

SOCIAL CAPITAL AND THE OPERATIONAL PERFORMANCE OF NON-PROFIT ORGANIZATIONS IN KOGI STATE

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ABSTRACT

This study examined the effect of social capital on the operational performance of non-profit organizations (NPOs) in Kogi State, Nigeria. The study adopted a survey research design to determine how the structural, relational, and cognitive dimensions of social capital influence operational efficiency, service delivery, and organizational sustainability. A total of 200 respondents were drawn from registered NGOs and community-based organizations in Kogi state. Data were collected using a structured questionnaire on a five-point Likert scale and analyzed using multiple linear regression in SPSS version 26. The results revealed that structural social capital significantly affects operational performances of non-profit organizations in Kogi state ($B = 0.285$, $t = 4.212$, $p < 0.05$); relational social capital positively impacts on operational performances of non-profit organizations in Kogi state ($B = 0.421$, $t = 6.903$, $p < 0.05$); and cognitive social capital enhances operational performances of non-profit organizations in Kogi state ($B = 0.317$, $t = 5.432$, $p < 0.05$). The study concludes that strong social networks, trust-based relationships, and shared goals are critical to improving non-profits' performance. It recommends that NPOs strengthen partnerships, invest in community trust-building, and encourage training to improve operational outcomes and ensure long-term sustainability.

Keywords: Operational performance, social capital, structural social capital, relational social capital, non-profit organizations, cognitive social capital

INTRODUCTION

Social capital is a multidimensional term that is defined as networks, relationship, norms, and trust that exist between and among individuals, groups, and organizations and allow them to cooperate in order to benefit each other. It came out of the groundbreaking study of theorists like Pierre Bourdieu (1986) and he considered social capital as resource that was anchored in the social networks (Coleman, 1990). Social capital is still understood as the worth generated by social relationships and mutual action. It enhances collaboration, lowers the transaction costs, facilitates information flow, and promotes innovation and resilience (e.g., Iqbal et al., 2022; Claridge, 2020). In an organisational context, particularly in non-profitable organisations, social capital is essential due to the fact that it helps members of staff, donors, volunteers and the society to collaborate and thereby enhance operational performance and sustainability.

There are three fundamental dimensions of social capital which are structural, relational, and cognitive dimensions. The structural aspect is about the general network affiliations and organisational connections (e.g. who knows who). Relational dimension dwells on the quality of the said connections that is trust, norms and obligations. Cognitive dimension is connected with common values, objectives, and knowledge among actors (Schmalenbach, 2024; Claridge, 2020). These dimensions, when combined, define the intensity of social interactions and their influence on common outcomes.

Non-profit organizations are critical in the advancement of a social welfare, alleviation of poverty, and community development in Nigeria. Their success is highly based on social relationships, trust, and cooperation among the stakeholders unlike in profit oriented firms. The idea of social capital, which involves the networks, norms, and trust to enable collective action, has gained more and more importance to how NPOs are becoming operationally effective and socially impactful.

Although there is growth of non-profit organizations in Kogi State, most of them are plagued by a low performance in operations as evidenced by low project sustainability, lack of efficiency in using the available resources and lack of communication with the communities. It has been demonstrated by studies (e.g., Akinbode, 2021; Mohammed and James, 2023) that such inefficiencies are frequently caused by a lack of cohesive networks and mistrust among NPOs, communities, and donors.

The current literature on social capital has concentrated more on its impact on business, education, and in rural development scenarios (Woolcock, 2010) though little has been done to establish its impact on non-profit performance particularly at state level in Nigeria. The importance of understanding the influence of the social capital dimensions namely structural, relational, and cognitive on the operational outcomes of non-profit organizations in Kogi state is thus important. The research aims at addressing this gap with empirical evidence on the role of social capital in organizational effectiveness, coordination and sustainability of the NPOs in the region.

The following research questions were provided:

- i. To what extent does structural social capital affect the operational performance of non-profit organizations in Kogi State?

