*International Journal of Engineering & Technology*, 7 (3.25) (2018) 321-328

International Journal of Engineering & Technology

*Website: www.sciencepubco.com/index.php/IJET*

***Research paper***

# The Existence of Social Capitals and their Contribution to the Empowerment of Roasted Peanut as a Small Industry in Indonesia

**Rahel Widiawati Kimbal ,Universitas Negeri Manado**

**Corresponding author E-mail: rahelwkimbal@unima.ac.id*

**Abstract**

This research paper is intended to share the identification of (1) various problems of Roasted peanut as a small industry, (2) Negative forms of social capital that hamper the business activities of small industry and (3) Positive forms of social capital which accelerate the business activities of roasted nut as a small industry In Indonesia, taking the case of the small industry in one of the producers of roasted peanut in eastern region that is North Sulawesi particularly Kanonang Kawangkoan.

This research uses qualitative research method with case study. Data collection technique in this research is triangulation which involves observation, interview and documentation. Spradley model is used to analyze data.

The results of the research reveal various problems in small industry as follows: (1) The lack of capital, (2) Seasonal-depending production, (3) Traditional processing, (4) Simple Saprodi, (5) Low Production Quality Control (6) Limited information on market, (7) low bargaining power, (8) inadequate information about market, (9) Tight Competition, (10) Lack of Innovation, (11) No patent rights.

The development of this industry is hampered by negative social capital emerging from the destructive behavior of some people who seek for more profit, which becomes the main obstacle for this small industry to develop. However, various forms of social capital have ability to anticipate these obstacles. Positive social capital found in roasted nut as a small industry is built from family network or trust-based friendship in which reciprocity is fostered based on prevailing values and norms in the society. The existence of this social capital becomes a main reason for the sustainability of roasted peanuts as a small industry business; therefore, it ensures that farmers and entrepreneurs to continue taking part in the business world.

***Keywords***: *Contribution;Empowerment; Existence;Small industry;Social capital*

## 1. Introduction

Indonesia as the agrarian nation has good natural conditions suitable for fostering agricultural activities. The vast expanse of agricultural land, the tropical climate and the quality of human resources lead Indonesia as the developing country to have significant contribution in global economic condition. However, modernization begins to give impacts on every level of life in Indonesian society even it hits the bottom levwl. It indicates that human behavior begins to change in terms of meeting their needs. Farming communities in rural areas have begun to shift their activities. Previously, they worked in the agricultural sector, but now they begin working in other areas than agriculture. It happens because incomes gained from other sectors are more promising, so agricultural sector has less activities. As a result, agricultural production has decreased.

Bank Indonesia states that there are three main problems which occur in agriculture sector such as decreasing production, distribution and price affordability. Due to these problem, agricultural market share in the period 1990 to 2016 dropped dramatically from 22.09 percent of gross domestic product (GDP) to 13.45 percent. Meanwhile, agricultural labor absorption also decreased from 55.3 percent to 31.9 percent [1]

Phenomenon also affects other sectors because agriculture sector contributes to the sustainability of other sectors such as small industrial sectors which rely on raw materials produced from the agricultural sector. This poses a major challenge as to how the agricultural sector and the small business sector continue to survive and provide economic income to the people.

Due to the enormous potential of the agricultural sector and small-scale industry, [2] points out that these two businesses have significant contribution to domestic economic development. First, these sectors provide more job opportunities. Second, they enable the society to earn income and produce some basic goods such as food, building materials, home appliances, and so on. Several studies also point out that the small business sector has helped farmers survive as it serves as the essential means of survival.

Data gained from the Survey of the Creative Economy Agency (BEKRAF) with the Central Bureau of Statistics (2016) reveal that the creative economy industry in Indonesia in 2015 contributed Rp 852 trillion to national gross domestic product (GDP), and in 2016 was Rp 922.58 trillion with a contribution value to national GDP of 7.44 percent. In 2018, it is predicted that the peak of creative economic growth will occur. The projection quoted by Price Waterhouse Cooper (PWC) put Indonesia in the 5th position. Gross Domestic Product (GDP) of Indonesia in 2030 is predicted to reach US $ 424 trillion. The government encourages SMEs in Indonesia to go online because 60 percent of Indonesia's economic strength depend on SMEs [3].

The symbiotic mutualism relationship between farmers as producers of agricultural products and small industry entrepreneurs cannot be negleted. This interdependence becomes the core part of their business activities. This relationship is vividly observed in roasted peanut industry in Kanonang, Kawangkoan. Farmers grow peanuts and sell them to roasted

**Copyright © 2018 Authors. This is an open access article distributed under the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.**

peanuts producers which in turn, these farmers earn income.. Peanut farmers and roasted peanut entrepreneurs have established inseparable relationship because they need each other, grow and develop together within the social life of Kanonang Kawangkoan. This relationship results from the existence of social capital that affects the sustainability of this business. The fact indicates that the development of small industry business of roasted peanut cannot be separated from the existence of social aspects which stem from the social life. It means that the business shall take into account the existence and contribution of social capital [ 4 ]. Therefore, the existence of social capital needs to be strengthened for the sustainability of society's efforts which almost vanish due to modern industry. It is thus expected that the business will result in a harmonious and prosperous society.

