Generation of Linking Social Capital through Microfinance Cooperative: The Case of the Northern Samar Cooperative*

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Abstract

Building social connection among citizens is achievable with the help of some development interventions like microfinance (Feigenberg, et al. 2010; Rankin, 2002). But forming social capital between government employees and citizens can be challenging especially in areas where citizens are more inclined to forming bonds with neighbors than people of authority. This paper aims to determine how a microfinance cooperative can generate linking social capital between public and private stakeholders. An agriculture-based multi-purpose cooperative in Northern Samar in the Philippines that offers microfinance services to farmers is the focus of the research. It was successful in forming social capital between the Department of Agriculture (DA) employees and local farmers who availed of their microfinance services. Thematic case study analysis was used. Data was gathered through six in-depth interviews of farmers and cooperative officers. The study shows that social capital was generated through the trust and reciprocity practiced by private and public stakeholders in their cooperative. The trust is built through consistent interactions, increase of microcredit funds offered to farmers, provision of training and farm inputs to farmers by cooperative officers and Department of Agriculture employees, while norms of reciprocity are expressed through the sharing of information on farm techniques and inputs, respect for DA employees, and cooperation in cooperative activities.

Keywords: *Social capital, linking social capital, microfinance, cooperative*

Introduction

Generating social capital is one of the objectives for launching a development initiative like microfinance cooperative. The World Bank claimed that participating in an intervention like microfinance may not only provide financial benefits to borrowers, but may also get them connected to other groups through the social capital that they created (Rankin, 2002). In the public sector, where one of the major goals is to build good relationship between the government employees and the citizens, creating vertical social capital may be beneficial. The prospective connection may not only provide livelihood development but may also foster participation, good relationship between public and private stakeholders, and effective program implementation. Considering all the possible benefits of this social connection, the question now is: how can a microfinance cooperative generate linking social capital between the public and private sector? Since both sectors possess their own social features and mechanisms to function, getting them connected may be challenging. But once social capital is generated, several advantages can be gained.

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In the Philippines, where this study was conducted, close family ties are abundant, but only a few formal groups and organizations can form good hierarchical relationships. This paper will focus on the Agricultural Workers and Entrepreneurs Multi-Purpose Cooperative (AWEMPC), a microfinance cooperative in Northern Samar Philippines, that was able to form linking social capital between the loan-borrower farmers and the Department of Agriculture employees, who are also officers and members of this cooperative (coop).

Social Capital and Microfinance

This paper defines social capital as features of a society like trust, norms of reciprocity, and networks that enable individuals to act together to achieve a common objective (Putnam, 1993). It implies that trust and reciprocity are necessary for participation, cooperation, and good relationships to flourish in the community, provided that ordinary citizens will have the opportunity to become connected with other groups, whether they are people from the public or from the private sector. Trust and reciprocity, then, are essential to achieve the desired objectives of most government entities which are to reach the public through their programs and build strong social connections along the way. One of these social connections that they want to establish is called linking social capital, which is the hierarchical relationship of individuals that can be found in structured organizations (Gitell & Videl, 1998; Woolcock & Narayan, 2000). Linking social capital are basically the connections formed between members and officers of organizations or among ordinary citizens and government employees in some groups. In this research, the trust and reciprocity between the members and officers of a microfinance cooperative will be investigated.

The microfinance cooperative is a development initiative that has gained popularity by providing not only financial, but also social benefits to both service providers and borrowers. It offers alternative sources of credit, providing collateral-free, or using social collateral for loans (Sanyal, 2009; Ito, 2010). Due to its function of providing financial and social support to the rural population, the potential of microfinance cooperative for establishing social ties is way higher than other structured organizations. This is the reason why it was chosen as the organization that is best suited for our research. The officers of these cooperatives may also be government employees especially in areas where coops are connected to the public sector or an entity within a government institution. In these instances, members who are usually ordinary citizens may have the chance to form social connections with government employees.

