



*Building  
Future  
Leaders*



**The INTERNATIONAL SEMINAR AND CONFERENCE (ISC)  
2014  
on ISLAMIC ECONOMICS and BEYOND  
Jakarta, November 11<sup>th</sup> - 12<sup>th</sup> , 2014**

PROCEEDINGS



Co-Host :



Organized by : Faculty of Economics UNJ



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## PREFACE

In 2010, the Faculty of Economics, Universitas Negeri Jakarta initiated the International Seminars and Conference (ISC). This year, we organise the fourth event and this time, we collaborate with the College of Accountancy, University of the Cordilleras, Philippines along with so many co-hosts including:

Universitas Sumatera Utara  
Universitas Pendidikan Indonesia  
Universitas Pembangunan Nasional 'Veteran' Jakarta  
Universitas Negeri Manado  
Universitas Mercu Buana  
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STIE Indonesia Rawamangun Jakarta  
STIE Bisnis Indonesia  
STIE Tazkia  
London School of Public Relations (LSPR)

We expect by this collaboration we would have a great event than before.

The ISC2014 aims to achieve the following objectives:

- To provide an overview of Islamic economics values to public
- To describe normative and empirical arguments of Islamic economics concept
- To find concrete in implementing Islamic economic in various field of economy and business
- To find alternative solutions for various problems arising from the implementation of Islamic economic system

As indicated earlier, we took a great theme on Islamic economics and beyond in respond to the need for the development of Islamic economics to be more integrated and comprehensive both in theories and practices. It is important to build a broader framework of Islamic economics science by combining micro and macro aspects of economics. Various scientific method standards may be applied here. Innovation, ideas and new thinking in practices and studies are needed to open up a new horizon of Islamic Economics field. Regular forums are



expected to stimulate the interests of academicians, professionals, and practitioners to be involved in distributing ideas and works to enhance this issue.



Even though we put the big theme on Islamic economics, we also accepted papers from other fields as long as relating to accounting and finance, management, marketing, economics, educational economics, and tourism. In total we accepted 160 abstracts and full papers from scholars across the world. We are also glad that parts of the participants are post-graduate students who want to disseminate their doctoral research.

On behalf of the organizing committee, I wish all the best for the participants.


Jakarta, November 2014


Dedi Purwana, M.Bus  
Dean  
Faculty of Economics, Universitas Negeri Jakarta

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Keywords: Public value, Global Competitiveness Index, Islamic political economy.



## The Forms of Reciprocity As Social Capital In The Economic Activity of Small Enterprise (A Case of Kacang Tore Small Enterprise In Kawangkoan, Minahasa)

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### Abstract

This research paper aims at elaborating and formulating the forms of reciprocity as a part of social capital in the economic activities of the small economic enterprise, Kacang Tore, in Kawangkoan district, Minahasa North Sulawesi. This Kacang Tore small enterprise is significant to be carried out due to the facts that this kind of small enterprise is the most dominant and generating for the local economic activities in Minahasa and this small enterprise involves doers of different functions which are important to picture its contribution to increase a local economy and to design a schema for developing a small enterprise based upon social capital in the wider region or even to inspire the strengthening national economic in rural areas. As a qualitative study, this study employs domain and taxonomy analysis for meeting its purpose. In light of this, the results show that the functional forms of the reciprocity in the economic activities of Kacang Tore small industry are formulated into the open transfer of the business activity, the mutual help in terms of production process tool sharing, the availability of information, the capital loans and the economic incentive. These forms of reciprocity are reflected in the relationship pedagang (vendor)-tibo (local broker), pengusaha (small industry owner)-konsumen (consumer), and pengusaha (small industry owner) -pedagang besar (big vendor).

Keywords: reciprocity, small enterprise, social capital



## I. INTRODUCTION

The number of people in Indonesia experiences drastically increasing growth annually, which therefore brings a considerable dilemma for the government. Moreover, the diminishing farmland accompanied by the increasing number of employment serves as leading cause which enables the role of off-farm employment to be significantly more important. Agricultural sector which previously becomes the main traditional sources for living is no longer capable of providing solution for coping with the number of employment in rural area. The solution offered to overcome this problem is by developing small industries in rural area in order to survive and grow. This becomes the best solution because small industries are proven to contribute greatly to provide new job fields, resources and services as well as to accelerate national economic growth (Putra, 2003:253).

Small industry is developed with an expectation to decrease the flow of productive labor force moving to cities. Therefore, the life in small industry area is as interesting as in cities causing the active economic activities in rural areas, provision of new job fields and increasing income of the society (Maskun,1993:108).

