


IMPROVING COMMUNITY WELFARE THROUGH THE IMPLEMENTATION OF CORPORATE SOCIAL RESPONSIBILITY

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ARTICLE INFO	ABSTRACT
<p>Article history: Received: January, 02nd 2023 Accepted: March, 21st 2024</p>	<p>Objectives: This paper aimed to analyze the influence of corporate social responsibility (CSR) and social capital on community welfare and the influence of corporate social responsibility (CSR) through social capital on community welfare.</p>
<p>Keywords: Community Welfare; CSR; CSR Programs; Implementation; Social Capital.</p>	<p>Theoretical Framework: The focus of this research was to examine the direct and indirect influence of CSR implementation on community welfare. The direct influence of social capital was community welfare. Some of the concepts used are welfare, social capital and CSR, as well as several empirical studies to support the model.</p> <p>Research Methodology: This research applied a quantitative research design with an inferential statistical approach. Data was collected in the form of secondary and primary data. Data was collected through in-depth interviews based on questionnaires, observation and literature review. The sample used was 97 people. Data analysis applied SmartPLS version 3.</p>
	<p>Findings: The study found that CSR has a positive and significant effect on community welfare and social capital. Social capital had a positive but insignificant effect on community welfare, and CSR had a positive but insignificant effect on community welfare through social capital.</p> <p>Research, Practical & Social Implications: This research focused on community welfare, CSR and social capital that influence it.</p> <p>Originality/Value: This study provided additional value for those who were active in improving welfare through community empowerment. CSR is a form of community empowerment that has a positive and significant effect on social capital and welfare. For this reason, social capital could be utilized optimally for the welfare of society.</p> <p>Doi: https://doi.org/10.26668/businessreview/2024.v9i4.4378</p>

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MELHORAR O BEM-ESTAR DA COMUNIDADE POR MEIO DA IMPLEMENTAÇÃO DA RESPONSABILIDADE SOCIAL CORPORATIVA

RESUMO

Objetivos: Este artigo teve como objetivo analisar a influência da responsabilidade social corporativa (RSC) e do capital social no bem-estar da comunidade e a influência da responsabilidade social corporativa (RSC) por meio do capital social no bem-estar da comunidade.

Estrutura Teórica: O foco desta pesquisa foi examinar a influência direta e indireta da implementação da RSC no bem-estar da comunidade. A influência direta do capital social foi o bem-estar da comunidade. Alguns dos conceitos usados são bem-estar, capital social e RSC, além de vários estudos empíricos para apoiar o modelo.

Metodologia de Pesquisa: Esta pesquisa aplicou um projeto de pesquisa quantitativa com uma abordagem estatística inferencial. Os dados foram coletados na forma de dados secundários e primários. Os dados foram coletados por meio de entrevistas aprofundadas baseadas em questionários, observação e revisão da literatura. A amostra utilizada foi de 97 pessoas. A análise dos dados foi feita com o SmartPLS versão 3.

Conclusões: O estudo constatou que a RSC tem um efeito positivo e significativo sobre o bem-estar da comunidade e o capital social. O capital social teve um efeito positivo, mas não significativo, sobre o bem-estar da comunidade, e a RSC teve um efeito positivo, mas não significativo, sobre o bem-estar da comunidade por meio do capital social.

Implicações para a Pesquisa, Práticas e Sociais: Esta pesquisa enfocou o bem-estar da comunidade, a RSC e o capital social que o influenciam.

Originalidade/Valor: Este estudo proporcionou um valor adicional para aqueles que estavam ativos na melhoria do bem-estar por meio do fortalecimento da comunidade. A RSC é uma forma de capacitação da comunidade que tem um efeito positivo e significativo sobre o capital social e o bem-estar. Por esse motivo, o capital social pode ser utilizado de forma otimizada para o bem-estar da sociedade.

Palavras-chave: Bem-estar da Comunidade, SER, Programas de RSC, Implementação, Capital Social.

