



URGENCY OF SOCIAL CAPITAL TO IMPROVE THE RESILIENCE OF INDEPENDENT OIL PALM FARMERS IN MANAGING OIL PALM PLANTATIONS IN PEAT AREAS: LESSONS FROM INDONESIA

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ABSTRACT

Objective: This research focuses on studying the social capital of oil palm farmers in Sidomulyo Village, Wanaraya District, Barito Kuala District, South Kalimantan Province.

Theoretical Framework: The study aims to achieve two main objectives: firstly, to identify the social capital possessed by independent oil palm farmers; secondly, to describe how they maintain this social capital.

Method: Qualitative research methods were employed to gain a profound understanding of the social capital that supports the success of independent smallholders in managing oil palm plantations. The study was conducted in Sido Mulyo village, Wanaraya district, Barito Kuala Regency, South Kalimantan Province. Informants, serving as sources of information, were selected using purposive sampling techniques. Data collection involved observation, in-depth interviews with selected informants, and daily records, which played a crucial role in this research. The obtained data will be subjected to phenomenological analysis. The study revealed two key findings: first, various forms of social capital, and second, how this social capital is utilized.

Results and Discussion: The identified forms of social capital include: (1) the social networks established by farmers with middlemen to sell palm oil to processing companies, (2) their membership in peasant groups, and (3) the work ethic exhibited by farmers as transmigrants. The utilization of social capital for their progress as farmers involves: (1) maintaining relationships in social networks to secure favorable palm oil prices and access to financial capital, (2) leveraging farmer groups to access fertilizer subsidies and protect against the threat of land fires, and (3) employing social norms to foster mutual assistance in preserving road access to oil palm plantations.

Research Implications: This research contributes to understanding the various capitals owned by smallholders in oil palm plantation exploitation and the use of social capital for their success in plantation management palm oil. This model can be a reference for communities who want to get similar success in the development of oil palm plantations and can be done also in other locations that have the same land structure.

Originality/Value: Social capital plays a crucial role in the success of independent farmers managing oil palm plantations. Several conclusions have been drawn regarding social capital in the management of oil palm plantations by independent smallholders. Firstly, the forms of social capital owned by independent oil palm plantation farmers include: (1) social networks established by farmers with middlemen for selling oil palm to processing companies, (2) membership in farmer groups, (3) the work ethic possessed by farmers as transmigrants, and (4) the social norms embraced by transmigrant farmers. Secondly, the utilization of social capital for their progress as farmers is carried out through: (1) maintaining relationships in social networks to secure palm oil prices and access capital, (2) utilizing farmer groups to access fertilizer subsidies and safeguard against the threat of land fires, and (3) applying social norms to foster mutual assistance in maintaining oil palm plantation infrastructure and addressing and preventing palm oil plantation fires.

Keywords: Social Capital, Social Network, Farmer Group, Social Norms.

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URGÊNCIA DO CAPITAL SOCIAL PARA MELHORAR A RESILIÊNCIA DOS PRODUTORES INDEPENDENTES DE PALMEIRAS NA GESTÃO DAS PLANTAÇÕES DE PALMEIRAS NAS ZONAS DE TURFA: LIÇÕES DA INDONÉSIA

RESUMO

Objetivo: Esta pesquisa se concentra no estudo do capital social dos produtores de óleo de palma na aldeia de Sidomulyo, distrito de Wanaraya, distrito de Barito Kuala, província de Kalimantan do Sul.

Estrutura Teórica: O estudo visa atingir dois objetivos principais: em primeiro lugar, identificar o capital social dos produtores independentes de palmeiras; em segundo lugar, descrever como eles mantêm esse capital social.

Método: Métodos qualitativos de pesquisa foram empregados para obter uma compreensão profunda do capital social que apoia o sucesso de pequenos agricultores independentes na gestão de plantações de palmeiras de óleo. O estudo foi realizado na aldeia de Sido Mulyo, distrito de Wanaraya, regência de Barito Kuala, província de Kalimantan do Sul. Informantes, servindo como fontes de informação, foram selecionados utilizando técnicas de amostragem objetiva. A coleta de dados envolveu observação, entrevistas aprofundadas com informantes selecionados e registros diários, que desempenharam um papel crucial nesta pesquisa. Os dados obtidos serão submetidos a análise fenomenológica. O estudo revelou duas descobertas-chave: primeiro, várias formas de capital social, e segundo, como esse capital social é utilizado.

Resultados e Discussão: As formas identificadas de capital social incluem: (1) as redes sociais estabelecidas por agricultores com intermediários para vender óleo de palma para empresas de processamento, (2) sua participação em grupos camponeses, e (3) a ética de trabalho exibida pelos agricultores como transmigrantes. A utilização de capital social para o seu progresso como agricultores envolve: (1) manter relações nas redes sociais para garantir preços favoráveis do óleo de palma e acesso a capital financeiro, (2) alavancar grupos de agricultores para acessar subsídios de fertilizantes e proteger contra a ameaça de incêndios de terra, e (3) empregar normas sociais para promover a assistência mútua na preservação do acesso rodoviário a plantações de palmeiras de óleo.

Implicações da pesquisa: Esta pesquisa contribui para o entendimento dos vários capitais de propriedade de pequenos proprietários na exploração de plantações de palmeiras de óleo e o uso de capital social para o seu sucesso na gestão de plantações de óleo de palma. Esse modelo pode ser uma referência para comunidades que querem ter sucesso semelhante no desenvolvimento de plantações de dendezeiros e também pode ser feito em outros locais que tenham a mesma estrutura de terra.

