



Achieving financial well being through the role of social capital and human capital

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ABSTRACT

Research purposes: express the meaning based on the results of the analysis of the direct influence of social capital and human capital on financial well-being. Method: The analysis tool used is a structural equation model with Partial Least Square. The sample in this study was 52 members of the women's fishermen's association at the Sendang Biru Fish Auction Place in Malang Regency. Research result: explains that social capital does not directly affect financial well-being, but human capital directly has a significant effect on financial well-being. Theoretical Contribution/Originality: The novelty of this study contributes to the Resource-Based Theory (RBT) which focuses on factors that increase the financial welfare of female fishermen through intangible assets, namely social capital and human capital.

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1. INTRODUCTION

Indonesia is the largest archipelagic country in the world and has marine and fisheries potential that can be an economic source for fishing communities. Based on data from BPS in 2024, it stated that in 2010 the number of fishermen in Indonesia was recorded at 2.16 million people. However, in 2024, the number was recorded at only 1.83 million people. Thus, there was a decrease in the number of fishermen by 330,000 people throughout 2010–2024. Anggraini, (2018) revealed the unstable economic situation and the relatively low and uncertain income of husbands as fishermen, the only people who can help maintain the family's livelihood are women fishermen (fishermen's wives). Fisherwoman can process fish catches into value-added products, such as processed fish, smoked fish, or ready-to-eat seafood. The role of fisherwomen in managing the household economy is very central and vital, but is hampered by gender inequality in access to financial resources. Through inclusive programs and formal recognition of women's roles are the keys to empowering women, improving the welfare of fisher families, and encouraging economic development through financial well-being. The financial well-being of fisherwomen is crucial to ensuring the economic sustainability of their families and the fishing community as a whole (Netemeyer et al., 2018). Although often considered part of a more traditional society and tied to domestic roles, fisherwomen have great potential to become powerful agents of economic change in their communities. In addition, fisherwomen's financial independence also involves active participation in family financial decision-making (Renaldo et al., 2020). They have equal rights to

contribute to planning the family budget and determining how the family's financial resources are allocated, as well as being able to utilize various (Osman et al., 2018).

Fisherwomen have a very significant role in supporting the family economy, especially since the income of their husbands who work as fishermen is often uncertain. Fisherwomen at the Sendang Biru Beach Fish Auction Place in Tambak Rejo Village, Malang Regency generally provide positive and significant financial contributions that have an impact on increasing household income and welfare. Fisherwomen at the Sendang Biru Beach Fish Auction Place in Tambak Rejo Village, Malang Regency Sendang Biru Beach Fish Auction Place in Tambak Rejo Village, Malang Regency to improve financial welfare, by processing marine products, trading catches and becoming laborers.

Social capital refers to the network of social relationships, norms, trust, and participation in groups that facilitate collective and mutually beneficial action (Bongomin et al., 2016). For fisherwomen, social capital plays an important role in supporting financial well-being (Zemtsov & Osipova, 2016). Social capital for fisherwomen in Sendang Biru with the networks and groups they create, both community groups and cooperatives, provides benefits in several accesses, including: market access, resource access, security protection and empowerment facilities. The level of financial independence of fisherwomen is influenced by social capital factors. Social capital is the ability that arises in individuals from habits and levels of high level of trust, which allows for the emergence of reciprocal relationships and cooperation between individuals. Social capital is a means of developing communication networks and cooperation between individuals in achieving and utilizing economic resources (Sawitri & Soepriadi, 2014). Social capital prioritises trust as its fundamental component, characterised by moral norms such as loyalty and honesty, serving as a cohesive force for the sustainability of cooperation within community groupings. Trust enables individuals to collaborate more efficiently (Ismail, 2022). The findings of the research conducted by Saleh et al., (2018), Ambarwati, (2019), Lestari et al., (2019) and Suminah et al., (2017) indicated that social capital influences the capacity of rural women and their autonomy in managing companies. Conversely, Utami et al., (2023) demonstrated that social capital exerted little influence on financial well-being.

