Sustainable leadership best practices in enhancing business resilience and performance of robusta coffee farmers

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ABSTRACT
Purpose — This research aims to demonstrate the best practices of sustainable leadership in the creation of business resilience.

Method — This is qualitative research with a descriptive method. The researcher conducted semi-structured interviews with six participants in North Lombok using purposive sampling, as well as observed post-harvest Robusta coffee products.

Result — The sustainable leadership practices found in this research are innovation, social responsibility, environmental responsibility, and ethical behavior. These are needed to empower and increase business resilience and performance. Furthermore, greater opportunities for community benefit and environmental sustainability can be achieved through these practices.

Contribution — Current research on how sustainable leadership theory can affect the practices of small and medium enterprises is still inadequate, with insufficient studies available. This study addresses the gap by showcasing several best practices of sustainable leadership demonstrated by coffee SMEs in North Lombok and enhancing the emerging sustainable leadership theory in this area.

Keywords: innovation, sustainable leadership, robusta coffee, entrepreneurship
INTRODUCTION

Suriyankietkaew et al. (2022), in their research on leadership practices and competencies of SMEs for sustainability and resilience in Thailand, mentioned that the management of sustainability challenges can be accomplished through the use of sustainable leadership. Extensive studies have recommended examining the process and conditional parameters for the significant influence of sustainable leadership on sustainable performance. As an emerging multidisciplinary field, sustainability leadership has grown significantly in prominence in recent literature. More research on sustainability is urged by academics around the world as an essential leadership goal.

Modern company executives need to intentionally steer their organizations away from solely pursuing economic success or profit maximization and shift their vision and strategy toward social responsibility and environmental conservation (Hallinger & Suriyankietkaew, 2018). The literature encourages future leaders and managers to consciously establish value-oriented sustainable leadership and sustainability skills in their company operations to succeed in the long run (Haney et al., 2020). According to the most recent empirical research, sustainability leadership is a critical factor in determining long-term success and sustainability performance results. The topic becomes strategically important in order to attain business resilience, longevity, and sustainable futures.

Smith and Ramirez (2012) stated that one of the world’s most challenging issues today is sustainable development. A variety of stakeholders, including the government, the general public, and social organizations, are putting pressure on businesses to operate in a more sustainable manner in the increasingly complex environment. Leaders who can ignite economic growth while advocating sustainable practices in their communities and businesses are required for sustainability (Metcalf & Benn, 2013). This perspective asserts that sustainable leadership has replaced successful leadership (Shriberg and Macdonald, 2013). Sustainable leadership emphasizes the creation of both current and future profitability for a firm in addition to raising the standard of living for all stakeholders (McCann & Holt, 2010). Based on their research in Malaysia, Iqbal et al. (2021) concluded that sustainable leadership promotes sustainability goals at the interpersonal, organizational, and social levels.

Hargreaves and Fink (2012) stated that the definition of Sustainable Leadership as shared duty that protects and avoids harming the surrounding educational and community environment, shared responsibility that does not unreasonably deplete human or financial resources. Furthermore, Hargreaves & Fink stated that while previously the basic needs were literacy, numeracy, obedience, and
punctuality, the new basic needs in the sustainability era were: 1) Multiliteracy, 2) Creativity, 3) Communication, 4) IT, 5) Teamwork, 6) Lifelong learning, 7) Adaptation and Change, 8) Environmental responsibility. Hargreaves et al. (2003) stated that one of the most significant aspects, yet often neglected, in leadership is “sustainability”. They put forward 7 (seven) principles of sustainable leadership, namely: 1) Depth of learning and noticeable achievement, 2) Long-lasting impact; effective succession planning, 3) Breadth of influence; leadership is a shared responsibility, 4) Justice; ensuring that leadership actions are always beneficial to others, 5) Diversity; replacing standardization and harmony with diversity and cohesion, 6) Intelligence; conserving and renewing leaders’ energy without depressing them, 7) Conservation: creating a better future by using only the best of the past. Meanwhile, from an organizational point of view, sustainability is an organization’s ability to achieve goals and increase long-term value to remain stable and consistent without compromising economic, social, and environmental factors (Kanters, 2013). Mazutis and Abolina (2019) conducted a study on sustainable leadership and concluded that sustainable leaders are capable leaders who can maintain achievement, spur innovation, and minimize employee downsizing.