Originalidade/valor: o capital social desempenha um papel crucial no sucesso dos agricultores independentes que gerem as plantações de palmeiras de óleo. Várias conclusões foram tiradas sobre o capital social na gestão de plantações de palmeiras de óleo por pequenos agricultores independentes. Em primeiro lugar, as formas de capital social detidas por agricultores independentes de plantações de palmeiras incluem: (1) as redes sociais estabelecidas por agricultores com intermediários para a venda de palmeiras para empresas de transformação, (2) a participação em grupos de agricultores, (3) a ética de trabalho dos agricultores como transmigrantes e (4) as normas sociais adotadas pelos agricultores transmigrantes. Em segundo lugar, a utilização de capital social para o seu progresso como agricultores é realizada através de: (1) manutenção de relações nas redes sociais para garantir os preços do óleo de palma e acesso ao capital, (2) utilização de grupos de agricultores para acessar subsídios de fertilizantes e salvaguardar contra a ameaça de incêndios de terra, e (3) aplicação de normas sociais para promover a assistência mútua na manutenção de infraestruturas de plantação de palmeiras e abordando e prevenindo incêndios de plantações de óleo de palma.

Palavras-chave: Capital Social, Rede Social, Grupo de Agricultores, Normas Sociais.

URGENCIA DEL CAPITAL SOCIAL PARA MEJORAR LA RESILIENCIA DE LOS AGRICULTORES INDEPENDIENTES DE PALMA ACEITERA EN LA GESTIÓN DE LAS PLANTACIONES DE PALMA ACEITERA EN ZONAS DE TURBA: LECCIONES DE INDONESIA

RESUMEN

Objetivo: Esta investigación se centra en el estudio del capital social de los agricultores de aceite de palma en la aldea de Sidomulyo, distrito de Wanaraya, distrito de Barito Kuala, provincia de Kalimantan del Sur.



Marco teórico: El estudio tiene como objetivo lograr dos objetivos principales: en primer lugar, identificar el capital social que poseen los agricultores independientes de palma aceitera; en segundo lugar, describir cómo mantienen este capital social.

Método: Se emplearon métodos de investigación cualitativa para obtener una comprensión profunda del capital social que apoya el éxito de los pequeños agricultores independientes en la gestión de las plantaciones de aceite de palma. El estudio se llevó a cabo en la aldea de Sido Mulyo, distrito de Wanaraya, regencia de Barito Kuala, provincia de Kalimantan del Sur. Los informantes, que sirven como fuentes de información, fueron seleccionados utilizando técnicas de muestreo intencional. La recopilación de datos incluyó observación, entrevistas en profundidad con informantes seleccionados y registros diarios, que desempeñaron un papel crucial en esta investigación. Los datos obtenidos serán sometidos a análisis fenomenológicos. El estudio reveló dos hallazgos clave: primero, varias formas de capital social y, segundo, cómo se utiliza este capital social.

Resultados y discusión: Las formas identificadas de capital social incluyen: (1) las redes sociales establecidas por los agricultores con intermediarios para vender aceite de palma a las empresas de procesamiento, (2) su pertenencia a grupos campesinos y (3) la ética de trabajo exhibida por los agricultores como transmigrantes. La utilización del capital social para su progreso como agricultores implica: (1) mantener relaciones en las redes sociales para asegurar precios favorables del aceite de palma y el acceso al capital financiero, (2) aprovechar los grupos de agricultores para acceder a los subsidios a los fertilizantes y protegerse contra la amenaza de incendios de tierras, y (3) emplear normas sociales para fomentar la asistencia mutua en la preservación del acceso por carretera a las plantaciones de aceite de palma.

Implicaciones de la investigación: Esta investigación contribuye a comprender los diversos capitales que poseen los pequeños agricultores en la explotación de las plantaciones de aceite de palma y el uso del capital social para su éxito en la gestión de las plantaciones de aceite de palma. Este modelo puede ser una referencia para las comunidades que desean obtener un éxito similar en el desarrollo de las plantaciones de aceite de palma y se puede hacer también en otros lugares que tienen la misma estructura de tierra.

Originalidad/Valor: El capital social juega un papel crucial en el éxito de los agricultores independientes que gestionan las plantaciones de aceite de palma. Se han extraído varias conclusiones sobre el capital social en la gestión de las plantaciones de aceite de palma por pequeños agricultores independientes. En primer lugar, las formas de capital social propiedad de los agricultores independientes de las plantaciones de aceite de palma incluyen: (1) las redes sociales establecidas por los agricultores con intermediarios para vender aceite de palma a las empresas de procesamiento, (2) la pertenencia a grupos de agricultores, (3) la ética de trabajo que poseen los agricultores como transmigrantes, y (4) las normas sociales abrazadas por los agricultores transmigrantes. En segundo lugar, la utilización del capital social para su progreso como agricultores se lleva a cabo a través de: (1) el mantenimiento de relaciones en las redes sociales para asegurar los precios del aceite de palma y el acceso al capital, (2) la utilización de grupos de agricultores para acceder a los subsidios a los fertilizantes y la salvaguardia contra la amenaza de incendios de la tierra, y (3) la aplicación de normas sociales para fomentar la asistencia mutua en el mantenimiento de la infraestructura de las plantaciones de aceite de palma y abordar y prevenir los incendios de las plantaciones de aceite de palma.

