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The role of social capital in enhancing the welfare of pre-prosperous families

Sitti Hasbiah[1+]
Basri Bado[2]
Thamrin Tahir[3]
Muhammad Hasan[4]

[1,2,3,4]*Faculty of Economics, Universitas Negeri Makassar, Makassar, Indonesia.*
[1]*Email: sittihasbiah@unm.ac.id*
[2]*Email: basri.bado@unm.ac.id*
[3]*Email: methamrin@unm.ac.id*
[4]*Email: m.hasan@unm.ac.id*

(+ Corresponding author)

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ABSTRACT

This study delves into the intricate relationship between social capital and the economic resilience of pre-prosperous families in South Sulawesi Province, Indonesia, focusing mainly on the elements of trust, reciprocal relationships, and social networks. A quantitative research methodology was employed, and a sample of 217 impoverished families was randomly selected from a total population of 103,015 households spanning nine regencies and cities within the province. Through the application of structural equation modeling, the research demonstrates the substantial impact of social capital on both household expenditure and the overall welfare of impoverished families, highlighting its fundamental role in bolstering economic well-being within these communities. The study's findings underscore the critical importance of social capital in not only augmenting household spending but also in enhancing the welfare of economically disadvantaged families, with broader implications for combating poverty, reducing socioeconomic disparities, and fostering sustainable economic progress throughout the region. By elucidating the ways in which social capital shapes the microeconomic resilience of families, this research highlights the transformative potential of social capital in driving economic development and improving the quality of life for less affluent households in South Sulawesi Province. Policymakers and practitioners can utilize these insights to develop targeted interventions that empower local residents, foster supportive networks, and ultimately bolster the economic resilience of disadvantaged families, contributing to sustainable development and poverty alleviation efforts.

Contribution/Originality: This study contributes by uniquely examining how social capital influences microeconomic resilience in South Sulawesi Province, offering novel insights into the specific impact of trust, reciprocal relationships, and social networks on household expenditure and the welfare of pre-prosperous families.

1. INTRODUCTION

One of the biggest issues that countries around the world face is poverty. One could claim that poor nations are primarily affected by this issue, but the limited access to resources and economic opportunities is the root cause. Because there are fewer public amenities and good employment possibilities available to them, low-income families in rural locations are more susceptible to poverty. Research by Heinemann (2010) demonstrates that the danger of poverty is higher in rural settings than in urban settings. As a result, unique initiatives are required to combat poverty in rural regions, including the empowerment of local people and the development of human resources.

Some of the initiatives to reduce poverty that have been put in place by the Indonesian government, as well as the provincial, district, and city administrations, nevertheless fall short. This is because of a top-down strategy in which regional policies are adopted at the federal level without taking into account local cultural norms and local community involvement (Hasan, 2019). This strategy ignores input and participation from the community, which is directly affected by these policies. A possible explanation why attempts to reduce poverty fail is a non-holistic approach. Without taking social, cultural, or environmental factors into account, this approach solely tackles economic issues. Another contributing component in the failure is the delusion of investing or the inflated expectations of investment results. In order to combat rural poverty, a more extensive, community-based, and participatory strategy is required (Chambers, 2014; Moseley, 2003). To guarantee that poverty reduction activities are effective and durable, community members must actively participate. It is also necessary to take a comprehensive strategic approach to poverty that targets several dimensions, such as access to education, healthcare, and basic utilities such as water and sanitation. These variables can be taken into consideration to better tailor poverty alleviation initiatives to the specific needs of rural communities and improve their chance of success (Haeruddin, Mpehle, Muhibah, Dipoatmodjo, & Natsir, 2022).

The family is the driving force behind the success of national development. The family is a social agent and economic gene that can introduce the meaning of socialization, which is immediately portrayed in family interactions and why it fosters national development. Hence, families need to prepare themselves to be involved as development agents in the productive economic sector (Kraay, 2019; World Bank, 2018). Welfare status can be measured based on the proportion of household expenditure. Families with a higher proportion of expenditure on basic needs than non-basic needs are categorized as families with low welfare status. According to the National Family Planning Coordinating Board, there are levels for families based on their ability to meet needs, namely pre-prosperous families, prosperous families I, prosperous families II, prosperous families III, and prosperous families IV plus (National Family Planning Coordinating Board (BKKBN), 2019).

