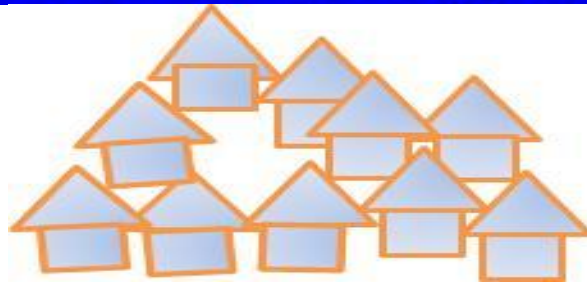
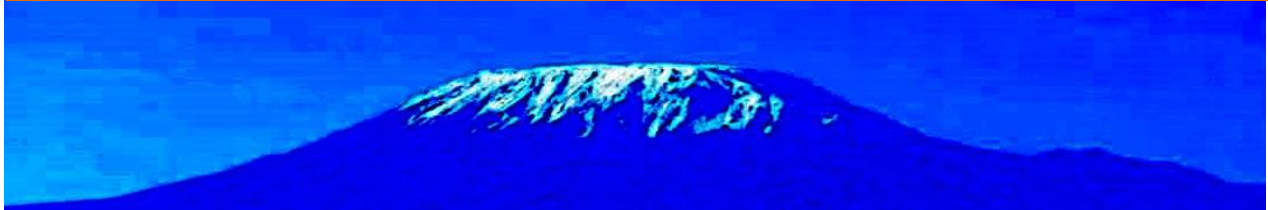


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# Influence of Livelihood Assets on Coping Strategies Against Poverty Among the Working Poor in Dar Es Salaam, Tanzania

Constantin Aloys Njalambaya, Kim Abel Kayunze<sup>1</sup> and Goodluck Dastan Massawe<sup>2</sup>

	<b>Abstract</b>
<p><b>Article history</b> Received: 11/09/2023 Revised: 04/03/24 Accepted: 24/05/24 Published online: 27/05/24</p> <p><b>Keywords:</b> Poverty, working poor, coping strategies, livelihood assets.</p>	<p>Studies inadequately addressed the influence of livelihood assets on coping strategies against poverty used by the working poor in Tanzania. This paper examines coping strategies used by the working poor, identifies the ownership of livelihood assets and examines the influence of livelihood assets on the coping strategies used. The study used a cross-sectional research design, whereby quantitative data were collected from 336 respondents using a structured questionnaire. A multivariate regression model was used to determine the influence of livelihood assets on the coping strategies against poverty. The study findings show that the working poor mainly resorted to taking loans from relatives and friends and participating in ROSCAs as coping strategies. Despite having low income, the working poor managed to own various livelihood assets such as human, physical, natural and social capital. Furthermore, the use of coping strategies by the working poor households was generally influenced by livelihood assets. Conclusively, the working poor are more likely to vary their strategies in accordance with the assets at their disposal. It is recommended that the local authorities should adequately address the constraints of using livelihood assets so that the working poor use life-improving coping strategies.</p> <p style="text-align: center;"><b>Ikisiri</b></p> <p>Tafiti hazijachunguza ipasavyo athari za umiliki wa rasilimali kwenye mikakati ya kukabiliana na umaskini inayotumiwa na wafanyakazi maskini nchini Tanzania. Katika andiko hili mtafiti anachunguza mikakati ya kukabiliana na umaskini inayotumiwa na wafanyakazi maskini, anabainisha kiwango cha umiliki wa rasilimali na kuchunguza athari za umiliki wa rasilimali kwenye mikakati ya kukabiliana na umaskini. Utafiti huu ulitumia muundo wa utafiti unaohusisha maeneo mbalimbali, ambapo data za kitakwimu zilikusanywa kutoka kwa watafitiwa 336 kwa kutumia hojaji. Multivariate regression model ilitumika kubainisha athari za umiliki wa rasilimali kwenye mikakati ya kukabiliana na umaskini. Matokeo ya utafiti yanaonyesha kuwa wafanyakazi maskini walichukua mikopo na kushiriki kwenye upatu kama mikakati mikuu ya kukabiliana na umaskini. Licha ya kuwa na kipato kidogo, wafanyakazi maskini waliweza kumiliki rasilimali mbalimbali kama vile uwezo wa kibinadamu, zinazohamishika na zisizohamishika, za kiasili na za kijami. Zaidi ya hayo, matumizi ya mikakati ya kukabiliana na umaskini iliyotumiwa na wafanyakazi maskini kwa ujumla iliathiriwa na umiliki na upatikanaji wa rasilimali. Inahitimishwa kuwa wafanyakazi maskini wana uwezekano mkubwa wa kubadilisha mikakati yao kulingana na rasilimali walizonazo. Inapendekezwa kuwa mamlaka za maeneo husika zinapaswa kushughulikia ipasavyo vikwazo vya kutumia rasilimali ili wanafanyakazi maskini waweze kutumia mikakati yenye kuboresha maisha yao.</p>

