Helping a small agricultural community in Miyazaki: Analysis and suggestions for further development of their local project

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ABSTRACT
This research focus on the Mimatangoma project, developed by a small agricultural community in Mimata, a rural area of Miyazaki, Japan. The current situation of the region, the prefecture and Japan is discussed in order to understand the actual situation of the Mimatangoma project. The research follows with a quick research on Japanese basic marketing strategies for development of rural areas and an analysis of the 4P’s of marketing in regards to the Mimatangoma project. Finally, points of improvement of the Mimatangoma project are suggested. Although this research focuses on a small agricultural community of a rural area in Japan, the analysis and suggestions presented here might be applicable to local rural communities in different places.

Keywords: rural development, agricultural communities, 4P analysis

INTRODUCTION
Nowadays, Japanese local agricultural communities, including ones in Miyazaki (Figure 1), are facing challenges from globalization. In 2016, the Japanese government signed a new international trade agreement called Trans-Pacific-Partnership (TPP) (MOFA, 2016), which results in lower tariffs and trade barriers on Japan’s imports and exports with other TPP countries. Due to the estimation of the declining sales as the result of TPP, a considerable number of Japanese farmers are strongly against the agreement. This has significant implications for local agricultural communities in Miyazaki Prefecture. Miyazaki is one of the prefectures in Japan with a large number of farmers, a fast aging population, and a declining amount of young labor (Miyazaki Prefecture Agricultural and Fisheries Department, 2015). The TPP has brought challenges to Miyazaki’s local industries and finding ways to be competitive in the new environment is thus important to the survival of local communities in rural Japan.

In the following sections we are going to look into the situation of Mimata in order to understand how its project, called Mimatangoma, works, more specifically, we will be looking into the problem of how well Mimata is prepared for changes that might come from future government policies (e.g. TPP) and how it can keep itself competitive. Our
The objective is to gather information pertaining the project and the community to understand how some marketing strategies might be implemented in Mimata and keep its Mimatangoma project strong.

Figure 1. Miyazaki location in the island of Kyushu in Japan

To understand the current situation of Miyazaki agriculture, it is enough to simply look at Miyazaki’s prefecture booklet entitled Miyazaki-ken Nougyou-Nouson no Genjou to Kadai (Miyazaki Prefecture Agricultural and Fisheries Department, 2015). It gives a clear picture of the prefecture’s agricultural situation. The booklet contains not only data regarding Miyazaki’s agriculture production, but also some data relationships such as the age ratio of the farming population and trends in farm management.

Looking at the data provided, it is clear how seriously we should think about the future of not only Miyazaki agriculture, but also many other areas in Japan. As shown in Source: Miyazaki Prefecture Agricultural and Fisheries Department, 2015, p.6

Figure 2, the decreasing number of farmers, especially young farmers (Source: Miyazaki Prefecture Agricultural and Fisheries Department, 2015, p.6

Figure 3), is a serious problem because it leads to lower agricultural production. Although the situation seems serious, the report is not solely composed of negative data. The number of agricultural corporations in Miyazaki is increasing year-by-year. The number of farms turning into company-like organizations can easily explain this trend. The number of the agricultural corporations (where farmers produce and sell their products like a company) has increased year by year. Miyazaki prefecture is promoting this flow and naming it “Food Business Promoting Plan”. In 2009, Miyazaki had 587 agricultural corporations and in 2014 this number went up to 732.

In order to improve Miyazaki’s agriculture, the prefecture has introduced several projects like supporting farmers with the 6th manufacturing and creating a Miyazaki brand, among others.

The 6th manufacturing means that farmers do their farming, processing and selling of their products like a corporation. This project has another name: “Idea of Food-Business Promotion” and it was introduced in March of 2013.
Regarding the Miyazaki brand initiative, in the period of 1994 to 2015, the prefecture had already 39 products registered and being advertised. This is one idea that could be explored by the Mimatangoma project since, by the time of this writing; none of their products have been registered with the prefecture. The biggest advantage of having products associated with the Miyazaki brand is not only to benefit from the advertisement, but also the ability to sell products at a higher price. If farmers can sell them at higher prices as a brand, their profits can also be higher.
Japanese Traditional Business Concepts

The first concept widely used by Japanese rural communities is the concept of Michi-no-Eki (or roadside station in English), where products from that local rural area are sold to traveling people (Yokota, 2006). This approach tries to utilize the stops nearby the roads as selling points for their products. The concept is very similar to the service areas in the highway: People traveling by car or bus can stop by, enter the shops and enjoy a wide range of offerings. The main differences between the two concepts are that the roadside station provides a much stronger link between the local community and the people passing by. Usually, the roadside station offers a wide-range of locally produced products, while the highway service areas might offer more common products that are sold in popular supermarkets as well. Roadside stations have been created all over Japan and even adopted by other developing countries not only in Asia (e.g. Thailand, China), but also in other regions (e.g. Turkey, Kenya, Mexico). It is recognized as one effective way to bridge the gap between the city and the rural area at the same time it promotes community-driven development.

The second strategy used by Japanese agricultural communities is the One Village One Product (OVOP) concept, which has started in Oita prefecture, Japan (Igusa, 2006) with very low incentive from government and has been used as a way to get Oita’s rural communities out of poverty. This strategy looks at the local resources that the village has and focuses on the development of local products. The initial objective is to produce products that are similar to outside ones, but with better quality and lower cost. To start developing this strategy, the village first targets close by markets in order to build up a reputation for its own brand. In the second stage, the village builds up the strategy on previously gained knowledge, and refinement of the available products takes place. The community is then able to explore the market better as they are able to supply better and cheaper products, with addition of new products eventually. This creates high pride inside the community and may even boost tourism in the region depending on the case.

METHODS

The research method focus primarily on qualitative analysis, more specific content and discourse analysis. Through the literature review, the concepts of effective marketing strategies and the key components of marketing mix (in particular the 4P) are summarized for empirical investigation. Marketing concepts and theories presented in this work (Ferrell & Hirt, 2009) will be used when analyzing the region’s marketing framework. Information and statistics from the websites of local communities and the Japanese government will be gathered and analyzed. The data will reflect the current condition and the problems that Miyazaki’s local communities (in particular Mimata) are facing.

