

The Role of Social Capital in The Development of Msme in Kampung Tahu Kediri (Kediri's Tofu Village) During the Covid-19 Pandemic

Nesya Vashti Engracia¹, Elya Kurniawati², Nur Hadi³

^{1,2,3} Faculty of Social Science, Universitas Negeri Malang, Indonesia

elya.kurniawati.fis@um.ac.id

Abstract

The current pandemic which was caused by the COVID-19 has weakened Indonesia's economic conditions, which resulted in a decline in demand for businesses engaged in food and beverages. This encourages SMEs in Kampung Tahu Kediri (Kediri's Tofu Village) to utilize social capital in maintaining and developing their businesses. The purpose of this research is first to analyze the role of social capital in the development of new product innovations for SMEs in Kampung Tahu Kediri. Second, to analyze the role of social capital in building a network of SMEs Kampung Tahu Kediri. The data were collected through observation and interviews and analyzed qualitatively. The results are the following; first, social capital plays an effective role in the development of new product innovations because every business owner has elements of resources, relationships, and networks. This product innovation can bring benefits for business actors. Second, social capital plays an effective role in building SME networks in Kampung Tahu Kediri because business actors can utilize elements of resources, relationships, and networks. The network that is built can increase the existence of Kampung Tahu Kediri in various cities.

Keywords

Covid-19; Kampung Tahu Kediri; Social Capital



I. Introduction

Indonesia has been hit by the Covid-19 pandemic since the beginning of March 2020. One of the impacts of the Covid-19 pandemic is the weakening of the economy in various regions and sectors. This is none other than the impact of the health policies to anticipate the spread of Covid-19, starting from the Implementation of Large-Scale Restrictions to the Imposition of Emergency Community Activity Restrictions. Law Number 6 of 2018 concerning Health Quarantine is the legal basis for this anticipatory policy (Ristyawati, 2020). The consequence of this policy is the limited mobility of people, goods, and services, which in turn causes a decline in productivity and people's purchasing power. This is evidenced by data from the Central Statistics Agency in 2020, which concludes that since the first quarter of 2020 the Indonesian economy has only reached 2.97%, and has declined significantly again, namely minus 5.32% in the second quarter of 2020 (BPS, 2020). The outbreak of this virus has an impact of a nation and Globally (Ningrum et al, 2020). The presence of Covid-19 as a pandemic certainly has an economic, social and psychological impact on society (Saleh and Mujahiddin, 2020). Covid 19 pandemic caused all efforts not to be as maximal as expected (Sihombing and Nasib, 2020).

Indonesia's economic conditions continue to experience tumultuous dynamics due to the nature of unpredictable Covid-19 cases. In the second quarter of 2021, Indonesia's economic condition grew 7.07%, but after the spike in Covid-19 cases at the end of the second quarter, there was a decline in mobility which caused a contraction in slowing public spending since June 2021. There was a decline in demand after Eid al-Fitr so that prices in the domestic market experienced deflation. This led to a weakening of the rupiah exchange rate and foreign exchange reserves throughout June (Bappenas, 2021).

The weakening of the economy due to the Covid-19 pandemic had an impact on almost all public professions, especially micro, small and medium businesses engaged in the sectors of food and drink. This is evidenced by a survey conducted by BPS that business owners engaged in food and drink accommodation experienced a decline in market demand by 87% (BPS, 2020). MSMEs have contributed to Indonesia's development because they have a large contribution to employment, which is 99.45% and the contribution to the country's GDP is around 30% (Suci et al., 2017). The data shows that Indonesia's GDP on average has progressed 18.33% every year or GDP increased from IDR 2,107,868 billion to IDR 4,869,568 billion from 2007 to 2012. In addition, data from the Indonesian Labor Statistics show that 99.5% of the workforce in Indonesia works in the MSME sector. Around 97.16% of the total industrial workforce in Indonesia or 107.66 million people work in Micro, Small, and Medium Enterprises, while the rest are in large-scale businesses (Kurniawati & Setiawan, 2019).

