THE CONTRIBUTION OF PALM OIL FARMERS' INCOME TO FARMERS HOUSEHOLD NEEDS
(Study in Alue Ambang Teunom Village, Aceh Jaya District)

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Abstract

Alue Ambang Village is one of the villages in Teunom District, Aceh Jaya Regency, where the majority of the population is highly dependent on oil palm plantations. Unstable palm oil prices can affect farmers' income. This study aims to determine the contribution of oil palm income to the household needs of farmers. Of the 53 respondents who used the results of the study showed that income from oil palm can contribute to farmer households in Alue Ambang Village with a ratio of 1.1 where 62% of farmers can be fulfilled from their oil palm plantations while 38% of oil palm farmers whose income is not sufficient to meet their needs household.

Keywords: *Oil palm, Income contribution, Farmer's household needs*

1. INTRODUCTION

Income is one indicator of the level of social welfare, the better the income of the community, the greater the level of social welfare. For this reason, income is the key in advancing the welfare of an equitable and just society. When income increases, automatically the economy of a region will experience positive changes. According to Rahardja and Manurung (2018) that household income depends on the cost of living. Usually the greater the cost of living, the greater the income because the cost of living with several dependents will be the demand of the head of the household to increase income, as in other villages Alue Ambang Village is a village in Aceh Jaya District, where the majority of the population has oil palm plantations where the price of palm oil will directly impact the variations in the ups and downs of family income in Alue Ambang Village. The condition of the oil palm plantations which are expected to be able to increase the community's income financially has adjusted the economic conditions of the people in Alue Ambang Village so that the question becomes whether the income from the oil palm plantations cultivated by the community will meet the needs of the farmer's household. According to Wellys and Elidar (2019), the price of palm oil and land area greatly affect the income of oil palm farmers, because at a high price, income will increase. Conversely, with low prices, the income of oil palm farmers will decrease and also by having large areas of oil palm land, the income generated by oil palm farmers is high, but having a small area of land, income is also low. In other words, oil palm has a great impact on the community to meet household needs. The expansion of oil palm plantations has proven to be able to elevate regional oil palm plantations so that they become centers of local economic growth (Pradana, 2019). Now, the spread of oil palm which is able to create jobs makes oil palm plantations an important component to meet household needs and sustainable village development, based on the description stated above, the contribution of oil palm farmers' income to the household needs of farmers in Alue Ambang Village, Teunom District Aceh Jaya Regency (Horas & Purba, 2018).

LITERATURE REVIEW
Income

The income or income of a member of the community is the result of his sale of the factors of production he owns to the production sector. And the production sector "buys" these factors of production to be used as inputs to the production process at prices prevailing in the factors of production market (as

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is the case for goods in the goods market) determined by the tug-of-war between supply and demand (Boediono, 2012). Another opinion about revenue (Revenue) can be defined in general as the result of a company. Revenue is the lifeblood of a company. Given its importance it is very difficult to define income as an accounting element in itself. Basically revenue is an increase in profit. Like profit, revenue is the process of creating goods or services by a company during a certain period of time. Generally, income is expressed in units of money (Theodorus, 2012).

According to Suparmoko (2020), broadly speaking, income is classified into three groups, namely as follows:

1. Salary and Wages. Rewards that are obtained after the person has done work for other people that are given within one day, one week or one month.
2. Income from own business. Is the total value of production minus the costs paid and this business is owned by oneself or the family and the labor comes from family members themselves, the rental value of own capital and all these costs are usually not taken into account.
3. Income from other businesses. Income earned without devoting labor, and this is usually a side income, includes: Income from renting out assets owned such as houses, livestock and other goods, Interest from money, Donations from other parties, Income from pensions, and others.

Household needs

Household needs are expenditures made by the household sector to buy various kinds of necessities of life during a certain period called household consumption expenditure. Household sector expenditure is grouped into three categories, namely durable goods, consumable goods (non-durable) and services. Examples of durable goods are household furniture, vehicles, houses. Consumable goods (non-durable) are goods that we consume daily such as food, drinks, cigarettes, gasoline, while examples of services are expenses for education, health, lawyers (Pracoyo, 2005). Household needs are expenditures made by households to buy various needs within a certain period (BPS 2015). Household consumption expenditure is the largest single component of the whole, but there is something that determines the amount that households want to spend to buy goods and services as their consumption. Years with higher income levels are usually also years with average consumption levels

2. RESEARCH METHODS

Place and time of research

This research was conducted in Alue Ambang Village, Teunom District, Aceh Jaya Regency. The research location was determined purposively with the consideration that this village is an area where the majority of the population are oil palm farmers. The time needed for the research was 3 months (01 January-28 March 2023), this time included pre-observation and distribution of questionnaires to respondents.