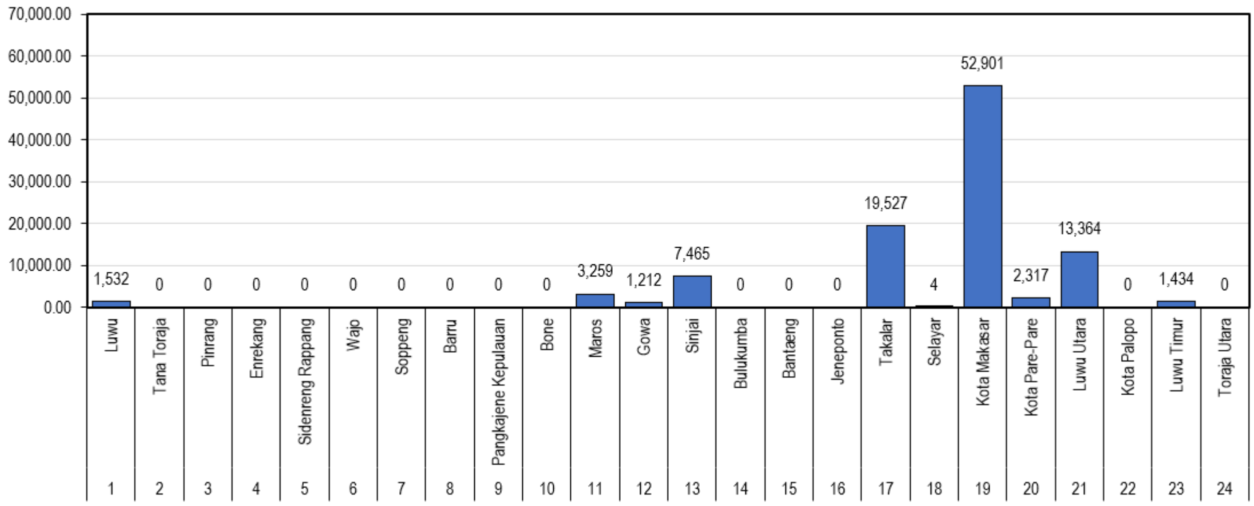

Figure 1. Number of heads of underprivileged families in South Sulawesi Province.

Figure 1 displays the distribution of heads of underprivileged families across South Sulawesi Province, highlighting the varying numbers of households facing economic challenges in different regions. Particularly in South Sulawesi Province, the number of household heads of pre-prosperous families is spread across several districts/cities, with the highest numbers of underprivileged families being in Makassar City, Takalar Regency, and North Luwu Regency. The presence of pre-prosperous families in several regencies/cities in South Sulawesi Province shows that the community welfare improvement program is still not running optimally. Programs to improve community welfare and reduce poverty still focus on developing physical, financial, and human capital.

This, of course, still has weaknesses because it ignores community empowerment, which focuses on using social capital in local economic development.

Social aspects are crucial for economic growth, and community empowerment embraces this by prioritizing the significance of social capital in local economic development (Machlup, 2014). Social capital has been considered a key indicator of economic development, complementing human capital, entrepreneurial culture and other economic considerations (Boztosun, Aksoylu, & Ulucak, 2016). Studies have demonstrated the role that social capital plays in fostering economic growth, particularly locally (Harrison & Huntington, 2000). Local communities can benefit from social capital by obtaining the funding and assistance required to start and expand their businesses. Likewise, it can make it easier for local entrepreneurs to collaborate on resources, knowledge and ideas, which will encourage creativity and boost output (Knollenberg, Arroyo, Barbieri, & Boys, 2021; Saegert, Thompson, & Warren, 2002). In addition, social capital can promote the development of strong bonds and trust among local governments, corporations, and other stakeholders, fostering cooperation and efficient governance (Engbers, Rubin, & Aubuchon, 2017). Also, it may be helpful in the establishment of institutions and social networks that support development and economic growth. As the connecting link that holds people and communities together, social capital is essential to advancing both human well-being and economic progress (Haeruddin, Mansur, Mansur, Thaief, & Haeruddin, 2020). In general, social capital refers to the networks, attitudes and standards that enable interactions between individuals and communities, hence fostering socioeconomic welfare (Grootaert, 2001). Individuals can use social capital to collaborate on common goals, pool resources and information, and get access to support systems to help them negotiate multiple issues. Additionally, it gives people a place to participate in the community, engage in public life and promote social cohesion—all of which can enhance governance and service delivery. Consequently, social capital benefits social well-being and economic progress (Yushar et al., 2023).

