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Conflict dynamics in the palm oil core-plasma partnership: A study on inequality and social tensions

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ABSTRACT

This study is driven by the presence of structural conflict and explicit inequality in the implementation of the palm oil core–plasma partnership between the Karya Jaya Dua Village Unit Cooperative (KUD) and PT Gemareksa Mekarsari in Menthobi Raya District, Central Kalimantan. The research aims to analyze the partnership mechanism, identify the sources and dynamics of conflict, and describe the efforts made to resolve them. Using a descriptive qualitative method and an intensive case study approach, data were collected through in-depth interviews with five key informants representing the cooperative, the company, village authorities, and plasma farmers. The analysis draws on Ralf Dahrendorf's Conflict Theory to explain power imbalances and Dunlop's Industrial Relations Theory to explore cooperation dynamics. The findings reveal that conflicts stem from unequal power relations, land issues that are more economic than legal in nature, and an unclear revenue-sharing scheme initially promised at 20% of business profits. Additional problems include the failure to meet the 1,200-hectare land management target, infrastructure realization reaching only 11.44%, and unresolved land certification. Tensions peaked when transparency declined regarding the payment of the Residual Production Result (RPR) for three consecutive months, further weakening farmers' bargaining position due to their financial dependence on the company. Mediation and deliberation efforts have not addressed the underlying structural issues. The sustainability of the partnership depends heavily on transparent management—especially in financial distribution—balanced power relations, and strengthened cooperative institutions. The study recommends a comprehensive review of the cooperation agreement and capacity building within the KUD to support a more equitable and sustainable core–plasma partnership.

***Keywords**:*
core partnerships-plasma; palm oil; cooperatives

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INTRODUCTION

Palm oil plays a strategic role in the plantation subsector and is a key driver of national agribusiness from upstream to downstream. This sector provides significant benefits to the Indonesian economy, including expanding employment and bussiness opportunities, increasing regional income, contributing to gross domestic product (GDP), community welfare, and foreign exchange earnings. Increasing global demand for palm oil has encouraged the government to continue developing the national palm oil industry sustainably. Data from the Badan Pusat Statistik BPS (2023) shows that the area of oil palm plantations has increased significantly over the past five years, from 14.33 million hectares (2019) to 16.83 million hectares (2023).

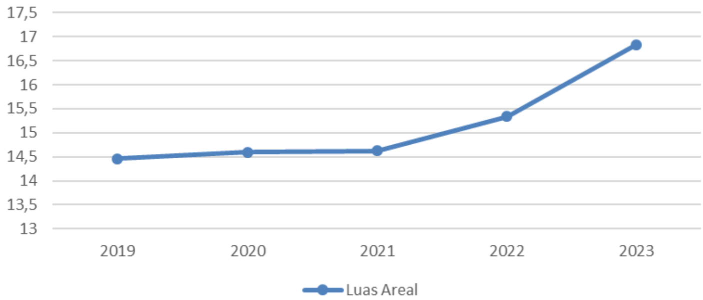

Figure 1. Oil palm area in Indonesia in 2019-2023

Geographically, oil palm plantations are spread across Sumatra, Kalimantan, Sulawesi, Maluku, and Papua. Based on the Agroindustry Databox (Annur, 2023), Central Kalimantan ranks second largest with an area of 2.04 million hectares and a production output of 8,931,585 tons in 2023. Lamandau Regency is one of the production centers with an area of 148,032 hectares and a production output of 110,194.78 tons, occupying the fourth position after East Kotawaringin, Seruyan, and West Kotawaringin. In it, Menthobi Raya District is the highest producing area with an area of 7,789 hectares.

Table 1. Oil palm production in Lamandau Regency in 2021-2022

Subdistrict	***Oil Palm***		***Coconut***	
	2021	**2022**	**2021**	**2022**
Menthobi Raya	46.800,00	44.700,00	18,01	4,14
Bulik	30.091,78	30.091,78	9,02	2,30
Sematu Jaya	21.913,00	21.913,00	1,59	1,59
Bulik Timur	4.542,07	3.98,00	0,92	0,92
Lamandau	1.762,60	1.850,00	12,00	2,76
Belantika Raya	3.083,00	3.983,00	0.25	7,36
Delang	436,00	436,00	32,10	0,25
Batangkawa	234,00	234,00	1,33	1,33
Kabupaten Lamandau	109.862,45	109.194,78	75,22	20,65

The majority of the residents of Menthobi Raya District make a living as farmers, but most of them still have limitations in technical and managerial aspects. This condition caused palm oil productivity to decline in 2021–2022. On the other hand, oil palm expansion increases the economy and job opportunities, but also has a negative impact in the form of environmental damage. According to Srikujam (2015), oil palm land clearing causes forest conversion which has the potential to cause ecological degradation in the long term.