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## 1.0. Introduction

For many years, poverty has been one of the global socio-economic challenges. It has considerably affected the lives of millions of people in the world, particularly in developing countries in Africa, Asia and Latin America. Poverty has denied people access to essential social services such as water, electricity, education, health and housing. Lack of access to services has made poor people vulnerable and their well-being enormously impacted. The world has witnessed a new face of poverty whereby people live in poverty while working. Gautié and Ponthieux (2017) argue that poverty was supposed to be a residual phenomenon restricted to people out of work, supported under some conditions by social assistance. This argument portrays a significant paradox in modern world economies. It was expected that working people with regular income, through wages and salaries, would have the purchasing power to access an adequate quantity and quality social services necessary for their well-being.

This category of workers affected by the poverty phenomenon is known as the working poor, defined by ILO (2020) and Bennett (2017) as employed persons living in households with incomes below a nationally determined poverty line. Such a line refers to the national poverty threshold below which individuals in households are considered poor. There is a linkage between employment and poverty since the nature of jobs determines the poverty status of a given household or individual.

According to ILO (2019), the global proportion of the working poor has decreased since 2000. In 2018, it was estimated that 8% of the employed people in the world live in extreme poverty. However, progress has slowed down in recent years, requiring renewed efforts to reduce working poverty further. Data by ILO revealed that the situation was alarming in the African continent, where 33% of workers lived in extreme poverty. Furthermore, ILO (2020) estimated that 44% of the working individuals in Tanzania live in extreme poverty. The official minimum wage in Tanzania is TZS 150 000 (URT, 2022), whereas HBS 2017/2018 indicates that the mean expenditure per household in Tanzania mainland is TZS 488 676 (MoFP et al., 2020). Thus, households earning such an amount or below definitely fall into the working poor category. Despite the magnitude of the problem of working poverty, the phenomenon is relatively invisible in Tanzania. The legal instruments such as the Employment and Labour Relations Act 2019 (URT, 2019) and National Employment Policy 2008 (URT, 2008) do not have any provisions for the working poor. Their absence in these instruments denies them the opportunities to benefit from special treatments accorded to other groups such as women, children and the elderly.

Relatively low income generated by developing countries affects their capacity to pay workers reasonable salaries, which would enable them to meet their basic needs adequately. Philip and Rayhan (2004) and Chambers (1989) argue that the poor are more vulnerable to health hazards, economic downturns, natural catastrophes and even man-made violence. The poor are subject to external and internal aspects of vulnerability, such as risks and stress. Their argument implies that the poor are defenceless in the face of natural and man-made phenomena. Defencelessness is an outcome of social marginalisation that generally leads to economic marginalisation.

Nevertheless, the need for survival pushes the working poor to find coping strategies to meet their daily requirements and ensure survival. UNDP (2011) defines coping strategies as "all strategically selected acts that individuals and households in a poor socio-economic situation use to restrict their expenses or earn some extra income to pay for the necessities and not fall too far below their society's level of welfare". The definition implies that these strategies are either geared at increasing the income of individuals and households to meet basic needs or reducing consumption patterns. However, Dercon (2000) points out that certain coping strategies may impede the working poor from escaping poverty, but rather confine the workers to precarious conditions, making them unable to meet their daily basic needs.