It has been revealed that social capital—defined as the norms, social networks, and trust that enable cooperation and coordination among individuals and groups—has a major influence on the economic and developmental outcomes of a society. The relationship between social capital and economic outcomes has been the subject of several studies that have demonstrated the significance of social capital in improving national productivity and fostering sustainable development (Cope, Jack, & Rose, 2007; Ishise & Sawada, 2009; Oh, Lee, & Bush, 2014; Yamamura, 2009, 2012). In addition to land, labor, and traditional capital, Engbers, Thompson and Slaper (2017) demonstrated that social capital can be a crucial input to promote community production and support a nation's economic success. Additional research has demonstrated the beneficial effects of social capital on sustainable development and economic growth (Engbers et al., 2017; Grootaert & Van Bastelaer, 2001; Hayami, 2009; Knack & Keefer, 1997; Thompson & Slaper, 2016). Furthermore, research has shown that social capital is essential for reducing poverty since it can help with difficulties involving collective action that lead to poverty by facilitating access to resources, information, and social support (Narayan-Parker, 1997; Narayan-Parker & Pritchett, 1997; Narayan & Cassidy, 2001; Safford, 2009). Social capital is a key area of study for academics and decision makers because it plays a crucial role in accelerating economic growth, decreasing poverty, and promoting sustainable development.

Social capital has been shown to play an essential role in reducing poverty and facilitating economic development through various mechanisms. According to Collier and Dollar (2002a) and Collier and Dollar (2002b) social capital internalized in social networks, beliefs and norms can reduce poverty by facilitating the transfer of knowledge regarding technology and markets, reducing market failures in information and thereby reducing transaction costs, facilitating cooperation within society, coordinating and monitoring effective delivery of public services, and improving other conventional resource constraints, such as market access or credit restrictions, thereby reducing household vulnerability to poverty. Paal and Wiseman (2011) also found that social capital can improve market access and increase the income levels of individuals and households. Social capital has an essential role in resolving disputes in society (Schafft & Brown, 2000) and sharing helpful information (Fafchamps & Gubert, 2007a, 2007b; Rauch & Casella, 2003), which can encourage the adoption of new production technologies (Isham, Kelly, & Ramaswamy, 2002) and promote economic growth. These findings suggest that social capital can benefit local economic development and poverty reduction efforts.

Social capital is seen as having a positive effect on increasing household welfare. Increasing community welfare comes from the will of the community, meaning that if the community's desire to increase social capital is higher, it will have an impact on increasing their welfare, as well as the willingness to improve family quality and family income. This increase will also improve the welfare of the community (Haeruddin, Natsir, Aswar, Aslam, & Salam, 2023). The community can be productive, minimize opportunities for conflict, and effectively carry out various policies. Based on this, this study focuses on the role of social capital in improving the welfare of pre-prosperous families in South Sulawesi Province.

2. METHOD

2.1. Population and Samples

The population in this study were all underprivileged families in South Sulawesi Province spread over nine cities in South Sulawesi Province, namely Luwu Regency, Maros Regency, Gowa Regency, Sinjai Regency, Takalar Regency, Makassar City, Pare-Pare City, North and East Luwu Regency with a total of 103,015 families. The sampling technique used is cluster random sampling. Hair et al. recommend a minimum sample size of 200 for maximum likelihood (ML) estimation in structural equation modeling (SEM) but note that the necessary sample size may depend on various factors such as model complexity, number of variables and indicators, level of measurement error, and desired level of statistical power (Hair, Black, Babin, Anderson, & Tatham, 2019). They suggest that researchers use power analysis or simulation studies to determine an appropriate sample size for their research question and model. In this study, to avoid sample reduction due to outlier data, a sample size of 217 respondents was used. This decision was based on the authors' judgment regarding the need for a sample size that would allow for reliable estimation of the model parameters while accounting for potential outliers.

2.2. Research Approach

This research adopts a quantitative approach in which numerical data is collected and analyzed using statistical methods. Primary data is used in this study, which refers to data collected specifically for the research purpose, such as through surveys, questionnaires, or interviews. The study consists of three independent variables, which are trust (X1), reciprocal relationships (X2) and social networks (X3), and two dependent variables, which are household expenditure (Y1) and the welfare of pre-prosperous families (Y2). The independent variables are manipulated or changed in the study, while the dependent variables are affected by the independent variables and are therefore measured in the study. The variable indicators in this study can be seen in Table 1.

Table 1. Variables, sub-variables, and research indicators.

Variable	Sub-variable	Indicator(s)
Social capital	Trust	Belief in lending rice, money, etc.
	Reciprocal relationship	Cooperation and helping each other.
	Social network	Empowerment and participation in various activities, willingness to share information, ease of obtaining information, complying with rules, willingness to help each other, ease of obtaining assistance, etc.
Household expenses and welfare	Household expenses	Daily consumption expenditure.
	Food	Consumption of fish, eggs, chicken and meat.
	Clothing	Purchase of clothes.
	Housing area	Condition of the house (Roof, walls, floor, clean water, toilet, electricity, and home appliances).
	Health	Health, and use of contraceptives.
	Education	Family member education.

Variable indicators refer to the specific measures or items used to operationalize or define the variables in the study. For example, in this study, the trust variable may be measured by asking respondents to rate their level of trust in their community on a scale.