Types of research

This research uses a qualitative type. Qualitative research is a scientific research method used to understand social phenomena by describing and analyzing qualitative data obtained from field studies, interviews, observations, and other sources. Qualitative research focuses more on an in-depth understanding of a phenomenon, through the collection and analysis of descriptive and non-numeric data. The qualitative research approach is more interpretive in nature, which means that the researcher is actively involved in the process of collecting and analyzing data, so that the subjectivity of the researcher can influence the research results.

Population and Sample

Population refers to all individuals, objects or elements that have the same characteristics or are relevant to a study or research (Sugiyono, 2019). In this context, population can refer to all of the oil palm farmers in Alue Ambang Village. However, due to time, resource and affordability limitations, it is often not possible to collect data from the entire population. Therefore, researchers often use a sample, which is

a group of individuals selected from a population to represent the entire population. Purposive sampling is a sample selection method in which researchers deliberately select individuals or objects that have certain characteristics or qualities that are relevant to research objectives (Arikunto, 2022). In the context of a study on oil palm smallholders in Alue Ambang Village, researchers can use a purposive sampling method to select samples that represent various aspects to be studied, such as income level, age, length of time in the palm oil industry, and so on. Based on the data I got from the village head, there are 53 family heads (KK) as oil palm farmers. Then all of these numbers are used as research subjects.

Table 1. Population and Sample

No	Hamlet name	Population	Sample
1	Sentosa	372	21
2	Mr Dibubon	411	18
3	Geulumpang payong	314	14
Amount		1,097	53

Sources and Data Collection Techniques

This study uses two sources of data, namely primary data and secondary data. Primary data was obtained through a questionnaire to obtain data regarding the income and expenditure of oil palm farmers. From the questionnaire data, information was obtained about the contribution of income from oil palm to household needs. While secondary data is only needed to collect the characteristics of respondents such as age, gender, number of dependents, work experience and so on.

Data analysis technique

Qualitative analysis is used to provide an overview and explanation of the costs and contribution of oil palm smallholders' income to household needs. The income of oil palm farmers is the difference between the receipt of all costs, where the income of farming is the multiplication of production selling prices, while costs are all expenses used in a farming business. The formula for finding income as quoted in the Pangaribuan book (2022) is as follows:

$$\frac{Pendapatan\ dari\ Kelapa\ Sawit}{Total\ Pengeluaran\ Rumah\ Tangga}\ x\ 100\%$$

The income contribution of oil palm farmers to household needs is classified as follows;

          $<$ = Not enough

          1 = Enough

          $>$ = More

3. RESULTS AND DISCUSSION

The results of research and discussion are to provide a deeper understanding of the topic under study, reveal significant findings, and provide new insights to the scientific community or interested parties. This study aims to determine the income of oil palm farmers against household needs.

Characteristics of Respondents/ Oil Palm Smallholders

Characteristics of Respondents/Oil Palm Farmers refers to the attributes or characteristics used to describe the population of oil palm smallholders who are the subjects of the study. By understanding the characteristics of respondents or smallholders, researchers can gain better insight into the demographic and socioeconomic profiles of smallholders, as well as the factors that may influence their decisions and behavior in the context of oil palm.

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Table 2. Distribution of Respondents

No	Characteristics	Group	Amount	Percentage (%)
1	Gender	Man	43	81
		Woman	10	19
2	Age	<25	4	7.55
		25-30	24	45.28
		31-40	17	32.08
		41-52	5	9.43
		> 52	3	5.66
3	Education	SD	8	15.09
		JUNIOR HIGH SCHOOL	14	26.42
		SENIOR HIGH SCHOOL	28	52.83
		S1	**3**	5.66
4	Family Liability	01 Feb	14	26.42
		03 Apr	36	67.92
		Jun 05	2	3.77
		>7	1	1.89
5	Work experience	< 1	2	3.77
		1-3	11	20.75
		4-8	25	47.17
		9-12	11	20.75
		> 12	4	7.55

