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### Role of the Government in Social Capital Development in Indonesia

*Papel del gobierno en el desarrollo del capital social en Indonesia*

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#### RESUMEN

El desarrollo del capital social es ahora la principal estrategia para el desarrollo social y económico en Indonesia. Se espera que este enfoque mejore la capacidad de la nación. Sin embargo, el desarrollo del capital social en la mayoría de las regiones de Indonesia todavía se considera inadecuado. Otros estudios encontraron que el capital social inadecuado había causado problemas relacionados con la inseguridad y el abuso de drogas en algunas regiones. Estos problemas de inseguridad han dado lugar a otros problemas, como la pobreza, la disminución de los niveles de salud y la ansiedad.

**Palabras clave:** Capital social, Desarrollo de soluciones, Gobierno, Regulación. |

#### ABSTRACT

Social capital development is now the main strategy for social and economic development in Indonesia. This focus is expected to enhance the capacity of the nation. However, the development of social capital in most Indonesian regions is still considered inadequate. Previous research found a lack of trust in society in most regions in Indonesia. Other studies found that inadequate social capital had caused problems related to insecurity and drug abuse in some regions. These insecurity issues have given rise to other problems, such as poverty, decreasing levels of health, and anxiety.

**Keywords:** Development of solutions, Government, Regulation, Social capital.

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**INTRODUCTION**

When an economic crisis hits Indonesia, issues related to social capital trigger other economic and social problems, especially unemployment problems, similar issues have arisen in other Eastern countries. Social capital in Indonesia has been regarded as the social relationships formed between individuals or groups who have been living together for a long time and which results in shared traditions and culture for families and communities. However, the process of development and modernization is likely to result in the erosion and decline of social capital and its replacement by new values of globalization, which have a stronger emphasis on economic growth (Robinson: 2018, pp. 77-92; Ahmad & Ahmad: 2018, pp. 44-49). The introduction of Indonesia's national economic development plan, which emphasizes economic and industrial growth, has also shifted the urban lifestyle from interconnectedness to a more individualistic lifestyle. The results of previous research also showed that the structure of social relations in civil society has become weaker, and mutual mistrust in civil society has declined due to the modernization process, see Table 1.

No.	Modernization & Globalization	Negative Impressions
1	Press Independence	Hoaxes spread through social media, which replaces the use of traditional media and triggers conflicts and chaos
2	Drug Abuse	High rates of drug abuse and crime
3	Radicalism	An increasing rate of terrorism, such as bombing and murder.
4	Social Life	Increases in negative sexual behaviours such as LGBT, adultery, illegitimate children, and the spread of contagious sexual diseases.
5	Culture and Tradition	Erosion of cultural values and traditions
6	Lifestyle	Shift to a western lifestyle, including western fashion.
7	Society	Decreasing togetherness and cooperation among society and a shift to individualistic behaviour
8	Social Capital	Low trust and solidarity among society

**Table 1.** The Impressions of Modernization and Globalization in Indonesian Society.

Recent studies have found that social capital plays an important role in a country's development. The role of social capital was found to be as important as other types of capital, such as financial capital, physical capital, and human capital. Social capital is the social relations between individuals or between groups of individuals, who collectively form human resources and can bring benefits to society. Compared with other types of capital, social capital is closely related to human resources. Human capital focuses on investments in the education and training of individuals. Social capital emphasizes the relationships and norms between individuals. Hence, social capital relates to a group of people rather than individuals (Navarra et al.: 2018, pp. 1392-1405; Ramirez et al.: 2018, pp. 2076-2101; Ríos et al.: 2019, pp. 407-419).

Social capital is important in the national development of Indonesia. The Indonesian government has focused on the formation and development of social capital as the main strategy for social and economic development in Indonesia. The Indonesian government has also engaged both the public and private sectors, as well as individuals in society, to increase the social capital by focusing efforts at the regional level to increase the national capacity.

Unfortunately, social capital development in most regions of Indonesia has been weak and needs serious attention from local governments if development is to be effective. Also, research has shown that mutual trust among community members, as a measure of social capital, has weakened in most regions of Indonesia. Other research showed that inadequate social capital in several regions of Indonesia raised issues of crime

and insecurity. Crime and insecurity problems caused by weak social capital have also triggered other problems such as poverty, low levels of health, and insecurity, see Table 2.

