UNIVERSITI PUTRA MALAYSIA

SOCIAL CAPITAL AMONG OIL PALM INDEPENDENT SMALLHOLDERS IN JOHOR, MALAYSIA

AINUL SHAZWIN SAHIDAN

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By

AINUL SHAZWIN SAHIDAN

Thesis Submitted to the School of Graduate Studies, Universiti Putra Malaysia, in Fulfilment of the Requirement for the Degree of Master of Science.

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Abstract of thesis presented to the Senate of Universiti Putra Malaysia in fulfilment of the requirement for the degree of Master of Science

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March 2018

Chairman : Abdul Razak Abdul Rahman, PhD
Faculty : Human Ecology

This study was undertaken to investigate the existing and contribution of the social capital element towards the fresh fruit bunch (FFB) production among independent smallholders (ISH) in Johor. Social capital is a broad term containing the social networks and norms that generate shared understandings, trust, and reciprocity, which underpin cooperation and collective action for mutual benefits, and creates the base for economic prosperity. Qualitative approached was used to understand the situation or phenomenon through interview and observation from different point of view. There were three types of informants including independent smallholders (ISH) who have high and low FFB production from the same study area, extension agents and the authorized person in the village. Convenient sampling was used according to preselected criteria that relevant to a particular research questionwith triangulation data collection method.

The finding showed that independent smallholders with good operation of social capital revealed a positive relationship towards FFB production among oil palm independent smallholders. It also facilitates as an information exchange platform, influence in decision making and problem solving and work effectiveness. As for the recommendation; (1) built up the awareness regarding the importance of social capital among independent smallholders (2) the responsible body could provide more agricultural programme that related to the smallholders in order to increase the oil palm productivity and (3) extension agent need to empower their competency and effectiveness in order to understand the unique characteristic that describes their clientele.

Abstrak tesis yang dikemukakan kepada Senat Universiti Putra Malaysia sebagai memenuhi keperluan untuk ijazah Master Sains

MODAL SOSIAL DIKALANGAN PEKEBUN KECIL PERSENDIRIAN DI JOHOR, MALAYSIA

Oleh

AINUL SHAZWIN SAHIDAN

Mac 2018

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Kajian ini dijalankan adalah untuk mengkaji kehadiran modal sosial dikalangan pekebun kecil dan sumbangannya terhadap produktiviti buah tandan segar (BTS) dikalangan pekebun kecil di Johor. Modal sosial merupakan satu istilah yang luas yang mengandungi jaringan sosial dan norma yang menghasilkan pemahaman bersama, kepercayaan dan timbal balik yang menyokong kerjasama dan tindakan kolektif untuk kebaikan bersama serta mewujudkan asas bagi kemakmuran ekonomi. Kaedah kualitatif telah digunakan untuk memahami situasi dan fenomena tertentu melalui temubual dan pemerhatian daripada pandangan yang berbeza. Terdapat tiga (3) kategori informan yang terdiri daripada pekebun kecil persendirian yang mempunyai hasil BTS yang tertinggi dan terendah dalam negeri yang sama, agen pengembangan dan orang-orang yang berkepentingan di dalam kampung atau JKK. Persampelan mudah telah digunakan berdasarkan kriteria-kriteria tertentu yang releven terhadap soalan kajian.

Hasil kajian menunjukkan pekebun kecil persendirian yang mempunyai tahap modal sosial yang tinggi memiliki perhubungan yang positif terhadap produktiviti BTS. Ia juga turut berperanan sebagai medium pertukaran maklumat, mempengaruhi dalam membuat keputusan dan menyelesaikan masalah serta hasil kerja yang efektif. Sebagai cadangan, (1) untuk membina kesedaran berkenaan kepentingan modal social dikalangan pekebun kecil, (2) badan yang bertanggungjawab hendaklah memperbanyakkan program-program pertanian yang berkaitan kepada pekecik kecil persendirian untuk meningkatkan hasil sawit (3) pegawai pengambangan hendaklah meningkatkan kecekapan untuk lebih memahami ciri-ciri tertentu yang menggambarkan pelanggan mereka.

