

ABSTRACT

Independent smallholders play an important role in national economic development. However, the productivity of independent smallholders is low because the institutional performance of independent smallholders is not optimal. This study aims to optimize the performance of independent palm oil institutions with the theory of resources (resource based view) and social exchange (social exchange). This research uses a quantitative descriptive method and was carried out in Sambas Regency, with 92 farmer group administrators using a purposive sampling method with Structural Equation Modeling (SEM) on SMART-PLS. The results of this study are strategic orientation, organizational culture, and organizational commitment affect organizational performance. Therefore, to optimize the institutional performance of independent oil palm smallholders, namely by having good ethics in communication such as politeness and good language, the implementation of sanctions for violations must be firm to create cooperation, exchange of knowledge and gathering information related to oil palm cultivation to members who can improve success in dealing with obstacles in oil palm cultivation, as well as planning related to affirming members in paying attention to environmental sustainability, maintaining soil conditions and soil chemistry, and keeping water, ditches and rivers clean.