



# Social Capital of Women Economic Actors Using the Palugada Model

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**Abstract.** Covid-19 pandemic has shattered the economic structure of society in the world. The policy of restricting movement and/or locking down resulted in a decrease in trade. To reduce production costs, the company took the decision to reduce the workforce, ranging from laying off to firing. Under certain assumptions, married women are a group of workers vulnerable to being eliminated in moving to the informal sector. Their informal sector efforts have actually been carried out before the pandemic. The goal at that time was only to complete the needs of the family. To overcome the movement restriction policy, they use social media. Social media bridges between producers/distributors and consumers. This action changes people's mindset and habitus. One of the changing mindsets is trust. Trust is a part of and at the same time the basis for the formation of other social capital. The construct of trust in the framework of action in social media is different from that in the real world. With a qualitative approach, research has shown how women combine the real world and the virtual world into virtual trust. The real world has also strengthened their social capital in the virtual world. In addition, their efforts are entirely to serve the needs of consumers. This pattern is known as the Palugada, a model in the informal sector in Indonesia.

**Keywords:** Palugada · Trust · Networks · Value

## 1 Introduction

The development of the 4<sup>th</sup> Industrial Revolution (Industry 4.0) has not fully occurred in urban communities in developing countries. The 4<sup>th</sup> Industrial Revolution is a term used to mark the role of information and communication technology, in this case the internet network, in industrial processes. This is indicated by the use of digital machines that are connected to communication. The second characteristic is the use of big data for decision making. The third characteristic is the use of artificial intelligence. The fourth characteristic is the role of cloud computing which connects data and applications. The last feature is the use of 3D (three-dimensional) technology to develop designs into real products. The problem is, the revolution requires huge costs for the economic units in the society, including in the family [1, 2].

However, during the COVID-19 pandemic that had lasted for 2 (two) years, urban families developed an adaptation strategy (coping strategy). This is mainly done by

housewives. Such conditions cannot be separated from a number of restrictions on movement and business, especially in urban areas. These restrictions are in place to avoid crowds. Crowds pose a risk of transmitting COVID-19. COVID-19 is an infectious disease caused by the SARS-2 corona virus and its variants. This virus spreads through air (airborne disease). People who are infected will experience shortness of breath, and so on until it is fatal, resulting in death [3]. Therefore, the government has imposed restrictions on movement, starting from ceasing learning, worship and work activities to setting business hours. These restrictions are stated in various policies with the term health quarantine, namely: PSBB (Large-Scale Social Restrictions) (in 2020) and PPKM (Enforcement of Restrictions on Community Activities) (in 2021). If during the PSBB period, movement is greatly minimized, then PPKM provides space to study, worship and work within a limited number of percentages depending on the level [4].

PPKM, Enforcement of Restrictions on Community Activities, is a part of the adaptation process to new habits. Learning, worship and work activities are permitted within certain percentages and under health protocol rules. As a result of this policy, some companies experienced paralysis and laid off their employees. The company can be engaged in industry-manufacturing or service-trade. Manufacturing-industry cannot produce due to restrictions and decreasing demand. Meanwhile, the service and trade sectors experienced problems due to the decline in people's purchasing power. From macroeconomic indicators, Indonesia's economic growth rate, particularly for the GRDP indicator, has declined to  $-2.07\%$ . On the other hand, the government must pay for treatment and prevention for COVID-19 through the procurement of drugs and vaccines [5].

Those who were laid off then switched their businesses to the informal sector with various types of businesses. This informal sector also varies from culinary to retailers. Due to the advent of the internet, they have expanded this sector beyond the administrative boundaries of where they live. This business is known as e-commerce and has been carried out since the 2000s. Therefore, apart from those who were eliminated due to COVID-19 pandemic [6, 7], e-commerce actors have existed before. Some of them are housewives who choose to work from home with the development of communication technology, these family e-commerce players get convenience. They have two choices; that is, whether they are to use e-commerce service providers such as alibaba, amazon, tokopedia, shopee, Bukalapak and the like or social media such as Facebook, WhatsApp, Twitter, and Instagram. This is a new model of economic activity that began at the end of the 20th century and continues on a massive scale until now [8–10].

