

# An attempt at implementing a holistic inclusive development model: Insights from Malaysia's land settlement scheme

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**Abstract:** *This paper examines the influences of Malaysia's Federation Land Development Authority (FELDA) scheme in fostering inclusive rural development. Based on the model of holistic inclusive development, the paper investigates the performance of FELDA from four perspectives: social development, industrialisation, modernisation and basic needs. The main findings of the study indicate that, to a large extent, the scheme has successfully stimulated both the social and economic development of the community. Nonetheless, establishing a strong trust, social cohesion and rapport between the public authorities and community remain the main challenges in determining the success of this state-led agenda. Moreover, keeping traditional values in the modern system will be the key principle for the sustainability of the programme if plans are made to adopt the scheme in other regions.*

**Keywords:** *FELDA, Malaysia, oil palm plantation, rural development, socio-cultural, traditional values*

## Introduction

The concept of rural development is multifaceted, and it unfolds in a wide array of interconnected state-led development programmes in areas such as landscape management, production of high quality and region-specific products, conservation of new nature values, organic farming and agro-tourism (Van der Ploeg *et al.*, 2000; see Moseley, 2003). In this regard, agricultural productivity has long been recognised as one of the major sources of employment in rural community development, whereas technological advancement is one of the decisive factors responsible for the increase in the productivity and output of crops (Long, 1987). The impact of science and technology on the way people live and adopt new social systems is well addressed in the existing literature on science, technology and society (Dewey and Sigler, 1997; e.g. Bauchspies *et al.*, 2006; Kleiman, 2009). For instance, agricultural extensions within rural communities can be observed

in simple production innovations such as fertiliser–seed combinations, the introduction of improved tools and the use of new farming and harvesting techniques, amongst others. However, in our concerted efforts to leverage the socio-economic conditions of the rural communities through these state-led programmes, the voices from the silent majority (i.e. the rural communities), whose views on 'development' might differ from those of policymakers, must be given considerable attention. Accordingly, the holistic concept of an inclusive development model that constantly includes the various needs of disadvantaged communities in the wealth distribution and decision-making processes is currently a major research interest for both academicians and policymakers. Inclusivity, in the context of a national development agenda, is well recognised as the fundamental principle in creating equal economic opportunities and accessibility to all levels of society, with the ultimate objective of reducing poverty to eventually sustain economic growth over the long term (Ali and Zhuang, 2007).

By taking the Federation Land Development Authority (FELDA) scheme in Malaysia as a case study, in particular the FELDA Semarak, this paper investigates the impact of a state-led land settlement scheme in fostering inclusive development within rural communities. Although the roles of FELDA in developing the rural community in Malaysia have been examined extensively from the perspective of political economy and public interventions (e.g. Chopra, 1974; Rudner, 1983; Jomo, 1989; Pletcher, 1990; ), indigenous 'tribes' and populations (Chan-Onn, 1985; e.g. Baydar *et al.*, 1990; Chitose, 2003; Zawawi, 2000) and agribusiness and international trade (Sutton, 1989; Sutton and Buang, 1995; e.g. Fold, 2000), this paper takes a different approach to examining the effectiveness of FELDA by drawing upon the landscape of the holistic inclusive development model. To achieve this, the paper adopts a concept of development that holistically integrates various perspectives of development, including economic development, modernisation, industrialisation and basic needs. We believe that, if the FELDA scheme can be proven to be an effective state-led programme in the development of rural communities in Malaysia, a similar concept and programme can be reproduced to benefit other countries that have similar backgrounds (in terms of institutional setting, culture, socio-economic mixture) to that of Malaysia.

This paper is structured as follows. Section 2 presents the FELDA scheme as a state-led land settlement for rural community development. Section 3 provides the theoretical justification of the holistic inclusive development model with specific reference to agricultural land development. Section 4 explains the research methods used in this study. Section 5 presents the main findings derived from the case study on FELDA Semarak. This is followed by discussions of issues and challenges. The paper ends with key concluding remarks.

### Malaysia's FELDA scheme: state-led land settlement scheme for rural development

The agricultural sector is always given serious attention by the government in Malaysia, particularly in national efforts to stimulate rural development and poverty eradication (Okposin *et al.*, 1999). Such efforts have been carried out through the modernisation of agricultural land

that eventually creates a need to open new land for the placement of settlers (Graham *et al.*, 1984). The establishment of the FELDA scheme in 1956 was mainly the result of an evolution of agricultural policies taking into account the special needs of rural communities alongside the national development plan. In this setting, efforts to improve the settlers' socio-economic status were carried out through the cultivation of crops such as rubber and oil palm (Okposin *et al.*, 1999). Land ownership is given to land-hungry peasants through the principle of 'land for the landless' (see Gould, 1969; Jomo, 1989). To this end, FELDA has not only opened up large tracts of land to profitable crops but also created a widespread scatter of 'urban villages' in which settlers and their families lead lives that differ markedly from the traditional ways of the village (or *kampung*) (Graham *et al.*, 1984).

Indeed, the institution of FELDA as a state-led programme to increase the participation of the rural populations, particularly the rural Malay community, in the nation's development process is one of the inclusive development initiatives of the Malaysian government.<sup>1</sup> Such efforts to eradicate poverty and balance the economic participation of the rural community were later reinforced with the enactment of New Economic Policy (NEP) in 1971, with the aim of narrowing the gap between urban and rural areas. The overarching objective of NEP was subsequently implemented through the Second Malaysia Plan (1971–1975) (Rudner, 1983). Since then, Malaysia's development agendas have always had the mission of restructuring the community and finding balance in terms of 'output goals' (e.g. physical and infrastructure development) and 'cultural goals' (e.g. wealth distribution and social balance). The settlers are the nucleus of the FELDA scheme (Graham *et al.*, 1984), which operates as follows. Contractors are brought in to clear the jungle, plant the main crop, usually rubber in the early years, later increasingly oil palm, and build basic infrastructure such as houses, roads and schools. Settlers are selected, moved in and employed as salaried workers until the crop starts producing. Each family is given a title to a plot of land, once the mortgage is paid off, with constraints such as no rights to subdivide the holding. Settlers thus eventually will own their land but the scheme is managed, and increasingly is worked as an

estate or plantation with consequent scale economies and modern inputs and methods (Sutton, 1989: 341).

