

THE INFLUENCE OF SOCIAL CAPITAL THROUGH TRUST AND SOLIDARITY, AS WELL AS INPUT INNOVATION ON THE WELFARE OF THE PEOPLE OF WEST MANGGARAI, LABUAN BAJO, EAST NUSA TENGGARA DURING THE COVID-19 PANDEMIC

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Abstract

The background of this study is the importance of social capital in terms of trust and solidarity, as well as innovation based on input innovation, in communities in West Manggarai, Labuan Bajo, East Nusa Tenggara in achieving prosperity. This research uses a form of analysis model where the model framework is built with a quantitative approach with a total of 309 respondents from various elements of the local community. The tool used is a structured survey questionnaire tool, to explore individual experiences in terms of building social capital in terms of the sub-dimensions of Trust and Solidarity, as well as Input Innovation for their prosperity. This research uses structural equations / Structural Equation Modeling (SEM) using Lisrel software.

Keywords: Social Capital; Trust and Solidarity, Input Innovation, Welfare; Labuan Bajo.

INTRODUCTION

Labuan Bajo in West Manggarai Regency, East Nusa Tenggara, is a tourist destination favored by the Indonesian government as part of the 10 New Bali program to boost the tourism industry and creative economy. However, despite its beautiful natural conditions, development in this sector has not had a significant impact on the welfare of local communities. The high cost of living and low minimum wage cause inequality and hardship of living for some. Personal income has a major influence on consumption activities, and this is still a challenge for the people of Labuan Bajo to achieve a decent life (Ismowati et al., 2022).

Labuan Bajo is an area in East Nusa Tenggara Province, which is considered to have great potential as a tourist destination. However, even though the tourism sector and creative economy are growing rapidly, local people are still not prosperous. This is due to the disparity between the high cost of living and low income. In addition, spending on food needs still dominates the expenditure of the local community. The high price of food in Labuan Bajo is caused by higher fuel prices and most basic necessities are still imported from outside the island. This condition was exacerbated by the Covid-19 pandemic which caused the tourism sector to be quiet and difficult for local people to earn income. Although the government has declared Labuan Bajo as a major tourist destination, there are still many socio-economic issues that need to be considered to improve the welfare of the local community.

During difficult times, people in Labuan Bajo utilize social capital in their daily lives. Social capital includes beliefs, norms, and networks that are believed to increase the efficiency of society through certain structured actions and behaviors. Mutual trust, kinship, and community approach serve as helpers for society, especially in difficult times (Narayan and Michael, 2016). One form of social organization is Trust and Solidarity, found in the Labuan Bajo community supported by the natural and cultural environment. This motivates people to take action in meeting the needs of life, innovating, and creating new breakthroughs in the form of valuable economic services or products. Thus, the role of social capital is very significant in generating innovations to achieve community welfare.

The purpose of this study is centered on the analysis of the influence of social capital through Trust and Solidarity, innovations related to Input Innovation, and community welfare in Labuan Bajo.

LITERATURE REVIEW

A. Social Capital – Trust and Solidarity

In a 2016 study, Narayan and Michael proposed a method for calculating social capital indicators called the Integrated Questionnaire to Measure Social Capital (SCIQ) used in surveys of households in developing countries. Among the quantitative indicators of social capital identified are the level of expenditure and household income. The results showed that social capital consists of six aspects, namely groups and networks, trust and solidarity, action and cooperation, information and communication, social cohesion and inclusion, and political empowerment and action.

Social capital in society is generally divided into 3 types, namely bonding social capital, bridging social capital, and linking social capital. Social capital plays an important role in facilitating effective interaction and cooperation between individuals within a community, and can serve as a social link by enabling relationships between people and groups with different identities.

Furthermore, social capital is an integral part of Pierre Bourdieu's (1995) research, which revolves around three main concepts: (a) Field, (b) Capital, and (c) Habitus. Bourdieu emphasizes that understanding relationships, transactions, and key events on the ground is critical to analyzing the determinants of these interactions, not just the results. In addition, actors who have more power will dominate and even monopolize the field. The researchers then analyzed the amount of capital held by each actor and its relationship to their position in the region, which includes economic capital, social capital, cultural capital, and symbolic capital.

