

Awareness and Sustainability among Palm Oil Independent Smallholders: Adoption Decision of MSPO Certification

Norzalina Ahmad ^a, Hanita Kadir@Shahar ^b, Adilah Azhari ^c

^{a,b,c} Universiti Utara Malaysia, Sintok , Malaysia

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ABSTRACT

In 2017, the Malaysian government through Malaysian Palm Oil Board (MPOB) has stipulated that all oil palm growers in Malaysia must obtain Malaysian Sustainable Palm Oil (MSPO) certification to ensure the sustainability of the palm oil industry in Malaysia. To help oil palm growers, especially independent smallholders, the government offers various incentives such as financial support and advisory services to them to ensure that they obtain MSPO certification. If this certification is not met, they will not be able to sell palm oil to the mills. Malaysia's Prime Minister declared mandatory MSPO certification implementation, and all oil palm grower were granted a grace period until 31 December 2019. However, according to the most recent data, only 31 percent of independent smallholders were certified as of December 2020. The impact of not having MSPO certification is significant, resulting in poor quality of life and remaining below the poverty line among independent smallholders. Based on the facts stated above, it is crucial to identify the factors that contribute to independent smallholders' low degree of certified ownership. Previous research has mostly focused on the factors that influence MSPO certification ownership among organized smallholders (See Shahida et al.(2018) and Begum et al. (2018)) and there is still a scarcity of research on independent smallholders. Ni et.al. (2016) revealed that awareness of MSPO is weak among independent smallholders where 97.5% of the survey respondent do not know about sustainable palm oil and 86.7% do not know about MSPO certification. This study further notes that the most important factors reported for the implementation of MSPO are the perceived advantages of the certification and policy support for the implementation of MSPO certification. Therefore, this study focuses on the independent smallholders and will look at how awareness, sustainability practices, and socio-demographic characteristics influence certification or non-certification among independent smallholders.

Keywords: MSPO certification, Independent smallholders, Sustainability, Palm oil industry