

UDC 334

THE ROLE OF SOCIAL NETWORK IN BUILDING COOPERATION TO IMPROVE COMMUNITY ECONOMIC WELFARE

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ABSTRACT

A new economic development portraying social networks as means of cooperation is those creating cultural norms and local wisdom. Social networks will be able to map and strengthen togetherness because built based on trust and togetherness through a community or association. How social networks function and strengthen association members in increasing economic welfare becomes interesting for study material, considering the current challenges of modernization and sophisticated communication tools. Kebumen Laundry Association in Central Java is considered as a forum to share information by its members. By that kind of activity, each member gets new information that they can use for promoting their business. The objective of this research was to find out the social networks among the laundry members in Kebumen District, Central Java, Indonesia, in increasing cooperation to improve economic welfare. The results showed an effort made to make an advanced and trusted laundry business. In general, Kebumen Laundry Association social network can build cooperation, improve mutual prosperity, and agree to provide the best servants to the community.

KEY WORDS

Social network, laundry association, joint welfare.

Empirically, social networks are built based on social relationships, that have already formed or existed among network members. As seen in the business environment of the Southeast Asian Chinese community that *xinyong* and *guanxi* network patterns are formed in the pattern of cultural construction that has taken root in the Southeast Asian Chinese community. The Chinese business community's pattern of cultural construction is formed based on personal relationships and verbal agreements. It is also supported by informal group sanctions and associated with one's reputation in his community, trust instill, and high social solidarity. A relatively classless and free society can set good values that are conducive to the business management among themselves (Hafner, 1997). It means that a network will be carried out on a different basis from economic transactions in a market. Although market transactions require some shared value (for example, the desire to be involved in exchanges), the norms needed in networking are very important for mutual wisdom.

On the other hands, a network differs from hierarchy because it is based on shared informal norms, not a formal authority relationship. A network understood in this definition can co-exist with a formal hierarchy. The formal hierarchy's members do not have to share norms and values behind cost contracts that determine membership and organization based on patronage, ethnicity, or shared corporate culture.

The commodity goods we buy are often produced or harvested in a place-hundreds or even thousands of kilometers from where we are, for example, oranges from Kalimantan, bananas from East Java, tea from India, coffee from Kenya, shirts and clothes from America,

electronics from Japan, and so on. Each product must be produced and transported through various networks to the point of sale. These commodity goods are touched by people's hand before they are in the shopping basket that we might never have taken for granted. We are one of the final points in a series of crossroads in the relations of several organizations in different places in the world. All of these activities become possible because of the existence of organizations or individuals connected in a network (Morgan, 1990).

The definition of network generally used by sociologists is very broad and encompasses both markets and hierarchies as understood by economists. Networks are defined as formal organizational categories where there is no formal source of sovereign authority. Also, it is defined as a series of relationships or informal alliances between various organizations, each of which may be hierarchical but related to one another, through relationships vertical contractual. Japanese *keiretsu* groups, alliances of various small family companies in central Italy, and Boeing's relationship with its suppliers are equally understood as networks. However, a network is different from the market when it is determined by shared norms and values. Through this view, a network is a moral relationship of trust: Social networks are a group of people in a society or community who share informal norms or values beyond the values or norms that are important for ordinary market transactions (Fukuyama, 2002).

Social networks define hierarchical relationships as an alternative form of running a business and maximizing efficiency, in contrast to informal work practices, where hierarchical transactions are carried out together. Meanwhile, informal method is characterized by the absence of forms of exchange and complete replacement by socially supervised transactions. The norms generated in social networks are based on important values such as honesty, the fulfillment of duties, willingness to help each other, and mutual commitment. In social networks, trust capital is a very important by-product of cooperative social norms that bring success. If society can be relied upon to keep commitments, norms help one another, and avoid selfish behavior, various social ties will form more quickly and the groups formed will be able to achieve shared goals more efficiently. Competition for this business is fairly high. No longer just as a manager, even now it is not uncommon for this business to feel confident with the target market sought. They rely on word of mouth promotion and those who are more creative by distributing brochures.

