

## **The Social Capital of Trust and Its Role in Strengthening The Small Business Economy of Roasted Peanuts in Kawangkoan, Minahasa**

\*Henry J.D.Tamboto

*Economics Faculty, Manado State University (UNIMA), Indonesia*  
Correspondence Author: Henry J.D.Tamboto (htamboto@unima.ac.id)

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**Abstract :** *The existence of small business in the community supported by strong social capital will have positive contribution for the viability of small businesses. It has been proven during the 1998 monetary crisis. Aftermath the crisis, the government and the economists recognized that the Indonesian economy survived from severe collapse because of the strength and the sustainability of millions small businesses and other traditional economic activities. During the 1997 national economic crisis which shook the social, economic and political stability, the big industrial activities suffered from the worst impact. The number of large industries dropped from 2,097 to 1,831 in 1998 while small industries sustained their business activities. From 225,000 SMEs, 64.1% of them survived and were able to grow as much as 0.9%. Meanwhile, 31.0% decreased their business activities, and 4.0% were forced to stop their business activities. Thus, it has been proven that small business cannot be underestimated. Similar phenomenon also occurs in roasted peanut small business in Kawangkoan. The businesses which emerge and grown within the society still have strong existence despite the fierce competition with modern roasted peanut business. The purpose of this study is to know and describe the social capital of trust and its role in strengthening the small business economy of roasted peanuts in Kawangkoan, Minahasa. This research uses qualitative research method with case study. The primary data sources are obtained from informants, events and documents in 2016. Data collection techniques uses triangulation in the form of observation, interview and documentation. Data analysis uses Domain analysis and Taxonomy analysis. The results show that trust as the social capital has important roles embodied in some aspects as follows: the supply of raw materials with excellent quality from the farmers, openness, honesty, loyalty, seeds from the business owners to the farmers, agreement-based payment system, giving allowance and bonus, 'Laku Bayar' as the payment system, exchanging information, well-maintained characteristics of the products, free-chemicals products.*

**Keywords:** *Trust, Social Capital, Small Business Industry*

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### **I. INTRODUCTION**

Small industry is one of many businesses which contributes to the community economy. The main role of this small industry cannot be underestimated because the small business industries play the significant role in creating new jobs, resources and services and contribute to accelerating national economic growth (Putra, 2003: 253).

The development of the Small Industry purposes to unravel the amount of human resources who move to the capital city. It is expected that, the life around the small industry in the rural area will be as advanced as the city. Thus, it triggers the economic growth in the rural area, create new jobs and increase the income of its people (Maskun, 1993:108).

Several studies report that the small industry has helped the life of the farmers as an essential support to survive (Raharjo. 1984: 143). Furthermore, small-scale business has experienced a positive growth. According to Yustika (2007:18), this growth results from some factors: First, the small-scale business has survived over economic crisis and relatively unaffected, and it still grows. Second, there is possibility that large and medium sized business are greatly affected by economic crisis and shifts the economic activity into small businesses.

Seeing the important contribution of small industries to the development which spurs the economic growth, it is expected that government and society could work together to support and strengthen it. Fukuyama, one of the leading figures on social capital, argues that social capital is correlated to economic growth. Through his book, Fukuyama writes: "A nation's wellbeing as well as its ability to compete, is conditioned by a single, pervasive cultural characteristics: the level of trust inherent in the society" he continues that social capital

represented by trust will be as important physical capital (Fukuyama, 1995:26). Putnam (1993:32) also states that it is evident that economic growth is highly correlated with the presence of social capital.

The existence of small industries in the community supported by sustainable social capital will have positive contribution to the survival of small businesses. It has been proven during the 1998 monetary crisis. Aftermath the crisis, the government and the economists recognized that the Indonesian economy survived from severe collapse because of the strength and the sustainability of millions small businesses and other traditional economic activities. During the 1997 national economic crisis which shook the social, economic and political stability, the big industrial activities suffered from the worst impact. The number of large industries dropped from 2,097 to 1,831 in 1998 while small industries sustained their business activities. The survey conducted by the Cooperation and Enterprise Department (1999) found that from 225,000 SMEs, 64.1% of them survived and were able to grow as much as 0.9%. Meanwhile, 31.0% decreased their business activities, and 4.0% were forced to stop their business activities. Thus, it has been proven that small business cannot be underestimated (Prawirokusumo, 1999: 77).

