

Social-Political Entrepreneurship and Rural Institution Development Design

Study on Agrarian Reform Object Area of Malang Indonesia

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ABSTRACT

The process of agrarian reform has a long history since the old order and the government that followed. The goal of agrarian reform does not end by simply dividing the land. The issue that is no less urgent is how the community (read: farmers) is empowered, develops, and sustains their farming business while avoiding the diversion of land cultivation. This research aims to figure out This study was designed with a critical paradigm qualitative approach. The research results show that (1) Interest relations, daily situations, and habits become reflections of the interrelated and interdependent actors in agricultural activities. This has led to a battle between local values such as *gotong royong*, *tepo seliro*, and other local wisdom. The individualistic and materialistic pressure caused by limited literacy, innovation, and the increasingly strong power of government administrators. (2) The results of the research (1) provided direction for the design of rural institutions through a socio-political entrepreneurship scheme. Social values and potentials in the form of *sonjo*, *lumbunh*, and village servicemen can be developed as a practical effort of a participatory community empowerment movement. These social values and potentials must be guarded by partisanship and policy design (political entrepreneurs) to maintain the sustainability of rural area institutional development.

Keywords: Agrarian, Politic, Sociology, Institution, Government, Land.

1. INTRODUCTION

Agrarian reform was designated since President Soekarno's presidential government or considered an old order era, along with the enactment of Law Number 5 of 1960 concerning Basic Agrarian Principles. As stated in the considering clause that "*in the Republic of Indonesia where the structure of the people's lives, including the economy, is still considered primarily such as agrarian pattern, earth, water and space, as gifts from God Almighty that have a very important function to build prosperous society*". This also has been emphasized through article 6, which states "*that all land rights have a social function*". This process is related to nationalizing the Dutch institutions which began in 1958. Therefore, the government started to established companies under the country rules and regulations, but in the form of service companies, public companies, and others as an effort to build independence of the national economy, but unfortunately the tragedy of 1965 including the fall of

President Soekarno, makes the efforts to implement this land redistribution were hampered.

Furthermore, in 1979 when the new order was implemented, the government began to follow up the contrivance of the implementation of agrarian reform. As stated in the issuance of Presidential Decree No. 39/1979 as dated on 24 September 1979 for the implementation of agrarian reform. The process was done in the aim of conversion of some lands that might be still under the authority of the Dutch government including those managed by the local community. It also one of the government efforts to provide legal certainty over the legality of land management whether it is controlled by residents or entities in the form of '*eigendom*' or '*verponding rights*' it is term used during the Dutch colonial, which means that the rights of the land was originated from the westerner land rights. This is also confirmed in the clause in the Conversion Provisions Article 1 paragraph 1, namely, "*the eigendom rights to land that exist at the time this Law comes into force will become property rights,*

unless the owner does not meet the requirements as stated in Article 21”.

Agrarian reform is expected to provide some benefits for those who are landless and domiciled in the local area that got included in the agrarian reform object land scheme. In this case, it is hoped that it is a matter of redistribution and innovation through empowerment. This means that it is not a matter of only dividing the land for those who do not own land (land less). A sustainable effort are needed, so the land that has been divided can be utilized by the beneficiary community (beneficiaries). Otherwise, the reality that has been going on so far with the emergence of transfer of ownership, the operation of the transfer of land management and other ongoing complications will continue to occur.

Interrelating with a situation that was very unexpected to happen before, such as a covid-19 pandemic that keeps perpetuating without any endpoint line in its completion [1]. New variants continue to develop, although several countries have emphasized vaccine prevention. The connection with the issue of agrarian reform certainly is a very crucial case. For example, if the farmer's descendants prefer to continue their education in the city, not in the village, technology, social circles, and the environment gap are more advanced. This phenomenon will cause some problems where the descendant are reluctant to return and work in the agricultural sector back in the village. They have the mindset that the economy in the city is more promising than in the village. Unfortunately, it started to cause a lack of interest and management for the agricultural sector itself. Slowly but surely farmers who cannot manage their agricultural land on their own in terms of economy and cultivation will automatically be traded or shifting into other functions and owners with those who might be considered an unauthorized hand or capitalist if they are stuck in the future.