There is a relationship between the livelihood assets owned by the household and the choice of coping strategies against poverty used by that particular household. Liu *et al.* (2018) point out

that the conditions and the nature of the livelihood assets owned by a family or individual are the basis for understanding the choice of opportunities and the coping strategies of the household or individual. The coping strategies adopted by working poor households depend on the quantity and quality of their assets. Households with relatively large amounts of livelihood assets stand a better chance of coping against poverty than those with small amounts of assets. However, the tendency is different in pastoralist communities when facing hardship. The latter may be reluctant to sell their livestock to cope against poverty during difficult times and alternatively resort to other coping mechanisms (Opiyo *et al.*, 2015). Changes in the ownership of livelihood assets determine the decisions of the working poor to use specific coping strategies. Liu *et al.* (2018) define livelihood assets as natural and workforce resources essential for people to survive. They can be stored, exchanged or allocated to generate revenue streams or other benefits. Based on the definition, in the event of hardship, the working poor may exchange or allocate the assets at their disposal to generate the income necessary for their survival. Ibrahim *et al.* (2018) categorise livelihood assets into five groups: human capital, physical capital, natural capital, financial capital and social capital. These are tangible and intangible assets from which individuals draw income and expenditure. And in some instances, people invest in them to generate more income in the future.

Studies on coping strategies against poverty conducted by different scholars in sub-Saharan Africa (Amendah *et al.*, 2014; Bird *et al.*, 2002; Rakodi, 1995; Essamuah and Tonah, 2004; and Nikoloski *et al.*, 2017) generally examined coping strategies of poor households, communities and individuals in urban and rural areas. However, these studies generated a gap in information since they did not specifically focus on the influence of livelihood assets on the coping strategies against poverty used by the working poor in Tanzania. Ownership of livelihood assets is an important determinant of the capacity of households to properly cope against poverty. The quantity and quality of assets owned may ascertain whether the households are well-placed to cope against poverty. This paper bridges this knowledge gap by analysing how the livelihood assets owned by the working poor influence their coping strategies against poverty. Specifically, the objectives of the paper are as follows: to examine the coping strategies used by the working poor, identify the livelihood assets owned and determine the influence of livelihood assets on the coping strategies. The information generated by this paper will add to the existing body of knowledge on the problem of the working poor in Tanzania.

### **1.1. Conceptual framework**

The study was guided by the Sustainable Livelihoods Framework (SLF). The sustainable livelihoods framework fosters an understanding of the livelihood assets owned by and coping strategies against poverty used by the working poor. It considers ownership of different assets that may improve livelihood opportunities necessary for coping against poverty. The framework shows how these assets relate to one another and how they can help households cope against poverty. The framework brings attention to the working poor's inherent potential in terms of their skills, social networks, access to physical and financial resources, and ability to influence core institutions. One of the limitations of the SLF is that it consists of numerous elements; therefore, it has been modified to suit the context of the working poor and the scope of this study. The starting point of the SLF is that individuals and households can use their assets to respond to opportunities and risks, minimising vulnerability and maintaining, smoothing or improving well-being by adopting livelihood and coping strategies. The SLF suggests that assets are not just financial and physical but also natural, social and human (Ludi and Slatter, 2008). Moreover, the influence of livelihood assets on coping strategies against poverty is mediated by different institutions, laws and policies which operate at various levels, from households to the international arena. Such institutions and policies affect the working poor households' access to and use of livelihood assets. Local authorities, courts, government departments and agencies may determine the possibility of the working poor to access livelihood assets and hence their influence on the use of different coping strategies.