B. Input Innovation

In addition to social capital, innovation is a term that has been defined by various theorists and authors. According to Nicholls et.al, (2019), innovation can be defined as a new idea that meets unmet social needs, and is successfully implemented to solve problems. Innovation can include

new ideas, regulations, and organizational forms, and is often associated with changes in social relations.

Innovation is divided into two types, namely Input Innovation and Process Innovation. Input innovation is characterized by 3 aspects, namely: (a) aspects of consciousness; (b) socio-cultural aspects and (3) habitual aspects. Innovation specifically refers to the creation and application of new ideas about how people should organize interpersonal activities or social interactions to achieve common goals. Hussain et.al, (2014) defines innovation as the ability to understand, develop, deliver, and improve new products, services, processes, and business models for customers in commercial ventures.

In contrast, Thiangtam et.al, (2016) argues that innovation creates a competitive advantage for businesses and can be classified into three types: product innovation, service innovation, and process innovation. Social innovation, on the other hand, is a more complex process that introduces new outcomes, systems, or plans that fundamentally change the underlying habits, resource flows, and authorities or beliefs of the social system in which innovation occurs.

Innovation requires a willingness to change and the ability to turn ideas into action. Innovation is often seen as a tool for entrepreneurs to capitalize on change as a growth opportunity. It can be demonstrated, learned, and practiced. These changes may involve introducing new ways or incorporating traditional methods to transform inputs into outputs that provide value and meet the needs of the market or society. In conclusion, although there are similarities between innovation, invention, and improvement, all three are distinguished by the fact that innovation involves the use of new ideas or techniques, while invention involves the creation of the idea or technique itself.

C. Welfare

Alatartseva and Barysheva (2015) state that well-being can be assessed from two points of view: an objective perspective, which focuses on material aspects, and a subjective perspective, which deals with one's inner experiences. A person is considered "rich" only if both aspects are met. Having material wealth alone is not enough for a person to be considered "rich" if they do not have peace of mind, time to engage in spiritual activities, freedom to express opinions, and social interaction. On the other hand, if a person's basic needs such as food, clothing, and shelter are not met, they are considered "not prosperous". Lack of economic stability can have an impact on a person's social life, affecting their relationships with family, community, and society.

According to Ogwumike et al. (2018), welfare is the foundation of a peaceful and socially harmonious life. Well-being includes both material and non-material aspects, including physical and mental security, respect, and social friendship. The fulfillment of these needs provides opportunities for every citizen to reach their full potential, contributing positively to society while defending their human rights. Similarly, Abdullahi et.al, (2021) emphasizes that well-being is a fundamental need for citizens to meet their material, spiritual, and social needs, allowing them to live fulfilling lives and fulfill their social responsibilities.

Sherman & Axelrad (2022) conducted a quantitative investigation into the relationship between supporter motivation and well-being in crowdfunding. Their research used variables such as well-being, intrinsic and extrinsic motivation, serial funding, and social welfare, and used survey data and least squared regression. This study found that well-being is not only measured in terms of material (extrinsic), but also includes non-material aspects (intrinsic).

