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A Study Integrating Social Capital and Financial Capital for Beef Cattle Farmers Economic Solutions in Kediri Regency, East Java Province, Indonesia

⁽¹⁾Linawati, ⁽²⁾Nur Solikin

⁽¹⁾Department of Accounting, Universitas Nusantara PGRI Kediri

⁽²⁾Department of Animal Husbandry, Universitas Nusantara PGRI Kediri

E-mail: ⁽¹⁾linawati@unpkediri.ac.id, ⁽²⁾gatokoco.80@gmail.com

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Abstrack

The culture of mutual cooperation with rural communities is one of the social capital that is still ongoing, especially in running livestock businesses. This study aims to analyze the social capital and financial capital of beef cattle breeders. The research location was chosen in conjunction in Semen District, Kediri Regency. Interviewing and filling out questionnaires are instruments in this descriptive study. The results showed that the social capital of cattle breeders in the medium category, financial capital came from a joint venture (gaduhan system). The conclusion is that the existence of social and financial capital due to the gaduhan system is a solution to economic problems in rural areas. An increase in social capital may have an impact on increasing financial capital.

Keywords: social capital, financial capital

INTRODUCTION

Rural economies, especially cattle farmers, are an important part of development. Rural communities generally deed income from agricultural and livestock businesses as a source of daily income. The social interactions that occur in the countryside are very much different from the communities in urban areas, the social intercation in the village is very harmonious and fluid. These conditions are supported by the dominant economic activities of farmers and farmers. The intensity of meeting and socialization coincides with activities in the rice fields either in the sense of working or looking for animal feed and other activities. Efforts to improve the rural economy involving several components need to be carried out sustainably. According to (Solikin & Yuniati, 2017; Solikin et al., 2019) stated that various potential resources in the village have the opportunity to increase people's income, need to participate in

other components such as universities to foster and improve spirit the entrepreneurial.

Addressing the problems faced by farmers is not relying enough on outsiders, farmers can optimize their social capital. Social capital as part of a joint process in resolving problems requires improvement efforts. Coleman explained that social capital is the ability of people to work together, to achieve the goals of the organization together. The opinion (Field, 2010) of social capital is a relationship that occurs and is bound by a trust, mutual understanding, and shared values that bind the group members to make the possibility of joint action efficiently and effectively.

Some of the research results related to social capital in farmers. According to (Pratisthita et al., 2014) stated that social capital increases the interaction of cooperation and function of dairy cattle groups. The opinion (Surya Putra & Ariyadi, 2017) explains that

social capital affects the welfare of farmers. The findings (Solikin, Hartono, et al., 2019) state that social capital in cattle farmers is needed to increase income.

Venture capital is one of the factors that determines the success of individuals / groups in improving business performance. Venture capital that includes a series of facilities or facilities (money. Places, tools) that support the achievement of successful business goals. Venture capital can be sourced from own capital, foreign capital (loans), and joint venture capital. The size of the farmer's capital is certainly different, the indicators used in the form of the number of livestock, the condition of the cage, tools and supporting facilities in running the business.

MATERIALS AND METHODS

The subjects of the study were the social capital and business capital of cattle farmers. The research location was chosen *segaja* in Semen District of Kediri Regency. Respondents were 40 breeders. This research is an exploratory descriptive study. Primary data is sourced from polls and interviews, secondary data comes from articles or publications from trusted sources. Instruments and analytical techniques related to Social capital with indicators of value, solidarity, empathy, and culture are known from respondents' answers using a linket scale of 1: very low, 2: low, 3: medium, 4: high. And 5: very high. Data obtained is tabulated and analyzed with MS excel applications.

RESULTS AND DISCUSSION

Carateristic Farmers Of Semen District Kediri Regency

The district has 26 sub-districts that belong to its administrative area, one of which is semen sub-district. Based on kediri regency bps data in 2020 refers to the census results of population projection in Kecamatan Semen as many as 54,267 people consisting of 26,955 women and 27,312 men. Semen sub-district based on data on (Kediri Central Bureau of Statistics, 2020) has an area of 80.72 km² with 12 villages, rainfall of 14.5 MM/day, located at 7.50-7.82 LS and 111.54-111.97 BT. The

population of beef cattle in 2019 in Semen Sub-district amounted to 8,469 out of a total of 233,310 cows in Kediri Regency. Based on the data (Kediri Central Bureau of Statistics, 2020) the village topology found in semen sub-district is the plains and slopes/ peaks.

The main source of income of the population in semen sub-district is agriculture, the number of family heads in Semen Sub-district (Badan Pusat Statistika Kediri, 2020) as much as 14,175 families, most have side businesses as farmers (cows, Goats). The position of the farm business is a side way to fill the free time available with the ownership of household-scale livestock (small breeders). In line with the opinion (Solikin, Hartono, et al., 2019) which states that the possession of small and sometimes reared farm animals belongs to others (rowdy system). The raised beef cattle are intended to produce pedets and are fattened to cut. The system of selling livestock through sellers / *blatik* in the local village there are *blantik* from other villages / sub-districts. This kind of sales pattern leads to a supply chain of long-cut beef businesses.

