

The Moral Economy of Palm Sugar: Sustaining Livelihoods in Madurese MSMEs Beyond Profit Rationality

Anita Kristina^{1*}, Muhamad Abdul Jumali²

^{1*}University of Trunodjoyo Madura, Indonesia

²University of PGRI Adi Buana Surabaya, Indonesia

¹anita.kristina@trunodjoyo.ac.id, ²abduljumali@unipasby.ac.id

*Corresponding Author

Abstract

The study aimed to investigate the unique economic rationality of Madurese palm sugar Micro, Small, and Medium-sized Enterprises (MSMEs), despite marginal financial returns and the absence of formal cost accounting based on Polanyi's Substantive Economic Theory and Scott's Moral Economy. We were examined as MSME operators using a phenomenological method. The results showed that economic decisions were deeply embedded in social relations, driven by a sense of responsibility toward food security and cultural heritage rather than capital accumulation. Palm sugar was conceptualized as a life-sustaining asset, linking subsistence to social reproduction within household-based MSMEs. The disregard for formal cost calculations came from the utilization of internal reciprocal inputs and the "safety-first" principle, which were characteristic of moral economies. This study challenged profit-centric agricultural views, offering policy insights to support resilient traditional production by recognizing diverse economic rationales and the specific needs of agricultural processing MSMEs.

Keywords: Small and Medium-sized Enterprise, Palm Sugar Production, Livelihood Sustainability, Beyond Profit

Ekonomi Moral Gula Aren: Mempertahankan Mata Pencarian pada UMKM Madura di Luar Rasionalitas Keuntungan

Abstrak

Penelitian ini bertujuan untuk menyelidiki rasionalitas ekonomi yang unik dari Usaha Mikro, Kecil, dan Menengah (UMKM) gula aren Madura, meskipun terdapat keuntungan finansial yang kecil dan tidak adanya akuntansi biaya formal berdasarkan Teori Ekonomi Substantif Polanyi dan Ekonomi Moral Scott. Kami diperiksa sebagai pelaku UMKM dengan metode fenomenologi. Hasilnya menunjukkan bahwa keputusan ekonomi sangat melekat dalam hubungan sosial, didorong oleh rasa tanggung jawab terhadap ketahanan pangan dan warisan budaya dibandingkan akumulasi modal. Gula aren dikonseptualisasikan sebagai aset yang menopang kehidupan, menghubungkan subsistensi dengan reproduksi sosial dalam UMKM berbasis rumah tangga. Pengabaian perhitungan biaya formal berasal dari penggunaan masukan timbal balik internal dan prinsip "mengutamakan keselamatan", yang merupakan karakteristik ekonomi moral. Studi ini menantang pandangan pertanian yang berpusat pada keuntungan, dengan menawarkan wawasan kebijakan untuk mendukung produksi tradisional yang berketahanan dengan mengakui beragam alasan ekonomi dan kebutuhan spesifik UMKM pengolahan pertanian.

Kata kunci: Usaha Mikro, Kecil, dan Menengah, Produksi Gula Aren, Keberlanjutan Mata Pencarian, Melampaui Keuntungan

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INTRODUCTION

The pursuit of profit maximization is a cornerstone of neoclassical economic theory, asserting that individuals and firms rationally optimize financial gains (Snower & Wilson, 2025, 2025; Valentinov et al., 2025). This tenet largely shapes understanding of agricultural production, often portraying farmers as entrepreneurs relentlessly striving for the highest possible returns on investments. However, the dominant framework frequently fails to capture the intricate and diverse motivations driving agricultural practices in numerous developing world contexts, particularly within small and medium-sized enterprises (SMEs) in traditional farming communities (Forte Taylor et al., 2025; John et al., 2023; Mzimela & Moyo, 2025). This study critically examines an intriguing counter-narrative from the palm sugar-producing SMEs in Aeng Panas Village, Madura, Indonesia. Economic behavior extends beyond financial accumulation by prioritizing the sustained provision of livelihoods rather than conventional profit-oriented metrics.