Palabras clave: Capital Social, Red Social, Grupo de Agricultores, Normas Sociales.

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1 INTRODUCTION

The economy is an integral part of everyday human life, as it plays a crucial role in meeting basic needs such as clothing and food on a daily basis. Additionally, the economy of a society holds a significant role in gauging the stability of a nation and state. In Indonesia, the



development of oil palm plantations stands out as a key pillar supporting the country's economy. The large production of Indonesian palm oil is due to its comparative advantage owned (Kadir & Syapsan, 2012).

Palm oil stands as a leading commodity for Indonesia in international trade, and the rapid growth of Indonesia's palm oil industry has captured global attention, especially from major vegetable oil producers. Since 2006, Indonesia has held the position of the world's largest palm oil producer. Oil palm plantations in Indonesia are expanding across 22 of the country's 33 provinces. The primary centers for oil palm cultivation are the islands of Sumatra and Kalimantan. Approximately 90% of Indonesia's oil palm plantations are located on these two islands, contributing to 95% of the country's total crude palm oil (CPO) production (Purba & Sipayung, 2017).

Data from the United States Department of Agriculture (USDA) indicates that Indonesia holds the first position, with total crude palm oil (CPO) production reaching 45.5 million metric tons in 2022. This figure significantly surpasses the production of Malaysia and Thailand, which produced 18.8 million metric tons and 3.26 million metric tons of CPO, respectively, last year. Based on data from the Indonesian Palm Oil Association (GAPKI), Indonesia recorded a total production of crude palm oil (CPO) of 46.73 million tons in 2022. Last year's Indonesian palm oil production was slightly lower, decreasing by approximately 0.34% compared to 2021, when it reached 46.8 million tons (GAPKI, 2023).

A noteworthy aspect of the palm oil industry is the utilization of peatlands to diversify oil palm plantation businesses on several Indonesian islands. The government's efforts to boost land productivity include allocating peatlands for rubber plantation areas. Despite peatlands covering only 20% of Indonesia's landmass, with 80% used for agriculture and other activities (Wet, 2008), the government encourages various peatland utilization efforts through restoration programs.

Oil palm cultivation on peatlands, as part of peatland restoration, not only brings economic benefits but also contributes to continuous peat biomass (Subihan, 2013). One successful example of oil palm plantation development is in Barito Kuala District, South Kalimantan province. Barito Kuala Regency boasts the largest peat swamp forest in the province, dominated by Galam plants (*Melaleuca Cajuputi*). The area covers 72,464.2 hectares of oil palm plantations owned by private individuals and communities (Dishutbun Barito Kuala, 2014).



In Barito Kuala Regency, the community of Sidomulyo village, Wanaraya District, has been successful in independently managing oil palm plantations. According to Mr. Bambang, a resident of Sidomulyo village, the presence of oil palm has significantly improved the welfare of the villagers. In the past, economic demands led people to leave the village in search of work in the city (Banjarasin), often as construction workers. Today, residents no longer leave the village for work, as they can sustain themselves through oil palm plantation activities.

Putnam (1995) as cited by Pranadji (2006) asserts that nations with high social capital tend to be more efficient and effective in implementing various policies aimed at improving welfare and advancing the lives of their people. Social capital plays a crucial role in raising individual awareness of the numerous opportunities that can be harnessed for the benefit of society, particularly in terms of enhancing agricultural production.

Oil palm farmers in Sidomulyo village acknowledge the challenges of managing plantations on soft peatland soil. Successful management requires strong determination and solidarity among farmers. Social capital plays a crucial role in this success, fostering a harmonious relationship between farmers and plantation owners. Sara Endarwati (2014), in her research, elaborates on the concept of social capital, highlighting the collaboration among communities. This collaboration is connected to factors such as mutual trust, norms, and networks. Trust is exemplified by honest and orderly behavior, fostering cooperation grounded in mutually accepted norms. Collaboration within social groups is built on honesty, commitment, responsibility, and mutual relationships among oil palm farmers.

Social capital, defined as the trust and mutual agreement within a community or group, serves as an essential support for successful oil palm plantation management. The social capital formed through interactions among farmers within farmer groups is dynamic and subject to continual transformation (Harahap & Surna, 2018). Through social capital, independent oil palm farming communities can increase productivity and enhance the selling value of palm oil, leading to improved welfare and livelihoods.

In the realm of social science, social capital is recognized as a significant factor in the economic development of societies. Scholars like Putnam associate social capital with social organization elements, such as beliefs, norms, and networks, contributing to community efficiency by facilitating coordinated actions. Specifically, social capital aids collective action by increasing potential costs to political actors, strengthening reciprocity norms, facilitating information flow, incorporating information about actors' reputations, recognizing past successes in collaborative efforts, and serving as a blueprint for future cooperation.



Given the pivotal role of social capital in the success of oil palm plantation management, this study examines its influence on independent farmers in managing oil palm plantations in a wetland environment in Sidomulyo village, Wanaraya District, Barito Kuala Regency, South Kalimantan.

This research contributes to understanding the various capitals owned by smallholders in oil palm plantation exploitation and the use of social capital for their success in plantation management palm oil. Through this study, it is hoped that various social capitals will be found that play an important role in supporting the success of oil palm farmers who manage oil palm plantations on wetlands Which of course requires great energy in its management considering the structure of the land that requires extra attention and treatment in its management. This model can be a reference for communities who want to get similar success in the development of oil palm plantations and can be done also in other locations that have the same land structure.

