



# Capital Assets and Salai Fish Business Sustainability (Study on Panca Jaya's Business, Sungai Rengit Village, Banyuasin Regency)

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**Abstract.** The role of human, social, and financial capital in sustaining the salai fish business. The higher the educational background, the longer the business owner's experience, the higher the orientation and strategy development carried out by the business owner to improve business performance. The role of social capital in increasing the salai fish business demonstrates that by maintaining good relationships with the workforce, consumers, and patin fish producers, maintaining communication, trust, and still prioritizing honesty, tolerance, fairness, and generosity to consumers in business operations. The power of social networks can increase innovation and ease of access to information for Panca Jaya business owners. One of the challenges in running a business is a lack of financial capital; however, by utilizing access to finance, such as the business owner of Panca Jaya, namely cooperative loans, loans from relatives or friends, and additional capital obtained from the accumulation of business profits, the salai fish business can continue. Even consumers outside of Banyuasin Regency and South Sumatra Province are interested in salai fish.

**Keywords:** Human Capital · Social Capital · Financial Capital

## 1 Introduction

One of South Sumatra Province's main fish-producing regions is Banyuasin Regency. Almost all sub-districts have the potential to be used for the cultivation of freshwater fish, particularly patin fish and lele fish. In the Talang Kelapa District's, Sungai Rengit Village, there is the largest patin fish farming facility in the Banyuasin Regency. In 2020, Banyuasin Regency will produce 58,758.85 tons of catch through capture fisheries, with a total of 17,313 fishermen, and 41,490.52 tons through aquaculture, with a total of 8,412 growers. Patin fish are the primary aquaculture crop produced in Sungai Rengit village, where production averages around 20 tons per day or 7,200 tons annually [1].

It is important to make an effort so that the results of patin fish farming are not only sold in fresh form, but also in the form of preservation to make them last longer, as fishery products are products that are easily damaged or do not last long. Due to the plentiful supply of raw materials and the high demand for salai fish from both inside

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and outside the Banyuasin Regency region, the salai fish industry is one of the more promising ones for the locals of Sungai Rengit village.

The Sungat Rengit village community's practice of smoked fish, also known as salai fish, is categorized as traditional because it represents a legacy of knowledge and skills that have been passed down from generation to generation as evidenced by the marketing model used, the technology used, and business management as a production activity. Since many similar businesses have been run, particularly in fish-producing regions, it is necessary to be able to grow similar firms into larger and more sophisticated ones. According to research by [2, 3] the salai fish industry is still restricted by a lack of marketing channels, outdated technology, expensive production costs, and a labor shortage. The salai fish industry in Sungai Rengit village faces numerous challenges, while Panca Jaya's salai fish business also faces similar challenges. The salai fish industry won't be able to grow if this isn't fixed right away. A successful and sustainable life for the family will be affected by the increased efforts done. Although human, social, and financial capital are endogenous characteristics that individuals should be able to manage, they are still very low.

Human capital refers to the abilities and talents of workers that have an effect on the entire output of the business [4]. According to [5] fundamental theory of human capital, education and experience are major determinants of business success. People can use their knowledge and talents to be productive and effective members of society by investing in human capital. According to [6] and [7], human capital has an impact on MSME performance.

Social capital is a resource that comes from knowing other people [8], and it may offer people helpful information, knowledge, and input in both financial and non-financial aspects [9] to help them start their own businesses. Business performance is influenced by social capital, including ties to the community, trust, and a common goal [10]. Based on [11] discovered that social capital plays a role in entrepreneurial activities, but contrary to [12] findings, micro-enterprises performance is unaffected by social capital.

Financial capital refers to the sources of cash that enable them to be employed and utilized by the community in pursuit of livelihood objectives. This financial capital can take the shape of inventories or reserves that they personally or through financial institutions own, as well as a steady stream of cash [13]. Wealth, income, expenses, savings, and accounts payable are all examples of financial capital. In managing and growing a business, financial capital is crucial. Income will also rise if capital does [14]. According to the findings of the study done by [15], financial capital significantly influences the growth of microbusinesses in Kabila District, Bone Bolango.

The Talang Kelapa District's abundant patin fish output, which serves as the primary raw material for salai fish manufacturing, is actually a benefit for those who make smoked fish. The Panca Jaya salai fish business and the other salai fish business share many of the same issues. These include a lack of business capital (both still relying on their own capital), ineffective financial management, the inability to hire more workers due to financial constraints, and problems related to education, experience, and health. For the Panca Jaya fish business in Sungai Rengit village, this study will assess capital assets in order to boost output, develop an effective marketing plan, and ensure the long-term viability of the enterprise.

