

ABSTRACT

Rural communities depend on agriculture as the main strategy to improve their livelihoods. The issue of resource utilization in agricultural systems has become a rural topic of urgency for the planning process. Some of the problems that farmers often face related to this issue include inefficient water use, soil degradation, land conversion, and unequal distribution of agricultural resources. To respond to these problems, farmers as processors must be able to make adequate decisions by considering local social, economic, and political circumstances. The actions taken by farmers are called livelihoods. The sustainable livelihood approach is used as the main theory to analyze the influence of smallholder livelihood capital on rural development. Sustainable livelihood capital includes natural, human, social, physical, and financial capital. Sustainable livelihood capital has a close relationship with rural development where through the utilization of livelihood capital, rural communities, in this case smallholders, can increase productivity and income from agricultural products, which has implications for improving farmers' welfare. Based on statistical data, the majority of farmers in Indonesia are smallholders with more than 50% of the total number of farmers, of which 68% are located in Java. In this case, Central Java Province can be said to be one of the main buffers of national food so rice productivity is prioritized to continue to be boosted.

The research was conducted in two villages, Ketapang Village in Semarang Regency and Katekan Village in Grobogan Regency. The selection of these two villages was based on the presence of smallholders with land ownership of less than 5,000 m² and the different characteristics of the two villages: Ketapang Village represents an advanced village in agricultural activities where the village has initiatives, local innovations, institutions, and local leadership in the management of agricultural activities while Katekan Village represents a developing village in agricultural activities where the village is a less developed agriculture village in general. The objective of this research is to analyze the influence of smallholder livelihood capital on village development in Ketapang Village and Katekan Village. The objectives of the analysis are to analyze the livelihood capital owned by smallholders in Ketapang Village and Katekan Village, analyze the welfare indicators of Ketapang Village and Katekan Village, analyze the comparison of the contribution of smallholders' livelihood capital to village development in Ketapang Village and Katekan Village, and analyze the influence of smallholders' livelihood capital on the development of Ketapang Village and Katekan Village. The method used is descriptive quantitative method and the sampling technique used is purposive sampling with the object of research used being smallholder farming communities. The analysis included a typology analysis of sustainable livelihood capital, an analysis of welfare indicators, an analysis of the contribution of sustainable livelihood capital to welfare indicators, and an analysis of the influence of livelihood capital on the welfare of smallholders.

This study found that The welfare of smallholders is influenced by the five livelihood capital, which are inputs used by farmers for farming activities as a source of their livelihood. The livelihood capital that most influence the welfare of smallholders in Ketapang Village is the social capital (member cooperation and in Katekan Village is the human capital (experience). Based on the research findings, this study can provide recommendations for rural development policy to develop programs that are relevant to the capital that have the strongest influence on agricultural activities to encourage the improvement of smallholders' welfare in the context of sustainable livelihoods.

Keywords: *agricultural activities, smallholders, sustainable livelihood capital, welfare*