The essence of entrepreneurship is the capability to create something new and unique. Martauli (2020) stated that entrepreneurship, which includes economic growth and community welfare, is one of the most important elements in development, and community entrepreneurial activities are able to increase economic growth in the region. Yunus (2010) stated some basic principles of social business: overcoming poverty and other social problems through education and technology, creating financial sustainability, and raising environmental awareness. Implementing environmentally responsible business practices could open up additional opportunities for entrepreneurs. The implementation of environmental conservation programs must become the most important commitment of the entire community (Wardani et al., 2023).

In their research, Avery and Bergsteiner (2011) summarized that in a nutshell, the goal of sustainable leadership is to maintain a balance between people, profits, and the environment over the course of the company and, in doing so, ensuring that it produces the social capital required to weather economic downturns. Many business leaders are asking firms to reclaim their ethical and social duties. Responsible executives strive for long-term success for their organizations as well as for other stakeholders. In contrast, when a corporation’s leaders manipulate short-term profit outcomes while failing to make adequate resource investments, they imperil the firm’s and others’ long-term prospects.
Regarding the competitiveness of Indonesian coffee in the global market, Rosiana et al. (2018) stated that Indonesia is the fourth-largest coffee exporter in the world. Robusta coffee accounts for 74% of the total production, while Arabica coffee makes up the remaining 26%. Between 1990 and 2015, Indonesia's coffee exports declined by 0.0061%. In contrast, coffee exports increased in Colombia, Brazil, and Vietnam by 0.0056%, 17.58%, and 1.06%, respectively. Several issues, including coffee yield and quality, might contribute to the limited improvement in Indonesian coffee exports. The competitiveness of Indonesian coffee in the global market is closely tied to the volume of coffee exported. To enhance the competitiveness of Indonesian coffee in the global market, improved performance and a supportive coffee export strategy are necessary.

The level of coffee consumption in Indonesia has rapidly grown by 44% in the last decade. In 2019, Indonesia became the country with the highest record of coffee consumption among producer countries in Asia at 13.5%, and ranked fifth in the world at 2.9% (Magfirahti et al., 2021). The phenomenon of "drinking coffee" while gathering with friends or colleagues, having meetings, doing assignments, and so forth, has become today's lifestyle (Hasibuan et al., 2021). This phenomenon boosts the level of coffee consumption in the country. Based on the data above, coffee commodities, especially Robusta coffee, hold significant promise. However, relevant parties need to take several strategic steps to improve quality as well as marketing. Coffee production still faces challenges such as conventional management and production methods and outdated packaging. These factors hinder farmers from providing substantial value and benefits to the community and regional economy, and from competing in a broader market (Sabani & Kurniawan, 2020). Additionally, there are still many entrenched practices that restrict coffee farmers, making it more difficult for coffee commodities to enhance quality and compete in the regional coffee market.

Moreover, farmers have not yet utilized appropriate technology and quality business management to increase economic value and competitiveness, as well as to expand the market. Thus, we require creative and innovative human resources who can act as agents of change. The changes are not expected to occur only over a short period; they need to be sustainable and capable of creating transformative effects. A leader's role should encompass making changes that impact both society and the environment.

There are currently only a few studies on how a sustainable leadership theory might affect the practices of SMEs, such as in the context of community-based social businesses (Suriyankietkaew et al., 2022). The socioeconomic foundation
of many countries around the world is, in fact, provided by these small businesses operating in the bottom-of-the-pyramid environments. All sectors have been seriously impacted by the COVID-19 pandemic. This study addresses this gap by showcasing several best practices of sustainable leadership demonstrated by coffee SMEs in North Lombok and enhancing the emerging sustainable leadership theory in this area.

Based on the discussion above, the objective of this study is to present some best practices of sustainable leadership in creating business resilience, focusing on long-term strategies that consider environmental, social, and economic factors.

**METHOD**

This paper represents qualitative research with a descriptive approach, focusing on the actions and practices of sustainable leadership established and executed by the founders of the Bale Jukung and Harapan Jaya Bareng coffee farmers' groups. The qualitative descriptive research methodology uncovers pervasive phenomena within the subject under study. The research process followed the stages recommended by Raco in Fadli (2021), including problem identification, literature review, research objectives, data collection, data interpretation, and reporting.