Considering the significant contribution of small industries in the effort to raise economic growth, government, together with society, is expected to work together in order to support and maintain these industries. Fukuyama, one of leading figure in social capital, argues that social capital correlates with economic growth. In his book, Fukuyama wrote that “*A nation’s well being, as well as its ability to compete, is conditioned by a single, pervasive cultural characteristics: the level of trust inherent in the society*”. Further, he also wrote that “*social capital represented by trust will be as important physical capital*” (Fukuyama, 1995:26).

Small industries are able to survive and actively contribute to economic growth because society depends their life sustainability on these industries. These industries visibly flourish within society; therefore, the existence of the industries is inseparable from the role of social capital as a group network which corporate together in an organized system and work within a relatively systematic method in accordance with a series of role and value the society firmly adheres to. However. Putnam (1993:36) defines social capital 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. According to him, social capital is a phenomenon that arises from people who shape social connection and network based on the principles of “trust, mutual reciprocity, and norm of action” which prevail due to social contract, the voluntary agreement among individuals or group about particular norms associated with collective life in society.

Reciprocity refers to one of social capitals which actively contributes to *kacang tore* small industry and represents exchange pattern in simple economic system (Sairin, 2002:43). Reciprocity established in *kacang tore* industry activity is built among groups and individuals. According to Polanyi (1968:10), *reciprocity is enormous facilitated by the institutional pattern of symmetry, a frequent feature of organization among non literate peoples*. Based on that statement, it can be concluded that without symmetrical relationship among groups and individuals, reciprocity is impossible to achieve. Symmetrical relationship refers to social relationship in which each involved party has equal position and role when exchange process happens.

The emergence of small industries in society which are supported by social capital, particularly strong reciprocity absolutely gives positive contribution on the sustainability of

small industries. For example in post-monetary crisis in 1998, the government and economists admitted that the economy of Indonesia survived from massive destruction due to the strength and durability of million small industries and other traditional economic activities. The national economic crisis in 1997 which destabilized social, economic, and political condition also affected the activities of big industries leading to their deterioration since the number of big industries drastically decreased from 2,097 to 1.831 in 1998. Meanwhile, small industries were still able to maintain their business activities. Survey conducted by *Departemen Koperasi dan PKM (1999)* which collected data from 225.000 SMEs showed that 64,1 % SMEs remained survive, 0,9% were able to develop and 31% decreased their activities and 4% were unable to continue their business activities. This description proves that small industries have stronger durability (Prawirokusumo, 1999:77).

Under this circumstance, the existence of reciprocity social capital as the vital aspect in supporting business activity becomes inevitable. The awareness for getting economic income either for saving or fulfilling the needs in life triggers *kacang tore* producers collectively work together to maintain their business activities by fully utilizing all potencies they have including social potency what is called social capital. Thus, there is no doubt that the industry survives among society despite the continuous exposure of peanut product from big enterprise in market.

In other words, it can be stated that reciprocity as social capital prevailing in *kacang tore enterprise* undoubtedly affects the sustainability of this business. It carries a meaning that comprehensive understanding on the existence of social capital in *kacang tore industry* brings advantages in the effort to maintain the industry of *kacang tore* in Kawangkoan. Based on the explanation presented in background of study, this research aims at analyzing and describing forms of reciprocity as social capital found in economic activities of *kacang tore* small enterprise in Kawangkoan. In order to providing clearer direction in this activity, the core issue that becomes the main focus in this research is formulated as follows **”What are the forms of reciprocity as social capital in the economic activities of *kacang tore* small enterprise in Kawangkoan?”**. Regarding background of study and problem formulation explained before, the main goal of this research is to describe and analyze forms of reciprocity as social capital found in economic activities of *kacang tore* small enterprise in Kawangkoan

## II. LITERATURE REVIEW

Social capital theory was first coined by Pierre Bourdieu’s writing entitled *“Le Capital Social: Notes Povoisires”* in 1970; however, scholars did not put their interest on this publication because it was written in French. These scholars began turning their attention on the concept of social capital after the publication of Coleman’s writing entitled *“social capital in the creation of human capital”* in 1988 which was published in *American Journal of Sociology*. Then, it is agreed that Coleman was the first scholar introducing the concept of social capital (Yustika, 2008:178).

Economists have been long discussing capital, particularly economic or financial capital. Economic capital is the amount of capital that a firm needs to purchase facilities and production tools (for example factory, machines, stationary, and vehicles), or it refers to the amount of money that a firm saves for future investments (Suharto 2005:1). Economic capital can be easily calculated and quantitatively and absolutely measured because the amount of money spent can be identified based on the number of purchased goods.

