

The Role of Social Capital in Sweet Corn Marketing

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Abstract: The successful of agribusiness is not only determined by economic and natural resources aspect but also influenced by existence of social capital aspect. This reality can be investigated in farming and marketing of sweet corn at Rasau Jaya sub district, an area at urban fringe of Pontianak City, West Kalimantan Province, Indonesia. This study is aimed to analyze determinant factor the successful of sweet corn farming and types of social capital among actors in its marketing. Data were collected by structured and depth interview, observation and focus group discussion. The results of this study show that some determinant factors for successful are: the favorable climate that give benefit, rural and urban linkages, interrelated between crops and livestock farming and good partnership among marketing institutions through using social capital. The type of social capital in this partnership is characterized by existence of mutual solidarity and trust which is intended to nurturing of business networks.

Key words: Social capital, marketing, partnership, village trader, Rasau Jaya

INTRODUCTION

The successful of agribusiness in a region is not only influenced by natural resources and economic aspect but also determined by social capital aspect. This reality can be investigated at Rasau Jaya sub district, an area about 111.07 km² and 30 km far from Pontianak City. This area was known as main supplier of vegetables production, especially sweet corn, to traditional market in Pontianak City and other cities in West Kalimantan Province. Based on statistic data by Rasau Jaya Sub District (2013) reported that production of sweet corn is around 1,005 ton per year of planted area about 343 ha. Whereas, this area consist of peat soil that is known as type of less fertile soil.

In one side of opinion, the successful of sweet corn production is mainly caused by human resources who has better experience in farming because the farmer in this area come from Java through resettlement program that is initiated by the government in 1973. But, if it is depth investigated, it is not only caused by human resources aspect but also influenced by social capital aspect that is supporting the agribusiness. In this area, the production and marketing of sweet corn is organized by partnership between farmers and village traders. Although, this partnership pattern often get stereotype but in the fact it has developed in this area at least after the sweet corn technology introduced by the local government in 1999.

Sweet corn as vegetable is agriculture commodity that must be fresh consumed so harvest time and

marketing must be done in short time. It means, the marketing of sweet corn contain complexities aspect. It is restricted by limited market absorption and characteristic of corn that can be damage in short time. Therefore, for sustainability of its agribusiness system, it must be organized by professional management. How can this fact be done by small scale farmer at Rasau Jaya Sub District?. This reality is very interesting to be investigated in order to know some aspect which influences the sustainability of this pattern.

Farming and marketing of sweet corn in this partnership is convinced by facilitating of social capital among the actors. This argument refer to study was done by Pafchamps and Minten (2001) at Madagascar. The study showed that in trading of agriculture commodities was strong facilitated by using of social relationships (social capital) among the actors. This argument is also supported by other opinion that partnership pattern between farmers and village traders constitute of indigenous livelihood strategy as a representation of patron-client relationship that influence many aspects of live in rural Southeast Asia before green revolution period (Scott, 1977). Based on the background above, the aim of this study is to analyze some determinant factors for successful of sweet corn farming and type of social capital among the actors in partnership of sweet corn marketing.

MATERIALS AND METHODS

This study was done on April to August 2015 at Rasau Jaya sub district of Kubu Raya District, West

