

Perceived Effects of Social Capital on Households' Welfare During Crisis in Ondo State: Evidence From COVID-19 Pandemic

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ABSTRACT

This study assessed the perceived effects of social capital on households' welfare during crises, using the COVID-19 pandemic in Ondo State as case study. A two-stage sampling approach was applied to gather data from 120 households via interview schedules. Data on socio-economic characteristics, group membership, reasons for joining associations, welfare services accessed during the crisis, and the perceived effects of social capital were analyzed using descriptive statistics, chi-square tests and PPMC. Results showed that most respondents were female, married (93.3%), and in their productive years (mean age of 50), with 98.3% having formal education. A large majority (86.7%) belonged to at least one association; mainly cooperative societies (53.3%) and religious groups (20.8%), joining primarily to improve household welfare ($\bar{x} = 5.50$), benefit their community ($\bar{x} = 3.42$), and increase income ($\bar{x} = 2.67$). During the pandemic, 59.2% received support from their associations, with credit/loans ($\bar{x} = 4.17$), food supplies ($\bar{x} = 3.42$), information ($\bar{x} = 3.33$), and hand sanitizer ($\bar{x} = 3.00$) being most accessed. The most valued effects of social capital were access to information ($\bar{x} = 3.82$), provision of sanitizer ($\bar{x} = 3.74$), and financial assistance ($\bar{x} = 3.68$). Chi-square results indicated significant relationships between age, education, household size, occupation, and coping strategies ($p < 0.05$). The PPMC result ($r = 0.530$, $p = 0.033$) confirmed a significant relationship between welfare services accessed and perceived effects of social capital. The study concludes that social capital positively influenced welfare during COVID-19 and recommends promoting strong social networks through targeted awareness initiatives.

Introduction

There is no gainsaying that the corona virus (code-named COVID-19) caused serious destruction to business around the globe. The global spread of the virus had serious economic consequences worldwide. The pandemic created unprecedented interruption to both physical and social

interaction which made a significant proportion of the world's population to be in isolation or lockdown, with limited access to normal economic (business) and social activities. The COVID-19 outbreak which not only led to a fall in the demand for oil products but also stopped economic activities from taking place when lockdown and social distancing

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policies were enforced triggered the economic downturn in Nigeria (Ozili, 2020).

Mitigating the spread of the pandemic and controlling the spread of the virus, the governments imposed movement restrictions in all the states of the country. For several months, movements were restricted to those deemed essential. Trade and transportation were disrupted, and containment measures inhibited domestic activity, putting at risk the livelihoods of vulnerable households. Border closure and panic-buying led to a spike in prices of some foodstuffs. Though, governments responded to the crisis by providing financial assistance to businesses, not to households that were affected by the outbreak. The monetary authority adopted accommodative monetary policies and offered a targeted 3.5 million dollar loan support to some sectors which should have prevented the economic crisis from occurring but it did not. Economic agents refused to engage in economic activities for fear of contracting the COVID-19 disease that was spreading very fast at the time (International Monetary Fund, 2020, Ozili, 2020).

As stated by Kiboro (2017), people living in Africa have depended on social capital in coping with critical shocks for centuries. Social capital has traditionally played a vital role in coping with critical shocks such as death, floods, droughts or major expenses arising from weddings or funerals. It represents one of the most important and probably most convenient way to enable the survival of the poor at times when individuals, households and communities face hardship. Social capital is often referred to as the insurance of the poor since it is the main means of providing access to resources for those in poverty. As also stated by Adeniran & Sidiq (2018), Nigeria does not have a national social welfare programme that offers assistance to all individuals and families in need such as health care assistance, food stamps, unemployment compensation, disaster relief and educational assistance. The consequence of not having social welfare became evident during COVID-19 outbreak of 2020. During the outbreak, people had little to rely on, poor citizens did not have welfare relief that could help them cope with the economic hardship at the time. So far, the provision of social welfare services to vulnerable citizens in the population is the most proven way to protect them from economic hardship in bad times and the lack of such welfare services for vulnerable people, households and poor individuals during COVID-19 outbreak in Nigeria caused severe pain and economic hardship to households and poor individuals (Agwu & Okoye, 2021).