Human capital comprises skill or ability that a person has to accomplish particular task. The concept of human capital is quite harder to measure because it involves knowledge storage

someone possesses, so it can not be easily measured by using general tool, Similarly, social capital is a concept not easily identified and measure quantitatively and in absolute manner. As one element that civil society has, social capital refers to values and norms that most members of community believe and perform in daily life, which indirectly and directly bring impact on the quality of life for an individual and the sustainability of community in society. Social capital can be discussed in the context of strong community, strong civil society, and the identity of nation and its people. Social capital, including its elements such as trust, cohesion, altruism, voluntary, network and social collaboration, greatly influences the economic growth in several mechanism, for instance the increasing responsibility on public needs, the wider participation on democratic process, the strengthening of social compatibility and the decreasing level of violence and crime (Suharto, 2005:2)

The explanation above strongly emphasizes that social capital can be defined as trust, norms, and network in which the members of community act collectively. Further, social capital can also be defined as the sources arising from the interaction of people in a community. However, the measurement of social capital seldom involves the interaction, but the result of interaction for example, the emergence or the maintenance of trust among society. Fukuyama (1999:21) argues that social capital can be measured from three approaches as follows:

1. Social capital with qualitative dimension, for example, sport club which aims at assisting people to conduct good deeds collectively; however, it is difficult to measure the output of that group.
2. The externality of group membership whose goal is to achieve positive trust level, for example, maintaining the house and surrounding environment to be healthy and beautiful in order that society living in this area will have positive judgement and benefit because their surrounding stays clean.
3. Negative externality which is characterized by the existence of some groups which actively propagate intolerance among society, hatred and law violence to non-members of their community.

From the explanation about the opinion of Fukuyama, there are 3 important matters that should receive our utmost attention in measuring social capital, those are: First, trust in broader scope within the community; Second, reciprocity which refers to active reciprocal responsibility, and Third, collective action which benefits all members of society. Bourdie (in Yustika 2008:184) explains that social capital distinguishes two elements: (a) social relationship that permits an individual to claim access to resources that belongs to his/her association; and (b) the amount and quality of the resources. Therefore, social capital emphasizes an idea that an actor has direct access to economic resources ( subsidized loan, investment advices, protected market) in which he/she is able to accelerate cultural capital through the contact with scholars or literate individuals. Further, the alternative choices are making affiliation with some institutions taking an account on trusted values.

### **The Definition of Reciprocity**

According to Polanyi (1968:10) reciprocity refers to “*enormous reciprocity facilitated by the institutional pattern of symmetry, a frequent feature of organization among non literate people*”

Sahlins (1974 in Sairin 2002:48) identifies reciprocity into three types, those are: generalized reciprocity, balanced reciprocity, and negative reciprocity. The latter is another term



for market exchange, and it can be discussed in another research. Swartz and Jordan (1976:490) mention symbolic reciprocity as another type of reciprocity. Some scholars add another type of reciprocity called barter, but barter leads to such an impersonal relationship similar as in negative reciprocity (Sahlins, 1974:195). Besides, some scholars classify dump trade or silent trade as reciprocity; however, this exchange can be classified into barter. In general, it can be stated that types of reciprocity depend on social organization patterns, wealth level, type of exchanged goods.

In general reciprocity, an individual or a group gives goods or service to another individual or group without giving definite time to the obligation to reciprocate. It means that each party believes that they will exchange equally goods and also believe that goods or service given will be returned in indefinite time. This type of reciprocity happens when a mother gives her child material and love. Mother gives this gift without expecting something in return, but two parties has fully understood a moral value that goodness should be returned with goodness. The obligation to reciprocate is not necessarily given to the giver. Someone shows her/his devotion to mother by providing facilities for going to school for her/his sibling or by giving aid to her/his mother's relatives.

Balanced reciprocity requires goods or service exchanged have customary equivalents. Moreover, this reciprocity needs definite time when this exchange happens, when each party gives, receives, and returns. This exchange involves two or more individuals as well as two or more groups. In this exchange, each involved party needs goods or service from their partner; however, each party expect equal and fair value for goods or service exchanged. This condition shows that individuals or groups involving in a transaction do not serve as one social unit or one social group but rather as one autonomous social unit. This reciprocity greatly differs from generalized reciprocity in which individuals or groups are bound by strong solidarity which enables them to be whole social unit and group.

In negative reciprocity, a study on exchange symptoms of primitive and peasant economy previously put more emphasis on the effort to comprehend the function of reciprocity in one economy and universality of the reciprocity principles. These studies remains important until now considering abundant facts on the uniqueness of many reciprocity symptoms and in economic system. In Indonesia, a study about reciprocity has been conducted. Koentjaraningrat, for example, did not apply firm concepts in economic anthropology, but his study has provided a good example of the effort to describe and organize typology related to reciprocal exchange and redistribution in agricultural society prevailed in rural areas in Java.