The economic growth of a society will be good if the community has the following characteristics: (1) the presence of close relations among its members, (2) the existence of honest leaders who treat themselves as part of society not as rulers and; (3 mutual trust and cooperation among the elements of society [5]

The various benefits which have been gained in the management of roasted peanut small industry enable this business to grow from year to year and have positive contribution to the economic growth. Since 1950, this business has continued growing until now signified by hundreds of peanut farmers and dozens of roasted bean entrepreneurs. However, this industry still has to face some problems which serve as threats to the sustainability of this business.

The objectives of this research are: (1) to reveal various problems in Roasted Peanut Small Industry (2) to explain negative social capital that hamper small industry business activities and (3) to find positive social capitals which boost Roasted Peanut Industry in Kanonang Indonesia.

## 2. Literature Review

The theory of social capital was first coined by Pierre Bourdie's "Le Capital Social: Notes Povisoires" written in 1970; however, a few scientists paid much attention because the book was written in French. These scientists began paying attention with the concept of social capital when Coleman wrote an article entitled "Social Capital in the Creation of Human Capital" published in the American Journal of Sociology in 1988. This article convinced everyone that Coleman was the first scientist to introduce the concept of social capital [6]. According to [7] social capital is the ability of people to work together to achieve common goals within a group and organization.

It is therefore no wonder if [8] puts his critique on the terminology of capital in conventional economics. He states that capital does not only refer to a means of production, but it also has a broader understanding. Capital can be classified into 3 (three) classes, namely: (a) economic capital, (b) cultural capital, and (c) social capital. Economic capital is associated with the ownership of the means of production. Cultural capital is institutionalized in educational qualifications. Social capital consists of social obligations. Social capitals existing in society are divided into 3 (three) aspects of community life, those are: (1) social capital in institutional economy, (2) aspects of social relations and, (3) Aspects of social order [9]. These three aspects exist and establish mutual collaboration to form social force.

According to [10], small industries in Indonesia, based on their existence, can be classified into three categories. First, local industry. This is an industry group which relies its survival on the limited local market and is relatively found in a clustered location. This industry has low scale, so the means of transport are also very simple, such as bicycles, carts or pikulan (a carrying method by balancing two wooden baskets or cabinets using a pole or a rod on one's shoulder). Second, the Sentra Industry which has a small scale in terms of business units. This industry forms cluster or industrial grouping consisting of a collection of units that produce similar goods. In marketing aspect, this type of industrial sector centers generally reach a broader market than local industry. Third, self-sufficient industry. This industry is classified as a small industry, but its processing process has involved sophisticated technology. The target marketing is also wider compared to the two industries.

Small industry empowerment is a very important and strategic effort in anticipating the economic condition in the future. It is useful to strengthen the structure of the national economy. The national economic crisis greatly affects social, economic and political stability, which in turn impedes the activities of large-scale industries;small industries can still maintain their business activities. Data gained from the survey conducted by the Department of Cooperatives and PKM\reveal that of 225.000 small industries, only 64,1% are still able to survive. 0.9% of these industries are able to grow, 31.0% of them reduce their business activities, and 4,0% are forced to stop their business activities. This condition proves that small industry enterprises have a more resilient endurance . [11]

[ 12 ] explained that the strengths of small-scaled business enterprises are as follows:

1. Very labor-intensive, and labor supply in Indonesia is still abundant,
2. Small scale industries in Indonesia still produce less sophisticated products which do not necessarily require high formal education;
3. Many small-scale industries make cultural products such as bamboo and rattan handicrafts or wooden carvings which are basically their own specialties from the community
4. In general, small scale industrial activities in Indonesia are still agricultural-based,
5. Small businesses and households rely more on their own money although investments or loans from informal sources for their working capital are also available.

The weakness of small-scale enterprises lies on the low ability to compete in either domestic market against the products from large industries or imported products or in export markets. The weakness also lies on the level of global competitiveness; moreover, the product diversification of small industries in Indonesia is still low. These weaknesses result from various problems which these industries face, which eventually impede their development and growth

## 3. Methodology

This research is conducted by using qualitative research method. This research focuses on a social phenomenon associated with social behavior and interaction which occur in Kawangkoan District where roasted peanuts small industry flourish. According to [ 13 ], a case study is a detailed examination of a single background or single subject, documentary aberration, or a special event.

As having been explained in the research objectives, the more detailed focus of this research is the various business problems of roasted peanuts small industry and social capitals which include positive social capital and negative social capital.

Sources of data in this research are informants involved in farming and small industry business activities, field events and documents related to data. Data collection in qualitative research is carried out to the saturated level of initial information. Those who control the data are selected, and the candidate will progress to the next prospective informants. The informants are chosen by snowball method; then, the informant is determined. The last information occurs when it reaches the saturated level, meaning that there is no more answer variation from the informant. This research was conducted in Kanonang villagers and small business entrepreneurs in Kawangkoan, which becomes the center of the roasted peanut industry.