Table 1. 4P explanations and Mimatangoma’s project situation (Ferrell & Hirt 2009)

<table>
<thead>
<tr>
<th>4P</th>
<th>Points</th>
<th>Actual situation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product</td>
<td>Goods or service</td>
<td>They have both physical and emotional characteristics</td>
</tr>
<tr>
<td></td>
<td>Physical / emotional characteristic</td>
<td></td>
</tr>
<tr>
<td></td>
<td>e.g. guarantee, promises of repairing</td>
<td></td>
</tr>
<tr>
<td>Price</td>
<td>negotiation between buyer &amp; seller</td>
<td>High price and no negotiation</td>
</tr>
<tr>
<td></td>
<td>can be changed quickly to stimulate demand</td>
<td></td>
</tr>
<tr>
<td></td>
<td>respond to competitors' actions</td>
<td></td>
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</tbody>
</table>
relates directly to the generation of revenue & profits

<table>
<thead>
<tr>
<th>Place (Distribution)</th>
<th>Physical stores</th>
<th>Vending machines</th>
<th>Online service</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Just physical stores</td>
<td>No online service</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Promotion</th>
<th>Advertising (media like TV, radio, news, magazine, digital media like web, google AdWords, Facebook)</th>
<th>Direct selling</th>
<th>Publicity (public relation) sales promotion</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No TV commercials</td>
<td>No publicity in any media</td>
<td>No sales promotion</td>
</tr>
</tbody>
</table>

To analyze the current situation of the research object, we will use the economical concept of the “4P’s of Marketing” from the book “Business: A Changing World. 9th Revised Edition” by Ferrel, O. C., and Geoffrey Hirt”. Looking at Table 1 we can see how each concept is translated into the reality of the Mimatangoma project and it makes it easier to make suggestions to achieve a better situation.

Table 1

In order to collect more information about the project, a field research had to be conducted. The leader of the Mimatangoma project, Mr. Shimoishi, was initially contacted by e-mail and later interviewed at his office. During the interview, Mr. Shimoishi brought up some positive and negative points of growing and selling sesame from Mimata, and soon the situation of the project became more complex than was expected. The information provided in the project’s Internet page does not reflect the current problems it faces.

Table 1. Positive and Negative points of Mimatangoma project

<table>
<thead>
<tr>
<th>Positive points</th>
<th>Negative points</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Low cost</td>
<td>1. Small production</td>
</tr>
<tr>
<td>2. Easy to grow up</td>
<td>2. Low popularity</td>
</tr>
<tr>
<td>3. Can promote it as a brand product</td>
<td></td>
</tr>
</tbody>
</table>

RESULTS

For each “P” in the Mimatangoma promotion style, an analysis and discussion is presented below.

Product

The Mimatangoma project produces three kinds of unprocessed sesame, which are classified by color: black, white, and gold. The colors characterize which processing was used in each of the products. Black sesame is sold, as unprocessed, white sesame is the sesame, which has been boiled, and gold sesame is sold as paste. Processed sesame is also sold in the form of oil, tea, pasted cream and many others.

As the main project’s product is food, there is no guarantee and support to be given. The project’s webpage tries to emphasize how high the quality of Mimatangoma products is. Package designs and labels of Mimatangoma products are very simple. The colors used are black, white and gold (just as the products themselves). This kind of stylish design is very appealing to young consumers.
Price

As explained before, the project sells not only processed items containing sesame but also the seeds. In their local shop, packages of 20g, 50g and 100g containing raw sesame are sold for 100, 200 and 400 yen respectively. Table 3 lists the prices of some of the processed sesame goods found in the shop as well.

Table 3. Price list of processed and unprocessed sesame products

<table>
<thead>
<tr>
<th>Product</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sesame oil (95g)</td>
<td>2,000 yen</td>
</tr>
<tr>
<td>Pasted cream (100g)</td>
<td>1,200 yen</td>
</tr>
<tr>
<td>Sesame leaf tea (30g)</td>
<td>550 yen</td>
</tr>
</tbody>
</table>

All products mentioned above have a high price tag, especially when we consider the sesame oil, which can be bought at grocery stores for 300 yen per 100g bottle (7 times more expensive). The promotion model currently in use can justify the high price. By selling the products only in their local shop, the Mimatangoma project tries to characterize its products as high quality and unique to the region. The fact that products are sold only in the local shop also makes it impossible for buyers to do any price negotiation with farmers.

This promotion style is very similar to OVOP because the Mimatangoma project tries to characterize its own products as very high quality. The problem here is that OVOP is usually used to promote the products as high quality and low cost (as discussed before). If the Mimatangoma project expects this approach to work, the administration needs to seriously rethink their pricing policies.

Place

Regarding the distribution of Mimata branded products, the project operates a local product shop in Mimata called “Mimata-Cho-Bussanten-Yokamonnya”, where most of its products are sold. As explained before, this approach is good when considering that products sold in the shop are characterized as local-food and may allow farmers to sell it at higher price (Michi-no-Eki). Still, business wise, it greatly limits the reach of their product. Basically, people who want to get Mimatangoma’s products have to go all the way to the shop in Mimata, which for some consumers might be troublesome.

Expanding the sales of their products to other areas seems a logical step to be taken here, until we consider problems like shortage of labor and the production capacity of the region. Distribution of Mimatangoma’s products could be done slowly to nearby shops and even supermarkets. Of course, it is difficult to imagine Mimata’s sesame being sold at chain supermarkets, where daily goods are likely to have a price advantage. Still, by expanding gradually, Mimatangoma could start selling its products in smaller local shops (and even other Michi-no-Eki), and make use of periodical deliveries, which means that product continuity does not need to be kept. Deliveries could happen once a week or in different times according to personal availability and demand.

In addition, according to the webpage, they don’t offer to deliver their products to local organizations like schools and hospitals. By offering local delivery of their products, the Mimatangoma project could create a consistent source of income to its farmers as it creates a constant demand for their products. So, at this point in time, not having a local delivering system can be seen as a weak point of the Mimatangoma project, one that can easily be remediated by the administration.
The project keeps some small partnerships with local restaurants, coffee shops and bakeries. This shows the possibility of exploring even more this direct purchasing style with no middleman in the process. The project’s webpage lists many of these partner shops with pictures, comments and shop’s addresses.