During this pandemic, business owners must be independent in maintaining and developing their business. The increase or decrease in the business being run can also be related to how the network or marketing communications are formed by the owner. The application of marketing communications is very important to do to increase brand awareness so that consumers become interested in choosing their products (Krypton, 2018). The network formed by these business actors is classified as social capital. Therefore, social capital also contributes to business development. Bourdieu classifies social capital as consisting of two elements, namely the social fabric that is built by each member to relate to the group, and the quality of the resources of the group's members. From this opinion, it can be concluded that micro, small and medium enterprises must first create good relations internally, to create good cooperation balanced with competent capabilities. After that, business owners can build good relations and networks in the outside community. Social relations in a business can be manifested into social ties based on kinship, region, common view, or a mixture of the three (Usman, 2018).

One of the micro, small and medium enterprises that have regional and kinship-based social ties is the MSMEs which is located in Kampung Tahu Kediri which is in the Gang IV area, Tinalan Village, Pesantren District, Kediri City. There are 31 tofu craftsmen and about 12 outlets selling processed tahu which in other countries is known as tofu. The nickname Kampung Tahu Kediri can not be separated from the history of their ancestors, namely Mbah Markam who started producing white tofu in Tinalan and selling it around Dhoho street. The business run by Mbah Markam was a success, thus encouraging the surrounding relatives to become tofu craftsmen. These tofu craftsmen are getting more creative, not only producing white vegetable tofu, but also tahu kuning (yellow tofu), tahu kress (kress tofu), tahu pong (pong tofu), stik tahu (tofu stick) and so on. This has prompted the Tinalan area to be known as a tahu kuning (yellow tofu) manufacturing center. Furthermore, based on the initiative of residents and assisted by academics from the Universitas Negeri Malang, and the Universitas Islam Kediri, the Tinalan village was proposed to be Kampung Tahu Kediri. The background for the formation of Kampung

Tahu is because most of the residents depend on tofu making and the residents' desire to develop their business (Nugroho, n.d, 2019)

Seeing this, researchers are interested in examining the phenomenon of social capital owned by business actors in Kampung Tahu Kediri. Moreover, business actors can develop their business by expanding their network relatively quickly, because the end product is one of the common travel souvenirs of Kediri. This allows the tofu product to be known not only by local people but also by outsiders who visit Kediri. In addition, tofu-based ingredients tend to be mixed with other ingredients to produce new processed tofu products according to people's tastes. Therefore, not only physical capital is needed, but also social capital that is built both in the internal environment of business actors and the external environment of business actors, which in this case is the relationship between producers, consumers, and distributors. Business development can be realized by increasing product innovation, developing human resources and technology, and expanding the marketing area to increase the selling value of MSMEs (Sedyastuti, 2018).

In analyzing social phenomena in business development in Kampung Tahu Kediri during the Covid-19 pandemic, researchers used the concept of social capital theory. Broadly speaking, this social capital has several important elements contained in it, namely beliefs and positive values (trust), networks, and social relations. Pierre Bourdieu emphasizes that the elements contained in social capital are actual and potential resources, networks, and relationships that pay attention and respect each other, which can bring economic and social benefits. Economic profit in Bourdieu's concept is conceived as something that has economic value (Usman, 2018).

Several previous studies that discuss social and business capital, namely the first research conducted by Wijaya, (2017) entitled "Social Capital Perspectives for Regional Small and Medium Enterprises Empowerment Policies (Study on Traders in the Kamali Coastal Area, Baubau City, Southeast Sulawesi).)" The result of this research is that there is sufficient capacity in the self-development of traders as indicated by the components of social capital such as trust between business owners, mutually agreed norms and sanctions for those who violate them, as well as cooperation between traders in carrying out their economic activities in the Kamali Beach area, The second research was conducted by Effendy, (2018) with the title "The Role of Social Capital as an Effort to Develop MSMEs in Batu Merah Village, Ambon City". The results of this study show that the social capital built forms a network of traders with agents that make it easier to get resources or merchandise and traders get relief in the payment process (Effendy, 2018). The third research, conducted by Hadi S, Okalesa, Purwati AA, Marlas Fransiska, (2020) with the research title "Social Capital and Innovation on MSME Business Performance". The results of the study show that social capital and innovation partially affect business performance. This happens because leadership and organizational culture have a significant influence simultaneously on the performance of the Kota Tanpa program office facilitator in Lubuklinggau City