Like the laundry association in Kebumen District, Central Java, which builds togetherness from within, between laundry service members and outside, such as collaborating with the dry cleaner will be able to bring progress and mutually beneficial networks. This collaboration will improve the quality of laundry and at the same time become a promotion for each service and dry cleaner production. The dry cleaner has been generally considered to have quality labels and customers that are scattered in Kebumen Sub-districts. However, the Laundry Association places more importance on the social networks that exist among the internal social networks.

Researchers have an interest in conducting a study on social networks that occur among the members of Kebumen Laundry Association in improving mutual prosperity. Togetherness and trust will strengthen the cooperation. Therefore, this research is important to carry out as an effort to add to the realm of science and become a basis for strengthening and advancing social networks in Indonesia.

LITERATURE REVIEW

Fukuyama (2002) explains the existence of embedded economic behavior in social relations through social networks in economic life. At the interpersonal level, social networks can be defined as a series of distinctive relationships among several people with additional traits. The characteristics of these relationships are completely used to interpret the social behavior of the individuals involved. At the structural level, patterns or structures of social

relations will enhance and/or inhibit people's behavior to engage in various areas of social life. Thus, this is seen as the glue that unites individuals into a cohesive system. (Damsar, 2002).

Wellman explained that social networks rely on a set of principles (Ritzer, 2003): first, the bond between actors is usually symmetrical both the level and intensity, actors supply each other with something different and they do so with greater or lesser intensity; second, bonds between individuals must be analyzed in the context of broader network structures; third, the structure of social ties gives rise to various types of non-random networks; fourth, network groups cause the creation of cross relations between network groups and individuals; fifth, an asymmetrical bond between elements in a network system with limited resources will be distributed equally; sixth, unequal distribution of limited resources gives rise to both cooperation and competition. Some groups will join to get limited resources by cooperating, while other groups compete and fight over it. Thus, dynamic quality network theory with the structure of the system will change along with the shifting patterns of coalitions and conflicts.

Empirically, social networks are built based on social relationships already formed or existed between network members. Several forms of the intended social relations: First, friendship. For example, In Japan, networks among entrepreneurs (mostly men) were initially developed in universities and continued after they entered the business world after work hours, which played an important role in the task of top-level company managers. These relationships provide important information for business decision-making and facilitate government-entrepreneurial cooperation. *Second*, kinship or family. Chinese capitalism is the first and foremost network of capitalism. The foundation of this network capitalism is not based on legal contracts and regulatory authority of the state but personal trust relationships. (Hefner, 1999). Guanxi is a term used by the Chinese in understanding relationships, or such a network is a way that is conventionally available for certain relationship devices that are bound by mutual norms (*huibao*) or by what commonly referred to as *renqing* or *ganqing* in Chinese's feelings (Hefner, 1997). Those involved in a guanxi network may have distant relations, neighbors, former schoolmates, people with the same surname, and Chinese immigrants (people from the same region in China or speak in the same dialect).

In social networks, social exchanges are not always measured by the value of money because social interaction not only exchanges real things but also not real things (Homans, 1961). Every act always considers psychological benefits or costs in each action, for example, working not only receives extrinsic rewards, in the form of wages but also provides intrinsic rewards in the form of friendship, satisfaction, and heightened self-esteem (Homans, 1967).

The expected profit from the exchange is motivated by self-interest to make an exchange, therefore no exchange takes place if the two parties are not mutually beneficial. According to Blau, the mechanism mediating complex social structures is the norms and values (consensus of values) that exist in society: mutual agreement on values and norms used as a medium of social life and as a link that connects social transactions. Norms and values allow indirect social exchange and determine the process of social integration and differentiation in complex social structures and determine the development of organizations and social reorganization within (Blau, 1964). Exchange norms are a virtue given by someone, and we must be able to return. This principle is a form of help in social society. Meanwhile, the shared values consisting of various types can be imagined as a medium of social transactions through social time and space. The consensus on social values provides a basis for expanding the distance of social transactions beyond the limits of direct social contact and perpetuating social structures beyond the limits of human age. The value standard can be considered as a medium of social life in two terms; the value context is the medium creating the forms of social relations; shared value provides a function to connect groups and social transactions on a broad scale level (Blau, 1964).