MEJORAR EL BIENESTAR DE LA COMUNIDAD MEDIANTE LA APLICACIÓN DE LA RESPONSABILIDAD SOCIAL DE LAS EMPRESAS

RESUMEN

Objetivos: Este artículo tenía por objeto analizar la influencia de la responsabilidad social de las empresas (RSE) y el capital social en el bienestar de la comunidad y la influencia de la responsabilidad social de las empresas (RSE) a través del capital social en el bienestar de la comunidad.

Marco Teórico: El objetivo de esta investigación era examinar la influencia directa e indirecta de la aplicación de la RSE en el bienestar de la comunidad. La influencia directa del capital social se centró en el bienestar de la comunidad. Algunos de los conceptos utilizados son bienestar, capital social y RSC, así como diversos estudios empíricos para apoyar el modelo.

Metodología de la Investigación: Esta investigación aplicó un diseño de investigación cuantitativo con un enfoque estadístico inferencial. Los datos se recogieron en forma de datos secundarios y primarios. Los datos se recogieron mediante entrevistas en profundidad basadas en cuestionarios, observación y una revisión bibliográfica. La muestra utilizada fue de 97 personas. Los datos se analizaron con SmartPLS versión 3.

Conclusiones: El estudio concluyó que la RSC tiene un efecto positivo y significativo sobre el bienestar de la comunidad y el capital social. El capital social tuvo un efecto positivo pero no significativo en el bienestar de la comunidad, y la RSC tuvo un efecto positivo pero no significativo en el bienestar de la comunidad a través del capital social.

Implicaciones para la Investigación, la Práctica y la Sociedad: Esta investigación se centró en el bienestar comunitario, la RSC y el capital social que influye en él.

Originalidad/Valor: Este estudio aportó un valor añadido a quienes se dedican a mejorar el bienestar a través de la capacitación de la comunidad. La RSC es una forma de empoderamiento comunitario que tiene un efecto positivo y significativo sobre el capital social y el bienestar. Por este motivo, el capital social puede utilizarse de forma óptima para el bienestar de la sociedad.

Palabras clave: Bienestar Comunitario, RSE, Programas de RSE, Implementación, Capital Social.

1 INTRODUCTION

The concept of Corporate Social Responsibility (CSR) has been becoming an interesting topic to discuss and debate for policy makers, business practitioners and academics. Freeman (1984) argues that Stakeholder theory indicates that a company should protect all stakeholders' interests who can affect or are affected through the activities of a company in achieving organizational objectives and voluntary social welfare motives. The stakeholder theory sheds light on the fundamental theme of the relationship between companies and their employees, customers, communities, and social welfare as a whole (Donaldson & Preston, 1995).

East Kalimantan province is one of the provinces in Indonesia that contributes the highest Gross Regional Domestic Product (GRDP) nationally. The province is famous for its natural resources such as coal, crude oil and gas, and palm oil plantations; making many business players and companies operate in these sectors. This condition makes us question how the existence of these companies impacts public welfare as their external stakeholders.

According to the Human Development Index (HDI) of 72.92 and the Gini ratio of 0.277 (BPS, 2023), the people who live in Kutai Barat Regency (one of regencies in East Kalimantan Province) can be said to have a relatively good level of macro welfare. However, there is still inequality between people with high income and those with low income. Prosperous condition is a condition that shows the quality of life of the community and to measure it, objective and subjective data are needed. The objective indicators of welfare are implicated in the Human Development Index (Stiglitz et al., 2011). (Azzahra & Desmawan, 2023) argue that economic growth has a positive and significant effect on HDI.

