SOCIAL CAPITAL IN ENHANCING COMMUNITY ECONOMY: THE CASE OF MUHAMMADIYAH BOARDING SCHOOL (MBS) SLEMAN, YOGYAKARTA

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Abstract

Purpose of the study: This study examines the role of social capital in enhancing community economy as reflected in the case of pasentran MBS Sleman, Prambanan, Yogyakarta. Specifically, it reports the preliminary data collected during fieldwork conducted at Pasentran MBS Sleman, Prambanan, Yogyakarta on July 26, 2018. Subsequently, it focuses on the potential and relevance of social capital in the sustainable development agenda at the community level as reflected in the case of MBS Sleman.

Methods: This study utilizes a qualitative research design using the case study and in-depth interviews with pasentran’s top management, observation, and document research. By adopting a case study method and an interpretative approach to data analysis this study explores the underpinning determinants of successful local level development from socio-economic sustainability perspectives.

Findings: Researchers found that MBS Sleman has been on the right track in implementing the agenda of sustainable development particularly from the socio-economic sustainability framework. This research also identifies several socio-economic sustainability practices and critical success factors to accelerate the achievement of self-sufficiency economy and sustainable communities at the local level.

Novelty: This study recommends a more integral and comprehensive model and framework for local-level development particularly for MBS Sleman. It may also trigger a review of specific strategies and initiatives related to developing and empowering the local community on how they can anticipate, participate and act constructively in the sustainability agenda.

Keywords: Socio-sustainability, Sustainable Development, Community Economy, Social Capital, Pasentran.

INTRODUCTION

The challenge posed by the neoliberal capitalist economy proven to have a devastating impact on less developed regions and developing economies. Among the social and economic problems, today are pollution, poverty, climate change, migration and urbanization issues, unemployment, food safety, etc. The latter now looking for an alternative economic model to sustain their economic and social fabrics as well as to safeguard the environment.

Concurrently, this century witnesses the rapid development of sustainable development as a conceptual framework, as a vision, and as a mission. It is now a major concern to the mission of various international and national institutions, corporate organizations, enterprises, cities, and communities. As asserted by the Brundtland Report 1987 Our Common Future, conservation can help to resolve the conflict between development and environment specifically through the utilization of species, ecosystems, and resources (WCED, 1987).

Although sustainable development topics have been vital concerns in recent decades, very little research has focused on the issues at the local level development particularly in developing countries. The 2002 World Summit on Sustainable Development highlighted a running concern over the misunderstanding wherein development has been widely viewed solely as economic development. Such a narrow definition may conceal the concerns for human development, equity and social justice (Robert et al. 2005). This signifies that the social pillar remained vague and received less attention to sustainable development studies.

Therefore, the objective of this research is to explore the potential and relevance of social capital in the framework of socio-sustainability in enhancing community economy as reflected in the case study of MBS Sleman. The central argument of this research revolves around the idea that social capital with its major element of shared vision and values, trustworthiness, and networking can be the best means to help accelerate socio-economic sustainability agenda at the local level notably to accelerate the achievement of self-sufficiency economy and sustainable communities at the local level.
LITERATURE REVIEW

The ESE (Economy-Social-Environmental) Framework of Sustainable Development at the Local Level

Sustainable development involves the reinforcing contribution of all three spheres of sustainability: economic, social, and environmental. Significantly, the ESE framework for community economy constitutes the triple-bottom-line goals of social equity, economic prosperity, and environmental stewardship. In this regard, development should not be viewed solely as economic growth but also concerns for human welfare, community well-being, and social justice. Robani & Salih (2018) highlights that poverty alleviation and improving livelihoods are the core issues of sustainable development at the local level. They assert that from the sustainable development perspective at the community level, economic sustainability must place greater emphasis on boosting economic opportunities and making a profound economic transformation to improve livelihoods and to end extreme poverty.

Robani and Salih (2018), urges for the new economic model and development paradigm they coined as Islamic Solidarity Economy (ISE) founded from Social Solidarity Economy and Islamic Gift Economy (IGE). Social Solidarity Economy (SSE) with its systemic and transformative approaches can be the best alternative system in this post-capitalist development agenda. Significantly, SSE is an ethical and value-based approach to economic development that prioritizes the welfare of people and the planet over profits and blind growth. On the other hand, IGE has been proposed as a holistic and balanced economic system derived from the basic principles of Islamic economic systems with ethical core values and principles inherent in Islam. It is primarily based on Tawheed and the intrinsic belief in the human relationship with economic and social justice, equitable distribution of income, social welfare and brotherhood (Choudhury, (1983); Chapra, (1992); Chapra, (2003); Akhtar, (2000); Askari, H., &Taghavi, R. (2005); Salih, K., (2013); Setia, A. (2014).

