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Hanging in, stepping up and stepping out: livelihood aspirations and strategies of the poor

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In recent years understanding of poverty and of ways in which people escape from or fall into poverty has become more holistic. This should improve the capabilities of policy analysts and others working to reduce poverty, but it also makes analysis more complex. This article describes a simple schema which integrates multi-dimensional, multi-level, and dynamic understandings of poverty, of poor people's livelihoods, and of changing roles of agricultural systems. The article suggests three broad types of strategy pursued by poor people: 'hanging in', 'stepping up', and 'stepping out'. This simple schema explicitly recognises the dynamic aspirations of poor people, diversity among them, and livelihood diversification. It also brings together aspirations of poor people with wider sectoral, inter-sectoral, and macro-economic questions about policies necessary for the realisation of those aspirations.

KEY WORDS: Aid; Labour and livelihoods; Methods

Introduction

Over the last 20 years or so, understanding of poverty and of the ways in which people escape from poverty (or fall into or are locked in poverty) has advanced in many ways, and in particular has become more holistic. Thus multiple dimensions of poverty and their interaction are now widely recognised (for example in the Millennium Development Goals, the Human Development Index, and the UNDP Human Development Reports) to include, for example, people's lack of ability to make choices, lack of access to services, social degradation and isolation, and vulnerability – as well as inadequate incomes, consumption, and wealth. Many of these insights have been associated with greater emphasis on and methodological and conceptual advances in listening to the poor and understanding poverty from their perspective and working with them for change (for example, Robb 1999; Norton 2001). There have also been advances in conceptualisation and understanding of the multiple dimensions and attributes

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of people's livelihoods (Chambers and Conway 1992; Carney 1998; Barrett 2001). Linked to this is an emphasis on the importance of assets in determining people's abilities to move out of poverty, and consideration of the dynamics of chronic and transient poverty and of the processes by which people escape from and fall into poverty (Carter and Barrett 2005; Krishna 2004: 121–36; Kristjanson *et al.* 2004). In attempting to analyse livelihoods at the level of households and local communities, this thinking links with understandings of relationships between wider economic growth and poverty reduction, and understandings of institutions and policies affecting both economic growth and its impacts on poverty reduction (North 1995; Dorward *et al.* 2003: 319–32; Rodrik *et al.* 2004:131–65).

Taken together, these contributions yield a richer understanding of poverty, of its causes, and of poverty-reduction processes, and this improved understanding should improve the capabilities of policy analysts and others who are working to design, promote, and implement interventions to benefit poor people. However, it also makes analysis more complex. First, there are many more dimensions of poverty to take into account, operating at different levels, through different processes. Second, a richer understanding of poverty often makes analysis, diagnosis, and prescription much more situation-specific. Increased complexity then makes communication difficult and requires more analytical expertise. It can be helpful, therefore, to develop simple schema which offer the potential to integrate in simple ways the central themes of a multi-dimensional and multi-level understanding of poverty: to assist communication among analysts, activists, poor people themselves, policy makers, and politicians.

This article proposes a simple classification of the livelihood strategies of the poor (and of other people), based on a holistic, dynamic, and multi-dimensional conceptualisation of poverty. Simplistic though it may seem in many ways, this classification is generally preferable to alternative, implicit simplifications that may be made without it. The remainder of this article describes this classification and briefly discusses its application in different contexts and for different purposes.

In the next section we explain the schema and its underpinnings. The approach and some of its uses are illustrated by discussion of its application to analysis of the roles of livestock keeping in the livelihoods of poor livestock keepers and (more briefly) to questions about the roles of markets in poor people's livelihoods, about opportunities and constraints for poor people in less favoured areas, and about the role of agriculture in rural development and poverty reduction.

Livelihood strategies of the poor: a conceptual framework

The conceptual framework described in this article has been developed from an understanding of the way in which different assets and activities contribute to people's livelihoods. We therefore begin our exposition of the framework with an examination of the functions of assets and activities within people's livelihood strategies.

Livelihoods involve the use of assets in activities to produce outputs, both to meet people's consumption requirements and aspirations and to invest assets and activities for the future. All this takes place in the context of an uncertain environment.

