

# Accounting for Social Capital: A Panacea for Project Sustainability in Ebonyi State

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## Abstract

The study titled Accounting for Social Capital: a Panacea for Project sustainability in Ebonyi State seeks to determine whether stakeholders participation in project decision processes impact significantly on projects sustainability, determine the extent of stakeholders participation in selecting public projects in Ebonyi State. . The researcher employed the use of Statistical Programming for the Social Sciences (SPSS) package 17.0 version in the analysis. The statistical techniques for the data collected varied in accordance with the nature of research questions and hypotheses. Tables were designed in line with the responses of the respondents to generate relevant data necessary to answer the research questions. The Spearman's correlation coefficient was used to test the two hypotheses as postulated. The result revealed that community participation impact significantly on projects sustainability, that stakeholders participation in selecting public projects in Ebonyi State is low. The implication of these finding is that public projects will continue to be unsustainable until the ingredients of social capital becomes very effective in the State.

**Key words**= Social Capital, Project sustainability, Participation,, Stakeholders, Public.

## 1.0 Introduction

Quality of life is associated with happy relations, economic sufficiency, optimal health and also quality education. The need of social well being is viewed as the concern of government at all levels, business organization and other policy makers, as they have what it takes to influence policies in social policy areas including employment, education, health. Measures of social capital add to and expand the range of usual social indicators, and gave a new insight into ways we can create a more just and resilient social system (Cox, 2000). Social capital is fast becoming an area of great interest to government at all levels especially in developed world, communities welfare organizations, research institutions and community stakeholders. Social capital strategy seeks to build partnerships between all levels of government, the community, individuals and business (Cox, 2000). According to Australian Bureau of Statistics (2002), the potential for social capital to make a positive impact to outcomes in various areas of society such as education, health community safety, has attracted interest of policy makers, researchers and social analysts. This has also led to a demand for statistics that measure the concept of social capital, which can be used in measuring the social capital concept. Which when applied can help generate information necessary for policy development. Communal concept associated with social capital does not imply its strict jurisdiction. Its applicability may cut across other sectors and situations outside the community.

## 1.1 Problem Statement

Project sustainability is being adjudged key to the development of any economy. The extent to which stakeholders and relevant experts are duly involved in projects key decisions processes further assures project success. In Nigeria, this has not been so. Government at all levels especially in the past appears not have deemed it fit to look at the scores of social contract theory; which metamorphose into social capital. In Ebonyi State the case is not different. The poor rating of Human Development Indicators, specifically in the area of infant and maternal mortality, per capita income rate, literacy rates, growing rate of unemployment among others may be not be unconnected to policy mismatch and lack of social capital. In other words there exist no due consultations with relevant stakeholders of public projects by the political class before the commencement of public projects. Despite abundant human and material resources most public projects have not been successful at the long run. As a result of this Nigeria has not been able to stamp her foot economically among committee of nations. Experts have argued that unsustainable approach to government spending have been responsible for the build ups of abandoned public projects dotted around the landscape of Nigeria.

## 1.2 Objectives of the Study

- 1 To determine whether Stakeholders participation impacts on projects sustainability
- 2 To determine the extent of stakeholders participation in selecting public projects in Ebonyi State.

## 1.3 Research Hypothesis

- H01** Stakeholders participation (Social capital) does not impact significantly on projects sustainability  
**HA1** Stakeholders participation does impact significantly on projects sustainability

## 2.0 Literature Review

In a study of 200,000 inhabitants of Ijebu- Ode, Mabogunje and Kates (2004) attributed the success of participatory process, the poverty reduction activities and the impressive communal result in Ijebu- Ode to the large stock of social capital. Social capital is therefore a social tool that facilitates the realization of community objectives and also guarantees the good qualities of deliverables in a community. As such, communities will be better off if there is a constant or systematic effort by all stakeholders towards improving the value of this communal asset regularly. Schaefer and Nicole (2004) in his conceptualization of social capital among young people noted that young people will also benefit from social capital not only through academic success but also through an increase in their own social network and resources. Specifically he revealed the dimensions of social capital in young people to include

- Social Networks and sociability.
- Trust and Reciprocity
- Sense of belonging/place attachment.

