

The Effect of Economic Institutional based on Capital Goods on Economic Welfare Through Rubber Sector Coordination and Rubber Sector Collaboration Moderation

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Abstract

The purpose of this paper is to determine the effect of the Economic Institutional Based Community, Social Network Establishment, Re-trust of Social Affiliates, and Regrouping Based on Capital Goods on Economic Welfare through the Moderation of Rubber Sector Coordination, and Collaboration on the Rubber Sector. This research utilized qualitative explanatory associative. The study was conducted on the rubber plantation community in Kuantan Singingi Regency, Riau Province, Indonesia. The sampling technique used in this study was non-probability sampling. Purposive sampling is a sampling method based on certain criteria. The research approach used was quantitative with an analysis tool Generalized Structure Component Analysis (GSCA). The results of the analysis, there is an influence of the Economic Institutional Based Community, Social Network Establishment, Re-trust of Social Affiliates, and Regrouping Based on Capital Goods and Rubber Sector Coordination and Collaboration Rubber Sector on Economic Welfare. The higher value of the Economic Institutional Based Community, Social Network Establishment, Re-trust of Social Affiliates, and Regrouping Based on Capital Goods and Rubber Sector Coordination and Collaboration on the Rubber Sector will have an impact on the increasing economic welfare. The existence of a moderating effect in this study is a distinction between this research and previous studies. Previous research merely described the problem qualitatively. Similar research has never been carried out in the Kuantan Singingi area, therefore this research is worthy of publication due to its originality.

Keywords: Economic Welfare, Explanatory Associative, Rubber Plantation.

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I. Introduction

Rubber production in Riau Province is one of the largest in Sumatra. In the period 2008 to 2012, rubber production in Riau Province experienced stagnancy. The production rate was in the range of 325,000 tons to 396,000 tons in 500,949 hectares land use [1]. Based on land use, the highest rubber commodity development potency is in Kuantan Singingi Regency possessing an area of 146,215 hectares. The second largest is Kampar Regency

with an area of 101,597 hectares, and Indragiri Hulu Regency with an area of 61,372 hectares [1].

Furthermore, the rubber plantations stagnant productivity is counterproductive to macro development scenarios compiled at both the central and regional levels. Master Plan for the Acceleration of Indonesian Economic Development (MP3EI) explicitly stated that there is a need for accelerated economic development in Sumatra through the rubber industry development. The output is to build a downstream industry for rubber

commodities which will eventually bring multiplier effects in other fields, especially the community economy.

The urgency to revitalize rubber commodities in Kuantan Singingi Regency increased when people who had been concerned about managing rubber plantations eventually moved to palm oil management as it is considered more profitable in the short/medium term. The decline in community interest to manage rubber indicates a decline in the level of pull and push factors in rubber commodities development in Kuantan Singingi Regency. Hence, the solution to this issue needs to be immediately sought.

Human resources on rubber commodities management in Kuantan Singingi Regency is concentrated in self-management management patterns. The self-reliant (*Swadaya*) pattern tends to position the farmer as subordinate. For example, in terms of the rubber selling price. The other four patterns have more bargain and bargaining power in the context of managing rubber commodities, as these patterns move their business in more managerial and systematic ways compared to self-reliant patterns. For example, with the awareness to form an institution. The latest data exhibited that out of 62,975 farmers, 35 rubber plantation business institutions have been formed with a total membership of around 1,012. There are a huge number of farmers managing rubber plantations. Nevertheless, these have not been developed and/or empowered according to their strengths.

The development of small and medium scale socio-economic groups on rubber plantations needs to be the main target in community-based development activities. Such community development will, in turn, provide opportunities for the development of local economic activities and other productive endeavors [2]. Nasdian further argued that institutional development is crucial for the development of productive economic efforts as this development requires high transaction costs. In addition, through institutional development, especially customary institutions, it was found to be able to overcome various social problems, such as child neglect and poverty [3].

The development of rubber plantation institutions reflects the extent to which social networks have been built into these communities. When these two aspects (institutions and social networks) are synergized with various stakeholders

functions of the rubber plantation business, will manifest into the development of social capital. Sujianto's [4] study exhibited that social capital can provide community development and empowerment on the economic and social aspect through existing social networks. It cannot be denied that the community development based on social capital is able to create a prosperous and empowered society [5]. The challenge is how to develop and utilize social capital. Identifying whether social capital possesses potency or not is important because it can not only support the ongoing development process, but it may weaken the development process itself [6].

Based on the description, a study was conducted which aims to determine the effect of the Economic Institutional Based Community (X1), Social Network Establishment (X2), Re-trust of Social Affiliates (X3), and Regrouping Based on Capital Goods (X4) on Economic Welfare (Y) through the Moderation of Rubber Sector Coordination (M1), and Collaboration on the Rubber Sector (M2). The existence of a moderating effect in this study is a distinction between this research and previous studies. Previous research merely described the problem qualitatively. Similar research has never been carried out in the Kuantan Singingi area, therefore this research is worthy of publication due to its originality.

II. LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

Nasdian [2] stated that universities, NGOs, and other stakeholders could participate through institutional relations and social networking approaches in an endeavor to develop social groups. The network was formed for socio-economic group development by synergizing the functions of various stakeholders as a form of social capital development. In addition, institutional development is crucial in the development of productive economic enterprises as it requires a high transaction cost. According to Nasdian, the development of small and medium scale socio-economic groups needs to be the main target in community-based development activities. Through the development of such groups, it is hoped that it will be able to reduce unemployment, increase people's purchasing power, and in turn be able to

have a dual impact, especially providing opportunities to develop local economic activities and productive efforts at the community level.

The development of social institutions is an alternative that could be developed with a collaborative institutional network approach from the community level to the locality level, exhibiting that the implementation of equality principles is more informal, participatory, has a strong commitment, and synergizes existing strengths. It is very helpful in solving problems and finding solutions in efforts to develop productive businesses at the community level.

The development of rubber plantation institutions reflects the extent to which social networks have been built into these communities. Should institutions and social networks aspects are synergized with the functions of various stakeholders of the rubber plantation business, will manifest into the development of social capital. Sujianto's [4] study exhibited that social capital can provide community development and empowerment on the economic and social side through existing social networks.

The theory of social capital was originally developed by a French sociologist Pierre Bourdieu, and by a US sociologist James Coleman. Bourdieu states that there are three types of capital, namely money capital, social capital, and cultural capital. These three capitals would be more effectively used when there are social interactions or social relations. Social capital can be used for all purposes, but without physical resources and cultural knowledge, it will be difficult for individuals to build a social relationship. Social relations will be strong if the three elements above exist [7]. James Coleman defines social capital as a structure of relationships between individuals that enables them to create new values. According to Coleman, social capital is weak by processes that destroy kinships, such as divorce and separation, or migration. When families leave their existing kinship networks, friends and other contacts, the value of their social capital will fall [8].

Social Capital is a resource seen as an investment to obtain new resources. The resources used for investment are called capital. Social capital is extensive and complex. Social capital is not interpreted based on material, but as a capital contained within someone. For example, in groups of family institutions, organizations, and all

manners that lead to cooperation. Social capital places more emphasis on the potential of groups and relationships patterns between individuals in a group and between groups, with attention to beliefs, networks, norms, and values born from group members and become group norms.

Based on the definitions given by experts on social capital which broadly exhibited that social capital is an element crucial for the establishment of cooperation between individuals or groups or the establishment of a collective cooperative behavior. Social capital is inseparable from the three main elements that exist in social capital which are used as elements of assessment on each type of social capital including (a) Trust (honesty, fairness, egalitarian attitude, tolerance, and generosity); (b) Social Networks (participation, reciprocity, solidarity, cooperation); (c) Norms (shared values, norms and sanctions, rules). The three elements of social capital above and its aspects are essential elements that exist or should exist in the life of a social group, whether the group is called community, ethnic group, etc. In other words social capital elements it is necessary to run social structure engine well.

III. MATERIAL AND METHOD

Based on the research problems, this research utilized qualitative explanatory associative. It endeavored to explain causality relationships between exogenous and endogenous variables. The study was conducted on the rubber plantation community in Kuantan Singingi Regency, Riau Province. The sampling technique used in this study was non-probability sampling. Purposive sampling is a sampling method based on certain criteria. Researchers obtained a sample of 90 respondents. The research approach used was quantitative with an analysis tool Generalized Structure Component Analysis (GSCA) [9].

Research Models without Moderation (Hypothesis 1-2)

$$Y = \gamma_1 X_1 + \gamma_2 X_2 + \gamma_3 X_3 + \varepsilon_1$$

Models By Engaging Moderation (Hypothesis 3-5)

$$Y = \gamma_1 X_1 + \gamma_2 X_2 + \gamma_3 X_3 + \gamma_3 M_1 + \gamma_4 M_2 + \gamma_5 X_1 * M_1 + \gamma_6 X_2 * M_1 + \gamma_7 X_3 * M_1 + \gamma_8 X_1 * M_2 + \gamma_9 X_2 * M_2 + \gamma_{10} X_3 * M_2 + \varepsilon_1$$

