

# **Palm Oil Farmers’ Survival Strategy Analysis in Facing Livelihood Change Case Study on Palm Oil Farmers in the Toman Village, Musi Banyuasin, South Sumatera**

Dwi Handayani<sup>1</sup>

<sup>1</sup> *Department of Social Welfare, Faculty of Social and Political Sciences, University of Indonesia*

*\*Corresponding author. Email: [dwihandayani284@gmail.com](mailto:dwihandayani284@gmail.com)*

**ABSTRACT**

Economic sustainability of palm oil farmers is in an uncertain state because their incomes are determined by the global market price. The fluctuations in the price of palm oil have put palm oil farmers in Toman Village in a difficult situation to fulfill their family needs. This situation causes them to carry out any work needed to survive the economic pressures. Any economic activity they undertake is a form of strategy for them to be able to survive amid the economic pressures they are facing. There are three survival strategies mentioned by academics; they are active strategy, passive strategy, and network strategy. Palm oil farmers employ these three strategies which are: active strategy by using family power resources; passive strategy by keeping the household budget tight; and networking strategy by utilizing social relations, such as relatives, neighbors, moneylenders, and village cooperatives (KUD). The author conducted qualitative research by interviewing experts, in-depth observation and doing literature study from different sources. The results of this study show that these strategies benefit the farmers, thus enabling them to survive and change their economic condition by becoming more active and resilient while working in many different sectors.

**Keywords:** *Palm Oil Farmers, Price Fluctuation, Survival Strategy*

**1. INTRODUCTION**

Indonesia has long been known as an agrarian country where agriculture is a superior sector that is able to sustain and lift the country’s economy. According to the Indonesia Central Bureau of Statistics (BPS), the contribution of the agriculture sector to total Gross Domestic Product decreased by 0.04 percent from 13.49 percent in 2015 to 13.45 percent in 2016. One of the fundamental problems that farmers face is the vulnerability of the majority of poor farmers owing to the fluctuations in agricultural commodity prices that tend to decline while the prices of production and other life needs tend to increase. Nowadays, global economic pressures are felt by the farmers in Indonesia, especially because agricultural products and plantation tend to be export-oriented, but the price depends on the international market. For example, the palm oil price is heavily affected by the uncertain price fluctuations.

Palm oil is one of the export-oriented agricultural commodities. This commodity is needed by the general

society to produce other products, such as cooking oil, and soap. According to the Food and Agricultural Organization, Indonesia is the largest palm oil producer in the Association of Southeast Asian Nations and globally as well as the largest exporting country. The largest palm oil provinces in Indonesia in 2013–2017 were Riau, North Sumatera, Central Kalimantan, South Sumatera, and West Kalimantan.

**Table 1.** The Largest Palm Oil Production in Indonesia (Source: BPS & Directorate General Plantation, 2017)

Province	Year Production (Ton)				
	2013	2014	2015	2016	2017
Riau	6646997	6003241	8059846	8506646	8721148
North Sumatera	4549202	4870202	5193135	5440594	5760147
Central Kalimantan	3127138	3158239	3572982	3827087	3924780
South Sumatera	2690620	2791816	2821938	3063197	3268548
West Kalimantan	1794466	1965515	2168136	2346241	2658702

South Sumatera is one of the provinces that has a large plantation area and potential source of income for national and local governments. According to Directorate General of Plantation, Ministry of Agricultural in 2017, the palm oil plantation area managed by three categories with the largest area managed by large private plantations was 55%, followed by community plantation (41%), and state plantations (4%). Therefore, palm oil can be categorized as an important sector and the backbone of the economy for communities and farmers in Indonesia. Musi Banyuasin is one of the largest producers of palm oil in South Sumatera. According to BPS (2017), there are five largest palm oil districts in South Sumatera, namely