In order to strengthen the process of agrarian reform, empowerment and dispute resolution have been done to the maximum capacity. To support the achievement of agrarian reform parameters. It is also interrelated to the four parameters in understanding and analyzing the land institutions, which are:

1. Ownership:

The proof of ownership rights as the legal/juridical aspect on the primary, for example, a certificate of ownership right or building use rights.

2. Authority:

Authority to manage land and buildings that belong as the state property through certain agencies. For example, Perhutani controls the development through the pattern of utilization rights, forest village community institutions, or other patterns.

3. Allotment:

The spatial planning scheme that regulated through a legal product, namely as the regional spatial plan. From national level to the district level through “district spatial plan”. There will be a specific function regarding to the land such as residential area, industrial area, agricultural area etc.,

4. Utilization:

A matter of designation or a land-use arrangement. These methods are positioned to put land policy as an administrative technique of land management in the context of capital accumulation, but not democratizing access and control over wealth and power. Technical and administrative measures alone cannot solve inequality and poverty alone, but this is beyond ensuring equitable access and democratizing control over agrarian resources.

2. LITERATURE REVIEW

2.1 *Type of Property Rights and/or Land Authority*

Until now, the issue of property rights has only received a very limited precedence from economists and policymakers. The capitalist economy believes that the only property rights that must be conserved are private, while the socialist economy believes that the only real property rights are state property rights. In fact, in reality, the issue of property rights in developing countries does not adhere to private or state property rights regimes [2]. Moreover, to understand the basic concept of property rights and/or tenure, it is best to assume that all economic activity takes place within the basic institutional framework of the classical liberal state. Through the basic concept, the right of ownership of an asset can be acknowledged as the right to use, the right to change the form and content of ownership right (to change its form and substance), and to transfer all rights in the asset, or any several desired rights [3]. It should be understood that property rights are part of the framework of economic activity and a part of the system (system of rules), which is the result of economic, social and political processes, specifically profit-maximizing behavior other social actions [4].

In the history of the ownership right, two theories are detected according to [3] which are:

1. The theory of individual ownership is a depiction of the doctrine of natural rights, which is the basis of classical economics, which leads to an individualistic view. Classical economists deduced these natural rights from society's rational theory, which perceives humans as selfish creatures who, in Hume's prose, *'they love themselves more than other humans, and their love for other humans bears the greatest influence on its relationships and acquaintances'*.
2. Social theory argues that society provides a mechanism for rectifying the natural limitations inherent in human beings. In Hume's words: *'Through the link of power, our power will increase. Through the separation of job opportunities, our abilities will increase. And through mutual aid (succour), we will be less exposed if we make a profit as well as disaster'*.

According to Furubotn and Pejovich [5], the previous system of ownership rights in the community can be described later as a set of economic and social relations defined by each individual, focusing on the use of scarce resources. It means it is not all about 'who owns what' but more about determining ownership rights that shall provide facilities. So, individuals can carry out the process of economic exchange. If it's connected to the theory of transaction costs, the function of ownership rights is to provide certainty for economic actors to conduct transactions so that the implications for the lower transaction costs. Otherwise, without the certainty of ownership rights, any exchange process will increase the transaction costs, especially in the long term.

In the context of the neoclassical framework, Tietenberg [2],[5] accepts the premise developed by the neoclassical school and suggests that an efficient structure of property rights can produce efficient resource allocation as well. He then identified four important characteristics of property rights:

1. Universality:

All resources are privately owned and all entitlements are fully specified.

2. Exclusivity:

All benefits and costs are expanded as a result of ownership and utilization of resources should fall to the owner, and only to the owner, either directly (directly) or indirectly (indirectly), through sales or otherwise.

3. Transferability:

All ownership rights should be transferable from one owner to another through voluntary exchange.

4. Enforceability:

Ownership rights should be guaranteed from involuntary seizures or encroachments from other parties.

Thus, if institutional change is considered as a process of permanent transformation, then institutional change can be the main influencing factor for structural change in a particular social system, regardless of the speed or source of the change itself.

