

# Discovering the Sustainable Growth of the 2nd Generation in Federal Land Development Authority (FELDA), FELDA Krau Community, Raub District

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**Abstract** —Through decade, Federal Land Development Authority (FELDA) has gone through a significant development as a corporate entity and its impact on the smallholders. New dynamics and relationships have been invariably developed as FELDA has now turned into a massive large corporation with tremendous portfolio of upstream and downstream activities. It was executed by various subsidiaries, joint ventures and associate companies. The emergence of the new era of corporatization within FELDA itself shows a dynamic phase in order to ensure the current phase of a “sustainable” palm production. Due to that, a lot of projects, activities and schemes had been introduced. However, sustainable growth depends on a longer term of growth orientation that emphasizes on the dimensions of building up growth strategy and growth capability. Therefore, this prospective study was designed to investigate how FELDA accommodate and assure sustainable growth for the 2nd generation in the FELDA Krau community. An explanatory method design was used to achieve the objective of this research. In depth interview was conducted from the local leaders, FELDA community specifically the 2rd generation and the management of FELDA Krau to explore the existence elements of the sustainable growth at FELDA Krau. Overall, FELDA has established significant contributions in accommodating poverty, upgrading lifestyle and economy. Hence, this paper will contribute the implications towards the development policy and the sustainable growth of FELDA community.

**Keywords**— *Sustainable growth, FELDA, sustainability, community*

## I. INTRODUCTION

Malaysia is well endowed with natural resources. Minerals, especially tin, were a mainstay of its economy during colonial times until independence, and oil and natural gas are the major income earners at present. It is a major exporter of tropical timber. A large-scale conversion of forested land took place for rubber plantations especially during the rubber boom at the beginning of the 1900s. For agriculture, the area of arable land fivefold has been increased between 1900 and 1950. New roads, tracks, and settlements accompanied the plantation

development, which by 1940, covering 11% of Peninsular Malaysia. By the mid-1950s, rural development was pursued with a new vigour involving a larger area of forest conversion.

Hence, FELDA was officially established on July 1, 1956 through Law Act 1956. Land Development Establishment FELDA. FELDA has become the world's largest land development with a total area of 853.313 hectares. Apart from placing landless tribe, FELDA has created a viable economic scope. The results of the settlers' garden oil and rubber were converted to the value money and marketed by system which involves marketing activities such as manufacturing and processing. FELDA took steps to realize Corporation in 1972 to provide support services to the settlers. In 1995, the Corporation FELDA has converted to an entity to enable the business operations of FELDA Group grows competitively and progressly. Currently, FELDA Capital Cooperation (KPF) is an investment entity settler which owns 51% of equity interest in activities which FELDA is placed under FELDA Holdings. FELDA is now marked as the pinnacle of success which has generated excellence in various fields. Since its establishment on July 1, 1956, FELDA's operation has surpassed five decades. During this period, the organization of FELDA had undergone many changes in terms of its direction, image, management and policy [6].

Sustainable development is a development that is carried out in a planned and sustainably and does not affect the state of the environment, not only for the present generation but also for future generations. Sustainable development is a development which meets the needs of the present without compromising the ability to meet the needs of the future. The development of a sustainable must take into account the social justice, human needs basis, public health, environmental awareness in terms of space and time [9]. The development of FELDA consists of three aspects, which are economic development, social development and environment development. In economic development, there are three major issues that often lead to a heated debate among the settlers which are the level of income, employment opportunities and FELDA corporatization. In social development, there are two aspects that create a sense of

dissatisfaction among FELDA settlers which are infrastructure development and housing development. Therefore, this paper would like to investigate how FELDA accommodates and assures a sustainable growth for the 2nd generation in the FELDA Krau community. Hence, this paper will contribute the implications towards the development policy and the sustainable growth of FELDA community.