No.	Social Issues	2017 (%)	Category
1	Unemployment	5.53 %	High
2	Poverty	10.70 %	High
3	Health	12.55 %	Moderate
4	Education	11.41 %	Moderate
5	Crime	9.89 %	Low
6	Conflicts	10.67 %	Moderate
7	Social Capital	7.67 %	Low

**Table 2.** Social Issues in Indonesian Regions.

Considering the importance of social capital and the support needed to strengthen and develop it, it is important to have a sound understanding of the factors that influence the development of social capital by local government institutions. This study was conducted to contribute to an understanding of these factors in the improvement and implementation of social capital development by local government institutions regions in Indonesia. Efficient social capital development at the local government level will help to strengthen the regional social capital, which eventually can address various social problems.

## LITERATURE REVIEW

Two approaches can be taken to the formation and development of social capital. The first is a society-centred approach with the assumption that community capacity to produce social capital is determined by long-term experience based on historical and cultural experiences. In other words, social capital should not be changed in the short term.

A second approach is an institution-centred approach, with the assumption that the development of social capital needs to be administered by formal institutions (Graafland: 2019, pp. 250-258). Previous studies have led to the view that political institutions may shape and influence the characteristics of their social capital. In other words, the capacity of citizens to develop social capital is greatly influenced by institutions based on their political hierarchy. The institution-centred approach focuses on the importance of using public institutions to develop social capital (Ahmad & Ahmad.: 2019, pp. 746-778 Triyanti et al.: 2017, pp. 3-11). Compared to the society-centred approach, the institution-centred approach is considered more appropriate and in line with the fields of political science and public management (Fox: 2019, pp. 203-209). Policymakers and experts in the field of public management see problems with the society-centred view, which states that social capital can only be formed by various community structures throughout history. Other choices can be used to form and stimulate the development of social capital in society (Li et al.: 2016, pp. 371-383). Therefore, in this study, an institution-centred view was used to analyze the formation and development of social capital in regions in Indonesia. The institution-centred theory has two approaches to understanding the formation and development of social capital: the attitudinal approach and the institutional structural approach (Tambunan: 2019, pp. 19-39).

The attitudinal approach examines the relationship between institutions/political beliefs and general beliefs. Research has shown that approaches to political trust and general trust are correlated. Therefore, public trust is considered as the key to the formation and development of social capital. General trust is an essential prerequisite for generating collaboration in behaviour and the successful resolution of problematic collective action (Basri: 2017, pp. 3-18).

Institutional structural approaches generally focus on the role of regions and public institutions as the key to the formation of social capital. This approach also focuses on the importance of using public institutions as

an independent variable and the dimensions of social capital as the dependent variable (Knudsen & Moon: 2017). Previous studies have shown that local governments and public institutions significantly influence social capital (Yamazaki et al.: 2018, pp. 62-75; Collins et al.: 2017, pp. 1041-1048).

The attitudinal approach is considered more appropriate for research on social capital at an individual or personal level, while the institutional structural approach is more suitable for understanding social capital at the individual and community level. Social capital is a multi-dimensional concept, but the attitudinal approach uses only one indicator to assess social capital and has been criticized for not giving a complete picture of the prevailing phenomenon. Therefore, a multi-dimensional institutional structural theory approach was used in this research.

The role of local governments in building social capital was examined based on the following indicators: (1) facilitation of community participation; (2) formation of social networks and cooperation; (3) development of social cooperation and networks; (4) partnership of social cooperation and networks; (5) subsidies to social groups and networks; and (6) promotion of regional cultural traditions.

## **METHODS**

### **Research Setting**

This research took place in Kebumen District, Central Java, Indonesia, which consisted of 460 villages and 26 subdistricts and had a total population of 1,212,809 people.

### **Data Collection**

Several data collection methods were employed to analyze the relationship between social capital and the achievements of local government institutions. Research data from various sources and instruments were collected using quantitative and qualitative methods simultaneously (McCarthy et al.: 2017, pp. 1988-2004) and included surveys, interviews and discussions, observations, official statistics, and written documents.

### **Research Population**

The research population consisted of 1000 respondents from 460 villages and 26 subdistricts. Respondents were individual residents aged 18 years and over, who were registered in Kebumen District. Direct interviews were conducted with the Regent and Deputy Regent of Kebumen as decision-makers, the Regional Secretary of Kebumen District, the Chairperson of DPRD and members of Kebumen District as the legislative element involved in the policy formulation process, the Chairperson of the District Bappeda Kebumen, the Head of Service in Kebumen District, the Community of non-royal bodies (NGOs) and community leaders.