- ii. How does relational social capital influence the operational performance of non-profit organizations in Kogi State?
- iii. What is the effect of cognitive social capital on the operational performance of non-profit organizations in Kogi State?

The broad objective of this study is to examine the effect of social capital on the operational performance of non-profit organizations in Kogi State. Specifically, it aims to:

- i. Determine the effect of structural social capital on operational performance.
- ii. Examine the influence of relational social capital on operational performance.
- iii. Assess the effect of cognitive social capital on operational performance.

The following null hypotheses were formulated for this study:

H₀₁: Structural social capital has no significant effect on the operational performance of non-profit organizations in Kogi State.

H₀₂: Relational social capital has no significant effect on the operational performance of non-profit organizations in Kogi State.

H₀₃: Cognitive social capital has no significant effect on the operational performance of non-profit organizations in Kogi State.

REVIEW OF RELATED LITERATURE

Concept of Social Capital

Social capital is an exceedingly ancient sociological concept, it possesses numerous latent factors and is insufficient to reduce it to empirical proxies (Social capital) is both the input and the output of social and economic processes (Halpern et al., 2018). A social capital is characterized as a resource invested in a social system that is realised or mobilised in purposeful activity that focuses on the embeddedness of relationships and the mobilisation of resources (Aldrich and Martinez, 2001, as cited in 2016).

Nahapiet and Ghoshal (1998) divided social capital into three dimensions, namely structural, relational and cognitive. All of these dimensions have a different impact on enhancing collaboration, flow of information, and purpose-in-one within NPOs. In the most recent version of the assets available to the members of social groupings like trust, rules, and implication of sanctions and the intrinsic resources (e.g., social support, information conduits, social credentials) inherent in the social network of an individual, social capital is defined (Anakpo et al., 2023). The definition of social capital refers to the long-run interpersonal relationships that can be used as a strong foundation to belong to the following: collaboration and collectivism, thereby social capital is the many networks of relationships and the resulting social resources of entrepreneurship in the process of establishing a firm (Xie et al., 2022).

Information, trust, and norms of reciprocity that are included in social networks are called the social capital as a set of processes of human relations supported by networks, norms, and social beliefs that facilitate efficient and effective coordination and collaboration to mutual benefits and virtues (Cox, 1995; cited in 2020).

Structural Social Capital

Structural social capital is the habit and arrangement of relationships who is linked with whom, the density of networks, linkage and formal partnerships which allow them access to information and resources. Recent research indicates that structural connections assist organizations to get external financing, partners, and flow of knowledge especially when NGO-business or cross-sector connections exist (Moshtari, 2021; Miković, 2024). Empirical research shows that dense networks of partners are better at enhancing coordination but the position in the network (bridging or bonding) determines the kind of resources on offer.

Relational Social Capital

Relational capital embodies trust, reciprocity and commitments that emerge out of repetitive interactions. Recent studies have identified relational capital as the most powerful predictor of cooperative behaviour and trustworthy exchange of resources in humanitarian and development NGOs trust lowers the costs involved in transactions and the opportunism effect in situations of limited funds (Moshtari, 2021; Weryński, 2024). Relational capital is also supported by studies to retain volunteers and donor confidence.

Cognitive Social Capital

Cognitive social capital encompass mutual values, stories, and shared understanding that helps in collective action to coordinate goals and expectations. According to recent studies, cognitive capital is associated with the enhanced adoption of innovations and the program coherence: mission-frames shared by staff and partners allow organizations to provide more coherent services and attain improved program adoption (Zirena-Bejarano, 2024; Weryński, 2024). Structural ties are also demonstrated to be mediated by cognitive capital to produce coordinated action.

Operational performance

Service delivery, efficiency (resource use), program sustainability, and stakeholder satisfaction are all operational measures of performance of NPOs as opposed to profit. The recent literature highlights mixed measurement models and warns against the use of single-indicator models; composite models (efficiency, effectiveness, responsiveness, sustainability) are more suited to the reality of NPOs (Febriyanti, 2024; research review 2020–2024). The new work connects the social capital aspect to quantifiable benefits (speedy project implementation, increased benefit satisfaction).

