

Collective Action and Vulnerability: Local and Migrant Networks in Bukidnon, Philippines

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INTRODUCTION

This study examines the role of groups and networks in helping poor Filipinos manage their exposure to risks and cope with shocks. It brings together two strands of literature that examine how social capital affects economic variables and investigate the processes by which social capital formation, participation in networks and groups, and trusting behavior comes about. Specifically, the study seeks to understand the shocks rural households face and how the impacts of shocks differ according to household characteristics; characterize the formal and informal groups and networks households join and determine whether exposure to risk encourages membership in such groups; and quantify the returns to membership in formal and informal groups and networks.

DATA AND CONTEXT

The data come from a longitudinal study of households in southern Bukidnon, a province of Northern Mindanao. The original 1984/85 four-round survey investigated the effects of agricultural commercialization on nutrition and household welfare in about 500 households. In 2003, two rounds of quantitative data were collected from 61 percent of the original respondents using a survey questionnaire that closely reflected the one used in 1984/85. In 2004, 257 households formed by children who no longer live in their origin barangays (small communities of 50 to 100 families) were interviewed in major urban areas in Northern Mindanao as well as households in municipality seats and other rural areas of Bukidnon.

SHOCKS IN BUKIDNON, PHILIPPINES

Drought shocks have the greatest impact on households whose landholdings are below the median land size, households with below median net worth of assets, and (surprisingly) households with greater than median levels of schooling. Death of the head or spouse significantly reduces per capita consumption for households that had land in 1984 and for households above the median landholding size in 1984.

Short- and longer-term impacts also differ across household types. The impact of the 1987/88 drought was felt most strongly by households with no land in 1984, households with less than median landholdings and less than median net worth, and households with greater than median schooling. However, more recent drought shocks no longer had significant impacts on consumption, indicating that mechanisms to cope with covariate shocks have improved over time. Sudden increases in input prices,

however, significantly reduced per capita consumption in both the later and earlier periods. Not surprisingly, the burden of input price shocks in both periods was felt by households with more land and assets whose exposure to input shock risk is greater.

GROUPS AND NETWORKS IN BUKIDNON, PHILIPPINES

Households provided information on 689 groups, which were classified into production, credit, burial, religious, and civic groups. Membership in groups is widespread, with religious groups the most frequently mentioned and civic groups the least mentioned. Households also belong to diverse trust-based networks. Seventy-five percent report having a network to turn to in case of economic loss, with the highest asset quartile being the best insured. Only 48 percent of households report having a network for technology adoption and copying (perhaps because farmers rely on the formal extension system). Households belonging to the lower asset quartiles belong to fewer groups, as do households further from the town center. Households that experienced more negative shocks in the past belong to more groups.

Wealthier households are more likely to take part in productive groups. Not surprisingly, households engaged in agricultural or nonagricultural production are more likely to be members of productive groups, with being an agricultural producer having a greater marginal impact. The household's position in the asset distribution has a significant impact on the probability of joining a credit group, with the second and third asset quartiles significantly less likely to join relative to the wealthiest quartile. Both ethnic and educational heterogeneity have a negative impact on participation in credit groups.

Burial groups are found in almost all Philippine communities. In comparison to production and credit groups, being less wealthy does not pose a significant barrier to participation. Participation in burial groups also crosses occupational categories, although ethnic and economic village heterogeneity dampens the desire to join burial groups. Compared to production, credit, or burial groups, religious and civic groups do not focus on economic motives. Nevertheless, households with more human capital are more likely to participate in such groups.



Identifying barriers that prevent the poor from participating in collective action is an important task because accumulating social capital does not come easily to the poor.

The total number of groups to which a household belongs does not affect the density of its networks, but households with more human and physical capital have larger social networks. There is weak evidence that networks perform a risk-smoothing function, since the number of shocks experienced increases the number of persons that one can turn to for help. Interestingly, the number of daughters living outside the villages exerts a strong negative influence on the size of one's local trust-based networks. This result stems from differences in expectations of parental support from sons and daughters. Daughters, who are more educated than sons, typically migrate and send remittances to support their parents.

ECONOMIC RETURNS TO GROUPS AND NETWORKS

The total number of groups to which a household belongs has a positive and significant impact on per capita expenditures—and this is true for membership in burial, religious, and civic groups as well.

Insights from qualitative work among respondent households that experienced covariate and idiosyncratic shocks suggest that local networks have only a limited ability to help households cope, especially in case of a covariate shock. For example, several respondents said they feel embarrassed to ask for help from friends and neighbors. When faced with negative shocks, households use a variety of coping mechanisms, including working harder, relying on help from children who have left home, and borrowing money from informal sources.

Remittances perform an important consumption-smoothing function for parents, with households experiencing more shocks being more likely to receive remittances and in larger amounts. Schooling attainment of daughters, but not sons, increases both the probability of receipt and amounts received. While positive shocks to migrant incomes increase both the probability of receipt and amounts received, positive shocks experienced by daughters result in much bigger remittances to parents than shocks experienced by sons.

Investment in migrant networks has both positive and negative consequences for parents. The number of migrants has significant negative impacts on expenditures on clothing and footwear, family events, alcohol and tobacco, and a weak negative impact on health expenditures. Remittances, on the other hand, have significant positive impacts on housing and consumer durables, total value of nonland assets, total expenditure per adult equivalent, and other expenditures.

CONCLUSIONS

The finding that accumulation of social capital comes easier to the wealthy is sobering news for development agencies that encourage the poor to invest in “social capital” because they assume that it is easier to acquire than physical assets. However, participation in less economically oriented groups such as religious, civic, and insurance groups is less closely associated with initial wealth than participation in production and credit groups.

Different aspects of heterogeneity matter in the formation and conduct of collective action institutions. Disparities in ethnicity, assets, and education at the village level are likely to discourage the formation of groups, although they do not affect the formation of trust-based networks. Thus, external heterogeneity is not necessarily “good” for social capital formation. However, heterogeneity with respect to location may be important in insurance against covariate shocks. For example, networks of spatially-diversified children—especially daughters—perform an important insurance function against covariate shocks that may not be achievable by local networks.

POLICY IMPLICATIONS

First, identifying barriers that prevent the poor from participating in collective action is an important task because accumulating social capital does not come easily to the poor. Poorer folk often express discomfort at approaching wealthier individuals for help. Feelings of discomfort may interfere with efforts to have a more heterogeneous mix of households in groups, but the shame may be tempered if the richer individual is a relative. Familial networks therefore play an important role in helping poor people cope with shocks.

Second, covariate shocks are the appropriate arena for public policy because local networks and other forms of collective action have limited effectiveness in dealing with such shocks. Even if migrant remittances respond to covariate shocks, substantial time lags may be involved, and not all households in a locality may have access to remittances.

Third, certain types of groups and networks may be more effective in providing insurance against some types of idiosyncratic shocks. These tend to be the sort of shocks where, because of information asymmetries, public action may be less effective. Public action should therefore take on an enabling role, for example, by facilitating interventions that reduce the costs of remittances or of developing and maintaining family networks.

Finally, policies to help poor households cope with shocks must take into account Filipino social and organizational culture and discourage displacement of already existing indigenous networks.

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