

### Exploring the role of social capital in enhancing economic activity among poor households



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### ABSTRACT

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Alleviating household economic challenges and poverty remains a global priority in the pursuit of national well-being. This study argues that fostering sustainable social capital can enhance the economic resilience of poor households. Therefore, this study aimed to explore the role of social capital in the economic activities of poor households. A qualitative method with a phenomenological approach was employed, using observations and in-depth interviews with 18 purposively selected respondents from both rural-agricultural and urban-multi-sector areas in Enrekang Regency, Indonesia. The findings revealed that social capital significantly influenced all three aspects, particularly through the utilization of social relationships, trust, networks, and norms. Poor households relied on these social connections such as family ties, friendships, and community networks to access critical resources, including informal loans, market information, and employment or business opportunities. These networks helped households navigate financial constraints and gain access to markets for their products. In conclusion, social capital played a crucial role in mitigating economic uncertainty and reducing everyday risks for poor households. Interestingly, the study found that regional context (rural and urban) did not significantly affect how social capital was utilized. Instead, variations were more closely linked to the diversity of economic activities across different household groups.

**Contribution/ Originality:** This research addresses an important gap in the literature by providing a comprehensive perspective on the utilization of social capital, including trust, norms, reciprocity, groups, and social networks, to enhance the economic activity of poor households in Enrekang Regency, Indonesia.

## 1. INTRODUCTION

Enhancing household economic welfare is a central issue for the Indonesian government. The primary objective of economic development is similar across various nations, with the goal of reducing poverty and improving household well-being. Living in poverty leads to a lack of money, food, and basic needs; inadequate education; and limited entrepreneurial opportunities (Nguyen & Nguyen, 2019; Pham & Mukhopadhaya, 2022). For poor households, fulfilling basic needs is a non-negotiable motivation in economic activities. Households, as the smallest units in economic concepts, are groups in which economic activities occur with the aim of achieving a certain level of welfare (Heliawaty, Diansari, Darmawan, Rahmadani, & Widyayani, 2021; Subair, 2018). Households also serve as social institutions where economic, social, and cultural relationships exist between individuals, both internally and externally, to meet their needs Heliawaty et al. (2021) outlines the functions of households, which are (1)

allocating resources to meet needs, (2) achieving goals, (3) producing goods and services, (4) making decisions about income use and consumption, (5) engaging in social relationships, (6) reproduction, and (7) ensuring the safety of household members.

Household economic activities are generally categorized into three categories: production, consumption, and marketing (Case & Fair, 2007; Ningrum, 2022; Rahayu, 2020). Each of these categories is shaped not only by economic factors but also by social dynamics. The production process involves the creation of goods or services to meet societal needs, while consumption refers to the use of those goods or services. In contrast, distribution pertains to the allocation of goods or services to consumers. Economic activities within communities are often closely tied to the natural resources in their surroundings. For example, communities living in fertile areas are generally involved in agricultural activities, while people who inhabit coastal areas rely on fish to support their diets (Sugiarto, Herlambang, Kelana, Brastoro, & Sudjana, 2010). However, these economic activities cannot be entirely considered in isolation, as they are closely tied to patterns of human activity. Economic activity is not independent of social life but is grounded in the wider social world of community relations. Economic household behavior is also strongly influenced by social capital in terms of mutual relationships, trust, shared social norms, and participative involvement that facilitate collaboration among different players. Consequently, these social processes have a fundamental role in household decision-making regarding production, consumption, and distribution.

The researcher contends that developing sustainable social capital can improve impoverished households' financial security and empower them to take an active role in tackling social issues like inequality and poverty. According to Poon, Thai, and Naybor (2012), social capital is the term used to describe the valuable resources acquired through social networks, forming bonds with others, and building trust between individuals and groups within a society. Both theoretical and empirical researchers have paid close attention to the relationship between poverty and social capital. According to research on social capital, it can reduce poverty in three ways: by enhancing group networks' ability to share information that benefits the poor, by lowering opportunistic behavior, and by enhancing collective decision-making (Osei & Zhuang, 2020; Zhang, Zhou, & Lei, 2017). Since social networks are claimed by a previous research study by Alcaide Lozano, Moliner, Murillo, and Buckland (2019) to generate new opportunities and stimulate creative solutions to social issues. Social capital can help individuals get or keep jobs, access their community, acquire housing, receive assistance, and maintain psychological well-being (Heliawaty et al., 2021). At the local level, social capital facilitates individuals working together to solve problems, generates individuals' trust and solidarity that underpin peaceful development, and acts as an information conduit through which individuals achieve their objectives, both individually and collectively (Putnam, 2000).