### **Research Samples**

The samples for this research were taken in Kebumen District. A combination of four sampling techniques was used: proportional stratified sampling (PSS), quota sampling, proportional probabilities sampling (PPS), and purposive sampling.

## **RESULTS**

The results of this research showed the effect of independent variables on the dependent variable within the most appropriate model. The independent variables in this research were the facilitation of public participation, the formation of social networks and cooperation, the development of social networks and cooperation, the association of social networks and cooperation, subsidies to social networks and cooperation,

and the promotion of regional cultural traditions. The dependent variable in this study was regional social capital. A regression test showed that all the independent variables in this study were able to predict the regional social capital, as indicated by the absence of variables excluded in the last (sixth) model. The results also showed that the variable of subsidies to social groups and networks was the dominant variable influencing the regional social capital; this was shown by having the highest correlation value (0.503) in which it was also the first independent variable included in the stepwise regression model.

The significance value of the F test was 0.000, which was smaller than 0.05. Therefore, it was concluded that the facilitation of public participation, the formation of social networks and cooperation, the development of social networks and cooperation, community associations and social networks, subsidies to social collections and networks, and the promotion of regional cultural traditions simultaneously influenced regional social capital. The R-squared (R<sup>2</sup>) value of 0.295 indicated that the contribution of the X (independent) variable to the regional social capital (dependent) variable was 29.5%, while the remaining 70.5% was influenced by other factors.

## **DISCUSSION**

Problems from inadequate social capital were identified in Kebumen District, Central Java due to the local government not taking an optimum role. Attempts to develop the social capital in the area had been carried out and had brought significant impacts to social welfare. Evidence for positive impacts came from several achievements related to socioeconomic indicators, while negative impacts were found for environmental indicators. Specific development problems that were found included issues about disparities in various aspects both from regional and sectoral aspects. There were still several underdeveloped areas, poverty, and high rates of urbanization in some locations. To tackle these problems, an integrated approach should be implemented in the form of a regional-based flagship development program.

Problems related to weak social capital in an area are likely to trigger other problems in social welfare improvement programs. The quality of social capital varied greatly from one location to another. Some regions had abundant financial capital but very weak social capital, as shown by some residences being categorized as an elite area for high-income residents. On the other hand, there were areas where the population had low incomes but strong social capital. Conditions like this often occur in poor areas where social bonds are strong. Those who live in underdeveloped areas are vulnerable to stress. However, strong social connections made it easier for the government to implement programs to improve community welfare.

## **CONCLUSION**

Social capital can be measured by the participation of the community in various social events, such as elections, and social organizations and the commitment of individuals as part of a community. Regions that have strong social capital are identified by the number of people engaged in voluntary organizations and strong connections between individuals. This presence of this kind of network improves social welfare and makes it more effective.

Social capital is a valuable asset that fosters mutual trust and cooperation. Cooperation plays an important role in the realization of good governance and civil society. The community held various activities using social capital. Social activities were carried out and bounded according to the prevailing norms. These norms functioned as regulators, drivers, and constraints in social interactions. The community was accustomed to certain regulations, behaviours, and patterns of relationships in maintaining economic, social, and political relationships. Habits that had been formed over a long time had become entrenched and institutionalized. The

development of the community became more organized when the community was well-organized and skilled at solving various problems.

One problem that often occurs with regional autonomy is that social capital brings people psychologically closer to the government. The closeness of the community and the local government shows that the community trusts the government and the government programs. However, the regional government is often inadequate and often fails to transfer social capital and to define the real meaning of social capital because social capital is not yet regarded as a priority in the regional development program.

This problem can be seen from the size of the budget for social capital development allocated by the local government. The highest proportion of the Regional Expenditure Budget in Indonesia was for employee expenditure, such as for employees' salaries, benefits, honoraria, and overtime pay. These costs were further increased by spending on goods/services, official travel, and building/vehicle maintenance for employees. Employee expenditure decreased the budget available for public development, including the social capital budget. Most regions used more than 75% of their budget to finance internal bureaucracy, while the budget for development and public services was limited.

Several important stages must be implemented to run this program effectively: (1) the implementation of policies regarding social capital development and the role of government; (2) the identification of regional problems; (3) designing effective programs that accelerate the regional development progress; (4) enhancing the support from all stakeholders, especially the surrounding community, Local Government Organizations, CSR institutions, and media partners.

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