

## STUDY OF SOCIOECONOMIC CONDITIONS OF FARMER HOUSEHOLDS AFTER WOOD PROCESSING INDUSTRY DEVELOPMENT IN TALANG KELAPA DISTRICT, BANYUASIN REGENCY

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### ABSTRACT

*One of the impacts of industrial activities is that it provides regional economic progress, especially contributing to the value of regional GDP. This research uses a survey method through observation and interviews as well as literature study and is presented descriptively analytically. The results of this research show that in terms of the perception of farmer households living around the timber industry location as measured by indicators of the company's presence in terms of infrastructure and environment, social relations and employment opportunities, it shows the medium category with a score of 32.74. One of the reasons for this is the increase in the number of migrant residents and the increase in the allocation of working hours to earn a living. Judging from the economic aspect, it is known that the average economic household of farmers living around the location of wood industry activities has an income of around IDR 2,180,540 per month, while the average living needs (DLN) in the area is IDR 3,000,914. - per month or minus Rp. 820,374,- per month. The contribution of income from working as a laborer in a wood factory to the total income of farmer households is 67.35%. This means that the influence of the presence of timber companies in the community is quite a positive contribution to the economy of the surrounding community. However, the company's existence also raises environmental issues, including the potential for disruption to physical-chemical and socio-cultural components as well as public health.*

**KEYWORDS** wood industry; DLN; farm household; welfare



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## INTRODUCTION

Banyuasin Regency is one of the regencies in South Sumatra that has experienced relatively rapid industrial growth compared to other regencies. Industrial activities are spread across various locations, and there is also an industrial area known as the Gasing Industrial Zone located in the Talang Kelapa District of Banyuasin Regency. Industrial activities, in general, contribute to the economic development of the region, including contributing to the Gross Regional Domestic Product (PDRB). Based on data from 2022, the PDRB based on current prices in Banyuasin Regency amounted to 28,687.76 billion Indonesian Rupiah, with the industrial sector being the second-largest contributor after the agricultural, forestry, and fisheries sector, contributing 25.97 percent or 4,693.63 billion Indonesian Rupiah.

The industrial sector continues to play a crucial role in building the region's economy. The presence of both large and small industries has an impact on the socio-economic conditions of the community. [Rahayuningsih \(2017\)](#) stated that the presence of the industry has positive effects on the local economy but also has negative effects on social conditions, such as crime, inequality, consumerism, and shifts in values. Meanwhile, [Nawawi \(2020\)](#) stated that the presence of industry does not have a significant impact on the cultural conditions of the community. On the other hand, there is a need for concrete evidence to determine whether the presence of industries is truly felt significantly by the people living in the vicinity.

PT Zenith Djaja's wood industry is one type of manufacturing industry located in the village of Pangkalan Benteng and has been in operation for quite some time, employing a considerable amount of local labor. Initially, when the company was established, there were not many people living in the vicinity of the company, but over time, many residents have settled around the company. The residents in the Pangkalan Benteng village generally work as rice and rubber plantation farmers. The presence of the company in the community undoubtedly has both positive and negative effects on the surrounding population. To obtain accurate and precise data regarding the actual conditions of the people living around the company, especially farming households, there is a need for research on the impact of the wood industry on the socio-economic conditions of farming households in the Pangkalan Benteng Village, Talang Kelapa District, Banyuasin Regency, South Sumatra Province.

Research related to the impact of industries on the socio-economic conditions of the community has been conducted extensively. However, studies on the socio-economic conditions of farming households following the development of the wood industry have been relatively scarce and understudied. The purpose of this research is to measure the community's perceptions of the impact of wood industry development, analyze the well-being of farming households, and assess the income contributions of those working in the wood industry in the Pangkalan Benteng Village, Talang Kelapa District, Banyuasin Regency.

## RESEARCH METHOD

The method used in this research is a survey method with a sampling technique represented by farming households living around the research site. The main objective of the survey is to draw conclusions about population characteristics based on the information found within the sample. The sampling method in this study will use purposive sampling, involving 30 farming households working in the wood industry.

The collected data consists of both primary and secondary data. Primary data collection will take place in July 2023 through interviews supplemented with questionnaires. Primary data includes the community's perceptions, workforce potential, cost of living (DLN), and family income, in accordance with the research objectives and the research approach model. Secondary data collection will commence from March to December 2023. Secondary data is gathered from various sources at the village level, including village monographs, leaflets from related institutions, and important documents that align with the research objectives.

## RESULT AND DISCUSSION

The Agricultural sector in the Talang Kelapa District doesn't significantly impact the local economy, and the same is true for other areas in Banyuasin Regency. Changes in the mindset of the community have led to a decline in the agricultural sector. Increasing living costs and education levels have caused many people to shift away from agricultural work. Moreover, the rapid population growth has resulted in higher economic needs, leading many farmers to change professions or have secondary sources of income to make ends meet. As is the case in other districts in Banyuasin, in addition to being used for residential and private plantation purposes, some land in the Talang Kelapa District is also utilized for industrial activities and other economic activities like trade and services.