2.2 *The Changes in Agrarian Institutions and Stakeholders*

According to North [6], the process of changing the institution can be described as the changes in relative prices, including encouraging one or both parties to conduct an exchange. Whether it is political or economic and in terms of demonstrating it, one or both parties are expected to do better along with the agreement or contract that has been agreed upon. In this case, some parties wishing to improve their bargaining position could seek to devote their resources to pushing the regulatory restructuring at a higher level. In the case of norms of behavior, changes in relative prices or tastes will lead to gradual erosion that leads to some changes in different norms. The regulations can be changed or ignored within a certain time, even if they are not enforced. Likewise, customs or traditions can be slowly eroded and replaced with others.

There are two different ways to analyze institutional change: the first approach looks at institutional change only from costs and benefits and believes that motivational forces – such as changes in relative prices in the long term – can build stronger institutions efficiently. Following the explanation by Eggertson's 1990 [11], this approach is commonly referred to as the 'naive theory' of institutional change. Meanwhile, another approach views institutional change as a result of the struggle between interest groups (struggle between interest groups), which is then popularly referred to as the 'interest-group theory' of institutional change. Whereas 'naive theory' focuses on the outcomes of institutional change and argues that efficient institutions can emerge 'automatically' even though it is quasi-automatically, then 'interest group theory' emphasizes the processes that lead to that institutional change.

Institutional change, in one case, is the result of struggles between various groups hoping for a better share in resource use and income distribution (in one important area) and those who are seeking to hinder it. This change is related to social costs and at the same time occurs in a long time. According to Davis/North (1971) and Bromley (1989), the following four things that are related to that, including individuals or groups seeking to change institutional arrangements or institutional environments, can be considered as sources of change [5]:

1. In the long run, changes in relative prices can lead to an increase in certain economic activities or create new economic activities. If the existing economic institutions are not suitable for increasing or creating new economic activities, people will have incentives to make institutional changes.
2. New technological opportunities can create potential income, which can only be captured if the existing economic institutions can be changed. This source of institutional change is linked to point 1, since changes in relative prices in the long run are the main reasons for adopting new technological opportunities in the country's economic activity, for example in agriculture.
3. The opportunity to seek rent (rent-seeking) can trigger groups interest to make institutional changes to adjust rents and income redistribution as desired. This opportunity can arise because of changes in the economic system. For example, the emergence of international trade can lead to the emergence of rent-seeking behavior from companies in export and import.
4. Changes in collective attitudes, as demonstrated by Bromley (1988), can also lead to institutional change. Bromley (1989) cites as examples of social attitudes about child labour, income distribution, and slavery. The next example is the change in collective attitudes regarding environmental protection or 'animal rights'.

The institutional change model can be described as a process of interaction between two entities which are 'economic entrepreneurs' and 'political entrepreneurs'. Economic and political entrepreneurs are defined in a broad sense as a class of people or collective groups that have different levels in the institutional hierarchy. If we sort out the types of ownership or control rights that exist in society, there are at least three important types, such as private property rights/ownership, state property rights/ownership, and communal ownership rights. (communal property right/ownership) [7].

Apart from that, there are still other types of ownership rights, such as open ownership rights access property right), but its existence is currently getting weaker along with the intensity of economic modernization. So, essentially property rights in the new institutional economics literature can be separated into the following four types [5]:

1. Private property regime, namely the ownership rights and rules set by the individual as the owner.
2. Common property regimes, namely property rights and the rules set by the community.
3. State property regime, namely ownership rights and the rules set by the state.
4. Open access regime (open access regime), namely ownership rights and rules that are not assigned (not assigned) by anyone.

In the economic context, institutional change is always associated with the attributes of benefits that will be enjoyed by the actors involved in it.

3. METHODOLOGY

3.1 Research Approach

This research used a qualitative method and supported by quantitative data, which intended to explain the phenomenon of institutional change in the agricultural sector through the deepening of the content and context of the reality of farmers' lives before and after covid-19 pandemic, with the exploratory type, it is expected to produce adequate and substantial findings to understand the phenomenon of the agricultural sector. This research is based on a 'critical paradigm', where ontologically the reality of reality is shaped by social, political, cultural, economic, ethical, and gender values crystallized through the process of time travel.