There is unequivocal evidence that the epidemic adversely affected the welfare of individuals, households and communities. To exploit the potential benefits of social capital in filling the gaps which governments fall in short

of in safeguarding livelihoods threatened by the COVID-19 pandemic. Governments have been calling for solidarity, asking each and everyone who has something to contribute to the efforts of resource mobilization to cope with this global curse. COVID-19 has put the strength of the continent, in the form of social capital, to the test. This is expected despite the prevalence of poverty in Africa (Saketa, 2020; Jeppesen & Mikliann, 2020).

At a time such as this in which everyone is a victim, do Nigerians really make use of this incredible approach to mitigate the impacts of the pandemic? Thus, this paper analyzes the contribution of social capital in improving households' welfare during crisis/shock with a special focus on COVID-19. It is in view of the background that the study intends to provide answers to the following research questions;

- I. What are the various social groups (organizations) they belong to?
- II. What are the reasons for joining various groups?
- III. What are the essential livelihood services accessed by the respondents through social capital during crisis?
- IV. What are the perceived effects of social capital on household welfare during crisis?

Objectives of the study

The general objective of this study is to analyse the perceived effects of social capital on households' welfare during crisis in Ondo State.

The specific objectives are to;

- i. investigate their membership in social groups (i.e. organizations they belong to)
- ii. ascertain their purpose of belonging to a group
- iii. examine the essential welfare services they accessed during the crisis (benefits)

Hypotheses

Ho1: There is no significant relationship between the respondents' socio-economic characteristics and their participation in social capital.

Ho2: There is no significant difference between welfare services accessed and their participation in social capital.

Methodology

Sample was collected using multi-stage sampling. The first stage involved the purposive selection of Akure South Local Government Area (LGA) based on its population as the administrative headquarter of Ondo State and high concentration of the households living in the LGA. The second stage was the systematic random selection 120 households from the LGA.

Results and discussions

Table 1 outlines the socio-economic characteristics of the respondents in the study area on the perceived effects of social capital on household welfare during COVID-19 pandemic. The distribution shows that majority of the respondents (53.3%) were female. This may suggest that women are more involved in managing households' welfare, which can influence the types of social support systems that households rely on. The age distribution indicates that a significant portion of the respondents are in their prime working years (41-50 and 51-60 years old) with the mean age of 50 years. This age group is likely to be financially responsible for their households, and their welfare can be significantly impacted by disruptions in employment and income due to the pandemic. The study also revealed that highest percentage of the respondents (93.3%) were married which suggests that majority of the households may have double incomes, which can provide some level of financial stability. Though, this may also indicate the presence of children or dependents in these households, which can add to the financial and emotional strain during the pandemic. Regarding education, almost all the respondents (98.3%) are educated which highest percentage of them (50%) had tertiary education, thereby suggesting that many households have access to higher levels of human capital which may influence their membership and participation social group activities. This aligns to studies such as Adepoju & Oni (2022), which indicates that higher educational level can expose households more to local level institutions. This implies that households with higher-educated members are likely to have better financial stability and improved welfare. Household size distribution from the study shows that a significant portion of respondents live in smaller households (42.5% with fewer than 3 members). Smaller households generally have lower living costs and can allocate resources more efficiently, which can positively impact welfare (World Bank, 2020). The occupational distribution indicates that a large percentage of respondents are engaged in trading (44.2%), while 17.5% were artisans, which are often associated with informal employments, and can be unstable and may not provide consistent income, thereby affecting household welfare especially during crisis or pandemic. Civil servants were 31.7% and may have more stable incomes, contributing to better welfare (Idiaye et al, 2021).

Table 1: Socio-economic characteristics of the respondents

Variables	Freq.	Percentage	Mean	Std Dev.
Sex				
Male	56	46.7		
Female	64	53.3		

Age				
<30	2	1.7		
31-40	15	12.5		
41-50	46	38.3	50	9.89
51-60	43	35.8		
>61	14	11.7		
Marital Status				
Married	112	93.3		
Widow	6	5.0		
Divorced	2	1.7		
Education				
Primary education	12	10.0		
Secondary education	46	38.3		
Tertiary education	60	50.0		
No formal education	2	1.7		
Household Size				
<3	51	42.5		
4-6	53	44.2	4	1.5
7-9	5	4.2		
>9	11	9.2		
Occupation				
Artisans	21	17.5		
Bankers	3	2.5		
Civil servants	38	31.7		
Farmers	4	3.3		
Traders	53	44.2		
Others	1	0.8		

