



ABSTRACT

A study was conducted to determine the role of social capital available to farming household heads in Yola-South local government area of Adamawa state. The specific objectives were to determine the percentage of households living below the poverty line, examine the sources of social capital available to them, and ascertain the relationship between the

THE ROLE OF SOCIAL CAPITAL IN MITIGATING POVERTY LEVEL AMONG FARMING HOUSEHOLD HEADS IN YOLA-SOUTH LOCAL GOVERNMENT AREA OF ADAMAWA STATE

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Introduction

The upsurge of poverty in Nigeria has assumed a worrisome dimension in that, while majority of its citizens are living in a state of abject destitution only an insignificant minority are living in affluence or swinging on the pool of wealth. The levels of inequality or skewed economic relations equally do not reflect the geographic spread of resource endowment, and all these are products of greed, injustice and selfishness, which is beyond any economic principles. Poverty situation in Nigeria has been described by the country's political lexicon as a bewildering paradox (Nwaobi, 2003). Even among the committees of nations, Nigeria has been ranked very poor on the continent of Africa, using selected world development indicators. Despite several programs been designated by the state to combat the scourge, their impacts on the poor population has been substantially impaired by



volume of capital demanded by respondents and the volume of capital supplied to the respondents in the area. Data used for the study were obtained through a survey of 100 randomly selected farming household heads from Yola town, Ngurore, Sangere and Hosere. Both descriptive and inferential statistics were used as analytical tools. The result shows that 83.89% of the respondents were poor, surviving below ₦921.5 daily per capita income (pci), only 16.11% of them survive above daily pci of ₦921.5 (which is the estimated poverty line set by world bank in 2005). 85.33% of the respondents belong to various groups and associations. The study revealed that household heads used six sources of social capital respectively in the area, and that community (mainly friends and neighbours) constituted 38.02% while family members was 38.02% of the main sources of social capital available to respondents. Friends supplied the highest social capital to the respondents with 38.86%, while family supplied 28.05%. The pearsons correlation analysis ($r=0.7$) revealed that there was a very strong positive relationship between the total volume of capital in naira demanded and the total volume of capital in naira supplied to respondents by the available source of social capital. Chi-square test shows that there is a significant difference (98.9850) in the observed frequencies of the sources of social capital available to different household heads in the study area. The respondents were constrained with some social capital problems; the most prominent is inadequate trust and confidence of repayment of capital. In conclusion, the study reveals that household heads were not financially constrained in the study area and a number of policy recommendations were proposed for addressing these problems.

Keywords: Role, Social capital, Mitigate, Poverty, Households.

corruption, weak administration, and poor inter-sectorial governance system. These, in the opinion of observers, have been the major challenges to poverty reduction in Nigeria. Garba (2006) reveals that about 15% of the Nigeria's population was poor in 1960; the figure rose to



28% in 1980 and by 1996, the incidence of poverty was 66% or 76.6 million people, and that the United Nations human Poverty Index, in 1999, placed Nigeria among the 25 poorest nations in the world. According to the UNDP (2010), the population in poverty is given as 68.7 million as at 2004. This is very tragic situation when one considers the fact that Nigeria has had over \$300 billion in oil and gas revenue since independence. The National Bureau of Statistics, NBS (2019) gave the figures for national poverty incidence under Head Count Rate (HCR), Poverty Gap Incidence (PGI) and Poverty Severity Index (PSI) at 40.09, 12.85 and 5.63 respectively. Poverty incidence for the rural areas was put at 52.10, while the figure the urban settlements was 18.04, as shown in Table 1. Also, table 2, shows figures for poverty incidences in Northeastern Nigeria, here, Adamawa state (Yola-South inclusive) recorded the highest next to Yobe state alone. Though, figures for Borno state were not available.

Therefore, the need for this study entitled: the role of Social Capital available to farming household heads in Yola-South local government area of Adamawa state, with specific objectives to determine the percentage of households living below the poverty line, examine the sources of social capital available to them, and ascertain the relationship between the total volume of income (in naira) demanded by respondents and the total volume of income (in naira) supplied to those respondents from the available sources of social capital in order to mitigate their poverty level.

Table 1: National Poverty and Inequality Incidences 2018-19

State	Poverty Count Rate	Head Poverty Index	Gap Squared	Poverty Index (severity)
Nigeria	40.09	12.85	5.63	
Urban	18.04	4.47	1.68	
Rural	52.10	17.42	7.78	

Source: Nigeria Living Standards Survey, 2019



Table 2: Northeast Poverty and Inequality Incidences 2018-19

State	Poverty Head Count Rate	Poverty Gap Index	Poverty Gap Index (Severity)	Gini Coefficient
Adamawa	75.41	27.64	13.21	27.78
Bauchi	61.53	20.50	9.07	26.51
Borno	-	-	-	-
Gombe	62.31	20.03	8.97	31.54
Taraba	87.72	42.38	24.44	32.23
Yobe	72.34	26.48	12.84	27.31

Source: Nigeria Living Standards Survey, 2019.