The urgency of this study is reported by the pressing need for a more comprehensive understanding of rural economies that consistently defy mainstream economic modeling. Understanding the intrinsic resilience mechanisms of traditional communities becomes increasingly important as global food systems confront escalating pressures arising from climate change, market volatility, and resource scarcity (Chao, 2024; Iqbal et al., 2025). Many communities in Madura rely on deeply ingrained, long-standing practices that are fundamental to survival and cultural continuity. Ignoring alternative rationales risks the implementation of ill-informed policy interventions capable of dismantling the very foundations of remarkably resilient livelihoods.

The problem addressed is the perplexing persistence of palm sugar producers in Aeng Panas Village, who consistently engage in production without any discernible concern for profit calculation or even the recovery of production costs. This behavior directly contradicts the widely accepted premise of economic rationality, prompting fundamental questions about underlying motivations and the unique economic logic. Unlike commercial agricultural enterprises, these producers typically do not meticulously track inputs, labor hours, or prevailing market prices in a manner conducive to standard profitability analysis. The commitment to this mode of production, despite minimal or often unquantified economic returns, presents a powerful challenge to conventional wisdom surrounding agricultural entrepreneurship.

Previous scholarship on rural economies has acknowledged the limitations of universally applying Western economic paradigms. Nunes (2025) explained, "The Moral Economy of Violence: An Analytical and Conceptual Discussion," famously introduced the "moral economy" concept, arguing that peasant societies were primarily governed by a "safety-first" principle. The overriding concern is ensuring basic subsistence and mitigating risks, even when the concept necessitates foregoing potential profits. This resonates with the observations of Zhang et al. (2025), who explained "Co-constructing cooperative value ecosystems: A critical realist perspective," which showed how communities adhere to an implicit social contract rooted in economic justice, often valuing communal fairness and stability over pure market efficiency. Furthermore, Karl Polanyi was discussed by Luz in

“Socialism, Fascism and Neoliberalism: Karl Polanyi’s Institutionalism and the Democratic Question in the XXI Century,” where economic activities are deeply embedded within social, cultural, and political institutions rather than operating as isolated market phenomena governed by supply and demand. This perspective directly challenges the formalist economic view, which assumes the universal applicability of market principles regardless of cultural context. Even though foundational theories provide invaluable conceptual tools, a significant portion of existing study on smallholder farmers predominantly focuses on the integration into global value chains, the adoption of modern agricultural technologies, the struggles with market access, or the coping mechanisms against market fluctuations and climate change impacts (Aggarwal et al., 2024; Chai et al., 2025; Ma et al., 2024; Pandiselvam et al., 2025). These studies implicitly or explicitly depend on the assumption of profit-seeking behavior, or an aspiration to optimize economic outcomes within a market-driven system. The perspectives are rooted in Neoclassical Economic Theory, which views individuals as rational agents (*homo economicus*) whose primary objective is utility and profit maximization. However, this neoclassical lens proves limited in explaining traditional rural economies since the concept often dismisses non-market behaviors and social obligations as “irrational” or “inefficient.” In evaluating these non-market behaviors, empirical approaches must integrate specific local contexts to properly grasp how traditional producers operate within their socio-cultural ecological system (Pietsch, 2025). The economic actions of traditional producers are not isolated from the social context. This precisely shows the substantial gap to be filled in the study. There is a noticeable limitation of empirical studies that specifically show the lived experiences and non-economic rationales of communities engaging in long-term, sustained palm sugar production without a clear profit motive, particularly when production is profoundly connected with cultural practices and fundamental subsistence needs, as distinctly observed within the unique socio-cultural fabric of Madura.