In this regard, the Islamic Solidarity Economy has been proposed as an alternative to the neo-liberal capitalist economic and development paradigm, which is viewed as more humane, inclusive and sustainable. It is hoped that ISE can be instrumental to solve the issue of poverty and social injustice as it is viewed as a more humanistic and sustainable model that resonates with culture and ensure balance (Mizan), social equity (‘adl), respect harmony between nature, people and markets (Robani & Salih, 2018).

According to Schor (2010) and Setia (2014), the gist of the alternative paradigm de-emphasize the roles of states and corporate organizations in the economy, but to highlight the role of community-driven initiatives and non-market practices that may deal directly with the needs and problems of the local community. This signifies the renewed interest in the household economy.

This paper, however, will only highlight the spheres of socio-economic sustainability on how it relates to the successful development of Muslim Village as reflected in the case of MBS Sleman.

Figure 1: The Economic-Social-Environmental Framework (Robani & Salih, 2018)

The proposed framework highlights collective responsibility to enhance and empower the three interdependent pillars of sustainable development - economic prosperity, social well-being, and environmental stewardship - at village, national, regional and international levels. Furthermore, sustainable development should not be perceived merely as economic growth but must also emphasize on livelihoods, community empowerment, solidarity, and social justice.

Socio-Economic Sustainability Sphere: The Role of Social Capital
This paper argues that the social sustainability sphere, the second sphere in the ISE framework, can be operated effectively with the presence of social capital. Social capital is the major catalyst for the effective functioning of the ESE framework. Social capital comprises networks, social values, and norms, can be developed and nurtured for the sake of local development through various types of social organizations whose ultimate mission are for common good. Any collective organizational form, legally or recognized at the appropriate level, governmental or non-governmental, established to undertake economic activities for the shared benefit of members of the organization. For illustration, at the local-level - cooperatives, rotating credit unions, community associations, foundations, “wakaf” organizations, mosques.

In recent years, academia from various disciplines particularly economists, sociologists, and political scientists, venturing within the field of the so-called “new economic sociology” started to highlight the dynamics of social capital in enhancing growth and sustainability. Despite its inconclusive scope and definition, social capital has been widely accepted empirically to have positive impacts on growth and sustainability. Social capital is viewed as an articulated set of fundamental values seen as essential to the sustainability agenda: mutual trust, trustworthiness, accountability, equality, solidarity, tolerance, respect for nature, and shared responsibility. For further illustration, the principles of social and economic justice can be manifested in the missions of developing an equitable economy, eradicating poverty, as well as preserving gender equality and indigenous rights. Social capital encompasses mainly the norms and networks that may facilitate development initiatives particularly in mobilizing collective action for mutual benefit (Bridger, J. C. & Luloff, A.E. (2001); Grooetaert C. & Bastelaer, T.V. (2002); Rydin, Y. & Holman, N. (2004); Seferiadis, A. et. al. (2015) as well as for successful development initiatives notably natural resources management and protection at the local level (Pretty, J. & Ward, H. (2001)).

The strengthening of social capital and thus social sustainability is also described in terms of group dynamics: strengthening of cooperation, social cohesion, mutual understanding, interdependence and collective response (Seferiadis, A. et.al. 2015). One institution that helps build social capital is a strong democracy. Democracy is most easily understood at the level of community governance, where all citizens are free (and expected) to participate in all political decisions affecting the community. Interactive discussions play an important role.

In recent years, scholars and policymakers have increasingly concurred with the idea that community’s available stock of social capital may be instrumental for the successful attainment of sustainable development agenda (Putnam, R. (1993); Bridger, J.C & Luloff, A.E. (2001); Dale, A. & Newman, L. (2010). More importantly, it was largely as responses to globalization and economic restructuring in the post-capitalist development agenda. The local community was forced to revisit and revive their agenda particularly to enhance their local economy and to become resilient amidst the challenges. Several research projects have shown that social capital plays a central role in supporting economic development (Woolcock, M. (1998); Rydin, Y. & Pennington, M. (2000); Rydin, Y. & Holman, N. (2004); Bridger, J. C., and Luloff, A.E. (2001); Pretty, J. & Ward, H. (2001); Seferiadis, A. et.al.(2015). Unfortunately, the critical linkage between sustainable development and social capital remains largely unexamined.