Typically, each FELDA scheme is about 3000 to 5000 (acres) in size and has about 10 FELDA staff, including a scheme manager, an assistant manager, agricultural extension workers, social and community development staff, and supportive clerical staff. There are about 10 to 20 non-FELDA staff members (i.e. staff from other agencies) providing essential services like security, education, firefighting and health. The non-FELDA staff, although living within the schemes, work independently of the FELDA management (Chan-Onn, 1985). In addition, the Scheme Development Committee serves as the highest representative and decision-making body of each FELDA scheme. A block system is used in managing the FELDA scheme, wherein a leader is appointed for each block of 20 families and holds a seat in the committee, which is chaired by the scheme manager. The committee also includes representatives from youth and women's organisations as well as an ex-officio police member, the school principal and an *imam* (Sutton, 1989). Other social development services, including financial advisory, maternal and paediatric, family-planning, religious, kindergarten, tuition and youth services, are also provided by the government in each scheme (Chan-Onn, 1985). Oil palm is currently the main crop of the FELDA scheme, and Malaysia is now a major world producer and trader in the palm oil sector (Baydar *et al.*, 1990; Sutton, 2001). FELDA's strategy was to achieve an economy of scale because palm oil can only be produced in large quantities requiring expensive mills. It is also relatively easy to establish and enforce regulations on handling the production and processing of oil palm in large quantities (Pletcher, 1990).

The importance of the FELDA scheme in stimulating Malaysian rural development has largely been discussed from three perspectives: political economic and public interventions, indigenous 'tribes' and populations, and agribusiness and international trade. Table 1 provides a summary of some important literature in the Malaysian FELDA scheme in accordance with these perspectives. Studies from these three perspectives generally acknowledge the significant role of FELDA as a state-led scheme that includes the

poor and vulnerable communities in the process of development. However, discourse on the value-ladenness of 'inclusivity' and 'development' for the rural community is scarce. The present paper aims to fill this gap by providing new insights to the holistic inclusive development model embedded in the FELDA scheme. The next section of this paper discusses the holistic concept of inclusive development adopted in this study.

### State policies in inclusive development and epistemological perspectives of development

Inclusive development is generally understood as the process of ensuring that all marginalised or excluded groups are included in the development process by upholding the principles of '*for the poor by the poor*' (Gupta, 2012) and '*growth coupled with equal opportunities*' (Rauniyar and Kanbur, 2010). The approach towards inclusive development depends on a nation's socio-economic and political background, because countries are heterogeneous in terms of culture, history, politics and other predominant elements (Chibba, 2008). Nevertheless, Chibba postulated that there are generally three key elements needed to achieve inclusivity: (i) good governance, (ii) structural transformation and (iii) a multipronged policy and programmes mix. Good governance, progressive politics, effective management and successful engagement in the global economy are prerequisites for the achievement of inclusive development. The role of government in promoting social and economic justice is important to ensure that members of society are included in national economic activity. In addition, various structural transformations, including economic, social and demographic elements, need to be taken into consideration in the inclusive development of policy and programmes.

The distinction between 'development' and 'growth' should be clearly defined before any in-depth discourse on the roles of state-led programmes on inclusive development. Growth generally refers to economic growth or increase in per capita income. This narrowly defined technical concept serves the purpose of statistical measurement. Development, however, goes beyond the income concern to embrace other dimensions of well-being, particularly education, health and safety (Kanbur and Rauniyar,

**Table 1.** Summary of literature on FELDA scheme in Malaysia

| Perspective                                 | Literature   | Summary of main findings  |
|---|--|---|
| Political economic and public interventions | Chopra (1974), Jomo (1989), Pletcher (1990), Rudner (1983)                                 | Development of new agricultural land is still greatly needed for land-hungry peasants in Malaysia. Contemporary land hunger is actually the outcome of colonial land law and policies affecting land ownership. Malaysian state-led agricultural development policies encompass various dimensions: the scope of coverage, the economic functions of government, the degree of policy control, the differential treatment of export and import substitution, and strategic planning. FELDA delivers benefits where they are most needed and can be most durably beneficial at the very foundation of Malay society, which is predominantly rural. Indeed, FELDA is the largest single producer and exporter of palm oil in Malaysia. The schemes, however, are managed as estates and, except for some social development, ownership and participatory management characteristics, are much like private estates. |
| Indigenous 'tribes' and populations         | Baydar <i>et al.</i> (1990), Chan-Onn (1985), Chitose (2003), Sutton (1989), Zawawi (2000) | Discourse on the development of indigenous people should also address the terrains of culture and politics, including their historical specificity and struggles. Thus, an approach that allows for convergence between theory and human praxis is needed in understanding and providing solutions. FELDA has contributed substantially to the observed low levels of migration out of rural areas in Malaysia. The FELDA mode of delivering population and community-development services has been very effective. The more integrated a programme (such as FELDA) is in a particular community, the more effective the programme will be. The case of the FELDA mode of integration is extremely capital and land intensive.  |
| Agribusiness and international trade        | Fold (2000), Sutton (2001), Sutton and Buang (1995)  | New regulatory structures at the global level have been instrumental in changing FELDA from a land settlement agency to an agribusiness concern, so as to avoid accusations of subsidisation and to be more competitive in an increasingly price-sensitive palm oil market. FELDA currently functions as an agribusiness and land development agency, more along the lines of a plantation company aiming for commercial efficiency than a state organisation with social development objectives. The establishment, expansion and restructuring of FELDA during the past three decades provide a fascinating story about the interaction between processes at the global, national and local levels. Initiated as a state institution to incorporate demands for radical rural land reforms, FELDA is now an important vehicle for national diversification of exports through the cultivation of oil palms.     |