The distinctiveness of this study is in the deliberate divergence from prevailing analysis trajectories. A case is explored where the conventional market appears distinctly secondary instead of examining the adaptation of SME producers to market forces for profit. The core focus is on the intrinsic drivers of palm sugar production that prioritize livelihood resilience and socio-cultural continuity over financial accumulation. This study deeply uncovers the underlying values, perceptions, and cultural embeddedness that meticulously shape decision-making among palm sugar producers by adopting a rigorous phenomenological method. In this context, Polanyi’s Substantive Economic Theory by Tjarks (2025) and Scott’s Moral Economy by Perchard et al. (2025) are used as primary analytical frameworks. Substantive Economic Theory, as reported by Polanyi, analyzes the economic activities of palm sugar producers as isolated market transactions and inseparable components of an intricate social and cultural fabric. The framework of Moral Economy, informed by Scott’s insights, will be crucial in understanding how communal norms and the profound value placed on continuous provision dictate production choices. The specific empirical context of palm sugar production in Madura (Kristina et al., 2025) offers a compelling backdrop to vividly show the effects of non-economic factors on agrarian livelihoods (Kristina & Jumali,

2025), enriching theoretical discussions with fresh empirical insights and offering a distinct perspective from current trends.

Based on the description above, this study makes a significant contribution to the fields of rural development, economic anthropology, and agrarian studies by providing compelling empirical evidence for an alternative economic rationality. A robust theoretical framework is offered to explain why traditional producers persist in the absence of formal profit by operationalizing the concepts of "embeddedness" from Polanyi and the "safety-first" principle from Scott. The results will be invaluable for policymakers, development practitioners, and non-governmental organizations in designing and implementing more effective, culturally sensitive, and genuinely sustainable interventions in traditional farming communities. This study advocates for a transformative paradigm shift in development methods, moving beyond a narrow, profit-centric focus to accept a broader, more holistic understanding of human well-being and environmental sustainability.

METHOD

This study embarks on a qualitative study to deeply unearth the complex, often unarticulated, non-economic rationales that guide palm sugar producers in Aeng Panas Village, Madura, Indonesia. A qualitative paradigm is a necessity for this inquiry since the concept uniquely allows for an immersive, in-depth understanding of lived experiences, nuanced perceptions, and the intricate social contexts that elude the rigid confines of quantitative measurement (Braun & Clarke, 2025). Given the inherent subjectivity and the profound cultural embeddedness of SSME operators' decisions, a qualitative design is indispensable for capturing the rich, descriptive data required to show underlying values and meanings. This study is firmly rooted in an interpretivist paradigm. The philosophical stance asserts that reality is a fluid, socially constructed phenomenon, where true understanding is obtained from interpreting the diverse meanings individuals ascribe to experiences (Zoelner, 2025). For the palm sugar producers, economic behavior is a vibrant tapestry woven from deeply held beliefs, ancestral cultural norms, and intergenerational practices. An interpretivist lens empowers the empathetic engagement with the informants' subjective worlds, recognizing that production logic possesses an internal consistency and rationality uniquely coherent within the distinct worldview.

The specific methodological instrument wielded in this study is phenomenology, which strives to describe the "essence" of a phenomenon precisely (Gardette et al., 2025). In this context, the phenomenon under scrutiny is the enduring palm sugar production practice despite the conspicuous absence of a profit-seeking ground. This study apprehends the producers' subjective experiences of daily labor, the profound relationship with the siwalan tree (as the raw material source), the communal bonds, and the holistic understanding of livelihood by accepting phenomenology. The concept includes a crucial "bracketing" of the preconceived notions of economic rationality, creating an open space to truly listen to, absorb, and comprehend the producers' unique, often unspoken, perspectives.

Informants were meticulously selected using a purposive sampling strategy, ensuring access to profound insights into palm sugar production. The rationale for selecting

purposive sampling was to ensure that the informants possessed rich, first-hand experience and a deep understanding of the traditional palm sugar production system in Madura. This method was focused on individuals whose lives were most embedded in the "safety-first" and subsistence logic being studied. The core of the understanding was from ten palm sugar producers in Aeng Panas Village, Madura, designated as key informants due to direct, hands-on inclusion in every facet of the production cycle. The criteria for selection required producers to have at least 15 years of experience to ensure a generational perspective on livelihood sustainability. The wives served as supporting informants by providing complementary perspectives on household economics, the intricate division of labor, and the broader social and cultural significance of palm sugar production within the family unit and the wider community. To uphold the highest ethical standards of privacy and confidentiality, all informant names were anonymized through the use of pseudonyms. The characteristics consistently showed a deep, often multi-generational, engagement in palm sugar production, granting an intimate, embodied knowledge of the entire production process and the seamless embeddedness within daily lives and cultural practices. The informants typically operated on a small scale, prioritizing household consumption and local exchange rather than aspiring for large-scale commercial output, which was central to the investigation of SME operations.