Description

Y = Economic Welfare

M₁ = Rubber Sector Coordination

M₂ = Rubber Sector Collaboration

X₁ = Economic Institutional Based Community

X₂ = Social Network Establishment

X₃ = Re-Trust of Social Affiliation

X₄ = Regrouping Based on Capital Goods

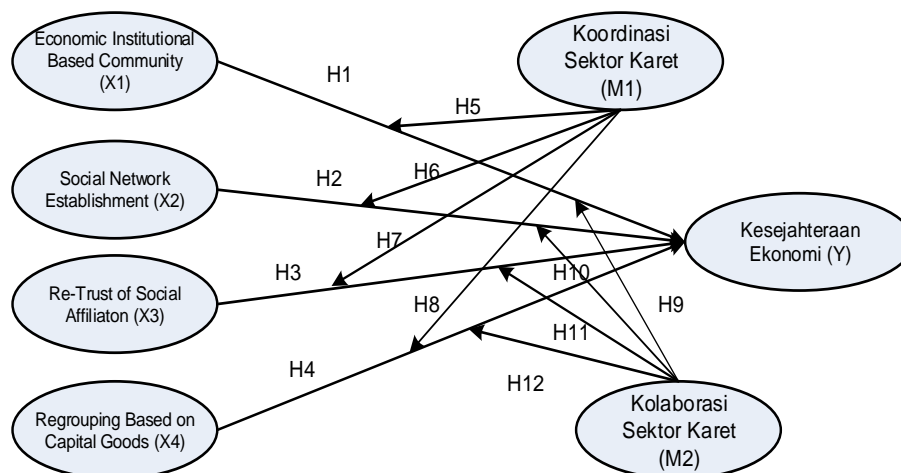


Fig. 1: Conceptual Framework

IV. ANALYSIS RESULT

4.1. Measurement Model

The following table presents each indicators' average values and outer loading in each research variable.

Table 1: Indicator Average and Outer Loading Values

Variable	Indicator	Mean	Outer Loading	p. value
Economic Institutional Based Community (X1)	X1.1	4.21	0.678	0.000
	X1.2	4.31	0.693	0.000
	X1.3	4.23	0.716	0.000
Social Network Establishment (X2)	X2.1	4.26	0.628	0.000
	X2.2	4.24	0.751	0.000
Re-trust of Social Affiliation (X3)	X3.1	4.16	0.596	0.000
	X3.2	4.29	0.594	0.000
Regrouping Based on Capital Goods (X4)	X4.1	4.17	0.557	0.000
	X4.2	4.28	0.516	0.000
	X4.3	4.30	0.522	0.000
Rubber Sector Coordination (M1)	M1.1	4.34	0.520	0.000
	M1.2	4.32	0.644	0.000
	M1.3	4.16	0.592	0.000
	M1.4	4.26	0.707	0.000
	M1.5	4.35	0.674	0.000
Rubber Sector Collaboration (M2)	M2.1	4.27	0.695	0.000
	M2.2	4.22	0.672	0.000
	M2.3	4.24	0.570	0.000
	M2.4	4.35	0.568	0.000
	M2.5	4.25	0.715	0.000
Economic Welfare (Y)	Y1.1	4.23	0.570	0.000
	Y1.2	4.27	0.581	0.000
	Y1.3	4.29	0.611	0.000
	Y1.4	4.26	0.637	0.000

Based on Table 1, the results exhibited that all indicators significantly measure their respective variables. Analysis result exhibited that the most significant indicator of Institutional Based Community (X1) is indicator X1.3 with a loading factor of 0.716 and an average of 4.23. Social Network Establishment Variable (X2) exhibited that the most significant indicator is X2.2 with a loading value of 0.751 and an average of 4.24. Re-trust of Social Affiliation (X3), the X3.1 indicator has a higher loading value compared to X3.2 indicator, therefore X3.1 indicator is the dominant indicator measuring the variable Re-trust of Social Affiliation (X3). Indicator X4.1 is the most significant indicator measuring Regrouping Based on Capital Goods (X4) with a loading value of 0.557. Rubber Sector Coordination Variable (M1) it is known that the strongest indicator is M1.4 with a loading value of 0.707. Collaborative Variables in the Rubber Sector (M2) exhibit the most significant indicator is M2.5 with a loading value of 0.715. Economic Welfare Variable (Y) exhibit the most significant indicator Y1.4 with a loading value of 0.637 and an average of 4.26.

4.2. Analysis Result: GSCA

Assessing of Linearity Assumptions

Based on the GSCA analysis, there is one assumption that must be met before the analysis is carried out, namely the linearity assumption, which requires a linear relationship between variables. Assuming linearity using the Curve Fit method is the relationship between variables that are expressed linearly when meeting one of the two following possibilities: (1) significant linear model (linear model sig <0.05), (2) linear model is not significant and all possible models not significant (sig linear models > 0.05, and sig models other than

linear > 0.05). The assessment results show the value of the linear model < 0.05, therefore, the linear model and meets the assumptions set.

Goodness of Fit

Based on the results of the structural feasibility assessment model measured using FIT and AFIT, and FIT value of 0.871 and an AFIT value of 0.795 were obtained. The FIT value indicates that the total diversity explained by the model was 87.1%. This shows the formed model can explain all the variables that exist at 87.1 percent. The variables variety: Institutional Based Community, Social Network Establishment, Re-trust of Social Affiliates, Regrouping Based on Capital Goods, Rubber Sector Coordination, Rubber Sector Collaboration, and Economic Welfare can be explained by the model at 87.1 percent, and the remaining 12.9 percent can be explained by variables others outside the model.

The overall feasibility of the model was measured using GFI and SRMR, GFI values of 0.941 and SRMR values of 0.031 were obtained. The GFI value is greater than 0.900 and the SRMS value is less than 0.08. It indicates that the model used is a good fit.