Various benefits have been gained in organizing small roasted peanuts business; thus, this business continues to grow year by year and has positive contribution to the economy of the community. Since 1950, this business has continued to grow until now and has resulted in hundreds of roasted peanut entrepreneurs. Their sustainability is improved due to more open opportunities for the development of this business. The largest number of roasted peanut entrepreneurs is in "Kinali" where this business was first introduced. There are 84 small industries from a total of 109 small industries. The smallest number is in "Uner" and "Kanonang Satu" where only 5 small industries run their operation. This small industry cannot stand alone. It means that this business must be supported by people, farmers, sellers, "Tibo" and consumers as the final goal of this roasted peanut products.

Woolcock defines trust as the social capital. It refers to the mutual trust between the individual and between groups within society built by norms, noble values existing in the culture of the society. Fukuyama also states that people can cooperate more effectively because of the willingness to put group interests above individual interests.

The role of social capital in the community as important factors of roasted peanut small industry in Kawangkoan is needed to sustain the business. Trust as a social capital cannot be ignored as it is an important factor which determines the success of the area development. To give a clearer direction in this research, the subject matter is *How is the role of Trust as the Social Capital on the Empowerment of Roasted Peanut as the Small Business Economy in Kawangkoan, Minahasa*. Based on the background and the formulation of the problems described above, the purpose of the research is to know and describe the social capital of trust and its role in strengthening the small business economy of roasted peanuts in Kawangkoan, Minahasa.

## II. LITERATURE REVIEW

### Theory of Social Capital

The beginning of social capital theory was triggered by article of "*Le capital Social: Notes Povoires*" written by Pierre Bourdieu in 1970; however, there were few scientists concerned to this publication which was written in France. They concerned to the concept of social capital theory written by Coleman in American Journal of Sociology entitled "Social Capital in the Creation of Human Capital" which finally convinced many people that Coleman was the first scientist who introduced the concept of social capital (Yustika, 2008: 178).

According to expert in social capital, there are several definitions of social capital. Fukuyama (1999: 16) mentioned that "social capital a set informal values or norm shared among members of a group that permits cooperation among them. If member of the group come to expect that others will behave reliably and honestly, then they will come to trust one another. Thrust is like a lubricant that make the running of any group or organization more efficient". Coleman (1988:98) defines that social capital as "variety of different entities, with two elements in common: they all consist of some aspect of social structure, and they facilitate certain actions of actors whether personal or corporate actors within the structure". Social capital has two characteristic. First, it is as an aspect of social structure, and it facilitates individual action in social structure. By understanding this definition, forms of social capital are obligation and hope, information potency, effective norm and sanction, authority relationship, and appropriate social organization, which can be used to create social capital. Besides, Putnam (1993:32) defines that social capacity as "to the notions of physical and human capital, the term social capital refers to features of social organization such as network, norms, and trust that increase a society's structure that facilitate certain actions of actors within the structure". Putnam recognizes that social capital includes social relationship, social norm, and trust.

The previous explanations confirm that definition of social capital is as trust, norm, and connection which involve the participants of community perform collectively. Social capital can be defined as a source which appears from an interaction between people in a community. However, the measurement of social capital often involves measurement of interaction. The result of the interaction is a trust and maintenance of trust

between societies. Fukuyama (1992:21) mentions that social capital can be measured using three approaches, like:

1. Social capital has qualitative dimension, for example: the existence of sport club which aims to help to act properly and collectively, but it is hard to examine the output of a community.
2. Externality of group's participants which has level of positive trust, like maintaining house and environment cleanliness to create clean and beautiful environment in order to result positive assessment from neighborhood which is pleased and beneficial since the environment becomes clean.
3. Negative externality is characterized by the existence of a group, which actively propagates intolerance, and hatred of a group of society and law infringement toward non-participants of a group.

According to several arguments of Fukuyama, there are three main issues require to be concerned; first, trust or trusts which is in wide scope but still in community; second, reciprocal obligation which is similar to mutual cooperation but not passive; and third, collective action or action of togetherness and win-win solution. Next, according to Bourdie (in Yustika 2008: 184), social capital separates two elements: (a) social relationship which let individual to claim access toward sources owned by their association, and (b) a number and quality of sources. Therefore, based on the previous explanation, social capital emphasizes that an actor can directly gain success in economical sources (subsidized loans, investment advice, protected markets) where they could increase cultural capital by contacting experts or civilized individuals, or they can affiliate with institutions discussed trusted values.

