

Does Government Support Enhance Sustainable Performance? Evidence from Independent Smallholder Palm Oil Producers

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ABSTRACT

The independent palm oil smallholder farmers are significant contributors to the palm oil industry in Malaysia, but their sustainability has continued to be a policy issue. Although there have been numerous government support programs to advance sustainable practices, there is still no conclusive empirical data on their use in enhancing the economic, environmental and social aspects. The research paper analyzes the different impacts of government subsidy on the sustainability of the performance of independent palm oil smallholder producers in Malaysia. Quantitative and cross-sectional design was used based on a survey of 315 small independent holders through a structured questionnaire. The government support became operationalized as experienced and operational assistance, the concept of sustainable performance was developed in economic, environmental, and social aspects. The analysis of the data in SPSS was carried out through simple linear regression. The findings indicate that government support has a negative and significant impact on economic performance, positive and significant impact on environmental performance and no significant impact on social performance. These results indicate that the existing policy interventions can be effective in the improvement of the environmental compliance with possible economic trade-offs and insufficient consideration of the social sustainability. The study provides an explanation of how more balanced and context sensitive mechanisms of government in support must be constructed in harmony with the realities of independent smallholders.

JEL Codes:

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