



Research article

Gotong Royong as social capital to overcome micro and small enterprises' capital difficulties

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ABSTRACT

One of the micro and small enterprises' (MSEs) main problem is business capital. Cash flow shortage often interrupts business development. This difficulty is due to the limited ability in meeting the requirements to access sources of capital. The development of micro and small enterprises using the culture of the local community is a way to overcome this issue. Asians generally have the perception of Gotong Royong (which means 'mutual aid' in English) as a form of collectivism. This study comes from the gap whether Gotong Royong serves as social capital to overcome the difficulties of micro and small enterprises' capital. Therefore, the purpose of this study is to find out the perception of owners of MSEs toward the application of Gotong Royong culture, which suggests how to overcome the business capital difficulties in reality. The qualitative method was applied to investigate the informants with triangulation process to validate the result accuracy. The results of this study show that MSEs owners build their businesses with the family culture, which upholds a Gotong Royong character. Small: based on the field data processing, the second result reveals that the social capital of the community in the form of Gotong Royong culture could overcome capital constraints in micro and small enterprises. Similarly, the Gotong Royong culture applied in business could reduce the capital requirement that should be prepared by micro and small entrepreneurs. The contribution of this research is for business owners so that they do not lose the character of mutual cooperation and to provide input for the government to support family businesses that still rely on these characters by giving light funding assistance. However, this research must be developed further in a broader business scale with different informant profiles so that the results will be more comprehensive.

1. Introduction

Micro and small enterprises (MSEs) have a significant role in a country's development and economic growth, which applies not only to developing countries but also to developed ones. MSEs have made essential and significant contributions in providing employment and income for Indonesian people (Singka et al., 2014). By absorbing considerable labour, MSEs also have a strategic role in efforts to reduce poverty and unemployment. Based on the Central Bureau of Statistics data in 2019, the MSEs business sector contribution to the gross domestic product in Indonesia increased by 3.6% from 2018 to 60.38% (Biro Pusat statistic, 2019). The labour absorption in this sector also increased by 5%–97.53% in the same period. Therefore, this essential role must be maintained and developed to increase the benefits obtained.

Recognising the importance of micro-enterprises' role, empowerment, and sustainable development need to apply. The MSEs

development is not directed only at the growth in terms of quantity, but also the products' quality and competitiveness development. Micro-entrepreneurs and SMEs' constraints in terms of education, knowledge and networks (Oyeku et al., 2014) need to be improved so that they can compete globally. While they have not been sufficiently ready to deal with the issue, global influence will undoubtedly bring an impact on MSMEs (Tanev, 2017). Therefore, it is necessary to develop micro and MSE businesses' on an ongoing basis to make them ready to compete globally (Handoko et al., 2019).

The classic problems faced by MSE businesses in Indonesia are capital, labour and marketing processes (Fang et al., 2013; Glisovic and Martinez, 2012; Ramdhansyah and Silalahi, 2013; Sulistiyo, 2010; Yeni et al., 2014). Capital is an essential factor that is immensely required for the development of a business unit. MSEs' capital shortage resulted from the fact that it is generally an individual business or a closed company and it only relies on the owner's minimal amount of capital (Jiang et al.,

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2014; Suryana, 2012). This problem led to micro and SME businesses' difficulty in obtaining loan capital from banks or other financial institutions (Rahim and Hazrita, 2014). The administrative and technical requirements from the banks are still tricky for micro and MSEs to fulfil. The limited access to capital and capital shortage lead MSEs to their inability in developing their business, increasing revenue and having to low purchasing power, and this causes them to employ workers with low competence (Rahim et al., 2014; Suryana, 2012).

Based on the previously explained conditions, the development of micro-enterprises and SMEs needs a specific strategy following the community's existing reality. An approach that is considered promising in developing MSEs is based on community culture (Mcfarland and Mcconnell, 2011; Rante, 2007). Consequently, in the development of MSEs, they cannot abandon the way of thinking, behaviour and social norms in the surrounding community (Motoyama et al., 2014).