Besides, Woolcock (2001:15), differentiates social capital to three types: (1) "social bounding", is a type of social capital which has a strong bounding in social system; (2) "social bridging", is a social bounding which appears as reaction of its various group's characteristics. It can appear because of some various weaknesses around the society; therefore, they decide to build strength from the weakness; and (3) "social linking", is a social relationship, which is characterized as a relationship between several levels of social strength or social status in society, for example: relationship between political elite and public society.

The three social capital types can work depending on the situation. It can work in weakness or strength in society. It also can be used as support and inhibitor in social bounding, and it depends on how individual and society interpret.

### **Parameter and Indicator of Social Capital**

Social capital is similar to other forms, which characterize as being productive. It is explained as a product of human relationship between one and another, especially intimate and consistent relation. It focuses on connection, norm, and trust, which are potentially on society productivity. However, social capital differs from financial capital since it characterizes as cumulative and increasing by itself (Putnam (1993:10). Therefore, social capital will not be run out if it is used. It differs from human capital; it focuses on people's ability to associate with others. Based on common norms and values, an association between human results trusts which in turn has big and measured economical value. According to Ridell (in Suharto 2005:4), the three parameter of social capital are:

#### **1. Trust**

As explained by Fukuyama (2007:43), trust is a hope which grows in a society, and it is chosen by honest, well organized, and cooperative behavior based on common norms, which are embraced. Cox (1995:5), explains that society has high level of confidence, positive social rules, and cooperative relationships. Social trust is a product of good social capital. The good social capital is signed by the existence of strong social institutions, so social capital creates harmonic social life since the damage of social capital, which causes anti-social behavior (Cox, 1995:6)

Dharmawan(2002: 4-5) explains that at least six important functions of trust in social community relationship, like:

- a. Trust which means as confidence working on individual psychology. This attitude encourages people who are willing to believe in making decision after calculating the risks. In the same time, other people believe in social action, as a result the action gets collective legitimation.
- b. Cooperation can be meant as associative social process where trust can be as a basis of relationship between individual without being suspicious. Then, the spirit of cooperation can boost the high social integration.
- c. Simplification of work, where trust can help to increase the work efficiency and effectiveness of social institutions. Works, which become simple, can decrease very expensive transaction cost, and social relationship pattern is formed based on morality of mistrust.
- d. Discipline, trust is functioned as inducing behavior for individual involved to create peace situation and muffle possibility of social chaos. Therefore, trust helps to create well-ordered and civilized social order.
- e. Social cohesiveness caretaker, trust can help to increase every alive social component in community which can be unity and not separated.

- f. Social capital, trust is an important asset for social life which ensures social structures standing well and functions efficiently and operationally.

## **2. Norm**

According to Putnam (1993:36) norms consist of comprehensions, values, hopes, and purposes which are believed and run by a group of people. Norms can be sourced by religion, moral guide, or secular standards, and also professional ethic code. Norms are built and developed based on cooperation history in the past time, and it is applied to support cooperation climate. Norms can be pre-condition or a product from social trust.

## **3. Connection**

Dynamic infrastructure of social capital can be cooperation connection between people. Connection facilitates communication and interaction which possibly grows trust and strengthen cooperation. Healthy society tends to have strong social connections. People understand and know each other. They build strong inter-relationship, both in formal or informal. Putnam (1993:27) states that social connections can strengthen cooperation between participants and benefits from their participation.

## **Small Business**

In the micro and organization context, industry is a group of companies which produce same kind of product or service, or it has characteristic to mutually replace each other (Kuncoro, 2003:204). According to Central Bureau of Statistic, small business is an industry, which has 5 to 19 employees, consisted of paid blue-collar workers, owner, and unpaid family worker (BPS, 2005). Then Tohar (1999:1) defines that small business as small-scale economic activities of people, and fulfills clean wealth criteria or annual sales results, and ownership ruled by laws.

To achieve industrial development goal, sub-sector of small business and handicraft have strategic roles, as main booster of enhancement of economic growth rate, employee recruitment, and renewal of community values.

Small business in its development brings mission for equity: dissemination of business activities, enhancement of group of weak economy, employment opportunity, and utilization of limited economic potency. In regional development, small business development is like industrial centers and industrial environment. It has important function as center of industrial growth:

1. As center of coaching and development, it includes raw materials and marketing support;
2. As a complementary place of equipment that can be used together for a region to improve the product;
3. As work infrastructure for limited small business owners (Syahrudin, 1989:27)

## **III. RESEARCH METHODOLOGY**

Research about social capital trust on strengthening small business industry in Kawangkoan conducted by qualitative research method. In the research context, this phenomenon will be studied is social phenomenon which relates to social community attitude and interaction, case study in Kawangkoan sub-district which becomes a place of small business industry of roasted nut. According to Bogdan and Biklen (1992:58), case study is a detail examination of a single subject or background, document deviation, or a special event.