Non-profit Organizations

Modern literature records that there is an increasing operational strain on NPOs (funding instability, labour shortages, accountability requirements). The post-COVID financing change and stress among the workforce have resulted in heightened dependence on partnerships and social capital in resilience (Urban/Council reports, 2023/2024). It is indicated that NPOs that can actively build structural, relational, and cognitive capital can overcome program delivery in better weather conditions and maintain it.

Theoretical Framework

This study is anchored on the social capital theory by Robert Putnam (2000). The theory emphasizes the central role of social networks, trust, norms, and shared values in facilitating cooperation and collective action within societies and organizations. Putnam defines social capital as the features of social organization such as networks, norms, and social trust that enable participants to act together more effectively in pursuit of shared objectives. His work highlights that when individuals and institutions are connected through strong relational ties and mutual trust, coordination becomes easier, transaction costs are reduced, and collective goals are more efficiently achieved.

The relevance of social capital theory to this study lies in its direct connection between social connectedness and operational efficiency. In organizational and public-sector contexts, effective collaboration among stakeholders such as management, employees, and regulatory agencies depends heavily on trust-based relationships and institutional credibility. High levels of social capital promote information sharing, accountability, compliance with rules, and cooperation in the implementation of reforms and governance systems. Consequently, operational processes become more transparent, coordinated, and efficient.

The theoretical assumptions of social capital theory include the belief that trust reduces opportunistic behavior, networks enhance access to information and resources, and shared norms encourage ethical conduct and collective responsibility. It assumes that institutional performance improves when relationships among actors are characterized by mutual confidence, reciprocity, and civic responsibility.

Empirical Review

Adewumi and Ojo (2022) investigated the role of social ties in enhancing project coordination among community-based organizations (CBOs) in Nigeria using a quantitative survey research design. Data were collected from organizational leaders across selected states and analyzed using regression techniques. In their findings, they established that the information sharing, task alignment and collective decision-making were greatly enhanced in strong social relationship among members. The paper concluded that the social capital especially bonding and bridging ties is a critical process to be used in enhancing the organizational effectiveness in the grassroots level.

Karanja and Njoroge (2022) chose to use the qualitative case study design concerning rural-based NGOs in Kenya. The research using the focus group discussions and key informant interviews identified that the manifestation of cognitive capital in the form of mutual goals, shared values, and shared vision was very strong in relation to enhancing inter-organizational collaboration. NGOs whose missions were aligned had higher chances of sharing resources, eliminating overlapping activities and maintaining the partnerships as time went by.

On the same note, Williams and Thompson (2021) used a mixed-method study that involved the use of both structured questionnaires and in-depth interviews to determine how relational capital impacted trust between non-governmental organizations (NGOs) and beneficiaries. Based on their research that was carried out among a number of African NGOs they discovered that trust that was built during the process of recurring interaction and open communication greatly promoted the sustainability of the program. Beneficiaries were more ready to be involved in development programs that have strong confidence in trust hence enhancing long-term project results.

METHODOLOGY

A survey research design was adopted to examine the relationship between social capital and the operational performance of non-profit organizations in Kogi State. The population of study comprises of 615 employees drawn from 50 registered non-profit organizations in Kogi State (NGdirectory.2024), including health-based, education, and empowerment NGOs. The sample size for this study was determined using the sample size determination table developed by Bartlett, Kotrilik, and Higgins (2001). Based on a margin of error of 0.05 at a 95% confidence level (t = 1.96), a total sample size of two hundred and thirty five (235) respondents was arrived at as presented in table 1. Accordingly, Primary data were collected using structured questionnaires distributed to 235 staff and management of the selected organizations. Data were analyzed using multiple linear regression in SPSS version 26.

