

## **Merchant Coping Strategies in the Post-Disaster Context: Anthropological Perspectives from Dagupan City, Philippines**

### **Introduction**

The main Philippine island of Luzon endured the destructive impact of two Category Three typhoons that hit the region within days of each other in late September 2011. Typhoons Nesat and Nalgae, known locally as Pedring and Quiel respectively, battered towns and cities across Luzon with successive waves of high winds, storm surges, torrential rains, and catastrophic flooding. Especially hard hit was the country's third most populous province, Pangasinan, which lies in the north-central part of the island and suffered over ₱700 billion (approximately \$16 million) in initial typhoon damages (Manantan-Yparraguirre 2011). As the province's largest coastal urban center, Dagupan City bore much of the brunt of Nesat and Nalgae's devastation as its geographical location along a stretch of low-lying land where three major rivers converge and empty into the Lingayen Gulf offers very little in the way of natural protection. The powerful storms and their immediate aftermath brought downtown commerce to a virtual standstill as local vendors and street store merchants scrambled to protect their operations from the typhoons' more calamitous effects. The pervasive flooding that remained largely undiminished in the days after Nalgae moved westward into the South China Sea has been particularly troublesome for Dagupan's established retail community.

### **Research Question and Context**

Against this backdrop, questions arise about how affected merchants negotiate the logistical complexities and economic disruptions brought on by such extreme though not uncommon meteorological events. Significantly, how do small and medium-scale retailers in the urban Philippines remain resilient and commercially viable amid the persistent threat of natural hazards (Dyer 1999:282-283; Mula 1999; Resurreccion-Sayo 1991)?

The Philippines is widely recognized as a "culture of disaster" (Bankoff 2002) given its volatile position along the Pacific's "Ring of Fire" and "Typhoon Alley." Each year Filipinos are subject to a wide range of severe seismic and climatological activity that frequently disrupts the normative patterns of workaday life. So much so, in fact, that local responses to these conditions are not typically viewed as anomalous but rather have emerged as somewhat predictable aspects of people's lives (Bankoff 2002:1-2). This is not to say that recurrent disasters are not highly disruptive. They can generate considerable socioeconomic dislocations that can take months if not years for affected populations to overcome. Rather, their impact has become so pervasive that dealing with the consequences of natural hazards has been embedded into the schema of daily life to the point where locals are well adapted to their occurrence (Sabater 2008).

So far, the specific strategies that small and medium-scale retailers in the Philippines employ to retain their viability under such extreme though pervasive conditions have not been fully explored ethnographically. Merchant coping strategies within the context of chronic natural disasters are particularly intriguing given the importance of these operations to the Philippine economy. Small and medium-sized enterprises comprise 99 percent of all business establishments in the Philippines and 60

percent of the country's exporting firms (Department of Trade and Industry 2009). Similarly, they employ nearly 55 percent of the Philippines' labor force and supply 30 percent to the total domestic volume sales (Department of Trade and Industry 2009). When the facts that these enterprises typically operate under conditions of an undercapitalized public infrastructure, insufficient institutional support for disaster recovery, and an increasingly neoliberal or privatized political economy (Balisacan and Hill 2003) are taken into consideration, this study's relevance becomes all the more significant.

### **Research Setting**

To better understand how natural disasters affect local merchants' business decisions and strategies, I examine the recent experience of Dagupan City, Pangasinan. Dagupan is one of north-central Luzon's foremost commercial, educational, and financial centers. Located some 210 kilometers north of Metro-Manila, the coastal city has about 130,000 residents living in approximately 25,000 households spread across 31 precincts.

As in other provincial Philippine cities, local commerce in Dagupan generally conforms to the dichotomous formal/informal economic model whereby a limited but growing number of medium scale formal enterprises operate alongside scores of small scale informal ventures. Dagupan's formal sector of urban retailing is all but dominated by a small but influential community of Chinese-Filipinos whose local roots date back to the 19<sup>th</sup> century. While comprising less than five percent of Dagupeños, this tight-knit group has remained at the forefront of downtown's street store trade for generations—especially in sub-sectors like groceries, textiles, hardware, and appliances—and on average their firms are more highly capitalized than those of the ethnic Filipinos. In part, this business supremacy is facilitated by the coordinated efforts of the local Chinese Chamber of Commerce and the more recent participation of Chinese-Filipino business owners in city government. It is among ethnic Chinese shopkeepers where merchant coping strategies in the post-disaster context gains maximal expression. Everyday consumption and employment needs for most Dagupeños tend to come through the informal trade sector. Although this informal economic sphere has wider participation by native Filipino market vendors and mom-and-pop shopkeepers, it also includes numerous ethnic Chinese street store operators. Smaller street store enterprises maintain sales staffs numbering around five to ten employees, while larger ventures such as several supermarkets and appliance stores employ two dozen or more.

