



ANALYSIS OF THE IMPACT OF PALM OIL PLANTATIONS ON THE SOCIAL AND ECONOMIC CONDITIONS OF THE COMMUNITY (CASE STUDY: PT. LANGKAT NUSANTARA KEPONG)

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ABSTRACT

This study was motivated by the importance of understanding the effects of the palm oil industry on the social and economic conditions of rural communities. The study aims to analyze the influence of social and economic impacts on community perceptions of the presence of PT Langkat Nusantara Kepong in Tanjung Keliling Plantation Village, Langkat Regency. The method used is a descriptive quantitative approach with a case study design and a survey of 100 randomly selected respondents. Interviews, observations, and questionnaires were used to collect data, and multiple linear regression and descriptive statistics were used to analyze it. The results indicate that public perceptions are influenced by both social and economic impacts, but not simultaneously. This research model cannot explain all public perceptions, indicating the presence of other factors beyond the variables studied. It is concluded that economic benefits alone are insufficient to foster positive public perceptions without adequate social support. Implications suggest that companies need to optimize their social role alongside economic activities, while further research is recommended to examine additional variables to achieve a more comprehensive understanding.

Keywords: Economic Impact, Social Impact, Oil Palm Plantations, PT Langkat Nusantara Kepong, Corporate Presence

INTRODUCTION

The palm oil industry is vital to Indonesia's economy because it contributes to rural development and generates foreign exchange through exports. In various regions, including Salapian Subdistrict, Langkat Regency, the presence of palm oil companies serves as both the primary source of livelihood for local communities and an agent of socioeconomic transformation. However, the impacts are ambivalent: on the one hand, they create job opportunities, increase incomes, and expand infrastructure; on the other hand, they have the potential to lead to economic inequality, land conflicts, and changes in social values and patterns of interaction (Apriyanti, 2020; Pratama, 2019).

The research problem stems from the complexity of these impacts, particularly regarding the presence of PT Langkat Nusantara Kepong (PT LNK) in Tanjung Keliling Village. Specifically, the research questions are formulated as follows: (1) what are the impacts of PT LNK's presence on the economic conditions of the surrounding community; (2) how do the company's operations affect social aspects, including changes in lifestyle and social interactions; and (3) have there been changes in the community's employment structure and income levels as a result of oil palm plantation activities? This formulation underscores the need for an analysis that focuses not only on economic aspects but also on the accompanying social dynamics.

The purpose of this study is to examine the economic impact of companies on the community, particularly in terms of income, employment opportunities, and changes in livelihoods. In addition, this study also aims to identify the resulting social impacts, such as changes in social and cultural interactions and access to public facilities, as well as to evaluate the role of corporate social responsibility in improving the health of the surrounding community. This approach is expected to provide a holistic picture of the relationship between companies and the community in the context of regional development.

From a scientific perspective, this study is of significant relevance because it fills a gap in the literature, which often emphasizes economic impacts without thoroughly integrating social dimensions at the local level. By focusing on Tanjung Keliling Village as a case study area, this research contributes to enriching the literature on the interaction between the plantation industry and rural communities, particularly in the context of inclusive and sustainable development. The study's findings are expected not only to strengthen the theoretical foundation regarding the relationship between companies and local communities but also to provide practical recommendations for the government and industry stakeholders on how to maximize the benefits and minimize the negative impacts of oil palm plantation development.

RESEARCH METHODOLOGY

This study employs a quantitative approach with a descriptive design combined with case studies and survey methods. The research location is Tanjung Keliling Plantation Village, Salapian Subdistrict, Langkat Regency, which was selected because it has a direct connection to the activities of PT Langkat Nusantara Kepong (PT LNK) and exerts a significant influence on the social and economic conditions of the local community. The target groups of this study are plantation workers, the general public, and local business owners. The study population includes the entire population living around the plantation, with a sample of approximately 100 respondents selected using

simple random sampling to ensure representation of various socioeconomic groups.

A combination of primary and secondary data was used to collect information. Public perceptions of social and economic impacts were measured directly through the distribution of Likert-scale questionnaires. To provide more in-depth contextual information, field observations and structured interviews were also used to collect this data. Meanwhile, secondary data was collected from company documents, official statistical data, and relevant literature related to the research topic. This approach allowed the researchers to obtain a more comprehensive empirical picture of the conditions on the ground.