However, despite its economic potential, palm oil expansion also has negative impacts, particulary in the form of social and environmental conflicts. Logging for oil palm plantations leads to forest conversion, which has the potential to cause long-term ecological degradation. Furthermore, potential social conflicts often arise due to land disputes between communities and companies. The case in Kinipan Village, Batangkawa District, Lamandau Regency, demonstrated the takeover of customary land by PT Sawit Mandiri Lestari without providing any benefits to the community. This is in line with the findings Pranawa & Hamid (2023) regarding the non-violent movement of the Laman Kinipan community to defend their customary forest. Based on data from the Central Kalimantan Plantation and Agriculture Office (2022), there were 30 land dispute cases in Lamandau Regency involving various companies.

To reduce conflicts and increase productivity, the government has developed a partnership model between companies and communities. According to Halik et al (2020) partnership is defined as a cooperative relationship of two or more parties on the basis of agreement and mutual need to achieve a common goal. A widely implementation model is the nucleas-plasma model, in which the company acts as a guarantor and credit underwriter, while farmers act as land managers.

Conflict Theory Dahrendorf (1958) and Izza (2020) is used to analyze how social tensions arise from power inequalities between dominant and subordinate groups. In this context, farmers and cooperative members are dissatisfied with the distribution of profits and the project implementation that has not gone according to plan. This dissatisfaction is exacerbated by the company's dominance in determining operational and pricing policies, which weakens the cooperative's bargaining position.

The phenomenon is further analyzed through Dunlop (1958), Industrial Relations Theory, which states that a stable industrial relations system is achived whean each actor (company, cooperative/farmer, government) obtains relative satisfaction according to their role. This imbalance creates the potential for vertical and horizontal conflict that threatens the sustainability of the partnership.

Therefore, this study aims to analyze on depth the dynamics of conflict and inequality in the palm oil nucleus-plasma partnership. Specifically, the objectives of this study are to analyze the patterns and mechanisms of partnership implemented between KUD Karya Jaya Dua and PT Gemareksa Mekarsari in the palm oil nucleus-plasma program, to identify and analyze the casual factors, forms, and dynamics of potential conflicts that arise between the two parties in the implementation of the program, and to explain the mitigation and conflict resolution efforts undertaken to realize a more equitable and sustainable nucleus-plasma partnership.

METHOD

This research uses qualitative methods to explore and understand the meaning that individuals and groups attach to social phenomena in society. In accordance with Creswell (2019), qualitative research focuses on the process and active role of researchers in understanding in depth the context and social dynamics surrounding the problem. This method serves as a scientific means to discover, understand, and describe phenomena based on empirical data obtained during research.

The approach used is a case study, which Creswell (2019) defines as a research design that intensively examines a particular case, event, or process. This research focuses on the implementation of the palm oil plasma core partnership program in Menthobi Raya District, Lamandau Regency,and the potential conflicts that arise within it, using the case of KUD Karya Jaya Dua and PT Gemareksa Mekarsari as the primary subjects.

Research data was obtained through three main techniques, namely: in-depth interviews, field observation, and documentation. Interviews used were semi-structured, allowing researchers to guide their questions while remaining flexible in gathering new and in-depth information from informants regarding potential conflicts and partnership dynamics. The informants were selected purposively based on their strategic roles and knowledge of partnerships. The informants were: Syamsyuri (Chairman of the Karya Jaya Dua Cooperative), Ebet (Public Relations Officer of PT Gemareksa Mekarsari), Tugiman (Village Head of Mukti Manunggal), Jumari (a farmer member of the Cooperative), and Sutopo (a farmer assisted by the Karya Jaya Dua Cooperative). Conducted to directly observe the implementation of the partnership pattern, the condition of infrastructure (of which only 11.44% has been realized), and the dynamics of interactions between relevant parties in the field, particularly in Modang Mas and Mukti Manunggal Villages. Documentation includes the collection of documents related to the establishment of KUD (Deed of Establishment Number 22/BH/DPPPK-UKM/15.80/VI/2006), the first Memorandum of Understanding (MoU) in 2007, land data (target 1,200 hectares), and other supporting documents such as production data and financial administration.

Data analysis was conducted continuously alongside the data collection process, using a qualitative thematic analysis approach to identify pattern, themes, and categories related to conflict within the partnership. The data analysis process followed the steps in an interactive model. Data reduction using selecting, focusing, and transforming raw data obtained from interviews, observavations, and documentiation. Data presentation, organizing the reduced data into a narrative format to simplify conclusions. Conclusion drawing (verivications), drawing tentative conclutions and verifying them to rech final fidings.

The data analysis in the study is also specifically linked to and guided by the theoretical framework underlying this research, wich includes Ralf Dahrendorf's conflict theory, Dahrendorf (1958) and Izza (2020) used explain the emergence of the social tensions rooted in enequal power relations between dominant groups (core/companies) and subordinate groups (plasma/farmer/KUD), as well to analyze the sources of conflict (unequal bargaining positions, unclear, income distributions, and land conflicts). Dunlop's industrial relations theory Dunlop (1958) used to examine the dynamics of cooperative relationship and analyze system consisting of "a complex of actors, contexts, and idiologies which blind the actor together into a system of industrial relations", which aims to achieve system stability when each actor obtain relaitive statisfactions according to their role.