Source: Field Survey 2023

Distribution based on membership of associations i.e. belonging to different associations

Table 2 shows the distribution of respondents based on their membership in associations. A significant majority (86.7%) of the respondents reported belonging to at least one association, while 13.3% reported not being members of any associations. This implies that membership in associations can play a crucial role in enhancing household welfare. This aligns with Afolayan and Ojo (2019) which stated that being a member of associations often provides access to social networks, resources, and support systems that can help households navigate economic challenges. These networks can offer financial assistance, information on job opportunities, and emotional support, which are particularly valuable during times of economic disruption, such as the COVID-19 pandemic.

Table 2

Membership of Association	Frequency	Percentage
Yes	104	86.7
No	16	13.3
Total	120	100.0

Source: Field Survey 2023

Distributions of respondents based on the organizations they belong to

Table 3 presents the distribution of respondents based on the organizations they belong to. According to the result, majority of the respondents (53.3%) were members of cooperative societies, followed by religious societies (20.8%), peer/age groups societies (15.0%), employees' unions (13.3%), and political parties (13.3%). Traders' unions, descendant/town unions, alumni associations/old students associations, artisans' unions, and other organizations have lower membership rates. This simply implies that membership and participation in these organizations can significantly impact households' welfare. This aligns with Idiaye *et al.* (2023) which stated that participation in community-based organizations (CBOs) and cooperative societies can enhance households' welfare by providing access to resources, financial support, and social networks. Oftentimes, these organizations offer training, credit/loan facilities and information, which can improve households' income and stability.

Table 3: Distribution of respondents' membership of associations

Organizations	Frequency	Percentage	Ranked
Cooperative societies	64	53.3	1st
Religious societies	25	20.8	2nd
Peer/Age groups societies	18	15.0	3rd
Employees union	16	13.3	4th
Political parties	16	13.3	4th
Traders' unions	15	12.5	6th
Descendant/ Town unions	13	10.8	7th
Alumni Associations/ Old			8th
Students Association	7	5.8	
Artisans' unions	5	4.2	9th
Others	3	2.5	10th

Source: Field Survey, 2023

Distributions of respondents based on their reasons (purposes) for joining various groups

Table 4 categorizes respondents' reasons for joining various groups using a benchmark mean of 2.0. The most common motivations include improving household welfare ($\bar{x} = 5.50$), community benefits ($\bar{x} = 3.42$), and increasing family income

($\bar{x} = 2.67$). These reasons emphasize the economic and social support that group memberships provide, significantly enhancing household welfare. This is supported by Adesina *et al.* (2021), stating that participation in cooperative societies and other community-based organizations helps households manage economic challenges, improve income stability, and foster a sense of belonging. These organizations offer access to resources, financial support, and social networks crucial for overall well-being.

However, reasons such as connections ($\bar{x} = 1.83$), access to services ($\bar{x} = 1.33$), and spiritual purposes ($\bar{x} = 1.25$) have lower ranks. Though, they are below the benchmark, they still play vital roles in providing emotional and social support. This is highlighted by Nwagbara *et al.* (2022), that even organizations with lower membership rates contribute to social cohesion and emotional well-being, which are essential for navigating economic difficulties and improving the quality of life.

Table 4

Purposes	Mean	Std Dev
To improve households' welfare	5.50*	2.75
For community benefits	3.42*	1.71
To increase family income	2.67*	1.33
For connections	1.83	0.92
To have access to services	1.33	0.67
For spiritual purpose	1.25	0.63
Insurance in terms of emergency	1.00	0.50
For social status and self-esteem	0.92	0.46
For enjoyment/recreation	0.58	0.29
For political appointment	0.58	0.29

Source: Field Survey, 2023; *Mean \geq 2.0

Access to support palliative according to the respondent

According to Table 5, majority (59.2%) of the respondents received support (palliative) from their associations or groups during the COVID-19 pandemic. This highlights the crucial roles that social groups and associations played in providing economic and social supports to households during the crisis. This is in agreement with Ufua *et al.* (2021) which stated that effective palliative distribution and community support were essential in mitigating the adverse effects of the lockdown.