By emphasizing the important contribution that social capital makes to the economic welfare of poor families, this research adds to the growing literature on poverty alleviation. While theoretical and empirical research has for some time acknowledged the connection between social capital and poverty, little is understood about how it is mobilized in Indonesia, particularly in the local community setting. The research addresses an important gap in the literature by examining how social capital dimensions, i.e., trust, norms, reciprocity, group, and social networks, shape the economic activity of poor households in Enrekang Regency. Furthermore, by considering the role of social capital in rural and urban settings, the research presents a comparative study. This approach provides in-depth data on how different social capital and community structures influence household economic strategies and access to resources.

The findings are expected to inform policy interventions that seek to widen social networks with a view to improving livelihoods, enhancing economic resilience, and reducing poverty. It draws on existing social capital and poverty theories by grounding the analysis in local reality, teasing out theoretical and practical implications for community development and social policy.

## 2. LITERATURE REVIEW

In the last twenty years, social capital has been given growing scholarly interest, especially after the groundbreaking efforts of Bourdieu (1986), Coleman (1988), and Putnam (1997). Bourdieu (1986) viewed social capital as a type of economic asset that is acquired by individuals or groups through involvement in social networks and membership in groups. Conversely, Coleman (1988) viewed social capital as consisting of networks, trust, and norms of reciprocity resulting from relationships between individuals as well as interactions among individuals. While Bourdieu emphasized the individual benefits derived from social capital, Coleman focused on its collective value, highlighting how investments in social relationships can yield advantages for all members within a group, organization, or society. As an extension of Coleman's work, however, Putnam (1997) highlights the role of social capital at the community or social organization level in enhancing the efficiency of society by facilitating coordination and cooperation.

Coleman (1988) brought renewed relevance to the study of social capital through a functionalist perspective. He argued that social organizations exist primarily to safeguard and provide socio-economic benefits to their members. Social capital, according to Coleman, consists of various aspects of social structures that facilitate individual actions within those structures. It is inherently productive; without it, individuals may struggle to achieve optimal success. Coleman singled out three key components of social capital: (1) obligations and expectations, which emerge from trust in a social setting; (2) information channels, which facilitate the flow of information through the social network, lowering uncertainty and facilitating participation in society; and (3) norms with effective sanctions, which regulate behavior and discourage individuals from pursuing their own self-interest.

The social network organization can help to promote participation, collective action, and social support elements that are important in reducing poverty among poor families (Gannon & Roberts, 2020; Senadjki, Sulaiman, & Mohd, 2012; Zhang, Zhang, & Nie, 2023). Social capital, if well utilized, allows individuals to tap into valuable resources like knowledge, education, health, security, and job opportunities. This access is not only useful to the individual but also to society as a whole. Evidence presented by Coburn and Gormally (2020), Portes and Mooney (2024), and Senadjki et al. (2012) has demonstrated that social capital is an informal welfare safety net for poor households. This assistance is made possible through social networks, membership in groups, trust, reciprocity, and mutual aid that promote cooperation. In addition, Ostrom and Ahn (2009) state that social capital is frequently rooted in common traditions and past experiences that build up and reinforce the social fabric of societies.

## 3. METHODOLOGY

This study was conducted in Enrekang Regency, South Sulawesi Province, Indonesia. The site was selected because, over the past ten years, Enrekang has been one of the five poorest regencies among the 24 regencies in South Sulawesi Province. The study began with the purposive selection of three sub-districts, followed by the selection of specific villages within each sub-district. These villages were chosen to represent different levels of development, reflecting the economic diversity observed in the research population (Junaidi, Rustiadi, Sutomo, & Juanda, 2012; Rustiadi, Saefulhakim, & Panuju, 2009). Consistent with this economic diversity, the areas were classified into two categories: rural-agricultural areas, where economic growth is less advanced and agriculture continues to be the dominant livelihood, and urban-multisector areas, which are characterized by a more diversified economy, such as the expansion of trade and agricultural and non-agricultural industries.

