“Types and Role of Social Capital in The Configuration Among Actors of Sendangbiru Coastal Community Business Contract”

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Abstract

The business activities of coastal communities do not only run based on business mechanisms, the business problems often are solved by social mechanisms. The aim of this research is to identify the types and role of social capital in the configuration among actors of coastal communities’ business contract. This study uses a qualitative approach by phenomenology method to capture the actual phenomenon of business contracts relationship on coastal communities. The results show that the types of social capital can be seen from first, the trust: a lasting unwritten employment contract and debt that had never paid off. Second, the network: reflected in the closeness of the actors’ relationship which are influenced by the experience of cooperation, adherence to business contracts, and contractual ties to strengthen social relations. Third, the norm: the contract is applied to all business activities (business financing to fish marketing). In turn, social capital contributes to the running of business contracts due to the strong ties among fishermen and ship manager (pengambek) which can maintain the sustainability of fishing businesses, facilitate the information networks, minimize conflicts, and maintain brotherhood among actors.

Keywords: social capital, business contract, coastal community

INTRODUCTION

Sendangbiru Beach is the largest fish trade center in Malang Regency with a total production of 75,516 tons in 2017 [22]. In addition, the number of ships operating in Sendangbiru almost reaches thousands of units consisting of lifeboats, purse seine vessels, and jukung. The abundance of capture fisheries resources in Sendangbiru is not only a business commodity for the local community but also fishermen from other regions such as Madura, Banyuwangi, and Sulawesi. This is due to the permission given by the Sendangbiru Port for fishermen from other areas to land as long as they have complete documents in fishing activities. Nevertheless, andon fishermen are obliged to follow the business system used by businesses in Sendangbiru, especially if they want to land their catches at Sendangbiru Port. In practice, this does not become an obstacle for andon fishermen to seek their fortune in Sendangbiru. It shows by the increasing number of andon fishermen over time.

Capture fisheries business is identical with production sharing contract between ship owner and fisherman laborers. The collaboration scheme has long been used and has become an institution in the capture fisheries business in Sendangbiru. Furthermore, the contract that develops between fishermen and collectors as the owners of capital is a profit-sharing system bound by debt that cannot be [11]. Interestingly, the system is not only limited to the business mechanism but also interaction and social relations between actors. For example, when fishermen's income decreases during the lean season, they can still borrow money from the ship managers (pengambek) to survive even if the previous debt has not been paid off. This act can look like a social act, but on the other hand it was the ship managers’ attempt to maintain the contract and to make sure that the fishermen were always dependent.

Based on the description above, a contract can run if there are two parties who have an agreement in business activities. Strong social capital influences the effectiveness of contract implementation among actors in the non-formal contract mechanism of capture fisheries business activities. Social capital can improve the ability of farmers through social support and the economic value of one’s relationships [24]. According to [20], social capital can affect the performance of the agricultural commodity trading system while...
at the same time reducing the impact of market imperfections faced by trade actors. Therefore, this study was conducted to identify the form and role of social capital in the configurations between coastal community business contract actors that shape their business patterns.

**MATERIAL AND METHOD**

Data analysis method uses interactive methods. This model consists of 4 components of analysis, namely: data collection, data condensation, data presentation, and drawing conclusions [13]. The Miles and Huberman analysis method was chosen because the unit of analysis in this study was the interaction between individuals in the capture fisheries business process in Sendangbiru. Through interactions between individuals in the process, it can be used as a basis for analyzing the change in the position/role of the principal agent and the decision making of fishery business actors by taking into account the social capital formed. Social capital is considered important because it can describe social exchange that is rationality-relational to the object under study in capture fisheries business activities in Sendangbiru.

**Research Location and Time**

The study was conducted at Sendangbiru Beach, Tambakrejo Village, Sumbermanjing Wetan District, Malang Regency. This research is part of the University’s Flagship Research on institutional financing system for the fisheries sector business which is financed by the Directorate of Research and Community Service (DRPM) Ministry of Research, Technology and Higher Education. The study was conducted since 2017 and continued in 2018.