Source: Processed Questionnaire Data, 2022

Table 1 shows the distribution of respondents. Based on gender, there were 10 female oil palm farmers and 43 male farmers. The age group of oil palm farmers with the highest frequency was the 25-30 age group or 45.28% of the total population. Followed by the age group 31 - 40 with a percentage of 32.86%. The age group with the lowest percentage was > 52 with a percentage of 5.66%. The productive age group of 20 - 30 years is generally considered as the age range in which individuals have the potential to be economically active and contribute to productive activities in society. Table 2 shows that 8 respondents or 15.09% of the total have elementary school level education (SD). 14 respondents or 26.42% of the total have junior high school level education (SMP). 28 respondents or 52.83% of the total had high school level education (SMA). 3 respondents or 5.66% of the total have Bachelor level education (S1). From this data, it can be concluded that the majority of respondents have a high school level education, followed by junior high school and elementary school level education. The number of respondents with an undergraduate level education is the least compared to other education groups.

Based on the number of dependents, the majority of respondents (67.92%) had 3-4 dependents, followed by respondents who had 1-2 dependents (26.42%). Only a small proportion of respondents had 5

- 6 dependents (3.77%) or more than 7 dependents (1.89%). The total percentage of all categories of dependents is 100%, indicating that data from all respondents have been included in the survey. Most of the respondents (47.17%) have work experience as oil palm workers for 4 - 8 years. The number of respondents with experience of less than 1 year (3.77%), between 1 to 3 years (20.75%), and between 9 to 12 years (20.75%) are relatively similar. While the number of respondents with work experience of more than 12 years (7.55%) is the least.

Table 3. Income of Oil Palm Farmers

No	Information	Amount
1	Average income	Rp. 12,141,905
2	Spending average	IDR 11,874,033
3	Income/expense ratio	1,1
4	Farmers in the adequate category	33 (62%)
5	Farmers in the insufficient category	20 (38%)

Table 3, shows the amount of income from palm oil. Of the 53 respondents, 33 or 62% of the oil palm farmers in Alue Ambang Village are able to meet their household needs through income derived from selling palm oil. However, as many as 20 or 38% of oil palm farmers in Alue Ambang Village cannot meet their household needs solely from palm oil income. This encourages them to look for workothers in an effort to meet their needs. Some farmers choose to trade, either by selling other agricultural products or daily necessities. There are also those who choose to work as seasonal laborers in the agricultural sector or various odd jobs in order to earn extra income. The average income per farmer is Rp. 12,141,905, while the average expenditure per farmer is Rp.11,874,033

Income Contribution to Household Needs

The income contribution of oil palm farmers in Alue Ambang Village, Teunom District, Aceh Jaya Regency to household needs can be very significant depending on the large area of land owned and crop productivity and the number of family dependents.In general, the income derived from the oil palm plantation business can be the main source of income for many farming families in Alue Ambang Village. The results of this study indicate that the palm oil industry has a major contribution in meeting the basic needs of the people in Alue Ambang Village, especially in terms of meeting basic needs. Through the oil palm farming business, the community can generate sufficient income to meet their daily needs, including buying rice as a staple food source. Therefore, oil palm in Alue Ambang Village does not only function as a driver of the local economy, but also as a provider of important basic needs for the community. This is in line with what was stated by Hidayati, Luthfi, and Husaini (2019) that oil palm has become a key factor in overcoming poverty in villages because the basic needs of households are fulfilled from oil palm income. The contribution of the oil palm plantation in Alue Ambang Village, Teunom District has helped increase the income of the residents. The results of research conducted by Bagio, et al (2020) said that the income of oil palm farmers in Subulussalam City is quite decent which is calculated from the average income per month. Furthermore, Susiana (2023) also stated that oil palm farming income is sufficient to be an important source of livelihood contribution for farmers. Based on the results of this study, it was also found that some oil palm farmers faced the problem of insufficient income from palm oil which was not sufficient to meet their household needs. Therefore, these oil palm farmers are forced to do side jobs in order to increase their income. Common side jobs include selling groceries, opening coffee shops, workshops, and various other odd jobs. In this way, oil palm smallholders try to overcome financial difficulties and ensure the economic stability of their families.

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4. CONCLUSION

Income from oil palm can contribute to farmer households in Alue Ambang Village with a ratio of 1.1 where 62% of farmers can be fulfilled from their oil palm plantations while 38% of oil palm farmers whose income is not sufficient to meet household needs.

Suggestion

Based on the results of the research, it can be suggested that the people of Alue Ambang Village are advised to add side jobs to support a better income and not solely depend on oil palm farming. The community also needs to pay attention to the impact of awai coconut which can pollute the environment.

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