This research utilized a qualitative research design involving a phenomenological approach to gauge the lived experiences and perceptions of poor households regarding how social capital supports their economic endeavors (Lim, 2025). The sample for the study consists of the lower decile of poor households, particularly those who are recipients of the Family Hope Program (FHP) data from the Enrekang Regency Social Service in 2023. Data were collected through in-depth interviews and participatory observation of 18 purposively selected informants from Enrekang Regency, including seven poor rural households, eight urban households as primary informants, and

three village heads as secondary informants (Table 1). Purposive sampling secured the participation of respondents with the necessary knowledge and experience of local social networks, economic activities, and community dynamics. This facilitated in-depth understanding of how social capital manifests and influences household decision-making in various contexts. The data generated were thematically analyzed to identify emerging patterns, meanings, and correlations between social capital dimensions and household economic decision-making (Lim, 2025; Wibisono & Darwanto, 2016).

**Table 1.** Participant overview.

Location	Participants	Occupation
Rural agriculture	ARD	Farmer
	SLT	Farmer, house builder
	MTH	Farmer
	FTI	Farmer
	ANY	Farmer
	SDM	Farmer, breeder
	SNY	Farmer
	RSN	Village head
Urban-multisector	JML	Farmer, courier
	SRT	Vegetable seller
	SFL	Farmer
	HTJ	Tailor, fried food seller
	SWR	Street food seller
	TLB	Janitor
	RSM	Motorcycle taxi driver
	KMR	Farmer, janitor
	MIN	Village head
	SLH	Village head

## 4. RESULTS

Social capital and household economic activities should not be viewed as separate entities. Social capital plays a crucial role in determining the effectiveness of household economic activities. The greater the presence of social capital elements, the stronger the support for the sustainability of these activities. In economically disadvantaged households, limited resources often pose significant challenges; thus, mutually beneficial social exchanges serve as a vital mechanism to address these shortcomings and provide access to economic opportunities (Heliawaty et al., 2021; Herdiyanti, Sarpin, Rahman, & Indra, 2022). Consequently, social network ties are not merely supportive of economic activity but are essential in ensuring the long-term sustainability of economic well-being.

### 4.1. Production and Capital

The majority of heads of poor households in rural-agriculture areas primarily engage in farming, whereas individuals pursue a wider range of occupations in urban-multisector areas. Various networks, including institutional connections, family relationships, government assistance, friendships, neighborly ties, and other business networks, support these work activities. Table 2 presents the summary of the interviews with respondents.

**Table 2.** Sustainability of production and capital of poor households based on social capital.

Research location	Sustainability of business production and capital	Social capital elements
Rural-agriculture	Strategies to meet business capital needs are carried out by setting aside part of the income or asking for help from family. Taking loans from banks is generally not done because of concerns about the ability to repay.	Cohesiveness and trust
	A system of borrowing goods is used: for example, if it is time for fertilization or spraying but there is no capital to buy the necessary items, then pesticides or fertilizers are borrowed from agricultural stores in the village.	Trust

Research location	Sustainability of business production and capital	Social capital elements
	The provision of agricultural tools, seeds, and fertilizers for farming efforts is obtained through membership in various agricultural organizations (farmer groups, women's farmers groups, P3A), seed rejuvenation, or requesting seeds from friends.	Group and network
	The sustainability of agricultural production is supported by the practice of mutual labor exchange ( <i>Makkombong</i> ).	Group and cohesiveness
Urban-multisector	Strategies to meet business capital needs tend to involve saving part of the business profits. Taking loans from banks or cooperatives is rarely done.	Trust
	A system of borrowing goods is used; for example, in the morning, vegetables are taken from wholesalers to be sold again at retail or by peddling. Payment to wholesalers is made in the evening.	Trust
	The provision of agricultural tools, seeds, and fertilizers for farming efforts is obtained through membership in farmer groups. Additionally, they take advantage of professional communities related to their respective jobs.	Group and network

Source: Interview.

To meet the capital needs for their production businesses, respondents in rural-agriculture areas typically allocate a small portion of their income or seek financial assistance from family members to fund business activities, such as purchasing additional agricultural equipment, seeds, or fertilizer. In addition to this strategy, they also meet their agricultural business needs through membership in farmer group networks, seed rejuvenation systems, or by requesting seed supplies from fellow farmers. Similarly, in urban-multisector areas, business capital is often fulfilled by setting aside a portion of income. The accounts payable and receivable system is also employed, such as paying off fertilizer debts to agricultural shops or borrowing vegetable supplies from wholesalers for resale by vegetable vendors.