Therefore social capital has a multiplier effect not only on the community but also on the drivers of social capital concept. It does not only benefit the young people but also provides security on the elderly in the community. Social capital refers to connections among individuals – social networks and the norms of reciprocity and trustworthiness that arise from them. (Putnam, 2012) Based on this social capital is closely related to what some people refers to as “civic virtue”. He further clarifies that social capital calls attention to the fact that civic virtue is most powerful when embedded in a sense network of reciprocal social interactions. The concern of this concept therefore is on the virtue associated with societal relationship; therefore isolated individuals are not necessary rich in social capital. This means that interactions help people to build communities to dedicate themselves to each other and to weave the social fabric. A recent study by Ndem, Michael and Awa (2012) holds that social capital is gotten through Goodwill which a person has over a period of time. He added that this form of capital is very important for mutual trust; haven the ability to create wealth because confidence is reposed on whoever has it. Based on the above facts social capital is an assets that can create more asset if well managed. However, he further argued that because of generational change this vital societal instrument has begun to fade off as people now use this opportunity for selfish gain i.e. they apply this concept in a negative way. He further attributed the corruption in Nigeria and the resultant effect in infrastructural decay, decline in total productivity as root shoots of this none/negative application to of social capital. Nigeria increasing GDP at 7% yearly without corresponding increase in the well being of ordinary citizens can also be viewed as a misapplication of the strength of social capital. For many, well being is not directly correlated with income. In their view the Organization for Economic Co-operation and Development,(2011) noted that government authorities and societies/communities seek economic growth, but in doing so they are also increasing concern about its impact on natural and social sectors of the environments. This concern specifically can be view from the angles of how various components in the community irrespective of age, income, ethnic or gender related issues share in economic progress of government or business organization operating in their communities. And even the quality of life and health of anybody including the physically challenged persons.

### 2.1 Social Capital and other Types of Capital

Social capital consist of an aspect of social structure, obligations and even expectations, informed channels, and asset of norms and effective sanctions that constrain or encourage certain kinds of behavior (Coleman, 1988).

There ways in which social capital differs from other forms of capital include the following:

- (1) The social capital is relational matter than what can be possessed by an individual. The other forms of capital relate to individuals or business organizations.
- (2) The social capital is a product of societal investment through time and effort.
- (3) It also differs from other forms of capital because it grows if used, through reinforcing the values norms, networks and decreases if not put in use.
- (4) The social capital is a product of history, culture and social factors which result into norms values and social relationship. (Coleman, 1988).

In his study Putnan (1995) noted that social capital is associated with features such as norms, networks and trust that facilitate cooperation and coordination for mutual benefit. There are four types of capitals that communities potentially have access to; they include natural capital, produced capital, human capital and institutional social capital (Black, and Hughes, 2001). It is therefore believed that at every point in time, communities, individuals and groups, may employ different levels of these capitals in trying to achieve their targets.

- **Natural capital:** This type of capital is said to consist of Natural resources, ecosystem, services and the aesthetics of Nature. Natural resources and material and energy input into production; while the ecosystem services are the natural procedures that are depend on for example the process of transforming carbon dioxide into oxygen by trees.

- **Produced economic capital:** This is made up of all products that are manufactured. The built environment, physical infrastructure that has been constructed. It also includes financial resources like money.
- **Human capital:** This refers to the skills, knowledge of an individual.
- **Social capital:** This has to do with the pattern and qualities of relationship in a particular community. Therefore social capital can be said to represent the level/value of social understanding which exists in communities. It therefore refers to a process between people which establish networks, norms and social trust, which foster co-ordination and cooperation for mutual interest.

## 2.2 Importance of Social Capital to Community Well Being

What social capital is associated with can potentially provide valuable insight to importance of social capital. Social capital comes into play when communities have to deal with issues like conflict problems or change. A community that possesses high level of social capital will be able to manage a conflict situation more robustly than a community with low level of social capital. This is because collective action of a community is based on norms and Network especially where an individual will be reluctant to be socially engaged. Ojukwu and Onifade (2010) argued in their study that social capital as a mechanism for social harmony and peace-building encompasses civil (engagement) community, political equality solidarity, trust and tolerance, and social structure of cooperation. Their study therefore places much premium on the significance of social capital as a mechanism for preventing, ameliorating intra-communal conflicts like in Jos North Local Government Area of Plateau State.