In addition, the level of financial welfare of female fishermen is influenced by human capital factors (Kamakia et al., 2017). Human capital refers to all the abilities, knowledge, skills, health, and experience possessed by an individual (Suharto et al., 2021). For fisherwomen, human capital greatly influences their financial well-being. The human capital they possess includes education and knowledge, where the generally low level of education among fisherwomen can be an obstacle to active participation in more complex economic activities or those requiring special skills. In addition, skills in processing seafood, trading, or managing small businesses, although often using simple techniques and equipment, greatly support the increase in family income carried out by fisherwomen on Sendang Biru Beach, Malang Regency. The more diverse and honed the skills they have, the greater their potential to develop businesses and earn more income.

The relationship between human capital and financial independence of MSMEs is very important. Human capital refers to the knowledge, skills, and capacities of individuals (Hartati et al., 2021). Human capital that has good knowledge and understanding of financial management can help women fisher groups in planning, managing, and optimizing the use of financial resources (Yaseen et al., 2016). Understanding concepts such as budgeting, cash flow, and financial analysis helps women fisher groups make smart financial decisions and minimize financial risks. Previous research results stating that there is an influence of human capital on independence were carried out by Utami et al., (2023), Atmaja et al., (2020) and Riswanto et al., (2014). However, different results were shown by Hermansyah, (2022) showing that there was no influence of human capital on independence.

The novelty of this study contributes to the Resource-Based Theory (RBT) as the ability and resources as tangible and intangible assets that can be used to help select and determine strategies to improve efficiency and effectiveness (Barney et al., 2011). This means that the financial welfare of female fishermen will be realized if they are able to effectively and efficiently explore intangible assets explained by human capital and social capital. Based on the description above, the topic of financial independence of members of the female fishermen's association at the

Sendang Biru Fish Auction Place, Malang Regency with the influence of social capital and human capital needs to be studied and analyzed in depth.

2. RESEARCH METHOD

This research is explanatory research, with testing of the proposed hypothesis. Hypothesis testing is carried out using the Structural Equation Model analysis technique with Partial Least Square and mediation test using Sobel. Data collection techniques using questionnaires based on the instruments proposed on the basis of previously tested variables and indicators, with variable measurement using a Likert scale (scale 1 to scale 5). The population of this study were female fishermen at the Sendang Biru Fish Auction Place, Malang Regency, who have businesses such as: fish sellers at the fish market, stalls that provide fish dishes that are members of an association totaling 52 members of the women's association. Determination of the number of samples using saturated sampling techniques, all population numbers are used as samples. The conceptual framework of the study is illustrated as follows:

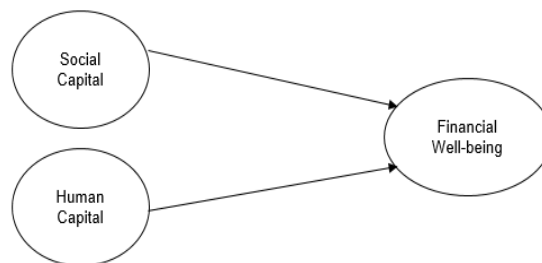


Figure 1. Research concept framework

Meanwhile, the measurement instrument in the research is a description of the variables and indicators, which are explained in the following table 1:

Variables	Indicator	Source
Welfare Finance	Current Financial Condition	(Narges & Laily, 2011)
	Financial management skills	(Adam et al., 2017)
	Financial Stability	(Sabri et al., 2012)
Social Capital	Ability to build cooperation	(Sumani & Roziq, 2020)
	Ability to build trust	(Faccin et al., 2017)
	Participation in local communities	(Bongomin et al., 2016)
Human Capital	Knowledge	
	Skills	(Rokhman et al., 2023)
	Ability	(Zuhir et al., 2019)

The selection of appropriate and gender-sensitive indicators is the key to success in measuring the impact of interventions on fisherwomen. The indicators used are able to capture the nuances and complexities of women's roles, the challenges faced, and the unique potential that women have. A holistic and participatory approach in determining indicators, involving fisherwomen themselves, will produce more relevant data and more effective programs in empowering the role of fisherwomen.

