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The role of social capital in improving community welfare in East Java, Indonesia

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Abstract

Competition in the business world and the advances throughout the era led to a decline in society's togetherness, mutual ownership, and interest in being involved in organization. Social capital can be a way of overcoming this problem since it has an essential element of trust in building a healthy society or organization. This study aims to determine and analyze the role of social capital in terms of network links, norms, and trust in improving the welfare of the community with the indicator of Maqashid Sharia. The results of this study indicate that social capita under the indicators of norms, networks and trust plays a role in improving people's welfare in terms of sharia Maqashid.

Keywords: Social capital, Foundation, Welfare, Maqashid sharia.

El papel del capital social en la mejora del bienestar comunitario en Java Oriental, Indonesia

Resumen

La competencia en el mundo de los negocios y los avances a lo largo de la era llevaron a una disminución de la unión de la sociedad, la propiedad mutua y el interés en participar en la organización. El capital social puede ser una forma de superar este problema, ya que tiene un elemento esencial de confianza para construir una sociedad u organización saludable. Este estudio tiene como objetivo determinar y analizar el papel del capital social en términos de enlaces de red, normas y confianza para mejorar el bienestar de la comunidad con el indicador de Maqashid Sharia. Los resultados de este estudio indican que la capita social bajo los indicadores de normas, redes y confianza

juega un papel en la mejora del bienestar de las personas en términos de la sharia Maqashid.

Palabras clave: Capital social, Fundación, Bienestar, Maqashid sharia

1. INTRODUCTION

Social capital began to become a topic of discussion when Putnam published a book titled *Bowling Alone* which discusses America at the time (ASNAWI, SUKOCO AND FANANI, 2018). Many figures discuss social capital besides Robert Putnam, including Coleman, Bourdeiau and Fukuyama. Social capital is often associated with the success of a developed society and is considered to have a close relationship in achieving the success of various sectors of activities carried out by the community such as economic, social, and justice.

Coleman uses the concept of social capital in his research on education. PIONTEK (2019) stated that social capital, both in the form of hopes and obligations, networks and information, as well as social norms, had a positive effect on increasing the volume of human capital both within the family and community. The social capital referred to in Coleman's research is social relations. According to Coleman, social relations describe a social structure in which individuals act as a source for other individuals. Coleman believes that all behavior comes from individuals who try to pursue their own interests, so that social interaction is seen as a form of exchange, or in other words, society as

a set of social systems of individual behavior (PIONTEK AND PIONTEK, 2019)

Social capital that has a basic element of trust is considered as the best benchmark in building a healthy society or organization. In addition, social capital can be said to be an underlying relationship between individuals. Humans as social beings cannot live alone and always need others (NASIH, 2014). In society, humans need cooperation and togetherness. The capital in social capital is not something that is interpreted as money or asset, but rather as something that is important and needed in social life (HARYMAWAN AND NOWLAND, 2016).

According to Putnam, Social capital as part of life that revolves around network, norms, and beliefs. Putnam considers that the three elements above are the elements of social capital that are needed in society to achieve a common goal (PUTNAM, 2000). The three elements of social capital, norms, networks, and trust, will lead every part of society to social contact. In addition, Putnam also introduced differences between the two basic forms of social capital, namely bridging (inclusive) and binding (exclusive). Social capital as a binding (exclusive) tends to encourage a person or society to be homogeneous (PUTNAM, 2000).

Whereas social capital as bridging (inclusive) tends to unite people from various social realms. In contrast to Putnam's opinion,

Bourdieu argues that there are dimensions that emerge in the economic, cultural, and social capital elements as a form of effective social conditions which later become the social symbol. Bourdieu's concept indicates that social symbols can be an effort or a solution in solving problems in each facet of life. A striking difference is that Bourdieu does not consider the element of trust since this element already represents an effort to solve problems in social symbols.

According to Fukuyama who puts forward the element trust in social capital, trust is the main foundation in building a relationship with others. Fukuyama, in his book *Trust: Social Policy and Prosperity Creation* classify trust in two types; low-trust which occurs in "familistic" societies such as China, France, Italy, and South Korea, and high-trust in Japanese and German society. Sarah in her research believes that religion is one of the main sources of social capital formation (TOBIN, 2015). Religious associations have the potential to present and develop certain forms and features of social capital. Religious teachings are one source of values and norms adopted by a person or group (JUNG AND PETERSEN, 2014).