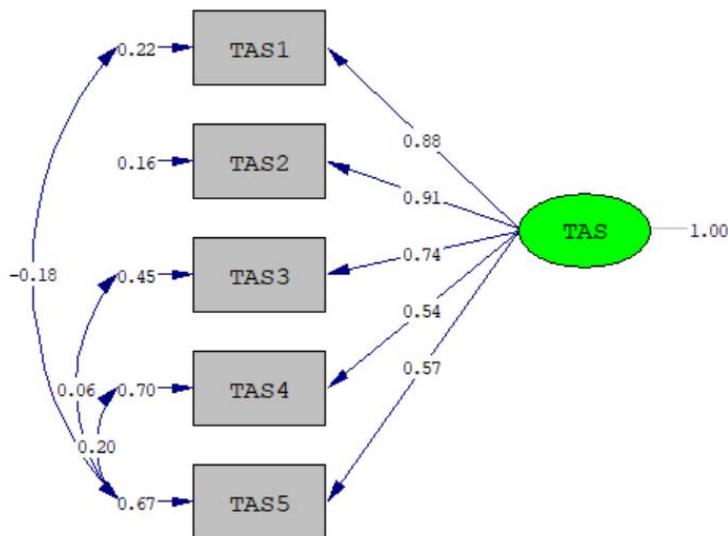
RESEARCH METHOD

The use of quantitative data is at the core of social science research, but presents challenges in measuring individual actions and thoughts that cannot be observed and controlled like non-individual objects. Social science research often involves abstract problems, so the selection of characteristics or aspects of social facts must be quantified (Koentjaraningrat, 1997).

This research uses a deductive or quantitative methodology, which involves observing measurements through experiments and surveys to test theories. From a positivist perspective, social reality is different from physical reality that is outside the researcher, and data were collected using research questionnaires. To enhance and add depth to the findings obtained through quantitative analysis, the researchers will also conduct detailed interviews (Cresswell, 2016).

Primary data collection method conducted by surveying 309 community respondents in Labuan Bajo, using purposive random sampling technique. This study lasted for 2-3 weeks with the sampling location in the West Manggarai region. The questionnaire used is a closed questionnaire with predetermined answer choices. The data collected is primary data collected directly by researchers with the help of questionnaires. The data will be processed using SEM / Lisrel, where SEM is used to test the relationship between latent variables in the model. The latent variables in this study are divided into exogenous and endogenous variables. Exogenous latent variables include Trust and Solidarity, as well as Input Innovation. An endogenous latent variable includes well-being. There are four stages in the process, including: 1) Testing latent variable measurement models involves *testing Goodness of Fit* using 9 indicators, validity testing and reliability testing; 2) Testing measurement models by calculating Standardized Loading Factor (SLF). Furthermore, reliability tests were carried out by calculating the values of Construct Reliability (CR) and Variance Extract (VE), and 3) Confirmatory Factor Analysis (CFA) tests analyzed the validity of all latent variables if processed properly. Simultaneous and 4) Structural model testing or also known as hypothesis testing by calculating the value of T. Data and model match is categorized as a good match if 9 indicators: RMSEA < 0.08; NFI > 0.90; NNFI > 0.90; CFI > 0.90; IFI > 0.90, RFI > 0.90; Standardized RMR < 0.05; GFI > 0.90 and AGFI > 0.90. The observed variables are considered to have good validity if the value of SLF > 0.50; and have good reliability if the value of CR > 0.70 and VE > 0.50. The hypothesis is accepted if the absolute calculated T value > 1.96 (Wijanto, 2008).

DISCUSSION AND CONCLUSION



Chi-Square=4.28, df=2, P-value=0.11793, RMSEA=0.061

Figure 1: Trust and Solidarity (TAS) Path Diagram

Table 1: Model Fitability, Validity and Reliability Test of TAS

TAS Latent Variable Model Fit Test			
RMSEA = 0.061; NFI = 0.97; NNFI = 0.93; CFI = 0.99 ; IFI = 0.99, RFI = 0.87 ; Standardized RMR = 0.90 ; GFI = 0.90 and AGFI = 0.90			
Conclusion of Model Fit Test: overall the observed variables in the latent variable TAS have a good match, so the data support the research model.			
Test the validity and reliability of TAS latent variables			
Observed Variables	Standardized Loading Factor (SLF)	Error	Information
BAG 2	0.91	0.16	Good validity
BAG 1	0.88	0.22	Good validity
BAG 3	0.74	0.45	Good validity
BAG 5	0.57	0.67	Good validity
BAG 4	0.54	0.70	Good validity
Value Construct Reliability (CR) = 0.86; Variance Extract (VE) = 0.56. Conclusion: all variables observed in TAS latent variables have good validity and reliability.			