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This thesis was submitted to the Senate of Universiti Putra Malaysia and has been accepted as fulfillment of the requirement for the degree of Master of Science. The members of the Supervisory Committee were as follows:

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This is to confirm that:

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LIST OF ABBREVIATIONS

MPOB	Malaysia Palm Oil Board
FFB	Fresh Fruit Bunch
ISH	Independent Smallholder
CPO	Crude Palm Oil
GAP	Good Agriculture Practice
IRED	Integration Research and Extension Division
NKEA	National Key Economic Areas

CHAPTER 1

INTRODUCTION

1.1 Background

Productivity is commonly defined as a ratio between the output volume and the volume of inputs. In other words, it measures how efficiently production inputs, such as labor and capital, are being used in an economy to produce a given level of output. Productivity isn't everything, but in the long run, it is almost everything. A country's ability to improve its standard of living over time depends almost entirely on its ability to raise its output per worker. In this paper, we want to determine and identify how and what is the social capital elements revolve towards the productivity of oil palm among independent smallholders in the study area.

Based on March and Sutton (1997), shows that productivity is not an easy issue for organizations at least for two reasons. 1) Measurement of productivity can be problematic and 2) what causes productivity is not always clear. From a managerial and economic perspective, productivity is mainly a function of three variables: technology, labor, and organization. Each variable can be a source of incremental and dramatic change in productivity. Apart from the relative contribution of each variable, the interplay and the mutual impact of each other fuel change in productivity both at the micro or macro level.

The important indicator in measuring the efficiency and effectiveness of oil palm plantation were based on the productivity of Fresh Fruit Bunches (FFB) and Crude Palm Oil (CPO) per hectare (Woittiez, 2017). The production of oil palm start to harvest commercially after six month planted. But the production is moderately low at this stage. The production of oil palm increase until it reaches at the peak production level (7 – 18 years). The production starts to slowly decrease after 18 years. The typical commercial lifecycle of an oil palm is approximately 25 years. Mature oil palms produce 18 to 30 metric tonnes of fresh fruit bunches (FFB) per hectare. The FFB production depends on a variety of factors, including age, seed quality, soil and climatic conditions, quality of plantation management and the timely harvesting and processing of FFB. The fruit harvesting must be processed within 24 hours to reduce the form of fatty acid.

Available literature and research convincingly show the positive impact of social capital on the social and economic activity. In a business organization, social capital is an important source of productivity. To get things done, workers and professionals need to mobilize others' support and advice, well beyond the hierarchical structure of the firm (Gabbay and Leenders, 1999). Although hierarchy is a powerful way of mobilizing others, there were two features make its sole use potentially ineffective.

First, no matter how powerful bosses are and hierarchical the organization might be, subordinates might affect the final outcome in different ways, by delaying the execution, partially oppose decisions, and by defensive or opportunistic behaviour (March and Simon 1958; Williamson 1975). Second, as the nature of jobs evolves over time making, team-work necessary, the sole reliance on a command and control structure does not guarantee success.

Meyerson (1994) finds that social capital influences income, but only strong ties create this effect. Other studies have found that social capital makes technical advice available during diffusion of innovations and transfer of knowledge (Harkola and Greve 1995). Podolny and Baron (1997) found that social capital measured as structural holes1 gives managers a more rapid promotion rate. Burt (1997) shows that social capital has positive effects on managers' careers if there are few people doing comparable work. None of these studies actually look at productivity, they look at how individuals reach goals by using social capital.

Work on human and social capital and how they influence productivity abounds, but these two streams of research have progressed mostly separated from each other with a few exceptions (Kogurt and Zander 1996; Lee et al. 2005; Pennings et al. 1998; Uzzi 1997), mainly for theoretical and conceptual reasons. Some researchers have looked at human resources practices related to social capital and performance, finding that human resources management can influence access to and use of social capital, which may enhance performance (Leana and Van Buren 1999; Reagans et al. 2004).

It can say that the implication of social capital can make the production more efficient. As in the case of traditional capital, it is more efficient to invest in producing an intermediate good that in turn becomes an input into the production of a final good, than to produce the final good directly. Transaction cost and the friction in productive activities can be reduced by implementing this relationship. The fundamental question of how much of an individual's limited resources should go to build social capital will always argue from the commitments of limited resources needed by this implementation From the previous mention about the relationship and the concept of social capital, without a doubt, it clearly shows that social capitals can contribute to the economic growth and productivity improvement. So, this paper will focus on the presence of social capital and it contribution to smallholders oil palm productivity.