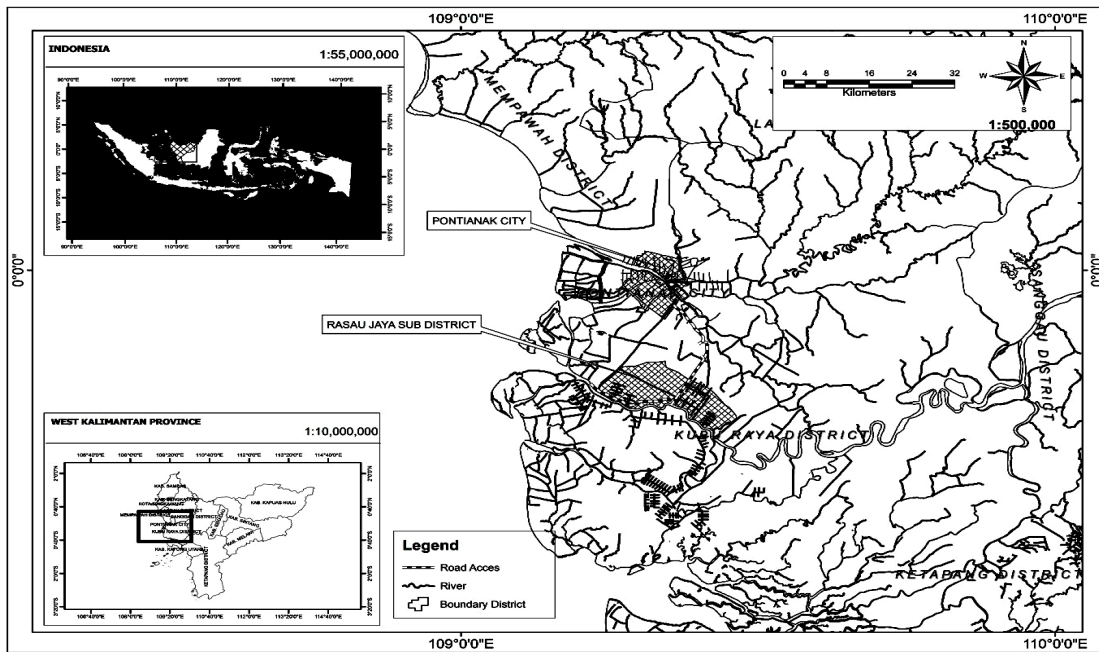


Fig. 1: Map of Rasau Jaya Sub District in West Kalimantan Province

Kalimantan Province (Fig. 1). The choosing of location is based on criterion that Rasau Jaya is an area concentration of sweet corn farming as main supplier to Pontianak City market and other cities in West Kalimantan. Data were collected by structured and depth interview, observation and Focus Group Discussion (FGD).

Structured and depth interview was done to the farmer's households that plant sweet corn regularly and to the village traders and also retailers as institutional marketing. Structured interview is intended to get information about demographic and farming characteristics, social activities and participation or memberships of the farmer in organization of local level institution while depth interview in order to capture symbolic meaning of activities and behavior. Interview to the farmers can be done toward men or women who often do the sweet corn farming activities. In order to guarantee the successful of interview, this study need the choosing of appropriate time so the farmers and traders can express all important information. Therefore, interview was done by visiting to the farmer's houses around 1.5-2.5 h, usually in the afternoon on 15.00-17.30 p.m.

Observation method was done in order to know farming activities in peat soil area and also marketing mechanism such as land preparation, crops maintaining, harvesting, transportation and marketing activities at level of village trader and retailer. The observation is also

purposed to get information about direct social phenomenon or other activities of farmer's household in the study area. Daily pattern of farmer's household activities is an example of data which collected by direct observation. Meanwhile, Focus Group Discussion (FGD) is aimed to explore information at community level about many aspects of data. This method is also done to cross check of data that is collected by interview and observation.

Key informants were selected purposely including local government officers, community leaders, heads of the villages, who understand well the social and economic condition of the village as site of study. Secondary data were obtained mainly from the statistical bureau and local level government.

RESULTS AND DISCUSSION

Determinant factors for successful of sweet corn farming: Theoretically, refers to livelihood sustainability framework by DFID (1999) and Scoones in 1998, the successful of farming activities and agribusiness sustainability is determined by many aspects such as natural resources, physical, financial, economic and social aspect. Natural resources aspect in this area, especially climate is suitable for agriculture cultivation and it has become a determinant factor for some farming activities such as sweet corn, green beans, cucumber, mustard

greens, leafy vegetable, chili, etc. The favorable climate is characterized by high intensity of sunlight and high rate of rainfall which is supported by its distribution spread evenly in all year. Based on data of Statistic Bureau of Kubu Raya District in 2013, averagely the rainfall is 231 mm month⁻¹ with the average of rain days is 14 days month⁻¹. The suitable climate in this area caused the sweet corn and other vegetables can be planted along the year. The sweet corn at least can be planted four times in a year. Completely, the soil and climate condition is shown in Table 1.