Implementation of Corporate Social Responsibility (CSR) cannot be separated from the community affected by the program. The implementation of the CSR programs has an aim to increase community welfare. To achieve this goal, we need to consider the social capital that exists in the society. Experts say that the most important development capital for society is social capital. The social capital that has developed from generation to generation in the community around the coal mining area here prioritizes the existence of mutual cooperation (*betulungan etam bisa* in Kutainese) which simply means together we can! In every activity, as well as the existence of social norms including religious norms which are still highly applied by the people there. Referring to Coleman in (Mangkuprawira, 2010), social capital facilitates individuals and groups being developed by networks, trust and social norms. A strong network, in this case the revival of networks with companies implementing CSR programs, will increase

the efficiency of CSR programs to achieve community welfare. (Hoesain et al., 2020) find that the implementation of CSR programs have a positive and significant effect on social capital. While (Sidiq et al., 2021) and (Yuliarmi et al., 2020) argue that social capital has a positive effect on community welfare.

As explained earlier, this study aimed to analyze the influence of corporate social responsibility and social capital on community welfare and to analyze the indirect influence of corporate social responsibility on community welfare through social capital as a mediating variable. Trust of the people on CSR programs will increase their welfare. Likewise, mutual cooperation between communities which is an ancestral heritage will boost success of the CSR programs. Thus, community welfare will be easier to achieve.

2 LITERATURE REVIEW

2.1 COMMUNITY WELFARE

Everyone has the desire for prosperity; a state of all good or a condition where people are prosperous, healthy and peaceful. A manifestation of a country's development success is shown by the increasing welfare of society. An increase in income indicates an increase in welfare (Nicholson, 2002). Various types are used to measure welfare. Measurement of welfare is based on consumer surplus, income or gross domestic product, and expenditure (Pakpahan, 2021). Gross Regional Domestic Product (GRDP) has a positive and significant effect on community welfare (D. N. Utami & Indrajaya, 2019), (Mulia & Saputra, 2020), (Wiriana & Kartika, 2020), (Bustamam et al., 2021) and (Mulia & Putri, 2022).

Welfare has many dimensions which can be seen from material dimensions and non-material dimensions. (Stiglitz et al., 2011) argue that the main dimensions that must be taken into account in measuring welfare are: 1) material living standards (income, consumption and wealth), 2) health, 3) education, 4) individual activities including work, 5) political voice and governance, 6) social relations and kinship, 7) environment (present and future conditions), and 8) insecurity, both economic and physical. All of these dimensions show the quality of people's lives and to measure them, objective and subjective data are needed. (Wiriana & Kartika, 2020) found that education has a positive and significant effect on people's welfare. (Samanta et al., 2022) and (Abdurrahman et al., 2023) state that education levels, income and number of family members have a significant effect on welfare.

2.2 CORPORATE SOCIAL RESPONSIBILITY (CSR)

Some companies still consider corporate social responsibility (CSR) as a notion that does not directly impact their success and profitability. That's why they do not include this philosophy in strategic framework and operational processes. For example, most companies in Kutai Barat Regency see CSR as a form of corporate's gratitude to the community. Companies should consider CSR as a way for companies to organize business processes to produce a positive impact on society (Rudito & Famiola, 2019). (Urip, 2014) states that the best way for a company to maintain growth and profit is by integrating CSR into its business strategy. (Yunus, 2008) argue if CSR is divided into; weak CSR and strong CSR. For companies that view CSR weak, CSR will always only be a display. Meanwhile, companies that practice CSR strongly will always look for CSR opportunities and benefits. He further said that currently young company leaders are trying to make CSR an important part of their business philosophy. The final document of the ISO 26000 draft as Guidance on Social Responsibility explains that CSR is the responsibility of an organization towards society and its environment for sustainable development and community welfare (Putra, 2015).

