

# The Social Capital of Acehnese Entrepreneurs (Case Study on Fabric Traders At Bireuen Regency)

Ade Ikhsan Kamil<sup>1\*</sup>, Richa Meliza<sup>1</sup>, Faizul Aulia<sup>2</sup>, Arie Kausar<sup>1</sup>, Nurjumalia<sup>1</sup>,  
Sukma Sari<sup>1</sup>

<sup>1</sup> Anthropology Department of Malikussaleh University

<sup>2</sup> Sociology Department of Malikussaleh University

\* Corresponding author. Email: [ade.ikhsan.kamil@unimal.ac.id](mailto:ade.ikhsan.kamil@unimal.ac.id)

## ABSTRACT

This paper aims to discuss the social capital of cloth traders in Bireuen Regency. The data collection method used in this paper is a qualitative research method through observation and interviews. In this paper, researchers use the concept of social capital to translate how the knowledge and practices of cloth traders in Bireuen are in the social networks formed by them. In addition, researchers also want to show the views, patterns of regeneration and social networks of traders. The results of the study show that cloth traders' social capital is the main foundation for entrepreneurs in sustaining and developing their business holistically.

**Keywords:** Social Capital, Entrepreneurship, Fabric Traders, Bireuen Regency

## 1. INTRODUCTION

### 1.1. Bireuen and Trading Conditions

Bireuen is one of the districts in Aceh Province, which is adjacent to the east coast of Aceh. This district is directly adjacent; to the north it borders the Malacca Strait, to the east it borders North Aceh Regency, to the southeast it borders Bener Meriah Regency, to the south it borders Central Aceh Regency, to the southwest it borders directly with Pidie Regency, and to the west it borders Pidie Jaya Regency. The center of Bireuen City is in Jeumpa District, which is located at the intersection of three directions leading to the City of Takengon, Lhokseumawe and Banda Aceh. (BPS Kabupaten Bireuen, 2021).

Looking at geography, the boundaries between regions in Bireuen district can be seen in three views to describe the pattern of community activity. Firstly, in the north of Bireuen it is close to the open sea so that the shoreline is a picture of the activities of fishermen and pond activities. Second, Bireuen to the south has a stretch of hills, so that plantations or agricultural activities are not foreign to people's lives. Third, several areas adjacent to the national crossroads saw frenzied activity at several points.

The area is an active office and market center and operates every day in the midst of community life.

To note that the Bireuen area was formerly known as a region producing agricultural commodities such as cocoa, areca nut, coconut, banana and so on. The condition of the soil in this area is very possible in producing agricultural products. Therefore, with the presence of agricultural commodities, the Bireuen area was also known in the past.

Apart from being an agricultural commodity production area, Bireuen according to James T. Siegel (1969) is a city that is at the midpoint as a place for tobacco and coffee levies. This commodity was described by Siegel (1969) as the result of plants in two fertile areas, namely the Bireuen region and the Gayo Highlands. In the 1960s, coffee and tobacco were the main export commodities marketed outside the region through ports on the east coast of Aceh. Siegel (1969) also explained that at that time the Bireuen area was an area with weekly markets (traditional markets in the middle of the community) along the east coast sea coast. This weekly market is held on Saturdays, and the local people call it *uroe peukan*. In *uroe peukan activities*, local traders and outside traders sell their wares

such as natural products (agriculture), products (knick-knacks) and so on.

Apart from the weekly market (*uroe peukan*), the daily market remains a place that brings together traders and buyers. The location is in the city center as the center of the crowd in the area. There are various traders who carry out trading activities, one of which is a cloth trader. In terms of location, the shop buildings for the business of selling cloth can be seen lined up adjacent to causeways and alternative roads.

Even though they are located close together, these cloth traders have a strong motivation to earn sustenance. It cannot be concluded that cloth traders in Bireuen have a high entrepreneurial spirit. According to Siegel (1969) fabric traders in Bireuen are cloth traders who like to work together to obtain results and profits to advance the business they start up, so Siegel mentions that the trading business in Bireuen at cloth shops is carried out "together".