On the contrary, the soil resources in this area is categorized as less fertile soil. Nevertheless, the soil fertility problem can be overcome by the farmer through fertilizer technology application. It is done by combining inorganic and organic fertilizer of livestock feces (cattle or goat) which is also cultivated by the farmer. On the other hand, the farmer who has no cattle or goat they can buy organic fertilizer from the poultry farming which exist in this area. Thus, one determinant aspect for successful of sweet corn farming is interrelation between crops and livestock farming.

Table 1: Soil and climate condition in rasau jaya sub district

Parameters	Magnitude
Type of soil: peat soil	11.107 ha
Condition of land slop: 0%	11.107 ha
Elevation from the sea level	0-2 m
Average of rainfall	231 mm/month
Average of rain days	14 rain days/month

Statistic bureau of Kubu Raya district in 2013

The economic aspect as determinant for successful of agribusiness is farming business aspect that give high profit. Based on economic analysis of this study, sweet corn farming has given profit as IDR 20.17 million/hectare/planting period. If the farmer cultivate 0.2 ha per planting period, they can get profit as IDR 4 million. The farmer household income is predicted will be higher because the farming is not only on one kind of commodity (sweet corn) but also some commodities such as other vegetables and violet tuber. On the other side, there is addition income from baby corn selling as soon as after the corn blooming.

Planting of sweet corn is done gradually. As illustration, if the farmer has 1 ha of land, the land will be divided in five parts with each part is 0.2 ha. Next, each part will be cultivated step by step, so that in one hectare of land consist of some different age of plants. For example, if each part of the land is planted every 2 weeks, so its harvest time will be every 2 weeks too. This way is intended to get income periodically and also as response toward limited market absorption.

Besides, the geographical position of this area give benefits because it is not far from Pontianak City as a central of business in West Kalimantan. Therefore, one successful aspect of sweet corn agribusiness is an interrelated between rural area as a site of production and urban area as a central of consumption. Furthermore, the role of actors as description above, form an institutional model of production and marketing as illustrated in Fig. 2.

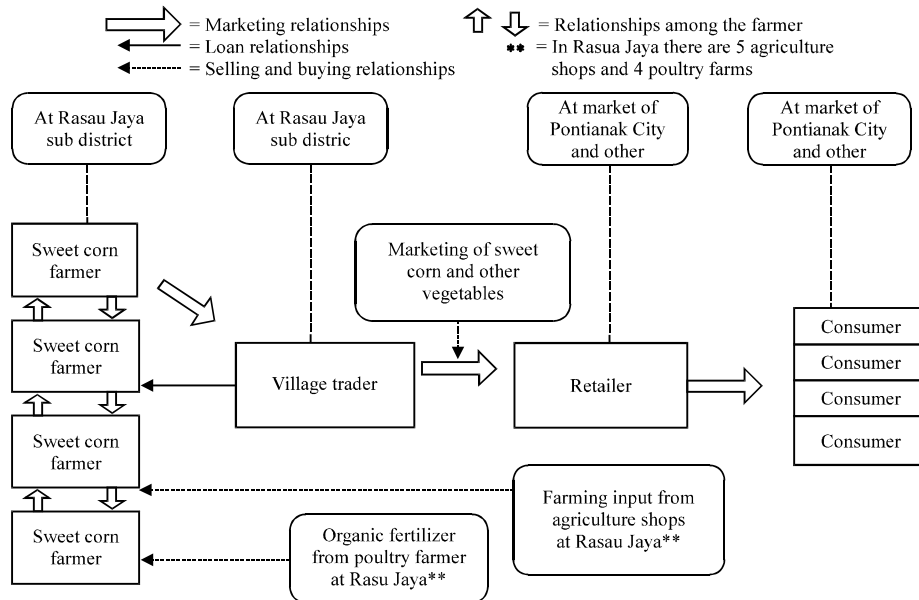


Fig. 2: The main institutional model of sweet corn farming and marketing at Rasau Jaya

Finally, the good relationships among actors (marketing institutions) is a determinant factor for successful of sweet corn farming. The good relationships is influenced by human resources aspect and existence of social capital either in farming or in marketing activities. The human resources in this area is enough good because the farmer came from Java who has good experience in farming. Therefore, to improve the sweet corn production in this area, the local government policy give directing and facilitating, such as livestock farming facilities, drainage infrastructure, building the farming roads and street from Rasau Jaya to Pontianak City.

