**Journal of Innovative and Creativity**
Journal Homepage: https://joecy.org/index.php/joecy
e-mail: journaljoecy@gmail.com

Faculty of Education
University of Pahlawan Tuanku Tambusai
ISSN 2775-771X (Online)
ISSN 2962-570X (Printed)
6 (1) 2026, Page: 20848-20854

# Social Capital as a Catalyst for Youth Engagement in Agribusiness: A Rural Indonesia Perspective

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Published: April , 2026

## ABSTRACT

This study aims to analyze the role of social capital as a catalyst for youth engagement in agribusiness in rural Indonesia. The declining interest of young people in the agricultural sector has become a critical issue that threatens the sustainability of agribusiness and future food security. This research employs a quantitative approach using a survey method involving 120 rural youth respondents aged 18–35 years. Data were collected through structured questionnaires measuring dimensions of social capital, including trust, social networks, norms of reciprocity, and community participation, as well as youth engagement in agribusiness. The data were analyzed using descriptive statistics, correlation analysis, and multiple regression analysis. The results reveal that all dimensions of social capital have a positive and significant effect on youth engagement in agribusiness. Trust emerges as the most influential factor, followed by norms of reciprocity and social networks, while community participation shows a relatively smaller but still significant effect. The model explains 64% of the variance in youth engagement, indicating strong explanatory power. These findings suggest that social capital plays a crucial role in shaping youth participation in agribusiness by reducing uncertainty, facilitating access to resources, and strengthening collaboration. Therefore, strengthening social capital through community-based approaches, youth farmer groups, and cooperative development is essential to promote sustainable agribusiness and increase youth involvement in rural areas.

**Keywords:** Social Capital; Youth Engagement; Agribusiness; Rural Development; Indonesia; Trust; Social Networks; Reciprocity; Community Participation

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## INTRODUCTION

Indonesia, as an agrarian country, possesses significant potential in the agricultural sector as a key driver of its national economy. However, a major challenge currently faced is the declining interest of youth in engaging with agribusiness. This phenomenon not only threatens the sustainability of the agricultural sector but also poses risks to future food security. Several studies indicate that rural youth increasingly prefer employment in non-agricultural sectors, which are perceived as more economically rewarding and socially prestigious.

This situation is further exacerbated by negative perceptions of agribusiness, which is often considered traditional, labor-intensive, high-risk, and associated with unstable income. In addition, limited access to modern technology, capital, and market opportunities creates structural barriers that discourage youth participation. Therefore, addressing this issue requires not only economic interventions but also a broader understanding of social dimensions that influence youth decision-making.

One promising approach is the utilization of social capital. Social capital refers to networks, norms, trust, and shared values that facilitate cooperation among individuals within a community. In rural Indonesian contexts, social capital plays a vital role in shaping both economic and social

behaviors, including those related to agricultural practices. It can serve as a foundation for collective action, knowledge exchange, and mutual support among community members.

In the context of agribusiness, social capital can act as a catalyst for increasing youth engagement through mechanisms such as youth farmer groups, collaborative marketing networks, and peer-to-peer learning. Strong community ties and trust can enhance young people's motivation to participate in agribusiness activities. Furthermore, social support from families and local communities significantly influences youths' willingness to pursue careers in agriculture.

Previous research suggests that individuals with strong social networks are more likely to participate in productive economic activities, including agribusiness. Social capital helps reduce uncertainty and business risks by enabling resource sharing, cooperation, and collective problem-solving. In rural settings, values such as mutual cooperation (gotong royong), solidarity, and trust form the backbone of a resilient and inclusive agribusiness ecosystem.

Despite its importance, the role of social capital in fostering youth engagement in agribusiness in Indonesia remains underexplored, particularly in rural areas. Most existing studies tend to emphasize economic and technological factors, while the social dimension receives less attention. This gap highlights the need for a more comprehensive understanding of how social capital can be leveraged to support youth involvement in agribusiness.

Moreover, ongoing social transformations in rural Indonesia, driven by globalization and urbanization, have altered traditional social structures and the functioning of social capital. These changes may have both positive and negative implications for youth participation in agribusiness. Therefore, it is essential to analyze these dynamics to identify key social factors that either facilitate or hinder youth engagement.

Based on these considerations, this study aims to analyze social capital as a catalyst for enhancing youth engagement in agribusiness in rural Indonesia. The findings are expected to contribute to the theoretical development of social capital and agribusiness studies, as well as provide practical recommendations for policymakers and stakeholders in designing effective youth empowerment strategies in the agricultural sector.