A recent study revealed that social capitals are positively related to poverty reduction. It is therefore interesting to say that social capital has been described as an empirically elusive concept yet has been heralded as the glue that holds communities and villages together. The potentials of this great concept is worth relying on for effective and economical transformation of any economy especially in developing economies. (Ijaiya, Sakanyau, Dauda, Paiko and Zubairu 2012)

## 2.3 Sources of Social Capital

Contributors to the concept of social capital underemphasize the importance of families in shaping social capital and tend to over-emphasize the small time individual spend working for voluntary organizations. It is therefore important to note that the role of the family in shaping the norms, network which builds social capital cannot be under mind. Therefore, social capital can come from, families, schools, and other educational institutions, civic institutions, business organizations and the local community. Social capital may likely contribute to series of positive outcomes in a general societal living (Winter, 2000). It is also therefore pertinent to note that there may be negative outcomes that can be associated with social capital. **It is important to note that a particular form of bonding social capital have the tendency to impede social cohesion in some circumstances.** This can be experience in groups such as drug cartels smuggler group, mafia groups, terrorist group, because they embody a very high density of internal trust and reciprocity. Another negative manifestation of social capital can be in the area of influencing communities to impose conformity and social division. Strong bonding social capital can be employed to exclude outsiders (Organization for Economic Co-operation and Development 2011). Vanezuela(2011) in a study on sources of social capital opined that social capital can be sourced from two ideal typical forms of social capital – namely reciprocity and trust. Reciprocity is therefore a type of social capital embedded within personal relationships, triply defined in the factorial social and temporary dimensions by co-presence, reciprocity and memory respectively. While trust is the type of social capital embedded within relation with strangers, defined by the condition of impersonality or anonymity. In summary, reciprocity is by definition particularistic while trust has a universalistic potential.

Haven reviewed the cost/ benefit effect of accounting for social capital in an organizational output, this study hereby suggest that the impact of accounting for social capital on a typical income statement of any business organization may be better understood as stated below:

### Cost/ benefit effect of accounting for social capital on Income Statement

|                                             | ₦    | ₦    |        |
|---------------------------------------------|------|------|--------|
| <b><u>Revenue</u></b>                       |      |      |        |
| Total Revenue                               |      |      | xxx↑↑  |
| Cost of Revenue                             |      |      | (xxx)↑ |
| Gross Profit                                |      |      | xxx↑↑  |
| <b><u>Expenses (Operating Expenses)</u></b> |      |      |        |
| General/Admin Expenses                      | xxx↑ |      |        |
| Training Expenses                           |      | xxx↑ |        |
| Research and Development                    |      | xxx↑ |        |
| Depreciation/Amortization                   |      | xxx↑ |        |
| Other Operating Expenses                    |      | xxx↑ | (xxx)↑ |
| Operating Income                            |      |      | xxx↑↑  |
| Other Income                                |      |      | xxx    |
| Income before tax                           |      |      | xxx↑↑  |
| Tax                                         |      |      | (xxx)↑ |
| Income after tax                            |      |      | xxx↑↑  |
| Extraordinary Items                         |      |      | xxx    |
| Net Income                                  |      |      | xxx ↑↑ |

Where ↑ = Possible rise in costs/ operating cost as a result of accounting for social capital

And ↑↑= Synergy effect of costs on both revenues and income of accounting for social capital

### 3.0 Methodology

This study adopted a cross sectional survey research design. The work was carried out in Ebonyi State, The focus of the study was on developmental projects in rice production and processing agricultural sub-sector. The study developed and administered structured questionnaires to identified stakeholders in rice production and processing agricultural sub sector. These included members of rice farmers association, rice processing association and other stakeholders in the agricultural sub sector. Information elicited via questionnaire were converted from ordinal scale to interval scale by giving a weighing to each of the responses in the scale ( 5 point likert scale).

The researcher employed spearman's correlation via SPSS 19.0 version as a statistical tool and technique in the analysis.