Data validity and reability, to ensure the accuracy and reliability of the findings, the researarcher implemented. Data source triangulations, comparing and verifying informations, companies, village government and community members. Data collections technique triangulations, comparing findings obtained through interviews, observations, and documentation.

RESULT AND DISCUSSION

The palm oil plasma-core partnership is a form of cooperation between the core company and plasma farmers in an interconnected production system. In the context of this research, PT. Gemareksa Mekarsari acts as a core company that partners with oil palm farmers in Menthobi Raya District, Lamandau Regency, Central Kalimantan, through KUD Karya Jaya Dua as a representative institution for plasma smallholders. This partnership pattern includes the provision of land and capital, technical assistance, and cooperation in buying and selling production products that depend on the active involvement of all parties to maintain the sustainability of economic and social relations.

The main goal of this partnership is to improve the welfare of the village community and maintain a harmonious relationship between the company and the residents, in accordance with the principle of economic benefit distribution and the regulatory obligation of plantation companies to involve the community in plasma management. The partnership relationship was legalized through a civil contract in the form of the first Memorandum of Understanding (MoU) in 2007 between PT. Gemareksa Mekarsari and a number of other companies in the share ownership structure. KUD Karya Jaya Dua, which was established in 2006, became the institutional basis of the community, while the construction of the plantation began in 2007 as an implementation of the MoU.

The partnership mechanism includes land management, capital returns, and a system of buying and selling crops. The community's land was handed over to cooperatives to be developed into gardens through a compensation scheme which then became a burden on plasma credits. In this case, cooperatives function as managers, companies as facilitators, and communities as land owners as well as beneficiaries. Each member is required to own a minimum of two hectares of land, although the realization varies. Land ownership rights depend on the status of the transaction, if the land is sold, the rights and obligations of the plasma pass to the buyer. The transaction of buying and selling plasma land that is still bound by the contract is carried out with the approval of the village government as the issuer of the sale and purchase letter, while the cooperative records changes in membership through the Member Identity Card (KTA). The Certificate of Ownership (SHM) cannot be transferred before the end of the contract period, so the transaction only transfers temporary use rights and obligations.

Core-Plasma Partnership Pattern: Structure, Economic Data Analysis, and Inequality.

Description of the Partnership Pattern between KUD Karya Jaya Dua and PT. Gemareksa Mekarsari. The partnership model implemented in Menthobi Raya District is Core-Plasma through the Primary Cooperative Credit for Members (KKPA) program between the Karya Jaya Dua Village Unit Cooperative (KUD) and PT. Gemareksa Mekarsari. This partnership was established under Cooperative Establishment Deed Number: 22/BH/DPPPK-UKM/15.80/VI/2006. Role and Mechanism of Partnership, KUD Karya Jaya Dua (Plasma): Acts as a forum and liaison for member farmers. KUD functions in the service sector, such as contracting, maintenance, and production sales. The beneficiaries are the cooperative members. KUD is also responsible for conducting inventories and handing over members' land to the company to obtain Cultivation Rights (HGU). KUD also acts as a buffer against government budget shortfalls in the field. PT. Gemareksa Mekarsari (Inti), the core company is responsible for all operational activities, from land clearing, cultivation, planting, to overall plantation management, and bears all investment costs until the plantation is ready for production. The company is required to carry out plantation development in accordance with technical standards and purchase plantation products (FFB) from the Cooperatives Cooperative (KUD) at an agreed price. PT Inti is also obliged to provide 20% of the land from the issued permits to the community. Project Scale and Financing: KUD Karya Jaya Dua borrowed Rp 34,826,133,965 from Bank Mandiri. This project involves the development of a 1,200-hectare oil palm plantation in Modang Mas Village and Mukti Manunggal Village. However, the physical implementation of the project is still not optimal, with the non-plant sector (infrastructure) only realizing 11.440% of the Project Work Plan (RKP).

The initial capital provided by the company to the cooperative is a productive loan for the construction of the plantation and is returned through the cutting of the crop after production is running. In the initial stage, financing is borne by the company without interest. Cooperatives are in charge of managing the administration and distribution of payments, while members return capital from crops. The distribution of results is regulated through the Minutes of Minutes and distributed to members as the Remaining Business Results (SHU). To maintain efficiency, cooperatives regulate the buying and selling of crops so that members do not have direct contact with the company. Operational costs are reduced first before SHUs are distributed.

Members have the right to monitor harvest data, while cooperatives are obliged to maintain transparency and accountability in financial management. The village government also plays a supervisory role in ensuring the fairness of the distribution of results. In practice, from each crop of Rp100,000 per hectare, Rp50,000 is allocated for installment payments, while the rest is part of the member's income. The distribution of results is carried out based on an overlay system, not per individual block, to ensure equitable distribution of benefits among members.