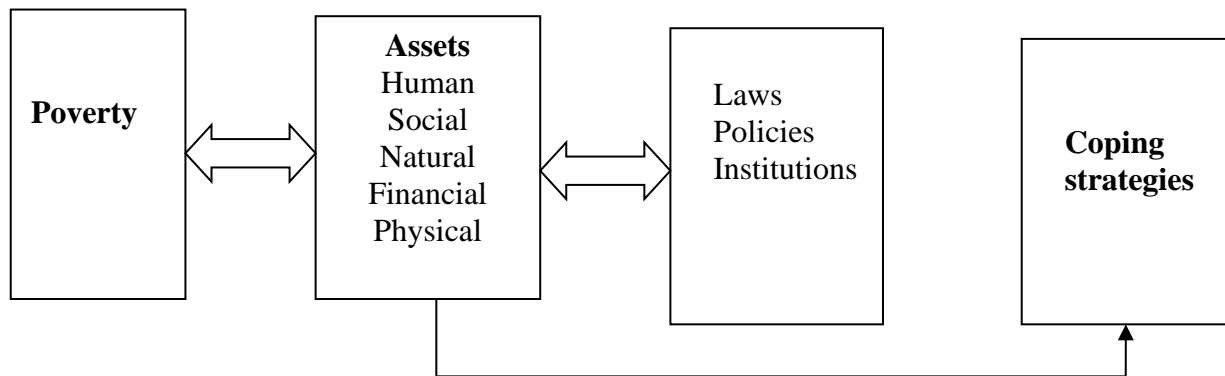


Figure 1: Sustainable Livelihoods Framework modified from Serrat (2017)

Nevertheless, the SLF considers individuals and households as active actors who use their assets and capabilities to cope against poverty rather than being perceived as passive actors in the event of vulnerability. Based on the livelihood assets at their disposal, the working poor can engage in different activities with the ultimate goal of improving their well-being.

## 1.2. Theoretical framework

The study on which this paper was based was guided by the sensitivity and resilience theory of vulnerability (Moser, 1998). The theory states that vulnerability involves both threat and resilience or responsiveness in exploiting opportunities and resisting or recovering from the negative effects of a changing environment. The theory implies that individuals, households, or communities possess assets and entitlements that can be mobilized and managed during hardship. The more assets individuals own, the less vulnerable they are, and vice versa. Strength-wise, the theory considers that individuals are not passive in the event of vulnerability but are proactive and capable of using different resources to recover from hardship. It also considers material and immaterial resources, which can be used to cope with hardship. Nevertheless, the theory does not consider the degree of influence of livelihood assets on coping strategies. Therefore, the study fills the gap by examining the livelihood assets on coping strategies.

## 2.0. Methodology

### 2.1. Study Area

The study was conducted in the five districts of the Dar es Salaam Region, namely Kinondoni, Ilala, Temeke, Ubungo, and Kigamboni. The 2021 Integrated Labour Force Survey findings revealed that 54.8% of Dar es Salaam's labour force was employed, and about a quarter (22%) was the working poor (URT, 2021). Dar es Salaam was chosen because it had many working poor compared to other regions. The study used a cross-sectional research design. The latter was chosen because it enables the researcher to study multiple variables at the time of data collection. The unit of analysis is the household. Quantitative data were collected using a structured questionnaire administered to 336 heads of households working in security and cleaning companies. The two groups were randomly chosen because they reflected the characteristics of the working poor who earned below TZS 150 000 (USD 65) per month while an average monthly expenditure per household is TZS 488 676. Thus, the researcher could draw inferences about the population from which they were selected

### 2.2 Study Design and Sampling

A cross-sectional research design was used, which enabled the researcher to study multiple variables during data collection. Data were collected using a structured questionnaire administered to 336 heads of households working in security and cleaning companies. The respondents were asked if they were heads of households before being included in the study. Based on the scope of the study, the two groups were purposefully chosen because they reflected

the characteristics of the working poor who earned below TZS 150 000 per month. Therefore, the researcher could draw inferences about the population they were selected from. The sample size was calculated using Cochran's (1977) correction formula to adjust the sample size for smaller populations. The formula was chosen to compute an appropriate sample size when the desired confidence level, precision level, and the estimated quantity of the characteristics were present in the population. The formula is:  $n = n_0 / [1 + (n_0 / \text{population})]$ , where:

$n$  = Sample size,

$n_0$  = Sample size for an infinite population, and

384 = Sample size for an infinite population, obtained using a z-value of 1.96 for the selected alpha of 0.25 in each tail, which corresponds to 95% confidence interval, a 0.5 estimate of standard deviation in the population, and an acceptable margin error 0.05.

Therefore, the sample size was:  $n = 384 / [1 + (384 / 2696)] = 336$ .

Two companies—Kishengweni Cleaning Company and Ultimate Security Company—from which the respondents were drawn, were randomly chosen among 5 security companies and 5 cleaning companies with more than 500 workers in their domains and which operated in the five districts of Dar es Salaam Region. Excel software was used to generate sub-sample sizes from the companies that were sampled. Proportionate stratified random sampling was used to get the number of participants. Table 1 shows the distribution of the respondents.

