented in Table 5. The simple correlation analysis presented in Table 5 yields a coefficient of 0.980 with a significance level of 0.00 ($p < 0.05$). Based on standard interpretation criteria, this correlation is classified as "Very Strong." The correlation coefficient of 0.980 approaches a perfect 1.00, indicating a dynamic that goes beyond a mere relationship; statistically, this represents a deterministic pattern. Addressing the operational overlap between the variables, this near-perfect correlation occurs because the current implementation of corporate farming among the respondents is structurally dependent on the partnership itself. The indicators for both variables appear to measure identical phenomena because the farmers currently lack managerial autonomy; their collective actions are entirely facilitated by the partner companies. If the partner provides the market, the corporate system runs; if the partner supplies the seeds, the technology is adopted. There is no visible independent initiative from the farmers outside of what is explicitly facilitated by the partner. From a Corporate Management Theory perspective, a true corporate entity must independently execute Planning, Organizing, Actuating, and Controlling (POAC) functions. However, the findings reveal that these vital functions, such as harvest scheduling (Planning) and quality control (Controlling), are predominantly taken over by the partners. The profound implication of this exceptionally high correlation is that the current farmer corporations are not yet operating as independent business entities; rather, they

function as administrative extensions of the partner companies. Therefore, while partnerships serve as a highly effective catalyst for building stronger agricultural institutions, the statistical overlap underscores an urgent need to shift from a top-down facilitation model to a more participatory approach to ensure the farmers' eventual managerial independence.

4. Conclusion

To address the research questions and objectives, this study draws the following conclusions: First, regarding the differences in implementation, the results confirm a statistically significant difference between the two groups. Partnered smallholders demonstrate superior operational performance, particularly in terms of organizational legality, management structure, and market access, whereas non-partnered farmers remain largely fragmented and informal. Second, regarding the role of partnerships, the findings establish that strategic collaboration is a critical determinant of success. The analysis reveals a very strong positive correlation, indicating that partnerships act as a fundamental catalyst, enabling smallholders to effectively adopt the corporate farming model and transition into competitive business entities.

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