Pangkalan Benteng Village is one of the villages in the Talang Kelapa District, covering an area of approximately 32.08 square kilometers with a population of around 5,064 residents. Initially, around the year 2015, most of the village's population worked as rice farmers (85%), but this has now decreased to 40% (village monograph data, 2022). Besides being used for residential purposes, the Pangkalan Benteng area is partially used for wood industry and rubber plantation activities, as well as oil palm plantation land. Since the inception of industrial activities around 2017 in this area, many residents have chosen to work in companies as laborers or employees. Initially, there weren't many people living around the wood factory, making it easy for residents to offer themselves as workers in the company. However, over time, the population has increased significantly, resulting in stiff competition for employment in these companies.

The presence of industries is no longer the primary source of new employment opportunities for the community due to the limited number of workers required and the need for specific skills. Besides job creation, the presence of these companies is also believed to have an impact on the quality of the surrounding environment, likely stemming from the operational activities of industrial machinery and equipment. This situation has led to a shift in the community's

perceptions, especially concerning the impact of the wood industry on the social, economic, cultural, and physical-chemical environment in the vicinity of wood industry operations in Pangkalan Benteng Village, Talang Kelapa District, Banyuasin Regency.

**a. Public Perception of the Existence of Wood Industry Business Activities**

Persepsi masyarakat terhadap keberadaan kegiatan Industri Kayu dinilai melalui 3 indikator yaitu dampak perusahaan terhadap kondisi infrastruktur dan lingkungan, hubungan sosial, peluang ekonomi dan lapangan pekerjaan. Tiga indikator tersebut masing-masing mencakup 4 pernyataan. Setiap pernyataan diberi skor 4 untuk kriteria sangat setuju skor 3 untuk kriteria setuju, skor 2 untuk kriteria tidak setuju dan skor 1 untuk kriteria sangat tidak setuju. Pengukuran setiap indikator persepsi skala likert. Hasil tanggapan responden terhadap persepsi infrastruktur dan lingkungan, hubungan sosial, peluang ekonomi dan lapangan pekerjaan dapat dilihat pada tabel berikut ini:

**Table 1.** Average Score of Farmer Households' Perception of the Existence of Timber Industry Business Activities

| Indicator                             | Respondent    |           |
|---------------------------------------|---------------|-----------|
|                                       | Average Score | Criterion |
| Infrastructure and environment        | 8,63          | Low       |
| Social Relations                      | 10,99         | Medium    |
| Economic Opportunities and Employment | 12,65         | Medium    |
| Average                               | 32,27         | Medium    |

Source: Data Primer Analysis, 2023

Based on the above, based on the questionnaire, it shows that the level of perception of farmer households towards the existence of the timber industry is on the criteria of agreeing with a score of 32.74. Regarding the indicator of the existence of the company has a positive effect on infrastructure and environmental conditions, most respondents expressed disagreement considering that currently according to public perception the presence of the company contributes to road damage and also has an impact on reducing environmental quality such as the presence of dust, smoke and potential wastewater and other environmental impacts. But on the other hand, the presence of the wood industry has contributed positively to employment opportunities and business opportunities. In addition, the company is also quite good social relations with the company, including often providing social assistance and conducting good communication with local government officials and residents of Pangkalan Benteng Village, Talang Kelapa District, Banyuasin Regency.

**b. The Impact of the Existence of the Wood Industry Business on Welfare**

The level of population welfare is obtained from the comparison of the value of the components of decent living needs of families using the standard of decent living needs (DLN) based on the Regulation of the Minister of Manpower and Transmigration with the level of total family opinion. The components of decent living standards for farmer households in Pangkalan Benteng Village consist of food and beverages, clothing, housing, education, health, transportation, recreation and savings. Where all the standard amounts of living needs of farmer households in Pangkalan Benteng Village are presented in Table 2.

**Table 2.** Decent Living Needs (DLN)

| No. | Component         | Average<br>(Rp/Month) | Average<br>(Rp/Month) |
|-----|-------------------|-----------------------|-----------------------|
| 1.  | Food and Beverage | 568.200               | 6.818.400             |
| 2.  | Clothing          | 149.750               | 1.797.000             |
| 3.  | Housing           | 355.250               | 4.263.000             |
| 4.  | Education         | 13.500                | 162.000               |
| 5.  | Health            | 81.000                | 972.000               |
| 6.  | Transportation    | 262.000               | 3.144.000             |
| 7.  | Savings           | 5.000                 | 60.000                |
|     | Total             | 1.434.700             | 17.216.400            |

Source: Data Primer Analysis, 2023

Based on Table 2. It can be seen that Decent Living Needs (DLN) has standard indicators, namely food and beverages, clothing, housing, education, health, transportation and savings. The component of decent living needs in Pangkalan Benteng Village is Rp1,434,700.00. Per month and Rp17.216.400,00. Per year. The highest expenditure component was food and beverages amounting to Rp568,200.00. Per month. While the lowest expenditure is savings of Rp5,000.00 per month. It can be known that the Decent Living Needs (DLN) that must be needed by the community vary according to what they consume. The DLN value is then multiplied by the calorie needs of family members. The number of calorie needs based on age according to Depnakertas (2005) can be seen in Table 2.