The growth of the industry has been phenomenal and Malaysia is now the second largest producer and exporter of palm oil in the world, accounting for 25.70 million tonnes in 2013 from 24.59 million tonnes of total exports for oil palm products in the year 2012. However, the total export of oil palm products declined by 8.2% to 23.29 million tonnes in 2016 from 25.37 million tonnes reported in 2015 (MPOB, 2016). It was forecasted that in years to come, the demand will be higher with the increasing demand for world total oils and fats. Table 1 shows the forecasted projected

production of palm oil for the year 2000–2020 in million tonnes (Oil World, 2006) for the two major world palm oil contributor. Malaysia contributes about 10% of the global oils and fats utilizing only 4 million ha of land, which corresponds to 1.84% of the world's total 219 million ha of oilseeds (Casson, 2003) can produce a gigantic 11% of the global vegetable oils extensively when compared to its planting area size.

Table 1: Present and Forecasted Production of Palm Oil for the Year 2000-2020 to Million Tonne

Year	*Malaysia*	*Indonesia*	*World total*
Annual production			
2000	10,100 (49.3%)	6,700 (32.7%)	20,495
2001	10,700 (48.1%)	7,720 (34.7%)	22,253
2002	10,980 (48.4%)	7,815 (34.5%)	22,682
2003	11,050 (47.7%)	8,000 (34.6%)	23,149
2004	10,900 (45.6%)	8,700 (36.4%)	23,901
2005	11,700 (45.6%)	9,400 (36.6%)	25,666
Five-year averages			
1996–2000	9,022 (50.3%)	5,445 (30.4%)	17,932
2001–2005	11,066 (47.0%)	8,327 (35.4%)	23,530
2006–2010	12,700 (43.4%)	11,400 (39.0%)	29,210
2011–2015	14,100 (40.2%)	14,800 (42.2%)	35,064
2016–2020	15,400 (37.7%)	18,000 (44.1%)	40,800

(Source: Oil World, 2006)

Malaysia produces an average of 19.2 tonnes of oil palm Fresh Fruit Bunches (FFB) per hectare (MPOB, 2010). The total oil palm planted area of Malaysia increased by 4.5% to 4.69 million hectares in 2009 (Wahid, 2010). Malaysia currently accounts for 39% of world palm oil production and 44% of worldwide exports (MPOB, 2017). Smallholders account for 40% of plantation ownership, with many been allocated by the Government for settlement plots (Basiron, 2007 and Teoh, 2010).

The demand and challenges towards this sector need to be tackled down by the government in order to maintain Malaysia profit. The implementation of new technology, to improvise the current system in the oil palm sector, is necessary to sustain the growing global need for oils and fats. The shortage of labor in upstream processes for the palm oil industry also has become the main issue (Veloo, 2012). The industry is heavily reliant on foreign labor for harvesting, fruit collecting, and other general maintenance works. Indonesians dominate the workforce at 88.77% of the total foreign workers employed as field labor (Azman Ismail, 2012). These issues emerged when many Indonesian workers returned to Indonesia and subsequently acquired jobs in Indonesian plantations (Sepawi, 2012). Besides, we also need to take into consideration the impact of social capitals elements in order to help smallholders increasing their FFB production in line with the government target to gain the production to 22 tonnes/ha/year for independent smallholders in 2020.

1.2 Problem Statement

Palm oil is the world's most traded vegetable oil. Compared to other oil crop, palm oil production was double for three decades ago. Indonesia and Malaysia are the among largest producers of palm oil, followed by Colombia, Thailand, Nigeria, and Papua New Guene. Malaysia produces an average of 19.2 tonnes of oil palm Fresh Fruit Bunches (FFB) per hectare (MPOB, 2010). Generally, the production of oil palm at the productive age is from 22 – 24 tonnes per hectare per year as stated by the Malaysian Palm Oil Board (MPOB). There are reported where smallholders can reach up to 30 tonnes per hectare per year with the effective practices. 7-12 years is the optimum age of oil palm to produce an optimum production or fresh fruit bunch. It can reach up to the highest production up to 15 years old depending on their crop management practices and soil fertility status and slowly decline (Suleha, 2013).