### **The Definition of Small Enterprise**

In context of micro and organization, an enterprise refers to a group of companies that produce relatively similar product/service, or having strong *reciprocal* (Kuncoro, 2003:204). According to Central Bureau of Statistics, a small-scale business only requires few people to run approximately 5 (five) to 19 (nineteen) employees which consists of paid workers, owners and unpaid family workers (CBS, 2005). Tohar (1999:1) defines small enterprise as small-scale economic activities, which meets the criteria of net wealth or annual sales and ownership as regulated in law. The efforts in achieving the goals of industrial development, small enterprise sub-sector and craft industry is expected to provide strategic role as the main generator in increasing the rate of economic growth, employment and the renewal of social values.

Small enterprise develops by carrying out the mission of equalization by dispersing business activities, the intensified participation of group having lower-economic status, the

expansion of job fields and the empowerment of limited economic potential. In order to ensure the regional development, the development of small enterprise such as industrial centers, industrial environment will have very important functions as the centers of industrial growth:

1. As the center of training and counseling including providing raw material and marketing;
  2. As the provider of equipment that can be collectively used in one area in the effort to enhance the product;
  3. As employment means for the limited number of small-enterprise owners.
- (Syahrudin, 1989:27).

The establishment of industrial growth centers aims at enabling the business owners to improve the quality of the production results and the products in order to achieve higher selling power. It can be summed up from the explanation above small enterprises still have inherited skills and simple technology. Today, the main attention must be expanded to not only big-investment enterprise but also small-investment and labor-intensive enterprise.

According to Irsan (1986:59), based on their existence, small enterprise in Indonesia can be classified into three main categories. First, local industry refers to industries which rely their survival on limited local markets and whose location is relatively spreading. The scale of this business group is very limited; therefore, this business uses simple transportation devices such as bicycle, carts or yoke. Second, industrial center refers to small-scale industrial group in the aspect of business unit, but it forms industrial groups or clusters comprising a group of units producing similar goods. Based on marketing aspect, industrial center generally can reach wider market than that of local industry. Third, independent industry refers to relatively small-scale industry which is able to adapt the application of advance technology in processing the product. The marketing target is even much wider than those of two previous small industries.

### **The Strength of Small Enterprise**

The empowerment of small enterprise becomes important and strategic step in anticipating economic condition in the future, especially in strengthening national economy. The crisis that hits national economy greatly impacts social, economic and political stability which eventually leads to the collapse of business activities of big enterprises, meanwhile small-scale enterprises thrive. A survey conducted by Department of Cooperatives and PKM provides a description : From 225.000 SMEs, 64,1 % SMEs remained thrive, 0,9% were able to develop and 31% decreased their activities and 4% were unable to continue their business activities. This description proves that small industries have flexible durability (Prawirokusumo, 1999:77).