2 LITERATURE REVIEW

Social capital has been a focal point for various social scientists, with James Coleman and Robert Putnam presenting differing conceptual frameworks from Pierre Bourdieu, reflecting the contexts in which their theories originated. Coleman and Putnam, rooted in North American social and political thought, emphasized social integration, while Bourdieu, a distinctly European-style sociologist, focused on social classes and forms of inequality (Field, 2014).

To comprehend Bourdieu's perspective on social capital, it's essential to acknowledge his primary concern with understanding social hierarchy influenced significantly by Marx (Field, 2014). According to him, economic capital is the foundation of other types of capital, and he explores how it combines with other forms to generate inequality (Bourdieu, 1986, p. 245). Social capital, in Bourdieu's view, operates independently of economic and cultural capital, separate from them (Field, 2014, p. 25).

Bourdieu (1986) identifies two components of social capital: resources associated with group membership and social networks. The volume of social capital is influenced by the size of network relationships that can be effectively mobilized. Group memberships and social networks support elevating the social position of actors across various domains. Voluntary associations, trade groups, and political parties are embodiments of modern social capital.



Differences in controlling social capital explain why actors with similar economic and cultural capital may yield different levels of profit and influential power (Bourdieu, 1986, p. 249).

Contrary to Bourdieu, Coleman contends that social capital extends beyond the privileged and provides real benefits for the poor and marginalized communities. For Coleman, social capital encompasses resources tied to family relationships and community social organization, contributing to the cognitive or social development of children and young individuals (Field, 2014, p. 251). Coleman emphasizes that social capital, viewed in relation to human capital, establishes obligations and expectations, builds an honest social environment, opens channels of information, and establishes norms guiding behavior.

While Bourdieu focuses on the use of social capital by those in superior positions, Coleman's perspective is more inclusive, recognizing the value of relationships for all actors, whether privileged or disadvantaged. Putnam, aligning closely with Coleman, develops the concept of social capital within the framework of integration sociology, emphasizing community values, solidarity, and consensus (Field, 2014, p. 31).

Putnam defines social capital as part of social organization, incorporating beliefs, norms, and networks to enhance society's efficiency by facilitating coordinated actions. Unlike Coleman, Putnam pays more attention to resources generated through loose ties, constructed organizations, and less to the role of church and family (Coleman, 1994, p. 300).

While Bourdieu, Coleman, and Putnam conceptualize social capital differently, each approach it from a distinct angle. Bourdieu views social capital as an asset for elite groups, especially those lacking financial or cultural capital. Coleman (1994) sees social capital as a resource for the relatively disadvantaged, emphasizing assets belonging to individuals and families. Putnam broadens the concept to function at the social level, highlighting the positive aspects of social capital. Linked to social capital is social network theory, defining a social network as a system of social relations between defined parts of a unit. This theory grapples with specifying and operationalizing social relations of interest at various levels of analysis, considering nation-states, interest groups, organizations, individuals, and families (Field, 2014, p. 39).

Coleman and Bourdieu hold differing views on the understanding of social capital. Bourdieu argues that individuals in superior positions maintain their status by leveraging connections with others in privileged positions. Voluntary associations, seen as a form of social capital, are perceived as belonging to powerful individuals who act on behalf of these associations for their self-interest, a capability lacking in weaker actors who merely become



followers. Coleman's perspective is more inclusive, emphasizing the value of relationships for all actors, both privileged and those in special positions facing disadvantages (Field, 2014, p. 44).

Putnam, closely aligned with Coleman, developed the concept of social capital within the framework of integration sociology. His focus is on examining the mechanisms that strengthen the integration of community values, solidarity, and togetherness, leading to consensus and stability in community development. Putnam's approach rejects opposition conflicts and/or interests, excluding conflict from processes of consensus and integration, interpreting social struggles as immoral expressions.

Putnam refers social capital to the part of Putnam defines social capital as part of social organization, encompassing beliefs, norms, and networks that improve society's efficiency by facilitating coordinated actions. Social capital, according to Putnam, contributes to collective action by increasing potential costs to political actors, encouraging the strengthening of reciprocity norms, facilitating the flow of information, incorporating information about actors' reputations, highlighting past successes of collaborative efforts, and acting as a blueprint for future cooperation (Field, 2014, p. 173). Compared to Coleman, Putnam pays more attention to resources raised through loose ties, constructed organizations such as credit associations, and community meetings, while giving less emphasis to the role of church and family. Putnam's theory of social capital shares notable similarities with Durkheim's views on solidarity, and his use of words such as 'productivity' and 'effectively' suggests that he perceives social capital as functional.

In summary, social capital is conceptualized differently by Bourdieu, Coleman, and Putnam. Bourdieu views it as an asset to be utilized by elite groups, especially those with limited financial or cultural capital. Coleman and Bourdieu both acknowledge that social capital can be a resource for those who are relatively disadvantaged, but they emphasize assets as belonging to individuals and families. Putnam broadens the concept, viewing social capital as a resource that functions at the social level and explaining his continued emphasis on the positive aspects of social capital. While Putnam and Coleman tend to underestimate the importance of power inequality in their exposure, Bourdieu is equally guilty of underestimating the importance of social capital to unlucky groups (Field, 2014, p. 66).