NB: * The estimates exclude Borno State.

Social Capital as a net for Poverty Mitigation

The World Bank (2002) defines social capital as the norm and networks that enable collective action, and that increasing evidence has shown that social cohesion/social capital is critical for poverty alleviation and sustainable human and economic development. Social capital is “the potential benefits, advantages, and preferential treatments resulting from one person or group”. However, Portes and Landolt (1996) refer to social capital as the institutions relationship and norms that shape the quality and quantity of society’s social interactions. Social cohesion (social capital) is critical for societies to prosper economically and development to be sustainable. It is not only sum of the institutions, which underpin a society, but a glue that holds them together.

Granovetter (1995) underscores that virtually all economic behaviour is embedded in networks of social relations. Social capital and trust can make economic transactions more efficient by giving parties access to more information, enabling them to coordinate activities for mutual benefits, and reducing opportunity behaviour through repeated transactions (Dasgupta, 1988).

Rodrik (1997) reported that social capital plays an important role in shaping the outcomes of economic action at both micro and macro levels. Findings from several research work have shown that social capital has played significant role in poverty reduction and economic



development at macro level through the public and private sectors and civil society (Rodrik, 1997; Fukuyama, 1995; and Evans, 1996).

At micro level social capital has equally played a significant role in both poverty reduction and economic development. It is obvious seeing how firms, communities, ethnicity and family as respective units have been used as powerful tools in ensuring a better economic and social welfare for its members (Narayan and Lant, 1997; Varesse and Landa, 1996).

MATERIALS AND METHODS

Description of the Study Area

Yola South Local Government Area of Adamawa State, Shares boundaries with Fufore to the East and South, Yola North and Girei to the North and Demsa to the West. It has a total land area of 1104.30km² and is located between latitude 9° 14' North and Longitude 12° 28' East of the Greenwich meridian with a population of about 257,706. It has an average temperature extreme of 26.1°C in December to January and 33.3°C in April to May (Adebayo, 1999).

Sources of Data

The data used for the research were mainly of secondary source obtained from textbooks, Central Bank of Nigeria (CBN), World Bank, Journals and proceedings. Primary data was obtained through interviewing the respondents.

Sampling techniques and Method of Data Collection

A total of one hundred (100) farming household heads were randomly selected from Yola town, Ngurore, Sangere and Hosere in the ratio of 45, 25, 15 and 15 respectively, using simple random sampling technique. The data for the research was collected through the use of structured questionnaires. In situation where respondents could neither read nor write, personal interviews were held in the most common language (Hausa) understood by them and their opinion scored on the questionnaire. The allocation of the questionnaire was based on the population of the households in these samples locations.



Method of Data Analysis

Both descriptive and inductive (inferential) statistics were used in analyzing the data for this research. Descriptive analysis included frequency, percentage and mean (Average) while inferential statistics included the chi-square and pearsons correlation analysis.

(a) Descriptive Analysis

For ungrouped data, the mean was given as

$$\bar{X} = \frac{\sum X_i}{n}$$

Where

\bar{X} = mean

$\sum X_i$ = sum of variation ($i = 1, 2, 3, \dots, n$)

n = no. of observations (sample size)

For grouped data, the mean was given as,

$$\bar{X} = \frac{\sum fX_i}{\sum fX_i}$$

$\sum fX_i$ = sum of the product of the variables ($i = 1, 2, 3, \dots, n$)

$\sum fX_i$ = sum of all frequencies

(b) Inferential Statistics

(i) Chi-Square

$$\chi^2 = \sum_{i=1}^K \frac{(Q_i - e_i)^2}{e_i^2}$$

Where,

χ^2 = the chi-square (calculated)

$j = (1, 2, 3, \dots, K)$, number of observations

O = observed value

e = expected value

df = degree of freedom

(ii) Pearson correlation Analytical tool



$$r_{xy} = \frac{n\sum xy - (\sum x)(\sum y)}{\sqrt{n\sum x^2 - (\sum x)^2} \sqrt{n\sum y^2 - (\sum y)^2}}$$

Where,

x = volume of capital (₦) demanded by respondents from the sources of social capital available

y = Volume of capital (₦) supplied to the respondents by the sources of social capital available

n = number of respondents in the study area

r = relationship between the volume of capital demanded and the volume of capital supplied