Indonesian society applies a similar method as they have high solidarity between individuals and groups, characterised by mutual assistance in their daily activities. It is this prioritising common interest that unites society, and the exchange inherent in various forms of relationships is not only limited to economic relations (Vanags et al., 2018). The original form of this pattern is the *Gotong Royong* culture. In the perspective of cultural sociology, *Gotong Royong* is a spirit manifested in the form of individual behaviour or actions performed without expecting any recompense for working on something together in favour of the common interest or specific individuals (Koentjaraningrat, 1984; Suwignyo, 2019). By performing *Gotong Royong*, various mutual life issues can be solved effortlessly and inexpensively. For example, when someone builds a house, the neighbours will help with the construction work. They are willing to leave their work for this and do not expect compensation or wages. Another example, when experiencing financial difficulties, they can borrow from family, friends or family without collateral. Loans are given voluntarily without taking an interest. This culture is often referred to as social capital owned by the community in solving problems including those related to an economic and social issue (Susanto, 2016a, b; Suwignyo, 2019; Thobias et al., 2013).

Social capital is a series of processes of human relations supported by networks, social norms and beliefs enabling the coordination and cooperation efficiency as well as effectiveness for mutual benefit (Doh and Zolnic, 2011; Putnam, 1993). To a large extent, it is everything that makes society allied to achieve a common goal based on togetherness, and in which the values and norms that grow and adhere to them are bound (Thobias et al., 2013). With this social capital, the community can overcome their problems together.

Many studies have been revealing that *Gotong Royong* as social capital help solves social problems in society. For instance, solve in school operational problems (Rahayu et al., 2015; Suwignyo, 2019), infrastructure problems and public facilities (Rolitia et al., 2016; Rosyani et al., 2019; Suwignyo, 2019; Thobias et al., 2013), poverty alleviation problems (Suwignyo, 2019; Unayah, 2017), and so on. However, how *Gotong Royong* as social capital can play a role in solving business problems has never been discussed before.

From the preceding description, arises the question of how can the social capital of Indonesian society solve capital problems in micro and MSEs businesses. This question is quite interesting to be more thoroughly studied. To date, the existing research has only concluded that social capital in the form of *Gotong Royong* culture can improve the development of MSEs. The current review is limited to the issue of effortless community development by creating business clusters (Lukiyanto et al., 2018; Singka et al., 2014), employment (Rante, 2010; Thobias et al., 2013) and business ideas formulation (Lukiyanto et al., 2018; Susanto, 2016a, b).

Hence, a gap arises based on some previous research related to social capital and *Gotong Royong* culture, whether this social character can bridge the gap related to capital in MSEs. Thus, this research was conducted at the clusters of layer chicken farm in Blitar, East Java. An exciting phenomenon occurs in this region, in that most of the residents

are MSE entrepreneurs who started their businesses in minimal situations. They developed their business to run well. From the information obtained in the field, most of them did not use loan funds from banks to establish their businesses. They have been running the businesses by capitalising the spirit of *Gotong Royong*. The partnership model is selected as a manifestation of this spirit.

Accordingly, qualitative research methods are utilised to explain the real phenomenon. What happened in the process of business development in this region were summarised, analysed and formulated to obtain a pattern of MSEs development in the community. Significantly, the fundamental problem formulation will be investigated as to how *Gotong Royong* overcomes capital problems in the development of MSEs businesses.

The results of the study expect to be as a pattern to overcome the difficulties of micro-enterprises and SMEs in other regions with different business fields. Social capital in the form of *Gotong Royong* culture and partnership is the solution to capital problems. Thus, this study would contribute to other MSEs to solve their capital problems and governments as a policymaker in the business factor.

The organisation of this study starts with the research background and identify gaps in the development of MSEs related to the mutual cooperation function as social capital. It then reviews the previous literature on MSEs, capital problems which arise in MSEs development and the understanding of *Gotong Royong* as social capital. After reviewing the literature, the research methodology is conducted as guidance to collect information and analyse the data followed with results and discussion. Finally, the conclusion, implication and limitation are at the end of this study.

2. Literature review

2.1. *Gotong Royong* and social capital

Gotong Royong is a local Indonesian term in the form of joint activities to achieve an expected outcome, and this term is derived from the word *Gotong* meaning to "work" and *Royong* sense to "together" (Koentjaraningrat, 1984). In traditional societies, the value of *Gotong Royong* plays an influential role in every social and economic activity of the community. The value of *Gotong Royong* is a form of togetherness in the society which is manifested in the form of *Gotong Royong* to complete a job, both for personal and community interests. Helping is an action that produces or benefits others, activities that are more beneficial to others than oneself (Hadi et al., 2014; Rosyani et al., 2019; Suwignyo, 2019). *Gotong Royong* can take the form of assistance in the form of labour, time or funds (Rosyani et al., 2019). Examples of *Gotong Royong* activities for personal gain are helping neighbours complete work on the farm, from preparation to the harvest process, or helping neighbours who have experienced a disaster. In contrast, examples for the benefit of the community are contributing their labour for public works, such as the construction of roads, bridges, schools, and irrigation channels.