**Table 1: Number of participants sampled from each company**

Occupation and sex of participants		Number of employees (n)	Sampling fraction	Sample (n)
Security guards	Male	2054	0.1246	256
	Female	101	0.1246	13
Cleaners	Male	46	0.1246	6
	Female	494	0.1246	61
<b>Total</b>		<b>2696</b>	<b>-</b>	<b>336</b>

### 2.3 Data Analysis

Quantitative data collected through the questionnaire were analysed using STATA version 17 statistics software. The data analysis involved descriptive and inferential statistics. The livelihood assets owned by the household heads and the coping strategies used by the working poor were descriptively analysed. The coping strategies and livelihood assets identified were analysed using multiple response analysis. The Multivariate regression model was conducted to determine the influence of livelihood assets on the coping strategies against poverty used by the working poor. The statistical model allowed measuring the influence of the independent variable (livelihood assets) on the dependent variable (coping strategies against poverty). Livelihood assets such as human, physical, natural and social capital as well as coping strategies such as selling items after working hours, taking loans, ROSCAs, food assistance, selling assets, skipping meals and eating less preferred food were included in the Multivariate regression model. The physical and social capitals which had several items were combined and get one figure which was regressed in the model. In the study, human capital consists of education only since the respondents did not report their health status and working ability which are other components of human capital. The null hypothesis is that livelihood assets do not influence the use of coping strategies against poverty.



### 3.0. Results and Discussions

#### 3.1. Coping Strategies against Poverty Used by Working Poor Households

This section presents the coping strategies against poverty which were used by the working poor households. The respondents mainly resorted to taking loans and participating in ROSCAs as coping strategies.

**Table 2: Coping Strategies Used by Working Poor Households (n = 336)**

Coping strategies	Responses (n)	Per cent
Selling items on the street after working hours	97	28.9
Gardening or crop farming	92	27.4
Taking loans from friends and relatives	259	77.1
ROSCAs	214	63.7
Financial assistance from relatives and friends	82	24.4
Food assistance	128	38.1
Changing place of residence	115	34.2
Sending children to relatives	18	5.4
Removing children from school	2	0.6
Selling assets	68	20.2

Multiple responses were allowed; hence, the per cents do not add up to 100%  
Source: Field data (2020)

#### ***Taking loans from relatives and friends***

More than three-quarters (77.1 %) of the respondents reported taking loans from relatives and friends to cope with poverty. The findings imply that their relatively meagre monthly income prevents them from saving. Therefore, they resort to loans from friends and relatives in the event of hardship. The findings suggest that low-income populations are denied regular access and use of appropriate financial services at reasonably reasonable costs. Accessibility to financial services would ensure individual economic growth and poverty reduction. Kashuliza *et al.* (1998) argue that because of strict regulations and conditions imposed by formal financial institutions like high interest rates and collateral requirements, many urban populations resort to informal and semi-formal financial services despite the concentration of formal financial institutions such as banks. According to Kislal *et al.* (2013), informal lenders rely less on collateral in lending money to low-income people. Closeness and relationship between the lenders and loan applicants may enable private lenders to secure the confidential information of loan applicants, reducing the need for collateral.

#### ***Participating in ROSCAs***

The study findings in Table 2 further show that slightly more than five-fifths of two-thirds (63.7%) of the respondents resorted to participating in Rotating Savings and Credit Associations (ROSCAs) as a coping mechanism against poverty. The findings imply that certain poor households save a small amount of money to meet their future financial demands and improve their socioeconomic conditions. The associations also provide individuals with access to funds during unexpected events. The money contributed is kept by the treasurer, who is appointed among the members. The treasurer keeps the money at their home, and in some cases, they can misuse the money contributed and negatively affect the continuity of the association. The findings are consistent with Kinyondo and Kagaruki (2019), who indicated that these associations provide financial services to millions of Tanzanian households.