### 4.0 Result

From on the result on tables 1 and 4 in appendix 1, we can see that the Spearman correlation coefficient value of .739 implies a positive correlation between the two variables. SPSS report of the P- Value for this test as .000 means that the test for the level of significant is less than the pre-set value of 0.01. Therefore we can say that we have a strong evidence to accept the Alternative hypothesis and reject the Null Hypothesis (Accept  $H_1$  and reject  $H_0$ )

A Spearman's correlation was run to determine the relationship between stakeholders participation on projects and projects sustainability . There was a strong, positive correlation between the two variables ( $r_s = .739$ ,  $n = 104$ ,  $p < 0.01$ ). Therefore, Stakeholders participation impacts significantly on projects sustainability.

The result of the mean descriptive statistics of LOT on table five appendix 1 which sought to determine the extent of non participation by stakeholders in selecting public projects in Ebonyi State, puts the mean at 4.35 against the maximum of 5 is a clear indication that public office holders at all levels should go back to embrace the concept of social contract.

### 5.0 Recommendations

- 1 Governments at all levels and stakeholders should begin to emphasize the concept of social contract and develop templates for effective stakeholders' participation in project decision making processes; especially at the state and local government levels. This will ensure that revenues allocated for projects are not wasted.
- 2 Government should ensure that Procurement Act and other contract procedures are not manipulated as widely believed by Nigerians. In addition they should be a review of policies currently in existence in Nigeria to address our contemporary challenges occasioned by corruption and other vices.
- 3 Governments should intensify actions and political will in the fight against economic and financial corruption occasioned by project execution as several cases of corruption and embezzlement of project fund are never concluded even where there seems to be enough fact to convict a suspect.

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## Appendix 1

**Table one = Correlations**

|                |         |                         | LOT    | LOTNPBR |
|----------------|---------|-------------------------|--------|---------|
| Spearman's rho | LOT     | Correlation Coefficient | 1.000  | .739**  |
|                |         | Sig. (2-tailed)         | .      | .000    |
|                |         | N                       | 104    | 104     |
|                | LOTNPBR | Correlation Coefficient | .739** | 1.000   |
|                |         | Sig. (2-tailed)         | .000   | .       |
|                |         | N                       | 104    | 104     |

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source SPSS Output

**Table two = Case Processing Summary**

|               | Cases |         |         |         |       |         |
|---------------|-------|---------|---------|---------|-------|---------|
|               | Valid |         | Missing |         | Total |         |
|               | N     | Percent | N       | Percent | N     | Percent |
| LOT * LOTNPBR | 104   | 100.0%  | 0       | .0%     | 104   | 100.0%  |

Source SPSS Output

**Table three= LOT \* LOTNPBR Crosstabulation**

| Count |    | LOTNPBR |     |    |    |     | Total |
|-------|----|---------|-----|----|----|-----|-------|
|       |    | NE      | VLE | LE | GE | VGE |       |
| LOT   | SD | 0       | 3   | 0  | 0  | 0   | 3     |
|       | D  | 1       | 8   | 1  | 0  | 0   | 10    |
|       | U  | 0       | 0   | 1  | 0  | 0   | 1     |
|       | A  | 0       | 0   | 0  | 15 | 9   | 24    |
|       | SA | 0       | 0   | 1  | 7  | 58  | 66    |
| Total |    | 1       | 11  | 3  | 22 | 67  | 104   |

Source SPSS Output

**Table four=**

**Symmetric Measures**

|                      |                      | Value | Asymp. Std. Error <sup>a</sup> | Approx. T <sup>b</sup> | Approx. Sig.      |
|----------------------|----------------------|-------|--------------------------------|------------------------|-------------------|
| Interval by Interval | Pearson's R          | .893  | .029                           | 20.051                 | .000 <sup>c</sup> |
| Ordinal by Ordinal   | Spearman Correlation | .739  | .067                           | 11.092                 | .000 <sup>c</sup> |
| N of Valid Cases     |                      | 104   |                                |                        |                   |

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.

Source SPSS Output

**Table five= Descriptive Statistics**

|                    | N   | Minimum | Maximum | Mean | Std. Deviation |
|--------------------|-----|---------|---------|------|----------------|
| LOT                | 104 | 1       | 5       | 4.35 | 1.086          |
| LOTNPBR            | 104 | 1       | 5       | 4.35 | 1.050          |
| Valid N (listwise) | 104 |         |         |      |                |

Source SPSS Output

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