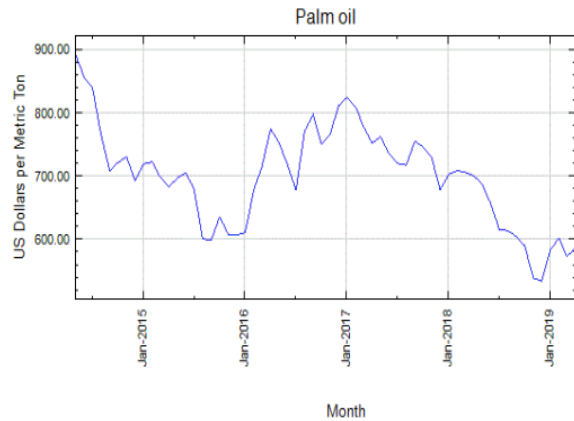
**Table 2.** The Largest Palm Oil Producer in South Sumatera’s Districts (Source: BPS, 2017).

Regency/City	Plant Area (Ha)				The amount of TBS (tons)
	TM	TBM	TTM	Amount	
Musi Banyuasin	81138	81734	1858	164730	547027
OKI	68680	21138	759	90015	231465
Banyuasin	41514	25199	-	66712	210955
Musi Rawas	50617	22469	1458	74544	173808
Muara Enim	35120	7475	1244	43839	144443

Description: TBM = crop yet produce; TM = crop generating; TTM = Crop not produce, Source: BPS (2017)

The data above show that most of the people’s occupation is palm oil farming and Musi Banyuasin is the largest palm oil production region as well as the largest palm oil area while Toman Village in Musi Banyuasin became one of the centers of palm oil production.

Currently, the price of palm oil depends on the global market situation whereby, if the market is unstable, there will be fluctuations in the revenue and the income of palm oil farmers. Thus, the palm oil farmers could not determine the price; they can only accept prices that are determined by the factory or palm oil landowners (*tauke*). It causes the economic livelihood of the palm oil farmers to fall into an erratic state. The fluctuations in palm oil prices threw the farmers into a difficult situation to meet the needs of their families. Early in 2015, the commodity prices decreased significantly, and thus led to ugly consequences affecting the economic and social life of the palm oil farmers.



**Figure 1** Price of Palm Oil in 2015-2019 (Source: Malaysia Palm Oil Futures , 2019)

According to Ardiyansyah et al (2006), the unstable production of palm oil in the country is one of the causes of price fluctuations. Price fluctuations are often much more detrimental to farmers than collectors (*tauke*) are. This occurs because farmers cannot set their selling time to attract higher prices. Price fluctuations also give landowners (*tauke*) the opportunity to demand higher profits by manipulating price information for the farmers. If the price rises then the landowners are reluctant to inform the farmers while if the price drops, the information will be directly delivered to the farmers and the farmers will be pressed to sell at the lowest price. Thus, it leads to frustrated palm oil farmers, and even a lot of farmers neglected their palm oil gardens or converted the land to the use of other more profitable commodities, or sold them and built housing on the land. Under this severe condition, the farmers still have to bear the constantly increasing cost of living. Moreover, they cannot fulfill the food necessity because there is no more soil from which to produce food as the result of the conversion of the land area for housing. Also noteworthy is the fact that, many palm oil trees aged 20–25 years are no longer productive and the quality decreases. Thus, at that stage, the palm oil trees are no longer beneficial to their owners.

To improve the quality of life and achieve social welfare, palm oil farmers’ living adaptation is required. Midgley (1995) stated that social welfare is a state or condition of human life that is created when various social problems can be managed properly, when human needs can be fulfilled, and when social opportunities can be maximized. The palm oil farmers must have a survival strategy that they used to be able to meet the needs of their family. The strategy is a way to achieve a specific goal.

