The role of social capital in enhancing economic resilience during the Covid-19 Pandemic in Bantul Regency

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Article History
Submitted : 09-11-2021
Revised : 03-01-2022
Accepted : 03-01-2022
Published : 30-04-2023

Article Link
https://journal.uny.ac.id/index.php/civics/article/view/45052

Abstract
This study purposed to examine social capital in economic resilience in Bantul Regency during the pandemic. This study was case study where the data were obtained through interview, observation, and documentation. This study involved Legal Department of Bantul Regional Government, Trade Service, Association of Indonesian Market Traders (APPSI) at Imogiri Market, Semampir Market, Bantul Market, Angkruksari Market, Bantul Market Traders, Angkruksari Market Traders, Ngangkruk Market Traders, Semampir Market Traders, Alfamart Franchise Networked Modern Market Managers in Bantul Regency, Parangtritis Alfamart, and Non-networked Modern Markets Franchise Stores ‘Risky’ and ‘Lestari’. This study resulted that the Bantul Regency Government had taken a step in public policy in economic resilience with social capital approach. The success of this social capital-based public policy was seen from the public’s acceptance against the policy, a relatively stable economic depth index between 2019-2020, and the involvement of APPSI social organization as a mediator and facilitator between the community and the government. The empowered social capital was the value of cooperation, social networks, and trust in the community. This study still had any limitation and needed to be expanded to produce comprehensive data with some future studies.

Keywords: covid-19 pandemic; economic resilience; social capital

Introduction
The emergence of Covid-19 has a highly complex impact on human life. It takes a quite long time to find a vaccine for the viral system that attacks the immune and respiratory systems. The virus eventually becomes a pandemic. The impact changes the entire order of human life, includes the economic itself.

In the early time of the virus emergence, the world economic system begins collapsed. Almost none of country’s economic system survives due to the effects of the pandemic. The International Monetary Fund (IMF) has recorded a global economic loss with approximately 12
trillion US dollars (around 168,000 trillion rupiah) (Redaksi WE Online, 2020). In addition, Covid-19 caused a decreased economic growth rate up to -6% as well as global unemployment rate that reached 7-9% (Redaksi WE Online, 2020). This illustrates how complex and large is the impact of the presence of the virus.

The outbreak of the pandemic has caused great impact to the world economy, affecting micro firms, small and medium enterprises (SMEs), and large companies (Ahmed et al., 2021; Chen & Wei, 2022; Wulandari, 2020). The pandemic has disrupted the original study and job search plan arrangement of college graduates, and the employment difficulty of college graduates has been aggravated (Wang, 2021). The garment industries in Bangladesh have also been affected, leading to social and economic losses (Ahmed et al., 2021). The pandemic has caused an unprecedented negative impact on people's lives and the world's economy, including the stock market (Sun et al., 2021).

As a developing country, Indonesia also experienced the impact of the virus originated from Wuhan, China. To minimize the spread of the virus, Indonesia implemented several policies, such as limiting the entrance access of foreign tourists, a large-scale social restriction (PSBB), providing incentives/subsidies, and other various economic, political, and socio-cultural policies. The General Director of Taxes at the Ministry of Finance noted that there were 3 major impacts of Covid-19 in Indonesia, namely the declining purchasing power of the people; uncertainty over the end of the pandemic so as to weaken investment in business and business activities; and the global impact of the pandemic caused import-export commodity prices to fall (Zuraya, 2020).

The Covid-19 has impacted all aspects of economic life, especially tourism, trade and investment (Sumarni, 2020). However, the problem (obstacle) in the economic sector is related to crowd, such as tourism, event, exhibition, and malls; the supporting business, such as mass transportation, ticketing, hotels, seasonal trade/souvenirs, etc; businesses that cannot implement physical/social distancing (such as salon, barbershop, motorcycle taxis, spas, children’s games, house cleaning services, etc), a tertiary product business whose sales depend on public savings (such as property, personal vehicles, body care, hobbies, etc) as well as supporting businesses (such as leasing and other lending institutions) (Hadiwardoyo, 2020).

Various efforts have been made to minimize the impact of the Covid-19 pandemic in the sector of economics. The government must work hard to restore the economy. Various economic recovery policies carried out by the Indonesian government include the provision of social assistance to the poor-men, tax relaxation, and other policies.