Since trust and reciprocity are essential components of social capital, illustrating the ways of generating them will provide us a clearer idea of how the social ties between public and private stakeholders are formed. There are several ways to generate trust in microfinance cooperatives. Some of these are: having consistency of interaction, provision of financial or moral support to members, and enhancing the members' capabilities through training, seminars, and others. In the study conducted by Ito (2010), the consistent interaction of the Grameen Bank employees and loaning-members, that happened every week as they meet at the center, improved the quality of their relationships. This implies the importance of regular communication of microfinance members and officers, regardless of whether they are official or unofficial interactions, in creating better social relationships.

Another way of manifesting trust in a microfinance cooperative is when there is an increase in the loan provided to members. As Pischke (1991) claims: the success of microfinance depends on the trust of employees and members that the loans will be repaid even without a physical collateral. Hence, if the loan availed of by members increases, then, the trust between the loaning-officers and borrower-members may have become stronger due to the repayment history of members or other significant factors.

Lastly, enhancing the capability of members for microfinance through training, seminars, and the like may also instill trust between members and officers. Some scholars agree that the regular meetings and interactions may provide members and officers enough time to tackle future activities of their group like training, seminars, and others (Mahmud, 2003; Mayoux, 2006). And what could be a better way of demonstrating trust other than providing training to members? Training is essential for the development of members' capabilities and it takes a lot of time and effort on the part of the officers to implement this. So, if the microfinance officers devote time and energy into planning and facilitating these, then, they certainly trust their members and the members must also trust their officers to participate and be receptive to the things that are being imparted to them.

Another essential feature of social capital is reciprocity (Putnam, 1993). When individuals are certain that their social connections will reciprocate the favors, they will be more inclined to cooperate to achieve their common goals. These common goals may be in the form of social, political, or financial advantages. In the Philippines, the norm of reciprocity is expressed through the culture of *utang na loob* or debt of gratitude where an individual is expected to give favors in return for the ones provided to them in the past by another person. This is both a sign showing the receiver's gratitude and expressing his reliability in providing reciprocal advantages to maintain his good social connection with another person.

In line with this, some scholars defined social capital as a stock of resource where people can invest in for future expected returns (Bourdieu & Wacquant, 1992; Lin, 1999; Putnam, 1993). These expected returns may be in the form of social, political, financial, or other benefits that promote reciprocity. Once social connections are established, this capital, according to Lin (1999), will be part of the social structure that people can use and mobilize when they need it. Accordingly, when members and officers of microfinance create social connections and practice reciprocity of actions, they are opening-up more opportunities to avail of loans, receive training, gain friends, conduct successful activities, have a well-received and participated training, and have better relationships with their public or private sector counterparts.

There are various ways of establishing reciprocity between officers and members of microfinance cooperatives such as: information sharing, respect for authority, and cooperation on activities. Scholars agree that sharing of information in lending institutions, like microfinance cooperatives, helps in reaching solutions to problems, connecting with the rural population, and success in achieving desired objectives (Serageldin and

Grootaert, 2000; Bennet, 1998; Ito, 2010). This is because the act of members and officers sharing information with each other is highly reciprocal in nature. As they share their goals for joining the microfinance, their needs, the benefits and challenges of some programs, and their suggestions to enhance the activities and system, they are also inviting other people to do the same in order to make the ideas flow constantly, if possible, reach a better and unified solution.

Another way of practicing reciprocity in a microfinance cooperative is when officers and members take the time to cooperate in their activities. As Bontis (2000) pointed out, social ties can inculcate cooperation that may help the group to achieve their common objectives and have the willingness to work with teams. As members and officers cooperate, they are voluntarily giving out their time and energy to activities that they know will provide them with advantages. It can be in the form of better relationships, additional loans, or training.

Lastly, the respect for authority shown by members to the microfinance officers is a manifestation of reciprocating the guidance and assistance provided to them by their officers during loan processing, meetings, training, and other coop activities.