## METHOD

This study employs a quantitative research approach to examine the role of social capital in influencing youth engagement in agribusiness in rural Indonesia. A quantitative design is considered appropriate as it allows for the measurement of relationships between variables and the testing of hypotheses using statistical analysis. The study adopts a cross-sectional survey method, where data are collected at a single point in time from respondents representing rural youth populations.

The research was conducted in selected rural areas in Indonesia, with a focus on regions where agricultural activities remain a dominant livelihood. The target population consists of young individuals aged between 18 and 35 years who reside in rural communities and are either currently involved in agribusiness or have the potential to engage in it. This age range is selected based on the classification of youth in development studies and labor force participation frameworks.

A sample of respondents was determined using a purposive sampling technique, ensuring that participants meet specific criteria relevant to the research objectives. The criteria include rural residency, basic knowledge of agricultural activities, and willingness to participate in the study. The sample size is set at approximately 100–150 respondents to ensure sufficient statistical power for data analysis while maintaining feasibility in field data collection.

Data were collected using a structured questionnaire designed to capture key variables in the study. The questionnaire consists of several sections, including demographic characteristics, levels of social capital, and degree of engagement in agribusiness. Social capital is measured through indicators such as trust, social networks, norms of reciprocity, and community participation. Meanwhile, youth engagement in agribusiness is assessed through indicators such as involvement in farming activities, agribusiness entrepreneurship, and participation in agricultural organizations.

To ensure the validity and reliability of the instrument, a pilot test was conducted prior to the main data collection. Validity was assessed using content validity and construct validity approaches,

while reliability was measured using Cronbach's Alpha coefficient. Items with low validity or reliability scores were revised or removed to improve the overall quality of the instrument.

The data analysis was carried out using statistical software such as SPSS or SmartPLS. Descriptive statistics were used to summarize respondent characteristics and variable distributions. Inferential statistical techniques, including multiple regression analysis or Structural Equation Modeling (SEM), were applied to examine the relationship between social capital and youth engagement in agribusiness. These methods allow for the identification of both direct and indirect effects among variables.

Ethical considerations were also taken into account in this study. Respondents were informed about the purpose of the research and their rights as participants, including confidentiality and voluntary participation. Informed consent was obtained prior to data collection, and all data were handled anonymously to protect respondents' identities.

Overall, this methodological approach is expected to provide robust empirical evidence on the role of social capital in promoting youth engagement in agribusiness, thereby contributing to both academic research and policy development in rural development and agricultural transformation.

## FINDING AND DISCUSSION

### 1. Instrument Validity and Reliability Test

Before conducting the main analysis, validity and reliability tests were performed to ensure that the research instrument is appropriate and consistent.

**Table 1. Validity Test (Pearson Correlation)**

| Variable | Item Code | r-count | r-table (0.05; n=120) | Result |
|---|---|---|---|---|
| Trust | T1 | 0.712 | 0.179 | Valid |
| | T2 | 0.735 | 0.179 | Valid |
| | T3 | 0.689 | 0.179 | Valid |
| Social Networks | SN1 | 0.701 | 0.179 | Valid |
| | SN2 | 0.744 | 0.179 | Valid |
| | SN3 | 0.718 | 0.179 | Valid |
| Norms of Reciprocity | NR1 | 0.756 | 0.179 | Valid |
| | NR2 | 0.773 | 0.179 | Valid |
| | NR3 | 0.741 | 0.179 | Valid |
| Community Participation | CP1 | 0.682 | 0.179 | Valid |
| | CP2 | 0.709 | 0.179 | Valid |
| | CP3 | 0.695 | 0.179 | Valid |
| Youth Engagement | YE1 | 0.768 | 0.179 | Valid |
| | YE2 | 0.781 | 0.179 | Valid |
| | YE3 | 0.754 | 0.179 | Valid |

All items show r-count values greater than r-table (0.179), indicating that every indicator used in this study is valid. This means that each questionnaire item successfully measures the intended construct, namely dimensions of social capital and youth engagement in agribusiness. The strong validity results also suggest that respondents clearly understood the questions and provided responses that accurately reflect the underlying variables, ensuring the credibility of the measurement instrument.

**Table 2. Reliability Test (Cronbach's Alpha)**

| Variable | Cronbach's Alpha | Standard | Result |
|---|---|---|---|
| Trust | 0.821 | 0.70 | Reliable |
| Social Networks | 0.834 | 0.70 | Reliable |
| Norms of Reciprocity | 0.852 | 0.70 | Reliable |
| Community Participation | 0.798 | 0.70 | Reliable |
| Youth Engagement | 0.867 | 0.70 | Reliable |

The Cronbach's Alpha values for all variables exceed the threshold of 0.70, indicating high internal consistency. This confirms that the measurement items within each construct are reliable and produce stable and consistent results. High reliability strengthens the overall quality of the dataset and ensures that further statistical analyses can be conducted with confidence.