Promotion
The project keeps an active online presence through their own webpage and also a Facebook account where visitors can check the newest information about the project. Regarding their Facebook page, it lacks frequent updates. At the time of this writing, the latest post was written about three months ago. On their webpage, they promote their new processed sesame products with pictures and information showing how their products are processed and produced.

Although the project tries to keep an active online presence, the project does not use other conventional promotion methods like TV commercials that might be more appealing to consumers who are not using Facebook or not using computers at all.

STRATEGIC PLAN FOR PROMOTING MIMATANGOMA
To propose good marketing strategies to improve Mimatangoma project, it is necessary to use some successful marketing ideas as case studies. As expected, the area, product, and many other conditions in the material analyzed differ from Mimatangoma. Therefore, we should analyze and compare them very carefully.

Strategy 1: Direct to school lunch
Selling and marketing Mimatangoma as local food looks easy, but according to a report (Martinez, 2010), it is not so easy for small local communities to sell their product as “local food”. They may encounter some barriers like shortage of farmers’ time and labor.

Nowadays, the word, “Chisan-Chishou”, translated as “Local production for local consumption”, is always used positively in Japan and even became a national project run by the Ministry of Agriculture, Forestry and Fisheries (MAFF, 2016). By selling agricultural products in the local area, sellers can cut the cost of transportation and deliver the products with high freshness. This consuming style is also good for the environment, because reducing the distance of transportation means reducing the emissions of CO₂.

Usually, people associate the concept of local food with products sold at local grocery stores. Although not wrong, this is a very limited definition. The concept of local food also considers the way of marketing and delivering local products. Getting orders and delivering their products to local schools, hospitals, and other organizations can be large parts of the income of local food marketing. The Mimatangoma project has already a direct delivering system with some restaurants, and this is definitely something they should not only keep but also increase as much as possible.

Some local schools already support the plan to use Mimatas’ sesame for their school lunch. Although this is really good news for sesame farmers in Mimata, it also comes with some problems. The first problem faced by farmers is that the actual production output is not enough to cover all schools located in the area. The second problem is the high possibility of students having allergic reactions caused by the ingestion of sesame. The communities in Mimata have already created some plans to solve both problems. Regarding the lack of production, the project management decided to give schools not sesame itself, but marc of sesame. When processing sesame to extract its oil,
machines squeezes the sesame and the left over product is called marc of sesame. Originally, the marc of sesame was disposed, but by distributing it to schools, the community was able to help local schools financially by providing lunch that is financially accessible and also save farmers from the trouble of disposing the marc after sesame oil extraction.

This is very interesting as not only seeds, but also the oil and leaves of sesame can be used in meals since they are also edible. According to the leader of the Mimata community. The community is also cooperating with Miyazaki University and researching how to process sesame leaves in a way that they can be used like tealeaves.

The allergy problem is more difficult to solve. The majority of Japanese elementary schools have a school lunch system. At lunchtime, all students and teachers have the same meal, which comes from cooking centers or from the school’s cafeteria. The idea of having the same menu for everyone in the school helps with the budget, but students (and sometimes faculty and staff), may have an allergy to some kinds of food, the most common being allergies to dairy products like eggs, wheat, and others.

Every year around Japan there are several cases of allergic reactions among students due to mistakes during school lunchtimes (The Japan Times, 2016) (Kanagawa Shinbun, 2016). For instance, in 1988 a soba allergy shock caused the death of an elementary school student in Hokkaido (Asahi Shinbun, 2014). Although rare, sesame can also cause allergic reactions and Mimata’s strategy to provide school lunches must consider the possibility of allergies. Without strict checking and clear communication between the schools, students and cooking department, the community of Mimatangoma will not be able to start a good delivery system of the sesame marc for school lunches. Looking at previous incidents, it is clear that it is very important to avoid the same type of problem in Mimata since any allergy incident may severely damage the image of the whole project and even the region.

**Strategy 2: Direct Marketing on Internet**

The Mimatangoma project does not have an Internet ordering system yet; they only have the webpage of request form with their email address and phone number. This situation can be considered as one of the weak points of this project and it is highlighted in Table 1. With an Internet ordering system, the local community is able to save their time and labor (Michaela, Bryan, Jody, & Nicholas, 2010). Moreover, consumers can get the products easily, by just clicking a button on the screen and then waiting for the delivery. In most cases, it is safe to assume that an increase in sales will come as a result of introducing such a system. Year-by-year, more and more people are using the Internet to make purchases, not only young people but also mid-aged and elderly people. Large Internet shopping companies like Amazon and Rakuten have become very popular from Internet purchasing in Japan, and many shops and makers are selling their products there. Selling Mimatangoma on that kind of website would be one way to quickly reach different markets and can boost sales without time constraint.

The possibility of keeping their products only on their web page is also an alternative, but making a special page for it or using social networks to promote it might make a lot of difference. Nowadays, lots of small shops have some kinds of ordering systems on their webpage, and most of them entrust the set up job to professional IT marketing companies. These professionals have the know-how to protect customers’ information and to set up effective pages. Such online ordering systems will, of course,
incur some expenditure, but the *Mimatangoma* project could start with a simple system and upgrade it as sales increase. The main idea here is that farmers receive an order that is ready to ship, without the need to communicate many times over the phone to set details of the purchase with consumers. This direct Internet ordering service is very different from the idea of local-food, but it would be able to expand the reach of Mimata’s products and become known by people in different parts of Japan.

**Strategy 3: Agritourism**

Setting a promotional tour can be another effective way to promote the *Mimatangoma* project outside of Mimata and Miyazaki area. This kind of tourism is called Agritourism, a combination of *agriculture* and *tourism*. Agritourism can have some good effects to the project as tourists become potential buyers, farmers can show and tell the quality of their product in person, and farmers can have the chance to hear the consumers’ thoughts on what they really think about the products. However, conducting agritourism often needs the local prefectural department’s support, because it is difficult to conduct it only by a small local community. Moreover, it is difficult to think that people and companies come to Miyazaki only to visit sesame farms. It is easier and more efficient that farmers offer the idea of agritourism to their local prefectures and then the prefectural departments plan the tours for tourists so that they can go and see some farmers’ projects and products in one tour or working and conducting the tour with other local farmers, communities, or businesses.

In addition, to invite people into this agritourism, farmers and planners should make up a tour-plan, which will give tourists an enjoyable feeling. Agritourism includes various events: outdoor recreation, education, accommodation, and entertainment. Table 4 lists some examples, which may be well suited to the *Mimatangoma* project.