For many livelihood activities, production and income are irregular and intermittent, because, for example, seasonal cycles determine times of crop harvests, of livestock sales, and of opportunities for hiring out labour. There is also often a substantial degree of uncertainty about production and income, because they are affected by weather conditions, by crop and animal pests and diseases, by sicknesses and accidents, by changing market prices, and by changing policies and political influences (affecting, for example, taxes, subsidies, technical assistance, promotion of new technologies, security or political stability).

Irregular and uncertain patterns of production and income, however, often do not fit with people's consumption and investment requirements. People have regular consumption requirements (for food and other daily needs), and they also have intermittent investment and consumption needs (for example to pay for school fees, to buy animals or equipment, to construct buildings, to participate in annual festivals, or to participate in family or community social events such as celebrations of births or weddings). There are also uncertain demands for expenditure to cope with accidents, sickness, or sudden demands from family members or others in the community, and to take advantage of unexpected or unpredictable investment opportunities.

People therefore often face major challenges in matching the different production and income patterns, on the one hand, with consumption and investment needs on the other. These challenges are particularly acute when people cannot access financial market mechanisms for saving, borrowing, and insurance: in such situations people craft livelihood strategies to try to match often intermittent resource availability with more continuous consumption demands, while also allowing for unexpected falls in their resource supply or increases in their demand. They do this by making savings in assets for later conversion to liquid or consumption assets; by borrowing to gain current resources at the expense of later debt repayments; by investing in relationships; and by adjusting consumption patterns (both levels of daily consumption and timing of investments in consumption assets). They also select and diversify productive activities, and time their investments in productive assets to even out and buffer resource availabilities.[1]

This analysis emphasises the dynamic relationship between assets with different functions – with many assets fulfilling more than one function but differing in their relative effectiveness with regard to each function. In particular it highlights the following factors.

- Different assets play different roles in people's livelihoods.
- A range of core processes (of production/income, consumption, investment, social integration, saving/cashing, and borrowing/repaying) and associated assets are needed in livelihoods.
- People with different livelihood systems (with different asset portfolios, activities, vulnerabilities, and aspirations) are likely to have different preferences concerning their holding of assets with different functions.
- Assets' fulfilment of different functions depends upon the attributes of those assets, with these attributes in turn depending upon the environment (natural, physical, social, institutional, and economic), overall asset mix, and technologies of asset-conversion activities/processes.

We now examine the way in which asset and activity functions relate to people's livelihood strategies. Our analysis starts from two simple propositions:

A. *People generally aspire both to maintain their current welfare and to advance it.*

B. *In trying to advance their welfare, people can attempt to expand their existing activities and/or move into new activities.*

These two propositions allow us to identify three broad types of livelihood strategy, with three types of asset or activity contribution to livelihood strategies:

- '*Hanging in*', whereby assets are held and activities are engaged in to maintain livelihood levels, often in the face of adverse socio-economic circumstances.
- '*Stepping up*', whereby current activities are engaged in, with investments in assets to expand these activities, in order to increase production and income to improve livelihoods (an example might be the accumulation of productive dairy livestock).

- '*Stepping out*', whereby existing activities are engaged in to accumulate assets which in time can then provide a base or 'launch pad' for moving into different activities that have initial investment requirements leading to higher and/or more stable returns – for example, the accumulation of livestock as savings which can then be sold to finance children's education (investing in the next generation), or to purchase vehicles or buildings (for transport or retail activities), or to fund migration, or to acquire social or political contacts and advancement.[2]

What does this simple classification have to offer? It *is* simple, but it contains within it an explicit recognition of the dynamic aspirations of poor people; of diversity between different people adopting different strategies; and of diversification by people undertaking a variety of activities, as they mix their strategies and activities in pursuit of those strategies. It is also explicitly cross-sectoral, in that it recognises that poverty reduction generally involves most people moving from current low-productivity diversified activities (as found in many rural agriculture-based livelihoods) to new, more specialised, and productive activities (as found in more urban non-agriculture-based livelihoods). In doing this, it is 'bottom–up' (in recognising that poor people aspire to and work towards these livelihood shifts); but this poses questions about wider economic processes and structural changes involved in and required for the creation of these livelihood opportunities. This then raises wider sectoral, inter-sectoral, and macro-economic policy questions. Its emphasis on cross-sectoral dynamics and on livelihood diversity and diversification also encourages a multi-disciplinary view of poverty reduction, which should be strengthened by recognition of the importance of social, economic, institutional, natural, and physical capital (or assets).

