

# Role of Social Capital Strategies in Micro Small Medium

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**Keywords:** Social capital, Micro Small Medium Enterprises.

**Abstract:** The purpose of this study is to determine the use of social capital consisting of norms, trusts, and networks in small and medium enterprises (SMEs). In conducting this research the method used is descriptive qualitative. All members of Primary Cooperative Tofu Tempe Indonesia Kediri as many as 15 people became informants in this study. To obtain information from this research informant use observation and interview to informant. The results showed that in running their business, the craftsmen in the center tofu that tinalan still maintains social capital even though the cooperative and business group are not maximally in their activities. To develop a social capital business consisting of norms, beliefs, and networks is important to support the business development strategy of marketing strategy and pricing strategy. Success in the use of marketing strategies and the right price can keep the tofu business continuity all along, even though the condition of supply of raw materials and prices change.

## 1 PRELIMINARY

The most important elements of social capital are social networks, social norms, trust, and reciprocity. This elements enables to achieve a synergistic effect through joint action and the creation of various business partnerships. In other words, this is related with the characteristics of social organization, such as network, norm, and trust, which includes coordination and cooperation in order to obtain the same benefits. (Cvetanovic et.al, 2015). The theory of social capital emphasizes information, knowledge, and resources gained through social networks and external networks, which help employers recognize opportunities (consumer market information and other business opportunities) and also acquire external resources, information and advice from the network (Tundui & Tundui, 2013). Some t anta ngan which become an obstacle to the establishment, kelangung early life and growth of SMEs including a lack of networking opportunities, lack of access to finance and inadequate government support (Chimucheka & Mandipaka, 2015).

There has not been much research that discusses social capital in the strategy of developing SMEs, most social capital discusses social capital with microfinance process in business group. Akram and Routray (2013) describes participation in local organizations, institutional and heterogeneous

associations identified as structural and cognitive dimensions of social capital in influencing households obtaining credit. But when the combined social capital dimension is social capital has no significant effect on microfinance participation. In another study also states that the mic ro b ank take advantage of social capital in society and m enciptakan relationship with physical capital to improve living standards, empower women and eradicate poverty in Bangladesh through the operating level of microfinance (Fatum & Hasan, 2015).

Research on social capital in SMEs also become interesting because SMEs has now become the motor of Indonesia's economic movement and social capital becomes an important part in developing SMEs business. Wijaya (2017) reveals a group of traders having a series the value of social capital such as trust, norms and cooperation as well informal leadership is quite effective in organizing group informally. This capacity is then capable as a means solving problems and simultaneously as a mechanism of empowerment comes from a group of SMEs traders themselves.

## 2 RESEARCH METHODS

### 2.1 Types of research

Form of research used in this research is qualitative research with descriptive analysis . In this case descriptive research in accordance with research conducted by the author. Because in this study, the author tries to describe a problem or phenomenon that exists.

### 2.2 Research Sites

This study will be conducted in the Village Tinalan School District of Kediri precisely in the Center of Know Takwa, location was chosen because the Center of Tofu Takwa Tinalan Village is one of SMEs and typical food of Kediri.

### 2.3 Unit of Analysis

Informants selected based on their knowledge of SMEs tofu in Tinalan Village and informants who are business owners tofu piety in Tinalan Village which has been incorporated in Primer Cooperative Producer of Tempe Tahu Indonesia (Primkopti) or not yet joined in the group. Based on this the selected informants were: k etua Primkopti , a member of Primkopti; business owners who have not joined in Primkopti.

### 2.4 Technical Data Analysis

The first stage is to process data obtained from field interviews, from the results of interviews selected and adjusted to the needs of research. The second phase of data that has been processed will be adjusted with documents obtained from the mass media and related agencies so that there is a synchronization between the data in the field with the existing documents . The third stage is After doing the decomposition of the research data, the author intends to hold a discussion in accordance with the results of research. As the final stage the authors will do a generalization that aims to clarify the results of research

## 3 RESEARCH RESULTS

### 3.1 Social Capital in Center of Tofu Takwa Village Tinalan Kediri

#### 3.1.1 Trust

The belief that occurs in Center of Tofu Takwa is the trust of the craftsmen with the consumers, the soybean raw material store , and the reseller. This trust is done so that the supply of raw materials remain smooth and keep running the production tofu, then every craftsman has established confidence with the soybean seller in the market, although Primkoti now not sekatif first. As Sapingi said that:

*"... for marketing my product has reached to Bandung and Ponorogo, so there is a request to be reseller Stick Tofu for sale in Bandung and Ponorogo. Although the result is not as much as in Kediri but I still tell Stick Tofu to there "(Sapingi, interview result January 9, 2018).*

From the information submitted by the informant shows that the confidence that exists between the craftsmen with the seller of soybean raw material and resellers and consumers are able to develop a business of tofu piety in Tinalan Village and able to compete with the tofu traders from the Chinese.