To develop palm oil farmers, it is necessary to have a survival strategy that they can use to associate the economic strategy of the community and the impact of price fluctuations phenomenon. This survival strategy will not only serve as a survival effort but it also works

to increase the income of the farmers. One of the survival strategies of a community is implemented in Toman Village, Musi Banyuasin. The palm oil farmers in there face various limitations in the agricultural sector. These limitations put them in a very difficult situation, and they have often experienced economic crises where they end up losing their main income, namely the palm oil plantation. However, this limitation does not allow the farmers to become discouraged and withdraw from palm oil plantation. Farmers are able to survive by maximizing their savings, but this way cannot fully solve the problem. So, it takes a survival strategy whereby they can meet their daily needs and maintain a sustainable livelihood. A survival strategy implemented in Toman Village in Musi Banyuasin results in a variety of positive impacts. Palm oil farmers there were chosen because they are part of the majority of occupation in Babat Toman Regency, Musi Banyuasin. Based on the description and the results of research that has previously been done, the research question of the present study may be formulated as follows:

*“How do palm oil farmers’ survival strategy adjust as they face the livelihood change in Toman Village, Musi Banyuasin?”*

This research was conducted to analyze the survival strategy undertaken by the palm oil farmers in facing the livelihood change in Toman Village, Musi Banyuasin.

## **2. LITERATURE REVIEW**

### **2.1. Adaptation Strategy**

Bennet and Pandley (in Helmi, 2012) saw adaptation as human responsiveness to environmental changes allowing people to organize their behavior and actions to be able to adapt to the existing situations and conditions. The human behavior is adjusted to their needs after having previously passed through certain circumstances and then planning a strategy to deal with the next circumstances. The success of human beings in adjusting to the environment and living safely is determined by the ability of each individual. Thus, adaptation strategy can be defined as the attempts made by individuals or groups to defend themselves from the social conditions they face. The adaptation strategy can be interpreted as a way in which one can survive and adapt or make changes in all existing conditions where one must have their own strategy. On the basis of this concept, Moser (in Suharto, 2002) created the “Analysis Framework” where this framework encompassing various asset processings that can be used to make specific strategy adjustments/developments in maintaining their survival, such as working assets, human capital assets, productive assets, household /family relation assets, and social capital assets.

### **2.2. Survival Strategy**

Snel and Staring (in Resmi Setia, 2005) suggested that the survival strategy is a series of actions chosen by default by socially poor individuals and households. In other words, individuals can strive to increase alternative income to meet their life needs. While Suharto (2009, p. 29) defined a survival strategy as a person’s ability to implement a set of ways to overcome the various issues that surround their life. The ability to handle issues is essentially the ability of all family members to manage their own assets. To overcome the shock and economic pressures can be done with various strategies. Suharto classified the strategies into three categories, namely:

#### **2.2.1. Active Strategy**

Active strategy is a survival strategy that is applied by utilizing all human potential. According to Suharto (2009, p. 31), active strategy is a strategy adopted by poor families optimizing all potential of their family members (e.g., doing their own activities, extending working hours and doing anything to add more income). Active strategies are usually applied with the diversification of earnings or search for additional income by doing some side job.

According to Stamboel (2012, p. 209), the diversification of income made by a poor farmer is a business that can be done out of poverty. A diversification that can be done, among others, such as trading, workshop business, and other household industries. Meanwhile, according to Andrianti (in Kusnadi, 2000, p. 192), one of the strategies used by households to overcome economic difficulties is the encouraging of wives to participate in economic activities. Thus, it can be concluded that active strategy is a survival strategy that a person or family adopts by maximizing all the resources and potential that they have.

#### **2.2.2. Passive Strategy**

Suharto (2009, p. 31) state that passive strategy is a survival strategy that calls for reducing the family’s spending (e.g., expenses for clothing, food, education, and so on). One passive strategy usually performed by a poor farmer is to live a frugal life. Saving behavior is a culture that has been implemented by the village community, especially a poor farmer. Meanwhile, Kusnadi (2000, p. 8), observed that saving is one of the poorest ways to survive. Farming that is generally done by villagers make their income relatively small and erratic so that the poor farmers in rural areas give priority to the basic needs, such as food, over any other needs.