Social capital on partnerships between farmers and village traders: In this study area, partnerships pattern between farmers and village traders is more varieties depend on ownership of resources aspect among them. In one side, there are type of partnerships with all farming input such as seed, fertilizer and herbicide is lent by village trader, meanwhile on the other side there is partnership in kind of seed lending only. Usually, the types of this partnership are based on request of the farmers. In case of loan farming input, the village trader does not take the profit. This loan is characterized by non formal aspect, based on trust, no interest rate, no collateral and the payment duration is flexible depend on the condition of farmer. It is one of social capital type in this partnership. For all types of this partnership, the marketing aspect is organized by village traders, so some business risks become village traders responsibility.

The ability a village trader to sell all of commodities of their clients indicated the reputation and trusted rate in this business. This reality based on the reason that the partnership actually is intended to minimize risk of unsold commodity, especially in excess supply case. If the village trader can not be trusted in marketing of commodity or often disappoint, the farmer can leave the village trader or exchange cooperation to other village traders because in this area there are many village traders. Nevertheless in study area, there are farmers who has no partnerships with village traders too. It is categorized as risk lover farmer. Its benefit, sometimes they can get highest price rate. But, it is only happen to a small number of farmer and usually done by the farmer who has very good economic performance.

How can social capital exist on this partnerships pattern?. It is the main focus of this study concerning behavior among the actors in nurturing business sustainability. The social capital is used by actors to minimize risk because the sweet corn agribusiness has high risk. The risk is shown by the price rate fluctuation along the year. It is influenced by supply of products in

this location and amount of market demand. The supply and price rate of sweet corn in this location is influenced by number of farmer who cultivate in the same moment.

On favorable climate (the rainfall no too heavy), many farmers cultivate the sweet corn but the problem is the price rate will be fall when the harvest time be done in same moment, so sometimes the sweet corns can not be sold. In this case, the farmer who has partnership with the village trader will get more priority in marketing of their sweet corn. Conversely, the farmer without partnership, sometimes could not sell their products absolutely or they can be sold with the lowest price. In this incident, the farmer without partnership will be suffer high financial loss.

On the other hand, in bad weather condition (November to February) the intensity of rainfall is very high, so many farmers fail to produce the sweet corn because of puddle, pest or plant diseases. In this moment, the price rate of sweet corn will be very high, so it made a dilemma for the farmer. But, according to some farmers, they must cultivate the sweet corn with a high risk when the climate can not be predicted absolutely.

In the price dynamism as illustrated above, the farmer and village trader cooperated by using social capital. The main type its social capital is solidarity in price setting in order to maintain business sustainability. The mechanism of solidarity price setting can be illustrated on Table 2.

As shown on Table 2, the price rate of sweet corn on farmer with partnership more stable than farmer without partnership. In excess supply case, the price rate is not too low and also conversely on excess demand situation, the price rate is not too high. Thus, in this partnership pattern there is a mutual protect mechanism and solidarity in price setting to do economic transaction. But, on farmer without partnership, the whole economic transaction based on the supply and demand mechanism solely. This is a difference mechanism of the pattern that can be seen clearly.