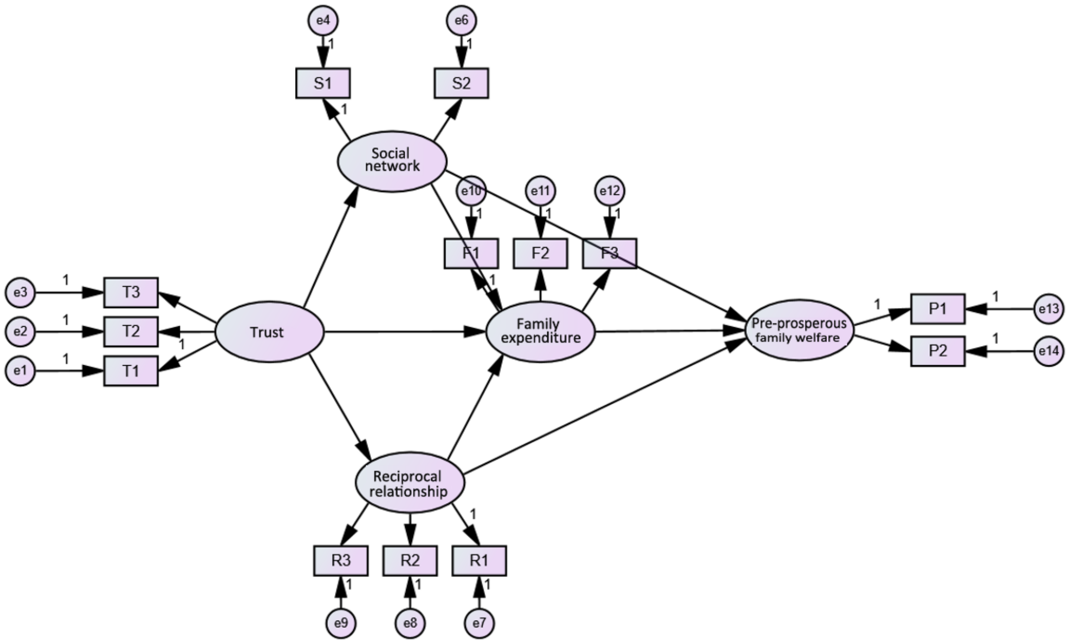

Figure 2. Research path.

Figure 2 illustrates the research path outlining the relationships and pathways between social capital components (trust, reciprocal relationships, social networks) and the economic outcomes of household expenditure and welfare for pre-prosperous families. The instrument used in this research is a questionnaire, and in determining the questions, each question item is categorized. The variables are measured using an ordinal scale.

2.3. Measurement of Variables

2.3.1. Measurement of Trust

Trust is the belief that someone or something can be relied on and will act according to expectations. In the context of social capital, trust refers to the confidence of individuals or groups in trusting others or institutions in society. High trust can strengthen relationships between individuals or groups, as well as increase the effectiveness of cooperation. The measurement of the trust variable can be interrelated with the variables of (1) equality, (2) honesty, and (3) tolerance.

2.3.2. Measurement of Reciprocal Relationships

Reciprocal relationships refer to mutually beneficial relationships between individuals or groups. These relationships involve giving and receiving support, assistance, and resources to achieve common goals. Solid reciprocal relationships can strengthen trust and increase the effectiveness of cooperation between individuals or groups. The measurement of the reciprocal relationships variable can be interrelated with the variables of (1) cooperation, (2) participation, and (3) solidarity.

2.3.3. Measurement of Social Networks

Social networks refer to a collection of individuals' or groups' social relationships. Social networks include family, friends, coworkers, and other community members. Strong social networks can provide access to information, resources and opportunities and help strengthen social relationships and increase the effectiveness of cooperation between individuals or groups. The measurement of the social networks variable can be interrelated with the variables of (1) giving and (2) receiving.

2.3.4. Measurement of Family Expenditure

Family expenditure refers to the amount of money a family spends to meet daily needs such as food, clothing, housing, transportation, healthcare, education, and other necessities. Family expenditure is usually measured over a specific period. In order to gain an overall understanding of consumption patterns and the state of family welfare, family expenditure data is frequently employed in research that emphasizes household consumption and spending patterns. Food, clothing, and housing area variables can all have an effect on how the family expenditure variable is calculated.

2.3.5. Measurement of Pre-Prosperous Family Welfare

The concept of "pre-prosperous family welfare" defines a family's welfare circumstances prior to obtaining a higher standard of living or a certain degree of affluence. This idea can be utilized to comprehend the variables that affect family welfare in the early stages of a family's existence, including living conditions, level of education, and access to health and educational resources. There may be an interaction between the pre-prosperous family welfare variable and the variables of (1) education and (2) health.