METHODS OF RESEARCH

Type of Research

The study uses qualitative research methods. Bogdan and Taylor (1975) defined qualitative as a research procedure that produces descriptive data in the form of written or spoken words from people and observable behavior. Data collected in the form of words, pictures, not numbers, and the data come from interviews, report notes, photos, notes, or memos. The application of descriptive nature is not limited to the collection and compilation of data but includes the analysis and interpretation of the meaning of the data. Koentjaraningrat (1993) said that descriptive research could fully detail about individuals, circumstances, symptoms, or specific groups.

Location

The research was taken place in Kebumen District, Central Java, Indonesia, with 8 laundry association members. Kebumen was chosen because it has an increased level of entrepreneurship due to the encouragement of the local government for running a business. Kebumen was a poor area so that the existence of laundry business would be able to improve economic welfare.

Type of Data

- Primary Data
The data is directly obtained from the main sources. Researchers directly conducted interviews with the laundry owners or members joined into Kebumen laundry association through interviews.
- Secondary Data
Secondary data does not originate directly from informants, but through relevant theories contained in a book, advertisement writings, pictures, tabloids, as well as newspapers.

Data Collection Method

- Observation
At this stage, the researchers participate in where the observer is openly known to the public or may be sponsored by the subjects. Therefore, even confidential information can be easily obtained. This research focuses on the social network of laundry service businesses in Kebumen District, formed through the Laundry Association. This research observes the daily activities of Laundry's servants and their bi-weekly meetings.
- Interview
Interviews are the most important part of the data collection method, where most of the data will be analyzed and presented in research reports. In this study, interviews were conducted in a direct, open, and structured manner. There are 6 matters should be paid attention to have an interview: 1) the number of members; 2) background of the establishment; 3) any cooperation between fellow laundry services; 4) customers average; 5) gross and net income; 6) the way to build mutual trust. The respondents are 1) members of the association laundry; 2) Chairman and management; 3) 8 people representing customers in each laundry service.
- Literature Review
Literature studies are obtained from books that the researchers have read.

Data Analysis

Data analysis in qualitative research is a dynamic and creative process. Through this stage, the author tries to achieve an in-depth understanding of the subject matter under

investigation. The data analysis process begins with a review of all available data from various sources: the results of interviews, observations that have been written in field notes, official documents, personal documents, and so on. Referring to Miles and Haberman (1992: 6), the process of data analysis is divided into 3 things, among others: data reduction which includes the selection and compaction of data, field notes and records are summarized so that they are then coded and grouped. This grouping is very helpful for the writer in analyzing the data, to lead the writer to draw conclusions at the end of the study.

- **Data Reduction**
Data reduction is an effort to compile and summarize the main things to be arranged systematically to easily understand. This effort was made to obtain a clear illustration of the results of the study so that improvements could be made. This process was still conducted when qualitative research is still ongoing, that is, before and after going into the field. These reduction methods are selecting strictly and making a summary or brief description.
- **Data Presentation**
A collection of information that gives the possibility to draw conclusions and take action. The form of data presentation is the result of field discoveries: the results of an interview with several informants, in this case, the laundry owners or members of the Kebumen Laundry association.
- **Conclusion Drawing**
Data collection begins with a researcher trying to find the meaning of field, patterns of explanation, and configurations that use causal flow and propositions. Later on, the researcher made a tentative conclusion. The results of the data analysis are used as the patterns to answer the problem statements raised in this study. The last stage is making a conclusion after finishing the study.

RESULTS AND DISCUSSION

Laundry Association Formation Process

Social networking is a social fact that is important to be managed as well as possible. Initially, the existence of social networks as a social fact always started by individuals. This can be seen from the process of the Laundry Association establishment initiated by an individual's idea. The Laundry Association's ideas for establishing a moving Kebumen Laundry Association must be strengthened through a shared organization. In this joint forum, business people can share ideas and information, work together, and compete healthily for the common good.

Basically, the results of the interview show the central role of a social network, namely to build togetherness between laundry business and business comfort. The convenience of business itself is none other than keeping the business to keep existing because of unfair competition practices among business people. It must start with establishing acquaintances, relationships, and cooperation between the actors. In relations with other parties, the role of social networks for business convenience is as a bulwark for network members to strengthen and defend the business from outsiders 'attack'. Relationships built through activities and interactions in the laundry association can provide positive value for the development of the social network. That effort initiated the formation of the network of laundry entrepreneurs.