Actually, through partnership mechanism the farmer profit can be more guaranteed in this agribusiness. But, according to some village traders they did not able to

Table 2: The illustration of solidarity price setting mechanism between farmers and village traders

Pattern of farming	Price rate of sweet corn on farmer level (IDR/Bag)	
	Excess supply case*	Excess demand case**
Farmer with partnership	130	160
Farmer without partnership	100-110	180

Field observation (2015); *, **On the same moment, the price rate of sweet corn selling from village trader to retailer is IDR 160,000, 190,000 per bag

have many farmer as clients because they did not have capable to sell their products. For example, Mr. Slamet, a village trader at Rasau Jaya I, he is only capable to keep five farmers as his clients due to the networking and marketing capacity of Mr. Slamet only in traditional market of Pontianak City.

Based on description above, it can be stated that the sweet corn agribusiness is complexity and high risk. This finding has strengthen the statement of Pafchamps and Minten (1999) that economic exchange is difficult and complex, more specifically in trading of agriculture commodities. Generally, another result of this study also indicated that small scale farming will more safe if they make cooperation with an institution such as village trader who has function as marketing institution. This partnership has positive aspect and it is not always pressure (exploited) the small scale farmer. Therefore, this pattern need facilitation and attention by the government, so it can give more benefit to the farmer. The finding of previous study also provide the evidence that this pattern is useful to increase the farmer welfare and rural economic development (Sudrajat *et al.*, 2014).

The result of this study is also shown that the function of village trader (as middlemen) is creating and expanding market of product. This function is very useful for small scale farmer. This result similar to study finding of Rustinsyah in 2011 that in patron-client relationship between farmers and village traders is characterized by very stable cooperation and usually done in long period. Actually, this relationship is not caused by economic disparities but due to difference of market access. In rural area, the patron is not always richer than their client. Therefore, the patron will nurture the relationship to keep their existence in economic activities and sustainability in getting supply of commodities. On the other hand, the client sensed more safe because they get guarantee of their subsistence.

Specifically, the finding as described above has strengthen the previous study that partnership between farmers and village traders in Indonesia is often based on using of social capital as glue in cooperation. The sustainability of this pattern actually is not only based on the economic rationality but also based on the existence of social capital. It mean, in an economic transaction is often embedded between economic rationality and social aspect (Granovetter, 1985).

Socioeconomically, the village trader often found a dilemma. In one side, when they make a relation to the farmer with lower social status, they must combine between economic rationality and social norms but on the other side they must face with pure economic rationality when they make relation to market phenomenon.

Therefore, one success key factor of a village trader in rural area is capability to manage dilemma. This reality, implicitly can be found on previous studies that middlemen (village traders) done many function in rural area, not only as buyer or seller of products but also as credit institution that give loan to small scale farmers (Zamroni and Yamao, 2013).

Social capital on partnerships between village traders and retailers:

The village trader play the role as supplier to retailer. Usually, the village trader sell the sweet corn and other vegetables by entrusting commodities to retailers. After the commodities sold out in one till 3 days, the retailer pay to village trader. It has become a custom in trading that the payment among the actors is not always in cash. In this case, it's usually wait until the commodities sold out at retailer level. The village traders wait the payment from retailer at least two days, likewise the farmers wait payment from village trader at least three till four days. Commonly, the payment of transaction among the actors is always flexible depend on the situation.

The retailer at traditional market, usually have supplier more than one. As illustration, if a village trader is supplier for commodities of A, B, C and D, the other village trader is supplier for commodities of E, F and G. According to retailer, the keys of all transaction is trust. If there is trust, it means there is a tight relationship. If a retailer can be trusted they will have broad networks, thus they can be easier to get supply of commodities and also they will have many customers in the market. The proof of mutual trust between village trader and retailer is willingness to delay the payment in every transaction and also the payment commitment after commodities sold out. The commitment in payment is a part of mutual understanding and solidarity among traders.

Through this pattern, each village trader send the sweet corn and other vegetables to Pontianak traditional market every day. If the commodities were not sold out, the commodities will be returned to the village trader. In order to minimize risk, some village traders have to do a specific strategy such as the smaller corn will be sold after remove peel and putting them into transparent plastic bag. This way is a strategy in selling of corn to get consumer.