2.4. Statistical Analysis

The descriptive statistical analysis approach is often used to provide a brief summary of important characteristics contained in a certain dataset. In order to provide a clear and accurate overview of the data, the metrics of central tendency and dispersion can be useful. Analytical tools that are more useful for examining complex interactions between variables, such as those involving social networks and well-being, include structural equation modeling (SEM).

Statistical methodology facilitates the examination of intricate correlations among variables and can evaluate theoretical models for causality and the interconnectedness of latent components. Researchers can gain important insights into complex relationships between variables and perform group comparisons with the help of SEM. Using SEM, the current study examined the relationship between social capital and well-being. SEM enabled the researchers to tackle imprecise measurement, missing data, and non-normality in multivariate analysis, which are especially pertinent in complex datasets.

SEM also facilitated the assessment of conceptual frameworks regarding the interrelationships between social networks and subjective well-being and the potential variations in these linkages among diverse cohorts.

3. RESULT AND DISCUSSION

3.1. Demographic Characteristics

In academic research, demographic characteristics pertain to fundamental data regarding the attributes of the population or sample under investigation. Various demographic characteristics commonly studied include age, gender, education, income, marital status, and number of children.

The utilization of demographic data is a common practice in comprehending the attributes of a populace or a representative group, enabling researchers to conduct additional investigations concerning behavioral tendencies or patterns associated with specific demographic variables.

Table 2. Demographic characteristics.

Characteristic	Category	Respondents (n = 217)	Percent (%)
Gender	Male	95	43.78%
	Female	122	56.22%
Age	< 29 years	29	13.36%
	30–39 years	61	28.11%
	40–49 years	71	32.72%
	50–59 years	38	17.51%
	> 60 years	18	8.29%
Education	No school	21	9.68%
	Elementary school	54	24.88%
	Junior high school	85	39.17%
	Senior high school	55	25.35%
	College	2	0.92%
Income (Month)	< 1 million	54	24.88%
	1–1.5 million	64	29.49%
	1.5–2 million	75	34.56%
	2–2.5 million	23	10.60%
	2.5–3 million	1	0.46%
Marital status	Single	32	14.75%
	Married	145	66.82%
	Divorced	22	10.14%
	Widowed	18	8.29%
Number of children	No children	42	19.35%
	1 child	24	11.06%
	2 children	64	29.49%
	3 children	68	31.34%
	4 children	15	6.91%
	5 or more children	4	1.84%

A total of 217 respondents were the final research subjects, and their demographic profile results are shown in Table 2. In the gender category, there were 95 male respondents (43.78%) and 122 female respondents (56.22%). The age category of the respondents was divided into five groups, those under 29 years old (13.36%), 30–39 years (28.11%), 40–49 years (32.72%), 50–59 years (17.51%), and those over 60 (8.29%). Meanwhile, the education category of the respondents consisted of those who did not attend school (9.68%), those who only attended elementary school (24.88%), those who attended junior high school (39.17%), those who attended high school (25.35%), and those who attended college (0.92%). In the income category, 54 earned less than 1 million rupiahs per month (24.88%), 64 earned 1–1.5 million rupiahs per month (29.49%), 75 earned 1.5–2 million rupiahs per month (34.56%), 23 earned 2–2.5 million rupiahs per month (10.60%), and 1 earned 2.5–3 million rupiahs per month (0.46%). For the marital status category, 32 were still single (14.75%), 145 were married (66.82%), 22 were divorced (10.14%), and 18 were widowed (8.29%). Lastly, the number of children consisted of 42 respondents who had no children (19.35%), 24 who had one child (11.06%), 64 who had two children (29.49%), 68 who had three children (31.34%), 15 who had four children (6.91%), and 4 who had five or more children (1.84%).

Based on data from the World Bank, countries with low per capita income are those with per capita income of less than US$975 per year, which is about 1.2 million Indonesian Rupiah per month. In many developing countries, the high level of unemployment is one of the main reasons why per capita income is not as high as in developed countries. The research results showed that 24.88% of the respondents earn less than 1 million monthly rupiahs. This low level of income can be a result of a variety of causes, including a lack of education, skills and opportunities for employment, and limited access to resources and financial support. It could be concluded that the respondents are from low-income households with low educational background. This affects the social and economic conditions of the family, making the role of social relationships paramount in improving family welfare. The role of social relationships can help families in various aspects of life, such as providing emotional support, obtaining valuable information and advice, and expanding social networks that can help improve job and business opportunities. Therefore, the role of social relationships needs to be enhanced in efforts to improve the welfare of low-income families (Mustafa, Mustafa, Mustafa, & Mustafa, 2018).