This research was conducted at small business industry in Kawangkoan on January to April 2016. Qualitative research which is used is descriptive qualitative purposed to reveal a real problem or a certain situation, so it gives proper description of the real research object in order to solve specific certain problem. The writer conducts the descriptive qualitative research to describe situations and events (Suryabrata, 1985:10). According to Arikunto (1989:84), descriptive qualitative research is non-hypothesis, so the research does not include hypothesis. The early informant chosen purposively on research subject which mastery the research problems (Bogdan and Taylor, 1993). The next informant is based on snowball sampling, techniques (Straus and Corbin, 1997:19), and the last informant is based on level of saturation of information where there is no various information. Informant will give information related to social capital related trust.

Events in the research are events related to observed problems. The form of documents: formats of community activity of small business, monograph, and supportive data from other sub-districts.

### **Data Collection**

Data collection in qualitative research conducted on early information of saturated level; they rule chosen data; this candidate will progress to the next prospective informant. The informant is chosen by snowball method; the next informant is determined alternately; and the last informant is until saturated level which means that there is no various answer of informant.

### **Data Analysis Technique**

Data analysis technique used in this research uses Domain and Taxonomy analysis. Domain analysis is a category of culture understanding which includes smaller categories (Idrus, 2002: 191-194). These domains

formed in three elements: (1) cover term, (2) included term, (4) semantic relationship as connector of cover term and included term. To analyze domain, it needs to follow the followings steps:

### **Data Validity**

Each research should have standard to comprehend the degree of trust or validity of research result. In qualitative research, the standard is named data validity. As explained by Nasution (1998:105) trustworthiness or data validity in qualitative research require examination technique which is based on certain amount of criteria. Since limitations of research, the technique of examination used to comprehend degree of trust and validity of process and result in the research through:

#### **Credibility**

Result of research fulfills aspect of credibility, which is trusted and accepted validity by readers who study critically. There are levels of examining credibility used in the research:

- a. Detail observation, being meaningful for this research is focused on certain issues studied in details by observing steadily until we understand it well. Without research focus in details, the research result is less trusted. Observation conducted in research about social capital relationship and resistance of roasted nut small business is conducted by excavating data about events and information.
- b. Triangulation, which check on the data validity by finding information of other sources using different methods. Information of a source cannot be ensured its credibility. In this research, triangulation of information is given by each information and data of documents. Checking the other information of an event or discovering documents can find data validity.
- c. Member Check, this criterion, the researcher asks informant/respondent's argument to examine data validity, interpretation and conclusion.

#### **Dependability**

Result of the research is supposed to be dependable (reliable, according to qualitative method). Consistency is important for concept formation and usage in interpreting and making decision. Audit trail about reports and periodic reports to comprehend consistency in research aspect. Consistency in using concept interprets conclusion attractively after the research events.

#### **Confirmability**

The result of research must be confirmable which can be examined its validity. The research result is collected and included to field research. The research result is determination and does not include contradictory elements. Conformability is examined by audit trail, and together with the dependability examination. The difference between both of them is that dependability is prioritizing the process, while conformability prioritizes the result and the product.

A re-examination is conducted on the results of research and re-directed the truth and its compatibility with the data obtained from the research. Information submitted by community volunteers, village heads and other used documents.

## **IV. RESULT AND DISCUSSION**

### **Trust**

Fukuyama (1995;10), a prominent figure in social capital, states that trust represents growing hope within the society which is embodied in honesty, well-organized attitude, and corporation based on the prevailing norms.

Roasted peanut business is always intertwined with trust because trust is developed in the development of peanut roasted business. As a social capital, trust develops amidst the social life of roasted peanut business owner. The existence of trust as the social capital can be found in some relationship patterns which the researcher has compiled during the research.

#### **Trust as Social Capital among the owners of Roasted Peanut Business**

Trust as the important social capital to run roasted peanut business. In running their business, the owners frequently face problems in finding fund for buying raw materials and other activities in production process. The owners are unable to develop their business without adequate support of money to ensure the production. However, all owners of this business have solved the problem by giving loan for any business owner who need it, Mr. Max Sumbawa explains that:

“As a business owner, I dont usually have money in hands especially when my roasted peanuts have not been sold out and I have to buy the raw materials from the farmers who have harvested. To anticipate this, i dont have to worry because my friend, Mr Hence, always gives me loan everytime I need so I can run this business. Similarly, I also give loan to Mr Hence everytime he needs money.”