Gotong Royong, in its implementation, will become social capital for the community is undergoing its socio-economic activities. Together they will provide positive benefits for their lives. The concept underlying social capital emphasised by philosophers is the relationship between pluralistic community life. The formation of groups or organisations to complete joint responsibility is the real form of *Gotong Royong* implementation as social capital. For example, teachers' unions, soccer clubs, entrepreneurial support groups, and even extreme groups, such as motorcycle gangs or racial supremacist groups, also create social capital, although they can have negative consequences. In addition, based on Mukhtaruddin et al. (Mukhtaruddin et al., 2020) the tendency of interaction that arises due to mutual understanding to achieve specific goals can improve the quality of life of two parties in the community. So that the relationship, including *Gotong Royong*, can be useful as a solution to solve problems, such as in social capital.

Many experts have complexly defined social capital. Based on several opinions, social capital expresses as parts of social organisations, such as trust, norms and networks (Laksmana and Wijayaningtyas, 2019). Then, social capital will improve community efficiency by facilitating coordinated actions. On the other hand, social capital is called as capabilities that arise from general trust in a community or certain parts in the form of informal values or norms shared between group members which allow for cooperation (Fafchamps, 2006; Porter, 2007; Wallis et al., 2004).

2.2. Micro and small enterprises

The criteria for Micro and Small Enterprises (MSEs) in Indonesia are stipulated in Law No. 20 of 2008. Businesses called MSEs in the Act are micro-enterprises having assets of up to Rp.50 million, with a maximum turnover of Rp 300 million/year. Small businesses have assets > Rp 50 million - Rp 500 million with a turnover of > Rp. 300 million - Rp 2.5 billion/year. Small-sized businesses have assets > Rp 500 million - Rp 10 billion with a turnover of > Rp 2.5 billion - Rp 50 billion/year.

Viewing from the ownership of MSEs, some belong to individuals, legal or non-legal entities. The number of workers employed in micro and small businesses ranges from five to 20 people. According to De Soto, 2000, micro-businesses and SMEs are the most significant part of the industrial community in any country. Three approaches can be employed in the effort of fostering small industries:

1. Non-Policy approach: the approach focuses on an industry that moves on the lower spectrum (marginal activities). This type of plan was selected as government intervention would generally create relatively high bureaucratic costs.
2. Protection approach: in large-scale industries, protection policy is generally in the form of restrictions in producing certain goods, import restrictions for substitute products, and control of the spread of technological innovations that can cause shocks for small industries. This policy tends to benefit the producers rather than consumers.
3. Stimulation approach: this type of policy focuses more on the supply in the form of granting loans, provision of raw materials and production equipment, as well as the implementation of courses. This type of policy has a negative impact, including the displacement of business units that are not or have not been served by the programme.

2.3. MSEs development strategy

Until the beginning of 2000, the approach to MSEs development was still dominated by the government, which is the sector-based development that had not been integrated (Hidayat et al., 2018). From that point, the government formed the Cooperative and Small and Enterprise Resource Development Agency (also called BPS-KPKM or Badan Pengembangan Sumberdaya Koperasi dan Usaha Kecil Menengah) with the task to develop the micro and small enterprises as well as cooperatives (also called UKMK - Usaha Kecil Menengah dan Koperasi) resources. BPS-KPKM must find a breakthrough to involve efficiently and effectively to help economic recovery. Therefore, BPS-KPKM established UKMK resource development through the cluster approach in 2001 (Singka et al., 2014). This strategy was selected since it was considered focused, efficient and had an accelerated change function that was expected to meet expectations. Collaborative steps involving MSEs and large companies, public and private supporting institutions as well as local and regional governments, will all provide opportunities to develop specific local advantages and companies' competitiveness of the cluster (Handoko, 2017; Hidayat et al., 2018; Suarniki et al., 2019).