Source: processed by researchers (2023)

Referring to Figure 1 and Table 1 which are the results of the measurement model test, a model fit test with a good fit, good validity and reliability test is produced. The observed variable TAS2 with the highest *Standardized Loading Factor* (SLF) score represents respondents' perceptions according to the statement: "provide voluntary contributions and attention if fellow colleagues are present who gave birth." Furthermore, the second highest score was on TAS1

which stated, “making voluntary contributions to fellow colleagues who experience both moral and material disasters.” The third highest SLF score was on TAS3 which read: *provide voluntary donations and care if a fellow colleague dies.* In fourth place is TAS5 with the explanation: *giving permission to stay in one house if there are relatives or colleagues in need.* In the last place is TAS4 which reads “providing business capital loans to fellow partners.



Chi-Square=13.48, df=8, P-value=0.09631, RMSEA=0.047

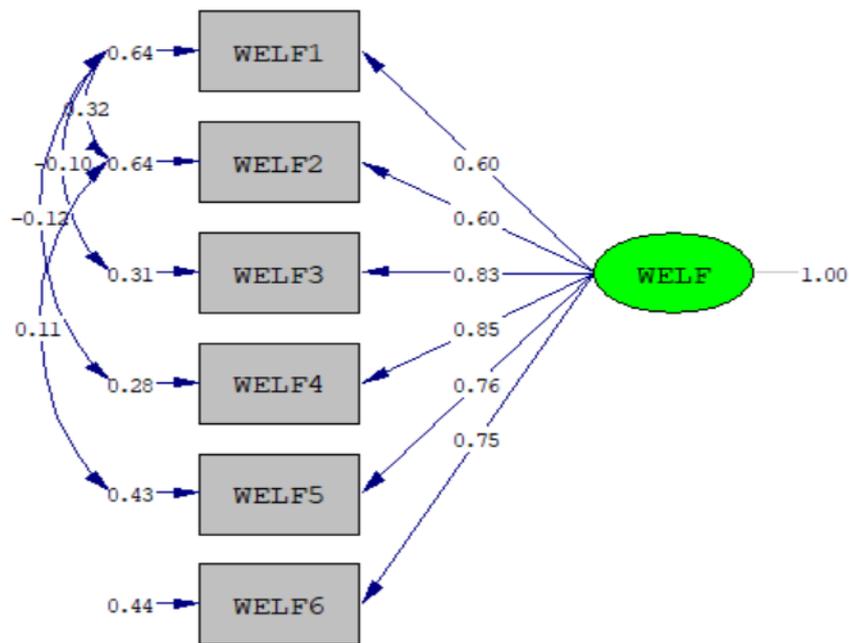
Figure 2: Path Diagram Input Innovation (INOVIN)

Table 2: Model Fit Test, Validity and Reliability of INOVIN

<i>INOVIN Latent Variable Model Conformity Test</i>			
RMSEA = 0.047 ; NFI = 0.99 ; NNFI = 0.99 ; CFI = 1.00 ; IFI = 1.00, RFI = 0.98 ; Standardized RMR = 0.020 ; GFI = 0.99 and AGFI = 0.95			
Model Fit Test Conclusion: overall the observed variables in the INOVIN latent variable have a good match, so the data support the research model.			
<i>Test the validity and reliability of INOVIN latent variables</i>			
Observed Variables	Standardized Loading Factor (SLF)	Error	Information
Inovin 11	0.83	0.31	Good validity
Inovin 6	0.71	0.49	Good validity
Inovin 7	0.70	0.52	Good validity
Inovin 10	0.69	0.53	Good validity
Inovin 4	0.68	0.54	Good validity
Inovin 3	0.58	0.66	Good validity
Inovin 8	0.54	0.70	Good validity
Value Construct Reliability (CR) = 0.86; Variance Extract (VE) = 0.47. Conclusion: all variables observed in the INOVIN latent variable have good validity and reliability.			

Source: processed by researchers (2023)

Referring to Figure 4.2 and Table 4.2 which are the results of the measurement model test, a model fit test with a good fit, good validity and reliability test is produced. The observed variable INOVIN11 with the highest *Standardized Loading Factor* (SLF) score represents the respondent's perception according to the statement: "Education and training are very important to improve ability." Furthermore, the second highest score is at INOVIN6 which states: "business competition around us has been carried out healthily (awareness)." The third highest SLF score is on INOVIN7 which reads: "we value the businesses around that have provided fair wages / income without differentiating based on gender and sara (habit)." In fourth place is INOVIN10 with the explanation: "women get the same access and stability as men in increasing ability, association and insight with education and training (socio-cultural)." In fifth place is INOVIN4 which reads "we take existing business opportunities based on the resources we have (habits)." The sixth order is in INOVIN 3 which reads, "women have the same opportunities as men to run (socio-cultural) businesses." In the last place is INOVIN8 which reads, "when conditions are difficult, business owners reduce the number of employees to reduce the risk of loss (habits)."