Smallholders represent an important role in oil palm cultivation. Currently, the main types of arrangements for smallholders are independent smallholders and organized smallholders. Independent smallholders are growers who cultivate palm oil without direct assistance from government or any private companies. Ayat, (2008) stated that organized smallholders normally was managed by Federal Land Development Authority (FELDA), Federal Land Consolidation and Rehabilitation Authority (FELCRA) and Rubber Industry Smallholders and Development Authorithy (RISDA).

As unorganized smallholders or independent smallholders, they managed the farm by themselves. They worked independently as compared to an organized smallholder. They just had a farm guidelines from the recognize extension agent in that area. Only registered smallholders with Integration Research and Extension Division (IRED) will be assisted and monitored including their farm problems and oil palm productivity, (Ainul, 2017). Based on Ainul, (2017) who reported on independent smallholders farm record book, there is around 1,586 independent smallholders was closely monitored by the extension agent.

So, one of the issues of this study, is there any differences regarding independent smallholders social capital towards their oil palm productivity performance? As the natured practices of independent smallholders that working independently, there was a question about the presence of social capital in the study area among the independent smallholders in the community towards the oil palm productivity. Do they have a good relationship or networking in the community and how does this networking help them in terms of increasing their productivity?

It was assumed that working independently has actually influenced the way they are thinking and managing the farm. The natural attitude of independent smallholders would be vary among them in terms of their norm, trust and networking in the community that indirectly would give an impact towards their productivity. The shallow experience and skill comes from a limited relationship or connection with

the others as this is a better platform to gain a better knowledge and skills. As claimed by Azima, (2015) in her study about the smallholders and the issue of land holding towards the productivity, the gaps between the agent and the smallholders social constraints caused the practical and attitudinal problems among the smallholders that finally affected their productivity.

So, based on 2014 production analysis, the area that has the highest FFB production was in Simpang Renggam (23.91 tonnes/ha/year) and the lower was in Pontian (14.01 tonne/ha/year) respectively. Table 2 shows the average FFB productivity of independent smallholders in Johor, Malaysia from 2011 – 2016. Johor is the largest land area planted with oil palm in Peninsular Malaysia. It covered a total land area of 206,967.94 hectares with 69,606 oil palm independent smallholders (Table 2).

Table 2: Average FFB Production of Independent Smallholders in Malaysia from 2011 – 2016

State	***Sub/District***	***FFB Yield (tonne/ha/year)***					
		2011	**2012**	**2013**	**2014**	**2015**	**2016**
Johor	Batu Pahat	19.16	18.22	19.77	19.35	17.77	15.37
	Johor Baharu	33.41	20.05	18.60	19.99	14.18	15.79
	Simpang Renggam	28.70	22.26	22.97	23.91	23.54	20.01
	kota Tinggi	n.a	16.90	15.53	15.97	18.37	16.93
	Ledang	27.31	24.05	22.33	21.89	21.45	19.27
	Muar	24.77	19.94	17.13	17.17	16.99	14.92
	Pontian	20.97	14.25	13.52	14.01	12.47	23.01
	Segamat	23.69	18.04	20.70	18.33	18.21	15.70

(Source: Integration Research & Extension Division, MPOB 2013)

There are a lot of factors that can cause agricultural productivity to increase or decrease such as land ownership factors, lack clarity and suffered from overlapping tenure conditions which complicated smallholders application for new planting and the informal factors as well like a smallholders attitude, knowledge and fear of the taxes (Azima, 2015). Furthermore, Ramli (2012) stated that the oil palm production pattern influenced by the rainfall, matured areas and the fertilizer application. Alwarritzi et al., (2015) stated that factors such as farmers group, extension program, education level and farm diversification contributed to the smallholders efficiency in order to increase oil palm productivity.

So, it is important to note that productivity is not an absolute measure, but rather a reflection of the ratio between inputs and outputs. Most of the smallholders are introduced to Good Agriculture Practice (GAP) to gain better and higher productivity. Some factors, like weather, are out of the control of the farmer or smallholder. Unusual weather patterns, such as drought, a prolonged rainy season,

and other factors, can ruin crops and bring productivity down. Besides agriculture practices, land and weather factors, social capital also play an important thing where it will contribute to the better production and income as well. In the theoretical background of this paper, we try to integrate social capital with the oil palm production, which benefits society and increases the production.

