

The Influence of Social Capital, Business Capital and Innovation on the Income of Traditional Cloth Craftsmen in Indonesia



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ABSTRACT: The development of the tourism sector has a positive impact on the craft industry. Bali Province and the Special Region of Yogyakarta are two regions that are very well-known in the tourism sector that produce many types of crafts, one of which is in the textile sector. Both provinces have very specific economic characteristics when compared to other provinces in Indonesia. The increase in the tourism sector has been proven to have a positive impact on reducing poverty rates, unemployment, and also inequality in the Special Region of Yogyakarta Province and in the Province of Bali. Bali Province is famous for its woven fabric craft industry and the Special Region of Yogyakarta Province is famous for its batik cloth craft industry. Both traditional fabrics are currently still sought after by both domestic and foreign tourists, because of the beauty of the motifs that are full of meaning, but the sales figures for both fabrics are still very low. This study aims to (1) determine the effect of business capital on the income of traditional fabric craftsmen. (2) To determine the effect of social capital on the income of traditional fabric craftsmen (3) To determine the effect of innovation as a moderating variable on the relationship between business capital and the income of traditional fabric craftsmen. (4) To determine the effect of innovation as a moderating variable on the relationship between social capital and the income of traditional fabric craftsmen. The population in this study were all batik/woven fabric craftsmen in Tenganan Pengringsingan Tourism Village and Giriloyo Tourism Village. The sample used accidental sampling with questionnaires distributed to 65 respondents. The results of this study social capital and Innovation affect the income of craftsmen, while business capital does not affect the income of craftsmen. Innovation does not moderate the relationship between social capital and business capital on the income of craftsmen. The implication of this study is that craftsmen must create innovations according to local customs, culture and norms so as not to eliminate the meaning of the cloth. The limitation of this study is that the sample is only spread across several points.

KEYWORD: Social Capital, Business Capital, Innovation, Income

INTRODUCTION

Bali Province and Yogyakarta Special Region are provinces in Indonesia that have a very rapidly developing craft industry sector, considering that both provinces are leading tourism areas in Indonesia. The development of the tourism sector that drives the craft industry makes Bali Province and Yogyakarta Special Region have very specific economic characteristics when compared to other provinces in Indonesia, this is inseparable from the limited resources available in both provinces. Thus, the development of the industrial sector in Bali Province and Yogyakarta Special Region is still based on small and medium industries. Bali Province is famous for its woven fabric industry and Yogyakarta Special Region is famous for its hand-drawn batik. Both traditional fabrics are currently still sought after by both foreign and domestic tourists because of the beauty of the motifs that are full of meaning. Therefore, batik and woven fabric craftsmen have an important role in overcoming employment in Bali Province and Yogyakarta Special Region. Tenganan Pengringsingan Tourism Village and Giriloyo Tourism Village are one of the shopping destinations for hand-drawn and woven batik fabrics for domestic and foreign tourists. With the large number of visitors coming to Tenganan Pengringsingan Tourism Village and Giriloyo Tourism Village, it can increase the amount of income of craftsmen.

In this study, Tenganan Pengringsingan Tourism Village in Karangasem Regency and Giriloyo Tourism Village in Bantul Regency were used because they have the same characteristics, namely the problem of decreasing income which has an impact on business sustainability. The Sekar Arum batik group located in Giriloyo Tourism Village, if there is no demand, the craftsmen will not produce. This is also the case in Tenganan Pengringsingan Tourism Village, not all days can be used for weaving, a good day to

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start weaving is calculated not using the conventional calendar, but using the Tenganan Pagringsingan community calendar. Gringsing cloth weavers also must not coincide with the traditional ceremonies of the Tenganan Pagringsingan community.

Based on this phenomenon, production has an impact on income, many factors influence income, namely business capital, social capital, innovation and others. In this study, only business capital, social capital, innovation are used for craftsmen's income. Based on previous research conducted by Utami (2022) which stated that the dependent variable is the income of traditional cloth craftsmen. Furthermore, previous research conducted by Septia & Sudiana (2020) showed that business capital has a major influence on the income of craftsmen, because the greater the capital spent, the greater the income received.