The saving behavior is adopted by poor farmers so that their income can be sufficient for their family’s

basic needs. In this study, the palm oil farmers in Toman Village adopt a frugal lifestyle by being cautious in spending their money. This life pattern of saving becomes a passive strategy to complement the active survival strategy that poor farmers apply. Thus, it can be concluded that passive strategy is a survival strategy that is applied in a frugal way in regulating the family's budget.

### 2.2.3. Network Strategy

Network Strategy is a strategy that is done by utilizing social networks. According to Suharto (2009, p. 31), network strategy is a survival strategy that is done by establishing relationships, both formal and with the social environment and the institutional environment (e.g., lending money to neighbors, borrowing from nearby shops, utilizing the poverty program run by the government, borrowing money from moneylenders or banks, and so on). Kusnadi (2000, p. 146) stated that the network strategy is used because of social interactions occurring in the community where social networks can help poor families who need money in advance. In general, network strategy is often used by rural communities that belong to the poor by asking for help from relatives or neighbors. The borrowing or debt behavior is a natural thing for the villagers because the culture of family and kinship bond is still very strong among the village community. Thus, it can be concluded that the network strategy is a survival strategy that is adopted by requesting assistance from relatives, neighbors, and other people, by utilizing relationships both formal and informal when the palm oil farmers in Toman District fall into difficulties.

According to Redclift (in Widiyanto, 2010, p. 2–3), people in a marginalized position, such as farmers and small business groups apply the survival strategy. In general, the survival strategy is defined as a deliberate economic action by households with a high motivation to satisfy the most basic human needs, at least at a minimum level according to the social and cultural norms of the community. The survival strategy is only used by those who are in the mid-middle economic bracket. Farmers in the rural areas are included in the middle-income bracket as they rely only on the output of agricultural processing. The farmers conducted various strategies to sustain their families. This survival strategy is implemented because the income of farmers is only enough for their daily needs.

## 2.3. Farmers

Farmers are those who have a profession of cultivating (growing fruits and vegetables) with the purpose of meeting the people needs. The farmer identifies with the people living in rural areas that cultivate agricultural business and work by a simple

processing system. Other work done may take the form of side jobs, such as carpentry, merchandising, craftwork, and so on. According to Redfield (1986), a farmer is defined as one who effectively controls a plot of land to which he himself has ties and the bonds of tradition and feelings. For the farmers, the land is not only material, which is only produced automatically but is also a symbol of honor and the glue of the social status. The view of life for farmers is that productivity is the principal thing; therefore, farming is considered better than trading.

### 2.3.1 Causes of Poverty on Palm Oil Farmers

At present, palm oil plantation has felt the impact of the global crisis. The direct impact on the palm oil farmers over the global economic crisis resulted in the declining demand of global palm oil, which has caused the palm oil industry in Indonesia to be reduced so as to offset the *supply* of declining demand of palm oil. The decline in the demand for palm oil resulted in palm oil prices falling as the purchasing power and demand tend to diminish. This means that companies do not want to buy the palm oil from farmers. To maintain *supply*, the company tends to prioritize palm oil from their own company plantation. This resulted in the price of the palm oil at the farmers' level experiencing a very significant decline. Therefore, the price of the palm oil is one of the important indicators that can affect the bidding of the farmers (Ardiyansyah *et al*, 2006). Various factors are influential in the setting of palm oil price, the price of CPO determined by the government. There are basically two major strengths that influence the formation of the price of palm oil commodities, namely market forces and government control (Chalil & Zen, 2009).

### 2.3.2 Farmer's Welfare

Agriculture has an important role in the economic development of a country (Balakrishnama, 2013). The higher the knowledge of farmers in the utilization of production facilities, the more income the farmers earn to fulfill their needs and affect positively the welfare level of farmers (Endah, 2016). The revenue gained from the utilization of the use of production means is called sub-system income. The knowledge of farmers in the utilization of existing production facilities is the most dominant factor in determining the farmer's income. Increased production will be oriented toward increased revenues and is another side of economic development (Bhagas, 2016). This increase is expected to form a prosperous society.