GSCA Analysis

Inner model (*structural model*) test assessed the research hypothesis. Hypothesis assessment was conducted using t-test (T-statistic) on each direct influence path in the partial method. GSCA and hypothesis assessment result is exhibited in the following table.

Table 2: The Structural Model of GSCA Results: Direct Effects

Relationship Between Variables	Path Coefficient	P-value	Description
Economic Institutional Based Community (X1) -> Economic Welfare (Y)	0.645	0.000	Significant
Social Network Establishment (X2) -> Economic Welfare (Y)	0.558	0.000	Significant
Re-Trust of Social Affiliation (X3) -> Economic Welfare (Y)	0.545	0.000	Significant
Regrouping Based on Capital Goods (X4) -> Economic Welfare (Y)	0.568	0.000	Significant
Rubber Sector Coordination (M1) -> Economic Welfare (Y)	0.489	0.000	Significant

Rubber Sector Collaboration (M2) ->Economic Welfare (Y)	0.379	0.000	Significant
X1M1 -> Economic Welfare (Y)	0.485	0.000	Significant
X2M1 -> Economic Welfare (Y)	0.453	0.000	Significant
X3M1 -> Economic Welfare (Y)	0.395	0.001	Significant
X4M1 -> Economic Welfare (Y)	0.443	0.000	Significant
X1M2 -> Economic Welfare (Y)	0.385	0.001	Significant
X2M2 -> Economic Welfare (Y)	0.473	0.000	Significant
X3M2 -> Economic Welfare (Y)	0.405	0.000	Significant
X4M2 -> Economic Welfare (Y)	0.550	0.000	Significant

The table is presented in the following figure:

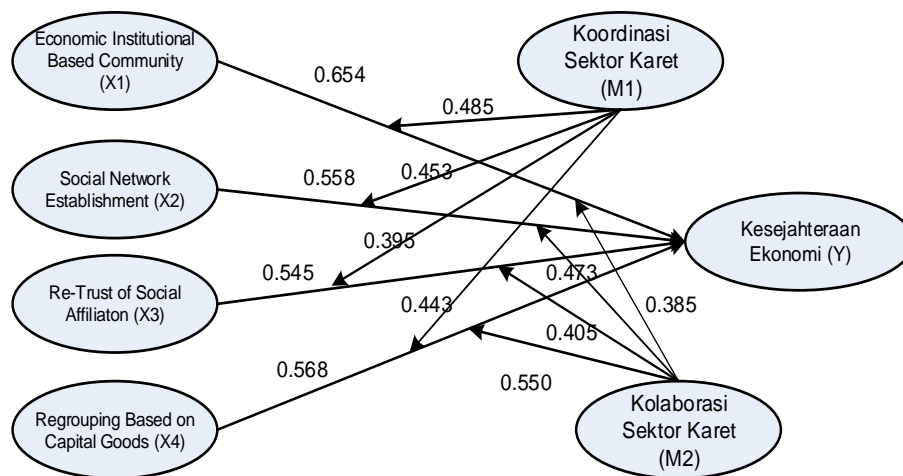


Fig. 2: GSCA Results Structural Model

Based on Table 2 and Figure 2, the inner model test results can be presented as follows:

1. Assessing the direct effect of Economic Institutional Based Community (X1) on Economic Welfare (Y), obtained a structural coefficient of 0.645, with a p-value of 0.000 < 0.05, it indicated a significant direct effect between Economic Institutional Based Community (X1) towards Economic Welfare (Y). The structural coefficient is positive, indicating that the relationship is positive. The higher the Institutional Based Community (X1), the higher the Economic Welfare will be (Y).
2. Assessing the direct effect of Social Network Establishment (X2) on Economic Welfare (Y), obtained a structural coefficient of 0.558, with a p-value of 0.000. Because the p-value is < 0.05, there is a significant direct effect between Social Network Establishment (X2) on Economic Welfare (Y). The structural coefficient is positive, indicating that the relationship is positive. the higher the value of

- the Social Network Establishment (X2), the higher the economic welfare will be (Y).
3. Assessing the direct effect of Re-trust of Social Affiliation (X3) on Economic Welfare (Y), obtained a structural coefficient of 0.545, with a p-value of 0.000 < 0.05, then there is a significant direct effect between Re-trust of Social Affiliation (X3) against Economic Welfare (Y). The structural coefficient is positive, indicating that the relationship is positive. the higher the Re-trust of Social Affiliation (X3), the higher the Economic Welfare will be (Y).
4. Assessing the direct effect of Grouping Based on Capital Goods (X4) on Economic Welfare (Y), obtained a structural coefficient of 0.568, with a p value of 0.000. Because the p-value < 0.05, there is a significant direct effect between Groupings by Capital Goods (X4) on Economic Welfare (Y). Positive structural coefficients, indicating that the relationship is positive. the higher the value of Regrouping Based on Capital Goods (X4), the higher the economic welfare will be (Y).