### 1.2. Social Capital and Entrepreneurship of Fabric Traders in Bireuen

In the context of society, social capital is believed to be an integral part of life (Uddin, Ruhadi & Maulana, 2022); (Dien, Benu & Sendow, 2022); (Putro, Rusmaniah, Abbas, Subiyakto & Putra, 2022). According to Putman (in Santoso, 2020: 1) that social capital starts with traits in social organization, namely, beliefs, norms, and networks that have an impact on the efficiency of one's life in society. Through this social capital, a person will get an ideal position in his life and be accepted in that society. This understanding is almost the same as what was meant by Francis Fukuyama that social capital is closely related to informal norms, namely the norms of reciprocity among one another in society. Meanwhile, according to James Coleman that social capital is an aspect of social structure as individual actions in the social structure. Ronald Burt explained that social capital is very useful for society as the ability to associate with one another so as to provide a strength for the community (Dwiningrum, 2014: 7-22). Based on the definitions of some of the figures above, in this case social capital is closely related to the level of trust, norms and values, social networks and one's actions with other people or a group of people.

Social capital is able to have a big impact on society, so that through social capital, community members can process it in their daily lives. According to the World Bank, "social capital refers to the institutional dimension, the relationships that

are created, and the norms that shape the quality and quantity of social relations in society" (Cahyono & Adhiatma, 2012). This means that social capital can maintain and strengthen the unity of group members together. Thus this social capital grows and develops inherently with the values and norms in society through social interaction.

In the market, for example, social capital also has a significant impact on the activities of market participants. Social capital owned by a group or individual can help them in strengthening the businesses they start (Susanto & Sukarno, 2022); (Mokodenseho & Puspitaningrum, 2022); (Reniaty & Fauzi, 2022). With the presence of social capital in a person's life, indirectly they already have something that can give strength to them in everyday social life.

As part of everyday life, the entrepreneurial context of cloth traders in Bireuen also becomes an alternative when looking at the conception of social capital owned by business actors. Entrepreneurship can be interpreted as an attempt to run a business or business as a process of obtaining goals (Sari & Hasanah, 2022). In this context, the business started by cloth traders in Bireuen aims to earn sustenance to meet their daily needs. These entrepreneurs already have the motivation and knowledge related to entrepreneurship, so that in the life of doing business the cloth business has formed a strong work ethic in their lives. These processes are obtained in accordance with the experience received from a long time ago as part of activities that have been carried out for a long time, through landlords or *aneuk keude*. Thus, entrepreneurial knowledge that takes place in the lives of traders has existed for a long time and is natural in accordance with the social interactions that exist in their trading life.

## 2. METHODS

This study uses a qualitative method that is descriptive. According to Kirk and Miller qualitative research is a process of direct observation of humans, whereas according to Bogdan and Taylor, this method is capable of producing descriptive data in the form of written, spoken words and the behavior of the people being observed (Maleong, 2017:4). This understanding seems the same as what was mentioned by Sugiyono (2013: 8) that qualitative research tends to be naturalistic because it is done naturally.

The research location was carried out in the city center of Bireuen Regency, as this location is a location where there are many community activities and there are also shops selling cloth as the object

of study. The cloth shops which are the objects of study in this paper are My Tex shops and Cantika Tex shops.

The data collection technique was carried out through two stages, *first*, observations were made to obtain data by observing the activities of the cloth traders and also the hustle and bustle conditions in the cloth shop. *Second*, interviews were conducted to obtain in-depth data regarding the living conditions of the trade carried out by cloth traders, both shop owners or employees who work in the shop.

### 3. RESULTS AND DISCUSSION

#### 3.1. Fabric Store My Tex and Cantika Tex

One morning before noon, the clock on my hand showed 11.00 WIB, my first visit was focused on a shop that is busy being talked about by fabric enthusiasts around the Bireuen area, namely the My Tex store. This shop is located in a row of other cloth shops as well as several gold and grocery shops which are on Jalan Andalas, around the city of Bireuen. The My Tex store itself has been operating since 2010 selling all kinds of fabrics, in the form of patterned or patterned fabrics, silk fabrics, cotton, chiffon, batik fabrics, brocade and lace of various kinds.

There are 11 workers engaged in selling cloth at this shop and all of them have very long experience with an average working period ranging from 1-10 years. This shop is owned by Mr. Tomi Salman, who is a man from Sigli, Pidie Regency. The business he is involved in is a family heritage business that has been running for a long time, but the location of the shop was in Bireuen Regency in 2010 which was managed by a *ulee keude*.