Company value is significantly influenced by CSR (Chung et al., 2018), (Kim et al., 2018), (Aji & Hidayaturohman, 2019), (Karina & Setiadi, 2020), (Uy & Hendrawati, 2020), (Dzikir et al., 2020), (Afifah et al., 2021), (Nurhayati et al., 2021), (Sulbahri, 2021), (Rahmantari, 2021), (Handayati et al., 2022), (Riyadh et al., 2022), (Mallick & Sahoo, 2023), (Kubareva et al., 2018), (Singh & Misra, 2021), (Thanh et al., 2021), and (Suganthi, 2021) argue that CSR activities increase CSR's performance significantly. As well as, the desire to implement CSR for companies will not be disrupted despite the situation with problems such as COVID-19. (Veselovska, 2023) and (Boonnual et al., 2024) argue that CSR is related to organizational retention. Research on CSR on other aspects was researched by (Tiurina et al., 2023).

The success of CSR implementation cannot be separated from responding to society. Community response cannot be separated from individual and group factors. This factor that is inherent in a person is called social capital. Social capital such as mutual cooperation activities are inherited from generation to generation, inseparable from local geniuses such as "*betulungan etam bisa*". The trust and role models in leaders ("*tatua adat=traditional elders*") also greatly determine the implementation of an activity in society. The relationship between CSR and the social capital aspect of trust as research findings (Loor-Zambrano et al., 2022) state that trust mediates the relationship between CSR and company commitment. (Tran, 2022)

argues that CSR has a positive and significant effect on trust. While (Suwandi et al., 2019) state that CSR implementation has a positive and significant effect on social capital. CSR implementation aims to improve community welfare. People always hope for a better quality of life. Apart from CSR having an effect on company value, it will also provide guarantees for the company's sustainability if community welfare increases (Astuti, 2020), (Syarifuddin, 2020), (Tambunan et al., 2020), (Djamaluddin et al., 2021), (Jayanti S & Rasmewahni, 2021), (Hildawati et al., 2022), (Pratiwi et al., 2022), and (Femiya & Gunarto, 2023). In contrast to (An Naser & Bandrang, 2020) conclude that CSR implementation has no significant effect on community welfare.

2.3 SOCIAL CAPITAL

Based on resources perspective, capital is divided into financial capital, physical capital, human capital and social capital. According to Putnam in (Usman, 2018), social capital consists of trust, social norms, and social networks. (Arsyad et al., 2011) distinguishes social capital as consisting of social networks which are based on the principles of mutual trust, social reciprocity, norms of behavior and collective action. Discussion of social capital is viewed from various aspects. Coleman in (Santoso, 2020), states that social capital is productive. Without social capital, a person will not achieve optimal success. Individuals, companies, neighborhoods, even nations will prosper if trust and social networks grow in the suburbs (Santoso, 2020). The discussion of social capital also shows that the existence of social capital can be studied from its usual perspective as an agent of change and community empowerment. Various studies have been conducted on social capital associated with various aspects of life.