Data collection was primarily facilitated through open-ended, semi-structured interviews, meticulously designed to elicit rich, narrative accounts. Triangulation was implemented to ensure the validity and reliability of the data. This included cross-checking the information obtained from producers (key informants) with the perspectives of the wives (supporting informants) and local community elders. Furthermore, technical triangulation was conducted by comparing interview transcripts with direct field observations of the production process and market interactions. This rigorous process was essential to ensure that the results accurately represented the lived reality of the Madurese producers. The focus questions were crafted to explore the informants' daily routines, subjective perceptions of costs and benefits, profound relationship with the siwalan tree, fundamental reasons for continuing this demanding production, aspirations or concerns regarding future generations adopting palm sugar production, and the role of community reciprocity in economic activities. Some of the illustrative questions included: "Beyond making money, what does palm sugar production truly mean to you?" and "How do your decisions about what to do with palm sugar products differ from typical market calculations?"

For the subsequent data analysis, this study uses thematic analysis, a widely recognized and robust method in qualitative studies for systematically identifying, analyzing, and reporting recurring patterns or "themes" within a dataset (Nigbur & Chatfield, 2025). The analytical journey includes several iterative stages, namely an initial deep immersion and familiarization with the data through meticulous transcription of interviews, repeated reading, and active listening, followed by the meticulous generation of initial codes. These codes are refined and grouped into broader, overarching themes. A crucial step includes reviewing the themes against the entire dataset to ensure validity and comprehensiveness, before defining and naming the concept with precision and clarity,

leading to the production of the study report. The transcribed interviews are coded to show recurring ideas, concepts, and intricate relationships, paying particular attention to insights that powerfully report the nuanced, non-economic dimensions driving production.

As the fundamental analytical lenses, this study primarily uses Polanyi's Substantive Economic Theory (Tjarks, 2025) and Scott's Moral Economy (Perchard et al., 2025). Polanyi's Substantive Economic Theory states that economic behavior is inherently "embedded" within broader social relations and cultural institutions. This theoretical lens is crucial since the concept transcends a purely formal economic analysis and understands how intricate social ties, kinship networks, and deep-seated community norms fundamentally dictate resource allocation and production goals among palm sugar producers. In this context, the "economic" cannot be meaningfully disentangled from the "social." Scott's Moral Economy framework is indispensable for interpreting the producers' pervasive "safety-first" principles and the unwavering emphasis on guaranteeing subsistence for families, even at the perceived cost of market efficiency or potential profit maximization. This framework shows why the avoidance of risk and the profound fulfillment of basic needs become important motivations, shaping the entire production system around the continuity of life rather than the accumulation of wealth. The theories provide a powerful and coherent framework for interpreting the complex, non-financial motivations that show the palm sugar producers' steadfast and enduring commitment to traditional livelihood, offering a richer, more human-centric understanding of economic reality.

FINDING AND DISCUSSION

Phenomenological inquiry into the palm sugar production practices in Aeng Panas Village, Madura, shows a complex tapestry of motivations that profoundly diverge from conventional profit-driven agricultural models. The results coalesce around several key themes, each reporting the embeddedness of economic activity within a rich socio-cultural fabric. These themes, explored through the lens of Substantive Economic Theory and Moral Economy, provide a robust argument for understanding local economies beyond purely formal calculations.

Palm Sugar as a "Source of Life" Not a "Source of Profit"

A central and pervasive theme from the producers' narratives is the perception of the siwalan tree and the processed product, palm sugar, as a fundamental "source of life". From Polanyi's substantive perspective, this phenomenon reports that the economy is "submerged" in social relationships. The producers do not view labor through the lens of price-making markets, but as a mandatory contribution to the "householding" unit. This embodies cultural identity, intergenerational continuity, and ecological stewardship. Producers consistently articulated that labor is not a direct investment for financial return but a continuous act of provision for families and the community. The very act of tending to the siwalan, tapping the sap, and processing the products is understood as fulfilling a deeper, existential purpose. This profound connection is vividly expressed by Bapak Nur (60 years old), who unequivocally stated,

"The siwalan gives us life. My father lived from it, I live from it, and my children will, God willing, live from it too. It's not about how much money I get from it, it's about making sure there's always something for my family to eat and use."