“Fertilization materials are received through assistance from farmer groups. If we do not join a farmer group, we do not receive group assistance, including discounts when purchasing fertilizers. Assistance with tractors or cultivators within the group is available to all administrators, but there is a fee for its use to cover maintenance costs. Besides farmer groups, participation in women's farmer groups (KWT) usually provides access to the distribution of corn and mustard seeds (FTI, Farmer, Rural Area)”.

“If there is a harvest, we save it and use it again as capital (KMR, Farmer, Urban Area)”.

“For business capital, it is based on trust. We take vegetables from wholesalers at the market to sell at another market, and payment terms vary some allow three days, some one week, and some require same-day payment by evening. If the payment is not yet sufficient, we settle it later (SRT, Vegetable Seller, Urban Area)”.

In the research area, poor households generally avoid using banks and cooperatives as sources of business capital for various reasons, including concerns about repayment risks, the mental stress associated with loans, and negative perceptions of bank lending. However, a small number of respondents who opted to borrow through banks were influenced by the large loan amounts available and the ease of the loan processing.

“The only capital access is through banking, but we are afraid to take the risk of repayment. It is not difficult to process, only the repayment is difficult, otherwise we have the courage only if we are certain about the surplus or revenue. If there is a need for capital related to farming or construction work, we usually turn to close family members first (SLT, Farmer, Rural Area)”.

“Banking access is rarely used due to concerns about repayment; Rather than losing sleep over it, we prefer not to borrow (MTH, Farmer, Rural Area)”.

“Business capital currently comes from personal funds. I once used a government-backed loan, but it did not bring good fortune, even though the application process was easy (JML, Farmer, Urban Area)”.

“Business capital comes from the “Blue Door” BRI bank program through the government loan scheme. Otherwise, saving up enough capital would take too long (SWR, Street Food Seller, Urban Area)”.

The sustainability of agricultural production in rural-agricultural areas is supported by the practice of the mutual labor exchange mechanism (*makkombong*), which is a hallmark of the social traditions in these regions. *Makkombong* is a term commonly used in Enrekang Regency, referring to a collaborative working relationship where individuals engage in tasks without expecting anything in return. This tradition has been passed down through generations and is viewed as a means of addressing community challenges. However, with the rise of globalization, the practice of *makkombong* has become less common, particularly in urban-multisector areas, as people increasingly prefer to work as agricultural laborers (*pangkariawan*) in hopes of earning wages.

“The mutual labor exchange mechanism (*makkombong*) is still dominant in farmer groups, occurring twice a week (Wednesdays and Sundays) and carried out on a rotating basis to help with land cultivation. (ARD, Farmer, Rural Area)”.

“The mutual labor exchange system no longer exists; it is now based on paid labor (*pangkariawan*). When comparing the costs, they are similar, as laborers do not receive meals but are paid wages, whereas with *makkombong*, meals are provided, but wages are not given. (SFL, Farmer, Urban Area)”.

#### 4.2. Consumption

The sustainability of consumption in poor households is not solely dependent on the economic strength of the household itself but also on the strength of the social relationships they can cultivate within their social environment. This study reveals that the functioning of social capital supports the sustainable consumption of poor households in both research areas. In rural areas, the sense that “no one is left behind” reflects trust and closeness within the community. This fosters ongoing social exchanges, such as the sharing of agricultural harvests for mutual consumption. Additionally, the network of basic needs kiosks provides a loan mechanism for daily necessities, with repayment made once income is available. More specifically, ARD emphasizes the following statement:

“To meet daily needs such as sugar, oil, or coffee, if our stock runs out, we usually borrow from the nearest store on a credit system, which is repaid after the harvest or when income is available. Additionally, the practice of sharing consumable harvests within the community is still common. (ARD, Farmer, Rural Area)”.

Meanwhile, the diverse characteristics of the population in urban-multisector areas encourage the formation of family harmony. Although this community tends to be exclusive, serving as a forum for maintaining cohesion among specific ethnic groups, family harmony functions as an alternative means of supporting consumption for its members by distributing necessities through pooled group funds. In broader social relations, poor households in urban multisector areas utilize neighborhood and community networks to share agricultural products that can be consumed and to obtain leftover vegetables from market sellers. Additionally, the necessities shop network is used to borrow daily necessities.