One of the other shops being studied is the Cantika Tex store, which is located on Jalan Cut Mutia or the public is more familiar with Jalan Listrik No. 7 around Bireuen City. This shop is owned by Mr. Razali who comes from Pidie Regency. There are 4 workers at this shop whose average length of work ranges from 2-10 years. The fabric products that are sold look almost the same as the My Tex store, however, this store sells more fabrics that are in line with the trends of the times.

#### 3.2. Social Capital of Fabric Traders in Bireuen

The activity of traders can be seen from their involvement in trading from time to time. Competition that arises among traders is not only about the amount of economic capital owned by traders to get large profits. Traders' social capital

also plays a major role in traders' trading activities in the market. Trading activities carried out by traders every day and on market days, of course, are also beneficial for traders. This is because in the world of business or trade it is not only how much economic capital a trader has but how long the business can survive.

The workers are very friendly with customers, this can be seen when buyers come, they are enthusiastic about serving customers well. Starting from facial expressions, politeness and during the negotiation process they always smile. In this context, the merchants can be seen to be very happy to welcome customers and from this hospitality it can be concluded that the My Tex store can be categorized as a shop that is in great demand by the public.

Like siblings, the workers at My Tex store and Cantika Tex store are not only friends in the world of work, but they often sit together outside of work, starting from store managers and ordinary employees. They do not use certain boundaries that are passive in interaction, but they share stories or advice among themselves. Through this emotional and personal closeness, the two shops do not have written rules. Meanwhile, these rules are only stated instinctively. In this context, workers have values that appear to be the same in terms of work activities, as according to Aris, one of the My Tex Store employees stated:

*"We who work here have become brothers, therefore we are all the same here, no one is higher or lower" (Interview 03 September 2022)*

The owner of the Cantika Tex shop, Mr. Razali, stated something that looked the same:

*"There is no special division of labor in this shop, everything is the same. Workers can do all things, both transporting goods, serving buyers and others. I also do activities like them every day" (Interview 20 September 2022)*

The life of the traders when carrying out trading activities in the store does not describe who has a higher degree, however, the continuity of the store to get quality sales takes precedence, so they work together. This looks like what Siegel (1969) explained about togetherness in the lives of traders, so that with this togetherness, shops can thrive and survive.

As part of their survival in trading, internal social capital has had a positive impact on the business environment. Social capital provides a strong bond in their lives among others (Ancok, 2003). In this way, these cloth traders were able to form conditions of mutual security and good service

to buyers so that the shop where they worked was always visited by buyers.

### 3.3. Traders Social Network

Merchants must be able to maintain a social network to help grow and grow their business. Social networks are one of the social dimensions along with beliefs and norms. In this case there is an understanding of the existence of social relations that are bound by the existence of trust, which is maintained by existing norms. Traders also need networking as this is very important in buying and selling trading. The availability of networks within the scope of traders is a top priority to get access to information about the goods traded that are heard from people or groups through the media of social relations. The relationships that occur can be in the form of formal or informal forms.

There are three social networks that are viewed from the purpose of social relations, including power networks where there are social relations formed by social relations that contain power, or are formed and deliberately regulated by power. The two networks of interests, namely social relations formed by social relations that contain interests, are meaningful for specific purposes. The three networks of feelings formed on the basis of social relations themselves become goals and social actions.

To gain access to resources found somewhere, especially the market. Not only do we build relationships to access these resources, we also need to build network connections for the actors within those resources. Good social relations are required. Social relations at least have beliefs and norms that arise from the process of relationships between individuals, or with groups of actors who have been involved in economic behavior together for a long time, rather than the sudden appearance of trust (Damsar, 2002: 34).

In carrying out a trading activity, Traders also really need a network with other people to form a bond between one another. Extensive networks can create social power in trading because from this network someone will get access to information related to the goods needed or consensus through cooperation between two or more parties.

Toko My Tex itself is a fabric company that has been around for a long time and still survives today. The social network that is owned is very wide and varied, such as when taking stock of goods in various regions in Indonesia, both Jakarta, Medan and Java. In addition, social networks are also available for store customers. Toko My Tex's

customers mostly come from the Bireuen, Lhokseumawe and Takengon areas and they are all regular customers. Likewise with Toko Cantika Tex which also has customers from several other regions and customers in the Bireuen area. This shows that the social network that has been built is very strong between traders and buyers, so that with social capital in the form of a network that is built, trust arises between the two parties, so that it is not uncommon for several buyers who have interacted with each other to take a temporary credit system. namely a system that is built on trust.