**Table 4. Some recreations that can be used to promote agritourism (Burden, 2016)**

| Farm tours for families and schoolchildren. |
| Children’s educational day (camps) |
| Hands-on U-pick “self-harvesting” and “work-on-the-farm,” as in a “pick-’n’-pick” music and harvest vineyard weekend. |
| Corn mazes and haunted forests. |

When thinking about agritourism, one additional idea would be to allow visitors to harvest the products themselves. Japanese families and tourists like the idea of going to agricultural areas and doing fruit picking. This is an activity that the Japanese government uses to promote tourism in Japan (JNTO, 2016). It is easy to imagine that, allowing people to cook what they have just harvested can be transformed into a fun activity that may boost not only commerce, but also the hotel industry, as people would have to sleep over to cook dinner.

Some agricultural areas in Japan have already started agritourism, so we can bring some of their ideas to Mimata agritourism. In Sanpachi (south-east area in Aomori prefecture), Sanpachi Agricultural Tourism Promotion Association is running agritours for school children with the support of the association of Aomori Green-tourism (Aomori Prefecture, 2016).

During the interview in Mimata, Mr. Shimoishi said that there are two main reasons why Mimata cannot do agritourism. First, Mimata lacks enough places to
accommodate tourists. If Mimata starts receiving too many people suddenly it will be a problem because there are not many hotels where people can stay. The second main problem is transportation. It is very difficult to get to Mimata’s agricultural areas from the city.

Looking back at the example of Sanpachi, the Sampachi Agricultural Tourism Promotion Association found a workaround for the accommodation problem by simply asking local farmers who wanted to join the tour-project to get a qualification for running simple accommodation businesses. This simple idea was well received by the community and now 75 farmers are able to offer rooms where tourists visiting the region can stay. In theory, this idea could be implemented in Mimata as well.

Regarding the transportation problem, we firmly believe that the city of Mimata should give some incentives to promote easy access to the region. Bus companies have fixed schedules and routes for their buses, but we would suggest that some specific bus route and time table could be created in order to bring visitors from Mimata’s train station to Mimata’s agricultural areas. The city administration should be able to take care of financial details or even subsidies to bus companies to create such route.

**Strategy 4: Farmer-to-Consumer**

The first idea would be to sell *Mimatangoma* products without a middleman. Without a wholesale or supermarket between producers and consumers it is possible to offer products at lower prices to consumers at the same time as raising farmer’s profits. This interesting idea is explained in the Farmer-to-Consumer publication series by the Oregon State University (Burt and Wolfley, 2009). There the authors explore the idea of Farmer-to-Consumer marketing and argue that, because consumers tend to choose cheaper products, this marketing strategy tends to be very effective for small farmers. The reason is that without a middle-seller, products tend to be cheaper and the amount of sales is expected to increase.

The easiest way to implement a Farmer-to-Consumer marketing strategy in the Mimata region would be to increase their online presence and make online orders possible. A simple ordering system would not be too expensive and would only require that someone able to deal with email and computers to be in charge of receiving communication from the website and passing it to the farmers. The same system should be able to keep track of orders so the *Mimatangoma* project administration could check which orders have been shipped and which ones are still pending. This online system can be implemented together with the “Direct marketing on the Internet” strategy discussed before.

**Strategy 5: Organic Farming**

One of the strong sales points of *Mimatangoma* is their production method. The farmers use no agricultural pesticides during their sesame farming, and this kind of producing style is called organic farming. Now, the word “organic” is very attractive for buyers and consumers. Some foreigners say Japanese agricultural products are usually safe because of their low-pesticide use, and not only foreigners but also Japanese consumers now want to choose low-pesticide or pesticide-free products. So how can the *Mimatangoma* project promote their products’ organic sales point more effectively? On the webpage of the *Mimatangoma* project, they put some explanations of pesticide-free farming and safe farming, but on the packages of their processed products, there is not
such kind of explanation, so they lost opportunities to promote this important sales point. Accordingly, the first point is putting the word “organic” or “pesticide-free” on their products’ packages. Moreover, nowadays, many organic farmed products are sold with farmer’s pictures on their packages. By not only putting the information of production but also putting farmers’ names and faces, the project could encourage consumers to buy the products because they feel they are safe.

To implement this strategy, the Mimatangoma project just needs to start advertising its products as “organic” and make sure that this word is noticeable on the products’ package (adding farmer’s pictures can be a more effective way of doing it).

Strategy 6: Improve their existing Michi-no-Eki
Mimata has its own Michi-no-Eki by the side of Mimata’s train station. In September 2016, I went there to observe and noticed that most people who use that Michi-no-Eki seem to be local people and there were few tourists. One of the main reasons to put a Michi-no-Eki near a station or a national highway is to invite outsiders. The area becomes a place where local farmers can promote their products to tourists. We shouldn’t forget that this store also should be a place for local people to communicate, but to develop Mimata’s agriculture; this Michi-no-Eki needs to be a more attractive place for outsiders. In order to do that, I would suggest more heavily promoting a product that can attract many people easily. One idea would be to use Mimata’s sesame flavored ice cream. It is different enough to bring many curious people to Mimata only to try it, and at the same time, it is a unique product.

In short, to improve Mimatangoma project and Mimata city is not an easy task. By increasing their online presence, investing in infrastructure, making agreements with local businesses and improving their Michi-no-Eki is a good place to start.

DISCUSSION AND CONCLUSION
In the situation of aging society, slow economic growth, and declining young labor force in rural areas of Japan, it is important to understand the situation of local agricultural communities and provide a business solution to revitalize them.

During this research we came to understand that Mimata is a region that wants to grow, is supported by its people and has a good product, but that needs a little bit of support from outside for things that the community itself cannot provide to customers and visitors (e.g. hotels for larger scale tourism). The lack of infrastructure is something that regional and national governments need to actively engage.

When the Japanese government signed the TPP agreement, many people in agricultural communities were against it because they believed it was against the interests of Japanese producers. Looking at the possible impacts of the TPP it is easy to understand why so many Japanese agricultural communities felt afraid. Still, at the time of this writing, the TPP agreement is at risk of failing. The United States of America has elected their next president, one that is against the TPP agreement and that has already said in interviews that the U.S.A is going to drop out from the agreement (BBC News, 2016).