Data Analysis and Interpretation of Result

The data obtained reveals that there is a high incidence of poverty in the study area with about 83.89% of the household heads surviving below the poverty line, which is ₦921.5 daily per capita income (pci) as set by World Bank (2015) at \$1.90 per day purchasing power parity. Only about 16.11% of the households survive above daily pci of ₦921.5. This agrees with the findings of Obadan (1996) who reported that the World Bank in 1993 described Nigeria poverty as a paradox as it contradicts the countries immense wealth. It also agrees with the report of the National Bureau of Statistics, NBS (2019) that Adamawa state (Yola South inclusive) has about the highest poverty incidences in North-Eastern Nigeria, giving the figure for Head Count Rate (HCR), Poverty Gap Incidence (PGI) and Poverty Severity Index (PSI) at 75.41, 27.64 and 13.21 respectively, and a Gini Coefficient Index of 27.78. This factor among many prompts most household heads to resort to different sources of social capital as a means of mitigating poverty level. Sources identified include; firms, community, ethnicity and family. It also reveals that most of the respondents resorts to these sources in view of their advantages over formal banking institutions, this is because these sources do not require collaterals, no interest rates, and are faster in disbursing money that the banks.

Primary data obtained through interviews showed that 85.33% of them belong to various groups and association as members. Only 13% do not



belong to any group or association, 46.44% asserted that they got enrolled into the groups and associations by voluntary choice. On the benefits derived by household heads from the various groups and associations, 15.18% of them claimed that joining groups and associations gave them access to credit and savings. This agreed with the findings of Sanders and Victor (1996) which stressed that informal relations among kin can develop into established mutual aid and credit institutions, as well as enterprises. These findings also conform with the report of Abram (1986) that extended family provides a social safety net by meeting the material and financial needs during difficult times and assists in the care of children and elders. The study also unveiled the common characteristics shared by members of the same group or association in the study area. About 14.02% of the total household heads are into groups in which all the members share the same occupation, this is consistent with the findings of Grindle (1996) which reported that trust and informal relations among public sector employees (i.e. occupation) lowers cost of carrying out state business.

Also, about 94.8% have more than one person with whom they discuss personal affairs. 11.78% said they have nobody to turn to for help in the event of any set-back. 63.19% of the household heads are of the opinion that the volume of capital (in Naira) supplied to them was commensurate with the volume of capital (in Naira) demanded to them by those sources of social capital available. Only 84.11% of them reported that social capital serves as a means of mitigating poverty level.

Summary and Conclusion

the findings 85.33% of them belong to various groups associations as members, The chi-square test also revealed that χ^2 calculated (98.9850) is greater than tabulated (14.4) meaning that there is a significant difference in the observed frequencies of the sources of social capital available to different households (i.e. the expected frequencies are not the same).

The result showed that 83.89% of the respondents were poor, surviving below ₦921.5 daily per capita income (pci), only 16.11% of them survive above daily pci of ₦921.5 (which is the estimated poverty line set by world bank in 2005). 85.33% of the



respondents belonged to various groups and associations as members, of which 46.44% of them joined such groups/association by voluntary choice. The benefits derived from joining the group/associations included credit and savings, health services having 15.18% and 14.62% respectively. The least benefit was recreational purposes which 0.21%. The results indicated that 18.54% of the groups/associations are based on religion, while, 12.93% was based on capital available. Household heads used six sources of social capital respectively in the area, of which community (mainly friends and neighbours) constituted 38.02%, while family members was 38.02% of the main sources of social capital available to respondents. Friends supplied the highest social capital to the respondents with 38.86%, while family supplied 28.05%. The pearsons correlation analysis ($r=0.7$) revealed that there was a very strong positive relationship between the volume demanded and the volume supplied of social capital. Chi-square test shows that there is a significant difference (98.9850) in the observed frequencies of the sources of social capital available and sources of social capital demanded by different household heads in the area. The respondents were constrained with some social capital problems; the most prominent of which was inadequate trust and confidence of repayment of capital.

Recommendations

Based on the findings of this study, a number of policy recommendations are hereby proposed;

- (1) Government should initiate awareness programmes in order to make the rural populace realize the need for social capital as a means of mitigation of poverty.
- (2) Government and concerned agencies should channel poverty alleviation inputs and technologies to rural communities through functional groups and associations so as to mitigate poverty.
- (3) Household heads should be encouraged to form groups and associations in order to make them more credit worthy before financial institutions and commercial banks should be encouraged to channel capital to social groups.



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