## 2 Literature Review

### 2.1 Business Sustainability

Every entrepreneur or businessperson who has the initiative, motivation, and ingenuity to build a business is responsible for its development. Generally speaking, businessmen must be able to recognize possibilities that others miss, take those opportunities to launch a firm, and manage that business successfully. Based on [16] divides business growth into three categories: (1) upstream or downstream expansion; (2) business diversification; and (3) selling the business.

### 2.2 Capital Assets

Human capital investment theory states that those with a higher education degree earn more over their lifetime than those who have a lower educational level. According to [17, 18], knowledge and expertise gained through education, training, experience, and migration are activities to increase the value of labor through investment in human capital, which is expected to increase future income. Aside from education, experience, and migration, human capital can be invested in health [19]. Health is the foundation for work productivity and the ability to improve education. Workers who are physically and mentally healthy will be more productive at work. According to [6], human capital is an important component for the creation and dissemination of knowledge capable of creating innovations or developing new products through high-quality individuals. This is in agreement with the results of [12, 20, 21] that the performance of micro-enterprises is significantly impacted by human capital. Human capital is an important component in business development in order to become a market pioneer in a competitive market.

Social capital refers to the community or community that allows for cooperation. Cooperation networks are emphasized in order to foster togetherness in a group or community in society, which is then used to improve the quality of life. Through a focus on social networks, norms, values, and beliefs that are developed from inside the group and become group norms, as well as reciprocity, social capital highlights group potential and patterns of interactions between two or more individuals and between groups [22, 23].

Thus, social capital has a broad and multifaceted definition that includes networks, norms, social trust, and local wisdom, all of which enhance social collaboration (coordination and cooperation) for the common good. This social capital must be strengthened in order to:

- a) As autonomy grows, social capital becomes a community asset, allowing members to be self-sufficient and manage their own interests.
- b) Cooperation strengthening, assisting communities in managing social risks and increasing community capacity to prevent or respond to shocks, cooperation strengthening
- c) Strengthen social networks by having social capital community members help one another and manage risk through informal relationships.

According to the findings of [24–26], social capital influences the growth of businesses. However, contrary to [12] findings, micro-enterprise performance is unaffected by social capital.

Financial capital is a factor that affects business continuity because it is certain that if a business is going to run its business, it will require a number of funds, both from loans and personal capital. Financial capital as capital used to fund a company's daily operational activities, particularly those with a short time horizon [27]. Financial capital is essential for the smooth operation of micro-enterprises, and adequate financial management can assist micro-enterprises in maintaining their survival and growth rate in an increasingly competitive market [28]. Based on the findings of [18, 29] research, financial capital has an effect on the growth of micro-enterprises, whereas [7] stated that financial capital has an effect on the growth of micro-enterprises and the company's innovation strategy.

### **3 Research Methods**

This study will analyze the sustainability of the salai fish business using capital assets, specifically human, social, and financial capital. Panca Jaya Salai Fish Business conducted the research, with the research location in Sungai Rengit Village, Talang Kelapa District, Banyuasin Regency. This is a field study with a qualitative approach and a case study research strategy. The descriptive and qualitative analysis techniques were used in this study [30]. This analysis was carried out to obtain a comprehensive picture of the variables observed. The results of in-depth interviews with the owner of the Panca Jaya salai fish business regarding the relationship between human, social, and financial capital were evaluated and reviewed.

### **4 Results and Discussion**

Individual capital assets are anything that individuals own for personal or investment purposes. Human capital, social capital, and financial capital are the capital assets owned by Panca Jaya salai fish business owners, all of which have an impact on the level of individual and family welfare.

#### **4.1 Human Capital**

One of the assets of sustainable livelihoods is human capital. Education, work experience, skills, health, and migration are all indicators of human capital formation. The respondent's education is at the master's level (S2), so the respondent can easily apply the knowledge they have to do this salai fish business. Quick comprehension, as well as the ability to obtain a lot of information about the salai fish business from various sources, ultimately adds to the respondents' knowledge base, which can then be applied in this business.

The competencies of business owners influence the business's growth and sustainability. The ability to run a business and a strategic orientation to open new markets, new

production, and utilize new technology are attributes of the business owner's educational background and business experience. The business owner has 9 years of experience running this salai fish business. Understanding the process of this salai fish business takes time. At first, the owner worked alone, but with patience and continued learning, the business owner was able to hire two workers who assisted in the process of making smoked fish, beginning with cleaning the fish, cutting it, and placing it on the smoking device. According to the findings of the interview, the business owner still believes in smoking fish because it requires patience for the results of smoked fish to be good.