Some types of cows cultivated in Semen sub-district consist of *limoin*, *simetal*, *pegon*, and *Peranakan Ongole (PO)* cows. This type of cow has economic value for both *pedet (bakalan)* and meat producers. The four least types of cows are *PO* cows, because according to farmers the consumer attraction (*blatik*, butcher or other consumers) is less interested. *Po* cows are popular with very few consumers because they are bigoted and more magical. Along with the fading fanaticism towards *po*-type cows and the rather slow weight gain caused *po* cows to be less favored.

Farmer's social capital

The existence of social capital as a component of community development is indispensable, the value of togetherness is one of the noble values of the Indonesian nation. According to (Hasbullah, 2006) states that social capital is the main component that can drive the value of togetherness, mobility of ideas, mutual trust, and mutual benefit for the sake of mutual progress. Social capital in the community can be maximized if supported by the social character of

the community and its aspects. According to (Woolcock, 2004) states one of the social capitals there is social bounding (social adhesive) values, cultures, perceptions, and traditions or customs. Social bounding is a type of social capital with characteristics of the presence of strong bonds (the presence of social adhesives) in a socio-economic system. In social bounding there is a sense of empathy felt by the surrounding community, then there is trust that is mutual trust in the community.

Indicators used as a measuring tool for the social capital of farmers in this study are: 1) Value (mutual trust in the management of business towards a person, 2) Solidarity (cooperation, mutual help in activities related to economy/business), 3) Empathy (concern between individuals through mutually beneficial cooperation), and 4) Culture (customs/traditions based on mutual sense). The results obtained as stated in Figure 1 below:

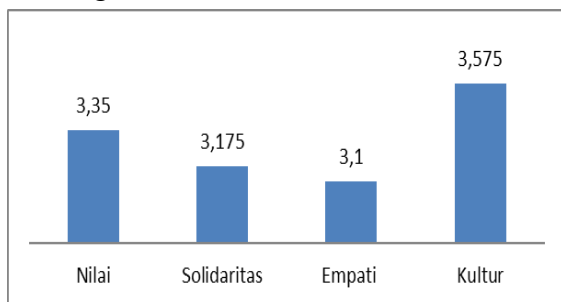


Figure 1: Farmer's social capital assessment results (source: primary data processed, 2020)

In Figure 1 it is known that four indicators with the number 3 which means the condition of social capital with four medium category indicators. Farmers in Semen sub-district still need to strengthen social capital in order to accelerate the development of livestock business and the creation of development and joint welfare. The steps to be taken are to increase trust, cooperation and openness in running the business.

Financial Capital

Capital is a residual right to wealth after deducting liabilities. Capital can also be defined as a pool of resources or financial assets owned by the company/business owner, which is useful in advancing the business and can generate

revenue. According to the Great Dictionary of Bahasa Indonesia capital is property (money, goods, and so on) that can be used to produce something that adds wealth and so on. Venture capital can also mean a certain amount of money used for business activities.

The financial capital of cattle farmers in Semen District of Kediri Regency comes from its own capital, loans, and joint ventures. The capital itself comes from the wealth or money of the respective breeders. The farmer's loan capital is sourced from loans from other parties (Banks/ Cooperatives, etc.). The joint venture capital of cattle farmers with a pattern of "rowdy/parooan" is the capital of others (friends, family, others) that leave farm animals to be reared and there is a certain yield-share agreement.

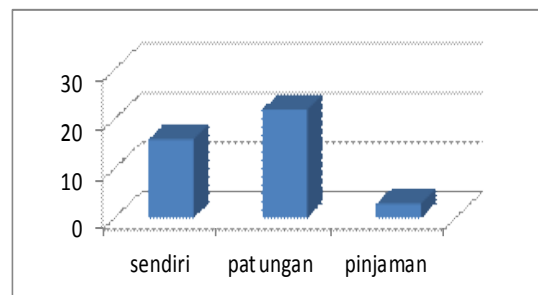


Figure 2: The capital of cattle farmers in Semen Sub-district

In Figure 2 it is known that 22 respondents financial capital (farm animals) are joint ventures derived from rowdy systems, 3 farmers kridet bank, and 16 farmers own capital. This result indicates that 55 percent of farmers cooperate in strengthening their business. The rowdy system takes place because farmers have a desire to earn income from livestock businesses, livestock owners also get a share of the proceeds from the leave of farm animals.

According to the farmer, the sustainability of the gaduhan system is seen as a more convenient solution than borrowing money from the bank. This is in line with the research results (Solikin & Budi Hartono, Zaenal Fanani, M. Nur Ihsan, 2019) which state that a joint effort of all stakeholders is needed to improve the farmers' socio-economy. Most breeders are less interested in borrowing / credit at the bank because the objects / goods are not used as collateral. Farmers choose the gaduhan system because when they

need money, they can borrow money from the owner of the animal (the person who leaves it) without any certain conditions and without interest. The symbiosis of mutualism from the social interactions of rural communities in the practice of the gaduhan system is evidence of a correlation between social capital and financial capital for cattle breeders.

CONCLUSION

The results of the study can be concluded that the existence of social capital of cattle farmers in Semen District Kediri regency moderate category, the existence of financial capital and social capital is evidenced by the existence of noise system in the countryside.

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