Furthermore, previous research conducted by (Aprilia et al., 2021) stated that the relationship between social capital and income can occur if craftsmen have a network of relationships, good business cooperation with consumers, which will affect the level of income of traders or companies that will be received. Research by Elwisam & Lestari (2019) which shows that innovation has a positive and significant effect on improving marketing performance and income of small and medium businesses. This study adds the innovation variable as a moderation to see how the influence of business capital and social capital on income can be strengthened or weakened by Innovation.

The objectives of this study are (1) To determine the effect of business capital on the income of traditional cloth craftsmen. (2) To determine the effect of social capital on the income of traditional cloth craftsmen (3) To determine the effect of innovation as a moderating variable on the relationship between business capital and the income of traditional cloth craftsmen. (4) To determine the influence of innovation as a moderating variable on the relationship between social capital and the income of traditional textile craftsmen.

RESEARCH METHODS

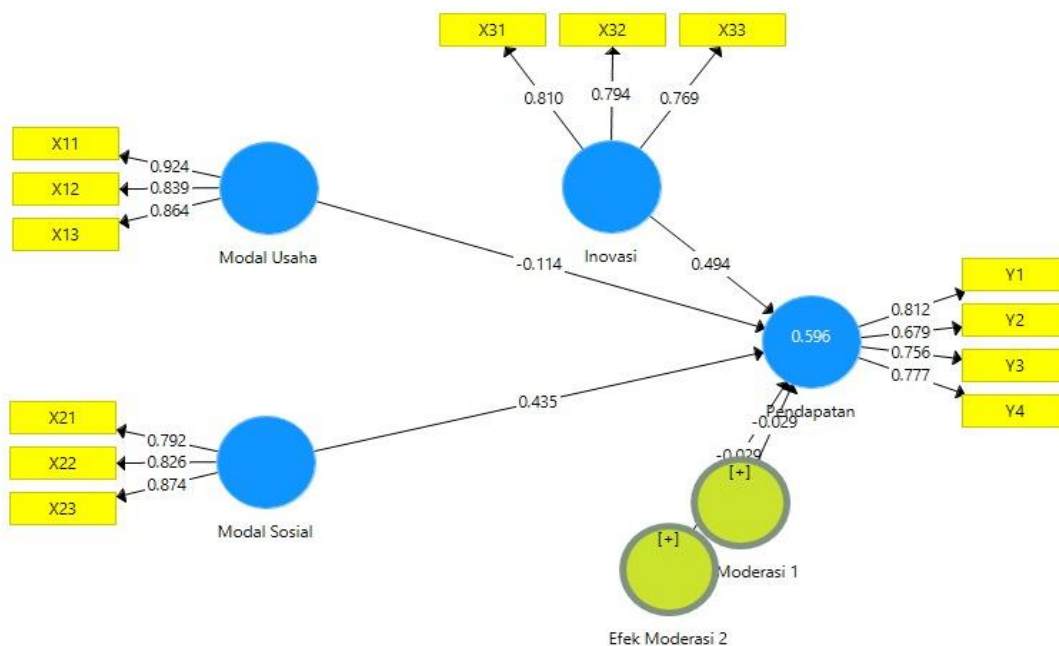
This research is quantitative, namely the method used to research a particular population or sample, this type of sampling technique is generally carried out randomly and data analysis is quantitative or statistical, with the aim of testing the established hypothesis with primary data (Sugiyono, 2018), and in-depth interviews are added to the samples to be studied to get maximum results. where the data is taken from distributing questionnaires and in-depth interviews. The population in this study were all batik/woven fabric craftsmen in Tenganan Pengringsingan Tourism Village and Giriloyo Tourism Village. Sampling used accidental sampling by distributing questionnaires to 65 respondents spread across Tenganan Pengringsingan Tourism Village and Giriloyo Tourism Village. Respondents were selected because the researcher did not know the total number of batik and weaving craftsmen, so the researcher referred to Hair at al (2015) which stated that the number of indicators was multiplied by 5. The type of data used in this study is primary data, namely data obtained from questionnaires that have been tested for validity and reliability. The indicators of this study were developed from the operational definition of each variable. Analysis tools using SEM PLS. The indicators of this study are:

Table 1. Variables and Indicator

Variables	Indicator
Social Capital (Putri and Hamid, 2011)	Trust Network and Cooperation Value Systems and Norm
Business Capital (Nugrha, 2011)	Capital Structure Utilization of Additional Capital Barriers to Accessing External Capital
Innovation (Kolter and Armstrong, 2012)	Compatibility Divisibility Communicability
Craftsmen's income (Dalimunthe and Rudi (2023)	Sale's Training Costs Production Cost Profit

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RESULTS AND DISCUSSION



Fitur 1: Conceptual Framework

Validity and Reliability Test

An instrument is said to be valid if it has a correlation coefficient between items and total scores on the instrument greater than 0.3 with a significance level of 0.05. Table 2 displays a summary of the results of the validity test of the instruments for each research variable:

Table 2. Validity Test

Kontruks	Elements	Year	
		Pearson Correlation	Sig
Effect Moderation 1	Z ₁	1.100	0.000
Effect Moderation 2	Z ₂	1.200	0.000
Social Capital (x ₁)	X ₁₁	0.924	0.000
	X ₁₂	0.839	0.000
	X ₁₃	0.864	0.000
Business Capital (X ₂)	X ₂₁	0.792	0.000
	X ₂₂	0.826	0.000
	X ₂₃	0.874	0.000
Innovation (X ₃)	X ₃₁	0.810	0.000
	X ₃₂	0.794	0.000
	X ₃₃	0.769	0.000
Income (Y ₁)	Y ₁₁	0.812	0.000
	Y ₁₂	0.679	0.000
	Y ₁₃	0.756	0.000
	Y ₁₄	0.777	0.000

The results of the study show that the correlation of all indicator items with the total score items has a correlation value above 0.3 with significance (<0.05). so it can be concluded that the research instrument is valid.

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Table 3. Cronbach's Alpha Test

	Cronbach's Alpha
Effect Moderation 1 (Z_1)	1.000
Effect Moderation 2 (Z_2)	1.000
Social Capital (X_1)	0.849
Business Capital (X_2)	0.777
Innovation (X_3)	0.705
Income (Y_1)	0.757

Table 3 shows that the Cronbach's Alpha value for the whole is > 0.7 so it is concluded that all instrument items are reliable.

Direct Test

Direct influence analysis. Can explain the relationship between research variables (latent variables). The direct influence is indicated by the coefficient of all arrows with one end. This can be seen from the results of the path coefficient value analysis shown in Table 4

Table 4. Direct Test

	Original Sampel (O)	Standar Deviasi	T Statistik	P Values
Effect Moderation 1 -> Income	-0.029	0.211	0.139	0.890
Effect Moderation 2 -> Income	-0.029	0.168	0.173	0.863
Innovation -> Income	0.494	0.158	3.134	0.002
Social Capital -> Income	0.435	0.187	2.330	0.020
Business Capital -> Income	-0.114	0.196	0.583	0.560

Based on the table above, it is stated that social capital has a significant positive effect on income because the calculated t is greater than the t table ($0.435 > 1.96$) or the P value is below 0.05. While business capital does not affect income because the calculated t is smaller than the t table ($-0.114 < 1.96$) or the P value is above 0.05. Innovation has a significant positive effect on income because the calculated t is greater than the t table ($0.494 > 1.96$) or the P value is below 0.05.

For moderation where innovation does not moderate the relationship between social capital and income because the calculated t value is smaller than the t table ($0.139 < 1.96$) or the P value is above 0.05. While innovation also does not moderate the relationship between business capital and income because the calculated t is smaller than the t table ($0.173 < 1.96$) or the P value is above 0.05.

Table 5. Coefficient of Determination

	R Square
Income	0.596

Based on Table 5, the value of the Determination Coefficient (R-Square) on the endogenous income variable is 0.596, this shows that all independent variables simultaneously have an influence of 59.6% on Income (dependent variable). While the remaining 40.4% is influenced by other variables not tested in the study.