The data obtained in this research were analyzed by using a stepwise advanced model from Spradley. This model consists of domain, taxonomic, and component analysis. In a domain perspective, researchers disclose the elements and roles of social capital through the data that has been collected and involve categories such as the cover term, behavioral parts, and semantic relationships.
In this context, the researcher initiates the analysis by determining one of the semantic relations and combines it with field notes obtained from the data collection process during the researcher's interaction with the data source at the research location. This process of analysis will continue with the categorical relationship between the covered behavior and the part of the behavior which reaches the saturation point. This process is useful to find the list of domains which will be viewed as a reflection of the perception and understanding of the elements and relationships of social capital. This perception must be understood and believed by all parties involved in economic activity in the small industries as research subjects.
The next step of analysis phase is conducted in taxonomy to explain the term or part of behavior in a special domain. This analysis is also important to organize data to achieve research objectives. In this step, the researcher selects one domain that has semantic similarities for subsequent use for the selected domain. In this process, the researcher will also look for the terms by constructing the structural questions. This step will result in the taxonomy graphics which describe the relationships between the domains and their sub-sections on the terms which are further explained from the levels found. To evaluate the taxonomic analysis of the data obtained through intensive inteaction of the researcher with the data source in the small-scale industry, the researcher conducted a focused observation for checking, and the result will be further described as a finding on forms, designs and policies.
The next analysis is componential, in which the parsed domain serves as the main focus. Through taxonomic analysis, the researcher looked similar or cognate elements in each domain. These similarities will be obtained through observation and interviews and focused documentation [14]. The final analysis uses theme analysis or discovering cultural themes, which refer to a search for correlations which integrate existing domains.

# 4. Result and Findings

To establish social capital between the farmers and the entrepreneurs of roasted peanuts in Kawangkoan has undergone a long process. This long process has been tested as time passes by because many farmers and entrepreneurs are unable to survive. As a result, they give up the business and start other businesses. Related to this fact, Mr. Meifon explains that:
"I used to be a peanut farmer for decades. However, I faced a problem because capital and agriculture products relied heavily on nature, so the outcome was fluctuative. Sometimes, the harvest failed, so the price was high. The capital needed for planting peanuts was also expensive. Thus, I decided to work as 'tukang ojek' (motocycle taxi)

The statement indicates that to run the business as a peanut farmer needs much effort because the farmers still use traditional methods. The outcome, thus, depends on the nature. When the farmer starts planting peanuts during the dry season, only few can grow well. Eventually, the harvest will not be successful. The content of pea pods is empty and small, so it will lower the price. One of roasted peanut entrepreneurs, Ms. Evi, explains:
" I have been working as an entrepreneur of Kawangkoan roasted peanuts for 20 years. The main obstacle for us as the entrepreneurs of roasted peanut industry is the low quality of peanuts we got from the farmers. We understand this as we always buy from them with cheap price. The low-quality peanuts as the main ingredient lead to low-quality products, and we get so many complaints from the consumers related to taste and textures. After we explain the true condition, some consumers understand, but some do not.

The owners of roasted peanut industries frequently face obstacles in terms of producing roasted peanuts with good quality because the supply of peanuts as the raw material from the farmers is inadequate due to crop failure. This condition leads to serious problems because consumers do not even care whether the farmers face crop failure or not. What the consumers want is to buy and consume roasted peanuts since roasted peanuts from Kawangkoan have been famous for the delicious taste. This image has been prevailing for years. thus, the entrepreneurs are trying so hard to produce roasted peanuts with good quality although they will face many obstacles.

## 4.1 Obstacles found in Roasted Peanut Small Industries in Kanonang Kawangkoan

### 4.1.1 Lack of Capital

Inadequate capital becomes one of obstacles in roasted peanut small industry, so both farmers and entrepreneurs do not run this business wholeheartedly. They keep running the business, but sometimes they cease doing this business for certain periods. The interview with Mr. Meky Paendong reveals that:
" To plant peanut, I need a great sum of money as the process from planting to harvesting peanuts requires abundant capital. Those processes need considerable sum of money. As a farmer, I need to find some ways to lower production costs, one of which is to reduce labor costs. I myself involve in those processes. The assistance from the goverment in terms of capital seems limited or even not available"

The statement implies that money as the main capital in farming is very important. To get the capital, farmers have to save or get a loan elsewhere. However, finding capital is not an easy process since some farmers are successful, but some are not. The farmers need capital to sustain their business, so it is a must for them to get the capital even if they have to borrow certain sum of money. Agricultural activities require such long process starting from planting preparation to harvest, which need considerable capital. In other words, farming activities require fantastic costs.

Similarly, the owners of roasted peanut industries also need capital to sustain their business. In other words, they will not able to continue the business without capital, Mr Max Simbawa as the owner of roasted peanut industry explains that:

"Running this business is not easy since the beginning because it requires a large capital. All processes starting from the procurement of peanut as the raw materials to the packing process because roasted peanuts are readily distributed to all sellers need money in a considerable amount. The cost incurred for this activity is quite large. Therefore, If I dont have adequate capital, this business will surely cease. Fortunately, I also raise livestock to support my roasted peanut business".

The statement above confirms that roasted peanut business is not quite easy because many entrepreneurs must cease business due to the lack of capital. Mr Max fortunately is able to sustain the busines because he also raises livestock, so Mr. Max is able to get the capital to run his roasted peanut business. This strategy helps his business survive despite lack of capital. Mr. Max also involves his children to help him run the business.