Coleman (1990) defines social capital: *"...social organization constitutes social capital, facilitating the achievement of goals that could not be achieved in its absence or could be achieved only at a higher cost."* Some elements in social capital such as a social network, norm, trust and reciprocity play in important role to increase knowledge sharing and enhance the teamwork practices among society to create the base for improving economic success. Problems can be solved easily and good cooperation among individual in the society will offer a better way rather than do, he or she own work (Dasgupta, 2002). Considering social capital as a productive factor, Heller (1996); Ostrom (2000) and Rose (2000) point out that social capital contributes to economic growth by facilitating collaboration between individual interests towards the achievement of increased output.

Furthermore, previous studies stated, regarding their economic sector, social capital has been defined as an important factor in clarifying variances in income. Knack and Keefer (1997) and Zak and Knack (2001) said that countries with higher levels of measured trust are richer. It is however not clear how social capital improves economic outcomes and based on Ahuja (2000); Powell (1998); Powell et al. (1999) findings, most of the previous studies only look at the contributions of social capital towards their performance from a firm or industry level. There was a fewer study that related social capital to individual level productivity. However, Anil et al., (2006) said that values of the social capital can contribute to the high and efficient production.

Therefore, a need for an in-depth study on the social capital among the independent smallholders in order to support the contribution of social capital towards the FFB production is clearly given big impact on the group. Hence, this research attempts to seek answers to the following research questions;

1) Is there an existing social capital in this community?
2) What is the component of social capital in the study area?
3) Is there any differences of social capital between oil palm independent smallholders with high productivity and the low productivity?
4) What is the relationship of social capital towards independent smallholders FFB production?
5) Why social capital plays an important role in order to increase FFB productivity?

1.3 General Objective

The general objective of this study is to investigate and explore the existence of social capital and their contributions towards the oil palm production among independent smallholders in Johor.

1.4 Specific Objectives

There are three specific objectives of this study, which is,

1) To identify the presence of social capital that exist among oil palm independent smallholders in study area
2) To examine the components of social capital among the oil palm independent smallholders in the study area
3) To determine the contributions of social capital towards oil palm independent smallholders productivity

1.5 Operational Definitions

1.5.1 Independent Smallholders (ISH)

Smallholders represent a significant portion of oil palm cultivation worldwide. Globally, three million smallholder heads of families are involved in the oil palm sector (Teoh 2010). Smallholders can be divided into two groups which are independent smallholders (ISH) and organized smallholders (Idris Omar, 2009). The independent smallholders can be defined as an oil palm smallholder who owns oil palm holding in an aggregate amount less than 40.46 hectares. They always work independently without getting direct assistance from the government and private enterprise (Suleha, 2013). While for organized smallholder they are managed by the professional managers for high productivity and sustainable production.

1.5.2 Extension Agent

In order to improve oil palm independent smallholder production, extension agent plays an important role in educating and change farmers' skills, knowledge and attitude (Shah et. al., 2013). To ensure the success of extension program, the agents should recognize their roles as change agents (as a catalyst, solution giver, process helper, and resource linker) and have ability to acquire competencies to accomplish these roles. In this study, the extension agent was assigned to each state and district to closely monitor the oil palm smallholders. Different district will be monitored by the different extension agent.

1.5.3 Authorized Person

An authorized person can be defined as a person who is formally and properly empowered to perform specified duties associated with an office or an agreement or contract. It also means any person, whether or not a member, who is authorized by the organization. They were designated by the organization to furnish money, good, services or led the society and been a connection between the agency or external body in order to disseminate any information and they are responsible to their community.

1.5.4 Social Capital

Social capital can be defined as a connection among individual and how they are working as a team in the community. For the sake of simplicity, social capital is the links, shared values and understandings in community that enable individuals and groups to trust each other and so work together. It is a broad term containing the social networks and norms that generate shared understandings, trust, and reciprocity, which underpin cooperation and collective action for mutual benefits, and creates the base for economic prosperity. The concept of social capital has a long history in the social sciences. From the previous study, there are lots of researchers defining and introducing the concept of social capital. Putnam et al. (1993) stated that social capital refers to features of social organization, such as trust, norms, and networks that can improve the efficiency of society.' Furthermore, social capital is a type of positive group externality that arises from the social organization.