Table 1 Sample Size Determination

| S/N | Population Size | Continuous Data | | | Categorical Data | | |
|-----|-----------------|------------------------|-----------|-----------|------------------------|------------|--------|
| | | Margin of Error = 0.03 | | | Margin of Error = 0.05 | | |
| | | Alpha=.10 | Alpha=.05 | Alpha=.01 | p.50 | p.50 | p.50 |
| | | T=1.65 | T=1.96 | T=2.58 | t=1.65 | t=1.96 | t=2.58 |
| 1 | 100 | 46 | 55 | 68 | 74 | 80 | 87 |
| 2 | 200 | 59 | 75 | 102 | 116 | 132 | 154 |
| 3 | 300 | 65 | 85 | 123 | 143 | 169 | 207 |
| 4 | 400 | 69 | 92 | 137 | 162 | 196 | 250 |
| 5 | 500 | 72 | 96 | 147 | 176 | 218 | 286 |
| 6 | 600 | 73 | 100 | 155 | 187 | 235 | 316 |
| 7 | 700 | 75 | 102 | 161 | 196 | 249 | 341 |
| 8 | 800 | 76 | 104 | 166 | 203 | 260 | 363 |
| 9 | 900 | 76 | 105 | 170 | 209 | 270 | 382 |
| 10 | 1000 | 77 | 106 | 173 | 213 | 278 | 399 |
| 11 | 1500 | 79 | 110 | 183 | 230 | 306 | 461 |
| 12 | 2000 | 83 | 112 | 189 | 239 | 323 | 499 |
| 13 | 4000 | 83 | 119 | 198 | 254 | 351 | 570 |
| 14 | 6,000 | 83 | 119 | 209 | 259 | 362 | 598 |
| 15 | 8,000 | 83 | 119 | 209 | 262 | 367 | 613 |
| 16 | 10,000 | 83 | 119 | 209 | 264 | 370 | 623 |

Source: Bartlett, Kotrilik and Higgins (2001)

Model Specification

The model for this study is specified in its general functional form below. The estimated coefficients of the explanatory variables represent the marginal effects of the independent variable, specifically social capital, on the performance of non-profit organization.

$$OPEF = f (X1)..... i$$

Where,

OPEF = Dependent variable (operational performance);

f = a function to be specified

X = a vector of explanatory variables that pertain to social capital

In specific terms, equation (1) translates into equation 2 thus:

$$OPEF = a + \beta_1 SSC + \beta_2 RSC + \beta_3 CSC + e \dots \dots \dots \quad ii$$

Where,

a = Constant

OPEF= Operational Performance

SSC= Structural Social Capital

RSC = Relational Social Capital

CSC= Cognitive Social Capital

e = residual or stochastic term.

$\beta_1, \beta_2, \beta_3$ are regression coefficient which determines the contribution of the independent variables.

DATA ANALYSIS AND DISCUSSION OF FINDINGS

Out of 235 questionnaires distributed, 200 were returned, representing 85.1% response rate.

Test of Hypotheses

H₀₁: Structural social capital has no significant effect on the operational performance of non-profit organizations in Kogi State.

H₀₂: Relational social capital has no significant effect on the operational performance of non-profit organizations in Kogi State.

H₀₃: Cognitive social capital has no significant effect on the operational performance of non-profit organizations in Kogi State.

Table 2 Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|--------------------|----------|-------------------|----------------------------|
| 1 | 0.944 ^a | 0.891 | 0.889 | .24820 |

a. Predictors: (Constant), structural social capital , relational social capital , cognitive social capital

The study was based on the regression model that investigated the impact of structural social capital (SSC), relational social capital (RSC), and cognitive social capital (CSC) on operational performance (OP). The model summary results show that the three predictors when acting in combination with each other exert a significant effect on operational performance. This value of multiple correlation coefficient, R = 0.944, indicates that the predictors and the dependent variable have a very strong positive relationship meaning that the dimensions of social capital, in combination, are strongly related to operational performance. The coefficient of determination R² = 0.891 indicates that the three dimensions of social capital explain 89.1 percent of the variation in the operational performance. This large value indicates that social capital is one of the significant determinants of the performance of operations in the institutions under examination. Adjusted R² = 0.889 represents the predictors in the model and indicates that the explanatory power is strong despite the adjustment of the complexity of the model.