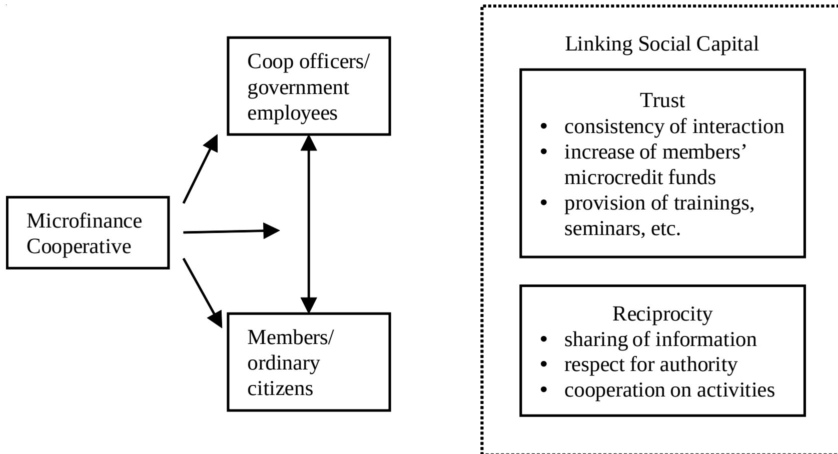
Conceptual Framework

Microfinance cooperatives have shown potential not just for providing financial benefits to the rural population of developing countries, but these also offer venues for establishing hierarchical social connections between ordinary citizens and government employees. Considering the social connection that may flourish between citizens and public servants, this paper would like to see how a microfinance cooperative can generate linking social capital between the public and private sector? Linking social capital is the hierarchical social connection between officers and members of a structured organization (Gitell & Videl, 1998; Woolcock & Narayan, 2000). Figure 1 shows the possible way in which linking social capital can be created in a microfinance cooperative.

The members and officers will first join a microfinance cooperative, then, they will meet and communicate with each other more frequently as they participate in coop activities, and this can generate trust and reciprocal actions which will then create a social connection between the members who are ordinary citizens and officer who are, often, government employees. To generate this type of social capital, trust and reciprocity must be practiced as these are essential components of social capital.

In microfinance cooperatives, trust is often formed when members and officers of microfinance consistently interact with one another giving them enough time to get to know each other including their needs and goals for joining the cooperative (Ito, 2010). Another way that trust is manifested in microfinance cooperative is when there is an increase in the loans offered to members. Since physical collateral is seldom provided by members, it takes a higher level of trust, on the part of the officers, to offer increased microcredit funds to members. Trust may also flourish when planning and facilitating training for members as this would require officers to invest their time and effort, to some extent, and members need to cooperate and be receptive with the inputs that they receive.

Figure 1
Linking Social Capital in a Microfinance Cooperative



Source: Author modified from Putnam (1993), Ito (2010), Mahmud, 2003; Mayoux, 2006

As for the norms of reciprocity, it can be practiced through the sharing of information since whatever they learn from each other, particularly the valuable comments and suggestions about the microfinance processes, may help enhance their cooperative and personal situations. The norms of reciprocity may also be manifested when members show their respect for authority as a sign of gratitude for their assistance in processing their loan application, providing training, and facilitating other activities.

Cooperating in the microfinance cooperative's activities is another way of fostering reciprocity as members and officers impart their time and capabilities to achieve their coop goals which, in one way or another, will benefit them in the future. All these ways of inculcating trust and reciprocity within the cooperative help in generating the linking of social capital between the members who are usually ordinary citizens and officers who are, oftentimes, government employees.

Methodology

This research is a qualitative case study of a microfinance cooperative in Northern Samar, Philippines. Microfinance is abundant in the rural areas of the Philippines and Northern Samar has numerous cooperatives offering microcredit to various stakeholders, particularly those in the farming and lower income municipalities, thus, the data was collected from Northern Samar. This municipality is geographically located in the island of Samar in the middle of the Philippines and part of Region 8. As of 2015, it has an estimated total population of 632,379 (psa.gov.ph). The main sources of income include revenues from agriculture, fisheries, small and medium scale enterprises, and local employment. The data was collected from one agricultural cooperative called the Agricultural Workers and Entrepreneurs Multi-Purpose Cooperative (AWEMPC). This microfinance cooperative was chosen as it is composed of officers and board of directors coming from the Department of Agriculture (a government agency) and ordinary farmers and seed growers as members.