5. Assessing the direct effect of the Rubber Sector Coordination (M1) on Economic Welfare (Y), a structural coefficient of 0.489 was obtained, with a p value of 0,000. Because the p-value is <math><0.05</math>, there is a significant direct effect between the Rubber Sector Coordination (M1) on Economic Welfare (Y). Positive structural coefficients, indicating that the relationship is positive. the higher the Rubber Sector Coordination (M1), the higher the Economic Welfare will (Y).
6. Assessing the direct effect of the Rubber Sector Collaboration (M2) on Economic Welfare (Y), a structural coefficient of 0.379 was obtained, with a p-value of 0,000. Because the p-value is <math><0.05</math>, there is a significant direct effect between the Rubber Sector Collaboration (M2) on Economic Welfare (Y). Positive structural coefficients, indicating that the relationship is positive. the higher the Rubber Sector Collaboration (M2), the higher the Economic Welfare will (Y).

Rubber Sector Coordination (M) variable is reinforcing. higher Rubber Sector Coordination (M), increases the influence of Institutional Based Community (X1) on Economic Welfare (Y).

Effects of Moderation in the Rubber Sector Coordination on the Effects of the Social Network Establishment on Economic Welfare

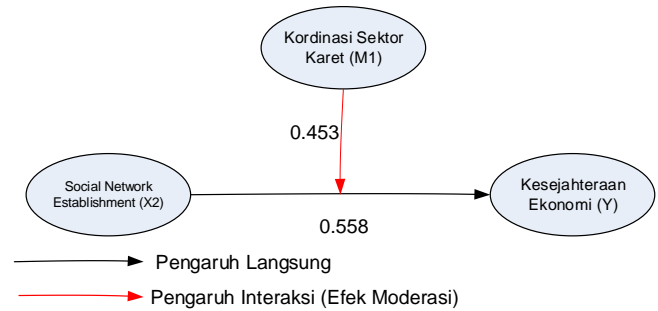


Fig. 4: Effects of Moderation in the Rubber Sector Coordination on the Effects of the Social Network Establishment on Economic Welfare

GSCA analysis obtained an interaction coefficient of 0.453 and P of 0.000. $P < 0.05$ indicates that Rubber Sector Coordination is a moderator variable between the influence of Social Network Establishment (X2) on Economic Welfare (Y). Because the direct influence and the effect of interaction are equally significant for Company Performance (Y), the Rubber Sector Coordination variable is a quasi-moderator. While the coefficient of interaction influence is positive, the Rubber Sector Coordination (M) variable is reinforcing. a higher value of the Rubber Sector Coordination (M), increases the influence of the Social Network Establishment (X2) on Economic Welfare (Y).

The Moderating Effect of the Rubber Sector Coordination on the Effect of Re-trust of Social Affiliation on Economic Welfare

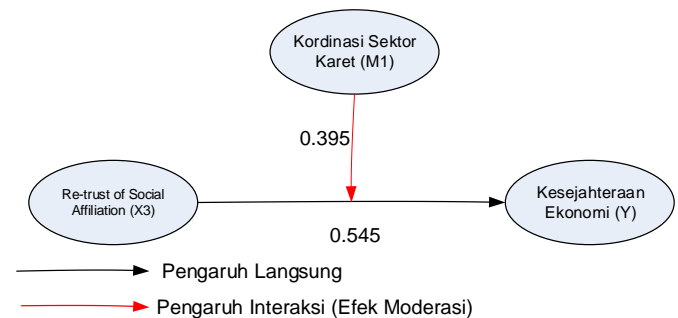


Fig. 5: The Moderating Effect of the Rubber Sector Coordination on the Effect of Re-trust of Social Affiliation on Economic Welfare

Effects of Moderation in the Rubber Sector Coordination on the Effects of Economic Institutional Based Community on Economic Welfare

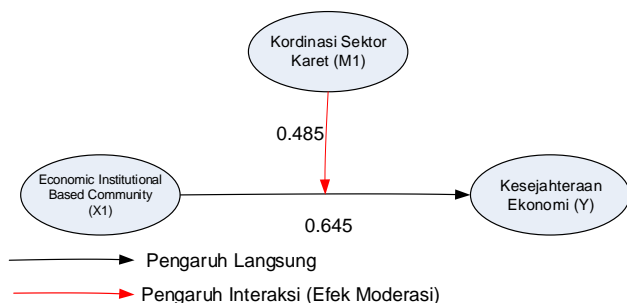


Fig. 3: Effects of Moderation in the Rubber Sector Coordination on the Effects of Economic Institutional Based Community on Economic Welfare

GSCA analysis result obtained an interaction coefficient of 0.485 and P of 0.000. P-value <math><0.05</math> indicates that Rubber Sector Coordination is a moderator variable between the influence of Institutional Based Community (X1) on Economic Welfare (Y). The direct influence and the effect of interaction are equally significant for company performance (Y), the Rubber Sector Coordination variable is a quasi-moderator. The coefficient of interaction influence is positive, the

GSCA analysis obtained an interaction coefficient of 0.395 and P of 0.001. $P < 0.05$ indicates that Rubber Sector Coordination is a moderator variable between the influence of Re-trust of Social Affiliation (X3) on Economic Welfare (Y). Because the direct influence and the effect of interaction are equally significant for company performance (Y), the Rubber Sector Coordination variable is a quasi-moderator. While the coefficient of interaction influence is positive, the Rubber Sector Coordination (M) variable is reinforcing. the higher the value of the Rubber Sector Coordination (M), increases the influence of Re-trust of Social Affiliation (X3) on Economic Welfare (Y).