**Data Collection**

This study uses primary and secondary data obtained through interviews, observation, and documentation. This study uses unstructured interview and observation techniques to obtain in-depth information related to the research object, namely social capital in the implementation of a fisheries business contract in Sendangbiru. [7] Stated that interviews aim to get in-depth information from informants that cannot be observed in plain sight. Therefore, the informants in this study are all parties related to capture fisheries business in Sendangbiru, namely, fishermen, boat owners, capital owners, and third parties who support business activities such as fish traders and production input providers.

Observation helps to answer research questions that are not answered from interviews. Observation provides a means to record and gather information and is useful for studying behavior and configuration among actors in the implementation of business contracts in capture fisheries sector. Furthermore, documentation is used to collect supporting data and information related to the potential of resources and characteristics of capture fisheries business in Sendangbiru.

**RESULT AND DISCUSSION**

**Characteristics of Fishing Business in Sendangbiru**

Fishing business activities in Sendangbiru are dominated by capture fishing business. In 2017, the number of ships in Sendangbiru was 683 units with a capacity of 6 - 30 GT. The capacity of the boat that is most used by fishermen is the size of 11-20 GT. In addition, there are also 130 units of outboard motors and 47 units of non-motorized boats. The fishing gear used by Sendangbiru fishermen consists of several types depending on the boat used. The types of fishing gear used by Sendangbiru fishermen can be seen in Table 1.

**Table 1. Fish Types and Fishing Gears**

<table>
<thead>
<tr>
<th>No</th>
<th>Type of Fishing Gear</th>
<th>Type of Fish</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Purse Seines</td>
<td>Tongkol, Layang, Ekor Merah, Teri/Sisik/Lemuru</td>
</tr>
<tr>
<td>2</td>
<td>Troll Fishing Gear</td>
<td>Tuna, Baby Tuna, Cakalang</td>
</tr>
<tr>
<td></td>
<td>(Pancing Tonda)</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Pancing Jukung</td>
<td>Lemadang, Tumbuk</td>
</tr>
<tr>
<td>4</td>
<td>Kunting</td>
<td>Cumi, gurita, udang</td>
</tr>
</tbody>
</table>

**Source:** UPT P2SKP, 2017

The table above shows the types of fishing gear used by Sendangbiru fishermen and the types of fish caught using the fishing gear. Purse seines and troll fishing gear are operated using motorboats with a sea journey of about 14-15 days. The results from the motorboat fleet must be landed at the Fish Auction Place (TPI) for the auction and then can be sold to retailers or distributors.

**Actors Involved in Fisheries Business Contracts**

**Ship Managers / Wholesalers / Capital Owners**

The ship manager is the party who has the capital to run the business. Most of them do not
have a ship at all but have great power in the structure of fishing businesses in Sendangbiru. In addition to providing a capital loan, the ship manager is also obliged to meet all the needs of both the supply and equipment of fishing gear before going to sea. In addition, the ship manager also has the duty to sell fishermen’s catches through the auction process at the Fish Auction Place (TPI). Thus, post-fishing handling is carried out by the ship manager, while fishermen only play a role in fishing.

**Land Skipper / Ship Owner**

Ships are the main means of capture fisheries business. The owner of the ship in this case referred to as the skipper. In practice, especially in Sendangbiru, boat captains sometimes also take part in fishing activities. Landlord is the owner of production facilities such as ships and equipment as well as those who employ crew members (ABK). The landlord employs several crew members (ABK) whose job is to catch fish that is chaired by a captain as the ABK coordinator.

**The Crew Members (ABK)**

It has been explained previously that ABK (crew members) of the capture fisheries business activities in Sendangbiru consist of the captain and fisherman laborers. In the structure of a fishery business in Sendangbiru, the sea skipper’s job is to be a rudder and becomes chairman on board. The sea captain is responsible for operational fishing activities as well as the task of dividing the yield according to a predetermined percentage. Fisherman labor is the lowest strata in the structure of capture fisheries business.