Thus for development workers working with poor people in participatory analysis it both recognises the importance of people's current livelihoods (in terms of hanging in and stepping up, where appropriate) and directs attention beyond those livelihoods to consider wider and longer-term aspirations of stepping out, how these aspirations may be pursued, and how they affect current livelihood activities. This in turn draws attention to questions about broader economic, institutional, and social change. For policy makers concerned with these broader issues, on the other hand, this conceptualisation grounds these issues in poor people's current livelihoods and aspirations.

Applying the framework: livestock keeping and livelihood strategies

We now provide a simple illustration of the application of this framework to consideration of the role and nature of livestock keeping in the livelihoods of poor people.

An important question here concerns the contribution that livestock keeping makes to the livelihoods of poor people. In contributing to a 'hanging in' strategy, livestock keeping commonly has four important functions: providing for subsistence consumption (through home consumption of meat, milk, eggs, or fibre); supporting complementary (commonly cropping) activities (providing draught power and/or manure); buffering against seasonality in income from other activities (for example, cropping activities or seasonal labour); and providing some assets for insurance against unpredictable demands for cash. Beyond these minimal maintenance functions, livestock keeping may enable advancement through accumulation either of more productive animals (the 'stepping up' strategy) or of a set of assets that hold value as savings to be used to 'buy in' to other assets needed to gain entry to other livelihood activities (the 'stepping out' strategy).

What determines which of these livestock contributions are important (or potentially important) to particular livestock keepers? Livelihood strategies will normally be determined by the technical, institutional, and market opportunities and constraints that people face, and these in turn depend upon (a) people's access to assets and (b) upon the social, economic, and natural environment in which people are located. This is illustrated in Table 1, which sets out situations where different livelihood strategies are likely to be more or less important, distinguishing between poor and less-poor status and different market and technical (natural-resource potential) situations.

Whatever the market and natural-resource potential of an area, very poor people are likely to consider 'hanging in' strategies to be important as they struggle to maintain precarious and vulnerable livelihoods.[3] However, the emphasis on different activities in these 'hanging in' strategies is likely to vary with the agro-ecological (natural resource) and market opportunities in the area and with their particular assets (such as land, animals, skills, and social contacts). Where natural-resource or agro-ecological potential is low and the local economy (and hence market) is stagnant, conditions will be very difficult, but livestock keeping may play a particularly important role in 'hanging in' strategies, as a result of livestock's greater ability, as compared with crop-based activities, to hold value as assets and to provide income at different times of year and under different seasonal conditions. Under conditions of higher natural-resource potential, crop farming may be more important to poor people's livelihoods (working either on their own farms or on the farms of others). Whatever the natural-resource potential, however, technological developments are unlikely to improve livelihoods by promoting increased production under low market-opportunity conditions, because increased production will have little value without markets to dispose of it. Greater security and more reliable (less risky) and faster accumulation may be more important goals, achieved through, for example, disease control, or more effective utilisation of feed resources.

Where the local economy is more dynamic, there may be greater local demand for unskilled labour and petty trading, and as these may offer income that is both less seasonally variable and less dependent on uncertain natural events than agricultural production, livestock may have less important buffering and insurance functions. On the other hand, expanding local markets may provide greater opportunities and higher prices in livestock sales, so productivity-enhancing technological developments may have more to offer to some poor livestock keepers.