The global and widespread impact of Covid-19 requires collaboration between public involvement and service providers (Desalegn et al., 2021). The government cannot work alone. The facts prove that none of countries is ready and able to anticipate the impact of the Covid-19 pandemic. Also, the community cannot be allowed to survive by himself without the support of government policies. In this situation, collaboration and cooperation between civil society and government become a necessity.

People's behavior or attitude is the key to this Pandemic (Drury et al., 2021). It means that collaboration between the government and the community is required to minimize the impact of the pandemic. The government cannot rely solely on structural policies. Besides, the government needs to accept and develop policies culturally in nature (based on living and existing values in society). His affirmation is that social capital-based policies need to be pursued and developed in building national economic resilience. Value, culture, motivation, form of cooperation networks in the community must be optimized to facilitate and assist government in overcoming the complex impacts of the pandemic.

The implementation and development of policies based on social capital in building national resilience becomes the focus of this study. The relationship between social capital and
The role of social capital in enhancing economic resilience during the Covid-19 Pandemic in Bantul Regency

Economic policy is quite relevant. At least, policies based on social capital in the community can ease people to believe and accept these policies (Rothstein, 2003). Social capital can also be a source of social clarity and optimism in dealing with the complex and prolonged impact of the pandemic (Mutiara et al., 2020).

We conducted a study in Bantul Regency, Special Region of Yogyakarta with an area of 506,85 km² locates between 07º44'04"-08º00'27" South Latitude and 110º12'34"-110º31'08" East Longitude (Bappeda Kabupaten Bantul, 2017). Bantul Regency is one of the regencies in the Special Region of Yogyakarta. Similar to other regions, this regency also experiences the impact of the Covid-19 pandemic. To anticipate the impact of the pandemic, the government in Bantul issued a Regent’s Instruction Number 31/INSTR/2021 regarding policies on trade activities. The trading activity stipulated by Regent’s Instruction (Inbup) include traditional markets, supermarkets, grocery stores, culinary centres, food stalls, restaurants, cafes, street vendors, hawker stalls, pharmacies, drug stores, etc. Based Regent's Instruction concerning trading activity is valid from October 19 to 1 November 2021, the day-time for traditional market was restricted to 06.00 pm, while the night-time was restricted to 09.00 pm with a maximum capacity of 75%. Similarly, supermarkets, grocery stores and other similar markets that sold daily necessities were also restricted to 09.00 pm with a maximum capacity of 75% (B and DP).

The impact felt by the community was a decrease in income due to restrictions on community activities and market operations. It was known that 90% of Bantul's economic support was Small and Medium Enterprises (MSMEs) (B). Therefore, this study examined how social capital-based national resilience policies/efforts were developed in Bantul Regency during the Covid-19 pandemic.

**Method**

This study was descriptive qualitative research with a case study approach conducted around August to October 2021. Qualitative research begins by using assumptions and theoretical framework that forms on a social problem (Creswell, 2015). Data will be collected through semi-structured interviews with small business owners, community leaders, and government officials in Bantul Regency. The sample will be selected through purposive sampling, and data saturation will be used as a criterion for sample size determination. Data analysis will involve coding and theme development to identify patterns and themes in the data.

![Miles and Huberman model qualitative data analysis flow](https://journal.uny.ac.id/index.php/civics)
Results and Discussion

Social capital

Social capital is an important concern in every empowerment and problem solving in the community. It is essential when social capital becomes popular and well-known in social studies (Wu, 2021). Community empowerment based on social capital is an important key in overcoming all problems in the community. The important concept of social capital stems from the assumption that it is impossible for individuals to deal with their problems, because individuals are socially powerless (Hanifan, 1916). In addition, social capital is also considered as an alternative to the failure of development viewed from the point of view of economic development (Saefulrahman, 2015). Therefore, individuals must share a network, cooperate, and help one another. This concept is called as social capital (Syahra, 2003). Simply, social capital affirms that relationship is essential (Andriani & Christoforou, 2016).

