CORRELATION OF SOCIAL CAPITAL AND POVERTY FARMLERS IN ACEH

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Abstract

Purpose of the study: This study tried to examine the correlation between social capital and the poverty level of farmers in Aceh. It was linked to the uneven agricultural development of some rural areas in Aceh had caused the poverty rates in villages are higher than in the urban areas. Hence the social capital is important as other capitals in development and become the energies for the development and decreases the rate of poverty.

Methodology: This research used a quantitative method by distributing the questionnaire to 300 respondents in Aceh Tamiang, Pidie Jaya and Aceh Tengah, Indonesia. The data analyzed by using the Spearman correlation with the assistance of the Statistical Package for Social Sciences to determining the relationship between two variables; social capital and poverty in farmers.

Main Findings: This study found that there is a positive and significant correlation between social capital and the level of poverty. Farmers who have a higher stock of social capital are found to be lower in the poverty rate.

Applications of this study: The finding of this study is useful for the government of the Aceh government to explore and strengthen farmers' social capital to empowering their economies. It would be relevant to decreasing the poverty rate according to farmers in Aceh.

Novelty/Originality of this study: The case of poverty in Aceh was widely explained by the numbers of the researcher. But there is no recent publication that has explained the relationship between poverty and social capital in Aceh. Therefore a strong level of social capital will be able to significantly reduce poverty in Aceh.

Keywords: Social Capital, Poverty, Network, Trust, Collective Action and Development.

INTRODUCTION

Aceh as a Special Autonomus Region in Indonesia had received special autonomy funds from 2008 until 2017 amounting to 56.67 trillion rupiah (Dani, 2018). For 2020 the Government Allocates Special Funds for Aceh and Papua of Rp 21 Trillion (Victoria, 2019). The amount of funds has not significantly reduced the poverty rate in Aceh (Okezone, 2018). In March 2018 the number of poor people in Aceh reached 15.97% (BPS Aceh, 2018). Most of them are farmers in districts that rely on the agricultural sector as their main livelihood (Fatthaya, 2017).

The high rate of poverty of farmers in Aceh is due to the ineffectiveness of the empowerment system implemented. The assistance for empowering farmers is more focused on strengthening physical resources (Tewu, 2015). The current empowerment strategy still ignores aspects of community social capital as an important element in development (Lesser, 2000; Cook, 2017). Modernization of the system, pattern of production and use of superior seeds to increase agricultural productivity does not automatically affect the level of welfare of farmers or reduce the poverty rate of farmers. Adequate financial capital and technological sophistication cannot necessarily improve the farmers’ welfare (Nirzalin & Nulwita, 2017).

Social capital is an important element (Dako et al., 2019), in addition to other capital to increase farmers' welfare to reduce the poverty rate in Aceh. Many experts believe that social capital contributes positively to the success of development to prosper society (Portes, 1998). Social capital can be used as energy to overcome poverty, includes increasing and utilizing networks (Amalia, AD, 2015). Appropriate and directed use of social capital in one group of poor people can benefit the group. Social capital both bonding and bridging in the farming community can sustain their survival (Zuber et al., 2013). The description explains that social capital is an important factor in all development, in addition to financial and physical capital (Pretty, 2001). In the agricultural sector, efforts are needed to strengthen farmers' social capital to reduce poverty and improve the welfare of farmers. This study discussed the correlation between social capital and the level of poverty farmers in Aceh.

LITERATURE REVIEW

The study of social capital has been written by numerous researchers. They focused their study on many aspects such as social, political, economy, health, agricultural, etc. Hence this section will be present a literature review about poverty and social capital.

Poverty is defined into two dimensions; the income dimension and the non-income dimension. Poverty in the income dimension is poverty caused by low income earned by the community. Poverty in the non-income dimension consists of
incompetence, lack of hope, and lack of representation and the absence of community freedom (Winardi, 2010). The Central Statistics Agency of Indonesia defines poverty as the condition of someone who is only able to eat less than 2100 per capita per day or equivalent to 320 kg/capita/year in rural areas or 420 kg/capita/year in urban areas. Poverty is an almost never-ending problem in most developing countries (Swastika & Supriyatna, 2008).

Many experts divide the size of poverty not only based on the level of poverty and the severity of poverty but also based on the type of poverty. Type of poverty distinguished into two types, namely chronic poverty and transient poverty (Arsyad, 2004; Shepherd, 2007; Barrientos & Neff, 2011). Chronic poverty is a condition where an individual is classified as poor at one time, and continues to increase and is at a very low level of welfare in the long run. Transient poverty is poverty that occurs in an individual that is only temporary, this occurs because of a decrease in living standards in the short term.