The author conducted a series of semi-structured interviews with six informants selected through purposive sampling during visits to North Lombok and through telephone conversations between the years 2019 and 2022. Additionally, observations of coffee plantations and their production were performed. Relevant data was also gathered through complementary literature studies. The key participants were the founders of Bale Jukung and the Head of the Robusta coffee company, Harapan Jaya Bareng. These individuals were chosen because of their execution of various innovative programs that successfully introduced breakthroughs previously unattempted by other businesses in North Lombok. The local government frequently invited them to share their best practices during public events. To ensure triangulation, additional participants included Lombok Robusta coffee consumers, business partners, and representatives of services related to Robusta coffee development in North Lombok.

**RESULT AND DISCUSSION**

In this study, the author conducted a series of semi-structured interviews with the key informants. The research question was how Bale Jukung and Harapan Jaya Bareng implemented sustainable leadership practices to enhance the
resilience of their Robusta coffee businesses. Bale Jukung (BJ) introduced the concept of the typical Lombok Sasak house, which is earthquake-resistant, and shared the virtues of Sasak architecture with students, communities, and guests. The area surrounding the lodging house became a bee colony to produce honey and a North Lombok Robusta coffee plantation. The fruits were harvested and processed into drinks for café guests. They also invited women living near Bale Jukung to sell their homemade food products at the coffee shop and collaborated with SMEs to enhance marketing and improve the quality of their food products. Furthermore, BJ increased the income of North Lombok Robusta coffee farmers, helping them transition from the ijon trap and enhancing coffee cultivation quality in several farmer groups. Additionally, in 2020, BJ initiated a collaboration with the House of Indonesia, headquartered in Paris, France, serving as a marketing intermediary for North Lombok Robusta coffee in several European countries. A portion of the profits was dedicated to the Bale Jukung Foundation, engaged in education. Building networks and fostering good relationships are crucial for sustaining the business and nurturing an entrepreneurial culture (Dewa & Satrya, 2023).

Meanwhile, the global health crisis, COVID-19, was unprecedented and marked a turning point in history when both social and economic conditions changed dramatically, including the economic situation in North Lombok. Societies and economic systems teetered on the brink of collapse, and though it is impossible to predict the exact appearance of the new world, its shape will depend on the decisions leaders make (Dirani et al., 2020).

Bale Jukung introduced innovation and fresh ideas about economic concepts targeting nearby communities. Empowerment, providing support, and finding sustainable solutions are characteristics of a social business (Pendell, 2015). Furthermore, Yunus (2010) stated some basic principles of a social business: overcoming poverty and other social problems through education and technology, creating financial sustainability, and raising environmental awareness. Implementing environmentally responsible business practices could open up additional opportunities for entrepreneurs. Green Entrepreneurship currently offers a fresh chance for entrepreneurs who are responsive in identifying and capitalizing on opportunities in these niche industries to improve their fortunes while caring for the environment (Rum Handayani, Putu Sudira, 2019). Environmental conservation program implementation must become the most important commitment of the entire community (Wardani et al., 2023).

The next strategic step taken to optimize the Robusta coffee market was to collaborate with coffee farmer groups willing to supply qualified coffee seeds. Bale Jukung established an informal partnership with the Harapan Jaya Bareng
coffee farmers group, consisting of 20 coffee farmers in Rempek village, Gangga district, North Lombok. The first task was to shift from the practice of rut harvesting or random picking to selective picking or red picking.

“It wasn’t easy at the beginning. Only two farmers were initially willing to adopt the new practice, as the cost of hiring harvest workers for this method was higher than the old one. One member of the farmer group who had already tried the new method used the harvested red picks to prepare coffee and invited other farmers to taste it. They admitted that the coffee from the red picking tasted better than the mixed-picked coffee.” (Harnadi, Head of Harapan Jaya Bareng Coffee Farmers)

From this experience, gradually, the remaining members of the farmer group started to practice red-picking, and the coffee drying process improved by using para-para and drying it on the ground at a height of 50-80 cm. Currently, Harnadi is preparing his farmer group to become a cooperative (koperasi) that directly sells their processed coffee. With approximately 20 members and around 20 hectares of coffee planting areas, they could harvest 20 tonnes of Robusta coffee per year if the weather is favorable. By joining a farmer group, coffee farmers would enjoy several benefits: 1) the opportunity to receive coaching, counseling, and training from relevant offices, 2) the chance to participate in comparative studies in other regions that have successfully managed coffee plantations, 3) capital assistance and agricultural equipment.