Over the past three decades Dagupan City has endured its fair share of natural disasters including multiple category three and four typhoons as well as a major 7.8 earthquake in July 1990 that for a time severely degraded local infrastructure. Dagupan's central business district has undergone an accelerated period of economic development over the last 20 years following the earthquake. Among other things, this revitalization has given rise to a number of modern retail ventures that surpass downtown's more traditional shops in terms of scale and capitalization. Several fast food chain restaurants and three large scale shopping malls owned and operated by two politically active ethnic Chinese firms were opened in greater Dagupan beginning in 1993 (Dannhaeuser 2002). Needless to say, Dagupeños have become increasingly savvy about global consumer culture as these highly capitalized ventures steadily transform the local retailscape (Matejowsky 2002).

My prior fieldwork in Dagupan dating back to the late 1990s suggests that downtown shopkeepers and vendors exhibit considerable resourcefulness when confronting the immediate and secondary effects of major natural disasters (Matejowsky 2009). That said, I have not been able to observe them deal with a major disaster, much less two, so soon after the event. Being there in December 2011, only two months after Typhoons Nesat and Nalgae, provides a more immediate context for examining how small and medium-sized enterprises contend with the complexities of disaster recovery. Specifically, the risk aversion/management strategies and coping mechanisms employed by Dagupeno traders in the wake of Typhoons Nesat and Nalgae offers a valuable opportunity to understand how social networks are locally cultivated and engaged, if at all, within post-disaster recoveries.

### **Methodology and Sample Size/Characteristics**

The post-disaster anthropological research conducted on Dagupan's merchants thus far has invariably taken place years after the fact. The interviews and other ethnographic techniques employed in these studies go only so far in detailing local traders' experiences in confronting such extreme geophysical events. Data collected in the months following a natural catastrophe are arguably more highly valued as affected retailers are still in the process of recovery and, therefore, likely more candid and nuanced in answering ethnographic interview questions. Participant observation in this context is equally more effective. For these reasons, the need to collect data on Nesat and Nalgae's impact on Dagupan's retail trade community was rather time sensitive.

Accordingly, this study relies predominately on the traditional anthropological techniques of participant observation and informal/semi-structured interviews to collect relevant project data. Supplementing these two core methods is information derived from secondary sources like local and provincial newspapers, government records, public and university libraries, and census findings.

Firsthand information about Nesat and Nalgae's impact on Dagupan's retail trade community and local merchants' responses to these powerful typhoons was gathered over a period of several days in December 2011. With regards to participant observation, I surveyed and visually detailed the typhoons' damage to local infrastructure and commercial life primarily through digital photography. With regards to interviewing, I talked with nine street store owner/operators and urban vendors as well as several other local informants in interview sessions lasting approximately 30 minutes to an hour and half. Interviewed merchants represented various local retail sectors including textiles, school supplies, baked goods, flowers, groceries, and food service. The questions asked to merchants not only established important demographic and operational information, they more significantly sought clarification about the strategies employed to prepare for and mitigate the impact of Typhoons Nesat and Nalgae (see Appendix A for interview questions). While there was modest to significant variation in the respective capitalizations of the interviewed merchants' retail ventures (the book/school supply store was the most highly capitalized enterprise and the small food service operators were the least capitalized), all of the traders operated in downtown Dagupan. In terms of ethnicity, two of the nine merchants interviewed were Chinese-Filipinos. The other seven enterprises were owned and operated by native Filipinos.