Based on the limitations that have been described, it is necessary to research "The Role of Social Capital in the Development of MSMEs in Kampung Tahu Kediri (Kediri's Tofu Village) During the Covid-19 Pandemic". The purpose of this research is first to analyze the effectiveness of social capital in the development of tofu product innovations by the MSMEs in the Kampung Tahu Kediri during the Covid-19 pandemic. Second, to analyze the effectiveness of social capital in building MSME networks in Kampung Tahu Kediri during the Covid-19 pandemic.

II. Research Method

The approach in this study applied the qualitative methods, where to obtain data, observation techniques, interviews, and supporting descriptive data were utilized. Qualitative methodology is a research procedure that contains three main things, namely an initial response in examining the sensitivity of a problem or social phenomenon, a construction process in data collection, and a descriptive conclusion from the object being studied (Suwendra, 2018). The design of this research is a case study where the analysis in the research design has a limited and specific focus because it aims to explore specific and contextual cases or issues in depth (Creswel, 2016). In this study, the case study that will be analyzed by researchers is the development of MSMEs in Kampung Tahu Kediri based on the social capital owned by each MSME business actor.

III. Result and Discussion

3.1 The Effectiveness of Social Capital in Developing Tofu Product Innovations by MSMEs in Kampung Tahu Kediri During the Covid-19 Pandemic

The Covid-19 pandemic has had a significant impact on SMEs Kampung Tahu Kediri, one of which is the decline in sales turnover. The decline in MSME turnover due to reduced activities carried out outside the home, difficulty in obtaining raw materials due to transportation constraints or rising prices of raw materials, as well as starting to decrease public confidence in products outside, especially the culinary field, are real forms of change due to the Covid-19 pandemic (Frida, 2020). In the Kampung Tahu Kediri community, the average sales turnover decreased by 50-75%. Of course, this encourages business actors to rack their brains to continue to generate income and profits during the pandemic.

Generating business profits during the pandemic can be conducted through efforts to restore consumer confidence in the products offered. Therefore, it is not only economic capital that is needed to earn profits, but there is social capital which in certain situations has economic value (Fathy, 2019). The implementation of social capital for SMEs in Kampung Tahu Kediri itself has a pretty good impact on maintaining and developing their business. Moreover, this community has strong kinship and regional-based social ties.

Social capital in Pierre Bourdieu's view contains elements, such as the actual and potential resources contained or owned by each business owner. Second, a relationship that pays attention to each other so that a profitable relationship will arise. Third, networking means how the relationship process is patterned between each actor that builds mutually beneficial relationships (Satrio & Sabana, 2021). In this regard, Bourdieu emphasizes that the owner of social capital will have a position that depends on the amount and weight of social capital owned. In the end, social capital can be used to achieve certain goals (Haerussaleh & Huda, 2017).

Elements of resources in business development can be realized, one of which is the existence of skills in new product innovation. New product innovation of MSMEs in Kampung Tahu Kediri develops through the family. In addition, product innovation is also carried out by business actors whose main focus is the production of processed dried tofu. In the early stages of developing processed products, business actors took the initiative to make new preparations by making them processed into dried tofu such as "*coklat tahu* (chocolate tofu), *citos tahu* (citos tofu), and *tahu bakso* (tofu meatball)". In this case, most of the business actors in Kampung Tahu Kediri apply a pattern of familial trust in managing the business, so that the business will be passed down from generation to

generation by the family and adopt family members as workers. However, some business actors also empower close neighbors as workers in running their businesses. The Kampung Tahu Kediri Community has the principle of helping each other so that close neighbors are actors who are trusted after the family in running a business. This shows that in addition to the pattern of familial trust, there is also a pattern of good neighborhood belief in the people of Kampung Tahu Kediri.