Effect of Moderation in the Coordination of the Rubber Sector on the Effects of Regrouping Based on Capital Goods on Economic Welfare

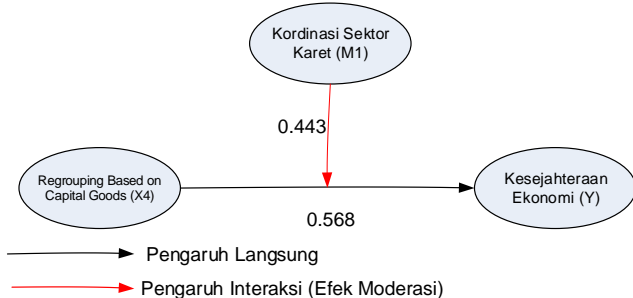


Fig. 6: Effect of Moderation in the Coordination of the Rubber Sector on the Effects of Regrouping Based on Capital Goods on Economic Welfare

GSCA analysis obtained an interaction coefficient of 0.443 and P of 0.000. $P < 0.05$ indicates that Rubber Sector Coordination is a moderator variable between the effect of Regrouping Based on Capital Goods (X4) on Economic Welfare (Y). Because the direct influence and the effect of interaction are equally significant for company performance (Y), the Rubber Sector Coordination variable is a quasi-moderator. the coefficient of interaction influence is positive, indicates that the Rubber Sector Coordination (M) variable is reinforcing. higher Rubber Sector Coordination (M), increases the influence of Regrouping Based on Capital Goods (X4) on Economic Welfare (Y).

Effects of Moderation in the Rubber Sector Collaboration on the Effects of Economic Institutional Based Community on Economic Welfare

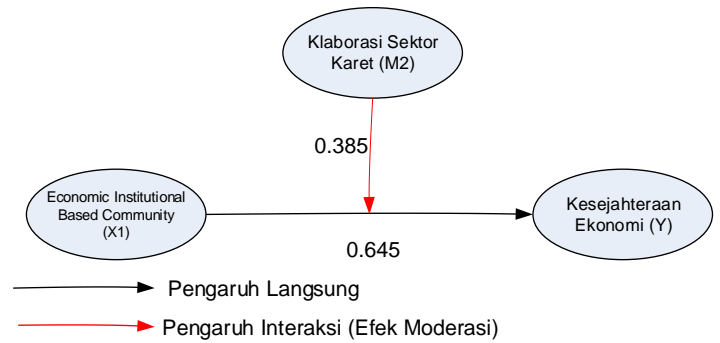


Fig. 7: Effects of Moderation in the Rubber Sector Collaboration on the Effects of Economic Institutional Based Community on Economic Welfare

GSCA analysis obtained an interaction coefficient of 0.385 and P of 0.001. $P < 0.05$ indicates that the Rubber Sector Collaboration is a moderator variable between the influence of Institutional Based Community (X1) on Economic Welfare (Y). Because the direct influence and the effect of interaction are equally significant for company performance (Y), the Rubber Sector Collaboration variable is a quasi-moderator. While the coefficient of interaction effect is positive, hence the Collaborative Rubber Sector (M) variable is reinforcing. A higher value of the Rubber Sector Collaboration (M), increases the influence of Institutional Based Community (X1) on Economic Welfare (Y).

Effects of Moderation in the Rubber Sector Collaboration on the Effects of the Social Network Establishment on Economic Welfare

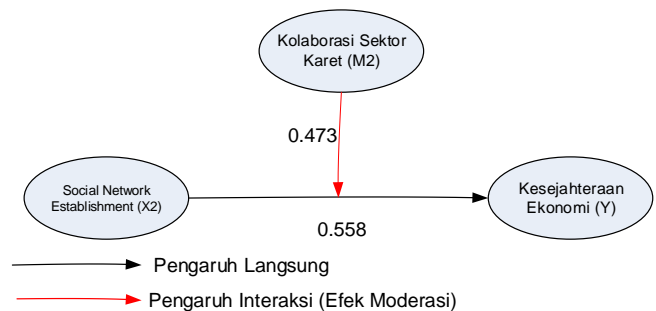


Fig. 8: Effects of Moderation in the Rubber Sector Collaboration on the Effects of the Social Network Establishment on Economic Welfare

GSCA analysis obtained an interaction coefficient of 0.473 and P of 0.000. $P < 0.05$ indicates that the Rubber Sector Collaboration is a moderator variable between the influence of Social

Network Establishment (X2) on Economic Welfare (Y). Because the direct influence and the effect of interaction are equally significant for company performance (Y), the Rubber Sector Collaboration variable is a quasi-moderator. While the coefficient of interaction effect is positive, the Collaborative Rubber Sector (M) variable is reinforcing. Higher Rubber Sector Collaboration (M), increases the influence of the Social Network Establishment (X2) on Economic Welfare (Y).