Bridger and Luloff (2001) assert that building social capital will enhance efforts to create sustainable communities. They retain the idea that successful implementation of sustainability depends on increasing a community’s available stock of social capital. Dale & Newman (2010) argue that the government plays a critical role in the development of the local community. Among the intervention needed is to realign policies and incentives to complement the existing social capital network formation by strategically targeting their interventions at strengthening the local leadership and governance as well as to empower the community through various human resources training programs and incentives.

Bridger and Luloff (2001) stress that the issue of minimal community’s participation in the decision-making process in sustainable community development can be overcome by increasing the local stock of social capital. Bridge further argues that to successfully implement the sustainable development agenda, the community’s participation and engagement must be given due emphasis. Potapchuk (1996) highlights that “participatory democracy” becomes the central element in unleashing the power of people to control their destiny and nurturing citizen to citizen connection that helps build a political consensus and will, strengthens neighborhoods, improves intergroup relations, and creates neighborliness that helps with daily needs”.

Development programs involved massive interdependence of various actors such as local authorities, regional or metro level authorities and even national level agencies or representatives of the central government and community representatives. Woolcock (1998) stresses that social capital as an enabler in integrating communities at every level of the society from the micro or village level; to the state at the macro level; up to the macro-level institutions.

What is more important is how to strengthen relationships and build common ways of working between these actors at different levels to materialize the development agenda. Rydin & Holman (2004) contend that social capital can bring together different kinds of actors from various types of linkages for a common goal. They identified two types of social capital imperative for the successful implementation of local development programs i.e. bonding and bridging capital. Bonding capital may be instrumental in supporting grassroots development based on community participation while bridging capital would be beneficial in linking funders, local communities, and government agencies through the support of NGOs for their cause.
Significantly, the study of sustainable development community level involves mainly the promotion of local economic development with particular attention towards poverty alleviation. Secondly, interest also focuses on common property resources management systems. Another issue of concern is the enhancement of local leadership and association, and community engagement, and participation in the SD agenda. Improvement in policymaking level which gives attention towards a more democratic, holistic and integrative approach involves a partnership of various policy actors is an urgent necessity. Overcoming collective action problems by encouraging inter-relationship between village actors and enabling joint actions for example in seeking collective wealth and income sharing activities and managing the environment are among the main challenges.

**METHODODOGY**

This research employs non-experimental research using primary and secondary data. The subject of research was the principal, manager, and teachers of MBS Sleman. The interviews of all research participants were conducted face to face, in the premise throughout the research. According to Ryan, A (2004) various ways can be used in this approach such as email, interview, and participant observation and can also be a combination of all of them in one research. Since this research involved mainly human interaction and participation of individuals from different backgrounds, permissions for the recording of interviews including photos have been sought from the research participants beforehand. Furthermore, attention was given to ethical considerations to ensure that the study conformed to ethical principles and values governing research involving humans as well as to protect both the research participants and the researcher (Habibis, 2006). For this research, the completed interview data are safely protected. The qualitative interview data were then transcribed and analyzed according to selected themes.

**FINDINGS & DISCUSSION**

*Historical Background of Muhammadiyah Boarding School (MBS), Sleman*

According to Bruinessen (2008), the tradition of Islamic teaching that emerged in Javanese pesantren and similar institutions outside of Java was indeed a great tradition. But no matter how it started, the pesantran remains the oldest Islamic and educational institution in Indonesia, whose development originated from the initiatives of the surrounding community. Although it is difficult to confirm the actual date of its emergence, there are many allegations that the pesantran began to develop shortly after the Islamic community was formed in Indonesia, and its emergence is inseparable from efforts to spread the Islamic religion in the community. In short, pesantren in Indonesia is an integral part of the educational institution based and rooted fundamentally from the community. Furthermore, the pesantran has a unique code of conduct and is different from other educational institutions.