The existence of KUD Karya Jaya Dua and PT. Gemareksa Mekarsari as a stakeholder in the palm oil plasma-core partnership program has a strategic role in realizing synergy between the company's economic interests, the welfare of plasma farmers, and environmental sustainability. KUD Karya Jaya Dua functions as a forum for farmer institutions that organize members, distribute information, and ensure active participation in every stage of production. Meanwhile, PT. Gemareksa Mekarsari plays the role of a core company that provides capital, technical assistance, and resource support in the entire production process. The interaction of the two parties creates an efficient and sustainable production mechanism, while forming a pattern of interdependent partnership.

The role of KUD Karya Jaya Dua was initially administrative and limited, especially in giving approval to the company's activities without direct involvement in its implementation. The cooperative acts as a companion partner who understands every stage of the activity, from land measurement, logging, planting, to garden management. All operational and investment financing is borne by the company, so KUD does not incur its own costs. According to Karmini et al (2021) The main function of the cooperative at this stage is more to support and supervise the implementation of the company's activities.

Over time, the role of KUD has evolved to become more active. This includes the provision of production inputs such as fertilizer, the provision of labor, and the implementation of garden maintenance. The harvest remains purchased by the company, reflecting a controlled and sustainable management system. KUD also has access to financial support from companies when needed, which indicates the existence of a reciprocal mechanism in partnerships. Thus, cooperatives play a role not only administratively, but also operationally and financially, which strengthens the effectiveness of the implementation of the core-plasma program.

In addition, KUD Karya Jaya Dua acts as a buffer against budget and government policy limitations. In practice, program funds provided by the government are often insufficient for needs in the field. The cooperative took the initiative to cover the shortfall so that activities continued without burdening the community. This role shows the strategic contribution of KUD in supporting the sustainability of government programs while maintaining the stability of the implementation of partnerships with companies.

PT. Gemareksa Mekarsari plays a central role in the implementation of the palm oil plasma-core partnership. The company is fully responsible for all operational activities, from land clearing, logging, planting, to garden management. In addition to bearing all operational and investment costs until the plantation is ready to produce, the company also bears the greatest financial risk in this program. The company's dominance in operational and financial aspects makes it the main driver that determines the success and sustainability of the partnership program.

PT. Gemareksa Mekarsari also carries out the monitoring and evaluation function of the implementation of the plasma program, by monitoring the production process, fertilizer use, and crop quality to ensure compliance with the set standards. The company provides technical guidance and education to cooperatives and plasma farmers regarding good and sustainable agricultural practices. However, in the production stage, the financing of necessities such as fertilizers and other means of production is borne by cooperatives or plasma farmers. This shows that there is a proportionate division of responsibility between companies and cooperatives in maintaining the efficiency and sustainability of the core-plasma partnership.

The implementation of the core-plasma partnership between KUD Karya Jaya Dua and PT. Gemareksa Mekarsari faces various obstacles that affect the effectiveness of the program. In the early stages, the core company experienced a crisis due to asset freezes in Malaysia which had an impact on operational disruptions in Indonesia and fluctuations in the selling price of palm fruit. This condition encourages cooperatives to take over management independently, while maintaining cooperation through a memorandum of understanding (MoU) that has been agreed.

Over time, management shifted completely to cooperatives, while companies acted as coaches and supervisors. The partnership pattern is regulated based on land productivity with a limit on the life of productive palm oil, while the sustainability of the program is determined through cooperative member meetings. This mechanism shows that the sustainability of the program depends not only on the core company, but also on the cooperative's ability to manage land, maintain production continuity, and involve members in decision-making.

The fall of PT. Gemareksa Mekarsari in 2019 due to asset freezes following regulatory changes in Malaysia caused uncertainty in palm oil prices and the risk of financial losses for cooperatives. In response, KUD Karya Jaya Dua manages operations independently to maintain production continuity. Through a meeting of members in 2020–2021, the cooperative renewed the old MoU, which signifies the sustainability of the cooperation with PT. Gemareksa in the sale of production products.

Self-management has a positive socio-economic impact, because cooperative members continue to earn income from palm oil production. Since 2021, the cooperative has full authority over labor and operational management, while the company continues to act as a coach by providing technical assistance and support for fertilization and maintenance costs. This pattern indicates an adaptive partnership, in which the cooperative acts as the primary manager while maintaining a coordinated relationship with the core company.

Decisions regarding land management after the partnership period are determined through a meeting of cooperative members. Members can choose to manage the land independently or leave the management to the cooperative. In practice, cooperatives function as contractors who guarantee production without having land ownership rights, so that the sustainability of production and members' income is maintained.

The potential for land use conflicts in the palm oil plasma-core partnership program is a major challenge due to differences in perceptions between companies, cooperatives, and communities. The conflict began with the disagreement of some people against the clearing of plasma land which was considered too large, while the majority supported it because the previous land was not used. These problems show that the unclear status and land use rights from the beginning are the main root of potential conflicts.