Poverty can hamper economic growth due to weak purchasing power. Poverty can also cause social problems due to increased crime rates, low levels of education and so on. Poor farmers are a big problem in each region including in Aceh. Therefore, poverty needs to be alleviated or reduced even though it cannot be completely eliminated (Kwadzo, 2010).

Huragerah (2013) explains poverty alleviation strategies are: first, poverty alleviation strategies should be able to erode negative cultural values such as apathy, apolitical, fatalistic, helplessness, and so on. Second, the strategy of increasing income through improving health and education, improving business skills, technology, expanding networking. Third, involving the poor in the process of decision making in empowerment. Fourth, empowerment strategies are carried out through; (1) creating an atmosphere or climate that enables the potential of the community to develop, (2) strengthening the potential of the community, and (3) empowering or protecting. Kamarni (2012) said that in alleviating poverty, social capital is an important component. Social capital can reduce poverty and improve the ability of the community through existing dimensions in social capital, unity, culture/customs, trust and participation (Trainor, 2008).

Social capital theories have widely recognized as a multidimensional concept both economic (Bellemare & Kroger, 2007; Sabatini, 2008; Durlauf&Fafchamps, 2004; Bowels & Gintis, 2002; Glaeser et al., 2002) and sociological aspect (Bourdieu, 1983). The social capital of society has 3 core variables, they are; trust, social norms, and social networking (Saputro, 2006; Nina et al., 2019). Meanwhile, Cahyono & Adhiantna (2012) expounded that social capital is relationships and norms which structure the social relationships within the community in a broader dimension. Additionally, as stated by Coleman (1999), social capital is the ability of people to work as a community, to achieve mutual goals in various groups and organizations. Similarly, Fukuyama (1995) defines social capital as a series of informal values or norms that are shared with members of a group which made cooperation possible among them. Meanwhile, Solow (2000) defines social capital as a set of values or norms that are manifested in behavior that drives the ability and capability to cooperate and coordinate in producing a contribution to the sustainability of productivity.

Putnam (2000) explained that social capital focused on two classifications with two different dimensions. The first one is bonding (exclusive), which is marked with reinforces strong ties among close and homogeneous groups (e.g. Families). The second one is bridging (inclusive) that is more outward-looking and based on weaker ties between people from numerous social groupings (e.g. Working groups, religious movements, farmers groups, etc.). Theoretically, these two dimensions are distinct, but may not be empirically separable since many groups have both bonding and bridging functions.

Cohen & Prusak (2001) states social capital is as every relationship that occurs and is bound by a trust (trust), mutual understanding (mutual understanding), and shared values (shared value) that bind group members to take action together efficiently and effectively. The establishment of mutual trust according to (Pranaji, 2006) is the result of interaction involving community members in neighboring groups, village-level associations, district-level organizations, and the development of social network systems to cross district boundaries (Noraida et al., 2019). Social capital is productive in providing material benefits for individuals associated with individuals and other groups as well as other physical capital (Bourdieu, 1985; Coleman, 1990; Putnam, 1993; Smart, 2008).

In agricultural activities, social capital also determines the level of productivity as well as other forms of capital. A series of activities that are quite long in agricultural activities are not possible to be carried out by landowners alone but require cooperation between the activities to maintain productivity in high quantity and quality. Collaboration between agricultural actors will occur if it is based on social capital which cooperation is the principal manifestation (Bjørnskov & Sonderskov, 2013).

Social capital is also an important thing that influences the sale of post-production agricultural products, especially to influence market prices (Gao et al., 2019). Trading activities cannot be separated from network availability, where social capital is an important factor that can open the network. The practice of trading agricultural products often does not fully benefit the producers so that the role of social capital among agricultural actors becomes very important to help encourage the bargaining positions of agricultural actors to be better. Social capital is also an important factor for agricultural actors to innovate. The use of technology and making innovations in agricultural activities will be more
effective if carried out in groups and carried out collectively. A key characteristic of social capital is facilitating coordination and cooperation to benefit members of the farming community (Serageldin, 2000).