**4.1.2 Production Yield Depends on Season**

The seasons of the year which do not arrive in a punctual time become the major obstacle for farmers to start their farming activities. It seems that the farmers confuse over how to approach the coming of a new season. Rainy season sometimes occurs throughout the year, but sometimes dry season occurs longer than it is usually. The change related to the coming of a new season contributes to the crop failure. Mr. David Rondonuwu explains :
"Usually, we plant peanuts 3 times in a year, so we have three harvest seasons. The seasons during the previous years come arrive as it is expected, so the farmers are able to make our planting activities schedule. Based on our long experience in planting peanuts, we can predict satisfactory result. As time passes by, the coming of the seasons seem unpredictable and easily changes. Thus, we can not hope too much when planting peanuts. Sometimes we get profit, but in some other times we experience loss. It happens because the production yield also changes".

Mr. David's explanation above indicates that peanut production depends on the seasons or nature. This dependence occurs because farmers are still using traditional farming method which largely depends on nature.

Mr. Stedy Warangkiran, the owner of roasted peanut industry, also strengthens the idea by stating that:
"The seasons are very influential on peanut production, which in turn affects us as the owner of roasted peanut industry. The harvest time is successfull when the season is good, but sometimes crop failure also happens due to seasonal changes. These fluctuate results give me a hard time as the entrepreneur.

Sometimes, I have excess stocks of peanuts as the raw material. However, sometimes I do not have adequate stock of peanuts. As a result, my business is also fluctuating since I depends only on the supply from the farmers to run this business".

**4.1.3 Dependence on Traditional Method.**

Farmers' lack of farming skills and their dependence on techniques passed down for generations are the main reasons to perform traditional farming activities. The government institutions have provided many training, but the farmers find it difficult to apply the new method. Mr. Fekky, a civil servant and also the peanut farmers, explains that modern farming methods introduced by the Agriculture Department do not work successfully because those methods do not suit the real condition.
For example, the agriculture department provided free peanut seeds for the society so they can sow them in their farm. These seeds have been proven to give good results in other places. The farmers can double their production. Other farmers sowing those seed testify that the production yields are abundant. However, the problem arises when the products sale is plummeting because the taste is not delicious and the products can not be stored for a long time. As a result, the farmers decide to sow peanuts 'kidang' and 'gadjah' as the varieties having been planted by the farmers for a long time.
Similarly, the steps of roasted peanuts processing also involve traditional and natural processes. The methods are maintained, because the use of modern equipment during the production step is proven to lower the quality. This explanation is extracted from the explanation of Mr. Max who has received a drying machine from the industrial office. He explains that:
" I have got a drying machine from the government because our main concern after buying peanuts from the farmers is to dry those peanut under the sun before prior to being roasted. During the rainy season, it is difficult for us to dry peanuts, so some of them will be rotten. Finally, I decided to use that drying machine. However, the result is not satisfying since modern drying process does not give effective results. The taste of peanuts is not delicious. I decide to use traditional method by drying them under the sun".

The statement above implies that reliance on traditional processes results in better quality of roasted peanuts. This explains why the dependence on the weather is very important. Modern equipment will alter the quality of roasted peanut, and it instill another serious problem because the taste of roasted peanuts will be less delicious. Therefore, the peculiarity of roasted peanuts in Kawangkoan lies on the use of traditional methods which is considered as interesting attraction for tourism activities.

**4.1.4 The Availability of Less Sophisticated Production Tools.**

In undergoing their activities in planting peanuts and processing stage, both farmers and the owners of roasted peanut depend on simple traditional equipments. When sowing the seeds in their fields, the farmers only use hoes to cultivate the soil. By using traditional tools, 4 farmers are able to finish the work in a day. When using modern tools such as tractor, a farmer only needs 4 hours. However, the reality is far from the expectation because modern tools are not available due to the expensive price. If they have modern toolsm the farmers are able to complete their work in a shorter time. Mr. Fani Ratu explains that :

"I've been in this business for almost 40 years. Planting peanut is my regular activity since I have learnt how to farm since I was a child. As the farmers, we have already been accustomed to using simple equipments for farming activities. We do not have enough capital to buy modern agricultural tools. Thus, we only use simple farming tools ".

The explanation above indicates that modern agricultural tools is very few or even not available. Therefore, farmers only use simple tools to perform their farming activities.
Similarly, Mr. Steddy as a roasted peanut entrepreneur only use traditional tools during the production process such as "rumping wangker" to roast peanuts. It is also difficult for him to get the equipment from the old factories previously used to manufacture cooking oil. Mr Steddy states that modern tools have not been able to substitute this traditional roasting tool.

