Smallholders still crucial to agricultural sector

Po-poor policy has been the mantra for poverty eradication. However, pro-smallholder development policy may hold the key to equitable and sustainable growth in the agricultural and rural sectors, which support the majority of the poor.

In today’s context against the backdrop of small farm agribusiness, small farms are seen not as making economic sense anymore. Big is perceived as more competitive and offering the advantages of economies of scale, which are lacking in small farms. Being big is the only way to survive in a highly globalised world, according to the World Trade Organization.

However, the multi-functionality of small farms may demystify this perception. Their multiple functions benefit the society and biosphere, more than just producing food and commodities.

Malaysia started its agriculture rolling through the imprints of industrial crop cultivation, particularly rubber and oil palm. Big farms or estates proved to be the right business model for these industrial crops. Malaysia was the world’s largest producer of these commodities in the 1960s and 1980s, although that is history now.

The structural change that took place in the economy, particularly industrialisation, has increased the returns to factors in the non-agricultural sector, leading to an outflow of resources – land, labour and capital – from agriculture to manufacturing, construction and services. Even the estates have diversified into oil palm and non-agricultural services, such as health, education, recreation and manufacturing. The share of estates in oil palm, rubber and cocoa has dropped significantly while the scarcity of land has limited their expansion.

As at 2014, smallholders cultivated 94% of rubber, 96% of cocoa and 45% of oil palm in this country. As for fruits and vegetables, 97% of the farms (less than 1ha) were operated by smallholders. The same goes for aquaculture and livestock.

Agriculture in the future of agriculture in this country lies in the hands of smallholders but they face numerous challenges. They lag behind big farms in productivity and efficiency and grapple with structural issues – such as tenurial status, lack of R&D innovation, manpower and infrastructure – and remain largely disconnected from the market information hub.

There are some small farms that have been successful, such as the horticultural producers who have been able to capture the export market (e.g., pineapple, papaya, guava, tomato and cut flowers), although the majority of them participate only in the domestic market in small and irregular quantities.

In short, small farms are entangled in a web of problems that are vicious and systemic, an impasse, as some choose to believe. In such a dichotomous situation, Schnaepf’s idea of “smallness within bigness” deserves full attention. This entails a comprehensive pro-smallholder development policy.

In the long term, the advantages and potential of small farms may outweigh its perceived “inefficiency”. For example, small farms embody a diversity of ownership of cropping systems, landscapes, biological organisation, culture and traditions. A variety of farm structures contributes to biodiversity, a diverse landscape and open space.

With the right government support, a small community is relatively efficient in managing its natural resources through a number of empowerment strategies for the locals, such as co-management of rivers and fishery resources. The community’s close contact with nature makes it a better custodian of these natural resources.

Family farms are the best premise to nurture children and to teach them skills. The skills of farming are passed on from one generation to another under a family ownership structure. When farm children do not continue farming, farming knowledge, skills and experience are lost. In the estates, workers come and go. Hence, there is a discontinuity and opportunity loss of cumulative farming knowledge, which is crucial for advancement and sustainability.

Small farms are the bridge through which consumers are connected to the food that they eat from the local area. This brings consumers closer to the origin of the commodity, which may encourage them to appreciate farming. Import food does not relate the consumers to the nature under which the products or commodities are produced; hence, there is less appreciation of agriculture and nature that produce food that sustains us.

Small farms produce more than big farms. While mono-cropping is easier to manage with mechanisation, small farmers are more likely to practice multiple cropping or inter-cropping. They may also combine or rotate crops and livestock, use manpower to manage the farm, and have a vested interest in their sustainability. Integrated farming systems produce far more per unit area than mono-cultures. Though the yield per unit area may be lower on a small farm than on large farms, the total output per unit area is much larger. Mixed farming is a common practice in small farms.

Small farmers also utilise space and time intensively, applying far more labour per unit area than large farms, which explains the relatively high cost of production per unit area. Since family labour is used, there is generally a commitment to succeed compared with the large plantations that use hired labour. Observations show that owners of large farms and land tend to leave much of their land idle while small farmer farms make full use of their area to maximise output.

Unlike big farms, small farms are labour-intensive, so they can absorb far more people into the economic activity and reverse migration to urban areas. Mechanisation of big farms means fewer people are employed.

Small farms are sustainable in a number of ways – they often use non-purchased input, like manure and compost, while large farms tend to purchase agrochemicals. Mono-cropping on a large scale has been shown to destroy biodiversity and nature, which take centuries to recover.

The diversification of crops not only makes small farmers nimble at times of uncertainty but also ensures a steady supply of food and nutrition security for their families.

In a dynamic small farm community, the income is circulated among the local businesses, generating jobs and community prosperity, whereas in corporate farms, the income earned is invested elsewhere.

Although the above arguments need further substantiation, it is clear that small farms, unlike the estates, practice multiple cropping, utilise a broad array of resources and have a vested interest in their sustainability. Their multi-functionality helps preserve biodiversity, reduce land degradation and maintain other valuable ecosystem attributes for society at large.

Smallholders may operate on a small scale but, collectively, they are ideal for the development of the “collaborative commons” through cooperative business models where members work for members for the greater good.

This model has proved effective in South Korea and Taiwan, where agricultural cooperatives are run by smallholders, indicating that size is not a constraint. With the adop- tion of the “internet of things” and forward integration of value-added activities, the smallholder cooperative can be larger than its components.

Of course, this move requires comprehensive and full-scale support to empower sus- tainable practices, knowledge and technology, ease of business and exchanges that enhance the sustainability of smallholders and economically.

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