The statement above implies that the business owners no longer have hesitation to run their business. Trust among the business owners enables them to run business since they agree to lend money to each other. This motivate these owners to run their businesses.

### **Trust as Social Capital between the owners of Roasted Peanut Business and The Farmers**

It has been explained that the farmers have the undeniable contribution and existence for the owners of roasted peanut business. Farmers as the suppliers of the main ingredient, and the business owners as the buyers of the farmers' agricultural product. This fact shows the relationship between them. The relationship can last long or even short depending on trust between them, and this trust is built upon the quality of peanuts which the farmers sell and the price which the business owners offer to them. When both of them have built trust, they will get the best. As a result, the relationship between the farmers and the business owners can last long without any time limitation. In other words, trust as the social capital determines the existence of permanent buyers for farmers who supplies peanuts, and for business owners who consistently buy the peanuts. The business owners establish trust among the farmers to ensure stable supply of raw materials for the continuation of the business. Mr. Alfrits explains his experience:

*"It is not easy to run roasted peanut business. It is quite risky if i get low-quality materials such as empty peanuts (pesel). If the peanuts are small and look dirty, i can not sell it in the market. However, i dont have to worry because I have 5 farmers who permanently supply materials, so I dont find difficulty in finding raw materials with high quality. I believe that these farmers know what I want. When the harvested peanuts do not suit the expectation, these farmers will tell me the truth, so i will not feel disappointed. It will minimize my loss. I have established this relationship for a long time and I always buy their crops anytime. I lend them money for buying good seeds; thus, these farmers will have motivation to plant peanuts as the main ingredient for my business"*

The farmers do not want to disappoint the roasted peanut business owners. They maintain the trust, so they keep planting the peanut without having hesitation that no one will buy the products. The researcher visited the house of Mr. Jemi Pinatik, one of farmers from whom Mr. Alfrits buy the peanuts. He is 50 years old and live in Kanonang Dua Village. He explains that *"I was married thirty years ago, I have been a peanut farmer. I have experienced sadness and happiness. Although this is a risky business, I continue planting peanut due to some benefits I can get. I no longer have fear and anxiety for having my harvested peanut gone wasted because I have a permanent buyer, Mr. Alfrits. He has bought my crops since a long time ago. Initially, some buyers came and buy my peanuts; however, I feel that Mr. Alfrits is different. He has better offer in price and service. Thus, I decided to sell my harvested peanuts to him and I promise to give him the best quality. If my harvested peanuts do not fulfill his expectation due to natural condition, I am always transparent by telling him the truth. Although I suffer from loss, I donot want Mr. Alfrits has the same loss for he has been my permanent and loyal buyer. He is like a brother for me"*

From this explanation, it can be explained that the relationship between entrepreneurs and farmers begins with trust which will continue for a long time. Farmers feel confident and believe that their agricultural produce will be purchased by the entrepreneur. Similarly, the entrepreneur also has confidence that the supply of the raw materials is stable. As a result, the production process continues to run. From Mr. Alfrits' statement, it can be concluded that trust between business owners and farmers is also sustained by the honest attitude developed among them.

Honesty and trust strengthen the mutual relationship between them. No wonder if their relationship is still maintained. Mr. Jemi runs out of capital to plant peanuts, t Mr. Alfrits will lend capital in the form of peanut seeds to support farming activities. Trust and honesty is primarily concerned with the quality and quantity of the harvest that underpins the viability of both businesses. The trust of farmers given to roasted peanut business owners maintains the consistency of production and income. This means trust becomes a co-capital for the entrepreneur and the farmer.

The entrepreneurs show their trust to farmers as suppliers of raw materials by providing fund for buying seeds. This relationship gives meaning to the social interaction of entrepreneurs and farmers. The entrepreneurs provide seed under certain agreement. If the farmers borrow one sack, they will return two sacks. Entrepreneurs believe that farmers can certainly return it. This activity seems to have existed since a long time ago. The entrepreneurs do this to enable the farmers to do business and prevent them for being unemployment. On the other hands, this activity ensure the production process.