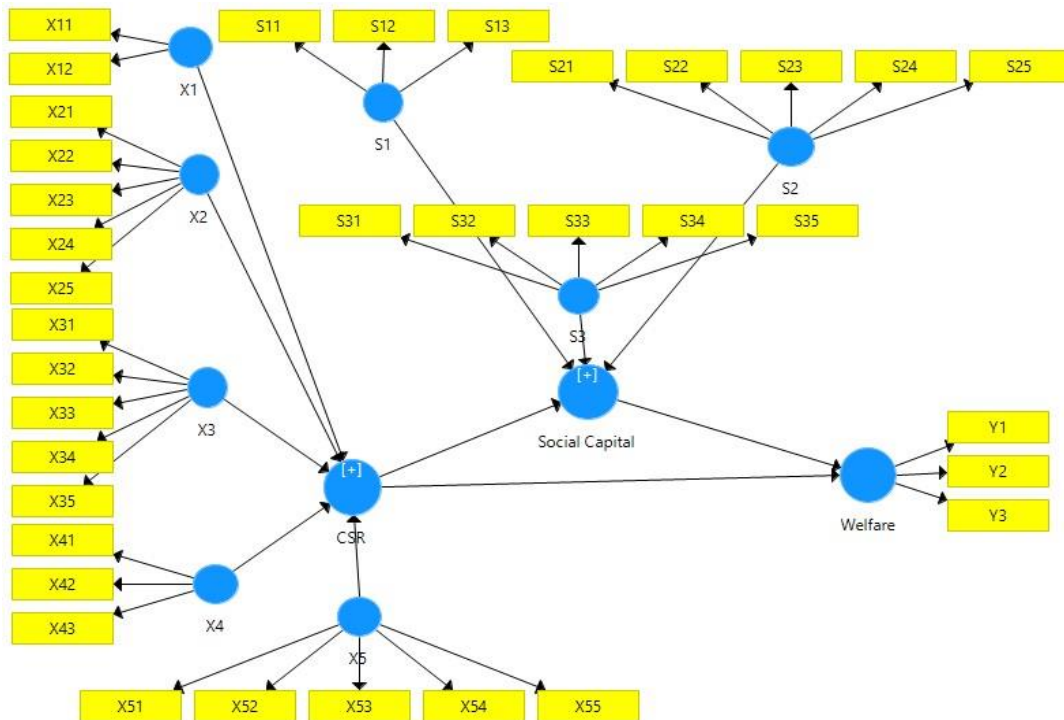
According to (Utomo et al., 2022) and (Chitsaz et al., 2019) social capital plays a major role in determining the intention to become an entrepreneur. (Alfiansyah, 2023) and (V. Y. Utami, 2020) argues that social capital has a role in community empowerment. Moreover, other studies show that social capital has a significant and influential effect on welfare (Nurjayanti et al., 2017), (Puspita, 2020), (Azis et al., 2022), and (Fadhila et al., 2023). (Zuhri, 2020) adds that communities that have relatively strong social capital tend to have a high level of community welfare. In this study, we examine the influence of CSR through the role of social capital on community welfare. Social capital can play a positive role in strengthening the influence of CSR on welfare. However the role of social capital should be strengthened by the company, thus the implementation of CSR can be achieved optimally.

2.4 CONCEPTUAL FRAMEWORK

Referring to theory and empirical studies, a conceptual framework is then developed. The main theory used in this research is welfare theory (Stiglitz et al., 2011). Several previous studies were referred to that explained the relationship between welfare, social capital and CSR. This research uses latent variables, namely: 1) community welfare (Y) with indicators; income (Y21), level of health (Y23), and social relationships (Y24); 2) social capital, measured from dimensions; a) trust (S1) with indicators: building trust (S11), trusting the village head (S12), leadership encouraging increased welfare (S13); b) cooperation (S2) with indicators: jointly maintaining CSR programs (S21), mutual cooperation (S22), helping implementing CSR (S23), providing company assistance (S24), providing mutual benefits (S25); c) norms (S3) with indicators: deliberations are held (S31), deliberations are often held (S32), rules and regulations and the like are implemented well (S33), having customary rules/customs in working together (S34), religious rules are always used as guidelines in working together (S35). 3) CSR (X); a) economic dimension (X1), with indicators: increasing business opportunities (X11) and increasing community asset ownership (X12); b) education dimension (X2), with indicators: expanding access (X21), equitable education (X22), fair education (X23), improving education (X24), improving educational facilities and infrastructure (X25); c) health dimension (X3), with indicators: family members feel healthier (X31), obtain health services more easily (X32), get equal opportunities in health services (X33), companies cover public health costs (X34), health facilities and infrastructure increased (X35); d) socio-cultural dimension (X4), with indicators: conflict (X41), mutual respect (X42), and local culture is maintained (X43); e) environmental dimension (X5), with indicators: healthy environment (X51), safe environment (X52), environmental improvement (X53), adequate availability of agricultural land (X54), conversion of agricultural land (X55). The research conceptual framework is as shown in Figure 1.