Thematic case study analysis was employed to obtain a deeper understanding of how a microfinance cooperative can generate linking social capital between the government employees of Department of Agriculture and regular citizens like farmers. The tools for data gathering used were six semi-structured interviews of officers and employees of AWEMPC cooperative and some member farmers. The questions were aimed to gain more insights on the processes of the microfinance cooperative, the relationships of stakeholders, the dynamics of their social connections that foster trust and reciprocity, and the benefits provided by the coop to their social and livelihood conditions and dealings with other people. The interviews were held at the Department of Agriculture branch office in Catarman, Northern Samar and in the houses of the local farmers. Documents were also gathered and observations were made to further support the data taken from the verbal information provided by the respondents.

The Study Area

The Agricultural Workers and Entrepreneurs Multi-Purpose Cooperative (AWEMPC) in Northern Samar, Philippines is connected to a group of farmers and seed growers in Region 8. It was originally created to assist in the financial needs of employees of the then Ministry of Agriculture and Food in Northern Samar, in 1986, through microcredit. Since then, it has been managed by employees of the Department of Agriculture in Northern Samar, who also act as cooperative officers and board of directors. Through time, it expanded in terms of membership and financial capitalization. This development led them to open their microfinance services to farmers in need of financial assistance for the operation and production of their farm lands. Majority of these farmers became part of the seed growers' association that the Department of Agriculture employees are supporting through the provision of training and technical assistance. Because of the exclusivity of membership of this cooperative, which only caters to the employees of DA and farmers in Northern Samar, it has created social connections among the groups of farmers and the Department of Agriculture employees.

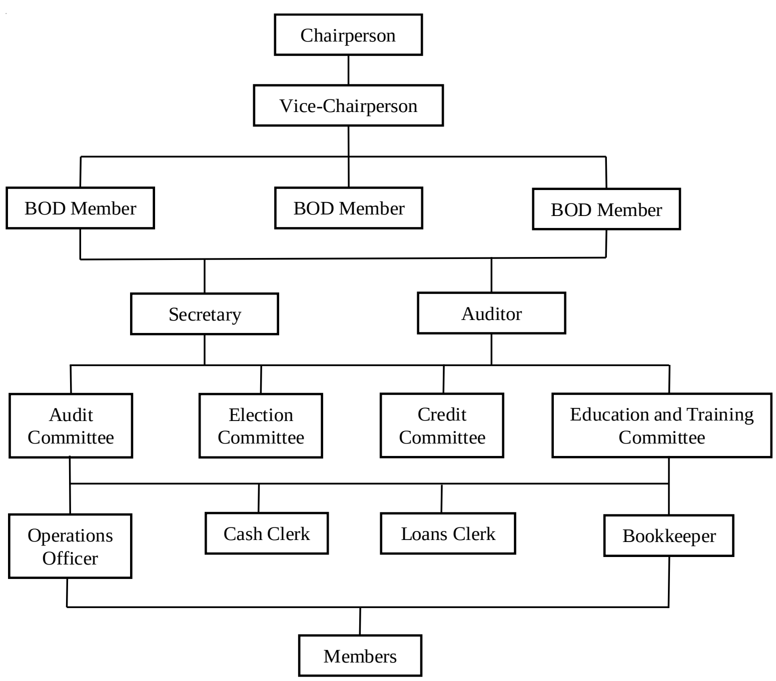
The AWEMPC offers microfinance services to their members in several municipalities, including Catarman, Mondragon, Rosario, Lavezares, and San Jose in Northern Samar, Philippines. Based on its organizational goals, the AWEMPC aims not only to provide financial assistance and capitalization for farming and other needs of its members, it also aims to develop cooperation, continuous participation, and provision of livelihood, entrepreneurial and productive skills that members can use for the effective management and operation of their farms (AWEMPC, 2017). The membership in AWEMPC is open to all employees and workers of the Department of Agriculture and their member farmers and seed growers in Northern Samar.

They also provide loans with different proceeds and beneficiaries. Though there are some that focus on supporting microenterprises and rice production of member farmers, there are other loans that are targeted for employees of the Department of Agriculture who are members of the same cooperative. The payment of loans can be made individually through employed collectors who personally go to the borrowers' houses to collect their monthly dues; they can also pay through money transfers or personal payment at the cooperative office.