Harapan Jaya Bareng admitted that there were still many challenges to improve the quality of Robusta coffee. The local government had not provided optimal support to enhance the coffee quality. The lack of capital assistance and supporting facilities such as agricultural equipment, adequate warehouses, greenhouses, marketing, and post-production development had posed challenges for years. Therefore, business collaboration with Bale Jukung became an alternative to enhance their product quality and improve farmers’ welfare.

Bale Jukung established a price agreement with the Harapan Jaya Bareng farmers’ group for good post-harvest practices, setting the price at IDR 6,250.00 per kilo of red cherries or equivalent to IDR 33,400.00 per kilogram of coffee seeds. This price was much better than that of mixed-picked coffee, often referred to as random coffee, which ranged from IDR 13,000.00 to IDR 25,000.00 per kilo of coffee beans. To expand the market for post-harvest products, Bale Jukung collaborated with the Akar Pohon Foundation to design the packaging of Rempek Robusta coffee products and sold them through their network. With attractive packaging, they aimed to attract a wider market beyond Lombok Island.
Bale Jukung identified a gap in the lives of coffee farmers and coffee shops in Lombok and Indonesia. The coffee farmers should be able to establish a stable livelihood by producing the best coffee seeds they can manage. Their dedication should be respected, requiring the commitment of the farmers themselves and their partners.

The initial process that Bale Jukung did was providing education and socialization on better coffee quality.

"We encourage and collaborate with farmers to conduct joint trials, such as experimenting with raw coffee picking and standardized drying procedures. They then share their findings with other farmers to receive feedback. However, our current efforts are still falling short of expectations. North Lombok has approximately 8,000 hectares of plantation area, but only 1,300 hectares are utilized for coffee plantations. We have managed to work with only two farmer groups, covering around 30 hectares of coffee plantation. Therefore, the challenge of ensuring production quality is substantial, and they need to establish collaborations with various relevant partners. Another major challenge is the entrenched bond system within the society, involving certain prominent investors in Tanjung and Mataram. Moreover, some well-off individuals in the village provide loans to farmers with an agreement to repay in the form of coffee. The lenders unilaterally determine the price, excluding the farmers from the process, resulting in losses for the farmers during harvest time. This bonded practice has become increasingly prevalent amid the ongoing pandemic and uncertain weather, affecting coffee production compared to previous years." (Nina, Owner of Bale Jukung)

Anticipating this concern, Bale Jukung established communication with the Corporate Social Responsibility (CSR) divisions of several Indonesian state-owned enterprises (BUMN). The establishment of robust coffee farmers’ institutions continued to prepare them for collaboration with these CSRs, aiming to reduce the prevalence of bonded labor practices in rural areas. Additionally, the local government has an important role to play. The most immediate action the local government needed to take was to develop comprehensive data on the number of coffee farmers, their associated groups, and the production areas. Accurate records of the number of farmer groups were not yet available. It was estimated that there were currently two primary farmer group communities responsible for the majority of coffee production in North Lombok. One of these groups was the Mleko Bangkit farmer group, comprising 700 members, and they also had Koperasi Mleko Bangkit. The other significant group was Koperasi Maju
Bersama Santong, with approximately 2,000 Robusta coffee producers from the Kayangan subdistrict as their members. There were likely more than 50 farmer group associations (Gapoktan) in North Lombok, with each association consisting of around 2 to 5 farmer groups.

Indeed, the collaboration between Bale Jukung and the coffee farmers is a mutually beneficial partnership. Through this partnership, they secure a supply of high-quality North Lombok Robusta coffee for their coffee shop. Their presence is recognized at the regional level, and they frequently have opportunities to contribute insights to the development of coffee farming. Bale Jukung also earns the trust of banks, allowing them to access capital at competitive rates for business development. Their reputation has grown among local and international tourists, positioning them as a coffee tourism destination. Innovation plays an essential role in attracting more customers and remaining competitive amid increasing business challenges (Aprilianty & Waskito, 2023). While coffee farmers benefit from better price guarantees, local governments should also support the capacity building of coffee farmers and prioritize coffee-related issues as part of regional development. This approach would empower North Lombok coffee farmers to elevate their status as producers of high-quality Robusta coffee. In the future, Bale Jukung plans to establish institutions and provide access to capital dedicated to coffee farmers. Should efforts to tap into the export market succeed, coffee farmers could also contribute to government revenues.