Bapak Nur's logic confirms Scott's "subsistence ethic," where the primary drive is the "right to survive" rather than the desire to accumulate. The siwalan tree acts as a social insurance policy since the value is defined by the ability to provide a "safety-first" cushion against hunger. In this context, production continues even when market prices drop, because the "substantive" need for food security remains constant regardless of currency fluctuations. This powerful statement reports a direct challenge to the formalist economic assumption that production is inherently motivated by profit maximization. For Bapak Nur and peers, palm sugar is not simply a means to an end (profit), but the perpetuation of life and tradition. The economic activity is connected to the survival and well-being of the household, where the value of palm sugar transcends the market price.

Based on the description above, this result strongly reinforces Polanyi's (Tjarks, 2025) concept of a substantive economy, where economic activity is 'embedded' in social and cultural institutions rather than operating as a distinct, disembedded market sphere. The inherent value of palm sugar is the utility in sustaining life, providing food, building materials (from the siwalan tree), and a sense of continuity, rather than the exchange value in a competitive market. The very structure of production becomes rational when viewed through this lens. The economic decisions are driven by social obligations and continued provision, showing how a fundamental resource can be primarily valued for the contribution to existence and cultural reproduction. This perspective is consistent with broader anthropological studies of indigenous economies, including *Stone Age Economics* by Marshall Sahlins, as discussed by Perchard, which show how pre-market societies prioritize sufficiency, leisure, and social cohesion over endless accumulation. Rock et al. (2025) stated how production decisions were frequently shaped by social relations and the need to maintain community standing rather than individual profit maximization, providing empirical support for the embeddedness concept across diverse agrarian contexts. Therefore, the Madurese palm sugar producers do not represent an isolated anomaly but rather a continuing expression of economic logic that predates, coexists with, and resists pure market rationality.

The Primacy of Subsistence and Risk Aversion Over Accumulation

Palm sugar producers prioritize ensuring basic household subsistence and mitigating risks over the accumulation of wealth in line with the core tenets of the Moral Economy framework (Perchard et al., 2025). Informants consistently reported that production decisions were heavily influenced by the immediate and long-term need to guarantee food security and necessities for families, rather than by fleeting price fluctuations or opportunities for surplus accumulation. This "safety-first" principle governs strategic decisions, even when such decisions include foregoing potentially higher and riskier financial gains. The behavior reflects what James C. Scott terms the "moral economy of the

peasant," where fear of falling below the subsistence threshold governs decision-making processes.

Ibu Aminah (55 years old), whose husband is a siwalan tapper, succinctly encapsulated the ethos as follows.

"As long as there is sugar and some lontar (siwalan leaves) for roofing, we are okay. We don't think about saving a lot of money because life here is about surviving day to day. If we have enough for today, that is good."

The statement reports "enough" mentality that directly challenges the neoclassical assumption of infinite utility maximization. The absence of cost accounting is a logical adaptation to precarity through the lens of Scott's "safety-first" principle. The "entry barrier" to production is lowered by ignoring formal overhead costs, such as labor or family-owned land, ensuring that the family has a viable, low-risk path to basic needs. This is an analytical manifestation of the "moral economy," where economic efficiency is sacrificed for social and biological stability. This statement shows the core of a moral economy, which is a focus on sufficiency and immediate survival rather than endless growth or accumulation. The perceived security of having enough to meet basic needs, with a deep-seated aversion to risk, overshadows any potential aspirations for commercial expansion or substantial financial profit. The concept of "enough" defines the economic horizon. This "safety-first" principle, central to Scott's (Perchard et al., 2025) framework, argues that peasants, faced with precarious circumstances and environmental uncertainties, will prioritize avoiding starvation and maintaining a minimal standard of living. Therefore, the observed absence of detailed cost accounting, initially appearing as an economic anomaly, is a sign of the logical consequence of a production system fundamentally oriented towards satisfying immediate needs and ensuring communal well-being. The 'moral' obligation to provide a stable, but minimal, livelihood fundamentally outweighs a 'rational' pursuit of fluctuating market profits (Alamad, 2024), stabilizing precarious existence through a non-commercial logic.