The Effect of Moderation in the Rubber Sector Collaboration on the Effects of Re-trust of Social Affiliation on Economic Welfare

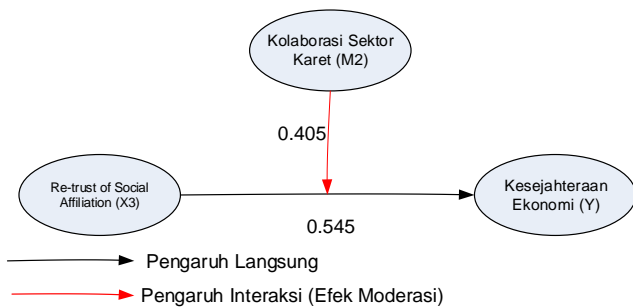


Fig. 9: The Effect of Moderation in the Rubber Sector Collaboration on the Effects of Re-trust of Social Affiliation on Economic Welfare

GSCA analysis obtained an interaction coefficient of 0.405 and P of 0.000. $P < 0.05$ indicates that the Rubber Sector Collaboration is a moderator variable between the influence of Re-trust of Social Affiliation (X3) on Economic Welfare (Y). Because the direct influence and the effect of interaction are equally significant for company performance (Y), the Rubber Sector Collaboration variable is a quasi-moderator. While the coefficient of interaction effect is positive, the Collaborative Rubber Sector (M) variable is reinforcing. Higher Rubber Sector Collaboration (M), increases the influence of Re-trust of Social Affiliation (X3) on Economic Welfare (Y).

Effects of Moderation on Collaboration in the Rubber Sector on the Effects of Regrouping Based on Capital Goods on Economic Welfare

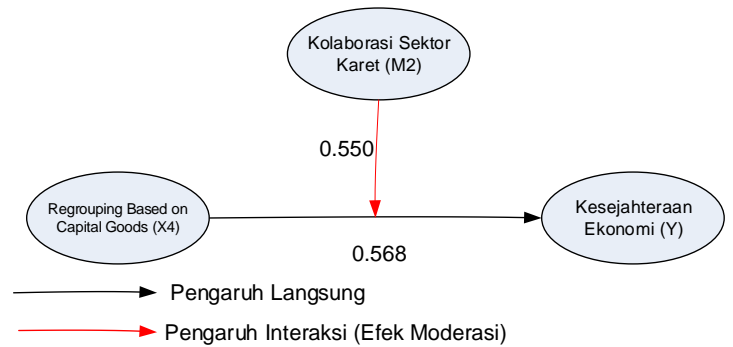


Fig. 10: Effects of Moderation on Collaboration in the Rubber Sector on the Effects of Regrouping Based on Capital Goods on Economic Welfare

GSCA analysis obtained an interaction coefficient of 0.550 and $P < 0.000$. $P < 0.05$ indicates that the Rubber Sector Collaboration is a moderating variable between the effects of Regrouping Based on Capital Goods (X4) on Economic Welfare (Y). Because the direct influence and interaction effect are equally significant for company performance (Y), the Rubber Sector Collaboration variable is quasi-moderator. While the coefficient of positive interaction effects, the variable Collaborative Rubber Sector (M) strengthened. Higher Rubber Sector Collaboration (L), increases the effect of Grouping Based on Capital Goods (X4) on Economic Welfare (Y).

4.3. Discussion

Analysis result indicated that Economic Institutional Based Community had an effect on Economic Welfare. A high Institutional Based Community Economic will have an impact on the high Economic Welfare. The direction expected from this economic informal institution is about how the newly formed informal institutions can play an active role in the rubber auction process which has been dominated by the Tauke and Joint Business Group (KUB). The output of the model offered for the short term is the realization of a community-based economic institution (based on capital owned) by making the rubber plantation community a pioneer (agent of change). At the next level, the new institution that has been formed is directed to be able to participate in the rubber auction system. The outcome to be achieved is the economic stability of the community as this is sought by the community (pragmatism mindset). Furthermore, at the mid-term level, this study concludes the importance of optimizing the

function and role of formal institutions in the management locus of rubber commodities in Kuantan Singingi Regency as the rubber management in Kuantan Singingi is inadequate. There is a lack of coordination of authorized formal stakeholders and a grand design on a long-term basis. Therefore, when it comes to creating a rubber downstream business in Riau, it is absolutely necessary to have new rubber land that is more conducive and productive both in the environmental and socio-economic perspectives of the community.