The arrangements in the memorandum of understanding (MoU) also prolong the complexity of the conflict. Cooperation is regulated as long as the land is still productive, generally up to 25 years, with the company's responsibility covering the production period until the land is no longer productive. This long-term arrangement creates uncertainty for the community and cooperatives regarding the certainty of permits, revenue sharing, and land management rights if there is a change of ownership before the end of the productive period.

The licensing aspect shows that most people do not have a Cultivation Registration Certificate (STDB), which limits access to direct cooperation with companies. Companies are required to negotiate the area of land, the quantity of palm oil, and the legal aspects of the agreement. The MoU is drafted with flexibility through an addendum revision mechanism every five to ten years, but non-compliance with regulations such as the Environmental Impact Analysis Law (EIA) raises potential administrative conflicts and threatens the certification of Indonesian Sustainable Palm Oil (ISPO). Inequality in permits, complexity of bureaucratic procedures, and differences in the level of compliance with regulations are the main factors that trigger conflicts between communities, cooperatives, and companies.

The case in Menthobi Raya District shows that the conflict is not caused by the negligence of the company, but by the claim of land ownership by some people based on inheritance rights or customary land. Legally, about 80% of land belongs to plasma. The claim is more economic than juridical in nature, with the community seeking to negotiate land tenure with the company. Conflicts are external and limited, because cooperatives are proactive in mediating and maintaining coordination so that operations continue to run.

The plasma plantation funding system shows the dependence of farmers on companies. In the initial stage, all the costs of clearing and managing the plantation are borne by the company so that the land remains under its control. This dependence creates a perception of injustice if the process of repayment and transfer of management rights is not carried out transparently. Land conflicts in core-plasma partnerships are rooted in information inequality, permit ownership, and differences in perceptions between the company's legal rights and the community's expectation of full control over the land.

Analysis of Economic Data Implications: Fluctuations in Fresh Fruit Bunch Prices and Farmer Welfare. The profit-sharing mechanism is regulated based on production results minus operational costs, then distributed to KUD members every 25th (RPR). Analysis of economic data indicates a gap in equity, which is analyzed using Ralf Dahrendorf's Conflict Theory Dahrendorf (1958) and Izza (2020) because it creates structural inequality. Fluctuating Fresh Fruit Bunch (FFB) Prices and Farmer Welfare: Fluctuating Fresh Fruit Bunch (FFB) prices have crucial implications for the welfare of plasma farmers. A certain amount of funds (e.g., IDR 50,000 per hectare—implicit data from installment deductions) is allocated for long-term debt repayments. When FFB prices are low (e.g., dropping from IDR 1,800/kg to IDR 1,100/kg), the net income received by farmers after deducting credit and operational costs is very small. This indicates that the existing profit-sharing system is vulnerable to market pressures and fails to guarantee stable farmer welfare, which continuously strengthens their subordinate position. Unequal Distribution of Profits: Farmers bear the burden of long-term loans (KUD debt to Bank Mandiri), but full control over the production process and market pricing rests with the core company. This imbalance violates the principle of fair partnership. Rahmawati & Mutmainah (2024), causing a trust deficit, and becoming the root of managerial conflict.

Grouping of Conflict Sources: Structural, Managerial, and Socio-Environmental Dimensions. Structural Conflict: Roots of Power, Land Legality, and Investment Threats. This conflict arises due to inequality in power and status. Dahrendorf (1958) and Izza (2020) which is rooted in the position of each actor in the partnership structure. Land Disputes and Long-Term Investment Threats: The main conflicts are overlapping land and the unclear status of unissued land rights (SHM) due to ongoing processing and being held by the Notary/PPAT. Land entanglement with long-term debt hinders farmers' long-term investment in plantation maintenance because they feel they lack full control or legal certainty over their assets. This uncertainty fundamentally erodes community trust in partnership agreements. Imbalance of Bargaining Position (Power and Authority): PT. Gemareksa Mekarsari's power to determine policies, operational standards, pricing, and supply creates powerlessness for KUD Karya Jaya Dua. Farmers feel pressured to follow company-set guidelines without having sufficient say in decision-making.

The potential conflict in the palm oil plasma-core partnership between KUD Karya Jaya Dua and PT Gemareksa Mekarsari stems from various interrelated aspects, including capital, management, and revenue sharing. Moral conflicts due to long-term debt are a major trigger for tensions as cooperatives continue to bear financial burdens and legal responsibilities even though the status of payments has not been resolved. This condition creates moral pressure as well as legal risks, especially when financial obligations are not fulfilled on time.

The partnership with PT Gemareksa Mekarsari is in principle mutually beneficial and non-authoritarian, where the company does not interfere in the internal management of the cooperative. According to Kurniawati (2022) that the cooperative has full autonomy in the implementation of operations so that the moral and managerial responsibility fully lies with the cooperative. The imbalance of rights and obligations between the community and cooperatives triggers tensions, especially when late payments or failure of cooperatives to fulfill their responsibilities cause a sense of disadvantage among members.