“The community's pooled savings are usually used to buy staple food items or other necessities to be distributed among group members. (SWR, Street Food Seller, Urban Area)”.

“Vegetables on market days are usually given to us by vendors in the market. If the vegetables are leftovers, the vendors ask us to take them away. (HTJ, Tailor, Urban Area)”.

A summary of the use of social capital in the consumption patterns of poor communities is provided in [Table 3](#).

**Table 3.** Sustainability of household consumption of poor households based on social capital.

Research location	Sustainability of household consumption	Social capital elements
Rural - agriculture	Sharing harvested crops that can be consumed within the network of neighbors and the community.	Cohesiveness and reciprocity
	Borrowing daily necessities from the nearest grocery stores.	Trust and cohesiveness
Urban - multisector	Distribution of basic food supplies to group members using the community's pooled savings.	Cohesiveness and reciprocity
	Receiving agricultural products and leftover vegetables.	Cohesiveness and reciprocity
	Borrowing essential food supplies from the nearest grocery stores.	Trust and cohesiveness

Source: Interview.

### 4.3. Marketing

The sustainable marketing of respondents' business outcomes is achieved through a subscription system and price surveys. This approach helps adapt to market fluctuations and ensures stable marketing. By utilizing a subscription system or conducting price surveys, individuals gain greater control over determining the optimal timing for distributing and marketing their business results. A summary of the use of social capital in the business product marketing of poor communities is provided in Table 4.

**Table 4.** Sustainability of marketing of household business products based on social capital.

Research location	Sustainability of business product marketing	Social capital elements
Rural - agriculture	The majority rely on networks of intermediary traders (local collectors) rather than collectors at the central market.	Network
	Utilizing connections with other farmers to compare commodity prices (price surveys) as a basis for price agreements.	Network
	The marketing mechanism for agricultural products is carried out through a subscription system or price surveys.	Network
Urban - multisector	Utilizing professional community networks to share orders in the service sector, while traders' networks are relied upon in the agricultural sector.	Group and network
	The marketing of services utilizes professional communities to obtain customer information, routes, and price determination, whereas in the agricultural or livestock sector, the flow of market information is personal between seller and customer.	Group and network
	The marketing mechanism of agricultural products is generally carried out through a subscription system.	Network

Source: Interview.

The subscription system is implemented to ensure sales stability. By having regular customers, individuals can mitigate the risk of unsold products. Additionally, the subscription system fosters stronger relationships with buyers, leading to fairer prices and reduced negotiation costs. It can also lower transportation costs and marketing time, as some buyers pick up the goods directly from the respondent's house. Field findings indicate that poor households in early-stage areas often build relationships with intermediary traders (local collectors) within their village due to factors such as proximity and ease of transactions. However, some respondents also engage with collectors outside the village, such as those at the central market, in search of higher prices. More specifically, respondents shared the following insights.

“We have established relationships with collectors at the market, so we no longer compare prices. Trust has developed over time because, based on experience, the weights and prices given by our trusted collectors have always been reasonable (FTI, Farmer, Rural Area)”.

Marketing through a price survey system involves monitoring and comparing purchase prices in the market, often using networks between farmers to gather price information. By conducting price surveys, respondents particularly farmers can track price trends and decide the optimal time to sell their agricultural products. Price surveys help farmers identify the market offering the best price and determine the best crops to plant and the ideal planting time to maximize profits at harvest. In urban-multisector areas, poor households with marketable products also establish relationships with a network of traders based on the goods they wish to sell. Similarly, other professions, such as vegetable vendors at the market, often seek suppliers offering lower prices in hopes of making higher profits. In sectors like motorbike taxis and goods courier services, individuals utilize their community networks to secure orders, routes, and delivery rates. To maintain relationships with business networks and customers, one source noted that trust is built through consistent communication, service, and the quality of the business.

“Price checks are still carried out, but we prioritize higher prices over loyalty (SNY, Farmer, Rural Area)”.

“We try to sell at the highest price possible, but sometimes urgent needs force us to sell at lower prices (ARD, Farmer, Rural Area)”.

“Motorcycle taxi communities help each other by sharing customers when someone is not getting enough rides. Fare rates are usually predetermined within the community but are negotiable for longer distances (RSM, Motorcycle Taxi Driver, Urban Area)”.