The mutual trust socially binds and demands farmers to sell their crops to entrepreneurs. However, some entrepreneurs run the business by entrusting their relatives as the permanent suppliers of the raw materials. It happens due to the high value of trust which sometimes hampers someone to trust other people. Cooperation relationships with family members will further minimize any risks and fears of failure. Mr. Hence Pinatik, 55 years, who lives in Kinali is one of the roasted peanut business owner who prefers entrusts his relatives as the main supplier of raw material: *"Among other business owners, my roasted peanut business lasts longer because*

many business owners can not maintain their production process due to the lack supply of raw materials. I am so grateful for my family support. 90 percent of my main ingredient for my roasted peanut are supplied from my relatives. I have established this relationship for a long time because I was afraid of buying raw materials with low quality such as empty peanuts. Some farmers cheats by harvesting the peanuts before their due because these farmers want to get more money. The quality of premature harvested peanuts is low, so it will give greater loss for us. If I buy raw materials from my relatives, I know the quality of the harvest. I dont doubt them. They know their obligation to supply the peanuts with the best quality. I also buy from them with higher price give them roasted peanuts as the bonus”

This explanation shows that trust as a business-driven capital can be developed within the entrepreneurs and farmers in one family bond. the entrepreneur trust stems from his belief that relatives will not lie to him. This point of view apparently underlies this tendency. Entrepreneurs feel comfortable when the suppliers of raw materials for his business are his relatives. The farmers also share similar trust that the business owner will give good prices for agricultural products.

The business owners put their trust on in farmers in order to encourage the success of roasted peanut industry. The entrepreneurs does not only show their trust when giving seeds or giving high prices to peanut farmers. They also often get the raw materials without paying them in advance considering that the mutual trust has existed. The farmer believes the entrepreneur will pay for his agricultural produce according to the agreed time. The payment agreement on the basis of this belief is highly dependent on both parties. There are paid a week after purchase, but some are paid after the roasted peanuts are sold in the market. This commonly happens. In the payment process, the entrepreneurs always give roasted peanuts to the farmers as the token to show their gratitude. The farmers are happy and confident that their harvested peanuts have been processed. It also proves that their harvests have good quality. The farmers will be ashamed of having low quality products of harvest because the seeds are not in a good quality. This will impair the trust among the farmers and business owners.

Maintaining trust seems to be a very strong capital to sustain business. Fear of failing to maintain trust between business owner and farmers must be avoided. The violation of trust will impact the relationship between the entrepreneurs and the farmers. The social sanction will be given if this condition happens, for example, the alienation from business ventures. Mrs. Neke Koampa, one of community leaders, explains that: *"There was a case. This farmer had a regular customer, who was the business owner. This farmer never got difficulty in selling his peanuts because the buyer kept coming to his house and bought his peanuts. As time passed by, this farmer was tempted to sell the harvested peanuts to other customers due to the higher price. Without thinking twice, this farmer sold his crops secretly to other customers giving him higher price. Unfortunately, his loyal customer found out and decided to end their corporation as buyer and seller. Since then, the farmer has become the topic of conversation and got a negative image as a traitor,"*

This statement confirms the importance of maintaining trust. The violation of trust will result not only in disruption to business or the existence of supply. It also damages the image in the midst of social interaction among people involving in roasted peanuts business and in wider community. This means that the trust as the social capital must be maintained to sustain roasted peanuts business.

### **Trust as Social Capital between Roasted Peanut Business Owner and Roasted Peanut Sellers**

Besides being developed among the entrepreneurs and farmers, trust is also built among sellers as one important factor to reach the customers. Trust is inevitable to maintain the stability of the business. Mr. Alfrits Sambouw explains this fact when the researcher visited him at his house. He was drying peanuts while explaining:

*"Since starting this roasted peanut business, I have undergone sadness, happiness and bittersweet experiences. However, I have strong determination to fight and make this business better. I maintain good relationship with all aspects of society especially roasted peanuts sellers either in small or big scales. Initially, I found difficulties to sell my products because I did not dominate the market. The number of competitors was growing. My business was sometimes stagnant because my roasted peanuts' flow was so slow. I often sold the product to the customers by myself. Now, it is so easy to sell our products because the number of sellers is growing. It gives the business owners like me benefit. We dont have to sell roasted peanuts ourselves. The corporation we have established is not superficial. It goes deeper as we have trusted each other in order to sustain the business. As a business owner, I have to supply the demand from the sellers approximately 2000 litres per month. Despite frequent obstacles, I maintain this trust as a proof of my responsibility. I also have to find raw materials in other places, so the sellers are not disappointed. I can supply their expected demand without ignoring the farmers from whom I have bought the raw peanuts. . The trust is maintained between us. We will lend money to each other to solve a financial problem. I do many efforts to solve the financial problems in order to run this business”*

This explanation proves that the business owner instills a sense of trust among sellers by ensuring supply to answer the demand of these sellers. through his ability to provide supply to the demand of traders. This capability results in trust among the sellers who will maintain the flow of distribution. Therefore, maintaining trust is a necessity if the business owners want to keep good relationship with these sellers. The entrepreneur has to produce roasted peanuts by getting raw materials from other farmers who are not his regular suppliers. This should be done without reducing the quality of peanuts.