**4.1.5 Poor Quality Control**

Quality maintenance of a product is an inevitable step in a business. Farmers must control the quality of peanuts. Sometimes, the farmers also plant peanuts, but they do not pay attention on the quality. This fact is explained by an owner of roasted peanuts. He explains that the quality of the peanuts from the farmers is disappointing.
"Every harvest season, many farmers come to me to sell their crops. As an entrepreneur, I am trying to take buy agricultural product. However, I am disappointed because some farmers do not tell me frankly about the quality of peanuts. The pods looks good from outside. But when it is opened, the bean dries and the pods are sometimes empty. This disappoints me. But I can not do anything since I have already bought it.
The disappointment stated by the owners of roasted peanuts need more attention because it is obvious that they will suffer from loss. Thus, it affects the continuity of the business. If he sells peanuts with empty pods, the consumers will not buy them. In other words, he will suffer from loss. Therefore, the entrepreneur tries in such a way, so the peanuts bought from the farmers can be processed even though the result is not maximum.
The farmers also feel guilty to know that the peanuts do not have good quality. He explains that:
"As a matter of fact, I don't have a heart to sell my poor peanuts. I have tried my best to have good production, but the weather is uncertain and unpredictable, so the harvest fails. Instead of suffering more losses, I plant peanut earlier and sell them to

roasted peanut entrepreneurs although I know that the quality is bad.
The statement above indicates that the farmer's helplessness related to the farming activities leads to losses. It causes him to harvest the peanuts earlier. The farmers think of restore the initial capital in order not to suffer more losses.
This problem becomes crucial because the low quality of peanuts as the raw material lowers the quality of roasted peanuts. To cover up more losses, farmers and entrepreneurs continue to produce roasted peanuts even though the products are very disappointing to consumers.

#### 4.1.6 Poor Management

The production of peanut farming still involves traditional method. Farmers also use simple management method. Farmers rely on the ability of experience passed down from family, so they run the business only based on experiences. Related to this matter, Mr. David Rondonuwu explains that.
"Peanut farming is an activity carried out by my family for generations. This work becomes my daily job. In doing this business, I just rely on simple management in carrying out this activity with low cost. For example in preparation of planting, I have prepared seeds taken from the previous harvest. For other expenses, I usually save money or borrow eventhough sometimes it is not enough".
A simple management method applied by Mr. Herlly is also followed by other farmers. They only apply simple management which has been passed down for generations. They can calculate their expenses and revenues without making written balance only if they donot experience a crop failure. The main problem lies on the cost incurred for these farming activities, so they need to borrow money from others especially when they need additional expenses. The entrepreneurs of roasted peanuts also face similar reality. They keep on using simple management method which has been carried out for generations.

#### 4.1.7 Low Bargaining Power of the Product

Since they have inadequate information about the market, the farmers sell peanuts only to certain buyers. Due to this dependence, the farmers can not set high bargaining power. The price of crop, thus, is mainly determined by the buyers. The farmers are unable to do anything related to the prices which have been set by the buyers. Mr. Donal Paendong further states that:

"Usually the buyers come to our field during the harvest season to buy our peanuts. Some of them come to our house. However, during the harvest, as the farmers, we can not do anything related to proce because our crops are abundant, but the number of buyers is limited. . But the obstacle if our farmers harvest can not do anything. Because the buyers are few and the peanut products are abundant. In this situation, the buyers determine the price, and we cannot do anything. In this situation, we must sell our crops even though the price is low".

The inability of farmers to set higher prices for their crops results from the the abundance of peanut production. The farmers have no other choices but selling their peanuts for a low price. As long as they can sell the peanuts

and get their initial capital is the main goal of these farmers. They never expect for getting big profit, for they have low bargaining power. If they set a high price, no one will buy their crops. If it happens, the farmers suffer from more losses. This helplessness causes farmers to speculate only to sell their crops.
This condition also happens to roasted peanuts entrepreneurs. They also experience similar difficulties. Sometimes, they sell low-quality roasted peanuts to consumers or retailers due to crop failure experienced by the farmers. Sometimes, the retailers and consumers do not buy their roasted peanuts. As a result, they suffer from loss and sell roasted peanuts with a cheaper proce. To sell roasted peanuts with a normal price, the entrepreneurs need a long process.

"Selling roasted peanuts is a fun thing because consumers do not hesitate to buy in a large amount. They do not mind with the expensive price. On the contrary, if roasted peanuts do not have a good quality, the consumers will buy roasted peanuts with a lower price. Sometimes, they donot want to buy them. Obviously, we suffer from loss, and the image of roasted peanuts turns to be negative. Therefore, the bargaining power is low compared to other peanut products that have standards.

#### 4.1.8 Inadequate Information about Market

Various obstacles experienced by roasted peanut entrepreneurs are sometimes due to their inadequate information. It seems to cause such a big problem. Some involved parties do not provide comprehensive imformation, one of which is the information related to price. Sometimes the selling price of one farmer to another is different. Usually, the price of one sack is Rp.500.000. However, one farmer sells at Rp.550.000 but another farmer sell one sack for Rp. 450,000.

#### 4.1.9 Tight Competition

A competition in a business world is a common thing. When starting the business, entrepreneurs are ready to compete with other products. In the business of roasted peanuts, the challenge centers on the rapid emergence of modern peanut products on the market. The selling points of this modern peanut product lie on the delicious taste and eye-catching package, so these points convince the consumers to buy the products.

#### 4.1.10 Lack of Innovation

Product innovation is very important since consumers will feel bored with the taste and monotonous package. Therefore, the lack of innovation in terms of packaging, shape and taste of roasted peanut products make consumers to seek for another product. In buying snack for their own consumption or gift to others, consumers will choose more attractive and better quality products.