#### 3.1.2 Norm

Norms that occur in Center of Tofu Takwa Village Tinalan same as in other business groups. Norms here include the norms of cooperation in marketing the product or in determining the price, this norm appears for the relationship between craftsmen remain well established . Bu Nar explains that:

*"... if you determine the price here do not drop another, do not be too low, if there is a difference not too big" (Bu Nar, interview results, January 8, 2018).*

However, the sanction of the norm is not yet well run, although the craftsmen are members of the cooperative, because one of the causes of cooperatives is not the same way again because many members who took the raw material of soybean but the debt was and has not been paid .

#### 3.1.3 Network

The network at Center of Tofu Takwa Desa Tinalan is not much happening, because the craftsmen have long got the market to market their products and

already the seller to buy the raw material of soybeans have been established for a long time. Because the craftsmen tofu in Tinalan Village most are second generation so they just run the existing course. The craftsmen tofu that in Tinalan Village, they do not need to expand the network for product marketing, because they feel that sales in Kediri and surrounding areas alone have yielded good results. At least every day there are still consumers who buy their products.

*"... for the price of soybeans is now stable, not as it used to import soybean rare soybean price can be up to Rp. 10,000. too high to climb, many craftsmen tofu who paused ". (Vivin, interview results January 8, 2018)*

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### 3.1.4 Price Strategy

The selection of pricing strategy at Center of Tofu Takwa Desa Tinalan Kediri is not derived from soybean type whether the soybean is imported or local, because the soybean of the two types according to the artisans of the year the result is the same. But what differentiates the price of tofu from Tinalan Village and tofu China is the amount of soybeans used in making the tofu. The big price difference between tofu Tinalan Village and tofu china is intentional by the craftsmen tofu. This is done because the target consumers are also different, the target consumers tofu from the Village Tinalan is the market - the market so that the price is set cheaper while tofu china is middle and above so that more sold in the center of souvenirs . It is reinforced by Jamal that:

*"... the price tofu Tinalan and tofu the Chinese are different, the year here more sent to the middle market down the target, but its density is almost the same as tofu china". (Jamal, interview results January 8, 2018).*

### 3.1.5 Marketing Strategy

Craftsmen tofu in Tinalan Village for marketing strategies have not tried to develop in more recent ways that use more information technology, the craftsmen still use the conventional way that is sold at home only and deposited into the markets. To more easily market the product tofu some artisans tofu more communication with the Department of Cooperatives and SMEs Kediri, so often included bazaar held by the government.

## 3.2 The Role of Social Capital in the Strategy of Creative Industry In Center of Tofu Takwa Tinalan Village Kediri

### 3.2.1 The Role of Norm

- Strengthening Relationships between fellow craftsmen tofu as well as with traders in the market;
- Norm provides a good role in the relationship between craftsmen and traders, norms are not always associated with economic things that can increase economic activity but also that concerns the norms of everyday relations;
- Deepening Relationships with Consumers;
- With the norm in the relationship of cooperation between craftsmen with consumers will make the relationship will be more closely;
- Competition among artisans become healthier;
- The existence of norms for the prohibition of price fixing as low as possible and the suggestion to stay healthy and do not drop each other can encourage between artisans or merchants to compete healthily.

### 3.2.2 Role of Trust

- Adequacy of raw materials provided by soybean sellers
- The confidence that exists with the seller makes the craftsmen able to meet the raw materials at any time and the price changes do not make the raw material supply change.
- Product transactions between craftsmen and traders are still intertwined
- The trust that exists between craftsmen and merchants makes it easier for craftsmen to market their products and be able to expand the market.

### 3.2.3 Network Role

- Craftsmen are easy to get raw materials. Networks also play a role in the process of getting raw materials. This means that with the acquaintance of soybean seller will facilitate the craftsmen tofu in getting the raw materials at times the number of high consumers;
- Expanding product marketing. Networks in a market can provide benefits and support the productivity of goods. By having a wide network then the marketing process of a

product will be easier. Networking in marketing methods can be illustrated by means of artisans having established communication with various industry actors.

## 4 CONCLUSIONS

Based on the results of research and data analysis on the role of social capital in the strategy of Micro Small Medium Enterprises, at Center of Tofu Takwa Desa Tinalan Kediri can be drawn some conclusions as follows:

The social capital in Center of Tofu Takwa is classified into norms, beliefs, and networks. The norms include rules for not setting a lower product sale price, a rule to avoid taking each other's craftsmen. Although the role of Primkopti now is not too big, but the norm is still run by each - each craftsman to interaction relations can work well.

Belief in the center of tofu piety is important because it concerns about the working relationship that occurs with each other. The belief that is formed is the trust between the craftsmen and the seller of soybean raw materials in the market, besides that between the craftsmen with the seller of the tofu products that are in the market. Given the trust with raw material sellers and sellers of tofu products in the market will make the production process and product marketing can keep going.

The network that takes place in Center of Tofu Takwa is a network of product marketing to expand marketing, but also network to get seller of soybean raw material. This needs to be done because at certain times like Lebaran the demand for tofu products increases so the need for more raw materials.

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