Table 5: Respondents' access to support palliative

Did you or your household receive any support (palliative) from your association or group during COVID-19 pandemic	Frequency	Percentage
Yes	71	59.2

Source: Field Survey, 2023

Distribution of support received from the social groups according to the respondents

Table 6 revealed the supports or essential services accessed from social groups by the respondents, using a benchmark mean of 3.0. According to the result, the most common essentials accessed included credit facilities/loans ($\bar{x} = 4.17$), food supply ($\bar{x} = 3.42$), information ($\bar{x} = 3.33$), and hand sanitizer ($\bar{x} = 3.00$). Though below the benchmark, food and drinks palliative ($\bar{x} = 2.75$) also played a significant role in supporting households. Essentials like health services ($\bar{x} = 1.83$), water supply and sanitation ($\bar{x} = 1.50$), and education ($\bar{x} = 1.17$) were accessed less during the pandemics. This corroborates Afolabi and Olatayo (2021), but in contrary to WHO (2020) which highlighted water, sanitation and hygiene facilities as the most common essentials accessed by the people in Nigeria during COVID-19.

Table 6

Essential Services	Mean	Std. Dev
Credit facilities/loans	*4.17	2.18
Food supply	*3.42	1.79
Information	*3.33	1.72
Hand sanitizer	*3.00	1.57
Food and drinks palliative	2.75	1.44
Health services	1.83	0.96
Water supply and sanitation	1.50	0.79
Education	1.17	0.62
Online training	1.00	0.52

Utilities	0.92	0.48
Security	0.83	0.44
Recreational services	0.42	0.22
Others	0.25	0.13

Source: Field Survey, 2023; *Mean \geq 3.0

Distribution of effects of social capital on households' welfare

Using a mean of 3 as a benchmark, Table 7 highlights the perceived effects of social capital on households' welfare during the pandemic among the respondents. Supports such as; accessing information ($\bar{x} = 3.82$), provision of hand sanitizer ($\bar{x} = 3.74$), and financial assistance ($\bar{x} = 3.68$) received high mean scores and ranked 1st, 2nd and 3rd respectively, indicating strong positive perceptions among respondents. This aligns with Achida, Garba, and Abdullahi (2023) which stated that social capital plays a crucial role in enhancing households' welfare by providing access to resources such as information and financial assistance.

Conversely, supports such as insurance services ($\bar{x} = 2.93$), supplying of water and sanitation ($\bar{x} = 2.73$) and provision of free online business training ($\bar{x} = 2.63$) have means below 3, indicating less favourable perceptions among the respondents. This also aligns with the findings of Shiaki *et al* (2024), who emphasize that social capital fails to meet some basic needs of the people during pandemics. Overall, the results emphasize the crucial role of social capital in enhancing household welfare during the pandemic.

Table 7: Perceived effects of social capital on households' welfare during crisis.

Perceived effects	S A	A	U	D	S D	Mean	Rank
Assisted in accessing information	33 (27.5%)	60 (50%)	6 (5%)	14 (11.7%)	7 (5.8%)	3.82	1 st
They provided hand sanitizer	45 (37.5%)	34 (28.3%)	11 (9.2%)	25 (20.8%)	5 (4.2%)	3.74	2 nd
My association gave us financial assistance	29 (24.2%)	56 (46.7%)	14 (11.7%)	10 (8.3%)	11 (9.2%)	3.68	3 rd
My association supplied food to members	31 (25.8%)	49 (40.8%)	9 (7.5%)	21 (17.5%)	10 (8.3%)	3.58	4 th
They provided health care services	25 (20.8%)	54 (45%)	9 (7.5%)	24 (20%)	8 (6.7%)	3.53	5 th
The association provided loans/credit	30 (25%)	42 (35%)	11 (9.2%)	26 (21.7%)	11 (9.2%)	3.45	6 th
My association provided security services	25 (20.8%)	48 (40%)	9 (7.5%)	31 (25.8%)	7 (5.8%)	3.44	7 th
Foodstuffs and other basic needs to members at subsidized prices	13 (10.8%)	46 (38.3%)	19 (15.8%)	33 (27.5%)	9 (7.5%)	3.18	8 th
They provided insurance services	13 (10.8%)	40 (33.3%)	9 (7.5%)	42 (35%)	16 (13.3%)	2.93	9 th
The association supplied water and sanitation	10 (8.3%)	27 (22.5%)	16 (13.3%)	54 (45%)	13 (10.8%)	2.73	10 th
They provided free online business training	2 (1.7%)	35 (29.2%)	20 (16.7%)	43 (35.8%)	20 (16.7%)	2.63	11 th