## Research Findings

The data analysis phase of this research project reveals several notable and in some cases unexpected results. Tentative findings suggest that a continual cycle of disaster impact and response does not overtly affect small retailers' entrepreneurial initiative. Based on the comments of several of those interviewed in December 2011, it becomes clear that a persistent threat of natural hazards fosters a rather fatalistic sense of self-reliance. Such sentiments are prevalent even though most of these owner/operators do not really identify themselves as risk-takers or entrepreneurs. It seems that Dagupeño merchants take the disaster-related displacements they periodically encounter in stride; viewing these setbacks as part of a normal course of events. What is more, affected merchants do not really expect much in the way of outside assistance in post-disaster recoveries from local, provincial, or national government organizations. If anything, the overriding sentiment with regards to government aid in the wake of Typhoons Nesat and Nalgae was one of ambivalence. Many noted that the government did an adequate job of providing relief to poor households across Pangasinan and surrounding areas, but did little or nothing to help local businesses get back on their feet. Complicating matters was the persistent belief among affected merchants that government officials actually exacerbated recoveries by recklessly releasing overflow floodwater from the nearby San Roque Dam.

Given the overall lack of external assistance for affected merchants, insights about the risk aversion/management strategies and coping mechanisms employed by Dagupeño traders in the immediate wake of Typhoons Nesat and Nalgae did not emerge the way I initially anticipated. In particular, direct support to retailers from government agencies or other institutions did not appear to play a major role in the post-disaster recoveries of most affected small and medium-sized enterprises. Only one merchant (a bookstore owner) had formal insurance. Therefore, the anticipated small network analysis that I planned to implement among local retailers did not really prove feasible at this point.

Ethnographic information was collected about how local merchants prepared for the oncoming storms. In response to Typhoons Nesat and Nalgae, all of those interviewed took precautions to protect their business operations from the storms more devastating effects. These safeguards mainly entailed protecting store equipment and merchandise from floodwater. Given downtown Dagupan's low lying position not far from the Lingayen Gulf and the rapidly approaching storms, it became essential to transfer such items to higher ground before they became inundated. For example, the ethnic Chinese merchant who deals in textiles moved much of his store stock upstairs. He also utilized previously installed raised metal shelving to keep merchandise as dry as possibly amid the swiftly rising floodwaters.

Ethnographic information from the interviews also covered information about losses, the role of suppliers, and the role of customers. On average the affected merchants lost one to two weeks of income from the two typhoons. While this does not sound like much, two weeks is 4% loss, and some experienced greater losses while others lost less. In terms of suppliers, many, if not most, merchants did not experience an adverse impact on their relationship with suppliers. But suppliers can play an important role — the aforementioned bookstore owner said her suppliers extended her payment deadline by 30 days. That is a formal relationship, but the quality of that relationship is worth investigating further — would many suppliers do this, and would they do it because of the relationship or because they are cash-strapped and can not afford to lose

the merchant customer? The decline in customers that resulted in loss of a couple of weeks' income was largely due to the complexities of disaster recovery in the wake of two major typhoons. Again, however, it is worth exploring the variation in the return of customers, and the extent to which customer relations played a role in return of customers and variation in overall losses.

### **Data Application and Potential Benefits of Research**

Based on this fieldwork, general assessments about the risk aversion/management strategies and coping mechanisms employed by Dagupeño traders following Typhoons Nesat and Nalgae can be compared to my past research on the ways that merchants operate more generally within the Philippines' "culture of disaster." Findings from this project will be presented in academic journals like *American Anthropologist*, annual professional meetings of the American Anthropological Association (AAA) and the Society for Economic Anthropology (SEA), and will assist in the preparation of a scholarly book I plan to write about natural hazards and urban retailing in the Philippines.

Published findings from this research project also stand to contribute to the social scientific literature on natural hazards and disasters in various ways. As they relate to the Philippines, I can identify four specific contributions. First, they will help elucidate how local retailers negotiate a major disaster's immediate and secondary effects within a developing urban context. Second, they will deepen understanding about the specific mechanisms by which small businesses engage the Philippines' more pervasive and highly resilient "culture of disaster" *vis-à-vis* conditions of chronic natural hazard. Third, they will inform current theoretical debates about the so-called Phoenix Effect in post-disaster recoveries in which some populations or sub-populations are hypothesized to come back stronger than before the event. Finally, they will highlight the overall lack of interplay between local business networks and external institutional resources in the post-disaster context. This last point is particularly important as it may identify opportunities for public/private partnerships in natural hazard recoveries that are currently underutilized in the Philippines.