## II. PROBLEM STATEMENT

The issues of the sustainable development are often debated ever since the concept was introduced in 1987 in the Brundtland Report. A sustainable development or sustainability implications will be different based on the design of the country, whether physical, social or economy. It means that it needs to have a balance between economic, environmental and social as well as cultural aspects. Therefore, it is important to discover the balance that is intended for growth of the nation which recently became a major concern for the society. The development of FELDA is guided by its vision to become the world's leader in palm oil industry and its settles to reach a middle-class income by year 2020. The philosophy of subscribed by FELDA and its communities are expressed in its eight "1Malaysia Values of Aspiration" including the Culture of Excellence, Endurance, Humility, Acceptance, Loyalty, Meritocracy, Education, and Integrity [6]. However, FELDA has undergone several changes and shifting processes. One of them is the concept of 'Transformation towards a Sustainable Community' is very appropriate because it is one of the ideas in developing a proactive and practical FELDA environment, and achieving FELDA's aim as a place to generate economy in the context of sustainable rural areas in the future. Sustainability elements highlighted in every program includes creativity, innovation and teamwork. In addition, FELDA wants to provide sufficient infrastructures and sustainable surroundings at the land schemes in order to attract the community to develop human capital and increase the potential. At the same time, it can help FELDA to generate more ideas of a better quality environment which can be continued in the future especially in developing FELDA's community environment and to have a high quality of life and to transform FELDA's surroundings effectively with regard to all aspects of sustainability. Since most of the countries have progressed to become developed nation status, a balanced development needs to be refined. Therefore, it became a challenge and opportunities for FELDA to practice the principles of sustainable development in the country that focuses on fresh economic growth and social sustainability strengthened in the era of globalization.

### A. Sustainable Growth

A sustainable growth is when a firm is capable in maintaining its growth without facing any financial, structural or strategic setbacks [3]. This growth challenge grows more vigorous in a more tumultuous, fast changing and competitive technology based markets and is impossible to accrue unless special attention is given to the two most important dimensions of building up growth strategy and growth capability, simultaneously and interactively [10]. A sustainable growth depends on a more long-term growth orientation of the entrepreneurs [7]. Recently, most scholars agreed that the

preferable term to link the term used for the change-aspect is development and not growth, which can be interpreted as a move away from "growth-as-usual" and there is an explicit recognition in the importance on the protection of the environment and the promotion of economic development cannot be treated separately as it is known as a holistic economic dimension. Another term is the term need which is used as opposed to demand that is known from the traditional economic growth theory which also indicates a recognition of a change away from a purely quantitative growth aspect of change on one hand as well as a recognition that there might be needs to be met which are not reflected by the same power in the global demand which is reflected as social dimension [8]. In relation to the discussion of sustainable development, it will be further explained below as a whole conceptual operational definition of this research.

### B. Sustainable development concept

As in [2], development is a process of transitioning forward to the whole social system such as increased productivity, economic and social balance, modern knowledge, the existence of modern institutions and the transition to a better attitude. The phrase development has its definition and it defines the power of the strong. Based on this expression, a group of people and communities is defined as advanced, while another group of a larger number is defined as backward or primitive [1]. The diversity of the definition of sustainable development emerged due to the need to adjust the demands of sustainable development of the local situation in a country. Therefore, this concept is associated with a form of balanced development. The economy grew fresh for building wealth and wealth is also used to develop a community identity. While conserving the damaged environment, environment which is still fresh should also be protected. It is nice to see progresses that can also be enjoyed by the future generations. Thus, the development should be balanced between the three components of sustainable development mentioned earlier.

The process of planning and development control requires the coordination of various levels and the parties involved need to ensure that the implementation of a development process does not encounter any problem. Therefore, the design of a comprehensive, systematic and transparent development goals need to be achieved in full [4]. This goal can be achieved by implementing the concept of sustainable development in all development activities which are planned and implemented with the ultimate goal of environmental conservation and poverty alleviation.

### C. FELDA Transformation

The transformation of FELDA Model towards FELDA New Model indicates the several sustainable developments which can be measured by the classification of future development stratify of FELDA geared towards improvement to the well-being of FELDA community through high farm production, providing modern infrastructures and facilities, increasing human capital quality and potential, creating a culture of innovation and creativity, and strengthening a world-class FELDA management. FELDA community was expected to have a high

degree of competitiveness and positive thinking in realizing the goals and objectives of FELDA and to work together to improve the quality and excellence in FELDA development. It needs to consider the long-term sustainability and to balance the achievement of economic performance, the development of human capital and the conservation of the environment. These can be clustered into several outputs as a reflection of outputs which consists of entrepreneurship development, human capital development, international business and hospitality and tourism [5].