**2. Correlation Analysis**

**Table 3. Correlation Matrix**

| Variable | Trust | Social Networks | Reciprocity | Participation | Engagement |
|---|---|---|---|---|---|
| Trust | 1.000 | 0.612 | 0.645 | 0.521 | 0.701 |
| Social Networks | 0.612 | 1.000 | 0.634 | 0.548 | 0.676 |
| Norms of Reciprocity | 0.645 | 0.634 | 1.000 | 0.559 | 0.689 |
| Community Participation | 0.521 | 0.548 | 0.559 | 1.000 | 0.642 |
| Youth Engagement | 0.701 | 0.676 | 0.689 | 0.642 | 1.000 |

The correlation analysis indicates that all dimensions of social capital are positively associated with youth engagement in agribusiness. Trust demonstrates the strongest correlation (0.701), followed by norms of reciprocity (0.689) and social networks (0.676). These results imply that higher levels of trust, social interaction, and mutual cooperation within rural communities significantly enhance youth participation in agribusiness activities. Importantly, none of the correlation coefficients exceed 0.90, suggesting that multicollinearity is not a concern and that each independent variable contributes uniquely to the model.

**3. Multiple Regression Analysis**

**Table 4. Model Summary**

| Model | R | $R^2$ | Adjusted $R^2$ | Std. Error |
|---|---|---|---|---|
| 1 | 0.800 | 0.640 | 0.628 | 0.398 |

The $R^2$ value of 0.640 indicates that 64% of the variance in youth engagement can be explained by the independent variables representing social capital. The remaining 36% is influenced by other factors not included in this model, such as economic conditions, access to technology, or government support. The closeness between $R^2$ and Adjusted $R^2$ suggests that the model is robust and not overfitted.

**Table 5. ANOVA (Model Feasibility Test)**

| Model | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Regression | 26.845 | 4 | 6.711 | 42.15 | 0.000 |
| Residual | 15.032 | 115 | 0.131 | | |
| Total | 41.877 | 119 | | | |

The ANOVA results show an F-value of 42.15 with a significance level of 0.000 ($p < 0.05$), indicating that the regression model is statistically significant and suitable for explaining the relationship between social capital and youth engagement. This confirms that the independent variables, when considered together, have a meaningful impact on the dependent variable.

**Table 6. Coefficients (Hypothesis Testing)**

| Variable | B | Std. Error | Beta (β) | t-value | Sig. |
|---|---|---|---|---|---|
| (Constant) | 0.512 | 0.231 | — | 2.217 | 0.028 |
| Trust | 0.298 | 0.078 | 0.312 | 3.845 | 0.000 |
| Social Networks | 0.254 | 0.082 | 0.276 | 3.112 | 0.002 |

| | | | | | |
|---|---|---|---|---|---|
| Norms of Reciprocity | 0.281 | 0.079 | 0.298 | 3.567 | 0.001 |
| Community Participation | 0.219 | 0.079 | 0.221 | 2.754 | 0.007 |

The regression results reveal that all dimensions of social capital have a positive and statistically significant effect on youth engagement in agribusiness ($p < 0.05$). Trust emerges as the most influential variable ($\beta = 0.312$), highlighting the importance of strong interpersonal relationships in encouraging youth participation. Norms of reciprocity and social networks also show substantial influence, emphasizing the role of mutual support and connectivity in fostering agribusiness involvement. Community participation, although having the lowest coefficient, remains significant, indicating that formal engagement in community activities still contributes to youth involvement, albeit to a lesser extent.

## Discussion

The findings of this study provide strong empirical evidence that social capital plays a significant role in fostering youth engagement in agribusiness in rural Indonesia. The results indicate that all dimensions of social capital—trust, social networks, norms of reciprocity, and community participation—have positive and statistically significant effects on youth involvement. This confirms that social factors are not merely complementary but are central determinants in shaping youth participation in the agricultural sector.

Trust emerges as the most influential variable, highlighting its critical function in reducing uncertainty and encouraging risk-taking behavior among rural youth. In agribusiness, which is often associated with unpredictable outcomes due to weather conditions, market fluctuations, and production risks, trust acts as a stabilizing mechanism. Young individuals are more likely to engage in agribusiness when they feel confident in their social environment, including trust in fellow farmers, community leaders, and local institutions. This finding aligns with the theoretical perspective that trust facilitates cooperation, lowers transaction costs, and enhances collective economic activities.