Bale Jukung’s focus extends beyond business resilience; they simultaneously undertake various initiatives to protect the environment. In terms of regional deforestation rates, the most significant deforestation is observed in Java and Bali Nusa Tenggara. Between 2013 and 2017, Forest Watch Indonesia (FWI) estimated that forests in these areas had dwindled to only 12% (Watch Indonesia, 2019). If the current deforestation rate persists, FWI predicts that both regions will be entirely deforested by 2030. Given the rapid growth in tourist development in Lombok and Bali, the need for quality water has surged, underscoring the importance of preserving forests for ecosystem services. Lombok Island in West Nusa Tenggara Province is particularly vulnerable, as its 4.6 million residents heavily depend on forests for ecological benefits, particularly water supply. Basic needs are also a significant challenge for Lombok, with about 26% of people in North Lombok living in poverty (BPS Lombok Utara, 2022). Sunderlin et al. (2000) found that most impoverished families in Indonesia reside in remote villages surrounding forest areas, relying on forests for their livelihoods. Many of the rural poor engage in illegal logging and unsustainable forest management as a means of survival, perpetuating a cycle of resource
depletion and poverty. Mismanaged forests can lead to a drastic decline in the quantity and quality of water supply (Diswandi, 2017).

Coffee is a plant that benefits from the presence of large trees providing shade, typically grown in an agroforestry pattern. It is better suited to agroforestry systems or forest-edge plantations. Managing land with an agroforestry system, or intercropping, ensures environmental preservation, particularly in forest areas functioning as water catchment zones. Planting coffee can decrease forest destruction by communities around the forest, redirecting their focus to managing their plantations for better income. Enhancing cropping and postharvest systems contributes to environmental preservation, especially in forests serving as water catchment areas for communities. In light of these concerns, Bale Jukung has devised plans that involve advocating the local government to address various aspects of coffee farming development. These aspects encompass: 1) Financial guarantees and policies facilitating the purchase of Lombok Robusta coffee for official consumption by local government offices and organizations in North Lombok, 2) Training in cultivation and postharvest practices for coffee farmers and coffee community associations, 3) Establishment of North Lombok coffee farmers' institutions, 4) Expansion of market networks for coffee beans and processed coffee (roasted beans), 5) Support for coffee commodity entrepreneurs in obtaining necessary licenses (business, export, import, etc.).

Recently, Bale Jukung collaborated with the House of Indonesia in Paris, France, to promote North Lombok Robusta coffee and position it as a coffee tourism destination in Europe. A coffee that passed cupping in France was Lanang Rempek Robusta coffee from the Harapan Jaya Bareng farmers’ group. Bale Jukung fully facilitated the bidding process in this collaboration.

CONCLUSION

Adopting a forward-thinking strategy that ensures both the company's financial success and its ability to thrive amidst challenges, changes, and uncertainties is a cornerstone of sustainable leadership for business resilience. Innovation, social and environmental responsibility, and ethical behavior exemplify sustainable leadership behaviors identified through this research, which are essential for fortifying and enhancing business performance and resilience. Furthermore, these behaviors can open up avenues for community and environmental sustainability. Bale Jukung and the Harapan Jaya Bareng farmers’ group have effectively applied the sustainable leadership approach, guided by the seven principles originally proposed by Andy Hargreaves and Dean Fink.
Creativity, innovation, lifelong learning, fostering cooperative relationships, and preparing future successors are all leveraged to empower and elevate the stature of North Lombok Robusta coffee producers, driven by a commitment to the ongoing preservation of nature. The established collaboration aims to provide both parties with the potential to enhance corporate performance and resilience, thereby contributing to broader public benefit and environmental sustainability.

This research offers recommendations for the government to foster expanded innovation, facilitating farmers’ access to high-quality Robusta coffee seeds and simplified capital, nurturing creativity in producing a diverse range of high-quality products, and unlocking wider market opportunities for the well-being of farmers. Urgent considerations also lie in the formulation of distinctive regulations that govern export prospects, investments, and market expansion within the coffee industry.

This study underscores the necessity for further in-depth research on innovation in the creative economy, with the aim of bolstering the resilience of Indonesia’s coffee industry. Further research should delve into the interplay between sustainable leadership practices and technological innovation, exploring how emerging technologies can optimize the implementation and impact of such practices on business resilience.
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Sustainable leadership best practices in enhancing business resilience...

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