Bourdieu explains that every resource will not be distributed equally so that there will be differences in access and use of resources in the lives of each actor (Usman, 2018). It's the same with every business owner in Kampung Tahu Kediri, they have different resources. In this case, the difference in the intended resource is the skill in processing tofu which affects the focus of the tofu product produced. The following is a table of differences in the focus of product results on MSMEs in Kampung Tahu Kediri.

Table 1. MSME Tofu Production Results in Kampung Tahu Kediri

Mainly focused on wet tofu products (<i>tahu kuning</i> (yellow tofu), <i>tahu sayur</i> (vegetable tofu))	MSME Tahu Populer MSME Jawa Mandiri MSME MJS MSME RTT MSME Pak Min MSME JMA
Mainly focused on dry tofu products (<i>stik tahu</i> (tofu stick), <i>tahu kress</i> (kress tofu), <i>tahu bulat</i> (round tofu), <i>tahu pong</i> (pong tofu), <i>coklat tahu</i> (chocolate tofu), <i>cistik tahu</i> (cistik tofu))	MSME Wijaya Kembar MSME SIS MSME ALL MSME Lin MSME Aman MSME MAR MSME BN

Source: processed by researchers, 2021

Countless efforts to develop processed tofu products are growing day by day. At the beginning of 2020, there was an innovation for *coklat tahu* (chocolate tofu) produced by Wijaya Kembar MSME. This innovation is made by looking at what foods are favored by the surrounding community and can be snacks that can accompany activities at home. The family strengthens their internal relationship by sharing information and being responsible for carrying out their respective roles to process tofu into *coklat tahu* (chocolate tofu) products. In this case, the resources in the form of tofu processing capability owned by each tofu craftsman tend to be passed down from generation to generation by the family to maintain the taste and characteristic image of the resulting product. Thus, it can also be seen that every tofu craftsman has values and beliefs that are developed internally in running their business. In addition to being passed down from generation to generation, the skills of tofu craftsmen are also obtained from the training provided by related institutions, namely the Department of Cooperatives and SMEs of Kediri City, as well as the training provided by students with related college majors.

In 2021, product innovation is still being churn out by Wijaya Kembar MSMEs. The owner of the Wijaya Kembar outlet stated that he and his family usually innovate products every 6 months by following food trends that exist in society during the Covid-19 pandemic. In this innovation, the family is developing a new product, namely *citos tahu* (citos tofu). Processed tofu is made to resemble a spiral-shaped snack that has a variety of flavors. Because it is still in the development stage, every member of the Wijaya Kembar MSME family often does a trial to get the right and delicious taste. This shows that there is

capability owned by family members in processing tofu into various new products and aims to create good chances. The intended change is that new products are expected to bring benefits during the Covid-19 pandemic.

Furthermore, in addition to the Wijaya Kembar's product, new product innovations during the pandemic are also carried out by MAR MSME. In this case, MAR has an innovation of processed *tahu bakso* (meatball tofu) which will be launched around September 2021. Even though *tahu bakso* (meatball tofu) has existed before, MAR's product provides innovation in the taste image with their blended spices. The resource element in this innovation is reflected in the skills of MAR business actors who carry out the principle of observing, imitate, modify in processing tofu, and the courage to try continuously to produce a delicious taste. In addition to product innovation that can bring profits, MAR also wants to make products that are durable and varied, so that consumers do not feel bored with MAR tofu products.

The elements of social relations in the product innovation process in Kampung Tahu Kediri are manifested in how business actors can represent actions that pay attention to each other. Bourdieu asserts that the closeness of relationships is vital in identifying social capital. The closeness of the intended relationship will implement trust, norms, and mutually beneficial relationships (Fathy, 2019). In the process of developing *citos tahu* (citos tofu), *tahu bakso* (meatball tofu), and also other tofu processing, social relations are reflected in the trust of every business actor who shares important information, for example, information on raw materials.