In plain view, there is a fundamental difference between e-commerce service providers and social media. Service providers can be thought of as virtual marketplaces. In that market, producers or sellers open virtual "shops" and the users meet them and make transactions at virtual shops. Models can be shipped via service providers, or directly from these stores or service providers. Amazon for example has a fairly large warehouse in several countries. Meanwhile, shop owners can use their social media to offer their products directly to potential buyers. Potential buyers know from product profiles displayed on social media. If needed, they can directly order through the social media. Initial findings discovered that the housewives did not only offer their products, but also used the "pick up the ball" technique. That is, they asked the prospective buyer what is needed. After finding out, they looked for and offered the goods the customer

needed at a price that was higher than the market price. The price includes shipping costs. The interesting thing is that they trust potential buyers and are willing to buy first. In the study of sociology and development, trust is a social capital [11–14]. They are then referred to as Palugada economic actors (What do you need me there).

The Palugada phenomenon is actually a phenomenon of entrepreneurial development that can be done with limited capital or no capital at all through the dropship system. Palugada perpetrators sell all kinds of goods, not specific to certain goods. This business utilizes social media (WA, FB and IG) as a means of promotion and developing social networks to target consumers.

The purpose of the study was to analyze the social capital of women economic actors using Palugada based on Putnam's concept of social capital. This research is important to do to map the role of women in the economic resilience of the family, especially during the pandemic. Through this research, it is hoped that it can contribute in the form of suggestions for institutions engaged in women's empowerment, in order to give attention to the economic actors of Palugada in the form of providing training or mentoring.

## 2 Method

This study examines and analyzes the behavior of women who "help" family economy dealing with changes in the macroeconomic structure due to the pandemic. It should also be noted, some of the women have been trying before the economic crash during the pandemic. For them, the job of supplying people's needs through social media is done because it provides more space and time that enables them to run a business without neglecting their main function as housewives.

The approach used is qualitative with an ethnomethodological perspective. The ethnomethodological perspective is used to observe the steady daily patterns of housewives who do e-commerce economics. This steady daily pattern can be recorded from several activities. The first activity can be seen from the appearance of the products offered, the responses of potential buyers and the feedback from actors on social media, ranging from Facebook to Instagram. For this reason, researchers are very indebted to the online photography method in data collection. If these economic actors are present, they can be approached and interviewed. The researchers used observation and interview techniques for the experience. In short, this research combines two methods in ethnography, namely digital/virtual ethnography [15, 16] and James P. Spradley's ethnography [17–19].

From these two data collection techniques, the researcher carried out a number of analytical techniques in ethnography. Researchers conducted a domain analysis of the objective conditions of women economic actors. After that, the researchers conducted a category and taxonomic analysis of the patterns that were developed and so on until they obtained the theme of the social capital used by the perpetrators.

## 3 Result and Discussion

### 3.1 Tough Women

Financial independence does not have to be obtained by working outside the home. The book written by SassyZenGirl describes jobs that can be done without leaving the

domestic sphere, one of which is in the field of marketing [20]. This is also what the women who do the palugada do. But, it is not easy to synergize domestic tasks and public sector work when they are at home.

DF (40 years) is one of the housewives who developed an online business since early 2017, three years before the pandemic. DF (40 years) is one of them. She sells books for adults and children, and also Tamba Waras products. At first, she took Mak Rempong's online class. She uses platforms such as Facebook, Instagram, and WhatsApp. Unlike DF, Ttk (26 years old) is a young housewife who originally worked in an office after graduating from college in 2018. After resigning from her office, she chose to do business online. Before starting, she learned from his friends who have been running a business for a long time. Her friends came from various social backgrounds: they were her friends in college, office and social media (Facebook, WA and Instagram). She chose the online business because of her desire to have her own clothing store. For that, through online, she resells women's and children's clothing. Ttk's online business is also carried out by Ktk (22 years old), but not as a reseller, but a drop-shipper. Dropship is a business whereby the sellers act as an intermediary between producers or distributors and customers. When a customer orders an item, they record it and then send it to their distributor or manufacturer. A drop-shipper does not store the product, but directly sends it to the customer. The initial capital is Rp. 500.000,00, from which the drop-shippers were welcomed to join the telegram group. From that group, they obtained supplier and customer contacts. The profit per item can reach Rp. 30,000.000.