2.4. Capital problems in MSEs

Limitations in management, as well as recording and business continuity, have been the drawbacks for MSEs to obtain funding sources from

banks. The lack of access to information on MSEs to banking services, banking procedures and requirements are relatively complicated for MSEs; these also have been the typical difficulty in obtaining loans. This difficulty leads to a perspective that one way, or even the only way, to overcome capital difficulties is to use their capital (Majková et al., 2014; Coleman, 2000; Indarti, 2004; Suryana, 2012). Another alternative that can be used, although limited in number, is to obtain a source of capital from non-formal institutions. For MSEs, this step is taken because it is effortless and the process is fast, although the interest rate is relatively high. The limitations of obtaining access to capital and capital shortage often restrain MSEs to develop. This capital problem leads to an inability in the MSEs growing their business, increasing revenue, and having to low purchasing power, and this causes them to employ workers with low competence (Suryana, 2012; Hadiyati and Lukiyanto, 2019).

To overcome difficulties in business development, the community usually utilises the existing social capital. Many developers in the Indonesian community culture or community governance allow it to become social capital to develop business (Thobias et al., 2013). The custom of performing *Gotong Royong* and so forth, are examples of social capital that can be formed back into business capital, although it has begun to subside (Effendi, 2013). Putnam (1993) defines social capital as a characteristic of social organisations, such as networks, social norms, and beliefs, which facilitate coordination and cooperation for mutual benefits. Similar to Putman's concept, Fujiwara and Kawachi, 2008 explain that social capital is a resource that can be accessed by individuals or groups in a social structure, which facilitates cooperation, collective action and maintenance of norms. Some elements must exist in a social capital category; for instance, participation in a network, reciprocity, trust, social norms, value and proactive action (Hasbullah, 2006).

3. Methodology

This study aims to reveal the role of social capital in overcoming capital difficulties for MSEs. To perceive this, the study was based on the field experience of how MSEs in the business cluster research area perform it. Qualitative-research methods help uncover the existing phenomena from the perspective of entrepreneurs, which will supply discoveries and contribute to science (Corbin and Strauss, 2008). Qualitative research can find an environmental understanding of problems that quantitative studies cannot reveal (Karami et al., 2006). According to Vishnevsky and Beanlands (2004), qualitative research is proper for studying the informants' experience. Grounded theory can create meaning through the process of collecting data, analysing data, and modelling approaches based on analysis (Ghezzeleh and Emami, 2009). This design allows exploration of the informants' experience regarding *Gotong Royong* in developing a business and overcoming difficulties in business capital. It also serves as a means of generating new theories by gathering and analysing data from diverse perspectives (Corbin and Strauss, 2008; Creswell, 2007).

3.1. Informant

The centre for laying hens in Blitar District is located in Kademangan Sub-district. In 2019, based on information from existing breeders' associations, there are 376 community farms which have a capacity of fewer than 5000 individuals. Generally, each community farm has a turnover of Rp.270 million/year to Rp.1.35 billion/year. Thus, according to Law No. 20/2008, they are categorised as micro and small businesses. These are the informants because the groups run business with mutual cooperation. Examples of some business activities carried out in a mutual cooperation pattern include actions to make chicken coops, borrowing equipment from each other, buying feed together and much more. This information was obtained from the results of filling out the questionnaire given to prospective informants.

Beginning with filling out the open questionnaire to 20 informants who fulfilled the requirements, in-depth interviews data were also

obtained from 15 farmers who already existed, as presented in Table 1. Determination of the number of informants is based on the results of interviews that have led to homogeneous answers (Creswell, 2007). The informants were those having experienced the process of developing business by collaborating or being assisted by other people, having made earlier attempts. Several requirements of the informants were determined to obtain reliable information, including the age of the informant, 30–55 years old, as well as actively running a business, having made attempts in the same field for at least five years, and having the level of education from junior high school to university.

3.2. Instrument, data validation and data analysis

In the first stage, participants were asked to fill out a prepared open questionnaire after the researcher explained the purpose of the study. The open questionnaire that was given contained questions related to the data qualifications of the informants and issues to ensure that the informants did indeed carry out their business activities cooperatively. This research was designed to generate honest opinions from the informants and to determine the effect of *Gotong Royong* culture on efforts to reduce the difficulties of MSE capital. Their answers were also used to decide whether or not they would be included as informants. The questions were tested on four MSEs entrepreneurs who were not involved as informants, and the results of the interviews were used to refine the questions in the next questionnaire. The questionnaire was given contained queries to ensure that the informant did indeed carry out his business activities in *Gotong Royong*. Their answers were used to determine whether they would be used as informants or not. From the selection process of prospective informants, 20 people were qualified as informants, and they were given open questionnaires. There were 15 oral questions asked related to mutual cooperation, with five core topics, namely: how to start a business, what activities are carried out with mutual cooperation, what are the benefits of running a mutual cooperation business, whether the mutual capital needed is smaller, and capital in the form what is reduced with this mutual cooperation system. The questions were requested to be answered in writing.