2010). Therefore, the term 'inclusive' describes the process by which the needs and welfare of the entire community, especially vulnerable groups, are well and equally provided for. In the context of FELDA Semarak, explored in Section 5 of this paper, the initial goal of stimulating development for disadvantaged rural communities regardless ethnicity is very much in line with the concept of inclusivity. In the policymaking process, the principle of inclusion is translated into two forms: first, in the process of decision making that emphasises the equitable distribution of the nation's development outcomes; and second, in the participation of all levels of community in the policy formulation process. The inclusive development agenda is thus predicated on the following epistemological assumptions: (i) development in the context of a multidimensional construct in which social and ethical (synchronic solidarity) are always the focus of development, (ii) latent potentials of the real economy in the long term must be recognised rather than merely focusing on short-term macroeconomic balances and (iii) the employment elasticity of growth paths must be treated as a fundamental strategic variable and not as a parameter resulting from choices aimed at maximising the rate of growth of productivity (Sachs, 2004).

As such, the holistic model of inclusive development adopted in this paper comprises the following four epistemological perspectives of development from the literature:

- *Economic* development is associated with the achievement of higher standards of economic prosperity and quality of life with reference to the capital accumulation and wealth creation of people. Economic growth can be further enhanced with the adoption and performance of high-technology knowledge and skills in sectors such as agriculture and industry (Ahmad Syukri and Rosman, 2003). The use of technology has increased the efficiency and quality of production level. In short, economic growth is a key element in development, and a significant relationship exists between these two concepts. This might explain why, to a certain extent, economic growth is seen as synonymous with the concept of development. However, such overgeneralisation has its weaknesses, because the concept of development is much more extensive than that of economic development (Kanbur and Rauniyar, 2010).
- *Modernisation* is associated with the 'will-ingness and openness' of society to accept changes in its thinking and traditional values. Modernisation is associated with the belief that man can control nature. In this regard, modern life is achieved as a result of the process of 'progress and development' (Inglehart and Welzel, 2005). The description of modernisation suggested by Apthorpe (1985), for example, encompasses key areas such as education, development, economics and public policy on development. For sociologists, modernisation is studied from the perspectives of the levels of education, literacy and exposure to mass media. Political scientists consider participation, membership in political organisations and voting behaviour. Psychologists focus on 'authoritarian personalities' and the 'need to achieve' amongst individuals. Finally, anthropologists emphasise cultural diversity when talking about modernisation (McClelland and Winter, 1971). Modernisation is also often associated with the use of science and technology in society. Various functions of human traditions have been taken over by various types and forms of technology. This occurs either indirectly or through particular plans that aim to improve the efficiency of works (McGinn, 1991). In this case, Ellul (2003) believes that scientific knowledge is translated into the daily lives of society through the process of transformation of the idea of common sense (or reason) to form a tool, technique or instrument.
- *Industrialisation* and infrastructure facilities for improving the quality of life in society are made available by progress in physical development. In this context, industrialisation is seen as a process of transformation and modernisation in society and even as 'a way' for development. However, if industrialisation is seen as the only goal of development, it will be vulnerable to criticism; for instance, environmentalists would raise questions about the problems of environmental degradation. This situation will worsen if the concept of development is



heavily based on the progress of industrialisation (Smelser, 2006).

- The integration of the concept of *basic needs* into the overall concept of development has emerged because there are problems associated with defining the concept of development merely as economic growth. Economic growth is acknowledged as highly beneficial to a country in order to achieve development. Economic growth results in more opportunities for people to improve living standards, which in turn is assumed to solve socio-economic problems such as poverty and unemployment. Unfortunately, this assumption is significantly weak, as it is not necessarily ideal in all places and circumstances (Adelman, 1961). Moreover, the concept of development that focuses on basic needs also creates problems because the understanding of the term 'basic needs' is subjective and contextualised differently in different societies. Human needs are relative; they vary according to the cultures and values of local communities.

Overall, the concept of inclusive development is multifaceted and broad in scope. In one sense, it includes the aspects of physical development; on the other, it emphasises the qualitative aspects of development. In summary, although the concepts of development have taken a different focus and emphasis depending on the place and time, development has nonetheless been pursued with a single purpose: to provide the best quality of life materially, emotionally, psychologically, spiritually and environmentally. On this basis, we feel it is safe to say that development has a positive image overall.

## Research method

The research for this paper employed a case study method in answering the three following research questions: (i) Is the scheme really 'inclusive'?; (ii) What are the main drivers of and barriers to the scheme?; and (iii) If successful, could the scheme, be successfully adopted in other regions? Case study procedures were

followed closely (see Yin, 2003) and a triangulation method was adopted that used a variety of data to ensure the validity and reliability of the qualitative data. The FELDA settlement at Semarak, Jengka 15 in the State of Pahang, was chosen to provide a highly illuminative case to articulate the ways inclusive development could be holistically achieved in an agricultural land settlement development. Our empirical evidence was obtained through secondary resources and observation during site visits, as well as onsite in-depth interviews with settlers and managerial staff in FELDA Semarak during the period of 2010–2011. Interviews with managers enabled us to gain information about the procedure of oil palm production in response to the development process outlined in the FELDA scheme. Meanwhile, interviews with the settlers provided us with their views and experiences of living in the FELDA schemes.