#### D. Theoretical Framework Diagram

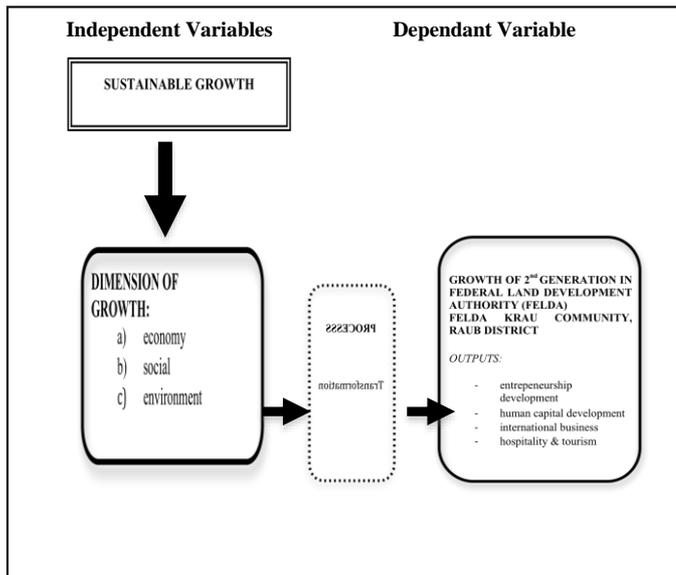


Fig. 1. Theoretical Framework (Adapted from : As in [2] and [9]).

### III. METHODOLOGY

This study adopts the qualitative research method, using verbal and written interviews among the officers of FELDA. The main aim of applying the qualitative method is to derive the in-depth feedback from the respondents regarding the research objectives. Semi-structured verbal interviews have been used because it was found to be more convenient for the respondents. The interview questions and analyses were focused on the evaluation of the elements of sustainable growth and the aspects of output at FELDA Krau, Raub District. The data was analysed through the content analysis whereby the data obtained during the interview was processed and categorised referring to the related thematic and categories. Furthermore, the snowball effect has become one of the techniques to collect the data. It is a form of purposive sampling where existing respondents recruit the next respondent from among their acquaintances. Hence, the sample group would seemingly grow in size like rolling snowballs. This method is often used in a hidden or small population that are quite difficult for researchers to access for specific reasons. It increases the credibility of the research as

respondents are very much involved in the process of the research while at the same time being cost efficient.

### IV. FINDINGS AND DISCUSSION

This section provides explanation and analyses from the interview with several officers of FELDA Krau. The analyses are based on the implementation by the FELDA Krau management in accommodating the sustainable growth.

#### A. The Background of FELDA Krau

The land opening of FELDA settlement in 1956 is a very significant phase in the history of the development of Malaysia with the aim of improving the socio-economic of the poor community in the rural areas. Felda Krau was developed by the Federal Land Development Authority (FELDA) in 1977 and was first inhabited in 1978. It is located between Kampung Melayu Sempalit in east and west in Hutan Simpan Bilut. It is an agricultural village inhabited by semi-modern and multi-ethnic population. The village is situated with its borders with sub districts of Raub.

The location is not far from Raub town where only about 10 kilometres and 110 kilometres from Kula Lumpur. The village is divided into 2 stages covering a land area of 426.47 hectares of Stage 1, while the Stage 2 is the area of 292.52 hectares. The original plant in the village is rubber. At present, after replanting is carried out, the plant is mainly composed of rubber and palm oil. This has been a part of the success factors of FELDA in strengthening its position as a global stakeholder and icon in the farming industry.

The administration of FELDA Felda Krau is composed of FELDA headed by a General Manager, two supervisors and one assistant. They get help from a Development and Security Committee (JKKK) chaired by a village headman. JKKK acts as a system of representation in village administration in line with the slogan "Serving for Development and Village Development". The community of Felda Krau consists of 642 adults, 219 youth, 211 teenagers, and 169 children. In the beginning of the establishment, the numbers of settlers were 179 which 154 of them are Malay, 22 are Indian and 3 are Chinese. Currently, the numbers are reducing to 136 persons.

The village has all of the facilities and infrastructures such as electricity, water, mosque, primary school, halls, security post, clinic, shops and telecommunication system equipped for the convenience of the residents. Above all, the data information has been obtained through interview and printed material from the officer in charge.