Unlike DF and Ttk, which sell non-food items, Rtn (35 years old) chooses to sell frozen food, meat and honey. Due to the pandemic, she also serves mask sellers. The business started 5 years ago. At that time, the income from her husband who worked in a bank was not enough to cover the needs of a family with three children and one or two siblings traveling with them. Because the business was growing and the work situation was not comfortable, her husband finally resigned and became involved in his wife's business. His wife's business is now the main source of income for the family. According to Rtn, one of her successes is how she builds a network with distributors and customers. She is quite careful and observant of customers. She distinguishes them into two types of customers, namely: loyal customers and unstable customers. Loyal customers are potential buyers who have the right knowledge and decisions before buying. There are also unstable customers who pretend to agree, but cancel the order. Another principle is to be honest in educating the products they sell. The same pattern was carried out by Mrs. Ss (41 years old) with her two children,

Unlike the two groups above, Mrs. El (40 years old) combines product variations from the two groups. She sells clothes, bags and pentol gravy. She is a persistent person. At first, she was an employee of a mobile cosmetic shop. In a difficult economic situation, she often did not reach her target. Her boss was often angry. She is uncomfortable with her boss and coworkers. While selling goods to fulfill her needs, she channeled her hobby of cooking. After five years being an employee, she resigned. She started a business selling negligee and bags. She got her capital from her savings. Feeling that her needs were not fulfilled, she makes and sells her dishes in the form of pentol gravy, fruit salad and firecracker tofu. She opens a small shop in front of her house with tables, chairs and a window to serve buyers.

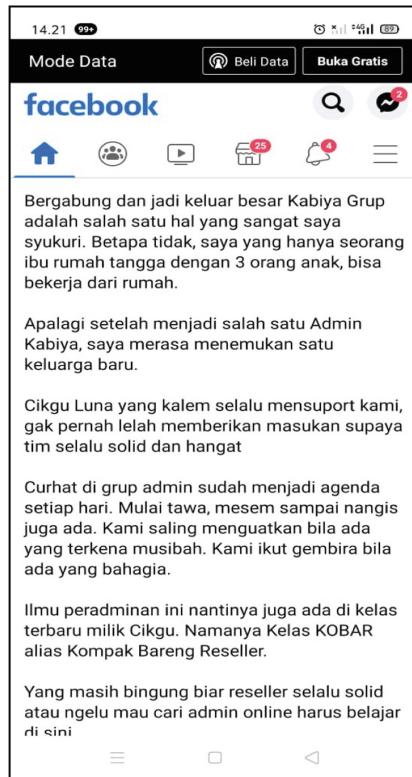
### 3.2 Social Capital

Social capital is a social investment owned by individuals or groups to achieve certain goals [21]. According to Putnam, there are three components of social capital, namely social networks, trust and values [22]. Social network is one of the assets owned by housewives. There are two types of social networks: network with suppliers of goods and social network with customers. In the first social network, the subject tries to find the first supplier because it breaks the network chain that is too distant between producers to the subject. This is done because a long network increases costs and consequently results in smaller profits. Another consideration is the ease and flexibility of agents/suppliers/distributors in terms of picking up goods. Agents/suppliers/distributors who do not target certain sales tend to be more attractive to informants. In addition, starting a business without capital is also widely chosen by novice Palugada actors. They only promote goods via social media and the distributor/agent/supplier will send the goods to the place of the customer who ordered it. The second way, goods come from distributors according to the number of orders and the housewives (the research subject) then send goods to the customers. There are also research subjects who provide merchandise but in small quantities. The principle of the Palugada actors is to minimize the risk as small as possible, because the capital they have is limited.