3. RESULTS AND DISCUSSIONS

Result

- a. Instrument Testing, the tool must be tested on a number of pre-selected respondents before it can be used to conduct research. To test the research tools, a small sample of 30 respondents was distributed. Test. The following Table 2 displays the validity and reliability of the instrument:

Table 2. Results of item validity and reliability test

Variable	Items	Correlation		Coefficient	
		rcount	status	alpha	status
Social Capital	X1.1	0.498	Valid	0.906	Reliable
	X1.2	0.589			
	X1.3	0.410			
Human Capital	X2.1	0.775	Valid	0.925	Reliable
	X2.2	0.823			
	X2.3	0.677			
Financial Well-being	Y2.1	0.812	Valid	0.714	Reliable
	Y2.2	0.722			
	Y2.3	0.701			

The findings of the validity and reliability test indicate that every item tested was deemed both valid and reliable since it satisfied the reliability testing requirement of having a Cronbach's alpha value of at least 0.6 and the validity testing criterion of having a Pearson's product moment correlation coefficient (r) of 0.3.

b. Confirmatory Factor Analysis Results, the results of the confirmatory factor analysis test are presented in Table 3.

Table 3. Factors loading (λ) measuring the social capital, human capital, and financial well being

Variables and Indicators			FL
Social Capital	->	Ability to build cooperation	0.969
Social Capital	->	Ability to build trust	0.963
Social Capital	->	Participation in local communities	0.731
Human Capital	->	Knowledge	0.746
Human Capital	->	Skills	0.710
Human Capital	->	Ability	0.623
Financial Well-being	->	Current Financial Condition	0.699
Financial Well-being	->	Financial management skills	0.773
Financial Well-being	->	Financial Stability	0.677

Table 4 explains that all indicators are important indicators in forming social capital, human capital and financial well-being. The ability to build cooperation is the strongest indicator as a form of social capital, such as group members helping each other if they experience business difficulties and decisions taken together in the group will benefit all members. Knowledge is the strongest indicator as a form of human capital, such as knowledge about how to process fish so that it lasts a long time (eg salted fish, pindang, crackers) with good quality and financial management skills are the strongest indicators for determining financial well-being such as separating money records for household needs with money for business capital and being able to calculate total income and total financial expenses.

c. SEM Analysis Results, test results with *Structural Equation Modeling* (SEM), presented in Figure 1 below.

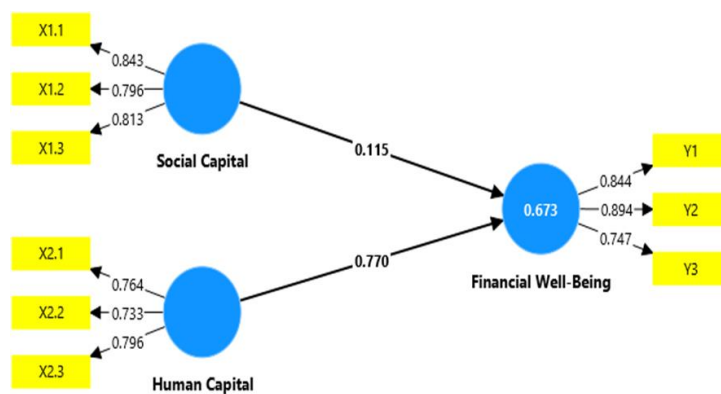


Figure 2. Validity model

Complete results of SEM analysis using Partial Least Square can be seen in Figure 1 which can explain that the model can be categorized as suitable and feasible to use, because the factor loading value is > 0.5 , so the indicator is categorized as valid.

- d. Average variance extracted (ave), the Average Variance Extracted (AVE) is utilized in convergent validity assessment as it is derived from the convergent validity results. This study anticipates an AVE value of 0.5, indicating that all latent variable constructs has values above this threshold. The AVE results are presented in Table 4 below:

Table 4. Results of average variance extracted

Construct	Average variance extracted (AVE)
Financial Well-being	0.690
Social Capital	0.669
Human Capital	0.585

The table above shows that all constructs have AVE values above 0.5. Therefore, the convergent validity test is met.

Composite reliability

The final stage in the outer model evaluation is to assess the unidimensionality of the model to eliminate measurement-related issues. The unidimensionality assessment is conducted with composite reliability and Cronbach's alpha. The threshold value for both indicators is 0.7.