Fukuyama (1995) argues that only certain shared norms and values should be regarded as social capital. '…Social capital can be defined simply as the existence of a certain set of informal rules or norms shared among members of a group that permits cooperation among them. ….The norms that produce social capital must substantively include a meeting of obligations, and reciprocity.' Putnam (2000) introduces the idea of social capital in terms of relations or interdependence between individuals: '…social capital refers to connections among individuals—social networks and the norms of reciprocity and trustworthiness that arise from them.

1.5.5 Community Development

Community development is the process of social change that involve economic and social needs in community life to make something different in the future. It also involved a group of people that intends to change better community into something new and beneficial. The process also included not only participation in management resource, but also the seek of problems that they address.

1.5.6 Oil Palm Productivity

Fresh fruit bunches (FFB) are the end result of planting an oil palm. Oil palms generally begin to produce fruit 30 months after being planted in the fields with commercial harvest commencing six months later. However, the yield or production of an oil palm is relatively low at this stage. As the oil palm continues to mature, its productivity increases and it reaches peak production in years seven to 18. The productivity starts to gradually decrease after 18 years. The typical commercial lifespan of an oil palm is approximately 25 years. Fully mature oil palms produce 18 to 30 metric tonnes of fresh fruit bunches (FFB) per hectare. The productivity depends on a variety of factors, including age, seed quality, soil and climatic conditions, quality of plantation management and the timely harvesting and processing of FFB. The ripeness of FFB harvested is critical in maximising the quality and quantity of palm oil extracted. Harvested fruits must be processed within 24 hours to minimise the build-up of fatty acids.

1.5.7 Network

Social network is a relationship between individuals, organizations, groups or entire societies. The term is used to describe a social structure determined by such interactions. The links through which any given social unit associates represent the union of the various social contacts of that unit. The principle of the social network approach to understanding social interaction is that social phenomena should be primarily considered and examined through the properties of relations between and within units, instead of the properties of these units themselves. The strong ties among the units can be observed through their closeness with each other, the best community achievement and the serenity of the units in the community.

1.5.8 Trust

Trust can be attributed to the relationship between people. Social trust is a belief in the honesty, integrity and reliability of others. It's a simple enough concept to describe. But it's never been easy to figure out who trusts, or why. In this study, the trust will be observed towards the farm management issue and how the community represents their trust.

1.6 Significance of the study

This study focuses on social capital and oil palm production among independent smallholders in Johor which is from Pontian and Simpang Renggam with the intention to explore and determine the existence of social capital towards their FFB production. The results from this study can be implemented and apply for others independent smallholders in Malaysia or any related organization body especially Malaysia Palm Oil Board to enhance and develop their oil palm production performance. And through this study also, we can identify the types of social capital

exist among independent smallholders in the study area. The finding from this study hopefully can help Malaysia Palm oil Board to put into consideration about the social capital effect towards Malaysia oil palm production in line with government target to produce and enhance the productivity to 22 tonnes/ha/year for independent smallholders in 2020 next to others R&D activities

1.7 Conceptual Framework

There are lots of studies done previously with different perceptions and opinions on social capital Coleman (1990); Putnam et al. (1993); Heller (1996); Ostrom (2000) and Rose (2000) and Fukuyama (1995). For this study, the idea was based on Robert Putnam (1993) theory on social capital where he defined that the efficiency of society can be improved through social capital elements which included trust, norms, and networks. Furthermore, according to Coleman (1988) and Putnam (2001), social capital is a term meant to capture the social value of human interactions in society in the same way that human capital captures the value inherent to the cognitive contributions to society or physical capital capture the value inherent to machines or buildings in a society.

Social capital contributes to productivity through interactions between people. However, since social capital is part of a larger network, the resources of any person in the network influences their closest relations. Thus, the value of social capital may not depend on how many contacts an actor has, but on the structure of relations within the network and the contacts of their relations (Burt 1992a).

1) Trust is a sense that members of the community are conducting their relations in good faith and that no individual will act solely out of self-interest. Halpern (1999) found that areas with high levels of social trust were ruled by successful regional governments. A study by Putnam (2000) shows that there was positive relationship between participation and trust where the percentage of trustees increases slightly with the level of activity.

2) The network can be defined as a system of social linkages with other members of the community on whom one can rely (family, neighbors, members of same organizations. Social networks can thus be considered as a powerful mean to foster the diffusion of information and knowledge, lowing uncertainty and transaction costs. Access to information and influence through social networks also confers private benefits on individuals and in some cases can be used by individuals or groups to exclude others and reinforce dominance or privilege.