The AWEMPC Organization Structure

The Agricultural Workers and Entrepreneurs Multi-Purpose Cooperative (AWEMPC) has a top-down structure where most of the conceptualization comes from the top management but the consensus of all members and officers is necessary for any program to be implemented. It is composed of the board of directors that hold important leadership positions like the chairperson, vice-chairperson, and three committee leaders. The committees are each responsible for carrying out coop activities such as audit, education and training, election, and credit (AWEMPC, 2017). Like other financial institutions, the AWEMPC also has a set of officers like secretary, auditor, operations officer, cash clerk, loan clerk, and bookkeeper, who assist in the day-to-day operation of the coop. But the

Figure 2
The Agricultural Workers and Entrepreneurs Multi-Purpose Cooperative Organization Structure



Source: AWEMPC, 201

heart of this microfinance institution lies in the member farmers and seed growers in Northern Samar, whose tasks are to attend and participate in coop programs, meetings, elections, and decision-making; pay their loans on time; and support the cooperative's goals, principles and activities (AWEMPC, 2017).

The Findings of the Study

Generating Linking Social Capital

Creating new social connections can be challenging for some organizations but one cooperative in Northern Samar, Philippines was able to make it possible. The officers and board of directors of the AWEMPC, who are government employees, have established an active social tie with their citizen members. Linking social capital was discovered existing in AWEMPC coop when the study was conducted, hence, this paper attempted to determine the mechanisms in which this social connection was generated between the citizen-members and government employee-officers of AWEMPC cooperative. Based on the research conducted, the vertical linkages of officers and members of AWEMPC cooperative were formed by incorporating several ways that activated the trust and reciprocity among the members and officers. Trust and reciprocity are essential features that make up social capital (Putnam, 1993), so, determining the ways of generating them is necessary to understand how linking social capital is created.

Building Trust

Trust is an important feature of social capital as it encourages individuals to act together to achieve a common objective (Putnam, 1993). When people trust others in a group, it will be easier for them to participate, share, and cooperate in group activities. Some scholars further claim that, if there is more trust being generated in the social networks, people within the group will be encouraged to give and return the favors knowing that others will be there to provide them with favors when they need them (Cox, 1997; Hogan & Owen, 2000; Knack & Keefer, 1997). This confirms the essence of fostering trust in social connections like those of members and officers of AWEMPC cooperative.

Consistency of Interaction

The constant interaction of people may lead to accumulation of social capital which will be beneficial for the individuals as it can address their social needs and has the potential to gradually enhance their community life (Hanifan, 1920). This implies the importance of providing a good venue for people to interact through activities that may connect them to various groups of people. Based on the research conducted, the consistency of interaction among the farmers and officers of AWEMPC cooperative which happens during training, farm visits, loan applications, and general assemblies, helped establish their social ties.

They also held monthly meetings at the seed growers' association where farmers discussed their issues on farm production and financial needs and the possibility of receiving microcredit and support from their coop and from the employees of the Department of Agriculture. During general assemblies, all members can voice out their comments and suggestions regarding the activities provided them, the loan processes and interest rates, their farming concerns, and future programs of the cooperative. These general assemblies that took place once a year were just parts of the several activities that the AWEMPC cooperative provided to help their members. Through these interactions, members and officers of this coop came to know each other better, made their relationships closer, and trusting one another easier.

Increase in Microcredit Fund

According to an officer of AWEMPC, the constant interaction and good loan standing of some members increased the level of trust of cooperative officers and board of directors towards their members. This enhancement of trust is reflected in the additional amount of loans that members can avail of through time. So far, the AWEMPC cooperative has delivered its target by providing capitalization for member farmers in the amount of Php15,000, for every one hectare of farm land. Although it may seem like a small amount, but if a member owns three to four hectares, the money from the microfinance can be an immense help in the production and harvest of their crops. Accordingly, one member has paid the manpower and gasoline needed to plant rice at their family-owned three-hectare farmland. She also confirmed that the money they loaned from the microfinance has helped in increasing the yield and income of their farm. This is how trust is manifested in a more financially beneficial manner.