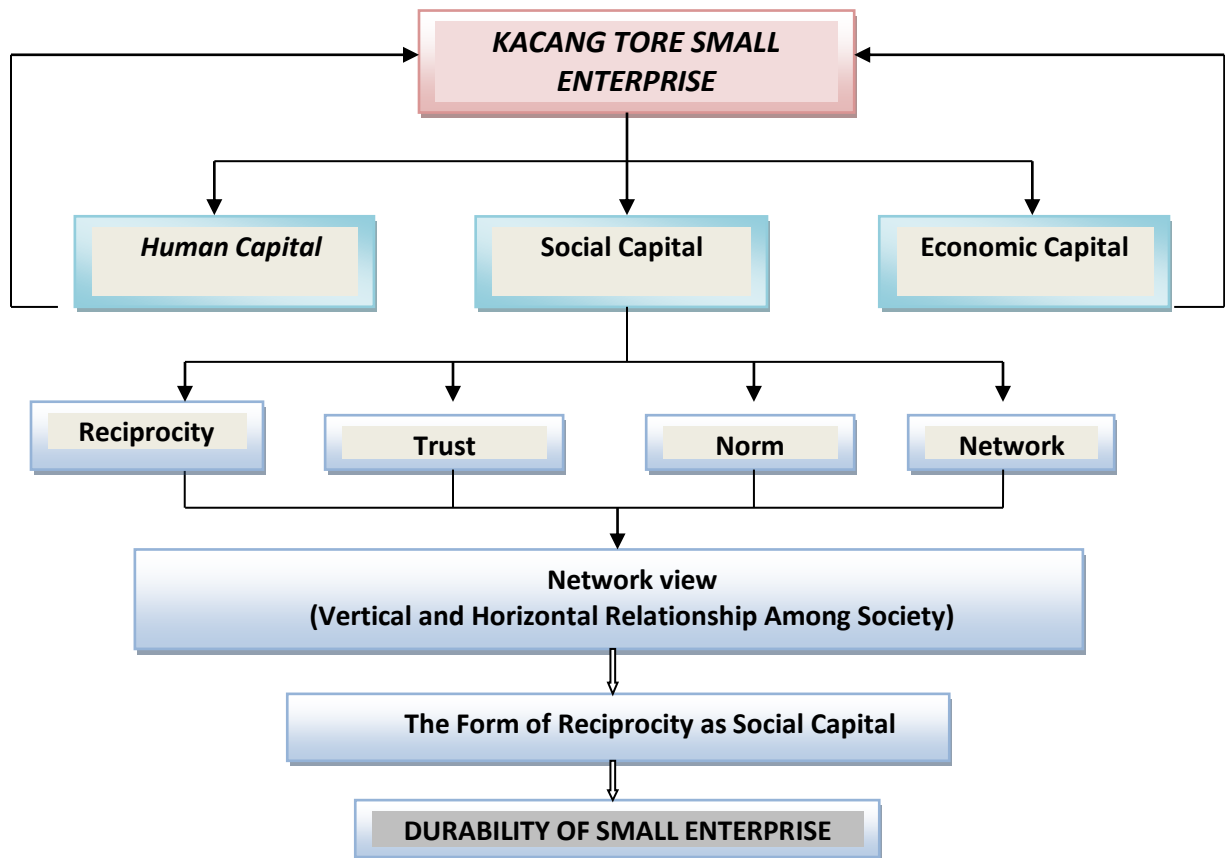
### **The Weaknesses of Small Enterprise**

The weakness of small enterprise lies on its low capability to compete with the products from big enterprises not only in domestic market but also in export market. Besides the level of global competitiveness, small enterprises in Indonesia still have low product diversification. These weaknesses result from various problems that these business group must cope with, which emerge as obstacles in their development and growth. Despite the absence of data, it can be assumed that since 1970s up the mid of 1990s, the great number of small enterprise in Indonesia had failure to thrive or experienced from stagnation due to growth constraints ( although it is also assumed that the number of new units involves in the market remains considerable), and the percentage among sub-sector is different.

These problems include capital shortage either for production capital or investment, difficulties in marketing, distribution, raw materials supply and other inputs, inadequate high quality human resources (workers and managers), insufficient knowledge/insight on business, limited information access and technology and many others. The severity level of each problem is different not only between sub-sectors but also among business owners in the same sub sectors (Tambunan, 1999:41). Besides strength-benefits, Scarborough also notes weakness-loss that characterizes the owner of small enterprise, those are:

### RESEARCH CONCEPTUAL FRAMEWORK

Scheme of Research Framework



### III. RESEARCH AND ANALYSIS METHODOLOGY

Research about the relationship between reciprocity as social capital and durability of kacang tore small enterprise in Kawangkoan is conducted by applying qualitative research



method. In this research, a special phenomenon that will be analyzed is social phenomenon related to behavior and social interaction of society on cases that occur in Kawangkoan that becomes the place for business activities of *kacang tore* small enterprise. According to Bogdan and Biklen (1992:58), a case study is an detailed examination on a background or one single subject, document deviation, and one special case.

Strauss and Corbin (1997:1) defined qualitative research as a research which results in findings that are impossible to obtain by using statistical procedures or other quantitative methods. Qualitative research also reveals hidden values.

### **Research Focus**

Determining research focus is an important step in qualitative research because focus in a research serves as an core issue that becomes research object. No research is ever conducted without determining the focus. Determining research focus has two goals. First, deciding research focus gives boundaries to a study which means that the choosing of research location becomes more reliable. Second, an effective determination of research focus can set inclusion criteria to filter the information flow.

As having been explicated in problem formulation and research goal, a more indetailed research focus in this research is as follows: The business activity of *kacang tore* small enterprises thrives, and it has strong durability. This success is inseparable from the role of reciprocity as social capital strongly embedded in the life of surrounding environment. Thus, this research intends to describe the forms of reciprocity as social capital that exist in *kacang tore* small enterprise in Kawangkoan.

### **Research Location**

Research is conducted in Kawangkoan, Minahasa, North Sulawesi Province. This location is chosen as research place because *kacang tore* small enterprise can only be found in this regency.