3) The norms is what people in a group believe to be typical and appropriate action in that group (Paluck and Ball 2010). Social norms are customary rules of behavior that coordinate our interactions with others. Once a particular way of doing things becomes established as a rule, it continues in force because we prefer to conform to the rule given the expectation that others are going to conform (Schelling, 1960; Lewis 1969).

Figure 1: Conceptual Framework

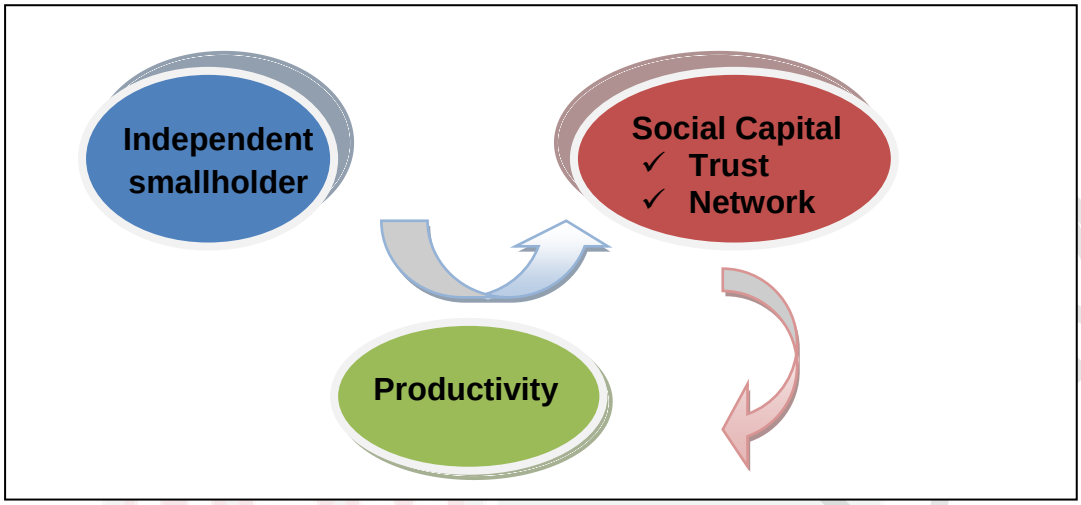

Figure 1 shows the focus of this study that revolves around how social capitals contribute and play a role in oil palm production among independent smallholders (ISH) in the study area. The use of above framework gives a better picture in understanding the subject. Social trust has been used in many studies as a means of approximating levels of social capital, where this element plays a significant role among ISH to get higher productivity. The network can be defined as a linkage or relationship among independent smallholders, extension agents, and association in oil palm industry. Thus, the combination of this element in social capital is assumed will gives an impact on oil palm productivity.

1.8 Limitation of this study

There were a few things that limited the effectiveness of the study such as informants' education background which the informants are unable to understanding and give an accurate answer. Generally, most of the informants were unfamiliar with the term of social capital. The age factor and less exposure through this term caused the difficulties among the informants to understanding and respond directly to the question where old informants with the age range between 50-70 years old are difficult to answer the questions compared to young informants. Alternatively, others sources such as extension agents at study area or top management of the society are needed to accomplish this study. However, throughout the interview session, some of the elements of social capital that suite with the objectives of this study finally managed to be identified and captured.

Besides, some of the informants are part timely managing their farm. So, it was hard to set an interview session with them. Informants who were less involved with the society or other associations in the society are not efficiently giving the required answer. Informant backgrounds and participation in the society as per stated play important things to ensure all the questions are answered as required and meet the

objectives. This study also limited to the independent smallholders who are willing to be interviewed hence the findings cannot be inferred to the similar studies because the saturation point was not reached. So, convenient sampling method with face to face interview approach was used to reach the required objectives. As a recommendation, additional informants can be considered to get depth information regarding the issues of study and the use of the quantitative approach to define the level of social capital in the study area can be proposed.

The scope of this study is to identify the existing of social capital in both study area. Based on theoretical of social capital, the elements of social capital including of social trust, network and norms. However, this study was focused on social trust and network by assuming the similarity of social norms is accepted due to there is no difference religion, culture and believed among the selected informants and the key informants.

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