Source: Field Survey, 2023; *Mean \geq 3.0

Chi-square result showing the relationship between socioeconomic characteristics and perceived effects of social capital

The Chi-square results indicate significant relationships between certain socioeconomic characteristics and the perceived effects of social capital. Specifically, age, education, household size, and occupation show significant relationship (p-values < 0.05), while sex and marital status do not show any significant relationship. These findings suggest that some socio-economic characteristics play a critical role in shaping individuals' perceptions of social capital's impact on their welfare. This is in agreement with Achida, Garba, and Abdullahi (2023) which observed that age and education levels are crucial determinants of how individuals perceive social capital benefits. Older individuals and those with higher education levels often have better access to social networks and resources, which can enhance their perceived benefits from social capital. Similarly, household size and occupation can influence the extent to which social capital affects households' welfare, as larger households and certain occupations may benefit more from community support and resources. This is also consistent with the findings of Shiaki et al (2024), who highlight the importance of effective social capital in poverty reduction and household welfare.

However, the lack of significant relationships between sex and marital status and perceived effects of social capital suggests that these factors may not play a crucial role in how individuals perceive the benefits of social capital. This aligns with the observations of Abdulkareem, Jimoh, and Shasi (2023) in their study on the importance of social inclusion and poverty reduction in achieving sustainable development in Nigeria.

Table 8: Relationship between selected socio-economics characteristics and perceived effects of social capital

Variables	Value	Df	Sig	Decision
Age	79.135 ^a	26	.000	Significant
Sex	1.763 ^a	1	.184	Not Significant
Education	13.501 ^a	3	.004	Significant
Marital Status	2.376	2	.305	Not Significant
Household Size	15.099 ^a	6	.020	Significant
Occupation	15.754 ^a	4	.003	Significant

Source: Field Survey, 2023

Relationship between welfare service accessed and perceived effects of social capital on households' welfare

The Pearson Product-Moment Correlation (PPMC) result shows a positive and statistically significant relationship between the welfare services accessed and the perceived effects of social capital on household welfare (r = 0.530, p < 0.05). This implies that increased access to welfare services is

associated with more favourable effects of social capital, such as better economic resilience, access to support networks, and improved household outcomes. This finding is consistent with Achida et al. (2023), which emphasizes the intricate relationship between social capital and household welfare in Sokoto Metropolis.

Table 9: PPMC Result showing the relationship between welfare service accessed and perceived effects of social capital on households' welfare

Statistical Value (r)	Df	Sig	Decision
0.530	1	0.33	Significant

Source: Field Survey, 2023

Conclusion, summary and recommendations

The study concluded that the majority of respondents were educated, married females in their prime working years with moderate to small family sizes, primarily engaged in trading. Most respondents were members of at least one association, predominantly cooperative societies. Their main reasons for joining these associations were to improve household welfare, gain communal benefits, and increase family income. During the pandemic, the majority received various forms of support from their associations, such as credit/loan facilities, food supplies, information, and hand sanitizers. The primary benefits they experienced included improved access to information, provision of hand sanitizers, and financial assistance.

In summary, the combination of higher education levels, smaller household sizes, and diverse occupational backgrounds suggests that households may fare better during pandemics. Additionally, the high percentage of respondents belonging to associations indicates that social capital significantly supports household welfare. Strengthening these networks and encouraging more households to join associations could be a strategic approach to improving during pandemic and overall welfare in Nigeria.

It is hereby recommended that governments and relevant stakeholders should promote formation of more associations/groups through launching initiatives to educate households about the benefits of joining associations, as well as strengthening the existing associations by offering training programs to on effective management, financial literacy, and leadership skills which can enhance their ability to support members. Also, registration processes should be simplified to make it easier for groups to formalize their associations by reducing bureaucratic hurdles and providing guidance on the registration process.

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