Social capital is not capital in general economic terms. Many experts had attempted to decipher the definition of the term. Conceptual and theoretical ambiguity and confusion are found in social capital (Durlauf & Marcel Fafchamps, 2005). According to Hanifan (1916), social capital is highly broad in the form of will, fellowship, mutual sympathy, and social interaction of individual and family groups that make up social communities. The affirmation is that everything needed and is constructive in building and strengthening social relations or communities is categorized as social capital.

Fuyukuma also emphasized that social capital can be defined simply as a set of informal values or norms that are shared among group members that enable them to cooperate with one another (Fukuyama, 2000). The difference is that Fukuyama emphasizes the importance of trust in strengthening social capital. For him, trust is a "lubricant", so that the organization can run well (Fukuyama, 2000).

In line with previous opinion, Bhandari and Yasunobu (2009) argue that the term 'social capital' is highly complex and broad. Social capital is a collective asset in the form of norms, values, beliefs, trust, networks, social relationships, and shared institutions that facilitate cooperation and collective action for mutual benefit.

However, social capital (alike capital) will only be useful and beneficial if it is applied in social relation and interaction. Otherwise, social capital will not have any impact on the community. Social capital is essentially neutral and depends on community members in the community. Therefore, social capital requires human capital (Hemingway, 2006). Although social capital is considered good and constructive, social capital can also be destructive and not useful (Fukuyama, 2000). Not even a few experts doubt about the meaning and role of social capital (Andriani & Christoforou, 2016).

Many studies have proven that social capital is positive in various people's lives. In the field of crime, social capital is considered to have an impact on crime rates (Buonanno et al., 2009). Likewise in the economy, social capital is considered to contribute to investing less in-
The role of social capital in enhancing economic resilience during the Covid-19 Pandemic in Bantul Regency

Cash and more in inventory, using more checks, having higher access to institutional credit, and reducing the use of informal credit (Gide, 1967).

Beside that, social capital has been impacted by the pandemic in various ways. Studies have shown that community decision-making during the pandemic is influenced by social capital, including trust, social norms, and social networks (Prayitno et al., 2022). The use of information and communication technologies (ICTs) has also been effective in maintaining social capital at the individual level during the pandemic (Bagdasaryan, 2021). Governments have mobilized social capital to support their efforts during the pandemic, but this does not always lead to positive resource mobilization (Hanani et al., 2021). The pandemic has also reshaped social capital, with an increase in emotional intensity and length of conversations, but a decrease in the frequency of meeting alters (Dávid et al., 2023). Corporate benevolence has been found to have a positive impact on social capital during the pandemic, with companies with larger firm size, higher leverage, higher institutional ownership, and higher ESG rankings more likely to donate COVID relief (Filbeck et al., 2022).

The utilization of social capital in community development or empowerment is important. In dealing with the impact of the Covid-19 pandemic, the use of social capital is urgently needed, so that the impacts of the pandemic can be minimized, and the government’s workload can be assisted, especially in building national resilience. This is because social capital serves as a useful framework for successful development and policy formulation (Fathy, 2019), and it is closely related to poverty reduction (Kharisma et al., 2020). In the case of pandemic, a study of Ronnerstrand (2014) concluded that social capital is strongly correlated with the acceptance of A immunization (H1N1).

**Social capital-based economic resilience**

Bantul has local wisdom values as social capital that can be developed. According to Samsuri, Yogyakarta has local wisdom in the context of economic resilience management, such as the philosophical value of Hamemayu Hayuning Bawana; the moral teachings of mustard, greget, sengguh, ora conceit; and the spirit of golong gilig (FGD, 2021).

Hamemayu Hayuning Bawanameans is the obligation to protect, maintain and foster the safety of world. It is also concerned with working for the community rather than fulfilling personal ambitions, while the moral teachings of mustard, greget, sengguh, ora micah mean concentration, enthusiasm, self-confidence, humility, and responsibility. In addition, Golong gilih is the spirit of unity between humans and their God as well as the fellow human beings (Jogjakarta, 2021).

The government of Bantul implements an economic resilience policy based on social capital. Normatively, to minimize the spread of the Covid-19 while maintaining the community's economy, the government issued a Regent Instruction Number 31/INSTR/2021 related to trade activity policy. Several policies are the exemptions of user fees for traders and a 50% reduction in user fees. The fund revolving policy is a program of borrowing funds from the government for traders in the community's market.