Social capital can grow in areas that tend to be homogeneous because a sense of togetherness, trust, and equality drives people to feel closer, hence the values of social capital can be channeled properly. An area or group with the same religion or regional language, for example, can have a better sense of togetherness compared to regions that have a lot of diversity. However,

circumstances that tend to be homogeneous can also cause social capital to not be channeled properly outside the homogeneous environment. This is due to the perception that their group is the best, or tends to be less able to accept opinions or beliefs from outside (SUKMANA AND KASSIM, 2010).

2. METHODOLOGY

This study uses qualitative methods since the main purpose of this study is to explain behavior rather than describe and formulate it in numbers. This qualitative research uses a case study strategy. The event referred to in this research is a phenomenon that gives rise to social capital in a foundation which views that social capital can improve the welfare of the community through their programs or performance. The strategy used is in accordance with the problem formulation in this study, which is based on Yin's explanation in his research that the 'how' question is one type of typology that characterizes research by using case study strategies (HENDRATMI, RYANDONO AND SUKMANINGRUM, 2019). Thus this research uses an explanatory approach with a case study strategy to get the right answer to the problem formulation (LAILA AND WIDIHADNANTO, 2017; GAMARRA ET AL, 2018).

The scope of research related to the formulation of the problem used in this study. The formulation of the problem in this study is how

the role of social capital in the Rombong Sedekah Foundation Jombang in improving community welfare. The formulation of the problem will serve as a reference for researchers in determining the scope of research. The scope of research is limited and the focus is on the Foundation in Jombang which has been in existence for quite a long time, as well as people who have a direct relationship with the foundation, how the community in this study receive venture capital assistance, as well as answers on how social capital plays a role in improving people's welfare.

The type of data used in this study are primary data and secondary data. Primary data as the main data in this study was obtained through direct interviews with 6 informants, namely 3 speakers who came from the foundation and consisted of the chairman of the foundation, as well as managers, and field executives, and 3 speakers as recipients of assistance from the foundation in the form of free venture capital assistance usury. Criteria for information on the foundation were based on positions that are most knowledgeable about the work of the foundation and the implementation of the program, as well as those who interact directly with the community or beneficiaries. The criteria for the recipient of usury-free assistance is three people who have receive assistance for the longest period of time and the most trusted by the foundation to help the foundation's performance, as well as having a fixed place of sale, while the secondary data are in the form of research documents, both print and electronic.

The procedure is preceded by a survey, including preliminary observations and reviews of the Rombong Sedekah Foundation Jombang. This stage is needed in order to get a general picture of the role of social capital in improving people's welfare through the Rombong Sedekah foundation Jombang. Then proceed with field research, where in-depth interviews are needed to get a more accurate information. In-depth interviews are useful for exploring the motives of each person, what concerns the past, present, and future. In-depth interview is required in order to have proper understanding on the topic (YIN, 1994). This study collects primary data obtained from in-depth observations and interviews with foundations and the public. Purposive sampling method was applied, which revolved around taking samples in accordance with specified criteria (VOGT AND JOHNSON, 2011).

Data analysis techniques in this study were conducted with an explanatory qualitative approach. This is due to Yin's opinion in his research which stated that explanatory case studies exist to answer the questions of how and why. In addition, explanatory is a type of pattern matching used by Campbell, where pattern matching has two patterns of conformity with each other in a balanced way, or influence each other (YIN, 1994). The qualitative analysis technique is done by observation and interview. The sample selection method used in this study is purposive sampling, in which researchers must take sample from the data sources with certain considerations.

The informants chosen were those from the Foundation and those who received help from the Rombong Sedekah Foundation. There are three speakers from the foundation and three speakers from the recipient of usury free loan assistance. The assistance is expected to be able to help increase income and the success and welfare of beneficiaries.