The bond of work between the land skipper, the sea skipper and the rest of the crew is only based on compatibility in work. They frequently come from relatives or acquaintances. They work with a profit-sharing system in accordance with the agreed percentage. Generally, the percentage share is 50:50 for boat owners and crew, then the crew share is divided by 2:1 for land skipper and crew. Business contracts in business activities are carried out by land skipper to obtain capital loans and fulfill operational costs. There is no written agreement but the accuracy of a contract can occur when the landlord has a debt bond to the ship manager. The following is an illustration of the structure of the capture fisheries business contract in Sendangbiru.

**Forms of Social Capital in Configuration Between Business Actors**

**Trust: A Lasting Written Business Contract**

The higher the level of trust, the higher the social capital owned by economic actors and the higher the productivity that can be generated. Trust is the basis for the implementation of an informal contract between the wholesalers and the fisherman in Sendangbiru in forming a pattern of work relations, and plays an important role in social life. In the agricultural sector, businesses more often use informal contracts to
support their business activities. The basis of the implementation of the contract is the commitment of the farmers to provide specific commodities in quantity and at quality standards determined by the owner. The skipper's commitment is to support farmers' production and market their crops [5]. Similar to agricultural business, capture fisheries business needs support from certain parties for the smooth running of business activities, especially the issue of working capital. This is because the capture fisheries business is a capital-intensive business activity [6]. Another similarity is the production results of capture fisheries business activities based on the fishing cycle not based on the time value of money [10].

Communities in Sendangbiru Beach use contracts as an effort to fulfill their capital. They are reluctant to make money loans at banks. In [12] it was explained that since the days of the Dutch East Indies government until Indonesia independence, credit distribution for capture fisheries business is relatively low compared to pond fishing business. This makes the pattern funding for capture fisheries business generally comes from nonbank financing institutions such as skipper or loan shark. Thus, the people in Sendangbiru Beach, who mostly work in the fishing industry, use social capital in their debt activities. Communities in Sendangbiru can borrow money from the skipper where they work without collateral. Trust becomes their main capital in carrying out debt and credit activities. In addition, the relationships formed between fishermen and skipper/wholesalers make capital access faster and easier compared to formal financial institutions [3]. This was revealed by informant S below.

"Yes, just borrow as usual, but the repayment is not forced, not like borrowing at a bank. And it is not burdensome for traders. If there is already fortune, yes, it is paid, if not, then it is not billed."

As a trader and taker, the above statement from Ms. S explained about the flexibility of the loan scheme that the wholesalers provided to traders. The period of return that is unlimited and not burdensome becomes the best choice for fishermen who have uncertain income. This is in line with [8] which states that one of the limitations of formal financial services for low-income people because of the high financial services provided. Also add that the high cost of formal financial services is caused by high credit risk for people whose income is uncertain [3, 17], because catches are uncertain depending on the season and atmosphere [18]. Some of the things above make this work contract practice lasting among wholesalers and fishermen in Sendangbiru. It is also recognized by fishermen that when they need fast funds for business or personal needs they can borrow from the wholesalers at any time.

Even so, the fishermen as the recipient of capital or loans are bound to taker when they have a money loan. Instead, fishermen must provide catches to the taker whose job is to market the fish. After the catches are sold, the fishermen will get their share. This does not only happen in Sendangbiru. The wholesalers describe the owners of capital or resources that aid the fishermen, then their relationship is assessed as being dependent on how much of the catch the fisherman gives to the wholesalers [21]. This informal work contract takes place continuously for quite a long time, so that it becomes a rule of thumb in fishing business activities. These are considered by fishermen as the best way to maintain business sustainability. This is in line with the statement of Mr. SWS as the taker below.