3.2. Goodness of Fit (GOF)

The Goodness of Fit test is a statistical tool utilized to determine whether the data distribution of a given sample is consistent with a specified theoretical distribution. However, experts hold varying opinions regarding the parameters that must be reported to ensure a good model fit. Garson (2012) recommends reporting one fundamental fit parameter and one parsimony fit parameter, while Gefen, Rigdon, and Straub (2011) suggest several parameters, including the root mean square error of approximation (RMSEA), the Tucker–Lewis Index (TLI), Comparative Fit Index (CFI), Adjusted Goodness-of-Fit Index (AGFI), Goodness-of-Fit Index (GFI), and Chi-square. On the contrary, Schumacher and Lomax (2010) merely suggested the GFI, Comparative Fit Index (CFI), and RMSEA. The goodness-of-fit evaluations can be seen in Table 3.

Table 3. The goodness of fit test.

Criterion	Value	Cut-off	Source(s)
Chi-square (X^2)	0.912	≥ 0.050	Garson (2016); Hox and Bechger (1998) and Jöreskog and Sörbom (1993)
CMIN/DF	0.614	≤ 2.000	Carmines (1981); Schumacher and Lomax (2010) and Wheaton, Muthen, Alwin, and Summers (1977)
GFI	0.963	≥ 0.900	Jöreskog and Sörbom (1993); Schumacher and Lomax (2010) and Tanaka and Huba (1989)
RMSEA	0.000	≤ 0.080	Browne and Cudeck (1992); Chen, Curran, Bollen, Kirby, and Paxton (2008); Hu and Bentler (1999); Schumacher and Lomax (2010); Steiger and Lind (1980) and Williams and O'Boyle Jr (2011)
TLI	1.125	≥ 0.900	Bentler and Hu (1995); Schumacher and Lomax (2010) and Tucker and Lewis (1973)
CFI	1.000	≥ 0.900	Bentler (2010); Brown (2015) and Hu and Bentler (1999)
IFI	1.104	≥ 0.900	Bollen (1989)
PNFI	0.605	≥ 0.500	James, Mulaik, and Brett (1982) and Mulaik et al. (1989)
PCFI	0.722	≥ 0.500	James et al. (1982) and Mulaik et al. (1989)

Goodness-of-fit criteria are utilized to evaluate the acceptability of a model based on different indices and cut-off values (Bollen, Long, & Jöreskog, 1993). The results in Table 3 infer that the GOF standards have been met, signifying the stability of the model and its suitability for further examination.

3.3. Composite Reliability

Based on the results presented in Table 4, it can be concluded that all research variables have good levels of reliability, as indicated by their composite reliability values. Composite reliability assesses the precision, accuracy, and consistency of a measuring tool. In general, a composite reliability rating of 0.70 or above is acceptable (Hair Jr et al., 2021).

Table 4. Composite reliability.

Variable	Composite reliability
Trust	0.897
Reciprocal relationships	0.798
Social networks	0.899
Household expenses	0.959
Pre-prosperous family welfare	0.884

All research variables have a composite reliability value of > 0.70, indicating that each variable has met composite reliability requirements. According to these findings, it can be said that all variables have a good degree of dependability. The values of the path coefficients show how each independent variable influences the dependent variable. The study's variables exhibit composite reliability ratings of 0.897 for trust, 0.798 for reciprocal relationships, 0.899 for social networks, 0.959 for household spending, and 0.884 for pre-prosperous family welfare. These values show that each variable is trustworthy and can be relied upon to give consistent and accurate readings because they are over the acceptable level of 0.70.

3.4. Average Variance Extracted (AVE)

This study explores how social capital can help poor families in the province of South Sulawesi live better lives. The average variance extracted (AVE) value was calculated for each variable to ensure the validity of the data utilized in the analysis. The AVE value expresses how much of the variance in the observed variable can be accounted for by the underlying construct under investigation (Collier, 2020; Hair Jr et al., 2021).

Table 5. Average variance extracted (AVE).

Variable	AVE
Trust	0.682
Reciprocal relationships	0.765
Social networks	0.652
Household expenses	0.644
Pre-prosperous family welfare	0.723

Table 5 presents the AVE values for each variable in the study—trust, reciprocal relationships, social networks, household expenses, and pre-prosperous family welfare. These AVE values indicate the amount of variance captured by the latent variables concerning the measurement error, with all variables showing values above the acceptable threshold of 0.50, signifying a solid fit of the model to the data. According to the study's findings, every variable's AVE value was greater than 0.50, which is the cut-off point for a model with an excellent fit. In particular, the AVE values for social network (0.652), welfare for pre-prosperous families (0.723), reciprocity (0.765), trust (0.682), and household expenditure (0.644) are all high. This demonstrates that every variable employed in the analysis is reliable and appropriate for assessing the concepts that underlie social networks, reciprocity, trust, household spending, and pre-prosperous families' welfare. Stated differently, the validity of the research findings is strengthened since the observed data provides a good representation of the measured, theoretical construct.