The existence of this information-sharing relationship can bring benefits as business actors/owners can find soybeans at stable prices and good quality. Moreover, during the Covid-19 pandemic, soybeans experienced a dynamic price increase, which was initially IDR. 7,500 to IDR 11,000/ kilograms. This good quality raw material will also affect the quality of the tofu products produced. In addition, social relations are also realized by sharing information related to government assistance for MSMEs affected by the Covid-19 pandemic as well as information on training provided by several relevant agencies. Good relations between business actors bring a positive value, namely the existence of an agreement on selling prices on the production of the same processed tofu products. This is done to anticipate the contradictive feelings between business owners

The network element in product innovation is manifested in the pattern of the benevolence of each business actor or how business actors help each other in marketing the products of an MSME. This is in line with Bourdieu's view that social capital functions as individual or group support in achieving various goals and fulfilling interests (Fathy, 2019). Implementation in the Kampung Tahu Kediri community can be seen from the marketing of *coklat tahu* and *citos Tahu* not only by Wijaya Kembar MSME but also by other business actors who help sell these new products such as UD Jaya Mandiri, RTT MSME, MJS MSME, SDD MSME, Pak Min MSME. In this case, MSME Wijaya Kembar implements a product deposit system to other outlets at a pre-agreed price. As stated by Mr. Supingi as the owner of the Wijaya Kembar MSME who stated that the marketing and sales of *coklat tahu* (chocolate tofu) were assisted by other business actors, the same as *citos tahu* (citos tofu), after successfully launched, the association would immediately inform the association so that product marketing could reach the wider community and outlets. others are also benefiting amid a pandemic. In this regard, it can be seen that every business actor in Kampung Tahu Kediri has good benevolence values and has the same sense of sharing.

The social network in the Kampung Tahu Kediri community is operated effectively where there are differences in the focus of production which also underlies the patterned

relationship which is the existence of a product exchange system between business actors to meet the needs of consumers or customers from each outlet. If the tofu product in an outlet runs out or wants to sell a variety of products, you can buy tofu products from other outlets and resell them. However, in exchange for this product, each business actor provides a cheaper price between fellow business actors. This is done so that the business actor also gets a profit if he sells the product at a normal price. The exchange of products can help the UMKM community in Kampung Tahu Kediri develop their business and reach many consumers. This is in line with Bourdieu's theory of social capital where individual assets will develop into group assets (Usman, 2018)

3.2 The Effectiveness of Social Capital in Building MSME Networks in Kampung Tahu Kediri During the Covid-19 Pandemic

Building a business network during a pandemic is important because it can help introduce products to the wider community. Information and social networks are important factors in business success (Satrio & Sabana, 2021). Even though they have products that tend to be the same, the business actors in Kampung Tahu Kediri have different markets. In developing a business, MSME actors must be able to analyze the situation at hand, therefore efforts are needed such as developing promotions, developing partnerships, and equal cooperation (Hendrawan et al., 2019). For the most part, business actors in Kampung Tahu Kediri have social capital that can utilize adaptive capacity through bridging social capital or networking in building networks. The actors involved in networking are external parties or social actors who are outside their place of residence, outside of kinship, outside of ethnicity, religion, and customs (Usman, 2018).

The element of resources in building the MSME network in Kampung Tahu Kediri refers to the skills of each business actor in marketing and branding products to the wider community. One way of marketing carried out by business actors in Kampung Tahu Kediri is to collaborate with external parties. Most of the business actors in Kampung Tahu Kediri have different markets and partners collaborating to suppress or emphasize high competitiveness with each other. The skill in finding new market opportunities amid a pandemic is one of the methods used by business actors in Kampung Tahu Kediri. In this case, business actors apply a blue ocean strategy that encourages business actors to seek new markets that have never been touched by competitors (Wilantara & Susilawati, 2016).