#### B. FELDA Transformation Growth of 2nd Generation FELDA Kray community

According to the respondents, even though FELDA Krau is quite small and still new compared to other FELDA in Pahang, it has its own uniqueness and potential in the dimension of social. The growth can be reflected by their strong bonding of community through several meetings, program community such

as gotong-royong, bowling tournament for youth and organising sports day such as futsal. Their strong partnership and collaboration in building the community empowerment has been realized by the establishment of a few bodies such Gerakan Persatuan Wanita (GPW), JKRR, Belia, Koperasi, PIBG and many more. In such, they have been given a trust by other public agency to offer collaboration specifically to become a host for any program especially for the programs that involve the federal. These prove that less quantity in term of staffs and FELDA community does not hinder them to widen their function as one community. In fact, that makes them become even stronger. These can be supported by two the awards received which are 'Anugerah Kualiti Hasil Terbaik' and 'Anugerah Pencapaian Pendidikan Terbaik' in Sambutan Hari Q Wilayah Mempaga. These awards have been given due to the high achievement on overall management and their ability to assist the children of the settlers about three of them to further their education to a higher level in Diploma through Assistance Scheme Higher Education. This assistance was given to ease the financial burden and encourage them to continue their studies to a higher level. All of these are related to the sustainable growth in the dimension of social and the output of human capital development.

In the dimension of economy for the output of the entrepreneurship development, Felda Entrepreneur Incentive Scheme (Skim Insentif Usahawan Felda) has provided the opportunity for the settlers to be entrepreneurs and at the same time stimulate economic growth in their business plan. However, it can be observed that only a few of the FELDA Krau community applied for the scheme and the rest applied on small businesses such as cow, vegetables and honey which are still far behind for them to have a capacity for the output of international business.

However, it is interesting to observe the dimension of sustainable growth in the aspect of environment. According to the respondents, FELDA Krau has initiated their own system of maintaining the clean environment called as "pin-system". This system operates by different colour of pins that indicates the level of cleanliness of the area. Therefore, the officers will do the spot-check and report the result of the observation. The leaders of the area are responsible to ensure the cleanliness of whole area under their supervision. Furthermore, they also have a specific standard operating procedure to manage the waste that is environmental friendly. The community had consensus and agreed to contract out to registered contractors for cleaning services. Additionally, FELDA Krau has been identified of having a high potential on the output of hospitality and tourism. Since the location is strategically located nearby the town whereby it is assessable, thus open doors for the people to look after for a homestay. Eventhough FELDA Krau has several number of homestay but it is always fully occupied by the people from everywhere especially during seasonal period for example during wedding ceremonies and federal programs. Recently, the community often receive the demands for homestay especially when parents are sending their children for registration in university. These situations are due to the establishment of UiTM Cawangan Pahang, Raub campus which gives the opportunities for FELDA Krau to expand their business and services.

## V. CONCLUSION AND POLICY RECOMMENDATIONS

This research has demonstrated several dimensions of sustainable development that reflect sustainable growth for nation particularly in district area. The idea of the concept of sustainable development is aimed to ensure that the use of natural resources is sufficient for the present and for the future for the benefit of all life on earth. Thus, a sustainable development is highly dependent on the conservation and preservation of human wellbeing and the ecosystem together. A sustainable development could contribute to the enhancement of Malaysian policy on sustainable development which has been mentioned in the Seventh Malaysia Plan. The plan also described the steps taken to put an emphasis on the sustainable development during the early period of the Ninth Malaysia Plan. Sustainable Development Goals summit was recognized during the United Nations on the Sustainable Development (UN Sustainable Development Summit) held in New York on 25-27 September 2015. The intention of this important Summit agenda is to revive the old starting side line by introducing new themes, namely 'Transforming Our World: Agenda 2030 for Sustainable Development'.

The development of sustainable tourism which is a sub-theme in sustainable development until now is still attractive because of the demands of ongoing discussions and the development of tourism is becoming increasingly dynamic and wide. It is always emphasized as the tourism sector has been a major contribution to the progress and development of the country. In the Ninth Malaysia Plan (9MP), 1.8 billion has been allocated to the tourism sector to repackage the existing attractions such as upgrading the infrastructures, providing tourist facilities and developing more tourism products and services that are innovative. Furthermore, marketing and promotional activities should also be intensified for Malaysia's image while increasing the number of domestic and international tourists. Therefore, it benefits the FELDA community as a whole to take the advantage to highlight their place and create more tourist facilities.

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