Social Networks as Means of Information Exchange and Risk-management - A Case Study from Northern Viet Nam

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Abstract

Poor and vulnerable households in Viet Nam and elsewhere have a fragile and very finely balanced livelihood system. Shocks and crises can destabilise the households for many years and severely affect the welfare and livelihood strategies of the household members. This can easily lead to an overexploitation of natural resources. In developing countries, public safety nets often are incomplete or non-existing. Financial and extension services are lacking and hence, rural households tend to be left behind the socio-economic development of a country. Therefore, they have to find their own ways of managing production and livelihood risks, using their natural, physical, human, social and financial assets. One risk-managing strategy is the formation, maintenance and use of social networks. These social networks can serve as informal risk-sharing arrangements, but also as sources of information for an improved agricultural production and marketing base.

In 2004, three households of two ethnic minorities in Northern Viet Nam were selected to investigate the relationships between network members as well as the use of their extended social networks in order to cope with a crisis. Information was obtained through the use of a semi-structured, gender-sensitive questionnaire as well as several Participatory Rural Appraisal tools. Quantitative network data were analysed using the software UCINET.

Kinship turned out to be the major factor for network formation but also the level of wealth is an influencing factor for the formation and size of networks. As self-interest is the main motivation for helping each other, mutuality is of utmost significance and when not guaranteed or anticipated, support is very limited. Obviously, the network capacities of poor people are much earlier reached than those of richer people. Therefore, social networks are able to provide basic support, but are insufficient to entirely buffer a crisis of a poor or vulnerable household. Here other safety mechanisms are needed. Nevertheless, as the social networks also serve to exchange information, e.g. on sustainable agricultural methods, marketing possibilities and likewise, they may contribute to reduce food insecurity.
1. Introduction
The mountainous, rural areas of Northern Vietnam are predominately inhabited by ethnic minorities, living on subsistence farming while in the urban areas a fast economical development takes place. In the north-west of Vietnam, the poverty rate, measured as a percentage of the population, was still 68% in 2002. This is the highest among the different regions in Vietnam. The mountainous areas face a rapid population growth and in consequence, the shortening of fallow periods, erosion, and loss of soil fertility result in a decreasing agricultural productivity and a degrading environmental quality. This accelerates the destruction of natural resources, food insecurity, and rural poverty. As poor and vulnerable households have a fragile and very finely balanced livelihood system, shocks and crises can affect the welfare and livelihood strategies of the household members and destabilise the households for many years. To buffer those shocks, people develop various risk-management and risk-coping strategies, using their five forms of capital assets, i.e. natural, physical, human, social and financial assets. The asset ‘social capital’ includes community ties with friends and relatives, hence, social networks whose formation, maintenance and use also serve as a risk-management and risk-coping strategy.

In developing countries, little is known about the use of social networks as a means of risk-management in rural areas, neither about their structure nor about their functioning and efficiency. It is assumed that they can be very important for spreading information or for addressing the needs of a target groups in order to avoid policy failures. Up to now, little research has been done on the influence of gender roles on the formation of informal risk-sharing arrangements and social networks.

2. Methodology and data basis
Data were collected between April and July 2004 in Son La province, north-western Vietnam. Within Son La province, five villages of the Yen Chau district were selected, based on existing relations to the so-called The Uplands Program (Sonderforschungsbereich 564) of the University of Hohenheim. The ethnicities of the respected villages visited for research were Black Thai and Kho-Mu.

In order to identify those households suitable as a starting case for a network analysis, a household survey using a structured, gender-sensitive general questionnaire was conducted. Various Participatory Rural Appraisal (PRA) tools e.g., transect walks, seasonal calendars, livelihood profiles and biographies were used to obtain additional qualitative data and further information about possible target households. A data pool of more than 50 possible target households existed. After selecting households according to type of experienced crisis and wealth, an interview was conducted using a semi-structured, gender-sensitive network questionnaire. The information obtained through the questionnaire was used to select the other households, applying the snowball sampling method. In total, 24 farmers were interviewed using the network questionnaire.

The network questionnaire was based on the livelihood approach of the Department for International Development, UK (DFID 1999). Data were collected on demographic issues, on human capital, natural capital, physical capital, financial capital and on social capital. The focus was on the social capital, assessing the membership in groups/unions, kinship relations, friendships, social networks and the connectivity of the household. The social relations and especially the tangible flows of help between people in case of a crisis were in the centre. The collected quantitative network data were analysed using the software UCINET.