In addition to traditional forms of teaching, pesantren also have unique life patterns. Normally, pesantren is a complex with a location that is generally separate from life around it. Within the complex stand several buildings: the kiyai's residence; a musolla or mosque for praying and meeting as well as conducting teaching; and the hostel where the students live. This kind of complex may escalate a sense of belonging and spirit of brotherhood among the pesantren members since they stayed together as one including 1) the kiyai / caregiver as an authoritative role model; 2) mosque as a center for ritual and spiritual interaction; 3) recitation as social, intellectual and spiritual activities; and 4) dormitories as a vehicle for communication and social and cultural interaction within the santri community. With such an environment, the pesantren community upholds the same unique ethos and values, notably religious attitudes and behaviors, solidarity as well as egalitarian values.

Muhammadiyah Boarding School (MBS) is a Muhammadiyah Modern Islamic Boarding School which was founded on January 20, 2008. The major concern of the founders at that early stage was the issue of a shortage of Islamic cadres to propagate Islam (da’wah) in the Prambanan region. The location of MBS Sleman is in the Village of MaranganBokoharjo, Prambanan Sub-District, Sleman Regency, Yogyakarta. This region was once a historical area of Hindu civilization with the largest relic of the Prambanan temple. Now Bokoharjo village has a population of around 10,200 people, with a majority of 80% being Muslim. The community around MBS strongly supports the existence of MBS because there is a good synergy between pesantren and the community.

The pesantren starts with a struggle without having anything zero rupiah and zero meters. At the initial stage, this Islamic boarding school started with a borrowed land from the royal family. The first building still in use today as dormitory buildings. With the determination and persistence of the founders, they managed to establish this Islamic boarding school to answer the shortcomings of Islamic cadres. Furthermore, from donations, and loans from Muhammadiyah Institutions (Universitas Ahmad Dahlan), MBS Sleman managed to buy land of approximately 400 m, to build a hostel and male santri (students) classes. From not owning land in 2008, to date the existing land area owned by MBS Slemanhas reached 7 hectares.

In 2008 MBS Sleman began junior high school education with 64 students, and 17 teachers. After going through 10 years of hard work and struggle, there are now 2,345 students with 350 teachers and employees. The level of pesantren education here comprises elementary, middle and high school levels.
Today, MBS Sleman has become a prominent Islamic boarding school, which is not only engaged in religious education but modern and public as well. Apart from its commitment to producing Islamic cadres for the region, MBS Sleman also placed priority on the agenda of the self-sufficiency economy through the *jihad* economy.

**Socio-Economic Sustainability Sphere in MBS Sleman, Yogyakarta**

MBS Sleman since beginning adheres to the motto *from Community to Community for Community*. They put aside their self-interest, and work hard for common interest to develop MBS Sleman as a successful pesantran in the region.

As mentioned earlier the ISE may pave the way to consider how local populations could reach certain objectives and satisfy certain needs using techniques characteristic of IGE and, thus, carve out a social and economic space of their own to alleviate poverty and improve livelihoods (Salih & Robani, 2018). The researchers observed that the community of MBS Slemanshared a common vision and values towards achieving a common goal. The values of independence, honesty, and discipline have been instilled in the heart and minds of the students in this pesantran through its curriculum and co-curricular activities. Whereas the surrounding community is also actively involved with the pesantren through several entrepreneurial and Islamic learning and propagation activities. They regard this kind of act as sufficing the community and serving humanity or, known in Arabic term *fardhu al-kifayah* (Setia, 2014).

Among the critical values and principles observed in the pesantran from socio-sustainability aspect;

1. **Solidarity (Ukhuwah)**, able to create cooperation (ta’awun), solidarity, mutual respect and tolerance within religious constraints and building group feeling (networking). All of that is the key to socio-economy success.
2. **Sincerity** is the main foundation because it can guarantee the quality of output and create a conducive and Islamic work ethic.
3. **Freedom** - free in positive terms, philosophy opens creative ideas, gives space in the work finally puts himself in his place / trying according to his ability / doing business according to the level of his problems.
4. **Simplicity** - forming strength within oneself, patience in facing difficulties, daring to face challenges, making all business activities as they are, everything is determined based on needs, far from being excessive (fair).
5. **Self-reliance**, giving birth to steel-minded businessmen (hardiness), creative and innovative (*muhtarif*) who understand the essence of Al Baqarah, 2: 286.

