

The Influence of Social Capital on the Effectiveness of Farmers' Group Functions

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ABSTRACT

The aim of this study was to analyse the influence of social capital on the effectiveness of farmers' group functions. It was conducted in the Ettawah Crossbreed farmers who joined farmers' group in Turi district, determined purposively which has several conditions and certain provisions. The method was surveyed with a questionnaire as a tool to collect data, then analyzed by regression analysis. Most farmer respondents stated that the social capital (trust = 92.31%; norm = 73.08%; and network = 57.69%) and the effectiveness of the farmers' group function (as a class to learn = 73.08%; as a place to cooperate = 88.46%; as a production unit = 69.23%; and as a business unit = 65.38%) were in the middle category level. The regression analysis result showed social capital was significantly influencing the effectiveness of farmers' group functions ($P < 0,05$) with $R^2 = 0.508$; $\beta = 0.327$; $F = 24.742$; $t = 4.974$. Social capital allowed the farmers to do social interaction, work together and have a resource as a group. Joining the same group made the farmers know and trust each other. Trust helped the farmers to feel secure to do group functions as a class to learn, as a place to cooperate, and as a production unit and as a business unit. Norms that were formed by trust, could strengthen the network between the farmers. Thus, a group could be more flexible while implementing the functions, so that the farmers could achieve their individual goals as well as the group goals.

Keywords: Social Capital, Effectiveness, Farmers' Group, Group Functions

INTRODUCTION

The dairy farms in Indonesia generally are still being undertaken in a traditional way with these common traits: the level of ownership of livestock were relatively small (small holders), the utilisation of technologies and innovation were limited, using family labour, and low profit (bourz, 1993). That might happen because they lack utilisation of the capital. Therefore, dairy farm in Indonesia could not expand optimally.

Dairy businesses, especially dairy goat businesses, need not only financial capital, but also non-financial capital in order to develop. One of the non-financial capitals was social capital. It was defined as an aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalised relationships of mutual acquaintance or recognition (Bourdieu, 1986). Another scientist, Fukuyama (1995) defined social capital as the ability of people to work together for common purposes in groups and organisations, and as the existence of a certain set of informal values or norms shared among members of a group that permit cooperation among them. Meanwhile, Putnam gives a

definition of social capital as features of social organisation such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit (Putnam, 1995). The “social” in social capital emphasises that these resources are not personal assets; no single person owns them. The resources reside in networks of relationships. “Capital” emphasises that they enable us to create value, get things done, achieve our goals, fulfill our missions in life, and make our contributions to the world (Baker, 2000)

In the dairy goat business, to reduce business costs on raising activities, the farmers must set up a farmers’ group. According to Minister of Agriculture Regulation No. 82 of 2013 concerning Guideline on the Development of Farmers’ Group and Coalition of Farmer’s Group, defined as a group of farmers that formed on the basis of a common interest; similarity of condition social environment, economy and resources; same commodity; and intimacy to improve and develop business of the members. Also according to this regulation, farmers’ groups have functioned as a class to learn, as a place to cooperate, and as a production unit. It is possible, there was another function such as farmers’ groups such as a business unit, et cetera (Haryadi et al., 2014).

After the establishment of a group, every member could interact with each other so that would affect their knowledge and skill on managing a business system. The group also facilitates the provision of farm facilities such as equipment, feed, kids, and medicines. It is cheaper when they do that in a group, rather than doing that by themselves because the cost of provision could be split together. The farmers’ group also has an important role in improving their business because the Government grants were only given to farmers who have joined in a group. The Government gives assistance to every farmer and help them to collect data that could be referred to when making policies or the next steps of a strategy on developing dairy industries in Indonesia. Thus, with all the facilities and assistance provided, the Government hoped through the group that the farmers could achieve their goals.

Social capital resources include information, ideas, leads, business opportunities, financial capital, power, emotional support, good will, trust, and cooperation. It could be used and developed by farmers by joining a farmers' group. In a group, social capital could influence the behaviour of farmers in implementing group functions that have been set (as a class to learn, as a place for cooperation, and as a production unit, as a business unit), so they could improve the business that was carried out. Without well-built and well-managed social capital and without doing group functions, these resources would remain hidden. In this circumstance, this study was conducted to analyse the influence of social capital which every farmer already has on the effectiveness of farmers’ group functions.