According to Hernanto (2004), the amount of income that will be gained from a farming activity depends on several factors that affect it, such as land area, production level, entrepreneur identity, cropping, and

efficiency of labor use. If farmers' income increases, then the welfare of farmers will also increase. For the welfare of farmers to be better, they need to earn a greater income. In conducting farming activities, farmers hope to increase their income so that the daily necessities of life can be met (Soekartawi, 2000). Another factor that can affect a farmer's income is education. Education is one of the things that makes people compete in the workforce because it is expected that the higher one's education is, the higher the person's productivity is (Buranda, 2015). Likewise, in agriculture with the use of technological application in agriculture. Specialized technology on the aspect of making superior seedlings, spacing, precise fertilization, and maintenance has been sought through various methods or ways.

#### **2.4. Earlier Studies**

This research involves previous research that has been done by other researchers. Previous research efforts were used to learn about the relationship between research that has been done with on the basis of the current research. The main problem being confronted by the palm oil farmers is that price fluctuations have resulted in the decrease in farmers' income per month, the decrease in farmers' investment capacity, the decrease in the purchasing power, and other sources of income (Lina Fatayati Syarifa, 2016). This condition is increasingly worsened by the increasing price of basic needs. As a result, the farmers must have strategies to adapt to the new condition (Awaluddin Iksan, 2018). The adaptation strategy makes them able to survive and solve their economic problems (Siregar, 2009). Therefore, adaptation strategy is very important in conducting the actualization of life activities and improving the quality of life (Kartini & Nurhalimin, 2012). Thus, by understanding the poverty experienced by the farmers should the government should be encouraged to think about how to alleviate the poverty rate and to create social welfare (Eddy et al., 2010). On the basis of previous research, the present study will show a picture of how the survival strategy of the palm oil farmers is applied to handle the problem of palm oil price fluctuation. This study focuses on the palm oil farmers strategy to be able to exit the economic pressures that threaten the sustainability of their life.

### **3. RESEARCH METHOD**

The author adopted a qualitative approach. Creswell (2012) explained that in qualitative research, researchers do not put the theory in a central position when designing the research and conducting data interpretation, but rather that qualitative research is used to understand certain social phenomenon. Additionally, a qualitative research is ideographic, which not only pays attention to the crucial aspect alone but all to aspects related to the research object. Therefore, using a

qualitative approach, researchers can analyze the subject matter more broadly and in depth. On the basis of the context of survival, this research aims to understand the social problems confronted by palm oil farmers.

Therefore, the informants selected should have sufficient information about the phenomenon to be researched so that researchers can understand the phenomenon that occurs in relation to the research object. This study employed the purposive sampling selection technique (Neuman, 2016). The data analysis techniques conducted in this research were qualitative data analysis techniques. The data that were collected from interviews and literature studies or documentation were analyzed and interpreted to determine the intention and the meaning linked to the research problem.

## **4. DISCUSSION**

### **4.1 Socio-Economic Conditions of the Palm Oil Farmers in Toman Village**

Nowadays, palm oil farmers often have to suffer losses because the selling price is not balanced with the cost of production. Consequently, farmers would be deprived of capital to start the next plantation. Palm oil farmers require additional income to meet these needs. These issues can be solved by making a fulfillment effort through economic activities. This is a fundamental perspective in the adaptation strategy of how people set their lives to face the possibilities in their daily lives. To preserve their survival, humans use survival strategies. A survival strategy is an attempt by an individual or group to defend their life through the activity or work they do. Economic problems are a very important issue for every human being because of their concerns with relation to the welfare and fulfillment of the needs of people's lives. Each individual or group performs various attempts as a form of adaptation strategy to sustain their survival.