To be fair, without the USA, in the agreement, many people say the agreement will fail. In our opinion, this may be a chance for the Japanese government to rethink its strategy on development of rural areas. If the TPP agreement really fails, Japanese rural areas have the chance to prepare better for future agreements like the TPP as it is our belief that other similar agreements will come in the future. Therefore, not only Mimata,
but also other communities should use this time to make themselves stronger economically.

Looking back at our research problem, we can now understand that Mimata (and probably many other agricultural areas in Japan) is not ready for big changes without support. In addition, our simple analysis of the 4P's of marketing for the Mimatangoma project was enough to point out many areas of improvement to current practices in the project. Although the ideas presented here are only suggestions at this point, we hope these can be a starting point to improve the region and the project. We expect to expand this analysis to the 7P's of service marketing in future works.

REFERENCES


Factors affecting transient and chronic poverty in the Philippines

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ABSTRACT
The levels of poverty take different approaches to tackle. Poverty as a global problem can be classified into transient and chronic poverty. This study aims to examine the dynamics of poverty with some factors influencing it. Specifically, it measures the effect of some economic, demographic, and social factors on the poverty status of Filipino households. Using repeated cross section analysis from the baseline logistic model, results reveal that the factors included in the study significantly affect transient and chronic poverty status of Filipino households.

Keywords: transient, chronic, poverty

INTRODUCTION
The developing world, including the Philippines, has been described in terms of their most significant features and of their state of poverty. These economies measure poverty using various metrics, which define their state of underdevelopment (Todaro and Smith, 2011).

Across the world, measures of poverty have been based on economic indicators such as income and consumption (Arcilla et al., 2011; Estudillo et al., 2008; Mitiku, 2014; Orbeta, 2003, 2005), and also other dimensions such as capacity (Ataguba et al., 2013) and other social inclusion principles (Marlier & Atkinson, 2010; Waggle, 2008). Rivera, Pizzaro, and Aliping (2013), for instance, noted that in the Philippines, poverty is officially measured through the poverty (per capita income) and food threshold (minimum cost for food).

Kakwani (2010) supported constructing a new model for poverty lines due to differences in demographic factors. For example, while there is a standard computation for the caloric requirement per family, it will not be fair to specify similar food baskets for the population given differences in family size, regional price thresholds, and location, plus the factor of inflation, thus the need to determine different food poverty line per region. Other non-monetary measures which could define the population’s status whether poor or non-poor include water and sanitation, health, education, and shelter (Chambers, 2007).

The levels of poverty take different approaches to tackle. For example, Moreno (2011) suggested that only the enterprising poor could enjoy the benefits of microcredit to engage in entrepreneurship and not the poorest of the poor, the hardcore poor (Milgram, 2001), or the abject poor (Alvarez & Barney, 2013). Other studies (Aslanbeigui, Oakes, & Uddin, 2010; Boateng, Boateng, & Bampoe, 2014; Milgram, 2001; Shetty, 2010) also showed that those who have had experience in starting or handling one’s own business gained access to microcredit. Those who are enterprising would have an upper hand in access to a resource to grow the business. The latter could benefit more from cash transfer programs (Moreno, 2011), which could help in their day-to-day subsistence.
Economic transformation, i.e., moving households from low to high income is a concern of development economics but the new view of economics aims higher than to increase income and that is, to eliminate or reduce poverty, inequality, and unemployment (Todaro and Smith, 2011).

Of the poverty mobility options, poverty alleviation or eradication has been among the most studied and perhaps the goal as far as poverty mobility is concerned. After all, as Hulme (2009) stated in his chronicle of the Millennium Development Goals (MDG), poverty alleviation is a moral obligation. At the crux of discussions poverty is the extreme inequality of incomes that stunt macroeconomic growth and the inequitable distribution in society (Reyes et al., 2010a, b; Van den Berg, 2012). Todaro and Smith (2011) stated why extreme income inequality should be a matter of concern. First, it leads to economic inefficiency, which leads to inefficient allocation of resources. Second, inequality undermines social stability and solidarity. Generally, it means that the rich gain political power that increases their bargaining power. Consequently, the outcomes of these negotiations only benefit the rich. Lastly, extreme inequality is simply unfair.

Importance rises to explore how some factors would affect the continuous battle of an economy such as the Philippines against poverty. This study focuses not only on poverty alleviation but other poverty mobility scenarios such as no change in status, movement to further poverty, or from a state of poverty to non-poverty. Hence, this study answers the research problem, “how do some economic, demographic, and social factors affect transient and chronic poverty status of Filipino households?” It particularly aims to test whether demographic (age, size, age, education), economic (wage, entrepreneurship, government support) and social (urbanity) factors affect the poverty status of Filipino households. Furthermore, it aims to test whether these factors lead to transient or chronic poverty in the Philippines. Once the relationships have been established, this will benefit not only the people who fall below the poverty line but also the policy-makers for economic development. Moreover, this will also benefit investors and businessmen, the academe and future researchers.

REVIEW OF RELATED LITERATURE

Poverty studies would usually focus on factors on why someone becomes or is poor. The literature pointed to demographic factors such as age (Estudillo, Sawada, & Otsuka 2008; Heslop & Gorman, 2002), family size (Arcilla, Co, & Ocampo, 2011; Orbeta, 2003, 2005; Son, 2013), education (Chatterjee, 2005; Hala & Ali, 2013; Kim & Terada-Hagiwara, 2013), gender (Kim, Lee, & Lee, 2010; Todaro & Smith, 2011; Dowling & Yap, 2009), race (David & Gouws, 2013; Miller, 1968), and disability (Rahman, Matsui, & Ikemoto, 2013) as determinants of poverty. Economic factors like wages (Hasan & Jandoc, 2010), entrepreneurship (Alvarez & Barney, 2013; Durrani, Usman, Malik, & Ahmad, 2011; Mitiku, 2014), and access to credit (Huddon, 2008), as well as social factors such as inequality of distribution of wealth, for example, between urban and rural centers (Koveos & Zhang, 2012; Islam, Islam, & Abubakar, 2012; Sawada & Estudillo, 2012), citizenship (Dowling & Yap, 2009; Wagle, 2008), and war (Dowling & Yap, 2009; Lim, 2009) could all contribute to poverty.