#### 4.1.11 No Patent Right

Having a patent right is a pride. A business which has been run for decades should have patent rights. However, roasted peanut entrepreneurs can not afford due to a strict product standardization they must follow. Thus, it is quite difficult for them to patent their products.. As a result, the patent is owned by certain sellers.

### 4.2 Negative Social Capital

Negative Social Capital is formed by the declining of good social life in society. The rigor of busines competition makes everything change. In business process, both peanut farmer and entrupreuneur of roasted peanut try to run their business. Meanwhile there are destructive ways which ruin the roasted peanut business, like the followings:

#### 4.2.1 Selling Low Quality Raw Materials

The problem in a business is the low-quality as the result the force to sell in market. It often happens in small industrial business like roasted peanut. It is usually performed by some farmers who only want quick profit which affect to other industry. According to Mr. Steddy, he experienced in getting low-quality peanut.

"I was dissapointed when buying peanut from a farmer. At first, he received all good quality of sample peanut. After all, it was under expectation. He received all low-quality of peanut. All peanuts he received are in low-quality and not in good size."

Mr. Steddy felt cheated since at first he received good sample, but after paying he received low-quality peanut. In the result, he lost money in his business. As an entrepreuneur, he could only receive and try to proceed it; although, it affected on his future business. There were consumers who had protested yet did not want to buy the peanut. In the result, the peanut was not sold, so it would negatively affect on his peanut reputation.

#### 4.2.2 Information on Sales and Prices is Unavailable

Information can be important in this activity. Without information, small industrial business will be blocked since information will affect on the success of marketing process. It will give effect for both farmer who sell peanut and entrepreuner who sell roated peanut. However sometimes the information is often difficult to get as the statement from Herly Aring:
"At harvest time, it was often difficult to find buyer moreover in high season harvest. Many buyers are picky to buy peanut. To find selling information, it is like covered by other farmers especially about price."
This statement represents how difficult to get information to market peanut to roasted peanut seller. It can be problem for farmers especially farmer who just start their business. This difficulties make farmers trying hard to gain information which usually covered by other farmers. Furthermore, in fact the different price also become new farmers. They only know about the market price which is sometimes manipulated since they do not have ability to make high price to sell peanut. Information closeness becomes obstacle for both farmer and seller in buying and selling activity.

#### 4.2.3 Difficulty in Getting Loan

In starting business, capital money becomes an obstacle which holds an important role for both farmers and entrepreuners. In this activity, sometimes farmers do not get capital money for their business. In the result, their business stop. According to Mr. Berty:
"To run farming business is not easy since I need capital to work on land. It is difficult to get loan and seeds from entrepreneur."
This statement indicates that capital money and seeds often difficult to get since the relationship with entrepreuner is not properly built. It is also justified by Mr. Steddy:
"I didn't give any loan like money and seeds to Mr. Berty since I didn't believe on anyone moreover to the farmers who just started their business. I was afraid I didn't get money back."
From this statement, it can conclude that Mr. Steddy does not want to help Mr. Berty just because of the fear of not returning what was lent. It definetely complicates the continuity of small businesses due to the lack of raw materials.

#### 4.2.4. Lack Knowledge Transfer in Business

The difficulty in transferring knowledge of farming business activity stated by Mr. Steven.
"I just study about how to plant peanut. I take courage to try this business. The problem I face is that knowledge in planting peanut successfully is difficult to get. Most farmers are not willing to share knowledge; therefore, I try to find the technique by myself."

It also happens to Mr. Steddy when he started his roasted peanut busines. He said:
"To start the business of roasted peanut, it takes courage otherwise it will surely be eliminated by itself. Initially to get the knowledge on how to roast peanut is not easy since entrepreuner do not know how to process it. The process information is secretly hidden.
It can absolutely be obstacle since the information is covered. The other entrepreneur think that if knowledge is shared, so there will be many new competitor which can be a threat. Therefore, it concludes that hiding information can decrease competitor.

#### 4.2.5 Breaking the Mutual Agreement

a. Give Fertilizer
If peanuts which are usually roasted are in good condition, they do not need to get fertilizer. The special of Kawangkoan roasted peanut is its originilaity which are naturally processed until its harvest. Peanut which is given fertilizer has more different result than which is not given fertilizer. However, farmers have less attention to this issue since they only want profit for a moment. They need to give modern fertilizer until they have great number of harvest; meanwhile, the effects are on the small size of peanut and even empty peanut. It results in big loss for roasted peanut entrepreuner since the quality is poor.

b. The Loan Has Been Paid in 2 Weeks until 2 Months
Likewise in payment, both farmers and entrepreneurs have mutual agreement in selling and buying peanuts. Sometimes in harvest time, farmers directly sell peanut to the entrepreneurs, yet not directly receive the money due to the a huge number of crops. However, farmers do not worry for their unsuccessful crops since the entrepreneurs will buy all peanuts, yet they will pay it within two weeks until two months according to the agreement. It is common for farmers; however, the entrepreneurs sometimes neglect it by paying it not ontime.

c. The Quality of Nut as the Ingredient is Mixed
The quality is often neglected by both farmer and entrepreneur. Sometimes, farmers sell peanuts which look good yet dissapointing. It is only good looking yet empty inside. As the result, farmers mix peanuts with high quality with low quality peanuts, so seller cannot differ them. The low quality peanuts which are bought by entrepreneurs can be a threat for their business since it will affect to the processed peanuts as it does not meet the
market demand. It usually happens, and it will affect to cut the business.