The owner has never received any training in the processing of salai fish from the district government or any other agency while running this business. The owner's education level is high enough that he can learn on his own by trying and trying again until he finds the correct formula for making salai fish. Business owners, however, have followed technical guidance organized by the Banyuasin Regency Food Security Service for food safety.

The higher the educational background and the longer the experience of the business owner, the higher the orientation and strategy development carried out by the business owner to improve the performance of his business [18, 31]. It is clear that the salai fish business owner's level of education and work experience can support business development and the sustainability of the business being undertaken to be better and continue to grow.

## 4.2 Social Capital

The network of relationships is a resource that can be used to carry out daily activities. Social capital, specifically as a social connection that binds group members together, refers to the relationships developed and the rules that influence the amount and quality of community social relations throughout a broad range.

The salai fish business owner works with third parties, specifically patin fish producers, to run the business. The owner of this cooperative relationship buys fresh patin fish directly from producers in the Sungai Rengit village area. In one salai fish processing process, the owner requires up to 60–65 kg of fresh patin fish (live) purchased from fish producers. At the start of the business, the owner must construct a simple tarpaulin pond to house the purchased patin fish in order to keep it alive before processing it. This condition is ineffective; the fish are sometimes dead before they are processed. Additionally, business owners must go directly to the patin fish pond and bring their own purchased patin fish. However, because cooperative relationships with patin fish producers have been well established over time, business owners can now call and request that catfish be delivered on the day the fish processing begins.

Aside from patin fish producers, the owner establishes a network of relationships with suppliers, specifically cooperatives with the Agricultural Management Agency to sell the salai fish produced. In Sungai Rengit village, there aren't many people involved in the salai fish trade. People in Sungai Rengit mostly work as laborers for patin fish ponds, breeders, and farmers, so the only salai fish business that is currently active and continues to operate is the Panca Jaya salai fish business.

The business owner maintains positive relationships with his employees, customers, and patin fish producers. Maintain communication and trust, and continue to prioritize

honesty, tolerance, fairness, and generosity to customers in business operations. The nature of the kinship that continues to exist between the business owner and his employees is that the business owner is open to communication and working relationships with the employees/laborers who work with him. As a result, business owners believe that their employees will continue to assist them in all of their tasks. Business owners who also work as agricultural extension workers find it easier to approach various parties to build trust through a friendly, warm, and personal relationship. Business owners can also socialize with the surrounding community to help their business run smoothly in a variety of ways, such as by giving donations, infaq, and alms to local residents who cannot afford it.

Many studies show that social capital is one of the capitals that can help with entrepreneurship. The combination of social and human capital can both contribute to entrepreneurial success and bridge the gap between the family business and its environment [11, 32]. The same statement was made by Fatoki that stating the existence of a significant relationship between capital assets and the performance of small and medium enterprises [24].

### **4.3 Financial Capital**

Financial capital is one of the elements influencing business continuity because it can be determined that a business requires a number of funds, both from loans and personal capital, to run its operations. In economic terms, capital is goods or money combined with production factors such as land and labor to create new goods and services. Capital is an essential component of any business, whether small, medium, or large.

The owner starts the salai fish business with 1–2 million rupiah in personal funds. The owner only uses additional capital from business profits, cooperative loans, and borrowing from family/friends to expand the business. While running the business, the owner believes that his capital is insufficient to expand the salai fish business. Panca Jaya's gross monthly turnover is currently 7–8 million rupiah, with the owner owning 4–5 million rupiah in capital. According to the interview results, business owners are optimistic that they can continue to run their business with limited capital because of abundant raw materials, ease of obtaining them, relatively low raw material prices, and high consumer demand for salai fish. However, business owners will continue to seek additional capital to ensure that the Panca Jaya salai fish business grows and can meet consumer demand both within and outside of Banyuasin Regency.

## **5 Conclusion**

Panca Jaya business owners' competencies have a significant effect on their business's growth and sustainability. The respondent's level of education makes the salai fish business easier to conduct. Sufficient experience enables business owners to continue innovating and developing the salai fish business.

The business owner maintains positive relationships with his employees, customers, and patin fish producers. The keys to respondents' success in running this salai fish business are maintaining communication, trust, and continuing to prioritize honesty,

tolerance, and fairness toward consumers, workers, and patin fish producers. Good social skills in the surrounding community help the business run smoothly. Respondents have used various methods to maintain good relations with the surrounding community, including giving donations, infaq, and alms, particularly to the poor.

While running the business, the capital needed to develop the salai fish business is still lacking. Additional funds are obtained through the accumulation of business profits, cooperative loans, and borrowing from family and friends. Respondents are optimistic, however, that they can continue to run the salai fish business and meet consumer demand with limited capital.

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