In addition, a simple questionnaire was designed to identify the settlers' perceptions of the effectiveness of the FELDA scheme in terms of social, economic and basic needs development. The questionnaire aimed to address two types of perspectives amongst the respondents: the analytical perspective and topical perspective. The analytical perspective deals with changes affecting the values of individuals from several dimensions, such as openness to new experiences, readiness for social change, beliefs, technical skills and dignity, whereas the topical perspective is more heterogeneous, including dimensions such as relationship and family issues, women's rights, birth control, religion, age, politics and social order. A total of 350 questionnaires were distributed to the settlers in FELDA Semarak, of which 240 were completed, returned and fit for analysis.

## Findings and discussion

This section of the paper discusses the research findings. First, the geographic and demographic background of the case study is presented. The socio-cultural and social assurance developments in the case study are then assessed. This is followed by an analysis of basic needs,

industrialisation and modernisation. The final section discusses economic development.

### *Geographic and demographic background of the case study*

FELDA Semarak Jengka 15 is located in the State of Pahang, with 126.9 hectares of approved residential land and 1787.5 hectares of agricultural land. The settlement was first opened in 1975 and is one of the 25 settlements within the FELDA Jengka Cluster (also known as the Jengka Triangle), which is Malaysia's largest FELDA cluster. FELDA Jengka cluster covers the three districts of Temerloh, Jerantut and Maran in the State of Pahang. Figure 1 shows the geographic location of FELDA Semarak within the FELDA Jengka Cluster.

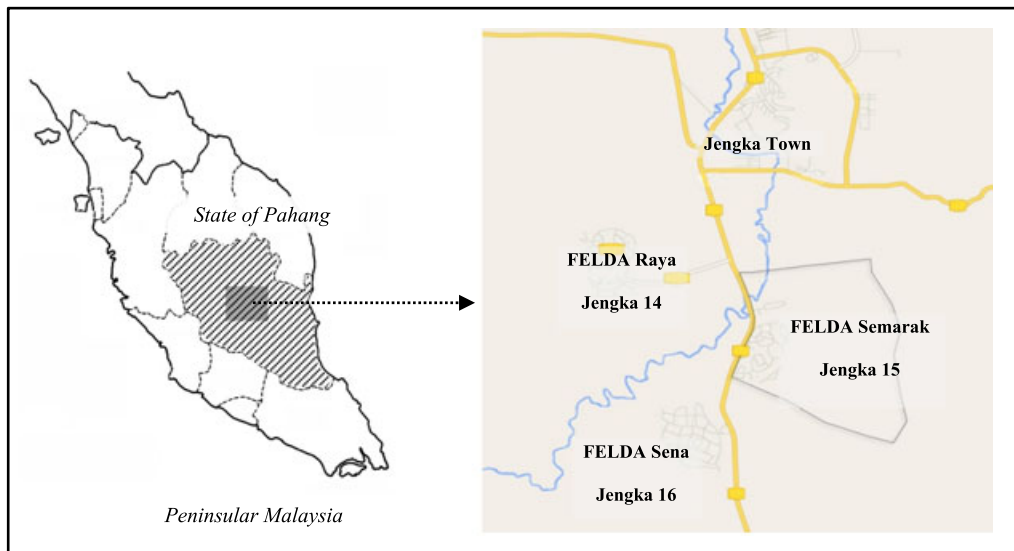
The survey reveals that 91% of these families are the pioneer group that migrated to the settlement when it first opened in 1975. The settlers originate from various socio-economic backgrounds, including farmers (56%), merchants (9%), fishermen (7%), individuals without a fixed job (7%) and others (21%). Oil palm is the main crop of FELDA Semarak. Ownership of the land and housing is still under the name of the pioneer group or the original settlers. Change of ownership can occur only when the original settlers pass

away, and only one child is taken as a nominee for successor.

### *Socio-cultural and social assurance*

Drawing upon the principle of 'good lands for good settlers', numerous programmes have been initiated in FELDA Semarak with the ultimate aim of inculcating good values, attitudes and skills that are needed for the sustainable development of both the settlers and the land. The social development goals aim to produce disciplined settlers who are ready for changes and equipped with new lifestyles, behaviours and readiness to increase their adaptability to knowledge, science and technology-based agricultural activities. Additionally, these social development agendas attempt to help the settlers to accept and adapt to changes that might seem drastic to them, including a new way of life, new systems and new working arrangements.

The establishment of a Youth Association enables the youth to voice and communicate their views to the administration through proper channels. The Youth Association aims to unite the youth through various sport activities. The association also organises other social activities such as *gotong royong* (mutual cooperation), Health Day, Youth Day with the People, and Leadership and Culture Competition. Besides,



**Figure 1.** Geographical location of FELDA Semarak Jengka 15

activities such as sewing and cooking classes are organised for women.

Because most of the settlers came from various states in Malaysia with different socio-economic backgrounds, cohesion and social interaction had to be created in order to create a sense of belonging, mutual understanding and respect amongst the settlers in the new place. These social activities which are supported by numerous public facilities (such as mosque, civic hall and football field) provide platform for settlers to get familiar with each other, thus improving the spirit of community living and personal relationship amongst them. United Malays National Organisation (UMNO) – the largest political party in Malaysia which plays a dominant political role in upholding the aspirations of Malay nationalism – also plays an important part in fostering social cohesiveness amongst the settlers. Figure 2 illustrates the land area of FELDA Semarak.

The settlers were placed under the 'block system', which aims to encourage and stimulate the process of socialisation amongst the settlers. In this system, settlers of different states are placed in a group. At FELDA Semarak, the block system was started in 1979 when the settlers – 374 Malays, 10 Indians and one Chinese, who came from eight states in Malaysia – were placed in 16 blocks. Through the block system, the settlers helped each other in their daily works. Various social activities involving the participation of families in the block were also held, such as *gotong royong*, wedding feast and *majlis korban* (or Muslim Festival of Sacrifice). Interaction between the settlers and the staff gives the settlers the opportunity to express their views and any problems regarding living in FELDA. This eventually led to mutual understanding and openness amongst the community.