### **Food assistance**

About two-fifths (38.1%) of the respondents reported receiving food assistance from relatives and friends in the previous twelve months. The findings suggest that people who have limited financial capacity to buy food seek food assistance. Furthermore, the findings align with Tam *et al.* (2014), who argue that the urban poor rely on social networks to secure food assistance to meet their food demand in hardship. Ume *et al.* (2018) also say that food assistance provided to poor individuals helps them tackle hunger in emergencies or help with more profound, longer-term hunger alleviation and achieve food insecurity.

### **Changing place of residence**

The study findings in Table 2 further show that 34.2% of the respondents reported moving from one residence to another, where living costs were relatively low. Changing the place of residence remains an important livelihood strategy for millions of food-insecure and poor people across the globe. Poor people tend to move to areas where they consider life relatively more straightforward and have more opportunities for increasing their income (WFP, 2008; Deshingkar and Start, 2003; Mc Dowell and De Haan, 1997).

### **Selling items on the street after working hours**

The research findings in Table 2 show that selling items on the street after working hours was reported by 28.9%. In comparison, 27.4% of the respondents reported engaging in farming or gardening to increase income, hence coping against poverty. Households can increase revenue by making employment choices and diversifying economic activities. In this way, households protect themselves from adverse income events before they occur (Morduch, 1995; Busato *et al.*, 2008; Berloffia and Modena, 2009). Poor people diversify their livelihoods to survive in a risk-prone and uncertain world and to cope with temporary crises. Diversification of livelihoods can also be considered an adaptive response to the long-run decline in income due to severe economic changes beyond their control (Berry, 1989; Heyer, 1996). Furthermore, the findings suggest that the working conditions of the working poor prevent them from participating in income-generating activities after working hours.

### **Financial assistance from relatives and friends**

Financial assistance from relatives and friends as a coping strategy was reported by almost a quarter (24.4%) of the respondents. The findings suggest that in the event of hardship, the working poor resort to financial assistance from relatives and friends. This coping strategy was reliable based on relationships developed between the individuals. Empirical studies show that financial aid is considered an informal insurance mechanism in the event of adversity. Financial assistance is regarded as a safety net since it helps poor households meet their basic needs in difficult times. The amount of assistance to be received depends on the relative magnitude of income adversity and the level of social networks (Mpia, 2004; Pajaron, 2017; Frimpong, 2019).

### **Selling assets**

As indicated in Table 2, 28% of the respondents reported selling their assets to cope with poverty. Nevertheless, the findings imply that selling assets may hurt the household economy as it may deepen poverty levels. With the inadequate income they earn, they stand a better chance of not being able to buy similar assets in the future. Leive and Xu (2008) state that selling assets is a common coping strategy in middle- and low-income sub-Saharan Africa. Lower-income households were more likely to sell their assets to cope with uninsured catastrophic health expenditures. Below a given asset threshold, households tend to reduce consumption to preserve their stock of assets. In some circumstances, assets are sold to protect consumption (Morduch, 1995; Busato *et al.*, 2008; Berloffia and Modena, 2009). The working poor's coping strategies confirm the sensitivity and resilience theory of vulnerability that individuals, households, or communities possess assets and entitlements that can be mobilised and managed in the event of hardship.

The findings on the coping strategies used by the working poor confirm the argument of the sensitivity and resilience theory of vulnerability as well as the conceptual framework. Individuals, households or communities possess assets and entitlements that can be mobilised and managed in the event of hardship. Individuals are not passive when facing adversity; instead, they actively find solutions to their problems.

### 3.2. Livelihood assets owned by the working poor households

Table 3 shows different livelihood assets that are owned by the working poor households. The latter own human, physical, natural, financial and social capital in different quantities and levels. The livelihood assets are considered to be important aspects for households to meet their daily needs and hence improve their well-being.

**Table 3: Livelihood assets owned by the working poor heads of households (n=336)**

Capital/Assets	Items owned	Responses (n)	Percent
<b>Human</b>	Education	336	100
	Primary – 75%		
	Secondary -25%		
<b>Physical</b>	Bicycles	89	24.40
	Houses	6	0.89
	Livestock	47	13.98
	Furniture	336	100.00
<b>Natural</b>	Land	74	22.02
<b>Financial</b>	Shares	0	0.00
	Savings	0	0.00
<b>Social</b>	Religious	272	81.0
	Clan	303	90.2
	Family	212	63.1
	Trade union	164	48.8
	Community	206	61.3
	Former school mates	291	86.6