The visible social capital is about how the government builds trust, cooperation between the government (district and village government) and community organizations, as well as government and society. The involvement of community organizations is realized through collaboration between the government and the Association of Indonesian Market Traders (APPSI) for Bantul, Imogiri, and Angkruksari, and Semampir area. This form of cooperation is a form of trust (NLPI, Interview). Another collaboration with the community is cooperation between Bantul Regency Government and Gojek in increasing MSME income through digital payments (Wijana & Baktora, 2021).

The Association of Indonesian Market Traders (APPSI) in Bantul, Imogiri, and Angkruksari, and Semampir area played an important role in the success of public policy. APPSI acts as a mediator between the government and the community, especially market traders. APPSI facilitates traders through training programs or workshops, advocacy programs or
complaints about any problems related to the market. Even APPSI attempts to find out an alternative capital assistance for traders who do not receive assistance from the government, the traders try to get this assistance by collecting certificates facilitated by APPSI. There were around 200 business certificates collected, then APPSI at Semampir market brought these certificates to the sub-district office (NKPS).

The value of social capital that appears in the national resilience policy in Bantul Regency is the high value of cooperation and trust between the government and the community. This is in the policy of providing a fund revolving assistance for market traders by the government. A fund revolving is given to traders worth 1 million for each trader with a return system. Traders with a loan have to pay in installments of 10 thousand rupiah per-day until it is paid off. “Overall, the traders are cooperative and responsible, on average all traders pay/return” (DP). Somehow, trust is one of the important indicators in the success of social capital as emphasized by Fukuyama.

In contrast to market traders, the Modern Franchise Networked Market and the Non-Franchise Networked Modern Market have received less attention from the government. There is almost no assistance or involvement from local governments for Alfamart business ventures or other types of modern franchised stores (NKT1, HCV2, HCV3, HCV4). The economic resilience of Bantul Regency was successful or stable even though at the end of 2019 to early 2020, where Covid-19 had spread in Indonesia. This fact can be seen from the poverty rate released by the Central Statistics Agency in 2021 (BK Bantul, 2021).

<table>
<thead>
<tr>
<th>Year</th>
<th>Poverty Gap Index</th>
<th>Poverty Severity Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2.63</td>
<td>0.69</td>
</tr>
<tr>
<td>2014</td>
<td>2.19</td>
<td>0.48</td>
</tr>
<tr>
<td>2015</td>
<td>3.16</td>
<td>0.89</td>
</tr>
<tr>
<td>2016</td>
<td>2.02</td>
<td>0.41</td>
</tr>
<tr>
<td>2017</td>
<td>2.21</td>
<td>0.56</td>
</tr>
<tr>
<td>2018</td>
<td>2.17</td>
<td>0.46</td>
</tr>
<tr>
<td>2019</td>
<td>1.87</td>
<td>0.43</td>
</tr>
<tr>
<td>2020</td>
<td>1.85</td>
<td>0.43</td>
</tr>
</tbody>
</table>


Strictly speaking, this has not seen the economic data for 2021 which has entered the second semester of the period, where the impact of the Covid-19 is more affecting. However, the data released depicts Bantul’s economic data for one-year where Covid-19 has spread in Indonesia with all its policies and impacts. With these data, the data on the depth of poverty between 2019 and 2020 was relatively stable. Qualitatively, there was a correlated influence between the policies of the Bantul government and the social capital base described previously.

Capital-based economic policies have long been emphasized, researched and considered to connect one another (Dufhues et al., 2011; Gide, 1967; Iyer et al., 2005; Kharisma et al., 2020). Local economic growth should benefit from binding and bridging social capital. Bonding social capital consists of closed-ties in small and cohesive communities (Wolleb, 2019). Policies based on social capital are constructive or positive as long as they are empowered. Social capital can be a solution, so that anxiety and social rifts do not occur due to the impact of the Covid-19 (Mutiara et al., 2020).