"Yes, that's just good service, we buy fish, [help] the needs of fishermen to be fulfilled, it's simple, mas with the servants buying fish, the relationship between the fishermen and the management, yes obviously happy"

Debt that Never Get Paid

Based on the previous discussion, it is explained the employment contract system of fishermen and wholesalers in Sendangbiru, which is bound by debt. Although not written, this contract runs since the fisherman receives a capital loan from the wholesalers, then both parties must fulfill their obligations and get their respective rights in accordance with the applicable provisions. Wholesalers provide capital loans and are obliged to meet the operational needs of fishermen, while fishermen must submit the catch to the wholesalers for sale. One of the causes of the perpetuation of the contract is also the behavior of the fishermen who rely heavily on the wholesalers to make a living. According to [14], the debt is used as a binder keeps the intertwined relationships strong.

A capital loan granted by the wholesalers as a contract of work is considered as investing in shares of a fisherman-owned fishing business. In addition to providing capital loans, the
wholesalers also voluntarily provide loans for the personal needs of fishermen so that fishermen do not move to other wholesalers. Although the previous debt has not been paid in full, but as long as the fishermen are still willing to cooperate by going to sea and handing the catch to the wholesalers, adding debt is not a bad thing for them. Thus, basically there is a mutual relationship between wholesalers and fishermen so that each party can maintain a working relationship and assume that the relationship provides benefits for each party.

Debt has become a mandatory requirement in fishermen’s and the wholesalers’ employment contracts. One of the wholesalers admitted that it was better to give a loan again even though the old debt had not been paid to maintain work relations. On the other hand, debt is considered as the main binder to get financing from the wholesalers. There is no other choice for fishermen with small capital to be able to survive in the midst of the capture fisheries business in Sendangbiru other than relying on capital from the wholesalers, so the decision is considered rational to be made rather than having to borrow from a bank [14].

Network

**Closeness Relationship between Business Actors Affected by the Experience of Cooperation and Compliance with Business Contracts; Ship Management Is Considered as Father or Brother**

The close relations between communities in Sendangbiru Beach lead to high social capital between communities, making access to information easier to launch economic activities, one of which is related to the need for additional capital. Based on the research, the people in Sendangbiru Beach are reluctant to borrow funds from banks because the information they have obtained regarding lending money in banks is also limited. In addition, the difficult administrative procedures and the requirements of guarantees makes the people of Sendangbiru Beach more willing to borrow money using the social capital they have. One of the wholesalers explained that most fishermen (including boat skipper) borrowed money from the wholesalers rather than to the bank. The reason they prefer to borrow from the wholesalers is because of convenience. They assume that it is easier to get access to loans from the wholesalers. Fishermen who borrow money from the wholesalers will repay their debts through a cut of their income from fishing. In fact, fishermen can borrow large amounts of money in the range of 10 to 100 million without a formal agreement. Thus, the high social capital can encourage the effectiveness of their business activities as fishermen.

"Yes, especially for fishermen, [they] borrowed more from the wholesalers than from the bank. Why? The ease and accuracy of its use. If we ask the bank right now [because] we need it, but we don’t necessarily get the loan now. When we no longer need the money, they just released the funds. But if I borrow from the wholesalers right now, I will get it now. If we receive profits, we pay the loans, [but] there is no bond. [...] The bond is the same as our work contract. And if you want to add [the loan], [you can add] the percentage of your captures. If you need between 10 million and under 100 million, it becomes a tradition [to get it] without black and white."

In addition to the above, based on the findings in the study, it is known that the majority of fishermen who fish in Sendangbiru waters and landed in TPI Sendangbiru are andon fishermen who are from Sulawesi. Their arrival in Sendangbiru was not only due to the abundance of resources but also the freedom of andon fishermen to land fish at TPI Sendangbiru.

The strong social capital between andon fishermen and the wholesalers followed by informal contract practices between the two is a reason for andon fishermen to return to Sendangbiru again. There is also no limit for andon fishermen to catch fish and land fish in Sendangbiru port. Explains that such practices are included in instrumental rational actions. Where fishermen take these actions because they have certain goals (economic motives) but also pay attention to the values that apply. This is in line with the expression of one of the following fishermen [15, 23].

"This is the freest port for migrant fishermen. The freest (convenience for andon fishermen in Sendangbiru) wis. The important thing is to follow the rules here."