In implementing the blue ocean strategy, there are business actors who are looking for opportunities by marketing their tofu products to traditional markets outside the city of Kediri. Mrs. Rini, the owner of the MSME Tahu Populer, said that her party was looking for opportunities by marketing tofu products in the traditional markets of Tulungagung, Wates, and Pare. According to Mrs. Rini, tofu is a typical food from Kediri, if sold in Kediri, it will have higher competitiveness, therefore MSME Tahu Populer is looking for new markets outside the city of Kediri. This strategy is enough to help increase the existence of MSME Tahu Populer during the pandemic. Furthermore, business actors in Kampung Tahu Kediri also develop skills in collaborating with partners outside the City of Kediri. This is done to introduce processed products typical of Kediri to the wider community.

In addition, business players have carried out marketing and product branding skills in building networks during the pandemic. This method is applied so that MSMEs can still get income during the pandemic. Mrs. Nenah, the owner of MSME MAR, said that her business was able to survive because of digital marketing so that subscriptions and consumers from out of town could buy products online. There are several ways to do this

are by distributing advertisements on WhatsApp status; share ads on personal facebook; using google business; using e-commerce Tokopedia, Grab, and Gojek.

This digital marketing strategy is considered effective enough to make it easier for people to buy products without having to come directly to Kampung Tahu Kediri. There are several benefits of using an e-commerce strategy, namely ease of promotion, cost savings in information, real-time transaction processes, short administrative processes, responsive services, an increase in consumers, and as a complement to traditional markets (Kurniawati & Huda Al Siddiq, 2020). The positive impact of this digital marketing is the number of business partners who order via WhatsApp and new subscriptions so that MSMEs in Kampung Tahu Kediri are increasingly known not only from within the city but also from outside the city. Not only digital marketing, but most of the outlets in Kampung Tahu Kediri have also used e-money payments, namely by using OVO, Go-Pay, Dana, Link Aja, MayBank, and Paytren. To attract consumers' interest, business actors often provide sales promotions in various promotional media such as giving discounted prices.

The application of E-commerce to some business actors in Kampung Tahu Kediri has obstacles, namely the existence of business owners who came from a generation that is less adaptive in technology development. In this case, the level of education is one of the factors that can affect an individual's ability to utilize technology (Kurniawati & Huda Al Siddiq, 2020). Nevertheless, business actors can take advantage of social capital in implementing E-commerce strategies. Pierre Bourdieu explained that the concept of social capital is how the capital is transmitted into economic capital (Bourdieu, 2020). Similarly, the MSMEs in Kampung Tahu Kediri can utilize internal resources in implementing E-commerce, thereby generating economic benefits. An MSME is passed down from generation to generation, meaning that in a business, employees are belonging to the technology-adaptive generation. The technology-adaptive generation in MSMEs mostly has a role in managing E-commerce. Digital marketing continues to be developed by each internal MSME by sharing product registration information to E-commerce and utilizing social media.

The social networking element of Pierre Bourdieu refers to the pattern of relationships between business actors and external parties that bring benefits (Usman, 2018). In the Kampung Tahu Kediri community, building a network during the pandemic was realized by the existence of several outlets that became producers in various traditional markets by selling wet tofu products such as yellow tofu and vegetable tofu. This collaboration with the market is one way for business actors to continue to produce tofu during the Covid-19 pandemic. Even though they both send tofu products to traditional markets, each business actor has their subscription. This is based on the fact that every business actor can build good customer trust by maintaining the quality of tofu products even though the raw materials and market conditions are dynamic. What's more, the wider community also tends to buy tofu in traditional markets.