Policies based on social capital are relatively easy to accept and understand by the public. The implementation of policies that involve organizations or communities in the community as part of social capital is able to bridge and facilitate the objectives of the policy, because the values/organizations/collaborations involved in public policy are not new or strange to the community. This creates trust and acceptance from the community. Therefore, social capital in
The role of social capital in enhancing economic resilience during the Covid-19 Pandemic in Bantul Regency

The community supports and helps the effectiveness of government performance. Tavis argues that social capital may be linked to government performance, because it increases the level of political sophistication and facilitates cooperation in society as well as helping people to better voice their policy demands (Tavits, 2006).

The involvement of APPSI within the policies against the Covid-19 in Bantul Regency is a form of utilizing social networks (social capital) in the community. This facilitates socialization as well as making it easier for the community to express their aspirations to the government. Thus, social capital affects the community's response to Covid-19 in the form of a facilitator as well as a leading point of policy compliance (Wu, 2021).

The development of policies or public policies based on social capital have long been pursued. At the same time, it is an alternative and a new breakthrough that development is not always viewed from an economic viewpoint. Social capital-based policies are considered as an alternative when economic development is only the best way. As evidence that not all of these economic developments were successful. Thus, it is important to create a new concept or approach based on social capital as an alternative (Saefulrahman, 2015).

The important emphasis of social capital is the community should be able and have a potency and opportunity to improve and empower themselves. This potency is actualized in the form of cooperation, norm, belief, and value that live and are maintained, because humans or society should always interact with the environment and their problems. Another awareness is that the individual is socially helpless (Hanifan, 1916), so that there is no choice but to build cooperation and shared-values to create social capital.

In the community, social capital is also potential and neutral. It actually requires the involvement of other parties for optimization. In Hemingway's terms, social capital also requires human capital (Hemingway, 2006). In strengthening human capital, the role of the government and community organizations in providing facilities and services is highly required. Otherwise, the existing social capital may not be lifted and become part of public policy. Even worse, social capital can also have a destructive impact (Fukuyama, 2000).

The role of the Bantul Regency government in optimizing cooperation or social networking is manifested in the 2013 Regent's Regulation concerning Modern Shop Business Permits. In the regulation, the establishment of modern shops must take a certain distance from traditional markets. In addition, modern shops are required to build partnerships with micro and small businesses in the form of marketing partnerships, provision of place of business, product acceptance, and equity participation (Peraturan Bupati Bantul Nomor 35 Tahun 2013 tentang Penyelenggaraan Izin Usaha Toko Modern, 2013).

Conclusion

Social capital plays an important role in the success of policies taken by Bantul Regency Government in dealing with the Covid-19. The policy taken is the Regent's Instruction Number 31/INSTR/2021 related to policies concerning trade activities, restrictions on social activities, market operating hours, and the provision of capital assistance to traders. The values or social capital involved in the economic resilience policy in Bantul Regency are the values of cooperation, trust, and the use of social networks or communities in the community, namely Indonesia Market Traders Association (APPSI), especially in Imogiri area, Semampir market, Bantul market, and Angkruksari market. APPSI acts as a facilitator and mediator between the community and the government in conveying aspirations, criticisms, and advices to the government. The success of this social capital-based policy can be seen in the public's compliance or acceptance of the policies implemented by the Bantul Regency government. Besides, it can also be identified through data on the depth of poverty in Bantul economy metrics which has relatively lasted one year of the Covid-19 pandemic (during 2019-2020) released by the Central Statistics Agency for Bantul 2021. Finally, this study merely investigated four markets in Bantul Regency, so that the research needs to be expanded, especially by using quantitative research approach to provide comprehensive data.

https://journal.uny.ac.id/index.php/civics | 81
Acknowledgement

We would like to express our gratitude to some parties involved and contribute in this research, namely Legal Division of Bantul Regional Government, Trade Office, The Association of Indonesian Market Traders (APPSI) at Imogiri market, Semampir market, Bantul market, Angkruksari market, traders in Bantul market, traders in Angkruksari, traders in Ngangkruk market, traders in Semampir market, Alfamart franchise networked modern market managers, Parangtritis Alfamart, and non-networked modern markets franchise 'Risky' store and 'Lestari' store, funding grant of Universitas Terbuka, as well as field research team.

References


82 | Jurnal Civics: Media Kajian Kewarganegaraan
The role of social capital in enhancing economic resilience during the Covid-19 Pandemic in Bantul Regency