Social network theory is closely related to social capital. A social network is defined as a system of social relations between definitive parts of a unit (Barnes, 1954, p. 43). Schenk (1983) identifies a fundamental problem in network analysis: the specification and



operationalization of social relations of interest and the level at which these relationships can be realized, ranging from nation-states to individuals (Menkhoff, 1993).

Granovetter (1985) outlines the main principle of social network analysis, rooted in the idea that economic action is socially situational and grounded in social relations. Social networks are a series of relational relationships or interconnections between elements in a system. Clide asserts that social networks, as an analytical concept, are not only a series of relational relationships but also involve the interpretation of the social characteristics of relationships. This interpretation is crucial for understanding the social actions of individuals involved in these networks (Wijaya, 2010, p. 20).

To interpret the social actions of members involved in social networks, Burt (1982) employs a cultural approach to social networks to interpret the social actions of members. This approach assumes that individuals' involvement in a social network is influenced by beliefs, perceptions, and attitudes found in other individuals. Cultural analysis in social networks focuses on the reticulum, a portion of the entire social network that analyzes relational relationships directly related to a particular economic actor (ego). The total network, encompassing personal networks or cliques in social systems, is the subject of cultural analysis in social networks (Wijaya, 2010, p. 21).

Monge (1987) suggests the reticulum as a personal social network built on individual egocentric initiatives and interests. Personal networks, used continuously, form a steady, permanent, and continuous pattern called a clique. Monge describes personal network analysis or clique analysis as occurring through relational relationships between stars, liaisons, and members to fulfill their egos (Wijaya, 2010, p. 21).

3 METHODOLOGY

This research uses qualitative methods to gain a deep understanding of social networks and dynamics in the palm oil trade. With this method, phenomena are studied in their natural context, understood or interpreted in terms of the meaning attached to them by human researchers (Denzin, 2009, p. 2). The phenomena studied by this method are also directed at a detailed examination of problems that arise naturally in social life (Neuman, 2013, p. 189).

This study aims to thoroughly examine the social networks of palm oil traders, providing a comprehensive understanding of the structure of these networks and how the involved actors utilize them. The research was conducted in Sidomulyo village, Wanaraya



District, Barito Kuala Regency, South Kalimantan Province. The study subjects include traders engaged in the palm oil trade, ranging from collectors and Smallholders (SKP) owners to companies processing palm oil into crude palm oil (CPO) for various products.

Several activities were undertaken by the researchers to collect data. Firstly, direct observation was employed to witness the buying and selling transactions of palm oil traders, their interactions, physical characteristics, and other behaviors related to palm oil trading at the locations of these transactions. Secondly, in-depth interviews were conducted using an unstructured format with selected informants. Thirdly, diaries played a crucial role as an important source of data in this study.

Data analysis commenced with the transcripts of the interviews obtained from the field. The interview transcripts were annotated with thematic notes, event sequences, and conceptual explanations to facilitate analysis. The transcripts from various informants were then categorized based on themes aligned with the research objectives. The classified data was narrated to describe the phenomenon in accordance with the information obtained from the field, leading to various research findings. These findings were subsequently discussed in light of existing theories relevant to the research theme.

4 RESULT AND DISCUSSION

4.1 FORMS OF SOCIAL CAPITAL FOR INDEPENDENT PALM OIL FARMERS

The success of independent oil palm plantation farmers in Sidomulyo village can be attributed, in part, to their possession of social capital. Individuals with high social capital have a greater potential for easily solving complex problems. Through mutual trust, tolerance, and cooperation, they can establish strong networks within their community groups and with other community groups (Lisnawati, Eri, & Kausar, 2015). When we discuss social capital, as defined by Field (2014), we are essentially talking about relationships. Through the establishment and continuous maintenance of relationships with others, individuals can collaborate effectively to achieve goals that might be challenging or impossible to accomplish alone.

For independent oil palm farmers, social capital comprises the various relationships they maintain with different parties, which they leverage to build and enhance their plantation businesses. These farmers possess diverse forms of social capital that prove instrumental in developing their enterprises. This includes social networks with middlemen, membership in



farmer groups, and adherence to social values, particularly those applicable in international contexts. The subsequent sections will elaborate on the various types of social capital owned by these farmers.

4.1.1 Social Network of Farmers With Middlemen

Social networks represent a unique form of connectivity, where bonds link individuals in social relationships. These networks play a crucial role in perpetuating social dynamics. In the Barito Kuala district of South Kalimantan, individual oil palm farmers, known as fresh fruit bunch (FFB) oil palm farmers, are distinct from oil palm companies engaged in the development of nucleus and plasma plantations. Independent farmers opt to establish their own businesses, avoiding large companies and steering clear of plasma plantation schemes for various reasons. Their preference lies in managing their land independently, hoping to generate income from their own efforts.

The rapid development of oil palm in Sidomulyo Village has positioned local oil palm production as a global competitor. Farmers anticipate that the presence of companies around oil palm fields will drive up prices. Palm oil produced by independent farmers is then sold to palm oil processing companies. Farmers harvest oil palm in their respective plantations and sell the FFB to factories owned by oil palm processing companies. The FFB trade chain progresses through several stages, starting with oil palm farmers selling to middlemen and eventually to coconut processing companies that produce palm oil using Purchase Receipts (Surat Perintah Kerja, SPK) owned by vendors. The distribution channels for palm oil are thus organized into various vertical relationships between traders, forming a social network in the palm oil trade.