Corollary to the discussion on the MDG on poverty is the articulation of positive externalities. As determinants of poverty such as demographic, economic, and social factors contribute to poverty, among those that persistently contribute to poverty are unemployment and urbanity, i.e., social factor dictating rural poverty. Sulistyowati (2013)
discussed how investments on educational, health, and infrastructure expenditure contribute to employment and reduced poverty. His study found that increased health expenditure contributes most to increased gross domestic product (GDP), all sector workforce (regardless if industrial or agricultural), and reduced poverty. Given this increased investment, it has a positive benefit on individuals, as well as a societal effect of increased productivity through employment and reduced poverty.

Poverty as a global problem can be classified into transient or transitory poverty, and chronic or permanent poverty. Krishna (2010) classified transitory or transient poverty as one in which people’s poverty status is only for a short term. For instance, Cohen and Tyree (1986) studied characteristics of the poor and non-poor in the United States using the Panel Study of Income Dynamics from 1967 to 1978. They found that sons and daughters were able to escape poverty when their families have savings, a business or good education. They also contributed new factors for mobility such as community of origin (whether the community is affluent gauged by the median income of the neighborhood), and marriage. Furthermore, Rahman et al. (2013) in their study of poverty in Bangladesh categorized poverty as ascending poor to include household income below the poverty line 10 years ago but escaped poverty. The study cited that 76 percent upward mobility was caused by increase of work opportunity, diversified income sources, crop diversification and progress in business.

On the other hand, chronic poverty is a category to which those who have become poor remain so for a long period of time, sometimes intergenerational (Krishna, 2010; Prowse, 2009). Using panel data, Rahman et al. (2013) categorized poverty into chronically poor as those whose household income fall below the poverty line for a long period of time; and found that such state of poverty was due to high family expenses, natural disasters, loss of money for employment abroad, and high treatment cost for illnesses. Moreover, Alvarez and Barney (2013) showed the other side of microfinance, in which acquiring small loans for a business led to further poverty of the beneficiary. The authors showed that microfinance institutions were not discriminate in handing out loans to potential borrowers, even if all 10 would use the loan for opening a small store in the same neighborhood. In this scenario, some would thrive, and unfortunately, others would go bankrupt. Those who went bankrupt secured more loans to pay for the initial loan, which led them to further poverty.

Likewise, using data from the Annual Poverty Indicators Survey (APIS; 2004, 2007, and 2008), Family Income Expenditure Survey (FIES; 2003 and 2006), and combined APIS and FIES five-year panel data set, Reyes, Tabuga, Mina, Asis, and Datu (2010) also categorized poverty status of Filipino households as chronic poor those who were consistently poor in each of the covered year; and transient poor those who were poor during a given period of time and non-poor for at least one year during the year under study.

This study contributes in determining the effect of some demographic, economic and social factors on poverty mobility in the Philippines, especially in probability results such as transient and chronic poverty. Likewise, this also looks into family size, education, wage as factors of poverty and confirm the finding established in the research of Reyes et al. (2010b).
METHODOLOGY

Using data of Filipino households from Annual Poverty Indicators Survey (APIS) 2008 and APIS 2011 with 190,171 and 42,063 households respectively, this study examined poverty status of Filipino households. Specifically, this study measures the effect of some economic, demographic, and social factors on transient and chronic poverty in the Philippines. To achieve this objective, two phases of methodology were employed, namely, maximum likelihood estimation (MLE) and repeated cross-section analysis.

The first phase MLE is an alternative approach that utilizes out of sample information and provides more efficient estimates (Greene, 2013, as cited in Conchada & Rivera, 2013). The dependent variable, i.e., whether the household is poor or not, is a dummy variable that is modeled as a standard logit probability model. Hence, a logistic model was employed with the following specification:

\[
\ln \left( \frac{p_i}{1 - p_i} \right) = x' \beta + \epsilon
\]

(1)

where \( p_i/(1 - p_i) \) measures the probability that \( y = 1 \) relative to the probability that \( y = 0 \), which is called the odds ratio or relative risk (Gujarati & Porter, 2009). For the logistic regression model, the log-odds ratio is linear in the regressors (Cameron & Trivedi, 2005). In this study, poverty is measured in terms of per capita income based on the poverty threshold from National Statistical Coordination Board of PHP16,871.00 per year or PHP46.86 per day or the equivalent of approximately one USD. Hence, households having per capita income at poverty line of PHP16,871.00 per year is considered poor.

To measure the influence of the independent variables (i.e., demographic, economic and social factors) on the probability that a household will be poor or non-poor, the logistic specification is given by

\[
\ln \left( \frac{p_i}{1 - p_i} \right) = f(FSIZE_i, AGE_i, AGE SQ_i, EDUC_i, WAGE_i, URBAN_i, ENTREP_i, GOVS_i) + \epsilon_i
\]

(2)

where:
- \( p_i \) is the probability that a household is considered poor while \((1 - p_i)\) is the probability that a household is non-poor.
- \(FSIZE_i\) (family size) is the number of family members in the household.
- \(AGE_i\) indicates the age of the household head, reported in terms of the number of years completed, that is, his/her age as of last birthday.
- \(AGE SQ_i\) indicates the age-squared of the household head, which is generating a quadratic curve. Positive effect of age and a negative of age squared would mean that as household gets older, the effect of age is lessened.
- \(EDUC_i\) (education) is defined as the highest grade completed by the household head in any educational institution.
- \(WAGE_i\) refers to the gross basic salary or wage earned by the household head from all his/her jobs.
URBANᵢ (urbanity) is a dummy variable assigning the value of 1 if the household is residing in urban area and 0 in rural area. 
ENTREPᵢ (entrepreneurship) indicates whether or not the household is engaged in entrepreneurship. 
GOVSᵢ (government support) indicates whether the household received government support under Kalahi-CIDSS program, poverty reduction project.