### 4.3 Types of Positive Social Capital on Small Industrial Business of Roasted Peanut

4.3.1 Strong Mutual relationship
A relationship between farmers and roasted peanut entrepreneurs has been created so long ago. It is also stated by Mr. Frely, a peanut farmer.
"I have planted peanuts for 30 years. At first, I only started this business for fun then I saw the good prospect of this business. Therefore, I insisted to work seriously for it. In the begining, I was not worried because Mr. Steddy who was a loyal customer ensured me to buy my corps."
He was not afraid to run peanut business as also stated by Mr. Fany Ratu. Since being a peanut farmer, he was not afraid since Mr. Steddy always bought his peanuts to be processed for roasted peanuts. They have had this relationship for years as said in Indonesian parable: they have known each others since they were babies. They have known one and another; therefore, this network must be continuesly existed since they live in the same village.
In another case, Mr. Rawis always sells his corps to Mr. Steddy as they are family.
"Mr. Steddy and I still have family relationship. His wife and I are sibling. I always sell my corps to Mr. Steddy, yet sometimes we argue on something different.

As stated by Mr. Jolen believes that family mutual relationship can affect on strong built relationship, yet sometimes there are still any disagreement with other entrepreneurs. It cannot be an obstacle to sell their peanuts. Relationship is more important than money. The strength of social capital of network can bind two parties to support the activities they do. They believe that good cooperation can maintain their business.
Mr. Steddy also experiences it. He stated this way.
"My peanut business has been running well although he had experienced getting difficult to get raw materials. If we do not get raw materials, we will have big risks in production. Moreover, we work with employee for this business. Once I tried to look for peanuts in other place. My customers will definetely sell their corps to me, so I do not get difficult to find raw materials."
This statement represents that relationship between farmers and roasted peanut entrepreneurs can decrease fearness of the lack of raw materials. The entrepreneurs believe that they will not have lack of raw materials since farmers will sell their corps to them. Lack of raw materials is not a big deal. Before harvest time, farmers will inform their products in order to keep the good mutual relationship. It will maintain their business.

### 4.3.2 Trust Each Other

Trust is an important thing to run business in farming and peanuts. Trust takes an important role in every business journey. There are many business bankrup because of trust factor. As stated by one of society.
"At first, Mr. Noldy's peanut business was running well, but at harvest time, all his plants were attacked by pests; therefore it affected on bad coprs. His selling products were not that good like before. In the result, many entrepreneurs were not willing to buy his products because of his low-quality peanuts.

This statement represents that farmers' dishonest of their product quality causes bad relationship; therefore, it gives impact to entrepreneurs' distrust. It gives negative impacts for farmers to sell their products to entrepreneurs. In another case, it happens to Mr. David, who has farmed peanuts. He is never doubt to sell his products to a roasted peanut entrepreneur, Mr. Steddy, since they have known each other for years. If he has bad corps, he will tell to Mr. Steddy honestly that he has low-quality products. As the result, he will get lower price as following stated.
"I have been selling my corps to Mr. Steddy. I will tell him honestly if I have low-quality products. This honesty keeps the mutual relationship. Low-quality corps will affect to the low-quality products, so I do not want Mr. Steddy loss."

This statement is a proof that responsibility will keep good mutual relationship. Mr. Aring never worries about the lower price when in high harvest season since his corps will definelty be bought by Mr. Steddy. He is not doubt anymore for his corps since he is open and honest to customer.
As an entrepreneur, Mr. Steddy, never refuses corps sold by loyal seller since he believes that their corps are good and not dissapointing. If there is any problem, they will tell me.

"Mr. David has been a loyal seller since he was 15 years old. We know him well. He knows our up and down business. He always sell his peanuts to me, and he is open if he has low-quality peanuts."

The fearness of low-quality products will not make entrepreneurs in doubt, since they believe that loyal farmers will give the best products. However, they have no formal mutual agreement. They believe each other. They never have letter transaction. In certain time, seller will pay all loans to farmer4.3.3 Adherence to Prevailing Norms
Norm has been existed in society. Norm was created and was written by ancestors. In small industrial business of roasted peanuts, norms and regulations are applied in society; although it is never clearly declared. The regulation was crated in society as stated by Mr. Aring. He said that regulation can rule them in certain ways.
''At harvest time, we feel free to sell peanuts to sellers. Norms in society rule cooperation and relationship."
This statement reveals that the rules that have been agreed upon since its inception are adhered in order to run sustainable business and to support each other. With this it will keep both of these businesses in full with all their existence. Adherence to the rules of course memmbuat society dynamically run its business without burdened with many parties.
Besides, in peanut selling and buying transaction, farmers and entrepreneurs have size agreement. They usually use size of bushel. One bushel conatins 28 liters of raw peanuts. As the time goes by, the size agreement refers to a sack of white nylon. It contains 5 bushels of peanuts. It is agreed upon two parties, and it still being used until now. For normal price, 1 sack is 500,000 rupiahs, but in low harvest season, it can be up to 600,000 rupiahs. This regulation has been aplied in society.