The conflict peaked when PT Gemareksa Mekarsari was declared bankrupt in 2019. The cooperative bore some of the operational and moral burdens, while the transfer of company ownership from Edi Martono to Tabungan Haji Malaysia posed legal and management challenges. The lack of transparency regarding the payment of the Production Remainder (SHP) for three months sparked disappointment and revelations indicating the emergence of internal social conflict due to financial and transparency issues. This situation demonstrated that the misalignment between the cooperative's moral, financial, and operational obligations and company law was a major trigger for partnership instability.

Conflicts also arose within the cooperative regarding the legitimacy of leadership and decision-making. Unilateral decision-making without involving the founders created a sense of exclusion and a vote of no confidence. Internal disharmony undermined community trust in the cooperative, fueled social tensions, and reduced management effectiveness.

Conflicting interests maintained the situation. The cooperative retained a portion of its production to cover operational costs and fulfill obligations to the company, while the community desired a direct distribution of the profits. These differing orientations created moral and social tensions because the efficiency of cooperative policies was often perceived as impeding the community's economic rights.

Managerial-Financial Conflict such as transparency, debt, and morals. This conflict is an operational manifestation of existing structural problems. Lack of Management Transparency: The conflict was sparked by the KUD's lack of transparency in calculating and distributing Residual Production Results (RPR). Members claimed the KUD withheld revenue sharing to cover operational costs, sparking demonstrations and social tensions within the KUD itself. Moral Conflicts Due to Long-Term Debt, although the core company is not authoritarian, the KUD still has a moral burden and binding legal obligations related to the long-term debt guaranteed by the company. This burden creates a situation of ongoing conflict of interests and values within the cooperative institution.

Social and Environmental Conflict Aspects such as social injustice. The dominance of non-local residents in company management and employees (implicit in the issue of transmigration which absorbs a lot of non-local workers) creates a perception of injustice among local communities who feel marginalized from the economic benefits of palm oil. Environmental Impact and Sustainability, clearing land for oil palm plantations means converting forests, resulting in environmental damage and the loss of community access to traditional livelihoods. Limited implementation and discussion of environmental protection demonstrate a significant gap in the application of sustainability principles or the Green Economy.

From a social and environmental perspective, greater emphasis is needed. Unresolved conflicts not only disrupt relationships between communities, cooperatives, and companies, but also affect social stability, trust, and collaborative resource management. Furthermore, environmental pressures resulting from land expansion, ecosystem degradation, and land management can lead to a decline in the ecological function of a region, impacting the livelihoods of communities.

In the green economy approach, which seeks to balance economic interests with social justice and environmental protection, the success of partnerships cannot be measured by productivity or economic profits, but also by the extent to which the partnership maintains social cohesion and ensures that resource management does not undermine long-term ecological functions. Thus, sharpening the social and environmental aspects provides a broader perspective on the impact of the core-plasma partnership. The need for land governance, transparency, and strengthening relationships between actors is the basis for achieving long-term partnership poverty, not only in terms of production and economic value, but also in the capacity of the partnership model to maintain the sustainability of natural resources, strengthen the social resilience of the community, and create good partnerships, as well as the creation of a more adaptive, inclusive, and environmentally friendly agrarian management system.

Conflicts over capital, management, and profit sharing have resulted in potential loss of regional revenue in Menthobi Raya District, Lamandau Regency. Variations in Fresh Fruit Bunch (FFB) pricing between companies have sparked debate between communities and cooperatives, despite the Plantation Office having established a reference price. Price fluctuations due to market and seasonal conditions exacerbate income uncertainty for plasma farmers and put pressure on cooperatives to maintain financial balance.

This potential conflict demonstrates that the sustainability of the palm oil nucleus-plasma partnership depends on clear financial mechanisms, transparency in profit sharing, institutional stability, and increased human resource capacity, ensuring a fair and sustainable relationship between companies, cooperatives, and communities (Rein & Rokan, 2025; Taufan, 2019).

Potential external conflict within the Palm Oil Nucleus-Plasma Program partnership in Menthobi Raya District, Lamandau Regency, Central Kalimantan, stems from unequal distribution of benefits, changes in land use, and limited access to resources. This unequal distribution of economic benefits arises from the dominance of non-local residents, who are more familiar with business management mechanisms than local communities. This situation gives rise to perceptions of injustice and social tension because local communities feel they are not receiving optimal benefits from the resources available in their area.

The presence of transmigrants reinforces socio-economic inequality. Land use changes from forests to oil palm plantations reduce local communities' access to traditional livelihoods, leading some individuals to engage in non-productive activities such as land grabbing. This phenomenon demonstrates the weak empowerment of local communities within the partnership system, which has the potential to generate resistance to the nucleus-plasma program.