Beyond the Philippines, published findings from this research may also provide insights about policy opportunities in the disaster prone areas of the United States. Techniques used by small merchants without access to formal institutional assistance may be incorporated into existing policies in the United States, thus better accounting for relevant needs and capacities at the grassroots level. Despite considerable support from the U.S. government's Small Business Administration and the Federal Emergency Management Administration, relatively little is known about the extent to which—and how—affected small and medium-sized enterprises utilize this institutional support to get back on their feet (Davidson 2002). Arguably, even less is known about how small and medium-sized enterprises in post-disaster contexts employ less formal forms of support, such as unrecorded loans or credit, unpaid kin-based labor, financial gifts, use of equipment or workspace, shared access to markets, and pooling of resources to reestablish themselves following a disaster. Determining what successful mixes of formal and informal support are sought out and/or accepted by small and medium-sized enterprises in a post-disaster setting, particularly independent urban merchants, will go a long ways toward addressing the knowledge gap that currently persists regarding the

variation in resourcefulness and resilience of small and medium-sized enterprises in the U.S. and elsewhere.

### References

- Bankoff, Greg. 2002. *Cultures of Disaster: Society and Natural Hazard in the Philippines*. Routledge: New York.
- Dannhaeuser, Norbert. 2004. *Chinese Traders in a Philippine Town. From Daily Competition to Urban Transformation*. Quezon City, Philippines: Ateneo de Manila University Press.
- Davidson, Ollie. 2002. Future Disaster Research: A Practitioner's Viewpoint on Public-Private Partnerships, *In Methods of Disaster Research*. R.A. Stallings, ed. Pp. 377-386. Xlibris: Bloomington, IN.
- Department of Trade and Industry. 2009. "Micro, small, and medium enterprises (MSMES). <http://www.dti.gov.ph/dti/index.php?p=321>.
- Dyer, Christopher. 1999. The Phoenix Effect in Post-Disaster Recovery: An Analysis of the Economic Development Administration's Culture of Response After Hurricane Andrew. *In The Angry Earth: Disaster in Anthropological Perspective*. Anthony Oliver-Smith and Susanna M. Hoffman, eds. Pp. 278-300. Routledge: New York.
- Manantan-Yparraguirre, Linway. 2011. Pangasinan under State of Calamity. Sun-Star Pangasinan, 3 October. <http://www.sunstar.com.ph/pangasinan/local-news/2011/07/03/pangasinan-under-state-calamity-164749>.
- Matejowsky, Ty. 2002. Globalization and Retail Development in the Post-Disaster Context: A Comparison of Two Philippine Communities. *In Research in Economic Anthropology*, vol. 21: Social Dimensions in the Economic Process. Norbert Dannhaeuser and Cynthia Werner, eds. Pp. 311-41. Amsterdam, Holland: Elsevier-JAI Press.
- Matejowsky, Ty. 2009. When the Lights Go Out: Understanding Merchant "Brownout" Behavior in the Provincial Philippines. *In The Political Economy of Hazards and Disasters*. Society for Economic Anthropology Monograph Series, vol. 27. Eric C. Jones and Art D. Murphy, eds. Pp. 291-310. Walnut Creek, California: Altamira Press.
- Mula, Rosanna P. 1999. Coping with Mother Nature. Household's Livelihood Security and Coping Strategies in a Situation of Continuing Disaster in Tarlac, Philippines. Proefschrift ter Verkrijging van de Graad van Doctor: Wageningen.
- Resurreccion-Sayo, Bernadette. 1991. Coping with Disaster. *Manila Chronicle*, 22 June: 10.
- Sabater, Madel R. 2008. In Ring of Fire, Typhoon Belt: Surviving Disasters, 8 June:6.

### APPENDIX A

#### Interview Questions

1. Name
2. POB
3. Year of birth
4. Education

5. Hometown
6. How long have you held current position?
7. How did you come into this position?
8. What precautions did you take in preparation for Typhoons Nesat & Nalgae?
9. Did you receive notification from the city/provincial/national government?
10. What was the worst aftereffect of the typhoons?
11. Did you suffer any damage to your store? If so, what?
12. Did you suffer any damage to your merchandise? If so what?
13. How did the disasters disrupt your relations with suppliers?
14. Do you have insurance?
15. What kinds of financial losses have you suffered?
16. Have you noticed a decline in customers?
17. When did or do you think business will pick up?
18. What do you think of the city government's response to the disasters?
19. What do you think of the provincial government's response to the disasters?
20. What do you think of the national government's response to the disasters?
21. What kinds of infrastructural improvements need to take place to reduce flooding?
22. On whom do you rely for economic/material support to keep your business operating?
23. What kinds of help did you receive?
24. Why do you think the Philippines endures so many disasters?
25. Do you see natural disasters as just part of doing business in the Philippines?