After employing MLE to determine whether the independent variables are significant on the probability that a household will be poor or non-poor, we proceeded to examine the mobility into and out of poverty in the Philippines using repeated cross-section analysis. For this purpose, we adapted the model from the derivation of Dang, Lanjouw, Luoto, and McKenzie (2011), an alternative statistical methodology for analyzing movements in and out of poverty based on two or more rounds of cross-sectional data. Household characteristics in round 2 that are observed in both round 1 and 2 provides linear projection of round 2 income; and gives estimation of the degree of mobility into and out of poverty. For instance, to estimate the fraction of household in the population who are poor in round 2 after being poor in round 1 could be expressed after some manipulations, as:

\[ P(\varepsilon_{i1} < z_1 - \beta'_1 x_{i1} \text{ and } \varepsilon_{i2} > z_2 - \beta'_2 x_{i2}) \]

which represents the degree of mobility our of poverty for households over the two periods in the study, where 
\( x_{i1} \) and \( x_{i2} \) represent vectors of characteristics of household \( i \) in survey round 1 and 2, respectively, and 
\( z_1 \) and \( z_2 \) denote the poverty line in the period 1 and period 2 respectively. 
Diagrammatically, the relationships between the variables tested are structured in the succeeding Figure 1 and Figure 2.

**Figure 1. Diagram of Chronic Poverty**

<table>
<thead>
<tr>
<th>Chronic Poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Poverty Line</strong></td>
</tr>
<tr>
<td>Non-Poor</td>
</tr>
<tr>
<td>Poor</td>
</tr>
<tr>
<td>2008</td>
</tr>
</tbody>
</table>
RESULTS AND DISCUSSION

Descriptive Statistics for Per Capita Income

Presented in the following table are the statistical information of the dependent variable per capita income using APIS 2008 and 2011 datasets.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Observations</td>
<td>Mean</td>
<td>Standard Deviation</td>
<td>Minimum</td>
</tr>
<tr>
<td>Poor</td>
<td>130,135</td>
<td>8,702.67</td>
<td>3,756.25</td>
<td>0</td>
</tr>
<tr>
<td>Non-Poor</td>
<td>60,036</td>
<td>38,047.64</td>
<td>41,602.22</td>
<td>0</td>
</tr>
<tr>
<td>Overall</td>
<td>190,171</td>
<td>17,966.92</td>
<td>27,240.92</td>
<td>16,873.33</td>
</tr>
</tbody>
</table>

As shown in Table 1, there were 130,135 (68.43%) poor households and 60,036 (31.6%) non-poor households from the total 190,171 households included in 2008 APIS. On the other hand, there were 22,920 (54.49%) poor households and 19,143 (45.51%) non-poor households that were included in total 42,063 households covered by 2011 APIS.
Binary Logistic Regression

Table 2. Marginal effects based on logit estimates

<table>
<thead>
<tr>
<th>Exogenous Variables</th>
<th>2008</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family Size</td>
<td>.1105319***</td>
<td>.1599913***</td>
</tr>
<tr>
<td>Age</td>
<td>-.0070555***</td>
<td>-.0070898***</td>
</tr>
<tr>
<td>Age Squared</td>
<td>.0000259***</td>
<td>.0000248***</td>
</tr>
<tr>
<td>Wages</td>
<td>-6.76e-06***</td>
<td>-8.69e-06***</td>
</tr>
<tr>
<td>No Grade Completed</td>
<td>.1966439***</td>
<td>.302918***</td>
</tr>
<tr>
<td>Elementary Graduate</td>
<td>.0987187***</td>
<td>.1157421***</td>
</tr>
<tr>
<td>High School Graduate</td>
<td>-.030664***</td>
<td>-.0694932***</td>
</tr>
<tr>
<td>Post-Secondary Grad</td>
<td>-.1522777***</td>
<td>-.2765478***</td>
</tr>
<tr>
<td>College Graduate</td>
<td>-.3701875***</td>
<td>-.3605692***</td>
</tr>
<tr>
<td>Urbanity</td>
<td>.221244***</td>
<td>.2911865***</td>
</tr>
<tr>
<td>Government Support</td>
<td>-.0143485***</td>
<td>.1755928***</td>
</tr>
<tr>
<td>Entrepreneurship</td>
<td>-.1596564***</td>
<td>-.1967397***</td>
</tr>
</tbody>
</table>

Note: *significant at 10%, **significant at 5%,, ***significant at 1%,

Results of marginal effects after the logistic regression analysis show that the independent variables (i.e., demographic, economic and social factors) significantly influenced the decrease in poverty incidence of 74% in 2008 to 51% in 2011.

Demographic factors such as family size, age and education revealed to have significant influence on the probability of the household of becoming poor for both 2008 and 2011. The results indicate that family size contributes to the increase in the probability of the household of becoming poor. This implies that the greater the number of family members, the higher the probability that per capita income of household is below the poverty threshold.

The results also show that age and age-squared are significant to the decline in poverty incidence. Age suggests a positive effect as it decreases the probability of becoming poor for both 2008 and 2011. Age-squared has a reverse effect as family members who are very young or old rely on the household heads who are at their optimum to take on work, with their capacity and physical strength to earn an income.

Another demographic factor education as presented in Table 2 revealed to be significant with a twisting effect. Household heads whose educational attainment are below high school (secondary education) increase the probability of being poor for both 2008 and 2011 while those with higher educational attainment, i.e., higher levels of education past the secondary education, reduces the probability of being poor for both 2008 and 2011 at an increasing rate. This empirical result validates the importance of education, i.e. obtaining higher education would translate into high probability of greater capacity for earning.

As shown in Table 2, results of the marginal effects based on logistic regression analysis reveal that wages, entrepreneurship and government support are significant economic factors that influence the household of becoming poor or non-poor for both
2008 and 2011. Wages of the household head decreases the probability of the household of being poor for both 2008 and 2011. The results indicate that the 74% probability of the households being poor in 2008 decreases by 0.0007%; while 51% probability in 2011 decreases by 0.0008%. We note however that although the probabilities are statistically significant, they exhibit minimal effect on poverty status.

Also, entrepreneurship decreases the probability of the household of being poor for both 2008 and 2011. This means that if the household is engaged in entrepreneurial activities, the results indicate that 74% probability of the households being poor in 2008 decreases by 16%; while 51% probability in 2011 decreases by 20%. This suggests that the more Filipinos are involved in entrepreneurial activities, the lesser their chances of being poor.

Furthermore, government support to the households significantly decreases the 74% probability of the household of being poor by 15.8% in 2008 while 51% probability in 2011 increases by 18% as shown in Table 2. The volatility of results implies that the government support received by households for 2008 and 2011 cannot predict reliably the effect on their poverty status. Attempts should be made to reevaluate this statement as another set of data in the future becomes available.