Fulfilling the demand from the sellers in a constant quantity each month embodies the responsibility in a trust-based relationship. This attitude to maintain trust is intended to assure the business sustainability especially in marketing sector. The success in gaining sellers' trust and the belief that roasted peanuts consistently reach the buyers become the value of this trust-based relationship.

The importance of trust also encourages entrepreneurs to develop a sense of trust in helping capital or financial difficulties for sellers. The sellers can get roasted peanuts from the business owner as the supplier without making payment in advance. They give the money to the business owners after the products have been sold. This is considered as a risky decision. There will be a possibility that the sellers will not give the money although the products have been sold. It is also possible that the sellers tell a lie by saying the products are not good so these peanuts can't be sold. As a result, roasted peanuts are not paid by the sellers. However, the fear of having this risk can be minimized by building trust within a long span of time. This conclusion is based on the interview with Mrs Like Assa, 52 years old. She lives in Kinali Village. The researcher met her at her house located at gas station complex. Her house is the main selling place of roasted peanuts:

Related to this, we build trust among us since none of us want to be disappointed. Trust is necessary to sustain our business activity. "Initially I just followed the crowd when deciding to be roasted peanuts sellers. I realize that my relatives who become the sellers have better and more prosperous economic condition. After learning about this business, I venture to join, but I have financial problem. Knowing Mr. Alfrits as the business owners gives me a way to solve the problems. When he sold his roasted peanuts to my store, I did not immediately pay for his peanuts. The payment is made upon the paying system agreement (the products are paid after they are sold). If the money is available, I immediately pay it. I'm glad. Everything needs understanding.

The explanation above affirms that the entrepreneur shows his trust by allowing the sellers to take the roasted products first and pay when they are sold. This behavior enables the merchant to show their responsibility for not disappointing the business owners as the supplier. It means that the entrepreneur trusts the sellers, and the sellers pay this trust by showing effort to maintain the business.

The greater trust developed between entrepreneurs and sellers marks the strong commitment from both parties to maintain their respective existence. Growing confidence also opens opportunities for entrepreneurs to grow their business through an increase in market demands based on the capability of the sellers.

When sellers are trusted for large quantities of sales and entrepreneurs are able to supply on demand, traders have courage to expand sales not only to individual buyers but also to modern shops and stalls, even supermarkets in Manado and other places. Mrs. Like Assa explains about her wider marketing of roasted peanuts:

*"The sales of my roasted peanut business initially began only in the store. After sharing information with friends, I finally get regular customers. Initially, my customers were only from the lower class society who only came to buy when they passed by or met in Kawangkoan to buy peanuts. As the time passed by, my buyers are increasing and they become my loyal customers. I regularly send the roasted peanut products from Kawangkoan to their address. My buyers are from Manado, Jakarta, Kalimantan, Sumatra, Papua and some other countries such as the United States, New Zealand, Australia and Netherland. Although I send the product in small quantity, the main problem is the expensive shipping cost. Everything is settled now due to the agreement we reach. The shipping cost is paid by the customers and they agree about this term and condition".*

From this statement, it can be concluded that trust developed by entrepreneurs and sellers indirectly encourages the greater expansion of business. This also affects the demand for entrepreneurs on roasted peanut products. In other words, the bigger the seller, the greater the income of the entrepreneur gained from the demand of the sellers. At this point, it is clear that trust in the relations of entrepreneurs and traders has become a social capital that contributes to the sustainability of roasted peanuts.

### **Trust as the Social Capital between the Roasted Peanut Business Owner and Roasted Peanut Retailers (Tibo)**

Despite its slight difference with a trust-based relationship between the farmers and the business owners, trust in the relationship with retailers (tibo) also plays an important contribution. In the relationship between the farmers and the business owners, money signifies the distribution of products either fresh peanuts or roasted peanuts. Tibo solely depends on the business owners. The main capital to sustain the business is the trust from the business owners to sell their products, and the payment will be completed after all products are sold. In this case, the business owners entrust the retailers to take the products and sell them. The money from



the sales will be given after the products are sold. Mr. Frans Ratu, 60 years old, is a retailer (tibo) who willingly explain his responsibility as a tibo.