### **Data Resources**

Data resources can be defined as someone, events, documents, or other material useful as information sources which can provide relevant and reliable data for research focus (Lotfland, 1998:21). Moleong (1994:112) also emphasizes that data resources in qualitative research are words and action, which also include supporting data such as photos and statistical data. This argument supports Badgon and Taylor (1993:2) who elucidate that data resources for qualitative research are written or spoken statements from people and observed behavior.

By taking an account on problem formulation, research goal and focus, data resources in this research are informants, events and documents.

### **Data Collecting Techniques**

Data collection in qualitative research is performed on preliminary information saturated level. Those who know data needed will be chosen, and this step continues by choosing other informant candidates. The next step is choosing informant by using snowball technique; then, they are chosen *randomly* and the last information will reach saturated level if the answers that the informants have given have no variation.

### **Data Analyzing Technique**

Data analysis used in this research is Domain and Taxonomy analysis. Domain analysis is a category in cultural understanding that involves smaller categories (Idrus, 2002:191-194). These domains are formed by three elements: (1) *cover term* (covered term or behavior), (2) *included term* (term/part of behavior), (3) *semantic relationship* connects *cover term* and *included term*.

#### **IV. THE DISCUSSION OUTCOME**

##### **Reciprocity (Reciprocal Relationship)**

Reciprocity is social capital characterized by the inclination to exchanging good deed between individuals in one group or between groups (Prasetya, 2008:1). Social capital has close correlation to the business activity of *kacang tore* small enterprise which is not able to stand alone and needs other parties to support this business. It means that the owner of *kacang tore* small enterprise requires support from other parties in the effort to develop and maintain the business. The existence of reciprocity as social capital has already been embedded in the sustainability of *kacang tore* industry. This can be summed up from the findings collected during field research which involved observation and interviews showing that reciprocity as social capital emerges in several relationship patterns in *kacang tore* small enterprise, those are (1) the relationship among the owner of *kacang tore small enterprise* (2) the relationship between *kacang tore* business owner and nut farmer; (3) business owner and big vendor; (4) business owner and retailers and, (5) indirect relationship between business owner via vendors and consumers.

##### **Reciprocity as Social Capital Among *Kacang Tore* Business Owners.**

Most *kacang tore* business owners in Kawangkoan begin their business activities from reciprocity as social capital. It is clearly seen from the spirit to help and altruistic behavior which underlie the obligation to someday return someone's kindness with another kindness. This obligation has no definite time when to perform. A business owner, Mr, Stedy Warangkiran, 50 years old residing in Kinali, Kawangkoan states that:

“When starting this business, I only have limited finance capital, but my high spirit motivated me to start this *kacang tore* business. Although what I had was so limited, I did not lose hope to involve in this business. I was so lucky to work as *kacang tore* laborers for years because I got knowledge on what and how this business is. Finally, I tried to establish this business because Mr. Alfits Sambow, my father's relative, gave me his great help. He taught me so many things and lent me tools for production process without asking me to pay certain amount of money. I continue helping him in running his business although I have now my own business (interview on February 6, 2014)

This explanation explicates that the existence of *kacang tore* industry does not only depend on economic financial. In the view of business owner such as Mr Stedy, reciprocity as social capital plays very significant role. By providing assistance to his former employee, he also gets assistance such as advices and tools used for production process in *kacang tore*

industry. Reciprocity element is more visible in every effort to help his former employee who has helped him. Both of them help each other, so reciprocity capital prevails.

The tendency of exchanging goodness seems to strongly bind the lives of *kacang tore* business owner. The passion for helping others and showing altruistic behavior becomes their obligation and something good to do due to values that society have firmly held. Reciprocity as social capital supports the development of *kacang tore* small enterprise.

The obstacles in starting and maintaining this business can be overcome by established social network and implicitly suggest the obligation for mutual help among members. Loyalty on the understanding of reciprocity provides open chance to achieve success in *kacang tore* industry. Below is the result of interview with Mr. Alfrits Sambouw, 80 years old residing in Kinali, Kawangkoan:

"My *kacang tore* business has been run for 50 years. Previously, I began this business by using simple tools. Although I found so many difficulties in starting this business, my love for this business kept me survive. I am very proud of this business because it gives opportunity for better life for people living around me. I am very happy to share the knowledge about this business to anyone because I have strong willingness to help anyone who needs help for running the business. I started this business with the help from others. Thus, I have willingness to enable people to feel the impact of my success by sharing knowledge and free information to anyone needing it. It makes me proud if my sharing knowledge enables someone to succeed such as Mr. Stedy. Now, he is a very successful businessman. I am proud of it and happy to know that (interview on January 20, 2014)