The next step was in-depth interviews and observations to verify the results of the open questionnaire. In-depth interviews and observations were carried out to ensure that the information conveyed by the informants in the open questionnaire was accurate according to the facts. The trends that occur in this study show the data from the results of the open questionnaire are different from the results of in-depth interviews and observations, maybe because they are not accustomed to filling out questionnaires so that it happens that way. Therefore, the data processed

in this study use data from the results of in-depth interviews and observations.

The initial data obtained from interviews were saved in recordings and notes types, also from observations when researchers conducted interviews and observed the conditions in the field. Following Neuman, 2003, to process data, the results of in-depth interviews and observations are transcribed. The results of the transcript are coded in three stages: open coding, axial coding and selective coding. Open coding identifies categories which are then labelled, specifying attributes and dimensions. Axial coding processes the results of open coding into groups according to symptoms that have been successfully revealed and will be linked to each other. Selective coding is the process of selecting categories to find the core categories which are also called themes. The results of coding are interpreted and analysed to become themes. The results need to be tested for accuracy by triangulation, which is to compare with available literature and explore information from experts in the MSEs sector.

4. Results

Difficulty in accessing capital sources is expected in MSEs. As a result, the development of MSEs is not optimal. There have been many efforts made by the government to assist MSME capital, but it seems that it has not afforded a maximum impact on the development of MSEs. Measures to facilitate access to capital are still difficult to fulfil by MSEs entrepreneurs whose business is straightforward and individual. Another factor that makes this unsuccessful is their culture; most of them are traditional people and are still worried to develop a business using money. Therefore, other efforts are sought to reduce business capital requirements.

From the results of in-depth interviews and the data processing for obtaining the theme, there were two main themes concerning the MSEs capital. This theme confirms the relationship between *Gotong Royong* culture and capital requirements for MSEs development.

4.1. Following the predecessors as an effort to reduce capital

Generally, MSEs entrepreneurs are traditional people who have strong social ties with each other. *Gotong Royong* is a characteristic still firmly held among them, including in terms of starting and developing a business. In the process of creating a company, they usually start by copying one another. The obedience culture of Indonesian society makes people start a business by imitating who have already succeeded, which also happens in terms of the business field and methods as well. This character can reduce the risk of loss due to unfamiliarity or lack of experience. The experience of business failures from business starters is

Table 1. Informant characteristics.

No	Age	Latest Education	Duration of Business (year)	Number of Chickens
1	35	junior high school	11	5,000
2	37	junior high school	9	4,500
3	45	junior high school	12	5,000
4	32	university	5	5,000
5	35	senior high school	10	4,000
6	46	junior high school	7	4,000
7	46	university	12	5,000
8	44	university	9	5,000
9	45	junior high school	7	3,000
10	48	senior high school	8	4,000
11	45	senior high school	10	4,000
12	42	junior high school	8	3,500
13	44	senior high school	8	4,000
14	42	university	7	5,000
15	37	SMP	9	4,000

an essential lesson for their followers to avoid and reduce the same mistakes. Starting a business with friends or relatives makes it easy for them to imitate anything from those having the experience of starting a business. Unnecessary things, including trials and error, can be minimised by asking those who are more experienced. This statement was clarified by most of the informants, and one of the comments is as follows:

“The advantage of us following their successful businesses is certainly their experience. Admittedly, asking them is immensely reducing the capital that must be provided. We do not need to try again, we just follow (the steps) on how to do the business from those who had already started it... This means that the risk of loss and squander can be avoided, so we need a smaller amount of capital.”

The question generated from this condition would be for those having an early start: do they mind if others follow their business? Based on the information obtained from in-depth interviews, it turns out that this does not make them worried; in other words, they do not mind. All informants stated that, when they started the business, they imitated those who had already succeeded. Indubitably, before starting, it is preceded by seeking information and approaching those who have succeeded. There were no informants undergoing difficulties or objections from the first party to achieve in this process.

Family culture and the spirit of mutual help among the people make it acceptable if someone imitates their business. Additionally, they will even happily share their experiences and will be ready to help. In traditional culture, helping one another is a form of worship to the Almighty, so it must be done with pleasure. This understanding brings an open attitude between community members so that there is no worry concerning competition emerging in the business. Togetherness will bring benefits to them, as stated by an informant:

“No need to worry ... God has already arranged each person's fortune. If we do a good deed to others, God will surely give us success ... each person has a fortune. If it does not belong to us, we won't have it.”