Figure 1

Conceptual Framework



Source: Developed from Various Literatures (2024)

Based on the conceptual framework, the researchers' hypotheses were:

1. CSR has a positive and significant effect on social capital to improve community welfare.
2. Social capital has a positive and significant effect on improving community welfare.
3. CSR has a positive and significant effect through the social capital on improving community welfare.

3 METHODOLOGY

We use quantitative research design with an inferential statistical approach to answer the proposed hypotheses. (Kerlinger, 2006) suggests that a research plan is a plan and structure of investigation that is structured in such a way that answers to research questions. The research was carried out in Kutai Barat Regency, East Kalimantan Province, Indonesia. The research population was 3451 people. The number of samples was 97 people determined using the Slovin formula with a sampling error rate of 10% (Sedarmayanti & Hidayat, 2002).

$$n = \frac{N}{1+e^2}, n = \frac{3451}{1+0,1^2} = 97 \text{ (rounding)} \dots\dots\dots (1)$$

Which:

N = population
n = sample size
e = sampling error rate

The data collected was in the form of primary and secondary data through observation techniques, structured interviews and documentation. Validity and reliability tests, as well as model requirements have been carried out and have met the requirements. We used the Structural Equation Modeling Partial Least Square/SEM PLS method to analyze the data.

4 RESULTS AND DISCUSSIONS

Data was processed using SmartPLS version 3.0 softwares and it applied the Second Order Construct (SOC) method. The second order method includes two steps; stage 1 and stage 2. There were eleven latent variables measured (X1, X2, X3, X4, X5, CSR, S1, S2, S3, Social Capital, and welfare). The variables X1, X2, X3, X4, X5, S1, S2, S3 and welfare are first order construct. The variables X1, X2, X3, CSR and Social Capital are second order constructs. The model testing steps are explained as follows:

1. Stage 1 testing; at this stage, a validation test was carried out through the evaluation of loading values, average variance extracted (AVE), and discriminant validity. The test criteria are loading value > 0.5 and T-statistic > 1.96, AVE > 0.5, and discriminant validity using the cross loading approach and the Fornell-larcker approach. Reliability Test via Cronbach's Alpha > 0.6 and Composite Reliability > 0.7 (Abdillah & Jogiyanto, 2015) and (Hair et al., 2022). Based on the test results using SmartPLS version 3, it showed that all the indicators used were valid and all the variables were reliable.
2. Stage 2 testing; at this stage, we applied latent variable scores resulting from data processing in stage one. For the CSR and social capital variables, use LVS data from stage 1 (second order) and welfare uses initial data (first order). In stage 2, tests were also carried out as in stage 1. The results were: (1) all measurement items measuring the CSR, Social capital and Welfare dimensions had factor loading values above 0.70 (LF > 0.7) as shown in Table 1 below.

Table 1

Value of Cross Loading

	CSR	Social Capital	Community Welfare
S1	0,358	0,931	0,236
S2	0,319	0,903	0,239
S3	0,165	0,872	0,193
X1	0,813	0,351	0,534
X2	0,911	0,346	0,579
X3	0,782	0,146	0,397
X4	0,915	0,303	0,691
X5	0,819	0,198	0,484
Y1	0,516	0,135	0,847
Y2	0,663	0,278	0,943
Y3	0,519	0,236	0,854

Source: Primary Data (2024)

Composite Reliability for each dimension of CSR, Social capital, and Welfare was above (0.70) ($CR > 0.70$), which showed that overall the measurement items were consistent/reliable in the measurement dimensions (see Table 2). The AVE value of the CSR, Social Capital and Welfare measurement dimensions was above 0.50 ($AVE > 0.50$), which indicated a good convergent validity for the measure (see Table 2).