Methodologically, the 'critical theory paradigm' is 'dialogic/dialectical', that is, through a dialogical process, findings will be produced in relation to the values believed by the informant [8]. There are three main elements in this qualitative research. First, data, which can be sourced from observations and interviews. Second, the analysis and interpretation procedures used to obtain findings or theories. Both of these procedures include techniques for understanding data. Third, report written and oral [9].

This research focuses on how social reality is built in social practices in agriculture before and after the covid-19, which an emphasize on the changes in institutional ownership or land tenure and ongoing agrarian work relations, and the portrait contained in

the landscape of modernity. So the effort to interpret this research is done by using an interpretive point of view.

3.2 Data

The Location that we choose for this research are in Malang Regency, East Java Province, but we narrow it down to 2 sub districts surrounding, which are:

1. Pakis Subdistrict which is an area that is directly adjacent to Malang City. The location taken is because this area is undergoing changes that are affected by the development process (highway roads) and is located on the outskirts of the city and an area that is a bit far from the city and has changed with the designation as an agro-area. This means that this area has a significant development as a result of the "expansion" of the urban area.
2. Poncokusumo District which is one of the sub-districts located at the eastern end of Malang Regency. Geographically this area is a stretch of hilly land which is right to the west of Bromo Tengger Semeru National Park (TNBTS), this makes Poncokusumo District have its own charm in the agricultural aspect, especially with its determination as an agropolitan complex and tourism development because the scenery it has is in the form of mountains and plantations that have cool and fresh air. As an area that has potential in agriculture and plantations, Poncokusumo sub-district is used as an agropolitan area. This then makes this sub-district used as an agro-ecotourism area which has wealth in the form of plantations and agriculture which is managed and utilized for tourism.

3.3 Data Collection

This study uses two data sources. First, primary data obtained through empirical research on several economic actors in rural areas. This data was obtained by means of in-depth interviews, observation, participatory rural appraisal (PRA)/ transect walk and focus group discussions (FGD), In-groups forums and informal meetings, used to assess the needs of farmers (needs). Assessment and agricultural stakeholders, so that it will become a means of participatory brainstorming and sharing on studies and to determine action plans. Primary data were obtained through in-depth interviews, transect-walk/PRA, informal meetings and field observations and documentation. PRA (participatory rural appraisal) model in the activity area and a review of agricultural policies in the

target area. The implementation of PRA is the initial step carried out at the activity location where it is intended to collect and analyse various information needed in order to explore inputs and problems. Three outputs are expected from the results of the PRA implementation, namely:

1. Identifying institutional aspects, according to potential resources available and the problems faced by agricultural stakeholders;
2. The farmer's knowledge is constructed individually and collectively which is explored through the interview process and involved observation (transect walk). This is to understand the habitus and modalities of farmers and their situation the social and sociological character of the farming community; and
3. Understanding of institutional/institutional changes and the design of solutions to problems faced by multi-stakeholders agriculture.

Second, secondary data (document study) originating from farmer groups, village governments, the Central Statistics Agency, the Ministry/Department of Agriculture and other sources, especially data on agricultural land area, production yields, diversity of commodities, markets and others. From these data sources, it is hoped that more complete data will be obtained. In summary, the data needed, and the purpose of their use can be described as follows:

1. Data on the daily life of farmers before and after covid-19 pandemic including their families, ownership/land tenure owned by farmers and the pattern of ongoing working relationships. This is also to examine the structure of land ownership by farmers and the changes in the working relationship that occur.
2. Potential land resources, commodity yields, commodity processing, markets and marketing networks including infrastructure. Performance of the results of activities in the fields of farming/production, inputs for farming, post-harvest, processing and marketing of the results. Such information is needed to assess the development of supporting institutions and organizations.
3. Institutional performance and secondary data that have been running in order to examine changes in the structure of farmers, market institutions, the context of village funds, rural areas, mechanisms and governance of farmer organizations.