Reciprocity and Communal Obligations as Economic Drivers

The economic activities surrounding palm sugar production are profoundly connected with strong ties of reciprocity and communal obligations, acting as significant drivers of production that bypass formal market mechanisms. Labor, often the most substantial input cost in conventional economic analysis, is frequently exchanged through traditional mutual aid or intricate kinship networks rather than formal wage payments. The system of reciprocal support dramatically alters the economic calculus, making the activity viable even with low external market prices for palm sugar products. This is identified by Polanyi as "Reciprocity", which is a pattern of integration in substantive economies. Since labor is not commodified, the concept remains "embedded" in the kinship system.

Neighbors and relatives readily assist when a producer needs assistance with harvesting siwalan sap or processing the content into sugar, operating under an implicit understanding of reciprocal help in return, rather than expecting direct monetary

compensation. Bapak Soleh (58 years old) articulated this communal interdependence as follows.

"We help each other. If my neighbor needs help with tapping, I go. Next time, he will help me. We don't count rupiah for that kind of help. That's how we always do it here."

Lack of monetization is a deliberate strategy to preserve community resilience. By removing labor from the market sphere, the community is insulated from the volatility of the cash economy. Analytically, this "communal obligation" acts as a non-market mechanism that ensures production remains viable even when formal profit margins are negative. This reinforces Polanyi's argument, where social ties perform the work that "contracts" do in a modern market, but to maintain social cohesion rather than extracting surplus value. Therefore, the 'cost' of labor is socialized and distributed across the community, blurring the lines of individual financial accounting and underscoring a communal method to production. This result strongly supports Polanyi's (Tjarks, 2025) argument that reciprocal exchange mechanisms can serve as primary forms of integration in a substantive economy, distinct from market exchange. The economic gains are distributed, reinforced, and circulated through robust social bonds, which strengthen community cohesion and overall resilience. This ensures collective livelihood sustenance, enhancing a shared sense of responsibility that transcends individual financial maximization. The informal nature of the exchanges allows the community to maintain a stable production system even when formal market conditions might render the concept unprofitable, preserving the traditional way of life. Empirical evidence from other agrarian societies (Liang et al., 2025) and the concept of the "uncaptured peasantry" in Africa show how deep social networks and non-market forms of exchange often enable communities to resist full market integration and maintain autonomy. Moreover, studies on social capital in rural development (Sakamoto, 2024) consistently show how networks of reciprocity and trust can significantly reduce transaction costs and enhance community well-being, even in the absence of explicit monetary transactions. This validates the significance of communal obligations in the palm sugar producers' economic framework.

Cultural Heritage and Intergenerational Knowledge Transfer

The continuation of palm sugar production is deeply rooted in the significance as a cultural heritage and an important conduit for intergenerational knowledge transfer. The intricate methods, the specific tools used, and the daily rituals associated with siwalan tapping and processing have been meticulously passed down through generations. This embodies a profound repository of traditional ecological knowledge and a deep, living connection to the land and ancestral practices, extending beyond economic utility. Young people are taught these skills as an integral part of identity and an essential link to the community's past and future. Ibu Fatimah (62 years old), reflecting on the family's long-standing tradition, shared the following.

"My grandparents taught my parents, and my parents taught me. This knowledge is our heritage. It's important to keep it alive, so our children know where they come from. It's who we are."