Table 2

Construct Reliability and Validity

	Alfa Cronbach	rho_A	Composite Reliability	Evarage Variance Extracted (AVE)
CSR	0,9037	0,9281	0,9283	0,7222
Social Capital	0,8886	0,9341	0,9293	0,8142
Welfare	0,8573	0,8829	0,9133	0,7789

Source: Primary Data (2024)

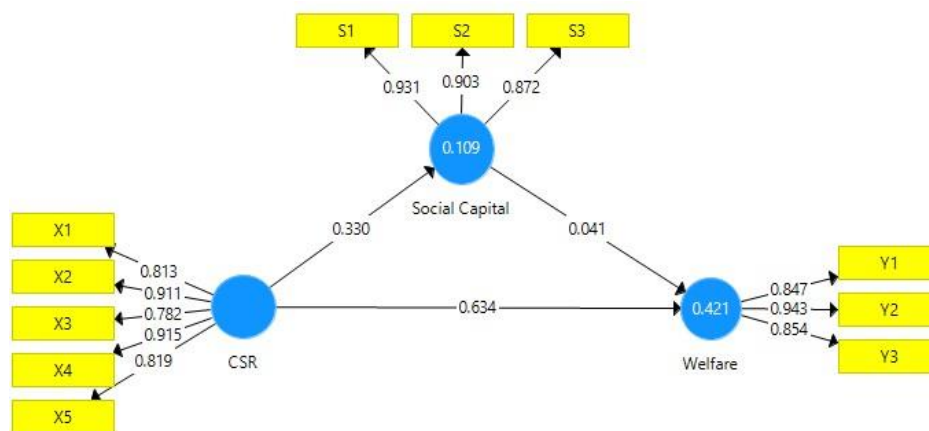
Discriminant validation test using the Fornell-Lacker criterion, the results were acceptable where the root AVE of each dimension (in the diagonal axis) was greater than the correlation with other dimensions and the cross loading criteria. This evaluation of discriminant validity was tested at the indicator level by assessing cross loadings which the correlations between measuring indicator items were stronger with the dimensions they measured and were weaker with dimensions they did not measure. Thus, the evaluation of the discriminant validity of this study was found.

4.1 RESULTS OF HYPOTHESES TESTING

Abdillah e Jogiyanto (2015) state the significance of model testing can be seen from the beta coefficient and t-statistics. The hypothesis was tested with the criteria that if the T-statistic was greater than the T-table, hypothesis was accepted and vice versa. Statistical tests were used at the level $\alpha = 0.05$ and T-table = 1.661. The structural model produced in stage 2 was then used to understand the hypothesis as depicted in Figure 2.

Figure 2

The Influence of CSR and Social Capital on Community Welfare



Source: Data Produced in SEM Model (2024)

Tabel 3

Path Coefficient and T-Statistics

	Original Sample (O)	Average Sample (M)	Standard Deviation (STDEV)	T-Statistics ((O/STDEV))	P Value
CSR ->Soocial Capital	0,330	0,326	0,128	2.573	0,010
CSR ->Community Welfare	0,634	0,635	0,076	8.355	0,000
Social Capital ->Community Welfare	0,041	0,036	0,091	0,450	0,653
CSR ->Social Capital ->Community Welfare	0,014	0,014	0,033	0,411	0,681

Source: Data Produced in SEM Model (2024)

Based on the results of data analysis, the T-statistics results are shown in Table 3 above. The T-statistic value was greater than the T-table value ($2,573 > 1,661$) and a path coefficient value of 0.330, showed that the implementation of CSR had a positive and significant effect on social capital. The influence of CSR on community welfare also had a positive and significant effect (T-statistics $>$ T-table and path coefficient of 0.634). Furthermore, examining the influence

of social capital on community welfare, with a path coefficient value of 0.041 and the T-statistic was smaller than the T-table ($0.450 < 1.661$). We concluded that social capital had a positive but not significant effect on community welfare. The influence of CSR on community welfare through social capital was also positive but not significant which was indicated by the path coefficient value of 0.014 and the T-statistic value was smaller than the T-Table ($0.411 < 1.661$).

