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# **Collective action: Improving smallholder rice farmers’ value chain in Yogyakarta, Indonesia**

A thesis presented in partial fulfilment of the requirements for the degree of

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## **Abstract**

Collective action has been widely accepted as one of the strategies to improve smallholder farmers' capability to gain benefit from the agrifood value chain. This is also part of the working policy of the Government of Indonesia. Nevertheless, there is little empirical evidence for staple food farmers, particularly rice, in organising collective action and many such attempts have not met the policy's implementation objectives. Considering the importance of rice agribusiness in Indonesia, therefore, there is a need to investigate experiences of smallholder rice farmers who work collectively and are able to improve their value chain and gaining benefit from it. The objectives of this study were to identify and describe what benefit captured through collective action and how, and; to identify and describe how these farmers act collectively within a group and why. The research question was answered and objectives addressed by using a qualitative single case study. A farmer group named Gapoktan Sidomulyo was selected, as it was identified by the central and local government as a well-developed collective farmers' group. Data was collected through semi-structured interviews with farmers and other actors relevant to the group development.

This study found that collective action helped smallholder rice farmers to build a competitive advantage. This action enabled them to improve production capacity and product quality, as well as human capability and bargaining power. This also helped them to reduce the number of intermediaries. Therefore, they can capture the potential value offered by the rice value chain. This study also highlighted essential factors for smallholder rice farmers' collective action: Firstly, this action required incentives and support as well as a motivated group of farmers. Even when collective action was supported by government, it was essential to motivate farmers to act collectively and see the benefits for doing so. Secondly, trust and a shared vision between members of the farmer group was important element for collective action. These formed the basis for building horizontal relationships between farmers. This affected the reciprocity between them and their commitment. Thirdly, in a group that was heterogeneous, in terms of religion and reliance on farming as an income source, group cohesion could be achieved through effective group management, which means management that promoting transparency and active communication between farmers and the leadership

team, and giving an opportunity for each actor within the group to play their role. These reduced the potential of conflict and maintain the farmers' awareness on the group so that they keep engaged within the group. Fourthly, leadership with strong motivation, good interpersonal skills, social awareness, as well as administration and marketing skills were essential for the group's development. Unlike to what has been identified in many studies, the leadership could also be provided by a team of people, instead of relying on an individual. Fifthly, maintaining the active members and the leadership team's participation was essential as they were the key actors within the group. For the active farmers, this was achieved through: facilitating members to raise their voice and be involved in decision making, involving them to enforce rules, and conducting activity that attract them to attend regular meetings. Meanwhile, for the leadership team members, this could be achieved through conducting an appropriate leadership team selection process and acknowledging their effort in fostering the group. Lastly, despite there was a culture to work as a group, it was important for having trusted external agents to facilitate farmers and motivate them to act collectively, particularly when this required money in initiating the action. The support from external agents, such as technology and finance, was also important to build farmers capability in improving the value chain. In addition, this case highlighted that only some farmers were able to gain benefit through this action and they were who can produce consistently volume beyond their household requirements.

**Keywords:** Smallholder farmers, collective action, rice value chain, agriculture, rice, Yogyakarta, Indonesia.

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## Abbreviations

ADPO	: Agriculture Department Provincial Office
AEHRD	: Agriculture Extension and Human Resources Development Body
AIU	: Agriculture Input Unit
AMFU	: Agriculture Micro Finance Unit
AMU	: Agriculture Machinery Unit
CBIYO	: Central Bank of Indonesia Yogyakarta Office
DGPMAC	: Directorate General of Processing and Marketing of Agricultural Commodities
FSU	: Food Stock Unit
Gapoktan	: Gabungan Kelompok Tani
GHP	: Good Handling Practices
GMP	: Good Manufacturing Practices
IFAP	: International Federation of Agricultural Producers
Kades	: Kepala desa
LFDP	: Local Food Distribution Program
MoA	: Ministry of Agriculture of Republic Indonesia
NFSA	: National Food Security Agency
NGO	: Non-Government Organisation
POFSD	: Provincial Office Food Security Department
Poktan	: Kelompok Tani
RADP	: Rural Agribusiness Development Program
ROAD	: Regency Office Agriculture Department
ROADFSD	: Regency Office Agriculture Department Food Security Division
ROADPMD	: Regency Office Agriculture Department Processing and Marketing Division
RPDU	: Rice Processing and Distribution Unit
RPURP	: Rice Processing Unit Revitalisation Program

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