In addition to collaborating with the market, business actors in Kampung Tahu Kediri also collaborate with several agents or partners who sell tofu products outside the city of Kediri, namely Ponorogo, Jakarta, Bali, Surabaya, and Nganjuk. Most of the business owners stated that collaborating as partners helped to sell tofu products during the pandemic. There are two systems of cooperation with agents or partners carried out by each business actor. First, using agents buying tofu products directly in cash and in full at the beginning for resale outside the city of Kediri. So that if the product is not sold out, it cannot be returned to the business owner. Second, with the "tempo" method, where business actors send tofu products every week to their partners, then payments are made

the following week according to the number of products sold and at the same time send new tofu products for sale. The weakness of this “tempo” system, business actors must be good at seeing the situation and predicting whether the number of products sent will be sold out in one week. In addition, business actors who apply the “tempo” system will package wet tofu products in a vacuum. Vacuum packaging can make the product last one month at refrigerator temperature, and one week at room temperature. Usually, the tempo system is carried out by business actors who market their products to distant cities such as Jakarta and Bali.

Elements of social relations are manifested in the existence of relationships that interpret social trust between business actors and external parties who collaborate, as well as with customers. Social trust is a cultural dimension of social capital in the form of actions that contain positive values that can bring change, social exchange, and mutually beneficial relationships. There are three dimensions in trust or values that bring about change, namely capability, benevolence, and integrity (Usman, 2018).

Capability is manifested by the ability to retain loyal customers and partners. In this case, these abilities will develop through individuals or groups along with the many collaborations they have. This is in line with Bourdieu’s understanding of social capital that the overall resources, both actual and real, are increasing in individuals and groups due to increasing networks (Munif, 2020). Every business actor in Kampung Tahu Kediri can understand the needs both in terms of product aspects, namely maintaining the quality of the products produced. Mr. Khoirul Wahyudi, one of the tofu craftsmen at MSME Pak Min said that despite the decline in turnover and the dynamics of raw material prices during the pandemic, he still maintained product quality. In addition, most of the entrepreneurs in Kampung Tahu Kediri are willing to accept criticism and input from consumers, so that they can make the products they produce better. This is done to maintain consumer trust.

Bourdieu asserts that institutional relationships have a permanent nature based on mutual knowledge and mutual recognition (Usman, 2018). This relationship occurs between SMEs in Kampung Tahu Kediri and external parties as evidenced by the existence of good benevolence. Benevolence is shown by how external parties (customers and business partners) also introduce products from Kampung Tahu Kediri SMEs to their families, co-workers, and those closest to them. Mrs. Vivin, the owner of MSME RTT, stated that customers from her outlets introduce products to their relatives and families so that they can add new customers from various cities. Thus, it can increase the existence of Kampung Tahu Kediri during the Covid-19 pandemic.

Next, is integrity which means there are good principles accepted by business actors from external parties. Bourdieu emphasizes that constructing social capital is the same as being able to utilize and capture the functions of the agency (Bourdieu, 2020). In its implementation, most of the business actors in Kampung Tahu Kediri have good principles even though the pandemic had reduced people’s purchasing power, external parties, both market customers and partners, continued to collaborate intensely. What’s more, tofu is one of the staple foods needed by many in the community. In addition, processed products of dry tofu are also one of the typical souvenirs of Kediri City. With these good principles, social capital can bring economic capital, which in this case is financial gain

IV. Conclusion

The social capital has an effective role in developing the MSMEs in Kampung Tahu Kediri during the Covid-19 pandemic. Although these MSMEs were affected by the decline in tofu production which resulted in a decrease in sales turnover, business owners

were able to utilize their social capital both internally and externally. In the development of new product innovations during the Covid-19 pandemic, MSMEs in Kampung Tahu Kediri have resource elements in the form of the ability to process tofu into products that are popular with the community; elements of social relations in the form of mutual attention between business owners who share information related to raw material prices, government assistance, and market conditions; elements of social networks in the form of product exchange relationship patterns between business actors that can bring profits. In creating the MSME network during the Covid-19 pandemic, business owners apply bridging social capital or cooperate with external parties. Business owners have an element of resources in the form of the ability to find new market opportunities and e-commerce strategies; elements of social networking in the form of cooperation with traditional market producers and partners from various cities; elements of social relations in the form of relationships that implement social trust between business actors and external parties. The social capital they have will help the MSMEs in Kampung Tahu Kediri to gain profits and increase their existence during the pandemic.

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