Data analysis was conducted using both quantitative and qualitative methods. Questionnaire data were analyzed using descriptive analysis based on a Likert scale to identify trends in respondents' perceptions, supplemented by multiple linear regression analysis to investigate the relationship between the presence of companies and their social and economic impacts. Meanwhile, interview data were analyzed thematically by grouping information into categories such as social change and community economic conditions. This combination of analytical techniques was intended to produce a systematic and comprehensive interpretation of the impact of oil palm plantations in the study area.

RESULTS AND DISCUSSION

1. Economic Impact as the Dominant Factor

The research findings indicate that economic impact is the most significant factor in shaping public perception of the presence of PT Langkat Nusantara Kepong. This is reflected in the positive and significant influence of economic variables on public assessments, with relatively high coefficients compared to other variables. Empirically, the majority of respondents experienced an increase in income, expanded employment opportunities, and growth in local economic activities such as trade and services. These findings indicate that the company's presence not only serves as a direct provider of jobs but also creates a multiplier effect in the village economy.

Theoretically, these findings are consistent with the view that the oil palm plantation sector can serve as a driving force for the rural economy through the creation of added value and income distribution (Syahza, 2011; Ramadhani, 2020). The dominance of economic influences also indicates that, in the context of agrarian societies, economic rationality tends to be more decisive than social considerations. Thus, these findings reinforce the argument that the sustainability of the plantation industry at the local level depends heavily on the extent to which its economic benefits are tangibly felt by the community.

2. Insignificant Social Impact

Unlike the economic aspects, the social impact in this study did not have a significant effect on public perception. Although there were indications of changes in patterns of social interaction, lifestyle, and social structure, these changes were not a major factor in assessing the company's presence. In fact, the generally negative direction of the relationship (though not statistically significant) suggests the potential for social tension or adjustments that have not yet been fully accepted by the community.

An interpretation of these findings suggests that social changes are often gradual and not immediately perceived as benefits, unlike economic impacts, which are more concrete. Furthermore, communities tend to tolerate social changes as long as their economic needs are met. These findings are consistent with previous studies stating that the social impacts of the plantation industry are heterogeneous and are not always perceived uniformly by the community (Syamsuddin et al., 2020). From an academic perspective, these results confirm that the social dimension of economic development does not always have a linear influence on perceptions of well-being.

3. Integration of Social and Economic Impacts in Public Perception

Simultaneously, the combination of social and economic impacts was found to have a significant effect on public perception, although its overall contribution remains limited. The research model was only able to explain approximately 32.4% of the variation in public perception. This suggests that, beyond the variables under study, there are other factors that may influence local land conflicts, government policies, or environmental aspects.

The key implication of this finding is that the presence of plantation companies cannot be understood through a single dimension alone. Although the economy is the dominant factor, social aspects still play a role as supporting variables that can strengthen or weaken public acceptance in the long term. Therefore, the academic contribution of this study lies in affirming that plantation-based development in rural areas must be viewed as a multidimensional process, in which economic success needs to be balanced with more adaptive and inclusive management of social impacts.

CONCLUSION

This study shows that the presence of PT Langkat Nusantara Kepong has varying impacts on the social and economic aspects of the community. The main findings indicate that the economic impact has a significant and positive effect on community perceptions, particularly through increased income, employment opportunities, and local economic activity. Conversely, the social impact does not show a significant effect, although there have been changes in lifestyles and social interactions. Simultaneously, both variables continue to influence community perceptions, although their combined contribution is

limited, with a coefficient of determination of 32.4%. Thus, the study's objective of analyzing the social and economic impacts has been achieved, while also addressing the research question that economic aspects are the dominant factor in shaping the community's assessment of the company's presence.

The implications of these findings confirm that, in the context of plantation-based development, economic benefits are the primary driver of community acceptance, while social aspects need to be strengthened to create a more inclusive balance in development. However, this study has limitations regarding the number of variables used and its predominantly quantitative approach, which means it has not yet fully captured social dynamics in depth. Therefore, to gain a more comprehensive understanding of the impact of corporate presence on local residents, future studies should include additional variables such as environmental factors or agrarian conflicts and employ qualitative approaches.

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