One of the new members stated:

"I realize that to advance cooperative efforts and build business networks between members, we must be compact and in agreement when determining prices or serving customers. Also, it helps the members of the Laundry Association, which has no many customers yet. Hence, collaboration and networking are very important for us" (Interview, June 13, 2019).

The results obtained by collaborating and building a business network can also reduce the imbalance or different, as stated by Pak Agung as the initiator of the establishment:

“One manifestation of that cooperation is the price consensus among the members. As experienced by Pak Agung when running his telecommunication shop business. According to him, small and medium businesses have the potential for unfair competition among business people. The unhealthy competition was manifested in price fluctuations. To win the competition, a businessman was playing a price game, for example, by offering a lower price than other business people. Such a price game has a bad effect where other business people lose the customers themselves” (Interview 13 June 2019).

The results of these ideas provide benefits for the formation of laundry businesses joined in the Kebumen Laundry Association. Associations here are considered as a forum where its members share information through communication. By sharing that information, each member gets new information that they can use for business progress. The function of associations like this become very important for all members, especially those who are new or have no experience in the laundry business. Generally, the type of information shared is about how to develop the business itself. The information includes (1) laundry business management; (2) laundry service market prices; and (3) information about equipment and how to maintain it.

Laundry Association is a solution for those having experienced bitter fate in running small and medium businesses, so they realize that establishing cooperation with people engaged in similar businesses (laundry) is important. This cooperation is intended to avoid conflicts between the laundry business and strengthen their respective businesses. Reduction or lack of competition due to cooperation makes them more concentrated on developing their business. In order to advance the Laundry Association, they cooperate with PT.Molto, the provider of laundry facility, and the provider of engine repair materials. Collaboration is also carried out internally by each member arranged in the agreement between Laundry Association members. Therefore, until today, the collaboration continues and is increasingly developing in advancing the Laundry Association.

To build an advanced and trusted business, network expansion is needed for both Laundry Association members and other service assistants. This kind of network also covers hotel and hospital servants who need to wash their second-hand tools. In fact, the Laundry Association is collaborating with the manufacturers of the Electrolux washing machine, molto laundry deodorizer, and Rinso Matic detergents. It has aroused several laundry businesses to enter the Laundry Association. In this case, the business people assume that becoming a member of the Laundry Association can expand their business network with other parties such as the Electrolux brand washing machine manufacturer, Molto laundry deodorizer, and Rinso Matic detergent. Laundry Association as a social network can be a media for its members to expand their network. Generally, Laundry Association has helped its members to promote their business, especially those that can be served by the Laundry Association.

As said by one of the members:

“I acknowledge there are many benefits that I get from this network expansion. My business is progressing, and of course, I have many customers. I hope it happens not only at me but also all Alkijo members. hence, I believe the network is very important” (Interview June 13, 2019).

Besides, the network expansion also brings advantages, for example, cooperation with Molto laundry deodorizer and Rinso Matic detergent is not only felt like a gateway to expanding the network. The fact that the Laundry Association is getting supplies of Molto and Rinso Matic has encouraged laundry businesses to become members. The business people assume that by becoming a member of the Laundry Association, they have the convenience to get Molto and Rinso Matic to expedite their laundry business.

The Establishment of a New Social Community

For its members, the Laundry Association is ultimately no longer merely a business association. After joining the Laundry Association, they finally felt the social benefits that

exceeded the business benefits. The repeated meetings and interactions between them eventually bring the awareness that the Laundry Association was a social space in the broadest sense. The Laundry Association becomes a social community where each member feels a sense of belonging as a social creature. The relationships built through Alkijo become broader and more than just business relationships. Through the Laundry Association, the friendship and community spirit is built. A social fact is a process to increase results and advance its business. That process happened with individuals acted as the culprit. The presence of the Laundry Association through a process of an association having a willingness to become a business force must be supported by the care of fellow members for mutual prosperity.

Cooperation Relationships As A Social Network

Through a well-built network, the role of the Laundry Association members cannot be separated. To maintain a cooperative relationship, the results of interviews and file research have some important things:

1. Building Togetherness

The contribution of the members is very important to maintain the existence of a network. Laundry Association members contribute to advancing the Laundry Association in their way. The position of members in the Laundry Association is divided into ordinary members and administrators. The difference in position also distinguishes the form of participation and contribution to the Laundry Association. However, in a certain case, all members can participate and contribute to the Laundry Association regardless of their respective positions there. Togetherness and loyalty of members can be demonstrated by attending every Laundry Association meeting and engaging in activities held by the Laundry Association, for example, joint promotions, laundry training, seminars, and others.