3.5. Path Coefficients

Table 6 shows the standardized regression coefficient estimates for the relationships between the variables in the study. These coefficients indicate the strength and direction of the relationships between the independent variables (trust, reciprocal relationships, and social networks) and the dependent variables (household expenditure and welfare of pre-prosperous families).

Table 6. Standards regression coefficients.

Independent variable	Path	Dependent variable	Estimate	Prob. (Sig.)
Trust	→	Social networks	0.256	0.004
Trust	→	Reciprocal relationships	0.268	0.033
Trust	→	Family expenditure	0.170	0.008
Social networks	→	Family expenditure	0.376	0.023
Social networks	→	Pre-prosperous family welfare	0.208	0.017
Reciprocal relationships	→	Family expenditure	0.342	0.035
Reciprocal relationships	→	Pre-prosperous family welfare	0.287	0.010
Family expenditure	→	Pre-prosperous family welfare	0.359	0.031

Table 6 shows a statistically significant and positive correlation between trust and social networks, with an estimated value of 0.256 and a significant probability of 0.004. As trust within a community grows, the size of the social network also tends to expand. The results indicate a statistically significant positive association between trust and reciprocal relationships, as evidenced by the estimate of 0.268 and a probability value of 0.033. It is proposed that there is a positive association between trust and the probability of people engaging in mutually beneficial relationships. The results show that there is a statistically significant positive relationship between household expenditure and trust (estimate = 0.170, prob. = 0.008). It also indicates that there is a clear connection between growing trust and increased household spending. According to this research, trust is essential in determining how individuals connect with each other and how much money they spend at home in a community. Social networks and other forms of social connection expand in parallel with increasing levels of trust, as does the probability of reciprocal behavior.

Along with this, there is a substantial correlation between the level of household expenditure and the degree of trust. Building social capital and trust within the community is crucial for both economic development and family well-being. Building social capital and trust can help to improve social relationships and encourage more spending by society. Therefore, it is important to integrate initiatives aimed at cultivating social capital and augmenting social trust into development plans for the economy and society.

The findings show a statistically significant positive correlation between household spending and social network usage. Specifically, the estimate for this relationship is 0.376 with a probability value of 0.023, indicating that household expenditure tends to increase as the social network increases. The results indicate a statistically significant positive correlation between social networks and the welfare of pre-prosperous families (estimate = 0.208, prob. = 0.017). This suggests that an increase in social networks is associated with a corresponding increase in the welfare of pre-prosperous families. Based on the study's findings, social media platforms have an important influence on the expenditure patterns of households and contribute to enhancing the quality of life for families with restricted financial resources within a particular community. The study reveals a significant and noteworthy association between social networks, household spending, and the welfare of underprivileged families. The findings suggest that more extensive social networks are positively linked to enhanced economic growth and welfare. Hence, policymakers must acknowledge the pivotal significance of strengthening social networks within a community while formulating measures to address poverty and inequality. Fostering social capital and trust within a community can serve as a pragmatic strategy for advancing sustainable economic development and prosperity. In order to attain this objective, collaborative and participatory endeavors must be undertaken by the government, private sector, and community to fortify social networks and augment the general standard of living of the populace.

Household spending increases as reciprocal relationships do, according to the positive and significant relationship between the two variables (estimate = 0.342, prob. = 0.035). The welfare of pre-prosperous families tends to increase as reciprocal relationships increase, as shown by the positive and significant relationship between the two variables (estimate = 0.287, prob. = 0.010). The findings of this study highlight the potential advantages of interconnections and the significance of encouraging a cooperative strategy for advancing society. Further investigation is required to determine the underlying mechanisms influencing the link between spending, reciprocity and family well-being, and to assess the efficacy of policies and programs to foster deeper connections. These results underline how crucial it is to promote mutual understanding, especially in places where people are struggling to make ends meet. Individuals and groups can pool their resources and work together more effectively to achieve more success. This has significant policy implications because it shows how social capital investments can positively affect societal well-being and economic outcomes.