Social assurance is the main pull factor that motivated the settlers to join the FELDA scheme in the first place. They mostly came from poor socio-economic backgrounds that caused them to hope for an opportunity to obtain better status in life. In this respect, the FELDA policy that allocates 10 acres of land per household is seen as a major attraction to the settlers to participate in the scheme. This land will belong to the settlers after they settle all debts to FELDA. This means that the settlers will be able to secure a piece of land and permanent residence. In the

case of FELDA Semarak, the settlers have received their land title in 1997.

Such socio-cultural and social assurance development efforts have shown positive achievement in FELDA Semarak. Results from the survey indicate that about 40% of the settlers are involved at least in one association or committee in FELDA Semarak, and 53% of the respondents felt that the development of kinship and family ties is better compared to their previous residence. Moreover, 77% of the settlers believe that there is a positive development in terms of women's rights in FELDA Semarak, which provides better opportunities for the women to obtain education as well as hold higher positions in the community.

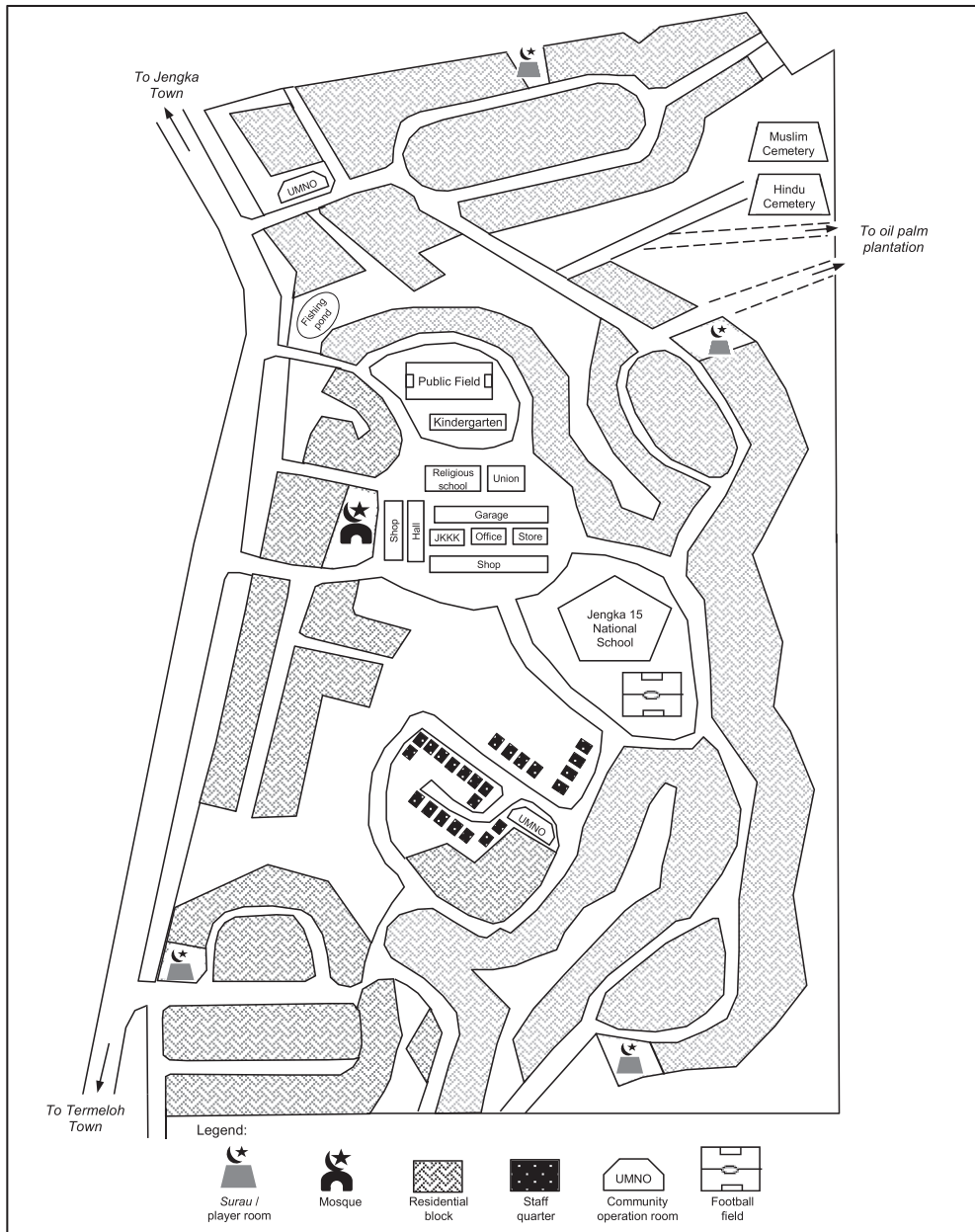
#### *Basic needs, industrialisation and modernisation*

Basic community services, such as a police station and hospital, are provided in Jengka Town which is only about 5 km from the residential area. Other facilities, such as residential, business and industrial designated area; leisure and recreation; and communication and transportation systems are made available to meet the various aspects of social and cultural needs of the community. These facilities have been designed to meet the evolving needs of communities in terms of lifestyle changes along with the increase of income. This is a proactive planning approach that occurs during the development of a new area and includes facilities such as schools; full and complete primary and secondary education are accessible to children.

The block system has its own rationale, because the plantations require a large workforce, especially in the process of harvesting. The palm oil processing factory is located in FELDA Jengka 23, which is only about 5 km from FELDA Semarak. The industrial activities in the FELDA Jengka Cluster have resulted in an increased demand for human resources and settlers in this area. In fact, the establishment of the FELDA scheme is seen as a means to provide sufficient manpower in supporting the oil palm plantations in the country. Within the scheme, palm oil production can be performed more systematically and efficiently.