This result deepens the analysis of Polanyi's "embeddedness" by showing that the economy is bound by "Tradition." The act of production is a ritual of identity. From the perspective of Scott's moral economy, this intergenerational transfer is a communal investment in future security. By passing down these skills, the community ensures that the next generation possesses the tools to maintain "subsistence floor." The "value" is "social reproduction", where the survival of the Madurese identity is in the face of modern economic pressures. This powerful sentiment shows that the 'cost' of not continuing palm sugar production is profoundly cultural. The cessation of this activity represents an irretrievable loss of identity, tradition, and accumulated practical wisdom, impacting the very fabric of community life. This embeddedness in cultural values reinforces the argument for a non-profit-driven rationality. The preservation of heritage functions as a powerful, non-economic motivator that profoundly shapes long-term economic behavior in agrarian society. The continuous engagement in palm sugar production ensures the perpetuation of unique skills, rituals, and a collective memory that bind the community together, showing the effect of cultural importance on economic practices, even in the absence of conventional financial incentives. This is consistent with a growing body of literature on indigenous knowledge systems and the role in sustainable development (Madonsela & Machete, 2025), where cultural practices often contain sophisticated environmental wisdom and resource management strategies that are not reducible to market logic. Similarly, ethnoecological studies (Alrhoun et al., 2025) consistently show how local knowledge, intertwined with cultural values and spiritual beliefs, drives resource use and conservation, providing a strong empirical basis for understanding how cultural heritage directly informs, and prioritizes the continuity of traditional economic activities. These results are reported in studies on intangible cultural heritage and rural livelihoods, where the persistence of traditional practices is a form of cultural resilience against the homogenizing pressures of globalization (Green & Baird, 2024). The deep cultural meaning becomes an intrinsic 'value' that outweighs financial considerations.

Discussion and Theoretical Synthesis

The results from Aeng Panas Village offer compelling empirical evidence that significantly enriches and extends the theoretical frameworks of Substantive Economic Theory (Tjarks, 2025) and Moral Economy (Perchard et al., 2025). The palm sugar producers' behavior directly challenges the universal applicability of neoclassical economic principles that show rational actors driven by profit maximization. The actions are governed by a complex interplay of immediate subsistence needs, deeply ingrained cultural values, and robust communal obligations.

Polanyi's (Tjarks, 2025) concept of economic embeddedness is vividly reported by the seamless integration of palm sugar production into the social and cultural fabric of the community. The production process is inseparable from kinship ties, reciprocal labor exchanges, and a profound respect for the siwalan tree as a life-giver. This embeddedness explains why explicit cost-benefit analyses are largely absent. The 'costs' are absorbed within the social system, and the 'benefits' are measured in terms of sustained family well-being,

community cohesion, and cultural continuity. These contrast with disembedded economies, where market forces dictate all economic relationships. Empirical work on peasant societies consistently supports the idea. For instance, studies on rotating credit associations in rural Asia (Bacter et al., 2025) show how economic transactions are fundamentally shaped by trust, social obligation, and long-term relationships. Studies on gift economies and reciprocal labor in various indigenous communities (Adloff, 2025) suggest that wealth is often measured by what is given and shared, reinforcing social bonds. The examples serve as powerful comparisons, showing that the Madurese palm sugar producers' embedded economic practices are part of a broader spectrum of non-market rationalities found across diverse cultural contexts. This offers a sharp counterpoint to the market fundamentalism often presumed in development interventions.

Scott's (Perchard et al., 2025) Moral Economy framework provides a powerful lens for interpreting the producers' irrational persistence. The "safety-first" strategy, prioritizing guaranteed provision over speculative gains, explains adherence to traditional methods and reluctance to fully commercialize, even though external markets offer higher prices. The fear of hunger and the imperative to maintain social solidarity act as powerful disincentives against pursuing potentially more lucrative and riskier ventures. The local concept of "enough" encapsulates this moral economy, where sufficiency is the economic goal.

The collective understanding that palm sugar ensures a baseline of survival supports a communal bond transcending individual economic ambition. This perspective is strongly echoed in studies concerning agricultural resilience in marginal environments. The decisions are driven by a deep-seated aversion to catastrophic failure, mirroring the Madurese palm sugar producers' emphasis on consistent provisioning over speculative profit. Moreover, the literature on informal and local food networks frequently reports how communities build robust and localized economies, prioritizing accessibility and stability over profit maximization (Berkhout et al., 2023). The "enough" mentality and risk-averse strategies observed in Madura are common, rational responses to precarity within a moral economic framework. This serves as a critical counterpoint to the development method that pushes for market integration and safety culture (Kristina, 2024).