Massive land use changes due to oil palm plantations have created the potential for environmental conflict. The conversion of yards and non-productive land to oil palm plantations threatens the balance of the ecosystem, reduces green open spaces, and raises concerns about environmental sustainability. Although this program increases community incomes, some consider land management to be non-transparent and disregards sustainability principles. The potential for external conflict in palm oil nucleus-plasma partnerships reflects the complex interaction between social, economic, and environmental factors. Bere et al (2024) unequal distribution of benefits, limited local participation, and uncontrolled land conversion are the main factors that hinder the sustainability of partnerships and reduce public trust in palm oil-based development programs.

Impact of Conflict on Sustainability of Partnerships and Welfare. Impact on Farmer Welfare and Partnership Stability, ongoing conflict has a direct impact on decrease in Real Income, fluctuations in the price of fresh fruit bunches (FFB) and the burden of credit installments that are not balanced by adequate protection mechanisms cause farmers' real incomes to be unstable, thus potentially causing structural poverty and failing to achieve the initial objectives of the partnership. Erosion of Trust and Investment, Unclear land rights status is a factor that significantly impacts investment sustainability and public trust in partnership schemes, particularly in the nucleus-plasma scheme in the oil palm plantation sector. This uncertainty not only hampers capital acquisition but also reduces interest, as land tenure security is a crucial element in minimizing risk in long-term financing. In the context of nucleus-plasma partnerships in oil palm, unclear land rights often exacerbate the vulnerability of relationships between communities and companies. This uncertainty creates a space for disputes involving landowners, indigenous communities, cooperatives, and companies, creating unstable social dynamics. The conflicts that arise are not only related to ownership boundaries but also to the legitimacy of claims to land used for plasma and nucleus plantations. This situation worsens the community's bargaining position, triggers prolonged tensions, and erodes trust in the implementation of partnerships that should be based on principles of justice, transparency, and mutual agreement. These problems are generally rooted in several structural factors, such as overlapping land claims between companies and communities, the complexity of bureaucratic procedures in land administration, and weak law enforcement for violations and irregularities. This situation creates legal uncertainty, which ultimately deepens social inequality, increases the potential for horizontal conflict, and hinders the achievement of the goals of the nucleus-plasma partnership as a mechanism capable of achieving these goals.

These steps are crucial for strengthening legal certainty, creating a more stable investment climate, and restoring public trust in the nucleus-plasma partnership. With certainty over land rights, relationships between communities and companies can be rebuilt based on clarity, a sense of security, and a shared commitment to achieving the partnership's goals sustainably.

Social, Environmental Impacts and Sustainability Principles. Conflict threatens the sustainability of the program holistically, threats to Social Sustainability: Social conflicts due to non-local domination and moral debt conflicts damage the internal cohesion of KUD and the social stability of the community. Long-Term Environmental Impacts: Forest conversion Srikujam (2015) and the low realization of infrastructure (only 11.440%) shows that the implementation of the partnership is not based on the principle of environmental sustainability and has the potential to cause long-term environmental damage.

Efforts to mitigate conflicts in the Palm Oil Core-Plasma Program partnership between KUD Karya Jaya Dua and PT Gemareksa Mekarsari are carried out through the settlement of payment obligations, the establishment of formal agreements (MoU), and the implementation of managerial transparency. This approach aims to minimize potential conflicts that arise due to the imbalance of rights and obligations between cooperatives, companies, and the community.

Financial dispute resolution is the main step by ensuring that all payment obligations are resolved before the signing of the partnership agreement (Herawati et al., 2021; Ni'am et al., 2025). The meeting between the cooperative and the company in Jakarta resulted in a commitment that the land managed by KUD remains part of the partnership with PT Gemareksa, accompanied by the repayment of all pending obligations.

Conflict mitigation is strengthened through the implementation of a Memorandum of Understanding (MoU) that expressly regulates the rights and responsibilities of each party. KUD Karya Jaya Dua acts as the main mediator between partnership management and community members, with the responsibility of conducting socialization, submitting accountability reports, and preparing annual work plans that must be approved at member meetings. The mechanism creates clear accountability and serves as an instrument of internal control to prevent conflicts between members, management, and the company.

Transparency is the main strategy in maintaining partnership stability. All aspects of management, including setting targets, planning activities, and managing revenue, are communicated openly to cooperative members. Information disclosure promotes clarity and trust between parties, while allowing irregularities to be detected and resolved quickly.

The application of the principles of accountability and collective decisions ensures that all cooperative activities are in accordance with the results of members' deliberations. The Board is responsible for planning, budgeting, and implementing programs consistently against mutual agreement, resulting in participatory, transparent, and conflict-prevention-oriented partnership governance.

Relationship of Findings to Literature and Research Contributions. The findings of this study strengthen and complement previous literature such as strengthening Dahrendorf's Conflict Theory, the finding that conflict is rooted in differences in authority and power relations Dahrendorf (1958) consistent with other studies Pintakami & Asdasiwi (2020) which highlights the imbalance in bargaining power. Relation to Dunlop's Industrial Relations Theory, although this partnership system is regulated by actors, context, and ideology Dunlop (1958), this study found that the system did not achieve 'relative satisfaction' due to structural injustice. Unique Contribution and Literature Gap, this study fills the literature gap by highlighting: a. The transition of the role of KUD from subordinate to independent management (post-core company crisis) as a unique adaptive strategy to maintain production continuity. The moral impact of debt conflicts and the impact of uncertain land rights on farmers' long-term investments, which are profound aspects of economic sustainability.