Oil palm farmers and traders (middlemen) share a close relationship. The collaborative relationship between oil palm farmers and intermediaries is not solely economically motivated; it also aims to foster other social connections. Intermediaries engage in a working relationship similar to that of oil palm farmers, purchasing the harvested palm oil from the farmers (Hasanah, 2020).

Farmers rely on traders as a marketplace for their produce, while traders need farmers to sustain their livelihoods. Various strategies employed by farmers to increase income contribute to building a strong network with traders, creating a significant impact on their income, even though profits may not always be substantial. This network is considered the most critical capital in ensuring the continuous sale of palm oil despite existing netolimitations. Farmers



actively strive to establish robust networks with traders, often based on emotional ties such as family relationships and village connections. By collaborating with traders and middlemen, farmers aim for a balance in palm oil prices and seek good cooperation to establish a network that supports the smooth process of buying and selling palm oil owned by the peasants.

4.1.2 Membership in Farmer Groups

In the process of agricultural development, farmers play a crucial role as the primary actors. As key participants in development, farmers, along with their farmer groups, possess significant potential for advancement toward productive and profitable farming businesses. Farmer groups are formed by farmers who come together formally due to shared habits related to environmental conditions (economic, social, and resources).

This unity is based on harmony, familiarity, mutual trust, and common interests, and often involves having a leader to guide them toward shared goals. The establishment of farmer groups is an internal initiative aimed at promoting agricultural development. Its function is to create a robust platform in rural areas, facilitating agricultural production, and fostering collaboration among farmers within the groups. This collaboration becomes essential in addressing various challenges, threats, disturbances, and obstacles faced by the farmers (Dewi, 2022). However, it is acknowledged that not all farmers are currently members of farmer groups, and even among those who are, the level of capability varies (Syamsudin, 1987).

According to Mardikanto (1993), farmer groups can serve as forums for communication and recipients of information from external sources. They also function as places for discussion, fostering interaction among members. Such interaction is an effective counseling method as it provides opportunities for mutual influence within the group. For instance, one group member may possess information about an innovation that can enhance the progress of fellow group members.

The development of farmer groups led by administrators faces challenges if there is insufficient participation, especially from key members such as farmer contacts who hold leadership positions. The activities of farmer group members, characterized by participation and cooperation, may not always yield the anticipated results. Successful cooperation within farmer groups, under the guidance of administrators, necessitates consensus on the desired direction or goal. Having a cooperative agreement regarding goals, along with a determination



to strive for their achievement, demonstrates active participation among members of the farmer group.

With the evolution of the era, the development of oil palm land in Sidomulyo is significantly bolstered by local government institutions. The Plantation Office also recognizes the sustainability efforts of independent oil palm farmers in Sidomulyo village. Farmer groups have been established, enabling the organized management and utilization of oil palm plants by these farmers. Farmer groups, as cooperative institutions, serve as forums and platforms for building relationships to address the agricultural needs of their members. Additionally, to fulfill their role as vehicles for cooperation among group members, administrators of these groups must strengthen, facilitate, and encourage mutually beneficial collaboration, both among members and with external parties (Agriculture, 2016).

Within farmer groups, members already share familiarity and trust, often residing in the same environment and village. This shared context makes collaboration among farmers more straightforward. The cooperation among these farmers is grounded in a common objective: to increase the yield of their oil palm crops and, consequently, boost their individual incomes. The participation of farmer group members takes various forms, including attendance at group meetings with Agricultural Extension Officers (PPL), procurement of production facilities, involvement in planting and maintenance, and participation in harvesting and post-harvest activities. Members contribute their minds, energy, time, money, and expertise to these activities in Sidomulyo Village, Wanaraya District, Barito Kuala Regency. Dominant forms of participation include expertise in planting and maintenance and time investment in harvesting and post-harvest activities within the farmer group. The participation of members in farmer group activities yields benefits such as the development and increase of crop production, meeting life's needs, enhancing welfare, and striving to elevate the overall capabilities of the farmer groups in Sidomulyo Village, Wanaraya District, Barito Kuala Regency, South Kalimantan Province.

4.1.3 Social Values Applied by the Transmigrant Community

The majority of residents in Sidomulyo are transplants from various regions in Java, including the Ciamis area in West Java, Bojonegoro and Lamongan in East Java, and some from Bali. The life perspective of Javanese transmigrants in Kalimantan, especially in Sidomulyo village, is an abstraction of their life experiences, shaped by their thoughts and



feelings about values, social organization, behavior, events, and other aspects of their experiences. This outlook on life is a mental framework that regulates those experiences and, in turn, develops an attitude towards life (Mulder, 1973, p. 35). In other words, it is a comprehensive insight into life consisting of a unified set of noble values. Noble values refer to the measure of goodness regarding fundamental and eternal aspects of human life.

From a sociological and psychological perspective, this outlook on life serves as a frame of reference for organizing personal life, managing relationships between individuals and society, and coordinating relationships between individuals and the environment. The Javanese perspective can be analyzed as a logic that shapes their society. To understand the Javanese view of life in Sidomulyo village, we'll start by discussing the personality of the Javanese people, the moral foundation of the Javanese community, and the Javanese way of thinking.