The awareness to help others rises from the consideration that others have helped him before achieving success. It obviously proves that reciprocity as social capital has crucial role in ensuring the durability of this business. Getting and giving help to others emphasizes the existence of social capital which is strongly attached to the sustainability of *kacang tore* industry. Some findings taken from field research in the form of either observation and interview confirm that reciprocity as social capital can be seen in some relationship patterns in *kacang tore* industry, those are (1) the relationship among the owner of *kacang tore small enterprise* (2) the relationship between *kacang tore* business owner and nut farmer; (3) business owner and big vendor; (4) business owner and retailers and, (5) indirect relationship between business owner via vendors and consumers

### **Reciprocity as the Social Capital between *Kacang Tore* Industry Owner and Farmer**

Farmers becomes very important part in business activity of *Kacang Tore* because they supply the main material for *kacang tore* industry. Good distribution flow of raw material greatly defines the production of *kacang tore* industry in fulfilling the consumers' demand and stabilizes the income for this promising business. Therefore, a well-established relationship between the industry's owner and farmers determines the success which eventually provides benefits for both sides. A strong social relationship are generally formed between the industry's owner and farmers as the main suppliers for raw material needed for the industry. The length of relationship and their interdependence bind both sides to maintain this bond in one partnership that benefits two of them. This



notion is summarized based on the interview with Mr. Beret Kalangi, 53 years old, a farmer living in Kanonang Kawangkoan which is described below:

‘Being a nut farmer is a considerably risky job. If the harvest provides good result and the price is good in market, I can obtain much benefit. On the contrary, if the plants suffer from disease and *pests*, I fail to harvest it. As a result, I have to search for loan to fulfill the needs of my two children who are still in school and to meet the daily needs. I am so happy that I don’t need to meet any difficulty to find loan with high interest to loansharks. I simply find Mr. Stedy, the owner of *kacang tore* industry and my loyal customer. Straightforwardly, he will lend me loan without interest, and I find no difficulty in paying that loan back. I will pay in installment, or I will pay after harvest (Interview on February, 2014)

This statement indicates that in the effort to maintain the business existence, the business owner applies reciprocity to ensure the sustainability of those farmers who are frequently described prone to crop failure when pests and diseases attack. In return, the business owner also receives reciprocal action from farmers by showing their loyalty to supply raw materials that business owner needs. Moreover, the business owner also provide loan without interest, and farmers are ready to supply raw materials. This reciprocal action directly ensure the existence of *kacang tore* industry; in other words, social capital between owners and farmers shown in *kacang tore* industry contributes to the ability for this industry to survive.

### **Reciprocity as Social Capital between *Kacang Tore* Business Owner with Big Vendor.**

Big vendors sell *kacang tore* in relatively big amount, and usually they have their own stores where they sell *kacang tore*. There are 30 big vendors Kawangkoan. Reciprocity as social capital does not only establish between business owners and farmers, but also with big vendors who become one of the main vein for the marketing of *kacang tore*. The number of product that big vendors are able to sell signifies the amount of income that *kacang tore* industry will get. This understanding requires the sustainable relationship with big vendors. One of the efforts is to develop reciprocity between them. This social capital provides advantages for both sides, the business owner will be able to maintain marketing flow and big vendors are able to keep good relationship with customers to ensure their income stability.

Business owners and vendors establish social capital relationship, for example, business owners will not force vendors to pay their loan for vendors who need raw material for *kacang tore* if they still do not have money. They provide long-term loan for vendors who are allowed to pay the loan if their *kacang tore* have been sold. Vendors and business owners also help each other in the term of distributing raw materials. Moreover, in some religion’s feast days such as Christmas, vendors and business owners give cookies and food for this special day.

### **Reciprocity as Social Capital between *Kacang Tore* Business Owner with *Tibo* (Local Broker)**

Local brokers or commonly known as *Tibo* become significant actors in *kacang tore* small enterprise. Generally, these local brokers sell *kacang tore* in smaller package and make direct offer to customers. The activities of these local brokers signify their importance in supporting the existence of *kacang tore* industry. The incessant efforts of local brokers have proven to develop this industry and give benefits for *kacang tore* industry. It is strengthened by the explanation of Mrs. Jelly Warangkiran, 40 years old who live in Uner, Kawangkoan.

‘I have been involving in this business for five years although I know that it is a risky business because what I sell is a product that I have. However, I am so happy doing this because they really understand about my condition and never give target for me to sell all products. If I have successfully sold the product, I pay for the product. The owner often gives me bonus one or two litres of *kacang tore* everytime I sell this product. The business owner also gives me *THR (holiday allowance)* for my family everytime we celebrate religious feast or *pengucapan*, an event held by some villages in Minahasa in order to express our gratitude for God for crops given for a year (interview on January 23, 2014).