For followers, this pattern is very beneficial; they don't need to pay for technical training in animal husbandry, but they can also learn business management. Another advantage is in terms of time; this learning process does not require a particular time but can be done when they get together. They are accustomed to gathering at night between 7-10 pm, to socialise with neighbours. Some people gather to talk about many things; from here, they are inspired to do business. However, the learning process is not limited to the evening, and followers can also come at any time to the business location to see or learn. Some informants said that they also known by helping out the work of their friends when the work itself was finished. Although they do not get paid for doing this, sometimes, when they go home, they get a few eggs for the family at home. As stated by the following informants:

“I study at Mr. Adi's house at noon ... after finishing work in the fields, I help feed chickens and harvest eggs, so I know how to raise chickens, so I am ready when I later have my own business.”

“I can do that because my work hours in the fields are not the same as working hours at the farm, if I leave at 5 in the morning and finish at 10, they usually just start feeding chicken at 10. I was not paid, because I studied. I am thankful for being able to study, and sometimes when I go home, I get some eggs.”

The final process to get this result as shown in [Table 2](#).

4.2. 'Borrowing' business needs from each other can reduce capital

Gotong Royong in doing business is a social capital owned by the informant. This *Gotong Royong* culture is manifested in the form of lending to each other or helping the needs of energy related to the

business being run. Help is not always in a physical way but can be in the form of ideas, suggestions or energy. For example, they were lending heating equipment, gas cylinders, feed mixer mixers, etc., to neighbours who need them when not in use. They can do this because their small usage capacity allows these tools not always to be used.

“I can still borrow equipment to raise chickens from neighbours or relatives who have it and are not used. Things like this help those who start their business with mediocre ... if you have to buy it, then run out of money to buy equipment ... it's normal from the past ..., the people get along so they can help each other to those who need it.”

Another example of this form of borrowing is usually done in terms of feed supply. The ability to provide a safe feedstock is still often an obstacle in managing a business. Many factors influence this, low supply and limited financial capacity are the leading causes. As a result, it is common to run out of feed when the shipment has not yet come. The way they deal with it is by borrowing from neighbours or friends who still have sufficient stock, as stated by one of the informants:

“Not only that ... sometimes we can still borrow animal feed if one runs out while the shipment hasn't arrived yet”

The lending process is only done verbally because this has become a habit among them. There is no need for collateral in the form of goods or money for this, and they just rely on mutual trust. The beliefs that cling to them, such as the cultural philosophy they profess that humans must be able to trust their words to be successful ([Daryono, 2006](#); [Koentjaraningrat, 1984](#)). Has this agreement never been violated? Of course, as explained by one of the informants:

“Yes ... I certainly have, but usually because of unexpected things. Not intentionally from the beginning will do that.”

In the process of lending and borrowing, there is an absolute obligation to return the items borrowed. Loans in the form of goods must be repaid in the same type and quantity of products. Denial of this agreement will lead to social sanctions in the community because they have harmed others—those will no longer be trusted by other communities. Following the settlement, the borrower will still be asked to return the borrowed item, usually facilitated or assisted by members and leaders of community groups or people who are trusted in their environment.

This finding is the result of the analysis process carried out, as shown in [Table 3](#).

4.3. Helping the workforce can reduce capital

Other forms of *Gotong Royong* are carried out by helping one another with energy; for example, together they help someone who is setting up a cage for his farm. Those who help do not need to be paid, just to eat and drink together, because later they will experience the same when they need it. They discussed the agreement of the time when it would help to do one's work, how many people would help; there were no definite rules; it was all based on their willingness. The following informant's description illustrates the attitude and activity of *Gotong Royong* in businesses that can reduce capital requirements:

Table 2. First theme result.

Category	Result
Learn from neighbours	Following the way of the predecessor as an effort to reduce capital
Learn from the experience	
Everyday observation	
Ask to be taught	
Learn while helping	
Not paid	
Cheaper	
Reducing failure	

Table 3. Second theme result.