**Table 3.** Number of Calorie Needs Based on Age

| No. | Age Group (Years) | Value DLN |
|-----|-------------------|-----------|
| 1.  | < 13              | 0,25      |
| 2.  | 13-20             | 0,75      |
| 3.  | >20               | 1,00      |

Source : Data Primer, 2023

Based on Table 3. It can be known that the number of needs for age calories varies. From the data above, the value of decent living standards for the age of 20 is higher than for the age of <13 or 13-20. So it can be concluded that if the older the age, the needs needed to meet the components of decent living needs are increasing. After multiplying the number of families, the DLN value per family is

compared with the total household income value of the community. The standard family component of the community that has been calculated based on caloric needs is then compared with the total household income of the community. If the total household income of the community is equal to or more than the standard of decent living needs that must be met by the community family, then the community family can be categorized as prosperous. The explanation can be seen in Table 4.

**Table 4.** Average Household Income as Wood Mill and DLN Workers Per Month

| No. | Component                             | Rata-rata |
|-----|---------------------------------------|-----------|
| 1.  | Total Farmer Household Income (Rp/mo) | 2.180.540 |
| 2.  | Total Family DLN (Rp/mo)              | 3.000.914 |
|     | Difference                            | -820.374  |

Source: Primary Data 2023

Based on Table 4. The average total income of farmer households in Pangkalan Benteng Village in one month is Rp. 2,180,540 with an average monthly family DLN of Rp. 3,000,914 with an average family member of 1 to 2 people and a difference of Rp. -820,374 is obtained. The level of community welfare in Pangkalan Benteng Village is seen in Table 5.

**Table 5.** Results of the Welfare Level of Farmer Households as Wood Factory Workers

| No. | Criterion    | Total | percentage |
|-----|--------------|-------|------------|
| 1.  | Prosperous   | 11    | 36,66      |
| 2.  | Unprosperous | 19    | 63,34      |
|     | Total        | 30    | 100,00     |

Source: Data Primer 2023

Based on Table 5. It can be seen that the income of farmers who only meet the standard of decent living needs is only 11 families with a percentage of 36.66% and 19 other families with a percentage of 63.34% have not met the criteria of prosperity or can be said to be not feasible. Meanwhile, when calculated from the level of welfare based on total household income, both from working as laborers and income from agricultural cultivation businesses, it can be explained as follows::

**Table 6.** Average Total Household Income and Family Monthly DLN

| No. | Component                      | Average   |
|-----|--------------------------------|-----------|
| 1.  | Total Household Income (Rp/mo) | 3.237.333 |
| 2.  | Total Family DLN (Rp/mo)       | 3.000.914 |
|     | Difference                     | 236.419   |

Source: Data Primer 2023

Based on Table 6. The average total household income in Pangkalan Benteng Village in one month is Rp. 3,237,333 with an average family DLN per month of Rp. 3,000,914 with an average family member of 1 to 2 people and a difference of

Rp. 236,419 is obtained. The results of the welfare level of Pangkalan Benteng Village are seen in table 7.

**Table 7.** Results of the Welfare Level of Pangkalan Benteng Village

| No.    | Criterion    | Total | percentage |
|--------|--------------|-------|------------|
| 1.     | Prosperous   | 22    | 73,33      |
| 2.     | Unprosperous | 8     | 26,67      |
| Jumlah |              |       | 100,00     |

Source: Data Primer 2023

Based on Table 6. It can be seen that only 22 families meet the standard of decent living needs with a percentage of 73.33% and 8 other families with a percentage of 26.67% have not met the criteria of prosperity or can be said to be unfit.

**c. Contribution of Income from the Timber Industry to Household Income**

The total average income of farmer households from 30 rupiah respondents per month consists of farmer household income working in timber companies and farmer household income derived from farming activities (vegetables and fruits). The income of farmer households from participating in working as laborers in timber companies is approximately Rp2,180,540 per month, while the average farmer household income from vegetable and fruit crops per month is Rp1,056,793 per month. The contribution of farmer household income from working as wood mill workers on average is 67.35%. This means that the influence of the existence of timber companies in the middle of the community is enough to make a positive contribution to the economy of the surrounding community. However, the existence of the company also raises environmental issues among them, namely the potential for disruption to physical-chemical and socio-cultural components as well as public health.

## CONCLUSION

The results of this study show that in terms of the perception of people living around the wood industry location by measuring through indicators of the company's existence on infrastructure and the environment, social relations, and job opportunities and trying to be included in the medium category with a score of 32.74. So far, some people still consider that the company's existence does not interfere with the condition of road infrastructure, but the company has contributed to the decline in air quality around the activity site such as dust, noise, and other environmental impacts. Social relations are quite well established with the surrounding community and provide new jobs for the surrounding community. Meanwhile, from the economic aspect, it shows that the average community living around the location of wood industry activities has an income of around Rp2,180,540 per month, while minimum living needs in the area average Rp3,000,914 per month or minus Rp820,374 per month. This means that the existence of wood industry businesses and/or activities in the community has not



had a significant influence on the level of welfare of the surrounding community, but on the other hand is able to contribute to employment and business opportunities.

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