The palm sugar producers represent a critical case study that shows the limitations of universalizing Western economic models. The decision-making process is a coherent, rational response within a specific socio-cultural context. The primary objective is the sustained provisioning of livelihoods, a goal deeply interwoven with cultural preservation and communal reciprocity. This study contributes significantly by providing a nuanced understanding of alternative economic rationalities for rural resilience and sustainable development.

The Madurese palm sugar MSMEs operate within a "Substantive Reality" where the market is a tool, not a master. Polanyi's and Scott's theories explain the structure of the economy and motivation, respectively. The producers are not "unsuccessful" entrepreneurs in a capitalist sense but are "successful" survivalists in a moral economic perspective. Survival has been successfully decoupled from the whims of the global market by anchoring

the concept in local social soil. This challenges the "profit-centric" development paradigm, suggesting that resilience is found in the depth of social ties for traditional MSMEs.

CONCLUSION

In conclusion, this phenomenological study provides compelling evidence that the economic behavior of Madurese palm sugar producers fundamentally deviates from the profit-maximization principles commonly assumed in neoclassical economics. MSME operators prioritize livelihood sustenance over capital accumulation. The results show that the producers are driven by a complex, interwoven set of non-economic rationales. The perception of palm sugar production as a "source of life," with the primacy of subsistence and risk aversion, strong principles of reciprocity and communal obligation, and the profound significance of cultural heritage and intergenerational knowledge transfer, collectively shaped the economic behavior of the community. The themes report how production decisions are deeply embedded within the socio-cultural fabric, prioritizing livelihood sustenance, community well-being, and tradition over monetary profit.

Substantive Economic Theory and Moral Economy are enriched by providing a detailed empirical case that vividly shows economic embeddedness and the "safety-first" principle in a contemporary agrarian setting. By operationalizing Polanyi's and Scott's frameworks, this study challenges the universal applicability of the "homo economicus" model, where traditional MSMEs maintain resilience by insulating themselves from market volatility through social integration. Several recommendations have been reported for policymakers and development agencies working with traditional agricultural processing SMEs. These entities must move beyond a narrow, profit-centric view, acknowledging and respecting the existing non-economic rationales that contribute to community resilience. Instead of promoting commercialization, strategies can focus on strengthening local food systems, supporting traditional forms of mutual aid, and valuing cultural practices as integral components of sustainable livelihoods. For external market engagement, any proposed interventions must be carefully designed to be consistent with the producers' "safety-first" principles, ensuring that market participation does not jeopardize the primary goal of subsistence and cultural continuity. This includes creating fair-trade mechanisms or local cooperatives that prioritize stable, secure incomes over fluctuating, high-risk opportunities.

This study offers a twofold contribution by 1) enriching Substantive Economic Theory and Moral Economy to provide a detailed empirical case that vividly shows economic embeddedness and the "safety-first" principle in a contemporary agrarian setting in Southeast Asia, and 2) offering a unique, in-depth understanding of a specific traditional SME community in palm sugar production, challenging generalized assumptions about producer rationality and providing a counter-narrative to dominant development discourses. The importance of qualitative, interpretivist methods has been reported in unveiling the complex realities of diverse economies. However, a primary limitation is in the qualitative, phenomenological design and the focus on a single village in Madura. The results may not be directly generalizable to all traditional agricultural communities or SMEs

in other contexts, while providing rich insights into the lived experiences of a specific community. The inherent subjectivity of interpretivist study suggests that the results are rooted in the interpreted experiences of the informants.

Comparative studies across different traditional agricultural processing communities in other regions of Indonesia or Southeast Asia can explore variations in non-economic rationales and specific cultural embeddedness. Additionally, the impact of increasing market pressures or climate change on non-profit-driven MSMEs must be investigated to examine the adaptation of established resilience mechanisms. Future studies should explore the potential for hybrid economic models that integrate elements of market exchange with traditional, embedded practices. Development interventions must also empower unique communities by respecting internal logic rather than disrupting established social safety nets.

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