The moral foundation of Javanese society, as described by Niels Mulder (1973, pp. 43-44) lies in peace and harmony (*rust en orde*). This moral foundation hinges on harmonious relationships between people within their societies, achieved when each individual integrates their rights and obligations. In Sidomulyo, the Javanese people tend to cultivate an attitude of friendship and harmony. The moral duty of an individual in Javanese society is to maintain societal harmony by fulfilling social obligations, which involve social relations between individuals.

The Javanese way of thinking is inseparable from their daily lives, which are deeply ceremonial. Every aspect of life is inaugurated with a ceremony, emphasizing formality, legality, and reality, whether the content already exists or not. The social values of Javanese migrants in Sidomulyo village, South Kalimantan, are deeply rooted in the cultivation of spiritual values in every action. In the Javanese mindset, everything in life is subject to God's will. Essentially, Javanese people have a special understanding of beliefs that underpin trusting relationships. To achieve life goals, effort, including hard work and supplication to God, is required. Prayer, as a fundamental act of asking, is an attempt to draw closer to the Creator, and 'laku' a form of prayer application in Javanese culture, emphasizes the process of approaching God. In conclusion, the understanding of Javanese migrants prioritizing harmony in life encourages individuals to strive for goodness in all forms. Every individual is expected to be aware of maintaining positive relations with others, fostering the desired harmony in their community.



4.2 UTILIZATION OF SOCIAL CAPITAL FOR INDEPENDENT PALM OIL PLANTATION BUSINESS DEVELOPMENT

4.2.1 Social Networks: Capital Access and Markets

Palm oil trading involves several distribution channels, moving from farmers to middlemen, then from middlemen to vendors or companies that own SPK (Work Agreement), and ultimately to CPO (Crude Palm Oil) processing companies. These distribution channels form vertical relationships between traders, creating a structured palm oil trade network. To interpret the social actions of members engaged in these networks, Burt (1982) employs a cultural approach to social networks. This approach assumes that individuals' involvement in a social network extends beyond individual connections, encompassing various aspects such as beliefs, perceptions, and attitudes carried out by individuals connected to others. Cultural analysis in social networks zooms in on a segment known as the reticulum, focusing on relational relationships within the entire social network, particularly those directly related to specific economic actors (ego).

Oil palm farmers and traders, often referred to as collectors, share a close relationship. Farmers depend on collectors as a marketplace for their produce, while collectors rely on farmers for their livelihood. Farmers employ various strategies to increase their income, establishing strong networks with collectors that exert a significant influence. This network becomes a crucial asset in sustaining palm oil sales despite existing limitations. Farmers actively work to build robust networks with collectors, emphasizing emotional ties rooted in family relationships and community connections. Farmers aspire to achieve a balance in palm oil prices and establish cooperative relationships with traders and collectors. This collaborative network aims to facilitate the seamless process of buying and selling palm oil owned by the farmers.

Oil palm farmers find themselves without profits when they haven't produced Fresh Fruit Bunches (FFB). Consequently, they need to fulfill their daily living needs and manage their palm oil plantations through external sources. To meet these requirements, they often borrow funds from middlemen. This is a consequence of their commitment to sell their oil palm products to these middlemen. The necessity to borrow from middlemen arises because farmers face difficulties accessing loans from banking institutions. This is primarily due to limitations in meeting the administrative requirements set by the banking institutions.



In addition to financial challenges, farmers also rely on middlemen due to their limited access to sell oil palm directly to palm oil companies and to vendors owning Work Agreement (SPK). Vendors with SPK typically transport palm oil to palm oil companies using oil palm transport trucks, a capacity that can only be managed by middlemen acting as collectors of oil palm from farmers. The farmers are unable to sell palm oil directly to palm oil companies; instead, they must go through middlemen who have SPK from their respective vendors. Consequently, farmers are compelled to sell oil palm through middlemen, resulting in an increased level of dependence on them.

Palm oil farmers highly value the ethics of middlemen, giving priority to selling their oil palm to those who have supported their economy during non-producing periods. However, they do have limitations in adhering strictly to these ‘ethics.’ Farmers will tolerate prices from middlemen when the offered price is not significantly different from the market price. With access to constant information and numerous middleman competitors, oil palm farmers are well-informed about market prices and will choose to sell to other middlemen if the offered price deviates too far from the market rate.

In other words, middlemen’s efforts to maintain relationships with farmers by providing loans do not guarantee unconditional compliance. The majority of oil palm farmers, who are Javanese, highly uphold the ethics of ‘*ewuh pakewuh*’ and value the sacrifices made by middlemen. However, they also evaluate the fairness of middlemen's efforts in managing their palm oil by offering a price that aligns with the market rate. If middlemen undervalue palm oil, deviating significantly from the market price, farmers may label them as ‘unethical middlemen.’ In such cases, farmers consider it justifiable to breach the ethics of ‘*ewuh pakewuh*’ and sell palm oil to other middlemen offering a reasonable price.

The understanding of the relationship between middlemen and oil palm farmers through the ethical concept ‘*ewuh pakewuh*’ is an exploration of cultural dynamics, akin to studies by Burt (1984) and Burt and Burzynska (2017) on the concept of ‘*guanxi*’ in the social networks of Chinese businessmen in both Western and Eastern contexts. The concept of ‘*ewuh pakewuh*’ in the context of middlemen and oil palm farmers is rooted in Javanese societal norms, reflecting the predominant ethnic background of residents in Sidomulyo village.