Results of the marginal effects based on logistic regression analysis show that the social factor urbanity significantly increases the probability of the household of being poor for both 2008 and 2011. This means that if the household is living in urban area, the results indicate that 74% probability of the households of being poor in 2008 increases by 22%; while 51% probability in 2011 increases by 29%.

**Bounds of Mobility**

Using repeated cross-section analysis of the household data, approach proposed by Dang, Lanjouw, Luoto and McKenzie (2011) in estimating the movement into and out of poverty, we obtained the estimates as shown in Table 3.

The results provide some bounds on the extent of movements into and out of poverty based on the characteristics of the cross-section data of households surveyed. The lower and upper bounds in the table are estimated using the exogenous variables listed in Table 2.

**Table 3. Bounds of mobility**

<table>
<thead>
<tr>
<th>State of the World</th>
<th>Lower Bound</th>
<th>Upper Bound</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor in 2008; Non-poor in 2011</td>
<td>.0399</td>
<td>.0429</td>
</tr>
<tr>
<td>Non-poor in 2008; Non-poor in 2011</td>
<td>.4122</td>
<td>.4152</td>
</tr>
<tr>
<td>Non-poor in 2008; Poor in 2011</td>
<td>.4918</td>
<td>.4950</td>
</tr>
<tr>
<td>Poor in 2008; Poor in 2011</td>
<td>.0499</td>
<td>.0531</td>
</tr>
</tbody>
</table>

**Poor to Non-Poor**

Results of repeated cross-section analysis, as shown in Table 3, reveal that proportion of Filipino households in 2011 that lies between the lower and upper bound estimates of 3.99% and 4.29% was above the poverty line in 2011 after being below the poverty line in 2008.
Non-Poor to Non-Poor
Estimates as presented in Table 3 show that fraction of Filipino households in 2011 that ranges from 41.22% to 41.52% was above the poverty threshold in 2011 and 2008.

Non-Poor to Poor
Results as shown in Table 3 reveal that proportion of Filipino households in 2011 that lies between the lower and upper bound estimates of 49.18% and 49.5% was below the poverty threshold in 2011 after being above the poverty threshold in 2008.

Poor to Poor
Estimates as presented in Table 3 show that fraction of Filipino households in 2011 that ranges from 4.99% and 5.31% was below the poverty threshold in 2011 and 2008.

Poverty Mobility
In furtherance of repeated cross-section analysis, we used the probabilities in Table 3, estimating the degree of mobility into and out of poverty for households over the two periods 2008 and 2011 to categorize the households into transient and chronic poverty as presented in the succeeding table.

Table 4. Poverty mobility

<table>
<thead>
<tr>
<th>State of the World</th>
<th>2011 Households</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor in 2008; Non-poor in 2011</td>
<td>4.14%</td>
<td>Transient</td>
</tr>
<tr>
<td>Non-poor in 2008; Non-poor in 2011</td>
<td>41.37%</td>
<td></td>
</tr>
<tr>
<td>Non-poor in 2008; Poor in 2011</td>
<td>49.34%</td>
<td>Transient</td>
</tr>
<tr>
<td>Poor in 2008; Poor in 2011</td>
<td>5.15%</td>
<td>Chronic</td>
</tr>
</tbody>
</table>

Transient Poverty
Results as shown in Table 4 reveal that among the Filipino households in 2011, 4.14% of them were poor in 2008 but moved out of poverty in 2011, and therefore categorized as transient poor. Likewise, transient poverty includes 49.34% of households in 2011 that were above the poverty threshold in 2008 but became poor in 2011.

Chronic Poverty
Results as shown in Table 4 reveal that 5.15% of Filipino households in 2011 were below the poverty threshold in 2011 and 2008, and hence categorized as chronically poor.

CONCLUSIONS
Various reasons are found in the literature that point to different types and levels of poverty leading to different approaches to tackle them. This study focused on dynamics of poverty, categorized into transient and chronic poverty.

The results of this study showed that the effects of some demographic, social and economic factors are significant in reducing poverty incidence in the Philippines from 74% in 2008 to 51% in 2011. Furthermore, using repeated cross-section analysis, this study examined how demographic factors family size, age, and education; economic factors wages, entrepreneurship, and government support; and social factor urbanity influence poverty status of Filipino households involved in the study and categorized into transient and chronic poverty.
Similar to related studies, family size was found to have negative effect on poverty status. Families with large family size suffer from financial issues due to greater amount of income required for the caring of family members. It is expected that a larger family often has more expenses than a smaller family and a higher amount of income must be budgeted to meet the basic necessitates of family members. Hence, larger families are more susceptible to chronic poverty.

Age of the household head was found to have significant positive effect on poverty mobility from 2008 to 2011 while age squared posits the reverse effect. Considering that household heads included in the study aged in the range of 41 to 50 years of age, the results suggest that while household heads are at their optimum with their physical strength as a factor to earn income, such that when household heads gets older or if they are too young, there is a declining capacity to earn income sufficiently for the family. Hence, families with household heads below and above the prime age are more susceptible to chronic poverty, while those with household heads at their prime age are more likely to move out of poverty and be categorized into transient poverty.

Education as the last demographic factor in the study has been found to have significant positive effect on poverty mobility. Educational attainment of households that are past high school (secondary school) contributes to the decrease in the probability of the household of becoming poor while households whose educational attainment are high school and below revealed to increase the probability of being poor. This indicates that those with lower education would have more difficulty in moving out of poverty and susceptible to chronic poverty compared to those with higher education, which posits a great chance to be categorized into transient poverty.

Economic factors wages, entrepreneurship and government support are found to be significant in decreasing poverty incidence in the Philippines from 74% in 2008 to 51% in 2011. Household heads that lack earning power are trapped to chronic poverty due to lack of sustainable income. This study showed empirical evidence that these economic factors influence positively to transient poverty as well.

Lastly, social factor urbanity suggests a negative effect on poverty mobility. Specifically, this finding indicates that household living in urban area decreases the probability of moving out of poverty or from transient poverty and hence, susceptible to chronic poverty. This suggests that while more job opportunities are available in urban areas, competition is stiff that results in the phenomenon of urban unemployment in many developing countries like the Philippines. The inability to avail of social services such as education, health and sanitation, and housing capability are most likely to be contributors of chronically poor as they lack the earning power to lift themselves to a higher standard of living.

REFERENCES