The dissemination of scientific knowledge can be seen clearly in the process of harvesting. FELDA management has established a standard





Note: Map reproduced based on plan document from JKKR. Map not to scale.

**Figure 2.** Land area of FELDA Semerak Jengka 15

that every harvesting activity needs to be complete in a 10-day cycle. The harvested fruit need to be sent to the factory within 24 h in order to maintain freshness and to avoid the formation of Free Fatty Acid that would degrade the quality of the oil extraction. In this regard, the settlers were given 10 acres of farmland per household and harvesting work needs to be done in the

spirit of *gotong royong* where every member of the block works together to finish the process. Each block has about 30 settler families who need to complete the harvest of 300 acres in total. This not only determines the settlers' working system but also influences their social formation from scattered and individualistic to systematic and cohesion. The placing of the

settlers in a block system is one of the FELDA management strategies to ensure the work is done in the allocated time. In addition, the block system also makes the process of profit distribution easier for management. For example, profit earned in a harvest cycle of 20 days for 300 acres (or 1 block) is MYR 30 000. Thus, each settler will receive MYR 1000 in that particular month. For settlers who want to earn extra income, they can do additional work at other settlers' farms.

Settlers are given instructions and guidance to carry out their work in the plantations through 'roll call' sessions as well as briefing and monitoring by managers, officers and field supervisors. Settlers are exposed to their expected work rules and responsibilities to which they must adhere. Besides providing space and time for settlers to familiarise themselves with the new environment, such approaches could also be useful channels to provide information on the administrative regulations and policies in FELDA to the settlers. In short, there is an attempt by the FELDA scheme to integrate traditional norms and values (such as *gotong royong*) into a modern production system and lifestyle, although this involves strict social monitoring systems such as roll calls and briefings.

Meanwhile, a Village Development Committee (*Jawatankuasa Kemajuan Rancangan*, or JKKR) was established under the advice of the manager. The JKKR consists of a chairman, secretary and treasurer amongst the settlers themselves, as well as 15 other members representing the settlers. This committee liaises between the administration of FELDA and the settler community and is an important channel in relation to the plans for land development, community development, management and administration. Indeed, the benefits from the oil palm industry lead not only to increasing the performance of the administration of the scheme but also to modernisation in the bureaucracy, as the male and female settlers and youth play their respective roles in the JKKR, the Association of Women and the Youth Association, which function as a liaison between the settlers and the administration of the scheme. Such committees also serve as a platform for participation in decision making processes in the scheme. The degree of involvement in decision making amongst the communities is seen as one of the features of modern and inclusive society.

Survey data shows that more than two-thirds of the respondents felt that their life is better at FELDA Semarak than at their previous residence, and none of the settlers is unhappy in their stay in FELDA Semarak. The initial goal for the settlers in joining FELDA Semarak was to change their fate in life. It is seen that the FELDA scheme, to a certain extent, has fulfilled settlers' expectation of changing their fate, as 70% of the respondents indicated their unwillingness to leave the scheme. Additionally, most of the settlers (60%) are satisfied with the performance of the manager and administrative staff in terms of their roles, duties and responsibilities, whereas only a small number (5%) of the settlers expressed dissatisfaction in regard to the administrators' performance.

### *Economic development*

In FELDA, the settlers are provided with the capability for and access to various opportunities to enhance their standard of living. Although agricultural activities are the main occupation provided for them, there are also other jobs arising from these agricultural activities, including employment opportunities in administration, business, industry and transportation. FELDA Semarak, for instance, is managed by a group of administrators who are employees of FELDA with the assistance of the settlers. They include manager, assistant managers, field supervisors, clerks and drivers. Additionally, there are also other jobs available, such as teachers, police officers, *imam*, mosque committee members, drivers, gardeners and nurses. The administration's intent is to establish an organised and effective management system.

Settlers' family members also have opportunities in business ventures and services (e.g. grocery stores, restaurants, construction equipment, motorcycle and car workshops, barbers, pharmacies, night markets), small enterprises (e.g. metal workshops, citrus fruits), contractors (e.g. construction services, wholesalers), agriculture (e.g. vegetables, fruits, flowers), livestock (e.g. cattle, quail, fish) and small and medium-sized enterprises (e.g. transport, insurance, architecture, driving schools). These economic activities not only provide opportunities to increase the direct income of the settlers involved but also benefit other members of the community by enabling

**Table 2.** A comparison of income of settlers before and after joining FELDA Semarak, 2012

|                                       |           | Current household income (MYR) |            |             |             |       | Total |
|---------------------------------------|-----------|--------------------------------|------------|-------------|-------------|-------|-------|
|                                       |           | <500                           | 501 – 1000 | 1001 – 2000 | 2001 – 3000 | >3000 |       |
| Household income before joining FELDA | <200      | 8                              | 80         | 20          | 4           | 4     | 116   |
|                                       | 200 – 400 | 0                              | 40         | 20          | 0           | 0     | 60    |
|                                       | 401 – 600 | 0                              | 0          | 4           | 4           | 4     | 12    |
|                                       | >600      | 0                              | 4          | 4           | 0           | 0     | 8     |
| Total                                 |           | 8                              | 124        | 48          | 8           | 8     | 196   |

them to obtain services in their own communities. Because of the high establishment and operational costs, palm oil refinery plants are not available in all the FELDA plantations, including FELDA Semarak. Thus, the harvested oil palm fruits from FELDA Semarak are sent to the nearest refinery plant, which is located in FELDA Jengka 23. The existence and location of the refinery plant increase the demands for labour, thus providing additional job opportunities for the settlers.

Not all the settlers have the opportunity to gain additional income through participation in the business and services activities mentioned above. However, there is still room for the settlers to secure some income on the side by fully utilising an area of 0.1 hectares of land allocated to them under the FELDA programme. The settlers are encouraged to use this area to plant vegetables and fruits. In short, economic activities in FELDA are not solely dependent on agricultural activities but also include other business, services and industrial activities that have been well planned by FELDA.