Provision of Training and Seminars

Training and seminars provided venue for officers to share their expertise and members to enhance their capabilities. In the case of AWEMPC, members may ask the Department of Agriculture employees, who are also the cooperative officers, about farming techniques and, after thorough discussions, they are able to apply what they learned in the training to their farm lands. This was explained when a member was asked about how often their meetings and training are held and how it affected their knowledge in farming, Bernadette, 57 answered:

> *Permanente may training para sa miyembro… A once-a-month meeting intra an tanan doon… Oo nakabulig. Parte san pag uma nagagamit man namo. Ginhahatagan kami sin techniques and strategies san tama na farming.* (There are always trainings for members... Everyone is invited to the monthly meetings. Yes, the farming strategies and techniques that they provided helped us in our farm operations.)

The act of using the information that they gained from trainings and regular conversations illustrates the benefits of linking social capital that the member farmers have with the Department of Agriculture employees. It requires a certain level of trust on the side of the members as their farm lands and income will be compromised if the information provided by the officers were wrong, but due to their technical expertise and years of experience, most of their suggestions benefited the member farmers.

Moreover, members claimed that the training provided by the Department of Agriculture helped them in their farming practices, while the strategies are effective in augmenting farm production. At times, when they encounter problems like pests, unhealthy growth of crops, and others, their cooperative officers are ready to listen and teach them the proper techniques to overcome such issues.

Practicing Reciprocity

The norm of reciprocity is an important feature of social capital (Putnam, 1993). It aims to provide a mutually beneficial relationship to all parties linked by a social connection. In the Philippines, the concept of reciprocity is usually expressed through the norm called *utang na loob* or debt of gratitude. *Utang na loob* is manifested when an individual shows his gratitude to someone who provided him with favor in the past, be it monetary or in kind, by giving that person the favor that he needs at present.

Sharing of Information

In formal groups like the AWEMPC cooperative, where officers are government employees and most members are ordinary citizens, practicing the norms of reciprocity can be challenging, but this coop made it possible through sharing of information. Some officers stated that after participating in the lectures and training that they conducted, the farmers and seed-grower members expressed their feedbacks regarding the loan processes, farming techniques, and other training information that the officers provided. These feedbacks are highly valued as some farmers have tried and tested the production strategies and the comments that they have given are important to assess whether the techniques were effective or whether these needed some improvement. According to the officers, most of the feedback that they recently received were positive and highly satisfactory. When a member, named Agustin, 53, was interviewed, he explained that the officers listened and gave value to his and other members' opinions and suggestions. He even took part in helping the group to resolve its farming and cooperative issues.

> *Ginhahapot man an opinyon san kadam-an kun ok an mga activities na hihimuon... Kun nano amo gin iristoryahan ginpapamatian man nira. Intra ako san grupo na naghimo action para masolve an mga issues.* (They would ask the opinion of the majority when they are planning to have some activities... They hear and value whatever we have discussed. I am a part of the group that formulates actions that must be done to resolve some issues.)

This training and feedback mechanism is a form of reciprocal exchange between the public and private stakeholders which is significant in building the social connections of DA employees and member farmers. Since the members feel that they are heard and seen by people of authority, they trust their officers more and reciprocate the behavior through active participation and other means.

Respect for Authority

Another way of practicing reciprocity for the services, training, and information provided to members is the respect that they rendered to Department of Agriculture (DA) employees. According to some members, they respect their officers and board of directors because they are very responsible and always ready to provide them with assistance in processing their microcredits, facilitate their training, lectures, and offer valuable insights on farming and seed growing. This means that reciprocity can be expressed in various ways.

In the case of AWEMPC, this mutually beneficial exchange is shown through the programs and microfinance services provided by the officers as part of their tasks in the coop and as employees of the Department of Agriculture, while the members reciprocate them by providing the officers with trust and respect. Although they have an active vertical relationship, the members and officers of AWEMPC coop did not experience a patron-client relationship due to their commitment to building mutually beneficial social connections and awareness of their responsibilities, on the side of the coop officers.