Category	Result
Borrowing feed	Borrowing from each other could reduce capital
Borrowing a heater	
Borrowing a vehicle	
Borrowing a mixer	
Taking turns	
Maintaining DOC (Day Old Chicken) together	
Taking it themselves	

“Usually, if a neighbour wants to make a new chicken coop, then the left and right neighbours will help. Indeed, this culture has existed for generations, but it was only used when someone built a house. Now there is a new phenomenon which is that this cultural pattern is used to ease the burden of business. Try it without the help of others in making a cage, at least we have to pay a lot of labour...”

Mutual help behaviour also performs in daily business operation. All informants agreed that helping one another is a must. For example, when they have neighbours experiencing difficulty in labour availability, they can help each other. If the work finishes, they help their neighbours who have not completed. This characteristic is usually done by those who have a small number of chickens or have just started the business. The people who receive help are traditionally those who teach or help someone when starting a business. This pattern occurs as a mutual attitude in a mutual-aid culture. Giving labour assistance is done as an expression of gratitude for being taught in business.

Mutual aid behaviour is also manifested in the form of helping to manage friends or relatives' business when they leave for travelling. Thus, the owner does not need to worry about the left behind chickens or other required processes. The attitude of looking after each other has become common in this area. This behaviour is reflected in one of the informant's statement:

“... it's common here ... if I go somewhere, I ask my neighbour to feed my chickens. It is for taking care of the chickens that day, as I leave them to him. So, I don't have to pay other people to do all that, and I can save more. And this also applies (to me) when he is travelling or doing something else.”

Factors that influence interest to help are the closeness of the distance of residence and the closeness of relationships, for example, friendship or brotherhood. Interestingly, assisting in the form of energy on the side is perceived as an unwritten debt between them. So, it is incumbent upon them to do the same to those who have helped.

This finding is the result of the analysis process carried out, as shown in [Table 4](#).

5. Discussion

From the above interview results, three themes were obtained. The first theme was following the MSEs predecessors as an effort to reduce capital. Based on the information collected from in-depth interviews, it turns out that this does not make them worried; in other words, they do not mind. All informants stated that, when they started the business, they

Table 4. Third theme result.

Category	Results
Help make a cage	Helping the workforce can reduce capital
Help raise the chicken	
Help vaccinate	Not paid
Help clean up Help maintains	
Power	There is no compulsion
There is no compulsion	

imitated those who had already succeeded. Indubitably, before starting, it is preceded by seeking information and approaching those who have succeeded. There were no informants undergoing difficulties or objections from the first party to achieve in this process. They don't need a fee for training because everything is free. Time to learn is also flexible without having to leave work done. Another advantage is that there is no need to do trial and error because the process has been tested before. By doing this, they can save quite a sum, even if viewed from the cultural background they profess, they tend to follow the success of others, because of the courage to take a low risk ([Adab et al., 2012](#)). In principle, what they do is the same as the learning patterns of entrepreneurs in general. Many studies show that to be an entrepreneur needs motivation and ideas so that the business can run well ([Hefer et al., 2015](#); [Medaković et al., 2015](#); [Oyeku et al., 2014](#); [Watson et al., 1998](#)); also, a skill ([Arasti et al., 2014](#); [De Clercq and Arenius, 2006](#); [Hefer et al., 2015](#); [Watson et al., 1998](#)). All of that can be obtained through training or training ([Hefer et al., 2015](#); [Watson et al., 1998](#)); they do so informally and without incurring costs.

Family culture and the spirit of mutual help among the people make it acceptable if someone imitates their business. Additionally, they will even happily share their experiences and will be ready to help. In traditional culture, helping one another is a form of worship to the Almighty, so it must be done with pleasure. This understanding brings an open attitude between community members so that there is no worry concerning competition emerging in the business.

The second theme was 'borrowing' business needs from each other can reduce capital. People with a family culture tend to help one another in everything, including running a business. That was part of the implementation of cooperation in society. In an actual case conducted by a respondent, for example, in managing their business, they often have difficulty providing production facilities such as chicken feed, medicines, and others. Conditions can be caused by delays in supply or financial cash flow problems they experience. In this situation, others who still have excess stock voluntarily lend to those who are experiencing difficulties. Usually, repayments will be made by the borrower within a specified period that was previously predicted based on the ability of the borrower. The amount borrowed is, of course, calculated according to the borrower's own needs and the possibility of repayment from the lender. Thus, even though he lent, he did not sacrifice his business interests if any of these needs would be borrowed from several people.