Social Capital affects Income

This study shows that social capital has a significant positive effect on income. Social capital in terms of trust, networks, and norms is still widely applied in Giriloyo Tourism Village and Tenganan Tourism Village. The higher the sense of trust, networks, and norms, the greater the increase in income. This is based on the spirit of mutual cooperation that is still held by the local indigenous community. The trust between neighbors to help each other in the process of making batik cloth or woven cloth is what makes their income better. This can be seen from the value of the highest trust indicator compared to other indicators in one variable. The community is not stingy and shares expertise with each other to improve their abilities, plus they are still in one group that at the same time helps each other in the process of making cloth. This solidarity is what makes them finally able to save costs, especially for training. Cooperation and mutual trust as elements of social capital provide opportunities for the community to gain collective benefits, someone trusts others because there is a goal, namely to gain profit (Lawang 2004). This is supported by research from Fadli (2015) which states that social capital influences craftsmen's income.

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Business Capital on Income

In this study, business capital does not affect income. The need for woven cloth in Bali and hand-drawn batik cloth in Yogyakarta is more influenced by traditional ceremonial activities. The older the type of thread or cloth, the more it will be in demand by consumers. The raw materials used in making batik, mostly use local wisdom, this results in not requiring high capital costs. So that business capital does not affect income. In addition, especially in the woven cloth makers of Tenganan Tourism Village, before the cloth is made, someone has bought it so they do not need capital from a third party in this case the Bank. Considering that before the woven cloth is made, someone has ordered and paid for the cloth considering that the process of making the cloth takes quite a long time. And for hand-drawn batik cloth itself, Giriloyo Tourism Village has a special cooperative for batik craftsmen so that in financing they can borrow from the cooperative. This indicates that craftsmen do not find obstacles to capital considering that the system that has been formed is good. This research is supported by Alifiana (2021) who stated that business capital does not affect income.

Innovation on Income

The results of the study show that innovation has an effect on income. Innovations in batik have a positive impact on sales. The innovation carried out is by utilizing defective products to be reprocessed, without changing the meaning of the woven cloth or batik motif. In practice, innovation continues to be carried out in Giriloyo Tourism Village considering that if using existing standards the manufacturing process is long so they fill in so that production also runs well they combine it with making stamped batik which is faster and does not take time. With innovation they can still preserve original written batik according to the philosophy contained in the cloth and can be creative with the stamped batik they make. This is also done in Tenganan Tourism Village to make one woven cloth takes a long time so they do it by making ordinary woven cloth which is fast. This is supported by Ekatama et al (2023) who said that innovation has an effect on income.

Social Capital on Income Moderated by Innovation

Innovation does not moderate the relationship between social capital and income. The relationship between social capital and income is not influenced by innovation as a moderating variable. This happens because the system values and norms that apply in the local Traditional Village state that the motifs of batik tulis and woven pengrisingan are in accordance with existing standards. Because in the motif there are symbols or meanings that must not be damaged by anyone, including local residents. For community members who violate these norms, they will be subject to customary sanctions announced at the meeting hall. Therefore, the community adheres to what exists, they will innovate by making other fabrics but cannot be called woven pengrisingan or batik tulis Jogja.

Business Capital on Income Moderates by Innovation

The results of this study indicate that Innovation does not moderate the relationship between business capital and income. The business capital of batik craftsmen in Giriloyo Tourism Village and Tenganan Tourism Village already has a more sophisticated system so that no changes need to be made. Given that their business capital comes directly from local buyers and cooperatives, they do not encounter obstacles in obtaining third-party funds. Considering that the capital they have is very strong because they do not need a loan to the bank considering that this activity has been carried out for generations. It is feared that if they make changes by borrowing from a bank or third party, they will not be able to return the money they borrowed because it could be used for consumption rather than production. Because the community really holds the existence so they only make innovations that are still considered reasonable without violating customary law.

CONCLUSION

That this study really sees social capital and innovation affect the income of cloth craftsmen both in Giriloyo Tourism Village and Tenganan Tourism Village. The innovations they do are still within reasonable limits without changing the customs or habits that they must carry out. In addition, the community is also reluctant to borrow from the bank considering the capital system they have created is better. The limitation of this study is because its nature is still whoever is met is made a correspondent, so that perhaps further research improvements focus only on tourist villages and involve interviews with the local government.

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