3. Social Networks, Information and Risk-Management
A social network consists of individuals who exchange on reciprocal and voluntary basis information or other things with the aim of maximizing the personal utility (Stahrb 2001). Dercon
proclaims that in order to understand vulnerability and risk-management as well as to design interventions to address this problem information is required on the networks households can fall back upon. Social networks become especially important when access to knowledge, credit and insurance is not easily available like it is the case for poor and vulnerable households in the mountainous, rural areas of Viet Nam. The formation and maintenance of social networks can be an important means of risk-management (DFID 1999) as social networks can help through their informal credit and insurance functions to cope with highly varying incomes. Also, other investments in social capital like ritual or reciprocal gift giving can serve as a type of insurance (Conway and Turk 2001). Social networks can contribute to enable households to cope with a crisis, to ensure food security, to avoid an increase in poverty, or to spread knowledge, for example about improved agricultural production technologies. The main risks covered by risk-sharing agreements/social networks are accidents or illnesses of productive family members or livestock, certain forms of crop damage, e.g., due to fire or wild animals and other non-covariate income fluctuations such as low fishing yields (Coate and Ravallion 1993). In Viet Nam, the family plays a vital role in social networks as in the whole social life (Dalton et al. 2002). Immediate and extended kin can provide a social safety net by meeting material and financial needs during difficult times as well as providing inexpensive labour.

4. Results

The research shows that, in case of a crisis, the most important means of risk-coping is the use of the social network. Social networks are also used to share and gain new information, especially about farming issues.

Kinship turns out to be the major factor for network formation. The closer the relationship is like for example with siblings or parents, the more it is likely to have them as members in the network. Additionally, the level of wealth is an important and influencing factor, not only for the formation but also for the size of networks. The poorer the households are the smaller are their networks. Poor households tend to have help flows only among immediate kin. Richer households also have help flows to extended kin and other persons like friends. This can be explained by the low resource availability of poor people and thus their limited capacities to help other people as well. When a crisis occurs, it is the immediate and extended family, traditionally the one of the husband, who will provide help to the household. There are no individual persons like only the wife or husband who use a separate social network in order to cope with a crisis.

The central network members are usually richer households. This can be related to their enhanced possibilities to provide help. Poor people have the tendency to be rather at the periphery of the networks, as they are not able to provide much help. Social networks of poor people consist of participants from different income groups and thus include also wealthier households. This can be of advantage for the poor as thus, they have network members who are capable to support them. A poor household may also profit if the richer household does not insist on a complete return of the provided help. Like this, income could be partly redistributed which is an important aspect as it contributes to poverty reduction. Nevertheless, altruistic feelings are not the main reason for support but self-interest, which is restricting the redistribution effect and the provided help. Mutuality is of utmost significance and when not guaranteed or anticipated, support is very limited. The network capacities of poor people are much earlier reached than those of richer people. The fear of over-stressing relationships is a common feature in social networks. Consequently, a household avoids requesting the full amount of support needed in order to cope with a crisis.

Apart from buffering crises, social network connections also can be used to exchange information. Men spend more time socialising with other people than women due to the larger work burden women have. As the family supports a household in case of a crisis, the additional contacts men or women have are not very important for coping with crises. But they become
important to prevent a crisis. Hence, maintaining or extending these contacts can serve as a risk-management strategy because when meeting other people information can be exchanged and new knowledge gained. Common conversation topics include farming issues, such as appropriate planting dates or new varieties. Poorer households socialise less and join meetings at a lower frequency as they have a higher work burden. This leads to a reduced extent by which they are able to access new information.

5. Conclusion and Recommendations

The formation, maintenance and use of social networks are a very important means of risk-management and risk-coping, especially when a public safety net does not exist. Social networks are able to provide a basic support but are insufficient to entirely buffer a crisis of a poor or vulnerable household. Therefore, policy interventions like the introduction of a formal safety net are necessary. In Northern Vietnam, the main target should be on the only partly existing credit, savings and insurance system. It is crucial to adapt policies to the given societal structures to avoid a destruction or undermining of functioning networks, but also to meet the requirements of the people most in need. When designing policy interventions, it is important to be aware that improving an individual’s position in an informal risk-sharing arrangement may provide incentives to leave this arrangement if they feel that staying in the arrangement may not be any longer in their interest. Therefore the development of public safety nets should consider the existing risk-management and risk-coping strategies. For that reason, it is also necessary to follow a gender-specific approach and incorporate gender-specific aspects in policy suggestions. The ways information is spread within a social network can also be used to introduce new agricultural technologies when social network structure is such that information really trickles down to the poor.

References