Cooperation in Activities

The cooperation of members and officers in AWEMPC programs and processes is one of the organizational objectives of this coop. Reciprocity was practiced in AWEMPC through cooperation as it was shown in their 31st annual general assembly handbook where majority of the members and officers were present during their 30th general assembly, agricultural training, and community service. As one officer mentioned, members' participation is important for the effective implementation of programs and to familiarize the officers with the members' concerns and issues. The attendance and cooperation of each member and officer are highly valued during meetings, training, and general assemblies, since the consensus of the group is considered in all the future activities that the cooperative is planning to implement.

They also send information regarding coop activities to both officers and members through e-mails so they can freely give their thoughts about programs that they are interested in. Although the primary goal for joining the microfinance cooperative might be to avail of microcredit and other financial benefits, it cannot be discounted that the social connection of government employees and citizens was generated through their active participation in AWEMPC activities.

Analysis of the Findings

This research looked into the mechanisms used by a microfinance cooperative in Northern Samar, Philippines, that generated linking social capital between the government employees working for the Department of Agriculture and the member farmers. Linking social capital is the hierarchical connection between officers and regular members in a highly-structured organization. In the case of AWEMPC cooperative, it has built trust and norms of reciprocity by incorporating various mechanisms. The first thing they did was build a social connection with another agricultural group, the seed growers association in Northern Samar. Then, the coop officers, who also worked as employees of the Department of Agriculture, encouraged the seed growers and farmers to join their microfinance cooperative. This affiliation between the two groups eventually led to better social relationships, microcredit provisions, and programs geared towards helping the member-farmers gain higher farm production and income.

Through their consistent interaction, increase in microcredit offered to the farmers, provision of training, and farm input to farmers by the coop and the Department of Agriculture employees, the trust between public sector personnel and private citizens was built. The consistency of interaction among the member farmers of AWEMPC which happens during training, farm visits, loan applications, and general assemblies established their social connections. During these events, the farmers asked the Department of Agriculture employees who were their cooperative officers about farming techniques and, after thorough discussions, they have applied what they learned to their farm land. During general assemblies, all members also voiced out their comments and suggestions regarding the activities provided them, the loan processes and interest rates, farming concerns and experiences, and future programs. While the coop officers listened intently and provided useful information to address the members' concerns.

This process also enabled better flow of information. The consistency of interaction and application of what they have gained from trainings and regular conversations required a certain level of trust, as the members' farm lands and income could be compromised if the information provided by their officers were erroneous. Moreover, this constant interaction coupled with good loan standing of some members increased the trust of coop officers and board of directors towards them. This trust has resulted in additional amounts that members could loan gradually. Through these interactions, members and officers of the cooperative get to know each other better, build the foundation of trust between the groups, and create a connection called linking social capital or the hierarchical connection between the officers and members of the coop.

Meanwhile, the norm of reciprocity was expressed by the members of AWEMPC coop through the sharing of information, showing high respect for DA employees, and cooperation in activities. This reciprocity is expressed in the Philippines through the *utang na loob,* or debt of gratitude, where an individual who received a favor in the past is expected to return the favor at another time. In the case of the AWEMPC cooperative, sharing of information usually occurs during lectures, farm visits, and training conducted by Department of Agriculture employees. The members' feedbacks during coop activities are very important to provide significant input on how the DA employees can improve their services, policies, and training information. The constructive comments coming from members who have tried and tested the production strategies were also necessary to assess whether these needed to be improved.

Another way that reciprocity was manifested was when members showed high respect for their officers and board of directors as a gesture of gratitude for the assistance that the officers provided to them during the processing of their loans, training, lectures, and offering valuable insights on farming and seed growing strategies. Cooperation of members and officers in the coop activities have also shown signs of reciprocity as participation of members is important for officers to be informed of the members' concerns and issues and to help them formulate solutions.

The attendance and cooperation of each member and officer are also highly valued during meetings, training, and general assemblies, as the consensus of the group is considered essential in all future activities that the cooperative is planning to implement. This only shows that reciprocity is an essential aspect of establishing social connections in a microfinance cooperative. Also, the sharing of information, showing of respect, and cooperation in activities of officers and members of the AWEMPC are some of the ways that can help generate linking social capital between them.