Furthermore, this study also found that the Social Network Establishment had an effect on Economic Welfare. A high social network establishment will have an impact on the high economic welfare. The potential development of social networks is between rubber plantation communities and (especially) rubber processing companies and the Office of Industry and Trade of Kuantan Singingi Regency. In the context of social networking, it is also necessary to carry out strengthening of social networks, especially with the Office of Plantation in order to increase effectiveness and efficiency by providing rubber seeds. The development and strengthening of this social network will later be related to the immediate term stages in the form of strengthening the functions and roles of the formal institutions are also recommended in this study

Re-trust of Social Affiliation has an effect on Economic Welfare. The high Re-trust of Social Affiliation will have an impact on the high economic welfare. The findings in the field indicate that in terms of a trust, the rubber plantation community in Kuantan Singingi was degraded after a rubber cooperative manager embezzled a certain amount of members' capital. This incident caused rubber farmers no longer believe in the presence of socio-economic institutions, which were based on cooperative systems. On the other hand, when it comes to developing social capital-based institutions, trust factors play a vital role. When the trust factor has been obtained, despite plummeting rubber price, it remained a mainstay of the community because the big name of Kuantan Singingi rubber has become popular. This is a form of positive capital not easy to build on national and international markets. Nevertheless, it remained that how the "human" or the rubber processing community itself maintain Kuantan Singingi rubber reputation.

The Regrouping Based on Capital Goods has an effect on Economic Welfare. The high Regrouping Based on Capital Goods will have an impact on the high economic welfare. The urgency of re-grouping rubber plantation communities is due to the diversity of capital goods ownership from the rubber plantation community itself. The results of the study exhibited that the general pattern found in the ownership structure of community capital exhibits that most rubber processing communities possess other capital. Capital goods ownership variations in the community structure of the Kuantan Singingi rubber plantation are as follows: (a) rubber and palm oil; (b) rubber and PETI (unauthorized mining); (c) rubber and cattle; (d) rubber, cattle, and palm oil. By conducting re-grouping, it is expected that the people who initially have managed rubber will prevail using rubber commodity itself without having to hinder or prohibit them from managing/processing other commodities (livestock, PETI, and palm).

The influence of Rubber Sector Coordination and the Rubber Sector Collaboration on Economic Welfare. High Rubber Sector Coordination and Collaboration have an impact on the high Economic Welfare. On the other hand, the moderating effect of the Rubber Sector Coordination (M1) and the Rubber Sector Collaboration (M2) was also moderated and strengthened the influence of the variable Institutional Based Community (X1), Social Network Establishment (X2), Re-trust of Social Affiliates (X3), and Regrouping Based on Capital Goods (X4) on Economic Welfare (Y).

V. CONCLUSIONS AND RECOMMENDATIONS

Based on the results of the analysis, there is an influence of the Economic Institutional Based Community (X1), Social Network Establishment (X2), Re-trust of Social Affiliates (X3), and Regrouping Based on Capital Goods (X4) and Rubber Sector Coordination (M1) and Collaboration Rubber Sector (M2) on Economic Welfare (Y). The higher value of the Economic Institutional Based Community (X1), Social Network Establishment (X2), Re-trust of Social Affiliates (X3), and Regrouping Based on Capital

Goods (X4) and Rubber Sector Coordination (M1) and Collaboration on the Rubber Sector (M2) will have an impact on the increasing economic welfare (Y). In addition, it was also found that the Rubber Sector Coordination and Collaboration moderated the influence of the Economic Institutional Based Community variable (X1), Social Network Establishment (X2), Re-trust of Social Affiliates (X3), and quasi Regrouping Based on Capital Goods (X4) moderator and enrichment.

The results of the study provide support for the concepts offered by the Theory of Trust. When the implementation of this theory has proven to be applicable to many public sector organizations in several countries, the results of this study contribute to an additional understanding of its reliability to also be applied to professional organizations in the mid-level rubber cultivation sector. Theoretically, the results of the study have implications for the development of concepts of social theory, belief, and economic theory, especially in public sector organizations. The results of the study indicate the dominance of the influence of Economic Institutional Based Community over other variables on community economic well-being at the Rubber Plantation in Kuantan Singingi Regency may become an input and consideration for regulators (government) and the community in improving organizational outcome aspects and rubber production efficiency.

Based on the research result, it is suggested to increase the community's trust in rubber plantations towards social institutions that have been and/or have been formed. When aspects of trust have been able to be returned to a better level, the next step is to build a shared commitment that the rubber sector in Kuantan Singingi. It must be maintained and improved both qualitatively and quantitatively. Furthermore, strengthening the awareness and ownership of the rubber plantation community over the existence of Kuantan Singingi rubber. This is considered important because the current trend is that people are becoming indifferent and leaving the rubber sector only because of the lack of innovation. On the other hand, it is necessary to take steps to integrate or collaborate the rubber commodity with other commodities that have been "glimpsed" by the rubber plantation community in Kuantan Singingi. This study also recommends the need to compile a grand design related to land reclamation in order to increase the amount of

rubber land in Kuantan Singingi. This absolutely requires support from the central government level.

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