According to some village traders, the trust to other trader is not permanent but it is dynamic aspect which always assessed among actors in transaction. For example, a village trader sometimes sell some commodities to other village trader. If a village trader does not trust to them in a transaction, they always request direct payment by suggesting a specific reason without disappoint the

Table 3: The role of social capital in sweet corn farming and marketing at Rasau Jaya

Level of activities	Activities/incident/case	Type of social capital	Social capital element	Benefit of social capital existence
Farming	Loan from village trader to the farmer for buying farming input	Characteristic of loan is non formal based on	Norms of reciprocity, mutual trust	The farmer is easy to get farming input fully
Harvest	The harvesting of sweet corn was done by the farmer	The village trader give trust to the farmer concerning the option of bag type which is used at Rasau Jaya in generally and also dense rate in packaging	Mutual trust	Each actor can improve effectiveness and efficiency of work and also decrease monitoring cost
Marketing	Excess supply	The village trader give price rate protection to the farmer (mutual solidarity)	Norms of reciprocity	The farmer is easy to sell sweet corn Maintain the farming and business sustainability
	Excess demand	The farmer give price rate solidarity to the village trader (mutual solidarity)	Norms of reciprocity	The village trader is easy to get sweet corn, maintain the farming and business sustainability
	Sweet corn selling from village trader to retailer	Resources exchange and effort of the actors to share the profit and risk (mutual solidarity)	Networks, mutual trust	Maintain the business sustainability

Field observation (2015)

other trader. Based on all finding above, it can be formulated some proof of the role of social capital in facilitating of partnership among actors as shown on Table 3.

Each village trader from Rasau Jaya has certain retailer as partners at traditional market in Pontianak City. This marketing network is created by village trader and retailer in the long time, so among them generally has mutual acquaintance and understanding. Both of them will always nurture the relationships by implementing mutual trust. Thus, the mutual trust is core of cooperation and also the way to minimize risk. Generally, this finding has strengthen the argument of Fukuyama (1995) that core of social capital is trust.

Besides, on Table 3 is also shown that in every level of farming and marketing activities is always facilitated by element of social capital. The main element of social capital are norms of reciprocity and mutual trust. This result has strengthen the Flora (1995) finding that in level of cooperation, the element of social capital comprises norms of reciprocity and mutual trust.

Based on finding of this study, the successful of sweet corn agribusiness in Rasau Jaya is determined by many aspects. The favorable climate is one of important aspect that is characterized by high intensity of sunlight and high rate of rainfall which is supported by its distribution spread evenly in all year. Therefore, the sweet corn at least can be planted four times in a year. The other determinant factors are rural and urban linkages, interrelated between crops and livestock farming and good partnership among marketing institution through using of social capital.

The social capital has important role in facilitating cooperation among the actors. Social capital is used by actors in facilitating of resources exchange, so agribusiness sustainability as their main goal can be reached. On partnership between farmers and village

traders, social capital is represented by mutual trust in lending input cost of farming and cooperation in marketing of product. The main type of social capital is characterized by willingness of village traders for not take the profit in lending input cost of farming (no interest rate), the price rate protection from village trader to the farmer in excess supply case and price rate solidarity from farmer to village trader in excess demand incident. It is some types of mutual solidarity mechanism in study area. Furthermore, it can also be concluded that main function of village traders is creating and expanding market of products. This function is very strategic for small scale farmer in rural area.

On the other hand, social capital in partnership between village traders and retailers at traditional market is represented by mutual trust which is intended to nurturing of marketing network. The existence of mutual trust is represented by willingness to delay the payment in every transaction. Thus, the finding of this study provides the evidence that social capital does indeed matter to the facilitation of business (agribusiness) sustainability.

CONCLUSION

The results of this study show that the existence of social capital in production and marketing of sweet corn has benefit as follow: the farmer is easy to get farming input fully, each actor can improve effectiveness and efficiency of work and also decrease the monitoring cost, the farmer is easy to sell and the village trader is easy to get sweet corn and this pattern can maintain the farming and business sustainability. Moreover, it can be revealed that the main element of social capital in cooperation level are norms of reciprocity and mutual trust, meanwhile the main type of social capital is represented by existence of mutual solidarity.

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