### 3.4. Cloth Merchant Regeneration Pattern

Most of the traders from Pidie who trade outside the area still maintain the tradition of inheriting business from family groups. This condition is the same as what happened to the owner of the My Tax shop and Cantika Tex shop. Mr. Razali (the owner of the Cantika Tex shop), for example, is a descendant of a Pidie trader who has been trading in Bireuen for a long time. Until finally all of his children, including Mr. Razali, followed in his father's footsteps, the late Mr. Anwar. It should be noted that Mr. Razali always applies ethical values in the world of business by conducting trade in an open, consistent manner and adhering to the moral values of religious teachings. With this, not only the family, but also the workers who are currently at the Cantika Tex store. The application of this moral value is very important for workers so that it can create an attitude of mutual trust, both between shop owners and workers, workers with fellow workers and also workers with buyers. Thus the business that is built will be stronger and continue to grow in all conditions.

Based on the results of interviews with every worker in these two stores, said the owner's attitude was the main peak who did business in the store, said he was kind and friendly and never got angry. This makes them feel at home to always work here. The concept of mutual assistance and the hard work of the workers in an effort to develop business at this shop, both under normal conditions and uncertainties, makes them always instill a high value of enthusiasm to get satisfactory results. Every employee has big expectations so that it becomes an encouragement for them to always be persistent and work hard in order to realize a business that is moving forward.

The pattern of regeneration that was formed among cloth traders in Bireuen was through their active role in becoming *aneuk keude* (Saad, 2003). This can be seen when employees actively buy and

sell clothes every day and often make interactions, either symbolic or direct interactions among fellow traders, they will gain knowledge regarding this trading world. Gradually, over a long period of time, they gain knowledge of trading capital, so that if at any time in the future, they will be able to open shops independently in other areas.

### 3.5. Cloth Merchant Entrepreneurship Knowledge

As a trader sometimes you have to be smart in seeing the buyer's situation. Sometimes there are consumers who just want to see without buying. This is an attempt by buyers to see the price of clothing, so that on certain occasions, they will offer lower prices in other stores. The role of the trader here must be in control of all the products being sold. The effort is to overcome the consumer model.

In these two stores, traders are able to master the products offered to buyers, both in terms of quality, brand and price. This is what happens in other shops, a trader must be able to master the products being sold. This knowledge leads to successful negotiations that occur between traders and buyers, so that prices that have been set do not drop drastically.

Apart from that, the cloth traders also have a symbolic way of inviting them. They smile very easily to customers and it brings a special bond in a customer to visit the store. The process of welcoming buyers in front of the store can also be seen, meaning that an employee will stand in front of the shop door to welcome the arrival of the buyer. With this knowledge, their shop is very comfortable for customers to visit, so that it will have an impact on the store's profits later. Thus, the entrepreneurial knowledge of cloth traders in Bireuen has been formed through habits that have been passed down from generation to generation and are natural.

## 4. CONCLUSION: A REFLEXIFE

Social capital is a driving force for cloth traders in Bireuen Regency in advancing and developing their business. Social capital becomes a binder and provides a vision for them holistically to survive even in various crisis conditions both locally, regionally and globally.

Armed with a social network to obtain production goods, obtain guarantees for circulation and distribution, this reinforces that the social capital of entrepreneurs in Bireuen Regency is quite distinctive. They understand that the social network in the form of a partnership is a centrifugal force in the process of maximizing their business processes.

The social capital they have is like a holistic force that will support internal business processes and strengthen the circulation network and distribution of goods externally. Moreover, with the norms of mutual cooperation, mutual trust and discipline and supported by the enthusiasm for learning between the landlords, the journey of the cloth merchant business in Bireuen has survived to this day.

## AUTHORS' CONTRIBUTIONS

Ade Ikhsan Kamil, Richa Meliza and Faizul Aulia have made substantial contributions to the conception, data acquisition, and analysis. Ari Kausar has been involved in drafting the manuscript and revised it critically for important intellectual content. Sukma Sari and Nurjumalia make the final draft in production process until the version is ready to be published .

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