**Multiple responses were allowed; hence the per cents do not add up to 100%**

Serrat (2017) points out that human capital is a combination of capabilities, skills and knowledge which enable households and individuals to make livelihoods and attain secure livelihood outcomes. For the working poor, possessing quality human capital allows them to stand a better chance of appropriately coping against poverty. The study findings in Table 3 show that three-quarters (75%) of the respondents reported that they had attained primary education, while a quarter (25%) had managed to acquire secondary education. No respondent reported that they had received post-secondary education. The findings suggest that a lower level of education may impede the working poor from attaining higher positions within their organisations and hence acquiring better pay. Bruce and Rones (1989) assume that education has a significant influence on the earnings of individuals and households; those with lower levels of education are likely to be overrepresented amongst the working poor. The situation calls for more investment in the working poor's education and training to advance their skills and knowledge necessary for acquiring better jobs and improving their earnings.

Goldman *et al.* (2000) describe natural capital as a stock of natural resources owned by households necessary for livelihoods. Natural capital comprises natural resources such as land and trees, essential for producing goods. The study findings show that 22.02% of the respondents reported owning pieces of land. The findings suggest that land ownership for the urban working poor is an essential aspect of coping against poverty. For instance, 27.4% of the respondents reported that they were engaged in farming/gardening activities after working hours to produce food for their consumption and selling. Land is also an important asset that can be sold in a deepened financial crisis to earn the income necessary for solving existing economic-related challenges.

Furthermore, a small percentage of the working poor owning land reflects socio-economic, policy and institutional barriers which prevent poor households from owning and accessing the land for food production and other livelihood activities. The study findings are in line with Aref (2011), who argues that limited financial capacity prevents poor households from accessing and owning land. Income inequalities in a given society are also manifested in the ownership of land, which is an essential tool for coping against poverty.

Nevertheless, the study findings in Table 3 show that 71.8% (combined percentage) of respondents reported that they belonged to social groups. The results suggest that in some instances when individuals do not trust other members of society, they become reluctant to join social groups established for mutual assistance. Since membership in social groups involves financial contributions, individuals usually fear losing their money if the group comprises untrustworthy members. Furthermore, 51.2% of the respondents reported that they were members of trade unions at their workplaces. The findings imply that workers usually join trade unions to expect the latter to negotiate, on their behalf, for better pay and improved working conditions. Additionally, the Trade Union Act (URT, 2001) provides for voluntary membership in trade unions. Therefore, the working poor have the freedom to be members of trade unions. Freedom to join a trade union explains why nearly half of the respondents had not joined the trade unions present at their workplace.

Since individuals live in a given society, they naturally find it essential to be part of existing social groups in their communities. Kunc (1992) points out that the need for belongingness is among the needs of human beings, meaning that the latter need to collaborate with others to achieve personal and group socio-economic objectives. The need for belongingness is an indispensable and crucial human need that should be met before one can ever accomplish a sense of self-worth. The working poor join the social groups as a safety net measure to share their limited resources in the event of risks and vulnerability. The poor households resort to assistance from fellow group members to cover the costs related to events such as illness and deaths of household members. Coleman (1988) argues that the sharing of social assets depends on social relations and interactions between members of particular groups. Sharing is based on mutual benefits among members, which means individuals would stay in a group as long as they benefit from their membership in the group.

Krantz (2001) refers to financial capital as financial resources necessary for individuals and households to achieve their livelihood objectives. Financial capital involves bank deposits, savings, shares and bonds whose ownership determines the performance of livelihood activities and attainment of livelihood objectives. The study findings show that all the respondents reported that they did not own financial assets. They all reported that they held bank savings accounts, but 97.9% of them revealed that they did not save the income they received monthly in those bank accounts. The findings imply that the wages earned by the working poor households are not enough to meet their daily needs and remain with any amount for savings. The findings coincide with Honohan (2016), who points out that the issue is not about the number of financial assets available but about having access to these assets for poor households. With meagre monthly wages, the working poor find it difficult to access financial assets such as shares and bonds, let alone bank savings.