Chi-Square=0.96, df=5, P-value=0.96570, RMSEA=0.000

Figure 3: Path Diagram of Wellbeing (WELF)

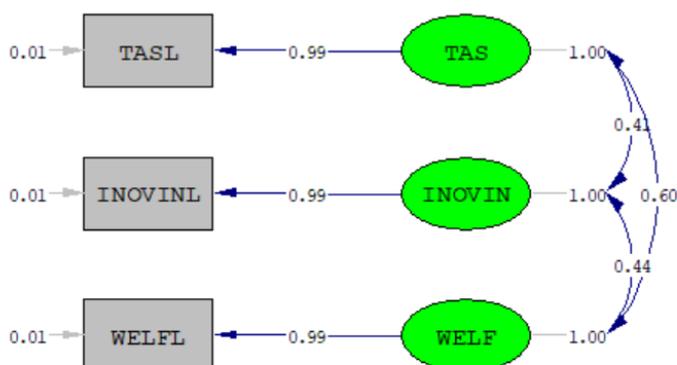
Table 3: Model Fitability, Validity and Reliability Test of WELF

<i>WELF</i> Latent Variable Model Conformity Test			
RMSEA = 0.0 ; NFI = 1.00 ; NNFI = 1.01 ; CFI = 1.00 ; IFI = 1.00, RFI = 1.00 ; Standardized RMR = 0.0026 ; GFI = 1.00 and AGFI = 0.99			
Model Fit Test Conclusion: overall the observed variables in the <i>WELF</i> latent variable have a good match, so the data support the research model.			
<i>Test the validity and reliability of WELF</i> latent variables			
Observed Variables	Standardized Loading Factor (SLF)	Error	Information
Welf 4	0.85	0.28	Good validity
Welf 3	0.83	0.31	Good validity
Welf 5	0.76	0.43	Good validity
Welf 6	0.75	0.44	Good validity
Welf 1	0.60	0.64	Good validity
Welf 2	0.60	0.64	Good validity
<i>Value Construct Reliability (CR) = 0.87; Variance Extract (VE) = 0.54. Conclusion: all variables observed in WELF latent variables have good validity and reliability.</i>			

Source: processed by researchers (2023)

Refer to Figure 3. and Table 3. which is the result of the measurement model test, the model fit test with good fit, good validity and reliability tests is produced. The observed variable WELF4 with the highest *Standardized Loading Factor (SLF)* score represents the respondent's perception according to the statement: *"I and family members/relatives have time to worship and explore religious knowledge among the busyness of business/commerce/work."* Furthermore, the second highest score was on WELF3 which stated: *"I and family members/relatives have time to get together and meet each other among the busyness of business/trade/work."* The third highest SLF score is on WELF5 which reads: *"I and my family members/relatives have had time to improve my trading skills/work well from colleagues/family members as well as official training."* In fourth place is WELF6 with the explanation: *"I and my family members / relatives have a place to live that is able to shelter from hot rain decently."* In fifth place is WELF1 which reads *"I and family members/ relatives are able to see a doctor or hospital if sick from business/ trade/work."* In the last place is on WELF2 which reads *" I and my family members / relatives are able to eat 4 healthy and 5 perfect foods every day from effort/ trade/work."*