A proposition can be drawn, based on the above explanation, that the owners of *kacang tore* business permits local brokers to get and sell their products in the expectation that they will pay if the products have been sold. This type of sales is indeed very risky for local brokers because local brokers have responsibility to substitute product they take from the owners if the product is damaged and has not been sold yet. However, from the explanation of the informant, the risk is not quite a burden for them because they have set mutual understanding, especially if the product is unintentionally broken. .

. The explanation from the narrative shows that business owners act to foster mutual understanding to local brokers is assumed to have strongly correlate with the feeling of need others which leads business owner to perform reciprocity, for example business owners tolerate loss resulted from situation in which local brokers in, or they even give bonus in the form of product and *Holiday Allowance*. It is expected that local brokers will have sincere feeling to business owner and to every customers. Further, local brokers are expected to be encouraged and spirited in selling and promoting *kacang tore* to every customers’ group. It is obvious that reciprocity as social capital is established within social ties between business owners and local brokers, vividly seen in providing THR (Holiday Allowance) for religious events Here real, that social capital is built on reciprocity in social ties between entrepreneurs and retailers, as illustrated through the provision of THR at major events such as religious and cultural social event, such as *pengucapan*. It becomes an important capital for *kacang tore* industry to thrive.

### **Reciprocity as Social Capital between Business Owner and Consumers**

Consumers are the final segment who determines the availability of *kacang tore*. The consumers’ response as the marketing target on *kacang tore* undeniably influences the continuity of product and industries as the producers. Without consumers, the business activities will experience from any disturbances that cause these business activities collapse. In this condition, the business owners must have strong capital to

maintain consumers' interest. The owners of *Kacang tore enterprise* realize the importance of consumers in their business cycles. This condition is indirectly described from the comment of Veki Ratu, a 60 year old man who lives in Kanonang.

"I am very happy to buy *kacang tore* from Mr. Max because he always gives me bonus of another pack of *kacang tore* everytime I buy this product in his store. Moreover, when I visit my children or relatives, I always *kacang tore* that Mr. Max has given me as the bonus. If I buy *kacang tore* in large numbers, he always gives me discount or bonus. Thus, I am so happy, and I always buy *kacang tore* as snacks if I have certain events. I also help promote *kacang tore* that Mr. Max sells to every person I know (interview on January 23, 2014)

This statement reveals that the business owners keep their consumers by initiating social capital by giving them bonus or discount when the consumers buy the product directly. The consumers respond this kindness by doing reciprocal action that gives benefits to the business owners such as promotion of *kacang tore* to everyone they know. Good service, bonus, and discount that the sellers have given to their consumers are the triggers for the consumers to help the business owners by becoming marketing agents, something that the owners indeed expect from them. Every business owner has an expectation that good service given makes these consumers become the loyal ones and serve as promotion agents. This explanation, thus, describes reciprocity as social capital that business owners firmly hold for their business to survive.

## V. CONCLUSION AND SUGGESTION

### Conclusion

Based on the explanation on research result and field observation concerning the relationship between social capital and durability of *kacang tore small enterprise* in Kawangkoan which has also been further discussed particularly on research findings, it can be drawn some concluding remarks as follows:

1. *Kacang tore small enterprises* in Kawangkoan have strong durability which is not only supported by human capital and economic capital but also social capital that has great importance. One of social capital types existing and prevailing in *kacang tore small enterprises* in Kawangkoan is reciprocity.
2. Reciprocity as social capital in *kacang tore small enterprises* are: open knowledge sharing, help each other, instruments for production process, facilities for information and communication, money loan, sending cakes, bonuses, holiday allowance and discount.

### Suggestion

Based on the research results, discussion and conclusions that have been elucidated previously, researchers give some suggestions to some agencies / people involved in *kacang tore small enterprises* as follows:

The realization of reciprocity as social capital has been good, but it needs an established institution such as *rukun* (an organization for *kacang tore business owners*) to



minimize weaknesses in *kacang tore* small enterprises which can perform following actions: (1) providing production means which business owners is difficult to obtain ; (2) improving awareness of the employers to continue producing qualified *kacang tore*; (3) establishing funding network to financial institutions; (4) providing the informal education to enrich the knowledge for *kacang tore* business owner as a manager; (5) expanding marketing to obtain accurate information about market which will be useful for the success *kacang tore* industry, and (6) minimizing negative competition among business owners by strengthening their unity to fight against competitors coming from other businesses outside *kacang tore*..

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