Table 3 Anova

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|--------|-------------------|
| 1 | Regression | 309.661 | 3 | 103.220 | 1676.3 | .000 ^b |
| | Residual | 12.260 | 197 | .062 | | |
| | Total | 321.921 | 200 | | | |

a. Dependent Variable: OPEF

The impact of Structural Social Capital (SSC), Relational Social Capital (RSC) and Cognitive Social Capital (CSC) on Operational Performance (OPEF) was studied using the results of the regression analysis. The outcome of the ANOVA shows that the general regression model is statistically significant when predicting the operational performance. In particular, the regression sum of squares (SSR) had a value of 309.661 with 3 degrees of freedom, whereas the residual sum of squares (SSE) had a value of 12.260 with 197 degrees of freedom, which gave a total of the sum of square (SST) of 321.921. The average square of the regression (MSR) was 103.220, and the average square of the residual (MSE) was 0.062. The F-statistic of 1676.3 (p < 0.001) obtained indicates that the whole model is reliable predictor of operational performance, which proves that the effect of SSC, RSC, and CSC together accounts to a significant share of the variance of the dependent variable.

Table 4 Coefficients^a

| Model | Predictor | Unstandardized Coefficient (B) | Std. Error | t-value | Sig. |
|-------|------------|--------------------------------|------------|---------|------|
| 1 | (Constant) | 0.214 | 2.604 | | .000 |

| | | | | |
|-----|-------|-------|-------|------|
| SSC | 0.285 | 0.068 | 4.212 | .000 |
| RSC | 0.421 | 0.061 | 6.903 | .000 |
| CSC | 0.317 | 0.058 | 0.432 | .000 |

a. Dependent Variable: OPEF

The analysis of regression coefficients would further give insight on the relative contribution of each predictor. The constant value ($\beta = 0.214$, $t = 2.604$, $p < 0.001$) is the operational performance level at baseline, that is, when all the predictors assume a value of zero. Structural Social Capital (SSC) positively and significantly influences operational performance ($\beta = 0.285$, $t = 4.212$, $p < 0.001$), which corresponds to the fact that a high level of SSC can be associated with a better operational result. The results of the study are consistent with the results of Williams and Thompson (2021). The outcome disapproves the null hypothesis according to which structural social capital does not affect the operational performance of non-profit organizations in Kogi State significantly.

Relational Social Capital (RSC) has the highest impact ($\beta = 0.421$, $t = 6.903$, $p < 0.001$), and this points to the importance of trust, networks, and relationships to improve performance. This finding disapproves the null hypothesis according to which the relational social capital does not significantly influence the performance of non-profit organizations in operation in Kogi State. Its outcome is that of Adewumi and Ojo (2022).

Cognitive Social Capital (CSC) plays a significant role in operational performance as well ($\beta = 0.317$, $t = 5.465$, $p < 0.001$), which is one of the main factors to focus on in the context of organizations with shared goals, values, and common understanding. According to this finding, the null hypothesis according to which cognitive social capital does not have a statistical impact on the operational performance of non-profit organizations in Kogi State was rejected. The outcome is also consistent with the results of Karanja and Njoroge (2022).

CONCLUSION AND RECOMMENDATIONS

This paper has analyzed the impact of the social capital on the functioning of the non-profit organizations within Kogi State. The regression outcomes showed that structural social capital has a positive impact on performance through improving collaboration. Trust and stakeholder engagement are greatly enhanced with the help of relational social capital. The cognitive social capital leads to common ground and sustenance of the program. The research arrives at the conclusion that social capital is an aspect that is very significant in determining the performance of non-profits in Kogi State. Companies that have well-developed network-tie, trustful relationships, and mutual interests will be more efficient, accountable, and sustainable.

According to the results the study recommended the following:

- i. The NGOs must form alliances with the government agencies and other NPOs to enhance information sharing and access to resources.
- ii. Constant interaction and transparency with stakeholders should be promoted with the aim of maximizing relational capital.
- iii. It is possible to reinforce shared values among personnel and volunteers through frequent training and communication.

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