Figure 4: Confirmatory Factor Analysis (CFA) Test Diagram Path



Chi-Square=0.00, df=0, P-value=1.00000, RMSEA=0.000

Table 4: Confirmatory Factor Analysis (CFA) Test

CFA Latent Variable Model Conformity Test					
Goodness of Fit Statistics					
Degrees of Freedom = 0					
Minimum Fit Function Chi-Square = 0.00 (P = 1.00)					
Normal Theory Weighted Least Squares Chi-Square = 0.00 (P = 1.00)					
Satorra-Bentler Scaled Chi-Square = 0.0 (P = 1.00)					
The Model is Saturated, the Fit is Perfect !					
Conclusion uji kmatch model: overall the variables observed in the latent variable CFA have a very good match (<i>perfect fit</i>), so that the data strongly supports the research model.					
Test the validity and reliability of CFA latent variables					
Observed Variables	Standardized Loading Factor (SLF)	Error	CR**) value > 0.70	VE***) value > 0.50	Information
BAG			0.86	0.56	Good Reliability
BAGL	0.99	0.41			Good Validity
INOVIN			0.86	0.47	Good Reliability
INOVINL	0.99	0.60			Good Validity
WELF			0.87	0.54	Good Reliability
WELFL	0.99	0.44			Good Validity

Source: processed by researchers (2023)

Figure 5: Path Diagram of Research Structural Model *Test Results (T-Value)*

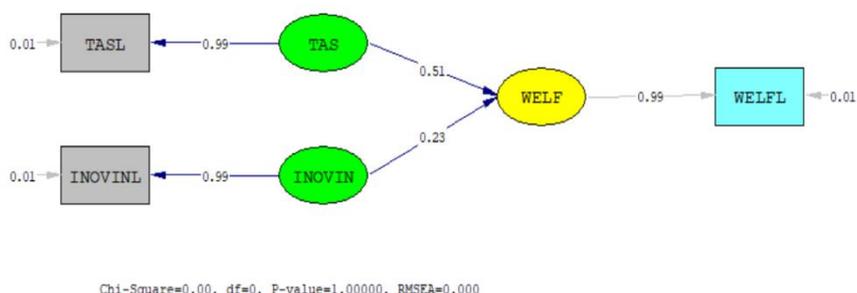


Figure 6: Path Diagram Test Results of Research Structural Model (Standard Coefficient)

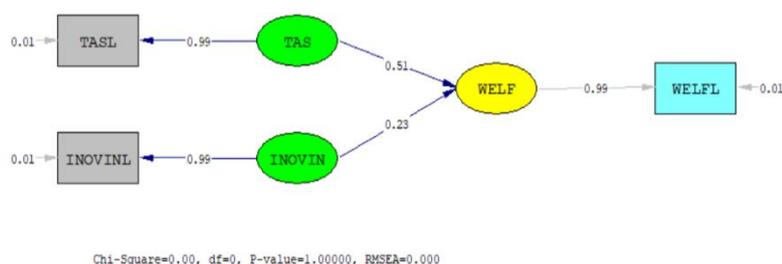


Table 5: Results of Structural Model Test / Research Hypothesis Test

Information	Relationship Between Variables	T Value Calculate	Standard Coefficient	Conclusion of Hypothesis Test
Hypothesis 1	There is an influence between <i>Trust and Solidarity (TAS)</i> and <i>Welfare (WELF)</i>	6.18	0.51	H1 is accepted because the absolute calculated t value > 1.96
Hypothesis 2	There is an influence between <i>Input Innovation (INOVIN)</i> and <i>Welfare (WELF)</i>	3.53	0.23	H2 is accepted because the absolute calculated t value > 1.96

Based on the results of the hypothesis test, it can be seen that all hypotheses are accepted, where there is a positive relationship between Trust and Solidarity to Welfare. In this case, it confirms that social capital in the form of Trust and Solidarity has a positive impact on the welfare of the people of West Manggarai, Labuan Bajo. The better tolerance, mutual trust, and eating, the stronger the relationship between individuals in one community to help each other in the form of goods, money and energy. This also happens in Input Innovation to Welfare, because the more innovation in the input process, it will encourage productive and innovative individuals. This is very good for people to produce goods and / or services that are valuable and competitive, thus impacting their level of welfare. When viewed from the value of the standard coefficient of TAS to WELF, the value is greater, compared to INOVIN to WELF. Thus, it can be concluded that the influence of TAS on WELF is much stronger than INOVIN on WELF.

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