### **4.2. Survival Strategy of Palm Oil Farmers in Facing Price Fluctuations**

#### **4.2.1 Active Strategies**

An active strategy is a strategy that optimizes all the potential of family members to increase income owing to greater demands on life. Various forms of strategy built by the family of the palm oil farmers included: conducting their own activities or conducting the division of work, looking for side jobs, and utilizing the potential resources to add more income. The role of the housewife is indeed important as the housewife worked in the domestic sector, set up the entire household income, then arranged the household affairs in such a way as to keep them balanced so that the needs of the family were met sustainably. In addition to the domestic role, the wife also played a role in the effort to increase

the husband's income, such as by collecting the seeds of palm oil fruits (*brondolan*), opening a small business, raising or selling livestock to be consumed, and so on. In this case, the wife could assume *multiple roles* in an adaptation strategy amid the uncertainty of the palm oil price.

On the one hand, the child's engagement strategy in the economic role would nurture the child's ability to identify economic opportunities. They would be better able to utilize the situation and conditions to access money. But on the other hand, this strategy would have an impact on fulfilling their needs according to children's rights, especially the right to obtain an education. Most of the time that they should be spending on their education, they used to work or assist the family. Usually, the activity of collecting *brondolan* was carried out by children when the harvesting period ended. The revenues from the sale of *brondolan* were used to help to buy food and snacks for the children.

A significant decrease in the price of palm oil in the last four years has driven some of the villagers to consider the more profitable commodity, such as *gambir*, a local plant that produces latex. Many palm oil farmers have started to cultivate the *gambir*. Planting *gambir* was obviously more useful because the demand for it in the market was relatively high since the cultivation of it had become one of the official occupation of Musi Banyuasin.

#### 4.2.2 *Passive Strategy or Emphasizing on Farmers Family's Subsistence Pattern*

The oppression of the household expenditure is a passive strategy, which is to reduce family spending (e.g., spending on expenses for clothing, food, social costs, transportation, health, education, and other daily necessities). On the basis of this, the results of this study show that the farmers often reduced expenses. Basic needs were in the first order in their survival strategy. In the situation of declining prices of palm oil, farmers, especially their wives, made the family's financial arrangements to determine what types of expenditure choices should be transacted. Emphasis on the consumption pattern of secondary and tertiary goods, such as household utensils, cabinets, chairs, clothes, refrigerators, and so on, had to be removed first.

The strategy committed to by the farmers included utilizing the house backyard as a small garden to be planted with various types of vegetable crops. In daily life, the housewife was actively planting different kinds of plants and the husband was only in charge of clearing the area of the shrub from bushlands, such as grass, roots, fibers, and wild plant species, using equipment, such as hoes, machetes, and other means. The cultivation of vegetables could help to reduce the cost of consumption, and they did not have to buy from stores or supermarkets.

The costs that should be incurred were (but were not) for example, rice, oil, onion, and coconut, since these commodities could be harvested from their own small garden.

Until now, the palm oil farmers by the adaptation strategy they have conducted, they have been able to overcome their problems in meeting their basic needs. The palm oil farmers in the Toman Village were able to survive from circumstances. The farmers implemented survival strategies by mobilizing their family members to work to help the economy, reduce expenses for unimportant items, and place emphasis on their consumption patterns.

#### 4.2.3 *Network Strategy*

Network Strategy was one of the efforts pursued by the family of oil palm farmers in Toman Village in overcoming the financial problem. The network meant was the social relation, both formally and informally, with its social and institutional environment. On the basis of the result of the study, palm oil farmers in Toman Village often asked for help from their social relations, especially from fellow palm oil farmers or neighbors. This condition suggests that they had a strong solidarity and mutual trust among themselves. It seems that neighbors were the hope for gaining help and as the first place to go when they were experiencing problems.

The decrease in prices has affected the level of income of the society of Toman Village. Palm oil farmers who felt the greatest financial shock first asked for help from their closest neighbors. In terms of borrowing money from relatives or neighbors in general, they relied on social capital through mutual trust between fellow relatives or neighbors. According Fukuyama (2002), belief or trusts was an important element in the handling of social capital, which was an adhesive of relationships within the community group.