4.2.2 Farmer Groups: Strengths in Palm Oil Plantation Management

Farmers in Sidomulyo village are typically members of farmer groups. These groups are further consolidated into a larger entity called GAPOKTAN (Gabungan Grup Tani), which serves as a collective for several farmer groups in Sidomulyo village. Through GAPOKTAN, farmers express their aspirations and actively participate in environmental management and the upkeep of their plantations. GAPOKTAN in Sidomulyo village engages in various activities aimed at enhancing the welfare of its members. These activities include the procurement of fertilizers, the replacement of inferior oil palm seeds, and the maintenance of plantation infrastructure within their area.

4.2.3 Procurement of Fertilizers

The procurement of fertilizers for agriculture, including plantations, in Sidomulyo village and other villages in Barito Kuala Regency is overseen by GAPOKTAN. GAPOKTAN strategizes the quantity of fertilizer required and submits the request to the fertilizer distributor. Through GAPOKTAN, fertilizers are then distributed to farmers.

4.2.4 Replacement of Unproductive oil Palm Seedlings

The management of oil palm plantations by farmers faces obstacles due to their limited knowledge in plantation management and challenges in acquiring quality seeds. Despite being actively involved in planting oil palm, their restricted capital forces them to opt for cheaper oil palm seeds, resulting in lower quality palm oil during the harvest period (4 years) than anticipated. Recognizing the issue, farmers express their concerns to the farmer groups, highlighting financial losses due to the use of subpar seeds. Responding to these complaints, GAPOKTAN takes action and forwards the concerns to the Forestry and Plantation Service of Barito Kuala district. With the assistance of the government through GAPOKTAN, unproductive oil palm trees are replaced with high-quality ones, addressing the farmers' challenges and enhancing the overall productivity of the plantations.



4.2.5 Overseas Social Norms

Social norms constitute a vital aspect of social capital, playing a crucial role in attributing meaning to the development of collective action. As asserted by Putnam (1993a), when coupled with social networks and beliefs, social norms serve as catalysts, motivating participants to collaborate more effectively towards shared objectives, and according to van Rijn et al. (2012), social capital has three dimensions: cognitive social capital, and two forms of structural social capital (bonding and bridging), guided by the social values embraced by the residents of Sidomulyo, the community collaborates to undertake various collective activities, particularly focusing on maintenance of plantation infrastructure and prevention, also control of fires on oil palm plantations.

4.2.6 Plantation Infrastructure Maintenance

When each smallholder's oil palm plantation is well-maintained, and oil palm cultivation progresses smoothly, it contributes to the establishment of individual oil palm plantations for farmers. However, subsequent challenges arise in the management of oil palm, particularly related to environmental maintenance and the connectivity of roads linking one plantation to another. This issue can be effectively addressed through the collective effort and commitment of community members, particularly those affiliated with farmer groups. By organizing and overseeing the maintenance of connecting roads and the surrounding environment, farmer groups play a crucial role in resolving these challenges.

4.2.7 Fire disaster Prevention and Control

Oil palm plantations situated in swampy environments are not immune to the threat of land fires, especially during the dry season, similar to other swamp areas. To prevent fires, farmers take measures to maintain their gardens by leaving the grass untreated with repellents during the dry season. Applying repellent would cause the grass to dry, making it more susceptible to spreading in case of a fire. Farmers make a concerted effort to keep the land surrounding their plantations free from grass, aiming to minimize the risk of fires on their plantation land. Individual farmers implement fire prevention measures for their respective fields. Additionally, communal efforts are undertaken to prevent land fires in the areas around



their plantations. Farmers collaborate to maintain a fire-free environment because any fire in their vicinity poses a potential threat to their gardens.

To safeguard the plantation environment, farmers collectively create large trenches around oil palm plantations. These trenches not only help drain acidic water from the plantation soil but also serve as a barrier to prevent fires from reaching all plantation areas. Moreover, rivers and water channels are strategically dug and maintained to serve as barriers and water sources in the event of a fire. The residents of Sidomulyo village collaborate in road maintenance, river dredging, and the digging of trenches when needed. This collective effort reflects their commitment to protecting the environment of their land and ensuring the sustainability of their livelihoods.

5 CONCLUSION

Social capital plays a crucial role in the success of independent farmers managing oil palm plantations. Several conclusions have been drawn regarding social capital in the management of oil palm plantations by independent smallholders. Firstly, the forms of social capital owned by independent oil palm plantation farmers include: (1) social networks established by farmers with middlemen for selling oil palm to processing companies, (2) membership in farmer groups, (3) the work ethic possessed by farmers as transmigrants, and (4) the social norms embraced by transmigrant farmers.

Secondly, the utilization of social capital for their progress as farmers is carried out through: (1) maintaining relationships in social networks to secure palm oil prices and access capital, (2) utilizing farmer groups to access fertilizer subsidies and safeguard against the threat of land fires, and (3) applying social norms to foster mutual assistance in maintaining oil palm plantation infrastructure and addressing and preventing palm oil plantation fires.

Based on several research findings, researchers recommend the following: First, for the government, especially the plantation and agriculture office, to maximize the potential of oil palm plantations and restructure oil palm governance systems for the mutual benefit of all parties involved, particularly the farmers who serve as the driving force of the palm oil industry in Indonesia. Second, for future researchers, it is advisable to explore (1) models for empowering oil palm farmers, particularly in the social network of palm oil trade, which currently faces challenges in pricing, and enhancing palm oil governance. (2) Examine more efficient and non-exploitative palm oil governance systems.



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