4. Technical problems and institutional formation faced by farmers and agricultural stakeholders. Based on this information, theoretical and methodological reconstruction studies can be produced to produce maps and explanations of the scope of the study.

3.4. Analysis of the Data

We used phenomenology in data analysis, including the three patterns used in phenomenology: first, is the data & information from the observation field; second, which is the categorizations of the collected data, and third is analyzing the data using the concept and theory we used in our research. So, we are able to find the core meaning of the data that we aimed at. Phenomenology by Moustakas also focuses on the discussion in interpreting the realities of life (meaning and core meaning) of the informants according to the research objectives.

This analytical point of view is supported through the theoretical perspective of Pierre Bourdieu, Giddens and the concepts used in this research. This perspective departs from the micro (individual) perspective of actors in the agricultural sector and their understanding of awareness, "ownership" of capital, such as economic, cultural and social integration with symbolic capital. The analysis pattern with a phenomenological approach is the basic pillar to reveal the "emic" reality of the informants and the social, cultural and economic situations surrounding them. The analysis formation with a phenomenological approach in this study through an individual analysis unit. This aims to understand the aspects that underlie the practice in daily life alongside the knowledge, values, and other structures that are formed among the informants, such as the main actors in the agricultural business, especially farmers and farm workers.

4. RESULTS AND DISCUSSION

Interest relations, daily situations, and habits reflect the interrelated and interdependent actors in agricultural activities. It means that this has led to a battle between local values such as *gotong royong*, *tepo seliro*, and other local wisdom. The individualistic and materialistic pressure caused by limited literacy, innovation, and the increasingly strong power of government administrators. It also provided direction for designing rural institutions through a socio-political entrepreneurship scheme. Social values and potential in the form of *sonjo*,

and *lumbunh*, and village servicemen can be developed as a practical effort of a participatory community.

Moreover, the environmental factors brought together by economic entrepreneurship that contain existing institutions, such as the tastes and preferences of entrepreneurs and the current state of production technology and social technology. Economic entrepreneurs are responding to their environment as an opportunity to derive the potential costs and benefits of any possible actions, which includes the static transaction costs of creating and implementing credit resource allocations and decisions. Moreover, political entrepreneurs are parties who have a power position to alter institution structures. It is also feared that this case will worsen with the covid-19 pandemic because economic sectors are the main sector that has the most influence during a pandemic.

That power arises from participation in the management actions that determine and administer the institution. Thus, the environment that political entrepreneurs bring together contains institutions that define permissible political actions, tastes, and preferences, states production technology and social technology, and investments of economic entrepreneurs in institutional change. Like economic entrepreneurs, the accepted environment is a set of costs and benefits of all possible actions. The costs that arise through transition are the assessment of alternatives, the decision-making process, and political costs [10].

5. CONCLUSION

This research is focused on how to protect farmers' rights from unauthorized hands. Especially in the covid-19 pandemic where lots of people got deprived of their financial resources, individuals through every means utilize their money and power to take advantage to change existing regulations to their interest. Therefore, this research was conducted to ensure that the land remains an agricultural area owned by smallholders and supported by other stakeholders. It is actually to avoid the two chances that might harm the agrarian land and also the small holders livelihood, which are:

1. The transfer of function referred to here is the conversion of land which was previously intended for agriculture, for example, then turned into an industry, and of course, it will cause problems in the surrounding environment. Even though there are regulations governing land use, the authorities can change them with money and power.

2. The transfer of the owners themselves, the view is that farmers who are able to take over the land and are likely to be in debt or famine inevitably hand over their land or property to individuals who want to take over the land and cause the farmers to lose their assets and jobs.

This research aims to maintain agricultural areas as social areas, where farmers can work on their land and help each other. Because if the shifting of the functions and ownership happens, the previous social aspects and views that they keep for a very long time as a tradition may be lost and can turn into an individualistic view. Therefore, agricultural stakeholders should participate in maintaining agricultural sector land for the welfare of the village and its surroundings. The Covid-19 pandemic has indeed disrupted several aspects of life, including economic and sociological aspects, but it is hoped that this research can prevent the unwanted phenomenon from happening that complicate and worsen the existing conditions.

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