In the case of FELDA Semarak, before joining the FELDA scheme, 59% of the settlers earned MYR 200 or less per month, and 31% earned between MYR 201 and MYR 400. Only 10% of the settlers earned more than MYR 400 per month. However, the income of the settlers increased significantly after they have joined the FELDA scheme, in which no settlers have monthly income of less than MYR 200. About 63% of the current settlers enjoy MYR 500–1000 monthly income, 24% have a monthly income of MYR 1001–2000 and 4% have monthly income between MYR 2001 and 3000. There are even settlers with income greater than MYR 3000 (4%) in FELDA Semarak at the present time. Overall, 74% of the respondents indicated that they are satisfied with their income and feel

that their current income is enough to support their living costs (see Table 2).

### Issues and challenges

One of the main challenges of stimulating inclusive development is dealing with the various predominant elements of the society. These elements, such as norms, routines, beliefs and rules that are deeply ingrained in society, play a major role in determining how people relate to each other and how they learn and use their knowledge and the institutional settings. These socially embedded characteristics of development have been clearly seen in the process of inclusive development led by the FELDA scheme in the case study, in which various reactions from the settlers have been observed. This is mainly because individuals in a society hold different degrees of interpretation and acceptance of development even though they are in and from the same social system. In addition, building trust and rapport between FELDA staff members as ‘message senders’ and the settlers as ‘message recipients’ is a crucial yet laborious task.<sup>2</sup> Because learning and development are interactive processes, their success is closely dependent on trust and other elements of social cohesion. Trust is developed over time through repeated interactions. Norms of appropriate behaviour also develop over time as a result of a series of interactions and resource exchanges.

In FELDA Semarak, difficulties in establishing trust and interactive learning processes can be seen when some settlers do not comply with the practices, procedures and work manual set in place by the FELDA management. In this respect, the FELDA staff play the role of ‘message senders’ with settlers as ‘recipients’; this is

discussed in McGinn's (1991) postulation that the process of development is a two-way process that requires the development of both parties. As the settlers generally have insufficient knowledge and experience in the earlier stage of their involvement in agriculture, especially the modern agriculture technique employed by FELDA, staff members are required to explain all the procedures to the settlers clearly, and this task is always difficult. Indeed, this is strongly associated with the 'time' factor, which explains the level of acceptance of changes; namely, some people can absorb and accept changes faster than the others (Rogers, 2003).

In addition, the staff members need to give clear explanations and reasons why oil palm fronds must be frequently pruned. Some settlers tend to ignore this procedure because they believe that this work can be done during the harvesting period. Although the block system expedites task, is timely and allows profit to be equally divided, it raises discontent amongst the settlers. They claim the system is inequitable particularly in income sharing and it is unfair for settlers who work hard to maintain their oil palm plantations compared to those who do not. They insisted that the system needs to be changed to an individual income based system. Another example is the methods of fertilising. In order to ensure that fertiliser is not carried away by rain water, settlers are required to either scatter fertiliser around the tree or place fertiliser in a number of small holes dug around the tree. However, there are still many settlers who use their own methods, such as carrying a bag of fertiliser on the shoulder in order to fertilise the trees by walking along the lane of palm trees. Similarly, when the settlers insist on a change from 'mutual cooperation' to an individual system, the management has difficulty in justifying the rationale of the system to the settlers, especially in terms of the importance of the 'mutual cooperation' system in maintaining the quality of the palm oil during the harvest season. As a result, the management has been forced to accommodate the demands of the settlers, in terms of their view that an individual system is better and more equitable, in order to avoid any further conflict between the management and the settlers.<sup>3</sup>

For instance, FELDA Semarak had undertaken the replanting of oil palm trees that were more

than 30 years old in 1997. The low-yield trees were cut down and replaced with new young plants. This was perhaps the most difficult moment faced by the management team in the history of FELDA Semarak, as there was a clear adversarial standpoint amongst the settlers; one group agreed to the replanting programme administered by FELDA, while the other group chose to do the work following their own plans. The FELDA management did not have the full authority to direct all the settlers to comply with the programme, because the land grant had already been given to the settlers. Thus, the management organised several briefing sessions with the settlers to explain to them the advantages of joining the replanting programme with FELDA. Amongst the reasons given were the settlers' lack of experience and the high cost of replanting. In the context of inclusive development, these meetings benefited the settlers by taking into account the views of the community during the process of decision making, highlighting the principle of development for all, by all.

## Conclusion

The holistic inclusive development model adopted in the FELDA scheme is illustrated in Figure 3. The role of government (equipped with political will) as the main driver of the scheme is essential, because it is a national agenda. This national agenda inculcates development in the realm of socio-cultural, industrialisation, modernisation and basic needs – which, in most cases, are interrelated and idiosyncratic. The FELDA model was constructed deliberately to suit the socio-cultural status and lifestyle of the Malay community by taking into accounts the balance between social and physical development. One of the key driving factors for the success of the FELDA scheme is its ability to incorporate the traditional values of the communities in the modern systems. As such, one can observe that numerous key Malay traditional values, such as *gotong-royong*, are merged with the block system and adopted in the FELDA operating mechanism.

The fundamental principle is that the administration is trying to provide space and



opportunity for these settlers to build closer relationships, which will eventually nurture strong social cohesion and interaction amongst them. Overall, the FELDA scheme in Semarak is considered to be one of the significant state-led initiatives in inclusive development in Malaysia. The scheme is designed to capture the specific needs amongst marginalised groups, particularly the Malay society, in the process of development. FELDA operates based on the concept of finding a balance between the horizontal (e.g. socio-cultural status, industrialisation, modernisation and basic needs) and vertical (e.g. top-down and bottom-up) dimensions. Therefore, development (rather than growth) is the main strategy of the scheme, encompassing both social and economic perspectives. However, stimulating inclusive development is laborious as it involves various predominant socially embedded determinants. Determining an appropriate balance between these social mixtures that allows for the smooth implementation of development policies is challenging and requires an effective bilateral network between the management and settlers within the scheme.