Linking social capital is the mutually advantageous relationship where both groups, the officers and members, contribute and benefit from the social ties that they have created and not a one-way power-driven connection like that of a patron-client relationship. This indicates that, although the relationship between the officers and member farmers of AWEMPC coop is vertical, patron-client relationship did not enter into the picture as the two groups were committed to cultivating a healthy and mutually beneficial social connection, where all parties are respected, trusted, heard, and provided with assistance when needed.

Summary and Conclusion

This study examined the mechanisms used by a microfinance cooperative in Northern Samar, Philippines that successfully established linking social capital between the government employees of the Department of Agriculture and ordinary citizens, its member farmers, and seed growers. Based on the results of the study conducted, the Agricultural Workers and Entrepreneurs Multi-Purpose Cooperative (AWEMPC) has generated linking social capital between their officers, who were also employees of the Department of Agriculture in the Philippines, and the regular members who were farmers and seed growers in the province of Northern Samar, Philippines. The social connection was established by inculcating the fundamental social capital elements of trust and reciprocity (Putnam, 1993) within the coop.

In the AWEMPC cooperative, trust was expressed through the consistency of the members' and officers' interactions, increase in microcredit offered to farmers, and the provision of training and farm inputs to farmers by the Department of Agriculture employees, while the norms of reciprocity were expressed through the free sharing of information, show of high respect for the Department of Agriculture employees, and cooperation in activities.

Despite its effectiveness in connecting citizens and government employees, it must be noted that all cooperatives have their flaws and challenges. In the case of the AWEMPC, the trust of officers was, oftentimes, taken for granted when members failed to pay their loans or frequently delayed their payments, affecting the cash flow of the microcredit fund.

Meanwhile, data from the interviews indicated that conflict of interest was not an issue because the officers were mandated by the Department of Agriculture to assist the farmers by providing them training, farm inputs, and possible monetary assistance through loans when needed. They even had the support of the Landbank of the Philippines, which provided additional financial capital for the microcredit of farmers. They also had regular employees to manage the daily operations of the coop like bookkeepers, clerks, and others, therefore, managing the payments, loans and other administrative work did not affect their official functions.

To assess the success of the AWEMPC cooperative in creating social ties between its members and officers, the following measures were used: maintaining good relationship with one another and improvement in livelihood conditions (BSP, 2017). These are some of the basic objectives that the Central Bank aimed to achieve when it opened the market for independent microfinance cooperatives to help the economically challenged municipalities in the Philippines.

On another note, the vertical social connection between government employees and coop members of AWEMPC did not lead to a patron-client relationship due to their commitment to cultivating a healthy and mutually beneficial social connection, where all coop officers and members are respected, trusted, heard, and given assistance when needed. Thus, if a mutually beneficial relationship coupled with trust exists, like that of AWEMPC, the one-way power-driven relationship such as patron-client will not flourish.

Although the AWEMPC cooperative was effective in generating linking social capital, it must be noted that this study does not represent all the microfinance cooperatives in the Philippines as it only covered one coop in Northern Samar in this research. But some of the values and norms present in the AWEMPC cooperative may have been practiced in other rural cooperatives in the Philippines, hence, they can be good subjects for further research. Also, the mechanisms employed in AWEMPC to activate linking social capital may or may not be compatible with microfinance cooperatives in other developing countries, so, thorough assessment of the current condition, norms, demographics, and other factors affecting the cooperative must be conducted to have an effective application of the processes used by AWEMPC coop.

Moreover, social capital is a promising topic with a lot of potentials to help explain, if not resolve, certain socio-economic and socio-political issues especially in developing countries like the Philippines. But, based on the research conducted, studies related to social capital in the Philippines, particularly between public servants and citizens, are still limited, thus, future research endeavors regarding social capital in the public sector is encouraged. Specifically, linking social capital should be given some attention as many of the studies conducted on this field are either focused on bonding or bridging types of social capital. These are the most common types of connection like the ones present among family members, neighbors, and individuals from similar social groups. Also, social capital of other types that exists in some communities or organizations in the Philippines must also be studied as the country possesses some distinct social dynamics that may contribute to the body of knowledge.

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Biosketch

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