MBS Sleman does not focus merely on striving for academic excellence but also committed to empowering the neighbouring community. The pesantran placed great emphasis on the dissemination of Islamic knowledge and Quranic teachings to the surrounding communities. A series of da’wah activities have been initiated weekly to nurture and educate the communities on Islam and Al Quran.

Apart from knowledge dissemination, the Muslim community has been entrusted and hired to manage the pesantran’s enterprises such as catering, laundry as well as the bakery. While working and serving the pesantran, the communities also having the opportunity to join programs and activities for personal and spiritual development organized by the pesantran.

The core of Islamic economic theory is fair and pious, both of them form an atmosphere of *ta’awun*(cooperation) between economic actors. Working is fair, being patient in business failure is *Ihsan*. Many economies are trapped with the term capital which is only meant by money, knowledge, and material, whereas noble character is the most important business capital.

As in the case of MBS Sleman, the pesantran through its Economic Division initiated a lot of entrepreneurial programs to help generate income for the pesantran. This study observed that they are on the right track in integrating the concept and practice of social entrepreneurship in the pesantren. They managed to have their branding in this business venture namely Hasbuna. They have Hasbuna Mart for daily consumer goods, Hasbuna restaurant, bakery, grocery, and laundry. They also expand their business by venturing into fisheries initiative as well as having their workshop for construction components. All these enterprises not only to cater to the students’ needs but also the outside communities.

According to the principal, enterprises are managed professionally with experts who are specialized in their fields. The net profit that can be achieved at this time reaches around Rp. 800 million, successfully managed to support the school’s operational cost and the cottage construction activities.

At present, the total number of employees working in the Economic Unit is around 200 people outside the education staff. The workforce is from community members around MBS Sleman. The principle of togetherness is based on sincerity, hard work, and brotherhood is always instilled in all those involved in MBS Sleman. This also signifies MBS Sleman’s uncompromising commitment to empowering the local community.

The model of MBS Sleman hopefully has shed some light on the strategic role of the Islamic Solidarity Economy framework and social capital in enhancing the sustainable economy and building a resilient community at the local level. It may extend our understanding that sustainable development must be not only environmentally sustainable but also
socially sustainable and ethical (Hancock(1996); Seferiadis, A. et al. (2015). As observed by this study, MBS Sleman with sufficient stock of social capital managed to clearly identify their local priorities, hold communities together with social values and norms, and link them soundly with their economic development initiatives.

CONCLUSION AND RECOMENDATIONS

The socio-sustainability model practiced by MBS Sleman can be regarded as an attempt to rebuild the local and village economy through the implementation of the Islamic Solidarity Economy (ISE) model. The latter is viewed as an alternative system to reduce poverty and improve livelihood at the community level.

Significantly, sustainability studies at the local level involve mainly the promotion of local economic development with particular attention towards poverty alleviation. Secondly, interest also focuses on common property resources management systems. Another issue of concern is on strengthening local leadership and association, community engagement and participation in socio-sustainability agenda. Improvement in policymaking level which gives attention towards a more democratic, holistic and integrative approach involves a partnership of various policy actors is an urgent necessity. Overcoming collective action problems by encouraging inter-relationship between village actors and enabling joint actions for example in seeking collective wealth and income sharing activities and managing the environment are among the main challenges.

While an economic enterprise may be undertaken at the individual level, and/or socially organized at the household level, and employing assets (such as land, and individual capital, including own labor), the sustainable economic enterprise has greater chances of survival at the local level when organized through the deployment of social capital and asset-pooling. In this regard, it is highly recommended for MBS Sleman to enhance their participation and roles in the cooperative system of the economy.

This study ventures to argue that while embracing productive social capital, a social organization with strong local leadership may facilitate the achievement of socio-sustainability goals of any local level. The creation of structural mechanisms or platforms such as cooperatives and entrepreneurial organizations may pave ways for intensive and frequent opportunities to meet, interact, and venture together for common goals. This may be regarded as the way forward for MBS Sleman, Yogyakarta.

LIMITATION AND STUDY FORWARD

This paper, however, only highlights the domain of socio-economic sustainability on how social capital may be instrumental to help boost economic growth at the local level. A more thorough study is expected notably to scrutinize the role of local leadership in pulling the community participation in the development initiatives as well as to investigate the strategic role of Islamic philanthropy and cooperatives to further enhance the local economy.

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