For instance, the setup of FELDA Semarak comprises not only the settlers but also the FELDA management and administrative officers. Apart from their responsibilities in monitoring and managing the execution of the scheme, the FELDA staff members are part of

the community and are involved in most of the social activities. Managers and officers of FELDA are government officers, who the settlers considered to have higher education. They gain respect from the settlers and act as a reference point on queries pertaining to work and social life. Thus, the scheme deliberately attaches the FELDA managers and officers to the communities in order to allow them more time and space to establish bilateral relations and trust with the settlers. In short, trust and rapport between the public authorities and community is the key determinant for the better performance of the state-led inclusive development programme.<sup>4</sup>

There is a possibility of applying the model of the FELDA scheme in other regions that share geographic and demographic backgrounds similar to that of Malaysia. In order for this to be achieved, one of the key pre-requisites is that the traditional values of the particular communities must be maintained and protected in our quest for modernisation. In fact, the FELDA scheme as exemplified by Semarak has successfully introduced a new development and management concept with the aim of improving some traditional practices that were seen as obstacles to development. For instance, FELDA's policy of naming only one family member as inheritor of parental land is not a practice that could be termed traditional, because Malay land ownership is replete with overlapping claims amongst relatives over

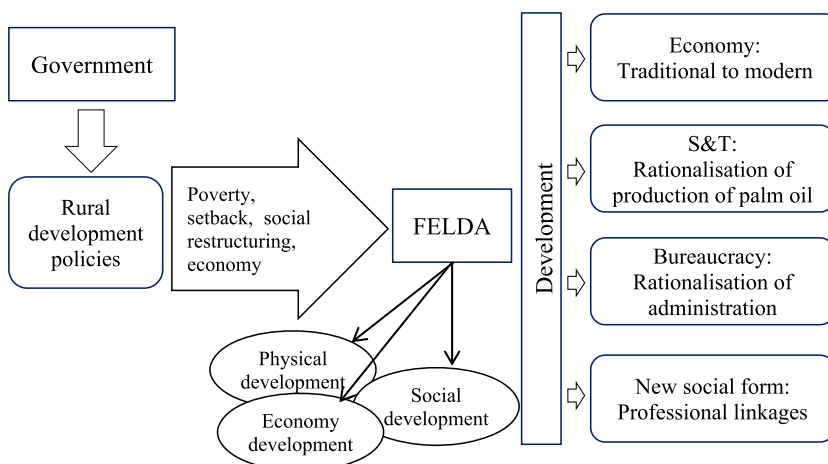


Figure 3. FELDA's holistic inclusive development model for rural communities



inherited lands. In other words, the upholding of traditional values is selective (or a prerogative of management). In this particular land ownership management, the FELDA model exhibits that, to a certain extent, the value system and public trust can be maintained. However, adjustment or manipulation to the current FELDA system must be made in accordance with the local context. Development agendas must be appropriate to the context of a society. The process should take into account the value systems that exist in a community. Indeed, assimilation of local values will further facilitate the development process. This is based on the fact that every community is unique and has its own social framework. The development process should be carried out based on local needs. In the case of FELDA, although the settlers experienced modernisation in terms of economic improvement, they still retain their traditional values by adhering to the principles of religious belief. Settlers still believe that 'fate and destiny' or 'qada and qadar' play a role in determining achievement in life.

More importantly, and additionally, the voices from the communities need to be heard by the policymakers (or the management in the context of FELDA Semarak) in parallel with the concept of a modern society in which communities have a role to play in determining the direction of development through involvement in the settlement planning. While this setup does not mean that the communities need to be provided full power to determine the outcome of their society, at least it was seen as a way to convey their voice to the administration of the schemes. In other words, there must be some degree of involvement in decision making from the people at the bottom of the pyramid. The Malay culture in the system of consensus making, i.e. *musyawarah* (or consultation) which allows for open communication between the management and the community is adopted in FELDA. This can be seen when meetings were held to discuss problems pertaining to plantation management. *Musyawarah* is also held to resolve issues pertaining to community welfare such as the preparation of wedding and thanksgiving feast. The meetings were usually held at the home of the block leader.

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## Notes

- 1 In fact, the initial concept of the establishment of FELDA scheme is for the purpose of helping the poor, particularly the rural community, regardless to their ethnicity. Coincidentally, the majority of the suitable target group for FELDA scheme is Malay. Thus, the FELDA scheme consists mostly of the Malay ethnic group. The case study in this paper, i.e. FELDA Semarak is an explicit case to support this claim.
- 2 FELDA managers, officers and supervisors are the main agents in distributing scientific knowledge to the settlers. Absorption and delivery of knowledge through this information sharing process in the economic system creates a new form of relation in the community. The relationship between FELDA staff and the settlers is known as the interaction between the 'trainers' and 'participants' or message 'sender' and 'recipient' (see McGinn, 1991).
- 3 Settlers tend to manage their own plots of palm oil could be seen as their capacity to work out what is best for their own interest, not one based on a position of ignorance. Nonetheless, from the perspective of management, reluctance to cooperate with FELDA's production system will result in coordination problems within the scheme which may eventually lead to system failure in FELDA.
- 4 Social relations in modern systems tends to be oriented towards a professional basis, i.e. trader-buyer, banker-customer, lecturer-student, etc. However, in the context of FELDA, a manager not only performs his professional role but, at the same time, he participates closely with the settlers in most of the important social events such as wedding feasts, *cukur jambul* (baby's first haircut), and other socio-cultural events.

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