The practice of continuous business contracts between fishermen and collectors in Sendangbiru has formed a long-standing relationship. This condition according to [19], has formed an
exchange that is no longer related to the economic dimension, but has become a social engagement. This engagement may benefit the wholesalers and the fishermen, and sometimes only benefit the porter. The relationship makes the fishermen assume that the wholesalers is a person who can help him in distress. Therefore, their relationship is not only as a partner but also as a family in daily life.

**Norm: Business Contracts Apply to All Business Activities (Capital - Fish Marketing)**

The fishing business contract system in Sendangbiru is carried out by the ship managers. The caretaker of the ship, also referred to as the taker is the owner of capital for all fishing business needs of fishermen. This relationship is driven by efforts from the sub-system community, in this case the fishermen, to fulfill their living needs [21]. Each ship has one manager who is a financier in his business. In the discussion above, it has been explained that the bond between them is debt. So long as the fishermen have a debt to the wholesalers, their business activities are very dependent on the wholesalers from the fulfillment of the capital to the marketing of the catch. Although the contract is informal, the institution that has been formed makes each party has a standard of compliance with the contract.

Through social capital, the people of Sendangbiru Beach have easy access to loans without collateral and without a certain maturity. They only need to guarantee themselves to be able to work to those who have given the loan as well as possible. The norms and effective sanctions can lead the community into a better society. When the norms and sanctions are applied effectively, the economic activity takes place smoothly through the quality of performance. According to one of the shipowners at Sendangbiru Beach, the loan will not be given due time for repayment by the wholesalers as long as there is a work relationship between the two.

"When I have enough money, I bought the ship. Any shortcomings were fulfilled by the wholesalers. Yes, [they] will not asked [the loans to be paid] as long as we still have work ties. It was never asked if we are still working with him, you know."

The contracts undertaken by fishermen and collectors cover all aspects of the business starting from the provision of capital, to meet the operational needs of captured fishing up to marketing the results. Even for sales, fishermen have no idea where the fish are being marketed. When the ship is docked at the port, the fish are transported to TPI. As [5] states that the implementation of informal contracts, such as in the fisheries sector, includes the provision of production inputs. The wholesalers are responsible for purchasing the commodities produced. In line with the results of research, the marketing flow of fish carried out by the wholesalers. When the fish are on land, the wholesalers are responsible to sell the captured fishes at TPI through an auction.

As much as any fish that have been owned by the taker for auction, fishermen will never give their catch to other wholesalers. This is an unwritten mandatory agreement that must be obeyed by fishermen in maintaining the continuity of business contracts.

"If I get fish, I'll give it to the wholesalers, I won't give it to others. It's prohibited [to do otherwise]. If you want to get a fish, please buy at the wholesalers. [You] cannot directly buy from us."

**The Role of Social Capital in Configuration Between Businesses**

The Strong Business Contract Bonds between Fishermen and Wholesalers Maintain Business Sustainability

A contract based on trust shows strong social capital for both parties related to compliance with the contract. In fact, not only in business activities, based on the previous discussion, the boat is willing to provide loans for the personal needs of fishermen. Moreover, loans can also be given even if the previous debt has not been repaid. This form of relationship has become an institution in capture fisheries business activities in Sendangbiru. This informal business contract acts as a stimulus for the development of fishermen's business activities outside the aspect of equality between the two parties.

For fishermen, the most important need is the certainty of support for their production systems. On the other hand, the abundance of resources in Sendangbiru waters gives the wholesalers the confidence to invest in a particular ship, even some of them are responsible for more than 10 ships. The existence of social capital, especially trust, gives effective results to the sustainability of the businesses they manage. The social capital that is effectively utilized can provide impetus for business
development, while social capital that is not utilized effectively can hamper opportunities in business development [4].

Business Contract Strengthen Social Relations
The social capital formed in the practice of fishing and fishing boat business contracts has made the working relationship between the two last a long time. There were not many fishermen who moved to other taker in Sendangbiru because each party tried to maintain the bond that had been made. The following is Mr. Wijiyanto’s statement.

