

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



Belonging to a group is highly valued in Filipino society. Values supportive of harmonious relationships, and an individual's personal network of selected relatives and other allies, affect how Filipinos function in organizations. This study examines the role of groups and networks in helping the poor manage their exposure to risks and cope with shocks to their livelihoods. Two types of groups are considered: local formal groups and informal networks, and migrant networks composed of family members.

SOURCE:

Quisumbing, A. S. McNiven, and M. Godquin. 2008. Shocks, Groups, and Networks in Bukidnon, Philippines. CAPRI Working Paper 84. IFPRI: Washington D.C.

Groups and Networks in Bukidnon, Philippines

Households in the study reported belonging to many groups, which were classified into production, credit, burial, religious, and civic groups. Membership in groups is widespread, with religious groups being mentioned most frequently and civic groups being the least common. Households also belong to diverse trust-based networks. Seventy-five percent reported having a network to turn to in case of economic loss, with the highest asset quartile being the best insured in this way. Households belonging to the lower asset quartiles belong to fewer groups. Households that experienced more negative shocks in the past belong to more groups.

Wealthier households are more likely to take part in productive groups. Households engaged in agricultural or non-agricultural production are more likely to be members of productive groups, with being an agricultural producer having a greater marginal impact. The household's relative asset position 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 Filipino 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 heterogeneity in villages reduces participation in 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.

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. Networks appear to 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.

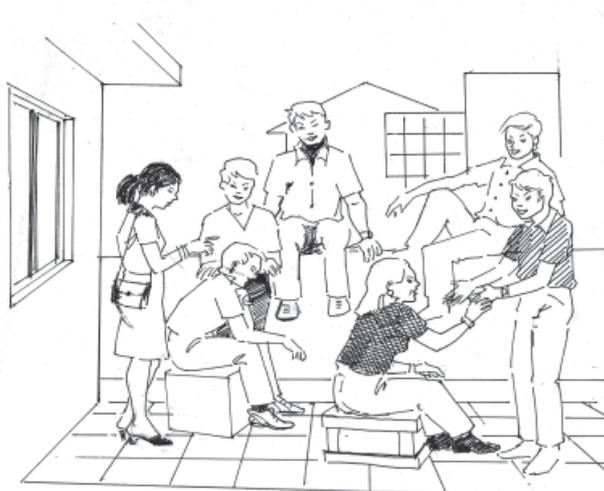
Shocks in Bukidnon, Philippines

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. Short- and longer-term impacts also differ across household types. For example, the impact of the 1987/88 drought was felt most strongly by households with smaller landholdings. However, more recent drought shocks no longer had significant impacts on consumption, indicating that mechanisms to cope with common 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.

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.

Households that have experienced common and individual shocks suggest that local networks have only a limited ability to help households cope, especially in the case of a common 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 unexpected increases in migrant incomes increase both the probability of receipt and amounts received, unexpected increases experienced by daughters result in much bigger remittances to parents than increases experienced by sons.

Conclusions and Policy Implications

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. Whether or not group members are very much alike matters 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 trust-based networks. Thus, external differences are not necessarily “good” for social capital formation. However, having network members located in different places 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.

Implications for policy include:

- 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.
- 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.
- 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 differential access to information between insurers and the insured, public action may be less effective.
- 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.

Suggested Readings

Dercon, S., J. Hoddinott, P. Krishnan, and T. Woldehanna. 2008. Collective Action and vulnerability: Burial Societies in Rural Ethiopia. CAPRI Working Paper 83. IFPRI: Washington, D.C.

Fafchamps, M., and S. Lund. 2003. Risk Sharing Networks in Rural Philippines. *Journal of Development Economics* 71: 261-287.

Haddad, L., and J. Maluccio. 2003. Trust, Membership in Groups, and Household Welfare: Evidence from KwaZulu-Natal, South Africa. *Economic Development and Cultural Change* 51 (3): 573-601.