Table 5. Composite reliability results

Construct	Composite reliability
Financial Well-being	0.787
Social Capital	0.774
Human Capital	0.766

The table above indicates that all constructs possess a composite reliability rating exceeding 0.7. Consequently, no issues of unidimensionality were identified.

Structural Model or Inner Model Testing

The inner model assessment is shown by the R-Square value in the equation involving latent variables. The R-Square calculation results are presented in Table 6.

Table 6. R-square calculation results

Construct	R-square
Financial Well-being	0.673

The R-square value derived from the calculations in Table 6 is 0.673, indicating that the research model accounts for 67.3% of the impact of social capital and human capital on financial well-being, thereby demonstrating a significant predictive relevance and accuracy of the model constructed.

Hypothesis Testing Results

The results of multiple regression are explained in the table 7.

Table 7. Results of regression weight analysis

Influence Between Variables	coefficient	t statistics	probability
Social Capital -> Financial Well-being	0.115	1.136	0.256
Human Capital -> Financial Well-being	0.770	11,312	0.000

The impact of social capital on financial well-being yields a t-statistic value of 1.136, which is less than 1.960, indicating that the hypothesis asserting a significant direct effect of social capital on financial well-being is not supported. The impact of human capital on financial well-being yields a t-statistic of 11.312, exceeding 1.960, so validating the hypothesis that human capital significantly affects financial well-being.

Discussion

- a. The influence of social capital on financial well being, based on the results of the analysis, it is proven that social capital does not have an effect on financial well-being. This result can be explained that financial well-being indicated by the ability of women in Sendang Biru Beach, Malang Regency in conditioning finances, the ability in financial management and the ability to stabilize finances is not influenced by social capital indicated by the ability to build cooperation, the ability to build trust and participation in the local community. The urgency of social capital is built based on the pattern of social interaction between communities or groups in an activity so that it is unable to contribute to individual financial well-being in managing finances.

Sawitri & Soepriadi, (2014) revealed that social capital is a means of developing communication networks and cooperation between individuals in achieving and utilizing economic resources. The emphasis of social capital on the most important element in social capital is trust which is a moral norm. The results of this study are in line with research conducted by Utami et al., (2023) which states that there is no influence of social capital on financial well-being.

- b. The influence of human capital on financial well beingBased on the results of the analysis, it is proven that human capital has an influence on financial well-being. This result can be explained that women at Sendang Biru Beach, Malang Regency will have financial well-being in managing their finances. Which is indicated by conditioning finances, ability in financial management and ability to stabilize finances because of the role of human capital through knowledge, skills and abilities in managing finances. This means, women in Sendang Biru Beach, Malang Regency who have good knowledge and understanding of financial management can help women fishermen groups in planning, managing, and optimizing the use of financial resources. Understanding concepts such as budgeting, cash flow, and financial analysis helps women fishermen groups make smart financial decisions and minimize financial risks.

Hartati et al., (2021) define human capital as the knowledge, skills, and abilities of individuals. According to Kamukama & Ahiauzu, (2011), human capital is cultivated to leverage employee knowledge, education, occupational credentials, work-related competences, and entrepreneurial spirit. The findings of this study align with the studies undertaken by by Utami et al., (2023), Atmaja et al., (2020) and Riswanto et al., (2014) indicating that human capital affects financial well-being.

4. CONCLUSION

Social capital does not have a direct effect on financial independence, but social capital has a direct effect on financial well-being. Human capital has a direct effect on financial well-being. This study contributes to *Resource Based Theory* Fisher women who are able to manage human resources through human capital shown by the knowledge, skills and abilities they have to achieve financial independence and social capital through the ability to build cooperation, trust and participation in the local community. Fisherwomen in Sendang Biru, Malang Regency are able to create product innovations by making processed products from marine resources, into food that attracts visitors to the beach. Creating a tourist village that provides various facilities provided for the needs of visitors to Sendang Biru Beach. To optimize the potential of social capital and improve the financial well-being of female fishers, local governments and local cooperatives need to develop holistic, gender-sensitive, and sustainable empowerment strategies. The focus is on building and strengthening existing networks, norms of trust, and participation in the community, then channeling them for economic purposes.

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