CONCLUSION

This study aims to analyze the mechanisms of the nucleus-plasma partnership pattern, identify the sources of conflict, and explain the resolution efforts undertaken by KUD Karya Jaya Dua and PT. Gemareksa Mekarsari. Based on the analysis of field findings, the conclusions of this study are as follows partnership mechanisms and the impact of structural dependenc, the partnership pattern implemented in Menthobi Raya District demonstrates the unequal power relations and structural dependency of KUD Karya Jaya Dua on PT. Gemareksa Mekarsari. This dependency is rooted in the company's control over capital, technology, and market access, which weakens the KUD's bargaining position and limits member participation in strategic decision-making. The real impact is that the KUD functions only as an administrative entity and loan intermediary, not as an autonomous actor capable of establishing fair profit-sharing policies or controlling operational costs. For example, although the KUD has the right to manage, important decisions remain tied to the core financing scheme.

Main Sources of Conflict and Concrete Illustrations. The conflicts that arise are multi-dimensional and explicitly answer the main research questions regarding the sources of conflict such as Structural-Legal Conflict, stems from legal uncertainty over withheld Ownership Certificates (OC) for plasma land. This conflict directly hinders farmers' long-term investment in plantation maintenance and erodes community trust. Managerial-Financial Conflict, triggered by a lack of transparency in the calculation of Residual Production Result (RPR) and cost allocation, which has led to socio-moral conflict within the Cooperative (e.g., member demonstrations demanding profit sharing). Furthermore, fluctuations in the price of fresh fruit bunches (FFB) exacerbate this situation, making farmers' incomes unstable and vulnerable to structural poverty. Socio-Cultural Conflict, the dominance of non-local residents in the company's management structure and employees creates a perception of injustice among local communities (socio-cultural aspects) who feel marginalized from the economic benefits of palm oil in their area. Long-Term Impacts on Sustainability and Well-Being, these conflicts and power imbalances have long-term impacts that threaten the sustainability of the program as a whole. Economic Sustainability, uncertainty in real income due to unprotected FFB prices threatens the welfare of plasma farmers and creates the risk of structural poverty, which ultimately affects the industry's productivity at a macro level. Social Sustainability, erosion of trust and social injustice undermine social capital and internal cohesion of KUDs, as well as socio-communal stability. Environmental Sustainability, the program's focus only on production aspects, as well as the low realization of infrastructure (11.440%) and unclear compliance with AMDAL, indicate that the partnership has not fully internalized the principles of sustainability and the Green Economy.

Conflict Management and Practical Implications: Existing resolution efforts are reactive (such as revised MoUs and KUD mediation) and demonstrate the KUD's adaptability in taking over operational management of the core company post-crisis. However, for the program to continue equitably and stably, concrete policy interventions are needed to address structural, not just managerial, weaknesses. This emphasizes that the program's sustainability is heavily influenced by government policy factors and a management approach based on transparency and fairness.

Suggestions, based on the conclusions that have outlined the structural, managerial and social roots of the problems, the following are recommendations and practical implications that can be applied such as increasing Transparency and Improving Revenue Sharing Mechanisms, practical Implications for Cooperatives (KUD): KUDs must immediately establish a digital, real-time, and participatory accounting and reporting system for operational cost allocation and SHP calculations. KUDs must hold regular, transparent meetings to disseminate data on FFB prices, costs, and net yields to members. Practical Implications for Companies, companies are advised to implement a FFB price buffer scheme or an agreed minimum price policy to ensure the stability of farmers' incomes, thereby reducing social tensions.

Legal Solutions to Encourage Long-Term Investment. Regional governments, the National Land Agency (BPN), and core companies must immediately facilitate and expedite the issuance of Land Ownership Certificates (SHM) for plasma plots in stages or provide other strong legal guarantees, even if the loan has not been repaid. This is a fundamental step to restore trust and encourage farmers to make long-term investments (intensive maintenance) in their plantations. Strengthening KUD Autonomy and Member Participation, KUDs should develop institutional capacity (for example, through financial management and cooperative training) and diversify non-plantation businesses to reduce total financial dependence on the core company. A stronger collective decision-making mechanism is needed in KUD, which actively involves members in determining operational costs and allocating profit sharing, rather than simply receiving reports. Integration of Sustainability Aspects and Government Policy, policy Recommendation: Regional governments need to establish regulations governing the minimum price of fresh fruit bunches (floor price) to protect the welfare of farmers. Sustainability Aspects, companies and KUDs must explicitly integrate sustainability principles (ISPO/RSPO), including fair absorption of local labor (overcoming non-local dominance), as well as commitments to infrastructure rehabilitation (completing 11,440% realization) and environmental protection.

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