In addition, borrowing money for urgent purposes was a strategy that everyone applied. This situation could happen to anyone, including palm oil farmers in Toman Village. Financial difficulties have threatened the farmers in fulfilling their basic needs. As an effort made to overcome these issues then, the initiative to find financial loans arose. Borrowing money was done especially when economic difficulties were increasingly dire. In addition to borrowing from neighbors or relatives, farmers also often got stuck with the moneylenders. The loan system that emphasized the interest-earning system was one of the options that could be chosen to meet the needs that were very urgent. Besides borrowing money, palm oil farmers also had an alternative to borrowing money from the Village Cooperative (KUD). Borrowing money from the KUD required a long procedure because the farmers had to fulfill the requirements determined by the KUD for its

clients who wished to borrow money. The loan from the KUD was usually used for basic needs and children's education. The excess money was usually used to set up small business stalls, such as food stalls. The circulation of the revenue proceeds from the stall was kept to pay monthly loans to the KUD.

### **4.3 Survival Strategy Amid the Issue of Palm Oil Rejuvenation**

Approximately 1.2 million ha of 3.6 million ha, the total of palm oil plantations in Indonesia, needed rejuvenation. The average age of this plant has been over 25 years. To achieve the target of increased production of 40 million tons of CPO by 2020, the government should pay attention to the rejuvenation of palm oil trees. Thus, the problem that occurred in oil palm plantations was that most of the plants had passed through their economical age and need large capital. The role and interconnectedness of the implementing institution in the credit scheme of palm oil plantation rejuvenation strongly determined the effectiveness of credit repayment by farmers. The problem of palm oil plantation rejuvenation needed to be discussed and its various issues explored. Aspects that needed to be discussed included the choice of technology, financing scheme, and the form of partnership and sustainability of industry development ahead.

As long as rejuvenation was done, the need for it would recur within a period of five years; that was the risk of losing large amounts of income borne by the farmers, so it needed to be anticipated. Some of the reasons were: 1) The high per capita income received by farmers has changed the pattern of household consumption, and 2) Most of the gardens were likely to have been bequeathed to the next generation. Thus, the expected partnership pattern became one of the anticipated risks that might be confronted through the diversification of palm oil plantation pattern with crops or livestock.

The combination of plantation integration system with livestock was characterized by interdependence between crop and livestock activities (resource-driven) with the aim of the optimal recycling of local nutrition resources available (Low External Input Agriculture System). The advantages of plantation and livestock integration systems were: 1) diversification of the use of resources, 2) reduction of business risk, 3) efficiency of the use of manpower, 4) efficiency of use of production inputs, 5) reduction of the dependence of chemical energy, 6) environmental friendliness, 7) increased production, and 8) sustainable farmers' household income (Wildayana et al., 2011).

## **5. CONCLUSION**

As the majority of Indonesian society reside in the countryside, the farmers are vital economic actors who also have to fulfill various family needs, such as clothing, food, education, clothing, household equipment, and so on. Various problems also arise in the lives of the farmers as a result of the global market system involving economic, social, and cultural issues. The farmers who rely on the palm oil plantation sector as their main means of livelihood in their lives often face economic problems, which result in the declining commodity prices of palm oil. The decrease is very significant, thus resulting in the farmers' income being drastically reduced in an ongoing fashion, especially in Toman Village, Musi Banyuasin. The worst impact is that they still have to support their families and take care of other expenses, such as education for their children, shelter, social expenses, and so forth, amid the uncertainty economic condition. On the basis of the results of the research, it can be concluded that the problems confronted by the palm oil farmers when the price of palm oil price declines drive them to find various ways or adopt strategies to meet the needs of their daily life. These strategies are first, active strategy: Some of the palm oil farmers optimizing their family's support by asking their wife and children to work; second, passive strategy: They keep their household budget strict and reduce unnecessary needs; last, network strategy: By borrowing money from neighbors to service the needs of social capital (*trust and reciprocity*), borrowing money from a nearby community, even from moneylenders and the KUD.

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