Table 1 also suggests likely variation in the predominant preferences of the less poor between 'stepping up' and 'stepping out', according to the potential both for increased agricultural productivity (natural-resource potential) and for local markets. With stagnant local markets, greater agricultural productivity may offer few livestock-based or crop-based opportunities for 'stepping up', unless there are communications and linkages to support 'exports' to more distant markets. A more dynamic local economy, on the other hand, with greater local market opportunities, should allow stepping up and stepping out to focus on

Table 1. Likely livelihood strategies of poor and less-poor livestock keepers, by market and natural resource potential

			Local market opportunities	
		Status	**Low/ stagnant**	**High/ dynamic**
Natural-resource potential	Low	Poor	Hang in (very difficult – subsistence livestock?)	Hang in (more local non-farm based)
		Less poor	Step out (migrate)	Step out (local non-farm)
	High	Poor	Hang in (farm / subsistence?)	Hang in (farm and non-farm)
		Less poor	Step out (migrate) Step up ('exports')	Step out (local non-farm) Step up (local markets)

both farm and non-farm local opportunities, rather than on migration or 'exports' to more distant markets.[4]

This discussion of livestock-keeping contributions to livelihood strategies incorporates within it consideration of the role of markets (or other mechanisms for economic exchange), of policy analysis for less-favoured areas, and of agricultural development policies. Thus poor people need access to different exchange mechanisms for different commodities, services, and assets when trying to 'hang in', 'step up', or 'step out' (and these exchanges may involve a variety of market, gift-exchange, hierarchical and/or hybrid arrangements). Not only will the relative importance of the exchange of different goods and services vary in different strategies, but so will the important attributes of such exchange (for example, costs of exchange, predictability, the extent and terms of interlocking, or the importance of personal relations and trust). Similarly, opportunities for poor people in less-favoured areas (with varying combinations of poor market access and low natural-resource potential – Hazell *et al.* 2005) can helpfully be analysed in terms of stepping up and stepping out (Dorward, forthcoming). This sets the prospects of people living in these areas firmly in the context of wider economic development and may suggest appropriate policy balances between investment in different types of asset and activity (for example, more emphasis on building human capital for stepping out, or greater emphasis on investing in natural capital for stepping up). In more favoured areas with better natural-resource potential and market access, agriculture is important for hanging in and, in the short to medium term, provides opportunities for some people to step up or to accumulate resources for stepping out. Policy needs to support these different strategies, recognising that in the longer term successful agricultural development will lead most people to 'step out'.

Conclusions

This article has described a simple schema which integrates the central themes of a multi-dimensional, multi-level, and dynamic understanding of poverty and of the livelihoods of poor people. Both policy analysis and participatory work with poor people could benefit from adoption of this framework. It can help policy analysis both to give greater recognition to the aspirations, opportunities, constraints, and strivings of poor people and to develop more dynamic and cross-sectoral policy initiatives to support poor people's strivings. It can also help participatory work with poor people by promoting greater attention to and consideration of longer-term aspirations, opportunities, constraints, and activities in 'stepping out', in addition to the more short- to medium-term consideration of opportunities and constraints in 'hanging in' and 'stepping up' activities which, understandably, tends to dominate much of this work. Finally, its simplicity allows it be a powerful communication aid both in dialogue between different stakeholders in poverty-reduction activities and in the wider promotion of greater understanding of poverty-reduction processes.

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Notes

1. See Dorward *et al.* 2001 for more detailed explanation of asset functions and livelihoods.
2. Our description of both stepping-up and stepping-out strategies has assumed that these are strategies which take advantage of opportunities – or, to use the language of livelihood diversification, are encouraged by ‘pull factors’ (Ellis 2000: 289–302). However, increasing investments in and reliance on one particular activity or even a launch into a new activity may also be associated with ‘push factors’ if declining benefits from the current portfolio of activities lead to increasingly restricted options – in which case, livelihood changes which might appear to be ‘stepping up’ or ‘stepping out’ might more accurately be described in terms of ‘hanging in’.
3. We note from fieldwork with poor livestock keepers in Mexico that, although poor people may often aspire to some degree of ‘stepping up’ and/or ‘stepping out’ in their livelihood activities, they may in practice often be forced to concentrate on ‘hanging in’. Thus small stock keeping may be embarked upon with the stated intention of production and ‘stepping up’, but subsequently used more as a means of saving or buffering for ‘hanging in’.
4. Even where local markets are growing, however, there will still often be a ‘pull’ towards urban areas, particularly among the young, with perceived opportunities for a wider range of opportunities and lifestyles. Similarly, improved access to casual employment opportunities or to micro-finance services, for example, may reduce dependence on small livestock keeping for petty income, buffering, and insurance – but conversely if male migration increases and these new opportunities are not open to women, this may increase the importance of small livestock keeping for women.

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