5 DISCUSSIONS

Prosperity is the goal of everyone's life. Improving community welfare can be done in various ways including through the implementation of CSR and strengthening community social capital. This study revealed that CSR directly had a positive and significant effect on community welfare. It can be understood that companies that consider CSR positively will also have a positive impact, if CSR implementation can be implemented optimally. This positive and significant condition can also be interpreted as meaning that the greater the implementation of CSR, the greater the welfare of society.

The company has implemented economic aspects of CSR such as programs to increase income, business opportunities, etc. that potentially increase family income of the community. The public tends to give a positive response regarding the implementation of this program. CSR programs had been implemented by the company including helping the community to build Swallow Houses and gave them organization managerial training. Besides, in the education aspects, these companies gave scholarships to improve education levels of the community. However the fact was not all individuals got the chance because there was a requirement of minimum GPA levels. In the health aspects, CSR programs emphasized at improving health services. CSR programs in the socio-cultural aspects felt by the community in which harmonious relationships among people were still maintained and the programs foster mutual respect and tolerance in the community. However, respondents said CSR programs were not able to minimize conflicts in the community. In the aspects of environmental sustainability, it was indicated that companies had not been able to restore the environment optimally. If companies increase environmental damage, this would significantly community welfare. In practice, companies did not guarantee the availability of agricultural land. The findings of this research were in line with the previous research, stated that CSR implementation had a positive and significant effect on community welfare (Astuti, 2020), (Syarifuddin, 2020), (Tambunan et

al., 2020), (Djamaluddin et al., 2021), (Jayanti S & Rasmewahni, 2021), (Hildawati et al., 2022), (Pratiwi et al., 2022) and (Femiya & Gunarto, 2023).

This research examined social capital from the dimensions of trust, cooperation and norms. The results showed that the direct influence of social capital on community welfare was positive but not significant. This finding contrasted with previous studies done by (Nurjayanti et al., 2017), (Puspita, 2020), and (Fadhila et al., 2023) which state that social capital is significant for welfare. The people of Kutai Barat Regency still have local geniuses as the people have high trust in "traditional village elders" (local community leaders). However, in CSR implementation they were often not involved. The norms that have developed in this society are still well maintained. These norms are predominantly related to religion. It should be implemented in CSR implementation and should not be implemented, the local community is very clear about choosing it. Thus, social capital should have a positive and important role in implementing CSR. Therefore, in reality this social capital had a negative impact on this empowerment program. In line with Santoso (2020) who argues that economic development does not yet consider social capital, in the form of social networks, norms of reciprocity and trust, as it is the important asset. On the other hand, social capital is considered more as a liability. If social capital was seen as a variable that strengthens CSR implementation, the results would be different. Based on the research results, the influence of CSR by the social capital on community welfare was not significant (T-statistics < T-table, and $\alpha = 0.681 > 0.05$). Social capital was not unable to strengthen CSR programs. It meant that social capital should be seen as positive, but in implementing CSR the local wisdom possessed by traditional leaders had not been utilized optimally. Thus, the cooperation in the form of mutual cooperation was also unable to be utilized.

6 CONCLUSIONS

This study found that CSR had a positive and significant effect on social capital and increasing the welfare of the people of Kutai Barat Regency. However, social capital had a positive but not significant effect on improving community welfare. Indirect effect of CSR on improving community welfare with the role of social capital as a mediating variable was also positive but not significant.

Recommendations given to CSR implementers were to optimize social capital by paying attention to local wisdom possessed by local communities. CSR implementation should be

adapted to the real needs of the society. This research only examined the community welfare aspect of the dimensions of CSR implementation and social capital. Meanwhile, welfare is multidimensional and influenced by various factors. This was a limitation of this research. Therefore, this research still covered Kutai Barat Regency in the sense that the research could be carried out with a more developed model and could be carried out outside Kutai Barat Regency.

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