The welfare of pre-prosperous families is shown to be positively and significantly correlated with household expenditure (estimate = 0.359, prob. = 0.031), indicating that as household expenditure rises, pre-prosperous family welfare also tends to rise. Higher spending on necessities such as food, health, education, and housing can result in improved welfare, according to several studies that have found a positive relationship between household expenditure and welfare. This relationship is complicated and subject to change depending on a number of variables. The relationship between household expenditure and welfare is weaker among households with higher incomes, which may be because households with higher incomes have already met their basic needs and can spend more on luxury items that may not necessarily improve their welfare (Deaton, 1997). In a similar vein, a study in South Africa Leibbrandt et al. found that the relationship between household spending and welfare is more significant for smaller households than for larger ones, since more household spending on necessities had a bigger influence on the welfare of the former (Leibbrandt & Woolard, 1999). These studies highlight the intricate relationship between welfare and household spending, which is impacted by a number of factors including household size, income level, and location. This intricacy should be considered by policymakers when creating measures to improve household welfare.

3.6. Discussion

According to the study's findings, social capital is a force that creates social networks through which people collaborate to reduce poverty by leveraging social solidarity to move beyond the constraints imposed by material capital. As a means of expressing the social motivations of people in society, social capital can be a crucial element in raising the standard of well-being. High-quality and intense social relationships can boost a community's socioeconomic interaction and ultimately meet the demands of both individuals and the group as a whole to achieve welfare (Kawachi & Berkman, 2001; Putnam, 2000; Woolcock & Narayan, 2000). Trust is essential for the development of social capital. Other social capital components, such mutual relationships and social networks, cannot develop successfully without trust. Consequently, this may make it more difficult to provide benefits for disadvantaged families. Therefore, building community trust should be the top priority in initiatives to improve the welfare of impoverished families (Lefebvre, Sorenson, Henchion, & Gellynck, 2016). These initiatives could involve fostering communication and cooperation between people and groups to advance trust and mutual understanding, or they may include developing relationships based on similar values and experiences.

These endeavors may concentrate on building relationships based on shared values and experiences, or they might include encouraging communication and collaboration between individuals and groups in order to enhance trust and mutual understanding (Musa, 2019). Similarly, as a result of the shared experiences and histories that have grown over time, long-term professional relationships where individuals interact over an extended period of time tend to be marked by trust. The hypothesis that trust is more likely to grow in homogeneous communities or connections based on common experiences or history is supported by the association between trust and social capital. This is due to the fact that people typically interact more favorably with those they consider to be similar to themselves, and over time, this can lead to the establishment of trust (Collins, Neal, & Neal, 2017; Stadtler & Probst, 2012). As a result, the study's conclusions imply that fostering shared experiences and beliefs within a community can help to foster trust, which is crucial for improving the welfare of impoverished families.

This study revealed that the welfare of impoverished families is influenced by social networks, reciprocity, and trust, all of which are aspects of social capital. The study's findings specifically demonstrate that a community's degree of reciprocity and social networks increases with the level of trust. Furthermore, it revealed that impoverished families' welfare levels increased with the strength of their social network. Thus, it may be said that in order to increase the welfare of impoverished families, trust, reciprocity and social networks are crucial, and these factors should be taken into account while creating programs to do so. Accordingly, a number of additional research findings that examine social capital as a structural, cognitive, and relational dimension corroborate this (Chou, 2006; Grootaert, 2004). The welfare of individuals is influenced by all three interconnected and mutually supporting factors (Lefebvre et al., 2016). Neira et al. discovered that the positive effects of social capital on an individual's well-being are more pronounced in locations with greater geographical variability (Neira, Bruna, Portela, & García-Aracil, 2018). The authors also discovered that various aspects of social capital, such as social networks and trust, have varying effects on well-being.

4. CONCLUSION

4.1. Implications

The results of the study show that social capital plays a critical role in raising the welfare and household spending of pre-prosperous households. It was found that household spending is highly influenced by social networks, reciprocity, and trust. This highlights how important it is to have strong social ties, reciprocity, and trust, as well as social networks within a community in order to enhance everyone's welfare and economic situation. It's also important to keep in mind that social capital interacts with a variety of other factors, such as institutional, human, and material factors. In order to advance the welfare of pre-prosperous families, policymakers and stakeholders must take into account the interplay between social capital and other elements when developing policies and programs. This study provides important new insights into how household spending is influenced by social capital. It also underlines the significance of social capital in achieving sustainable economic growth and development and emphasizes the need for policymakers to consider social capital-building measures when developing strategies to decrease poverty and inequality.

4.2. Limitations and Future Research

Despite the contributions, this study has some limitations, which provide opportunities for future research studies. First of all, this study is limited to its geographical boundary. The study sets were only conducted in the Indonesian context due to time and financial constraints. Future studies should conduct the same research across nations. Moreover, future studies could improve the generalization of the study by applying random sampling techniques in order to select sample representativeness. Finally, future studies may consider the same model on different categories of social demography.

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Transparency: The authors state that the manuscript is honest, truthful, and transparent, that no key aspects of the investigation have been omitted, and that any differences from the study as planned have been clarified. This study followed all writing ethics.
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