MATERIAL AND METHODS

This study was conducted in July 2015 - April 2016. The subjects were the farmer respondents raising Ettawa Crossbreed dairy goats and joining a farmers’ group in Turi district, Sleman regency. Turi district was selected as a place for this study because Turi district was one of the development places of dairy goats in Sleman area. The group that determines the respondents must be qualified: 1) already has a structure of the organizations and legalized by Livestock and Animal Health Office; 2) must be in progress of developing by Livestock and Animal Health Office or Non-Government Organization (such as University, Institution, or other organizations). Based on that condition, it was determined that the group that would be surveyed in this study was Sukorejo I Group in Sukorejo village and Bejo Group in Kelopo Sawit village.

Farmer respondents determine by purposive convenience sampling with any condition which is: 1) respondent must have joined the farmers' group for at least one year and, 2) must be willing to be a respondent in this study. Based on that, 11 respondents were selected from Bejo's group and 15 respondents from Sukorejo's group.

This study used a survey method. The data was obtained by questionnaire, then analysed by regression analysis using IBM SPSS 23. The result of regression analysis was then explained descriptively to get the details of the background of that scene.

RESULT AND DISCUSSION

Social Capital Profile

Based on data obtained, the social capital profile was divided into 3 category levels ("low", "middle", "high"). Most of the farmers stated that their social capital was in the middle category level (Table 1).

Table 1. Percentage distribution of the social capital

Social Capital Indicators	Categories (%)		
	Low	Middle	High
Trust	0	92.31	7.69
Norm	0	73.08	26.92
Network	0	57.69	42.31

Effectiveness of Farmers' Group Functions Profile

The effectiveness of farmers' group functions profile was also divided into 3 category levels ("low", "middle", "high"). Most of the farmers stated that the effectiveness of farmers' group functions were in the middle category level (Table 2).

Table 2. Percentage distribution of the effectiveness of farmers' group functions

Effectiveness Farmers' Group Function Indicators	Categories (%)		
	Low	Middle	High
As a class to learn	3.85	73.08	23.08
As a place for cooperation,	0	88.46	11.54
As a production unit	11.54	69.23	19.23
As a business unit	11.54	65.38	23.08

The Regression Analysis Result

The results of regression analysis of the social capital variable on the effectiveness of farmers' group functions are showed in table 3.

Table 3. The Result of Regression Analysis

Parameters	Value
R ²	0.508
β	0.32*
F	24.742*
t	4.974*

*: P>0.05

The influence of social capital variable on the effectiveness of farmers' group functions was significant ($P > 0.05$). Based on test result obtained t-value 4.974 ($t\text{-value} > t\text{ table}$). This means the social capital variable gave a positive effect on the effectiveness of farmers' group functions variable. R^2 was obtained 0.508, which means social capital influenced the effectiveness of farmers' group functions by as much 50.8% and the rest was explained by another variable that was excluded in the equation.

Social capital allows the farmers to do social interactions that potentially could be used as a resource (Bourdieu, 1986; Coleman 1988; Putnam, 1993; Portes, 1998; Woolcock, 1998; Lin, 2001). Unni (2014) added, in the group, there was media communication that facilitates network forming for each individual to communicate and build a social relationship, and obtain the knowledge to solve the problems. Social capital was a result of individual desire to exceed the needs of the work carried out in order to help each other, to reduce selfishness for organisation sustainability and do new things in order to carry out organisation activities as a whole. Thus, social capital provided a new comprehensive about how to act as an individual in the organisation.

Social capital would ease and sustain the cooperation process and it could be seen in networks, norms, and social organisations (Loeffler *et al.*, 2004 *cit* Mathbor, 2007). The result of this study showed that social capital improved cooperation between the farmers who joined a group, because the farmers not only knew each other but also trusted each other so that they would not explode or cheat in interactions and they could benefit from this relationship.

Like Field (2003) and Pors (2008) said in their reports, the definition of trust is something to expect from other people, either as an individual or as a institutional to behave according to the norms that have been set in community. Pors (2008) also said, the indicators of trust commonly explain the values, norms, and behaviour in reciprocity between citizen, especially the citizen who join in a group.

Trusting each member in the group can create these norms and can strengthen the network between the farmers. Thus, a group could be more flexible while implementing the functions, so that the farmers could achieve their individual goals as well as the group goals. This result was supported by Pors (2008); trust could be used as coherent indicator in community and intimacy on different part of community. Therefore, trust can be said to be a core part that related to values in the social system.

CONCLUSION

Individuals who build and use social capital get better jobs, better pay, faster promotions, and are more influential and effective, compared with peers who are unable or unwilling to tap in to the power of social capital. Organisations with rich social capital enjoy access to venture capital and financing, improved organisational learning, the power of word of mouth marketing, the ability to create strategic alliances, and the resources to defend against hostile takeovers. Moreover, social capital is a bulwark of democracy.

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