Table 1: List of Foundation Informants

No	Name	Age	Last Education
1	Rossi Prima Antoni	34 Years Old	High School
2	Ahmad Anwarudin Syarif	37 Years Old	S. Ag
3	Ghofurrur Rosyad	20 Years Old	Madrasah Aliyah

Table 2: List of Beneficiary Informants

No	Name	Age	Usaha
1	Mr. M. Askan	54 Years Old	Coffee Stall
2	Ms. Tutwuri Handayani	49 Years Old	Snack Stall
3	Ms. Warinem	52 Years Old	Food Stall

Based on Table 1 above, it shows that the informants came from different educational backgrounds and ages, as well as different motives and initiatives. In Table 2 above, it can be seen that the informants who receive assistance are 40 years old and above and the

two informants are women. At the age of 30 years old, people tend to work hard to fulfill their family's daily needs. Each informant has their motives for doing business that is considered profitable and in accordance with their expertise.

3. RESULTS AND DISCUSSION

The indicators used to assess social capital are seen from three aspects, namely networks, norms, and trust. In the case of recipient, the network was formed because fellow traders knew each other. Hence finally introduce each other to the foundation for assistance. Starting from one trader that has been assisted, many small traders in the Al-Mimbar Market have also been helped as well. A good network could not be built with just one meeting. It takes effort or time to have a good network.

Table 2: Increased Business Turnover of Informants Receiving Usury-Free Loan Aid at the Rombong Sedekah Foundation (interviews with informants (processed))

Informant	Turnover Per Day	
	Before	After
1	Rp 100,000	Rp 200,000
2	Rp 100,000	Rp 300,000
3	Rp 200,000	Rp 300,000

The results of interviews and observations conducted by researchers in the field showed that all informants experienced an

increase in their business turnover. The results of the study stated that the turnover of usury-free loan recipients experienced an increase after receiving assistance from the Rombong Sedekah Foundation. As can be seen from the turnover increase of informant 1 up to 3, there is an increase from their low turnover after receiving the usury-free loan from Yayasan Rombong Sedekah (Sutiyono, Mughni and Siahaan, 2015). With the increase in their business turnover, the informants also admitted that they could shop again for their wares.

Table 3: Increased Business Expenditure of Informants Receiving Usury-Free Loan Aid at the Rombong Sedekah Foundation (interviews with informants (processed))

Informant	Business Expenditure	
	Before	After
1	Rp 50,000	Rp 100,000
2	Rp 100,000	Rp 200,000
3	Rp 100,000	Rp. 150,000

The results of interviews and observations conducted by researchers in the field show that all informants experienced an increase in spending on venture capital per day. With the loan assistance from the Rombong Sedekah Foundation, they are able to make more variants of goods that are sold and increase sales turnover. From the three informants above, it can be seen that they experienced an increase in expenditure. The increase in turnover also causes an increase in expenditure (CHOUDHURY AND MALIK, 2016). In addition to being able to make a charity or zakat, the merchant informants are also able to do regular charity every week.

Table 4: Development of Informant Welfare Indicators 1

Indikator	Before Receiving Loan	Setelah Receiving Loan	Information
Source of Capital	Individual Asset	Individual and Foundation	Increase
Source of Income	Coffee stall and farm worker	Coffee stall and farm worker	Constant
Religion	Routine charity, <i>zakat fitrah</i>	Routine prayer, <i>zakat fitrah</i> , charity, religious study group	Increase
Life	Daily needs fulfillment	Daily needs fulfillment, proper health service	Increase
Reason	Formal school up until high school	Religious study group	Increase
Family	Enroll child to school	Enroll child to school and courses	Increase
Asset	Daily income Rp 100,000	Daily income Rp 200,000	Increase

Based on the above table, it can be seen that after receiving usury-free loan assistance from the Rombong Sedekah Foundation, informant 1 experienced an increase in welfare on all maqashid sharia indicators. Religious indicators have been improved through routine alms and attending religious studies conducted by foundations. The life indicator has improved, this is due to before receiving a loan from the foundation, the informant was able to meet daily needs adequately, but after receiving a loan from the foundation, informant 1 was able to

receive a more decent health service (HUDA, 2018). Indicators of reason also increase with informant 1 following the study conducted by the foundation.