"The treatment of the wholesalers are very good to the fishermen. There is no [wholesalers] that treat the fishermen badly."

The statement reflects the relationship between the fishermen and the wholesalers in business contracts. Mr. Wijiyanto also added that between the wholesalers and the fishermen, they understood each other to maintain the continuity of the contract. Other fishermen, namely Mr. Hadi, also recognize that the wholesalers are considered as a brother who are always there when fishermen are in trouble. The following is an interview excerpt from Mr. Hadi.

"Oo, [the relationship] with a taker [is] like a brother hahaha. We are like a family. If [the taker] is old, [they are] considered as parent. If [the taker] is still the same age, [they are] like a family member."

The description above shows that social capital in business contracts that can strengthen social relations between actors is a bonding social capital. Bonding social capital is the glue and bond of community members because of the similarity interests [1]. In this case, it represents the interests of the wholesalers who have economic resources but do not have the technology and human resources for fishing activities. Meanwhile, the fishermen require stable economic resources to maintain the sustainability of their businesses. In this way, the strengths of each actor in the business contract (between the fisherman and the wholesalers) benefit each party. Those who are in business contracts are bound together by social benefits and obligations and are committed to each other by mutual norms [2].

Norms in Contracts: Minimizing Conflict and Maintaining Fraternity Between Actors
The informal business contract used in Sendangbiru has become an institution in the implementation of captured fisheries business activities. In practice, this contract is only based on a verbal agreement with a bond in accordance with the agreement of both parties. To minimize conflicts between actors and other groups, they have a contract mechanism that is formed on the basis of long-standing habits. The wholesalers provide capital support and operational costs for fishing business activities with the consequence that the catch must be submitted to the wholesalers. These are the rules that must not be violated by each party. One of them is the fish supply chain from the fisherman. The fisherman lands the fish in the TPI and then the catch must be received by the wholesalers that has a contract with the fisherman. These norms have been formed to minimize conflicts over the capture of catches. Traders can buy fish from the wholesalers through the auction process. Each party adhere to the rules to maintain the practice of the contract.

CONCLUSION
The fishing business contract in Sendangbiru is carried out by the wholesalers as the owner of the capital, the landlord/ship owner and the crew with an informal contract scheme. The form of social capital can be seen from trust, firstly, through a lasting unwritten employment contract and a debt that is never paid off. Business contracts are informal where there are no black and white agreements that regulate the rights and obligations of each party. The contract occurs when fishermen ask for a capital loan as well as support the operational costs of the fishing business. Nevertheless, the contract can run for a long time because it is based on the trust of each party. This trust also makes the system of debts between collectors and fishermen continue. Second, the form of social capital can also be seen from the network, which reflected in the closeness of the relationship that is influenced by the experience of cooperation. The adherence of business contracts and contractual ties strengthens social relations. The mutually beneficial relationships make their social relationships even closer. This only happens for two people who have work ties, and does not apply to parties outside their circle. Third, the social capital formed by the norm that
the contract applies to all business activities (capital - fish marketing). The wholesalers provide capital support and finance the operational needs of fishermen fishing business with a condition that the catch must be submitted to the wholesalers. After landing at TPI, the fish will be the responsibility of the wholesalers to be sold through the auction system. In turn, social capital plays a role in the ongoing business contract because the strong bond between fishermen and the wholesalers can maintain the sustainability of fishermen's business, expedite the information network, and minimize conflict and maintain brotherhood between actors.

There are enough government policies for empowering coastal communities such as PEMP, PNPM Mandiri, Jarring, and others. These policies tend to be top-down with fairly formal schemes that tend to be unreachable by the weakest coastal communities. This research shows that there is social capital in the form of trust, values and networks maintained by the community in its business interactions. By utilizing social capital, government policy can disseminate a bottom-up empowerment model implemented by the community itself. For example, the habit of setting aside one of the many catch baskets for group dues can be utilize as a "start-up capital" for increasing financing capacity among them. Government policies can develop these community patterns to be empowerment schemes, especially to increase business financing capacity without having to form new institutions that are different from their habits.

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