2. Base Common Norms and Rules

A network is different from the market because determined by norms and values which have been set. It means that economic exchange will be carried out on a different basis from economic transactions in a market. Although market transactions require some shared value (for example, the desire to be involved in exchanges), the norms needed for economic exchange are relatively minimal. Meanwhile, exchanges between members of a network are different. Common norms give them a higher purpose which distorts market relations. Therefore, members of the same family, or an ethnic lending association, who share when they do certain shared norms, do not face each other in the same way as anonymous individuals (meaning that they do not know each other) who met in the market. They way more willing to engage in reciprocal exchanges, in addition to market exchanges, for example, giving profits without expecting direct benefits in return. Although they may expect long-term individual benefits, the exchange relationship is not simultaneous and does not depend on careful cost-profit calculations as in market transactions.

3. Maintaining joint commitment

When asked about commitment, almost all members of the Laundry Association stated that the commitment of Laundry Association is to strengthen the bargaining position of the supplier members and a better image in the eyes of customers. For example, the commitment to advance Alkijo by establishing cooperation with suppliers of Electrolux washing machines, Rinso Matic detergents and Molto laundry deodorizers as well as other activities. The Laundry Association also contributes to becomes a mediator between members and customers. Concerning problems with customers, the Laundry Association gives some advice on how to deal with it. Laundry Association provides enthusiasm and motivation to its members who are in trouble to keep doing business.

As said by Pak Agung, the founder of the Association:

"The process is something empirical in human experience. The idea of Pak Agung to establish a community or organization for laundry entrepreneurs is based on his experience. The thought is then manifested in action. When Pak Agung thinks of a community or organization for laundry entrepreneurs, he must do everything to make it happen. The first action taken by Pak Agung was to convey his ideas to his friends also engaged in the laundry service business" (Interview 13 June 2019).

Pak Iwan Nugroho emphasized that:

"I think there is no a contribution yet from the members. They instead demanded the association to give for them. The association itself is still young, still looking for the right form. Nowadays, the tendency of the members is what association gives to them, not what they give to the association. The management hopes the members can give contribution because without contribution the association cannot do the contrary. So, the most important is reciprocity" (Interview, 12 June 2019).

The results of the study show that an association that wants to advance to become a business force must be supported by the care of fellow members. In this case, the Laundry Association, the management, and customers must build high solidarity to strengthen those Laundry Association's members.

CONCLUSION

One of the important things cannot be separated and underestimated is social networking. In its development, social networking is a social fact that becomes important in the world of business. The existence of social networks as a social fact was initiated by individuals. The role of social networks is needed to promote and advance the laundry business. It then became the background of Laundry Association establishment. Initially, this idea was conceived as a place for laundry entrepreneurs to determine the price. Building Cooperation with Laundry Association members, especially those who have experienced bitter fate in running small and medium-sized businesses, makes them realize that to engage with people in similar businesses is important. This cooperation is intended to avoid conflicts between the laundry entrepreneur and strengthen their respective businesses.

The establishment of Kebumen Laundry Social is based on the sincerity of the initiators through various steps: regular meetings with members, the formation and data collection of members, the establishment of the Laundry Association, coaching and technical insight for members, building cooperation, opening networks and new communities. This process strengthened the establishment of the Laundry Association. Meanwhile, to maintain the cooperative relations of Laundry Association members is nurturing togetherness and loyalty, understanding existing rules, being highly committed, applying family principles, and minimizing conflict. The findings in the field also show that the Laundry Association's social network is established and is inseparable from the vision, mission, and enthusiasm of the members in developing and advancing the Laundry Association.

The network expansion is needed to build an advanced and trusted business. This network also covers hotel and hospital servants who need to wash their second-hand tools. Togetherness and loyalty of the Laundry Association members can be shown in the activities carried out by Laundry Association, for example, joint promotions, laundry training, seminars, and others. Generally, Kebumen Laundry Association social network can build cooperation, improve mutual prosperity, and agree to provide the best servants to the community.

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