*"I have undergone my occupation as tibo in Kawangkoan for a long time. I choose this job because I dont have the land to farm. Intially, a businessman in my village invited me to do this job since this person looked for someone who could sell his roasted peanuts to other places. I encouraged myself to involve in this job although I did not have experience in retail. My economic condition was my main trigger to do this job. I sold roasted peanuts door to door. I am so grateful that after doing this job for decades, my family and I have a main job as tibo. To start to be a tibo, I dont have to provide capital. To sell roasted peanuts, I take these products at the business owners, and the payment system is 'laku bayar'. This flexible payment system doesnot give me any burden by spending money. However, responsibility and trust from the business owners become my reasons for selling all roasted peanuts".*

This statement indicates that roasted peanuts tibo gets some helps from the business owners to start doing the job. Trust from the business owner gives motivation and confidence for this tibo to make direct sales with a vigorous spirit. Tibo who does not abuse the trust from the business owners will get more benefits which are also useful for the owners. The good sales rate will influence the business sustainability. This statement also implies that trust given to tibo strengthens the resilience of roasted peanut business particularly the income which this tibo gets by selling the products. In other words, trust which is built and maintained between the business owners and tibo serves as the important pillar to continue the business

However, permanent tibo and seasonal tibo get different prices when taking roasted peanuts from the business owner. A permanent tibo gets price of Rp 6000/litre, but a seasonal tibo gets price of Rp 6500/litre. This price difference has been known and agreed by their customers. A permanent tibo gets more benefits from the business owners such as in getting the products to sell. The price is different. The owners only get the money from the products being sold. The tibo only gives money to the business owner if the products are sold. Permanent tibos also get allowance for religious celebration such as Christmas and Idul Fitri. This allowance represent the gratitude for the blessing from God for giving them benefit from the nature. This allowance will be given between May to August. This activity is regularly performed and serves as culture of Kawangkoan society,

#### **Trust as the Social Capital between Roasted Peanut Sellers and Customers.**

Trust established between the business owners and the customers are primarily related to the quality of roasted peanuts. Roasted peanuts have some competitive aspects such as affordable price, distinctive taste and meet the taste of the customers. It is expected that all these qualities are maintained. Mrs Mesyan Lumintang, 55 years old, is a loyal customer of roasted peanut and she explains:

*"I have consumed roasted peanuts since I was a child. The package was not as good as now since the packaging technology was not good either. The package was plastic or paper. What i like is its taste which never changes until now. It reminds me of my beautiful childhood. A memory of eating roasted peanuts always brings back the reminiscence of my big family who love eating this snack. The peanuts are free-chemical ingredient; it is fresh. The farmers do not use fertilizer so it is safe to be consumed. Now I am married and have three children, but the habit of consuming these danger-free snacks still exist in my family. Kawangkoan roasted peanuts remain my idol although now many modern roasted peanuts which have good quality are widely distributed in in various places".*

The interview above implies that consumers are willingly to consume roasted peanuts because Kawangkoan roasted peanuts are free of chemicals and fertilizers harmful to health. This belief is still held until she is married. The habit of consuming roasted peanuts from parents is passed down to children.

The loss of consumer trust in the quality of roasted peanut products will inevitably result in the absence of consumers. The most catastrophic result is the eroding sustainability of business due to the lack of demand leading to the cessation of production processes and loss of income. Thus, entrepreneurs create a special binding to consumers by maintaining their trust on the quality of roasted peanuts. Therefore, the business owners have ultimate relationship tp keep this trust.

## **V. CONCLUSION**

Trust as the social capital to maintain the roasted peanuts as the small business is well-maintained in the relationship between the business owners and some involving parties such as the farmers, the sellers, retailers (tibo) and customers. This relationship thus results in trust embodied in some aspects as follows: (1) the supply of raw materials with excellent quality from the farmers, (2) openness, (3) honesty, (4) loyalty, (5) seeds from the business owners to the farmers, (7) agreement-based payment system, (8) giving allowance and bonus, (9) 'Laku Bayar' as the payment system, (10) exchanging information, (11) well-maintained characteristics of the products, (12) free-chemicals products.

As a small industry, roasted peanuts should maintain the peculiarity and uniqueness. The social capital built in roasted peanuts business must be strengthened. Other researchers can analyze the types of social capital and their interaction in order to more in-depth understanding. The further research in the future is expected to dig out the possibility of other social capitals which have not been explored in this research.

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