The continuity of the relationship between the subject and the supplier/distributor/agent is not only a matter of economic rationality, but also a matter of convenience of social relations. This can be seen from the two research subjects who have emotional closeness with suppliers or distributors. The two of them seemed to enjoy spending time together. Their relationships are like that of relatives or one's own family. The same intimacy is also established between the research subjects and the distributors. One of the statuses on FB shows that the research subject and a friend took the time to go to Malang city to visit the distributor's house. After meeting, they seemed engrossed in taking pictures, uploading portraits of intimacy. The distributor sometimes comments on the subject's FB status, and vice versa. The subject's call distributor Cikgu, showing that the relationship between the two is not limited to distributors and resellers, but also as students and teachers. Cikgu is another term for teachers.

Emotional closeness is built through more than just online social interactions, but also through direct interactions. The subject admitted that the intensity of the intimacy of the relationship was built from a direct relationship, not online. It may be online and less intimate at first, but when they meet, they become closer. On the other hand, the relationship between the subject and the agent/supplier/distributors who are online tend to be less intimate. Some subjects choose to continue to build online social networks with their suppliers.

Other ways are becoming a member of the FB merchant community to expand the network and consistently updating merchandise promotions on social media in the hope of attracting new customers and maintaining the quality of the goods sold. One of the research subjects is very concerned about customer complaints. If there are customers who complain about the quality of the goods, the subject will check the complaint. Should it be proven that the complaint is true, that the goods are not good, the subject will not sell the goods again. For items that are slightly less in line with customer expectations, the customer will receive compensation for losses (Fig. 1).



**Fig. 1.** How to build a network via Facebook

In addition to building social networks with suppliers/distributors/agents, it is equally important to strengthen networks with buyers or customers. Several things are done by the research subjects in building a network between them and their customers. First, they build personal closeness. This was built for example through chatting with customers (not only about trade transaction issues) and being friendly to customers. Personal closeness with customers is also done by way of branding or promoting products through social media. The way the subject's brand or promote the products is not by rigidly offering it to the media, but by writing status on FB. In that status, advertisements for the products they offer are inserted. This is one way to make the buyers feel impressed, interested in buying, but not 'forced' to buy. This is called a Convert Selling marketing strategy. The convert selling marketing strategy training was attended by many small business actors, including the Palugada players because it was effective and it only needed a membership on Facebook. In addition, another way to cultivate social networks with customers is by commenting on the customer status or simply giving a 'like' to the customer status (Fig. 2).

The last method is responding quickly when a customer calls during business hours. The slow response attitude will result in the customer feeling disinterested in establishing social interaction with the seller. Unfortunately, the subjects still impose some limitations

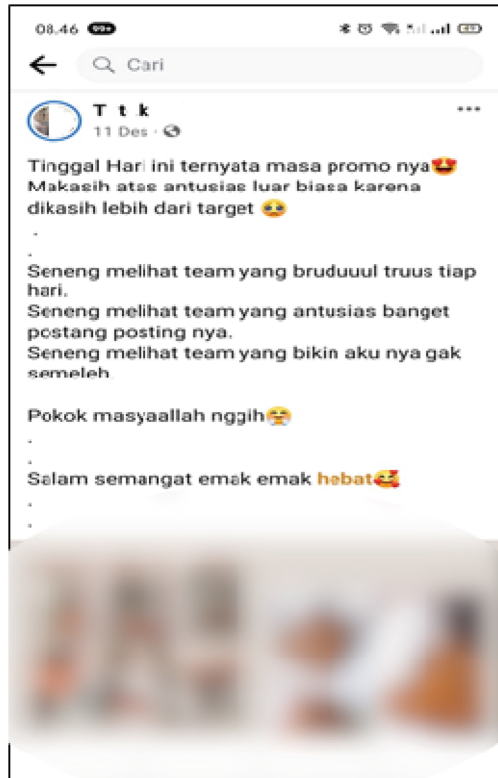


Fig. 2. How to promote and raise tim spirit

in terms of this. That is, the subjects will only respond quickly when the customer calls outside of working hours. This is because the focus of the subject's attention is directed more towards the family. In other words, there is already a division between public and domestic space, even though the subjects work in cyberspace.