“Besides being in a farmer group, I am also involved in a courier group. The benefit of being in the courier group is mainly the ease of accessing information about delivery orders. We also share orders if there are overlapping requests (JML, Farmer/Courier, Urban Area)”.

In marketing agricultural products, poor households consider several factors before making a decision. For instance, some opt to sell directly to customers without comparing prices, as they have received considerable assistance from them in the past, and based on their experience, the agreed-upon price typically aligns with their expectations. On the other hand, most respondents are unfamiliar with the customer system but prioritize the highest price due to the economic drive to achieve a greater price difference between business capital and sales revenue. In some cases, pressing financial needs mean that price considerations become secondary. To provide more comprehensive insights into this matter, the following excerpt represents the majority of opinions shared by the poor households interviewed during the research.

“Vegetables are sold to regular traders without conducting price surveys. However, for cash crops like cloves, price comparisons are still made, and we sometimes store them while waiting for higher prices, selling them only when urgently needed (JML, Farmer, Urban Area)”.

“Price surveys are carried out, but sometimes we have to sell at a lower price in urgent situations (SLT, Farmer, Rural Area)”.

## 5. DISCUSSION

The economic activities of poor households in the research area primarily focus on meeting basic survival needs (subsistence) rather than aiming to maximize profits. These households tend to prioritize stability and reliability over the potential for higher profits in the long term. As a result, the certainty of income stability is considered more valuable and provides a greater sense of security than the pursuit of higher, but potentially unsustainable, incomes. This mindset often leads to poor financial management, as the income is only sufficient to cover essential needs. According to the research findings, several situational factors such as socioeconomic inequality, social support, fear of risk, and individual cognitive beliefs play a crucial role in shaping the adaptation decisions and economic activities of poor communities. Despite the limitations of these activities, the use of social capital significantly facilitates and supports their economic activities.



First, in terms of asset and production processes, trust plays a pivotal role in social capital by linking various actors and sustaining the business. The poor household's social capital, through family relationships, groups, and credit systems, helps to establish trust among themselves and with parties involved in transactions or cooperation. This trust facilitates access to important resources despite the lack of firm guarantees. Without bi-directional trust between the two parties, trust cannot be established, and trust can enhance tolerance for uncertainty (Heliawaty et al., 2021; Herdiyanti et al., 2022). Within the household, social capital is an informal resource allocator in which, due to strong familial bonds, there is relatively easy transfer of resources, but not necessarily economic. This is a type of social capital based on proximate interpersonal relationships, trust, and solidarity among members of the household. Additionally, groups of farmers also expose individuals to shared norms. These groups are not just a source of funds but also avenues for sharing knowledge, experience, and even tools and seeds for agriculture. Social capital in this context includes not only the sharing of physical resources but also the sharing of helpful information, which is particularly critical for farmers in rural localities. Furthermore, rural agricultural institutions develop group norms and cooperation through mechanisms, such as "*makkombong*". The more cohesive and reciprocal the relationships within a group, the more effectively "*makkombong*" can be developed. Social relationships are maintained through trust, which is reinforced by present cohesiveness and reciprocity. These social networks are based on mutual understanding, exchange of information, reminding one another, and enabling the performance of tasks or the resolution of issues.

Second, well-functioning social capital is a social safety net that enables poor households to satisfy their basic needs for survival despite their limited resources and adverse economic conditions. Social connections play a central role in satisfying consumption needs, and social capital is therefore essential in guaranteeing survival. In this respect, social capital enables poor households to access the necessary resources they need for their needs. Rasmawati, Hartono, and Aritenang (2023) conclude that social capital has a positive impact on rural household food security. In rural-agricultural societies, "*the feeling of no one else*" explains a situation where people in society have a sense of belonging and trust in each other. It fosters a spirit of solidarity where people feel connected to each other and help one another. This perception of trust is crucial in maintaining good social relations, thereby promoting positive social exchange, such as sharing farm produce for consumption. In urban-multisector settlements, surplus vegetables from traditional markets are used as a secondary food source. This practice reflects the adaptation of poor households to prevailing market conditions and the optimization of existing opportunities to meet their needs at the lowest cost. Additionally, grocery stores serve as a means for poor households to meet their needs on a loan basis in both communities. The loan system is vital as it assists individuals without immediate funds to purchase daily necessities. Repayment occurs after income is received, demonstrating flexibility and trust in financial transactions among individuals. Social cohesion and trust among community members facilitate access to external resources and assets, enabling individuals to seek assistance from neighbors and kin during times of adversity (Heliawaty et al., 2021; Herdiyanti et al., 2022). All of these circumstances point to the important contribution made by norms of reciprocity, cohesion, and trust within networks of poor households to the long-term sustainability of household consumption.