There is also an agreement between two parties about price, as stated in the following.
"Mr. David and I have known each other. I will buy his peanuts even if his peanuts in low-quality, but under price. For Mr. David it is not a big deal, yet I have good standard for my products. He will agree with the price I offer."

Understand each other in running business makes them know that it is important to have mutual relationship. Standard and quality of Mr. Stedy's peanuts must meet the customer's demand in order to make the consumers happy.

### 4.3.4 Help Each Other

Help each other is the key to have mutual and strong relationship in society easpecially for farmers and roasted peanut entrepreneurs. We cannot see this phenomenon in their daily life. For example, if farmers have no seeds to farm, so entrepreneurs can give loan in the form of peanut seed to farmers. It is sstated by Mr. Donald Paendong.
"In peanut harvest time, I had no peanut seeds. At first, I tried to loan money to buy seeds. When I came to Mr. Steddy's house, he lent me peanut seeds."

Mr. Steddy's help can be a plus point for him. As the result, Mr. Donald sells his corps to Mr. Steddy. His loan was paid at harvest time. It shows that helping each other can affect positevely to their business since they support each other. It was also experienced by Mr. Maxi, Mrs. Jelly, Mr. Frely and other entrepreneurs for their loyal sellers. Farmers receive not only seeds but also money as their loans. As the result, they will sell their products to the loyal customers.

### 4.3.5. The Influence of Prevailing Norms in Society

Norms in society is affected by traditional value which is inherited by the ancestors of Minahasa people. They are also affected by spiritual teachings taught by the religion of Kawangkoan people. For example, help each other in terms of supporting family income. It was performed by Mr. Max who hired labours to run the roasted peanut business. It took his affection when seing a lot of his unemployeed neighbors, so he started to help their economy by asking them to work at his industry. They started to work for their family. Mr. Max did not force his labours yet taught them; therefore, they have mutual relationship.

## 5. Conclusion

1. The obstacles for Small Industrial Business are: (1) the lack of capital, (2) season-depending products, (3) traditional processing method, (4) simple production tools (5) poor quality control, (6) poor management, (7) low bargaining power, (8) inadequate information about market, (9) tight competition, (10) lack of innovation, and (11) no patent rights.
2. Types of negative social capital which can be obstacles for small industrial business of roasted peanut are: selling low-quality raw materials, lackinformation of market and price, distrust on capital investment, lack of knowledge transfer, breaking mutual agreement.
3. Types of Positive Social Capital which can strengthen small industrial business are: strong mutual relationship, trust and cooperation, prevailing norms in society, help each other, and adherence to prevailing norms.

## Acknowledgement:

This research work is supported by the RISTEKDIKTI Indonesia and AIMC UTM 2018

## References

[1] Setiawan SR.”Tiga Masalah Utama Sektor Partanian Nasional, Kompas.com-30/03/2017,http://ekonomi.kompas.com /read/2017/30/204932226/
[2] Putra HSA.” Ekonomi Moral, Rasional dan Politik Dalam Industri Kecil di Jawa (2003) KEPEL press pp 142.
[3] Supriadi C.”Pasar Digital Indonesia Semaik Tak Terbendung” 09/02/2018. http://marketing.co.id/ rotasi-ekonomi-digital-indonesia.
[4] Kimbal RW. “ Modal Sosial Dan Ekonomi Industri Kecil” Sebuah Studi Kualitatif (2015) pp. 1-242 https://books.google.co.id deepublish publish.
[5] Ancok D. “ Modal Sosial dan Kualitas Masyarakat” Psikologika, Volume VIII No.15 (2003), pp 4-14. http://journal.uii.ac.id/index.php/psikologika.
[6] Yustika AE. “Ekonomi Kelembagaan Definisi, Teori dan Strategi (2008) Bayumedia Publishing Anggota IKAPI. Malang.
[7] Coleman C. Foundations of Social Theory (1990) Cambridge Mass: Harvard University Press.
[8] Bourdieu P.”The Form of Capital. In J. Richardson (Ed). Handbook of Theory and Research for Sociology of Education (1986) New York: Greenwood Press”.
[9] Kimbal RW. “ The design of ideal social capital for the development of traditional market mix in the barter transaction in pasar blante Kawangkoan” ijaber, Vol, 13 No.7 pg.5703-5720 (2015)serialsjournals.com/serialsjournalmanager/pdf/1457769317.pdf.
[10] Irsan S. “ Industri Kecil Sebuah Tinjauan dan Perbandingan. 1986. LP3ES. Jakarta pp 59.
[11] Prawirokusumo,S. “Ekonomi Rakyat Konsep,Kebijakan Dan Strategi”(2001). BPFE UGM Yogyakarta. Pp 77.
[12] Irianto Y. Industri Kecil dalam Perspektif Pembinaan dalam Pembangunan (1996). Penerbit Airlangga University Press. Pp 37.
[13] ]Bogdan & Biklen,. Qualitative Research for Education an Introduction To Theories an Models. Academia.edu. (1992) pp 58.
[14] Sugiyono “ Memahami Penelitian Kualitatif (2005) Alfabeta. Anggota IKAPI Bandung pp 113-114.