The concept of social capital has obtained greater prominence. Social capital understood as the norms and net-works facilitating collective action for mutual benefit (Putnam, 1993; Zak & Knack, 2001; Rodriguez et al., 2014; Engbers et al., 2017). Social capital increases the quality and quantity of disseminated intellectual capital which in turn results in broad innovations (Hartanto, 1999; Helliwell et al., 2014). Social capital can also reduce transaction costs (Fukuyama, 1995). Communities that have better social capital are better prepared than people who have lack social capital, such as in technology adoption and market changes (Fukuyama, 1995). The results of high levels of trust and social capital are effective leadership for regional economic development (Stimson et al., 2009).

Budhi Cahyono (2014) concluded that improving welfare and reducing poverty can be done through strengthening social capital, and community development. Social strengthening can be done by developing schemes for strengthening social capital, such as improving the functions of the BPD, LKMD, Gapoktan, PKK, BUMDes, and Cooperatives. The results of Purwito Zanuar et al. (2016) research are rice smallholders whose narrow fields use their social capital to meet household income. Social capital has the biggest role in the strategy to maintain the sustainability of farmers’ networks in the community to meet their household income.

The research about social capital and poor farmers in Aceh is limited. Most of the researchers explained the relation between social capital and poverty in a general way. Busra et al. (2018) focused his research on the influence of social capital, and the government’s responsibility to the level of empowerment of the poor in Aceh. He found that government policy only has a small impact on increasing empowerment. Hence social capital has three indicators that relatively have a great contribution to improving empowerment. These three indicators are networking, cooperation, and solidarity. On another publication, Busra et al. (2018a) the relationship between social capital and poverty in poor households in Aceh. The aim is to explain how social capital affects the opportunities of a poor household to get out of poverty by using statistical logistic regression. The results show that social capital has an influence on household poverty in the rural community in Aceh. It will be an asset that can give the rural community a way to survive or get out of poverty. The publications mention, that there is a limitation of recent publication that focusing on social capital and farmers in Aceh, become the main reason to conduct this research.

METHODOLOGY

The proposed hypothesis of this research is a strong level of social capital will be reducing poverty in Aceh. This research used Quantitative methods by selecting 300 samplings using a purposive sampling method. Samples were provided with a list of questionnaires consisting of 54 questions. The criteria for selecting samples are based on research objectives (Nauman, 2007; Sugiyono, 2013). All respondents are active farmers in Aceh Province. With 100 respondents coming from Aceh Tamiang, 100 respondents from Pidie Jaya and another 100 respondents from Aceh Tengah. In analyzing the results of the study, the spearman correlation was used with the assistance of the Statistical Package for Social Sciences (SPSS). The spearman correlation is a method of determining the relationship between two variables; social capital and poverty in farmers (Abd Rahim MdNor, 2009; Wahyono, 2006).

DISCUSSION / ANALYSIS

A. Poverty Rate in Aceh

Aceh is one of the provinces in Indonesia that has abundant natural resources (SDA) such as liquefied natural gas, petroleum, coal and so on. The abundance of natural resources does not necessarily make Acehnese people free from poverty. The poverty rate in Aceh in 2017 reached 16.89%. Although the long-term trend has decreased. The results showed that the percentage of farmer families included in the categories of poor and non-poor in the three districts of Aceh Province, namely Aceh Tengah (Central Aceh), Aceh Tamiang and Pidie Jaya were different.

The highest percentage of poor farmers is in Aceh Tamiang, and the lowest is in Pidie Jaya. Likewise, the most percentage of farmers included in the non-poor word is in Pidie Jaya Regency. Based on the results of this study, it was shown that the farming communities that settled in rural areas were very high. All districts show the percentage of poverty is above 40%. This figure is far higher than the total percentage of provincial and district poverty. The comparison of the number of farmers included in the poor and non-poor categories in Aceh is presented in figure 1.

B. The stock of Farmers’ Social Capital in Aceh

High social capital is characterized by a sense of mutual trust between communities, high network density, strong social interaction between communities, useful information exchange, high intensity of collaboration, and compliance with common norms and values to realize shared expectations and also reduced opportunistic traits of individuals. Community participation in each togetherness, tolerance level, and crime rate are also indicators of social capital in a society (Stone, 2001).
The results showed that the social capital stock of farmers in the three districts did not have a significant difference, especially between Pidie Jaya and Central Aceh Districts. The lowest stock of community social capital is in Aceh Tamiang District (Figure 1). Structural social capital as measured by community involvement in social networks (farmer groups, religious organizations and members of political parties) also does not have a very significant difference. The social structural capital for Aceh Tamiang Regency is the smallest. The relatively large difference in the three districts is cognitive capital (Trust Level). Pidie Jaya is the lowest social capital district. The high and low levels of social capital are certainly related to differences in the level of trust, cooperation, social interaction of the community and so on in each district.