The process of lending and borrowing was not calculated on a business basis but was only driven by *Gotong Royong* among the community. Thus, there was no calculation of interest and profits from loans in transactions. Unlike those who experience a lack of means of production and buy on credit, then they will get additional costs or interest. Therefore, here it is proven that mutual borrowing business needs as an implementation of cooperation culture could reduce capital needs.

The third theme was helping each other with daily business operations. Giving labour assistance is done as an expression of gratitude for being taught in business. Mutual aid behaviour is also manifested in the form of helping to manage friends or relatives' business when they leave for travelling. Thus, the owner does not need to worry about the left behind chickens or other required processes. The attitude of looking after each other has become common in this area. Debt or obligation like this in the Javanese culture, where the informants are located, does not mean that it is a debt or obligation as informal law; also there is different treatment from borrowing in the form of goods. This situation is only limited to the moral requirements that apply in society, meaning that if it is not returned, no return will be collected ([Daryono, 2006](#); [Koentjaraningrat, 1984](#)). Social responsibility encourages people who receive loans to give the same to lenders. Usually, because of limited or incompatible time, this can happen that someone cannot help provide the energy to people who have helped. To keep the relationship well-established, they usually tell or ask permission not to be able to help at the time. Still, a commitment to support at another opportunity will be made ([Koentjaraningrat, 1984](#)).

Borrowing is based on a sense of togetherness and the obligation to help one another as people who must help one another in life. This condition is done by the community in solving problems of daily life, both for personal and collective interests (Hadi et al., 2014; Rosyani et al., 2019; Suwignyo, 2019). From the past, an understanding of togetherness was formed by emphasising the concept of brotherhood with the surrounding community. The philosophy that is instilled is kinship, not only determined by lineage but as a more substantial determined by the closeness of residence (Effendi, 2013; Suwignyo, 2019). That culture was taught from generation to generation by the previous generation.

The question that arises is, how can they do this while managing their own business? It turns out that they still have time, not all the days are used to manage the business. This is possible because their business is still on a small scale. When one is left behind to help someone else's work, family members can do the task themselves. This pattern is the same as the pattern of micro and small-scale business management in general, which is done jointly by all family members (Ramdhansyah and Silalahi, 2013; Singka et al., 2014; Sudarto et al., 2013). Further research needs to apply to scale up what kind of *Gotong Royong* pattern can be done. Although it can be concluded that *Gotong Royong* as social capital can reduce the need for micro and small business capital, it is not sure what percentage of capital demand will decrease. Further research is required in order to answer this question.

From the explanation of the three things above, it can be seen clearly that the culture of *Gotong Royong* as the social capital of the community is also able to play a role in business activities. Specifically, *Gotong Royong* culture is able to reduce capital requirements in micro and small businesses.

6. Conclusion, limitations and implications

6.1. Conclusion and limitation

Based on the discussion, it can be concluded that *Gotong Royong* as social capital in the community can help reduce the need for equity in running a business amid the difficulties of MSMEs in getting venture capital. Following their predecessors, borrowing business needs together can reduce the capital needed and help one another reduce business operations as required is a form of *Gotong Royong* culture carried out in running a business. The results of this study can be used as a reference in developing MSEs in collectivism culture countries, which use community *Gotong Royong* behaviour as social capital to reduce capital needs in a business. The government and related parties can utilise the *Gotong Royong* culture that exists in the community to develop MSE development programmes. This research is still minimal and preliminary research so that further extensive research needs to be done both in terms of business scale, the number of informants, social class informants, informant education level and research location. Future studies will actively support the results of this study to be implemented in helping the development of MSEs.

6.2. Implications

The implications of this study are divided into two, namely, theoretical and practical. Theoretically, the findings of this study can become a reference for further research, especially in the use of social capital as a solution to capital problems. In practical terms, this research has implications for the community, especially micro and medium industrial entrepreneurs, as the main actor in MSE empowerment, that the character of *Gotong Royong* must be strengthened, because it has been proven that *Gotong Royong* could be the foundation for MSE development and solutions to capital problems. For the government, as a policy and regulatory maker, this research is expected to be able to support decision-making regarding capital regulations and MSE development that enhances the authentic Indonesian character economy.

Declarations

Author contribution statement

K. Lukiyanto: Performed the experiments; Analyzed and interpreted the data; Contributed reagents, materials, analysis tools or data; Wrote the paper.

M. Wijayaningtyas: Conceived and designed the experiments; Analyzed and interpreted the data; Wrote the paper.

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The authors declare no conflict of interest.

Additional information

No additional information is available for this paper.

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