Third, marketing business results through social networks in the research area refer to the process of leveraging social relationships and connections with business actors and other institutions to promote products or services. This marketing mechanism heavily depends on interactions within social networks, which include various elements of social capital such as trust, social norms, and interpersonal relationships. Therefore, marketing business results not only rely on economic transactions but also emphasize the strength of social relationships within the community to support and sustain marketing activities. This approach creates opportunities for accessing markets, sharing information and knowledge, increasing profits, and fostering long-term relationships with consumers and business partners. In rural-agricultural areas, poor households build relationships with intermediary traders (collectors) within their village, often for reasons of proximity and ease of transactions during times of need.

Additionally, they also establish connections with traders outside the village in search of higher prices for their products. For price surveys, the community relies on farmer networks as a valuable source of information on comparative prices of agricultural commodities, which serve as the basis for determining price agreements. Moreover, in urban-multisector areas, the diversity of businesses operated by poor communities leads to a variety of potential social capital that is leveraged in marketing results. Those involved in the services sector build relationships within their professional communities to enhance the flow of information and strengthen norms of mutual assistance. Motorcycle taxi drivers and delivery couriers, for example, join specialized communities that help facilitate customer referrals, route management, and fare setting. To maintain strong relationships with their network of traders and customers, they foster trust through effective communication, high-quality service, and reliable business practices.

In terms of production, farmer groups are the most influential groups in the lives of poor households. Therefore, it is essential to strengthen farmer group management in the future while preserving community values such as *makkombong*, a form of social capital that naturally arises within local traditions. The presence of farmer group assistance should not undermine such values but instead complement the existing social capital in the community. To date, government programs have largely focused on meeting individuals' basic needs in the short term, often framed with elements of generosity, charity, and populist appeals. The presence of government policies *Merah Putih Cooperative* is expected to offer a more sustainable approach. Through this program, the government not only encourages strengthening the people's economy but also builds trust, solidarity, and networks among community members. Social capital manifested in cooperation, active participation, and trust is a fundamental pillar for cooperative success. With proper regulatory support and government incentives, *Merah Putih Cooperative* can serve as a platform for community-based economic empowerment, reinforcing social cohesion and expanding fair and inclusive access to productive resources. Established at the village or sub-district level under Presidential Instruction No. 9 of 2025, this cooperative is designed not merely as a savings and loan unit but also as a marketing hub for agricultural products, handicrafts, and other local goods. It is hoped that this cooperative can become a driving force for an independent, efficient, and highly competitive village economy.

## 6. CONCLUSION

Social capital has helped poor households mitigate economic uncertainty and risks in their daily lives. Through community support and mutually beneficial relationships, these households are able to make more secure economic decisions, focusing on the principle of "safety first," which emphasizes "minimizing risks" and adapting to their circumstances in a way that prioritizes stability. The research reveals that poor households are highly cautious when making economic decisions, often opting for strategies that provide short-term security, even if they may offer lower long-term profits.

This research also indicates that the region does not significantly affect the use of social capital in the economic activities of poor households; rather, the differences are primarily due to the diversity of activities within various groups. In both regions, the utilization of social capital revolves around the use of social relationships, networks, trust, and shared norms to support economic endeavors. Overall, social capital plays a key role in helping poor households manage economic uncertainty and create opportunities. Poor households often rely on social connections with family, friends, or communities to access resources such as loans, information, or economic opportunities. Social networks are instrumental in overcoming financial constraints and providing access to jobs or markets for the goods they produce. In many cases, poor households foster solidarity within their communities, such as through the "*makkombong*" mechanism. This cooperation helps reduce risks and enables them to face economic challenges collectively.

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**Transparency:** The authors state that the manuscript is honest, truthful, and transparent, that no key aspects of the investigation have been omitted, and that any differences from the study as planned have been clarified. This study adhered to all writing ethics.

**Data Availability Statement:** Upon a reasonable request, the supporting data of this study can be provided by the corresponding author.

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