C. Correlation between Community Social Capital Stock and Poverty Rate

The results of different tests on community social capital (index value) showed a very significant difference (p-value <0.05) between poor farmers and non-poor farmers. The mean rank value for non-poor farmers is higher than for poor farmers. Social network capital (structural) and collective action, also differ significantly. The mean rank value of the two components is also higher for non-poor farmers. For the component of trust social capital, although the mean rank is higher for farmers who are not poor compared to poor farmers, the difference is not significant at the 0.05 degree of freedom, but if the degree of freedom is less than 10% (0.1), then social capital components also differ significantly (Table 1).

<table>
<thead>
<tr>
<th>No</th>
<th>Social Capital Variables</th>
<th>Mean Rank</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Not Poor</td>
<td>Poor</td>
</tr>
<tr>
<td>1.</td>
<td>Community Social Capital Index</td>
<td>163.02</td>
<td>135.61</td>
</tr>
<tr>
<td>2.</td>
<td>Social Network Capital Index</td>
<td>159.75</td>
<td>139.49</td>
</tr>
<tr>
<td>3.</td>
<td>Social Trust Capital Index</td>
<td>158.70</td>
<td>140.74</td>
</tr>
</tbody>
</table>

Figure 1: Percentage of poor and non-poor farmers in Pidie Jaya, Aceh Tengah, and Aceh Tamiang in 2019

Figure 2: Average Index Of Community Social Capital And Its Components In Each District In Aceh.
The results of the correlation test also show that community social capital is positively correlated and significant with the farmers' poverty index. This means that if the social capital of farmers increases, the poverty index also increases, the poverty rate will decrease. But for the degree of closeness of the correlation between social capital and poverty it is relatively weak (the correlation coefficient is closer to 0). Another social capital variable has been tested to poverty by spearman correlation as the table below.

Table 2: Spearman Correlation Test Results between Community Social Capital and Poverty

<table>
<thead>
<tr>
<th>No</th>
<th>Social Capital Variables</th>
<th>Correlation coefficient</th>
<th>P-value (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Community Social Capital Index</td>
<td>0.187</td>
<td>0.001</td>
</tr>
<tr>
<td>2.</td>
<td>Social Network Capital Index</td>
<td>0.123</td>
<td>0.034</td>
</tr>
<tr>
<td>3.</td>
<td>Social Trust Capital Index</td>
<td>0.122</td>
<td>0.035</td>
</tr>
<tr>
<td>4.</td>
<td>Collective Action Social Capital Index</td>
<td>0.175</td>
<td>0.002</td>
</tr>
</tbody>
</table>

Table 2 shows that the collective action dimension has a greater degree of correlation than the network dimension and trust. The high degree of correlation in the component of collective action certainly makes it easier for the community to get assistance from outside parties to more quickly develop their villages and agriculture. Higher social capital has a greater chance of development. The involvement of members in the organization's network, especially the local associations that are entered into by the head or members of the household result in a process, quality and quantity of social interaction of the community that is more developed. Likewise, with trust, it becomes a capital for the community to cooperate with outside parties who will help develop their businesses, especially farming. Collective action carried out by communities such as community participation in social activities related to agricultural development, and development also encourages aid providers to allocate their work programs to the region. In addition, activities carried out collectively can reduce the costs that must be spent to finance farming for each family.

CONCLUSION

The poverty rate of farmers in Aceh is very high, more than 40%. The spread of the poverty level is relatively the same for each district. The index of social capital of non-poor farmers is higher than the index of social capital for poor farmers, as well as the components of social capital networks, their trust, and collective action. The study reveals that the level of social capital of farmers is positively and significantly correlated with the level of poverty. Accordingly, this study suggests the Aceh government explore and strengthen farmers' social capital in empowering their economies.

LIMITATION AND STUDY FORWARD

The availability of previous research that specifically addresses social capital and poverty in Aceh is very limited. So that this research rests more on examples from other regions. In the international scope, the limitation of this study lies in the small scope of the research location, which only sees the case of Aceh as part of Indonesia. It would be interesting if the forward study focuses on another region within Indonesia in seeing the phenomenon of farmer poverty and social capital in Indonesia.

REFERENCES