The hereditary indicator also experienced an increase, informant 1 was only able to send their three children to school, but after receiving loan assistance, informant 1 was able to go to school as well as take lesson courses. The asset indicator has increased in the form of capital sources and increased turnover. Before receiving the loan, informant 1 had a low turnover, after receiving the loan, the informant's turnover was Rp 200,000 per day. This was felt by informants 1 that with the increase in turnover, the turnover of venture capital was greater and the variety of trading activities was more diverse. In addition, it was also proved by giving a mass loan assistance from the foundation to informants twice as much as helping informants to improve their welfare.

Table 5: Development of Informant Welfare Indicators 2 (interviews with informants (processed))

Indicator	Before Receiving Loan	After Receiving Loan	Information
Source of Capital	Individual asset	Individual and foundation	Increase
Source of Income	Snack stall, flat rent	Snack stall, flat rent	Constant
Religion	Routine prayer	Routine prayer	Increase
	<i>zakat fitrah</i>	<i>zakat fitrah,</i>	
		Routine charity	

		Religious study group	
Life	Fulfilled	Fulfilled	Constant
	Daily needs fulfillment	Daily needs fulfillment	
	Proper healthcare	Proper healthcare	
Reason	Enroll to school up until highschool	Religious study group held by the foundation	Increase
Family	Enroll child to school	Enroll child to school	Constant
Asset	Low turnover	Turnover Rp 300,000 per day	Increase
	Bankrupt		

Based on the above table, it can be explained that after receiving usury-free loan assistance from Rombong Sedekah Foundation, informant 2 experienced an increase in indicators of religion, reason, and asset. The religious indicators have increased in the form of informants being able to give charity regularly. In addition, there is an intention to keep away from usury. In the reason indicator, the informant follows the routine religious study conducted by the Rombong Sedekah Foundation, and the asset indicator occurs in addition to the source of capital. In addition, before receiving assistance from the foundation, the informant's turnover was still minimal and had experienced bankruptcy. After receiving a loan from the foundation, the informant was able to increase the sales menu variant and increase his turnover to Rp 300,000 per day.

Table 6: Development of Informant Welfare Indicators 3 (interviews with informants (processed))

Informant 3	Indicator	Before Receiving Loan	After Receiving Loan	Information
	Capital Source	Individual asset	Individual and foundation	Increase
	Income Source	Food stall	Food stall	Constant
	Religion	Routine prayer, <i>zakat fitrah</i>	Routine prayer, <i>zakat fitrah</i> , daily charity	Increase
	Life	Daily needs fulfillment	Daily life fulfillment, proper healthcare	Increase
	Reason	Enroll to school until elementary school	Religious study group held by the foundation	Increase
	Family	None	None	Constant
	Asset	Low turnover	Daily turnover Rp 300,000	Increase

Based on the above table, the results shown are that informant 3 experienced an increase in indicators of religion, life, reason and asset. From the religious indicators, after receiving assistance from the foundation, informant 3 was able to give charity regularly. Before receiving a loan from the foundation, informant 3 was able to fulfill his daily needs, but after receiving a loan from the foundation, not only were his daily needs fulfilled, but also the fulfillment of informant 3's health became more feasible. In addition, the informant also takes part in regular religious study conducted by the foundation to increase knowledge and provision in the world and the hereafter. In the asset indicator, the turnover of informant 3 was low. Yet after receiving a loan from the foundation, his turnover increased to Rp 300,000 per day. In addition, sources of capital have also increased, not only from their own capital, but also from foundations.

Social capital is able to increase the welfare of informants in the level of prosperous family level II (KS II) this is because in addition to the basic needs of informants or welfare level I (KS I) are met, there is also an increase in welfare in almost every indicator of Maqashid Sharia, especially indicators of religion, reason, and assets where the three informants shared the same experience. In this study, there are two types of social capital that bind to each other and influence as shown in the figure below:

4. CONCLUSION

Based on the results of the study, it was found that social capital at the Rombong Sedekah Foundation has an impact on improving the welfare of the community at the dharuriyyah level or the level of the prosperous family II. Social capital also increased the network of friendships between informants, causing an exchange of information and a positive reciprocal relationship in the form of increasing the welfare of informants who receive loan assistance. The advice that can be suggested in this research is for the community or foundation to always improve the quality of social capital such as adding networks, complying with existing regulations, and increasing trust in community groups to achieve a good, harmonious, and advanced life.

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