In addition, when becoming an agent, building a marketing team or reseller and social relations in social networks must also be maintained. Based on the results of the observations, there are research subjects who try to motivate their reseller team through Facebook, by postings of products offered. The subjects of this research mention the reseller team as "Tim Obah". Obah in Javanese means to move. To move, if studied more deeply, means to keep trying: keep trying to market the goods that are the team's mainstay product. In addition to motivation, reciprocal relationships also contribute to maintaining network attachment. The research subjects admitted that they sometimes buy reseller merchandise. Often, a reseller sells more than one kind of goods.

*Trust.* Trust is a component of capital that cannot be ignored by the perpetrators of the Palugada economic model. Trust is very influential for the existence of a business. Without trust capital, social networks will not last long. Customers who already have trust in the seller will have high loyalty. They will not be affected by other competitors'

products. With the emergence of many palugada owners, the subjects have to develop ways to maintain customer trust values.

There are several strategies to build trust that the research subjects do. The first strategy is selling the goods offline. There are research subjects who do not only sell things online, but also open stalls. This is done to foster the trust of their old and new customers. By selling offline, customers can directly meet the seller and see the quality of the goods being promoted, not just through photos or pictures.

The second strategy is consistently posting items on social media. This is done so that the customer believes that the subject is consistently running her business. The items are posted via social media, namely IG, FB and WA status. WA status updates are the easiest to do and make, but they are limited to certain people who intentionally save the seller's cellphone number.

The third strategy is posting customer testimonials. These testimonials are in the form of a screenshot of the conversation between the seller and the customer, in which the customer is satisfied with the goods sold by the seller. This testimony, although not one hundred percent reliable, can be considered a strategy to make potential customers believe in the quality of the product.

*Social Values or Ethics.* These social values or ethics are the basis of trust and social networks. There is some value in the palugada effort. The first one is being friendly to customers during online or offline transactions. One subject called it a '*grapyak*' attitude, trying to establish relationships with customers not only in buying and selling activities, but also in other contexts.

The next value is trying to comply with the consumer's desires as long as it is within reasonable limits. For instance, during a pandemic, there are customers who do not want to interact directly and hence ask that the ordered goods be put in a bag and attached to the fence. The third value is not exposing the customers' flaw in the media. Sometimes there are customers who transferred the payment late. There are also those who have ordered a good but then canceled their order. Even though it is detrimental, the seller chooses not to mention the customer's name on social media. The fourth value is not complaining on social media, because sellers who like to complain actually create a bad impression in the eyes of the customers.

These three components are the three 'weapons' used by small-scale Palugada economic actors in developing business. From these simple things, the Palugada business can still exist and are able to adapt, even in the midst of a pandemic like this. When examined from Fukuyama's theory, all subjects in this study only arrived at bonding social capital. Bonding social capital is the relations that exist in homogeneous groups that can take advantage of the resources that are owned collectively by being strengthened by the identity equation. On average, the groups that are followed by the subjects of this research have homogeneous members, consisting of fellow resellers or sellers utilizing the limited resources they have access to social media as well as small-scale capital. Fellow members can exchange buying goods. Group members can also promote each other's merchandise to each other's social networks. This is a form of symbiotic mutualism in the group.



## 4 Conclusion

From these results, online business has been proven to be the main alternative during the economic crisis due to the COVID-19 pandemic. Knowledge and skills in using social media can in turn be used for online business. They are not just pursuing additional profits, but more than that, in turn, they are also replacing the main job in offline situations. One of the advantages of an online business is that it transcends physical and administrative boundaries. People no longer depend on physical proximity to customers. Through the internet, people can order products, become intermediaries between producers/distributors and customers, and at the same time make deliveries through goods delivery services or the like.

In addition to information technology knowledge and skills, the key word for online business is social capital owned by actors. Social capital that becomes the actors' basic capital is network, a sense of trust and values or social ethics that underlie trust and social networks. Research has shown how these three things are managed by business actors and are economically profitable.

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