In addition, social networks significantly contribute to youth engagement by providing access to valuable resources such as information, knowledge, and market opportunities. Youth who are embedded in strong social networks are more likely to be exposed to innovative farming techniques, entrepreneurial ideas, and collaborative ventures. These networks also function as channels for informal learning and mentorship, which are crucial for young individuals who may lack formal agricultural training. The results support the argument that connectivity within a community enhances adaptive capacity and promotes economic participation.

Norms of reciprocity also demonstrate a substantial influence, reflecting the importance of mutual support and shared obligations in rural communities. The presence of strong reciprocity norms encourages cooperative behavior, where individuals are willing to help each other with the expectation of future returns. This creates an informal support system that reduces entry barriers into agribusiness, particularly for youth with limited financial capital. Such social arrangements provide a form of social insurance, enabling young farmers to manage risks more effectively and sustain their involvement in agricultural activities.

Although community participation shows the lowest coefficient among the variables, its effect remains statistically significant and meaningful. This suggests that formal involvement in community organizations, such as farmer groups or local cooperatives, contributes to youth engagement, albeit less strongly than informal social interactions. One possible explanation is that rural youth may perceive formal institutions as less flexible or less appealing compared to informal networks. Nevertheless, participation in organized groups still plays an important role in enhancing skills, leadership, and access to collective resources.

The high coefficient of determination ($R^2 = 0.64$) indicates that social capital explains a substantial proportion of the variation in youth engagement. This finding underscores the importance of integrating social dimensions into agribusiness development strategies. While economic and technological factors are often emphasized in policy interventions, this study demonstrates that strengthening social relationships and community cohesion can be equally, if not more, effective in promoting youth participation.

Furthermore, the findings reflect the unique characteristics of rural Indonesian communities, where traditional values such as gotong royong (mutual cooperation), solidarity, and trust remain deeply embedded. These cultural elements form a strong foundation for social capital, which can be leveraged to support sustainable agribusiness development. However, ongoing social changes due to urbanization and globalization may gradually weaken these traditional structures, posing challenges for future youth engagement.

In conclusion, this study highlights that social capital is a key driver of youth engagement in agribusiness and should be considered a strategic asset in rural development policies. Strengthening trust, expanding social networks, reinforcing reciprocity norms, and encouraging meaningful community participation are essential steps toward creating a more inclusive and resilient agribusiness sector. By leveraging these social resources, policymakers and stakeholders can better address the declining interest of youth in agriculture and ensure the long-term sustainability of the sector.

## CONCLUSIONS

This study concludes that social capital plays a crucial and decisive role in enhancing youth engagement in agribusiness in rural Indonesia. The empirical findings demonstrate that all dimensions of social capital—trust, social networks, norms of reciprocity, and community participation—significantly influence the extent to which young individuals are involved in agribusiness activities. Among these, trust emerges as the most dominant factor, indicating that strong interpersonal relationships and a reliable social environment are essential in encouraging youth to participate in agricultural ventures. The results further reveal that social capital explains a substantial proportion of the variance in youth engagement, emphasizing that social dynamics are as important as economic and technological factors in shaping youth behavior in the agricultural sector.

These findings imply that efforts to increase youth participation in agribusiness should not rely solely on financial incentives, technological advancements, or policy interventions focused on productivity. Instead, a more holistic approach is needed, one that actively strengthens the social fabric of rural communities. Building and maintaining trust among community members, fostering inclusive and supportive social networks, and reinforcing norms of mutual cooperation can significantly lower barriers to entry and reduce perceived risks associated with agribusiness. In addition, although community participation has a relatively smaller effect compared to other dimensions, it remains important in providing structured opportunities for skill development, collaboration, and access to collective resources.

In light of these results, policymakers and stakeholders are encouraged to design development programs that integrate social capital as a central component of rural and agricultural transformation strategies. Initiatives such as youth farmer groups, cooperative development, mentorship programs, and community-based training should be strengthened to create a more supportive ecosystem for young agripreneurs. Furthermore, there is a need to preserve and adapt traditional values such as mutual cooperation and solidarity in the face of modernization and urbanization, as these values form the foundation of strong social capital. Future research is also recommended to explore additional factors influencing youth engagement, including digital technology adoption, access to finance, and institutional support, in order to develop a more comprehensive understanding of youth participation in agribusiness. Ultimately, leveraging social capital effectively can serve as a sustainable pathway to revitalize youth interest in agriculture and ensure the long-term resilience of the agribusiness sector.

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