Furthermore, the research findings show that all the respondents reported that they owned different physical assets such as furniture, livestock, houses and bicycles. Ownership of bicycles is probably explained by the fact that some of the respondents are security guards. The latter own bicycles as a mechanism of reducing transport costs to and from the workplace. Additionally, these findings imply that in some instances low wages earned by the working poor do not prevent them from purchasing and owning physical assets. Given their monthly income from wages, the working poor's quantity and quality of assets tend to be below. The findings are in line with Kumaraswamy *et al.* (2020) who argue that poor households typically are constrained by low quantity and quality of assets and adverse contextual factors such as distance from markets and

low-quality public infrastructure that limit their ability to maximise the benefits of asset ownership. This has consequences for their long-term growth and poverty reduction. Access to and ownership of assets by the working poor may help them get away from poverty and augment their asset stockpile. Ownership of physical assets determines the ability of the working poor to cope with poverty; it means that they can sell some help in the event of hardship and acquire an amount of money to cover their daily requirements.

### 3.3. Influence of livelihood assets on the coping strategies against poverty used by the working poor

Table 4 illustrates the influence of livelihood assets on the coping strategies against poverty used by the working poor. It examines how the independent variable (livelihood assets) determines the use of coping strategies (dependent variable) such as taking loans, ROSCAs, food assistance, selling items after working, skipping meals and eating less preferred food

**Table 4: Influence of Livelihood Assets on the coping strategies against poverty**

	Coef.	Std.Err.	t	P>t	[95%Conf.	Interval]
<b>Loans</b>						
Natural (land	0.141	0.055	2.550	0.011**	0.032	0.250
Human (Edu	-0.065	0.053	-1.240	0.215	-0.169	0.038
level)						
Social	-0.083	0.045	-1.830	0.068*	-0.172	0.006
Physical	0.019	0.019	1.000	0.318	-0.019	0.057
_cons	0.348	0.178	1.950	0.052	-0.002	0.699
<b>ROSCAs</b>						
Natural (land	-0.032	0.064	-0.500	0.616	-0.158	0.094
Human (Edu	0.075	0.061	1.230	0.219	-0.045	0.195
level)						
Social	-0.059	0.053	-1.130	0.261	-0.163	0.044
Physical	-0.038	0.022	-1.700	0.091*	-0.081	0.006
_cons	0.526	0.206	2.550	0.011	0.120	0.932
<b>Food assistance</b>						
Natural (land	0.023	0.065	0.350	0.725	-0.105	0.151
Human (Edu	-0.000	0.062	-0.010	0.994	-0.122	0.121
level)						
Social	0.043	0.053	0.800	0.424	-0.062	0.148
Physical	-0.022	0.023	-0.970	0.333	-0.066	0.023
_cons	0.451	0.210	2.150	0.032	0.038	0.863
<b>Selling items after working</b>						
<b>hours</b>						
Natural (land	-0.051	0.060	-0.860	0.392	-0.170	0.067
Human (Edu	-0.075	0.057	-1.300	0.193	-0.187	0.038
level)						
Social	-0.088	0.049	-1.790	0.074*	-0.185	0.009
Physical	0.038	0.021	1.820	0.070*	-0.003	0.079
_cons	0.784	0.194	4.050	0.000	0.403	1.165
<b>Skipping meals</b>						
Natural (land	0.284	0.063	4.500	0.000**	0.160	0.409
Human (Edu	-0.158	0.060	-2.630	0.009**	-0.277	-
level)						0.040
Social	-0.016	0.052	-0.310	0.754	-0.118	0.086
Physical	0.044	0.022	1.980	0.048**	0.000	0.087
_cons	0.611	0.204	3.000	0.003	0.210	1.012
<b>Eating Less preferred food</b>						
Natural (land	0.271	0.064	4.230	0.000**	0.145	0.397
Human (Edu	-0.109	0.061	-1.780	0.076*	-0.229	0.011
level)						
Social	-0.101	0.053	-1.910	0.057*	-0.204	0.003
Physical	0.034	0.022	1.510	0.132	-0.010	0.077
_cons	0.609	0.207	2.950	0.003	0.202	1.016

The study findings show that household natural capital (land) ownership had a positive beta-coefficient of 0.14 and was statistically significant by 0.01 at  $p < 0.05$  level of significance. One unit change in a household's land ownership will lead to a 0.14 unit increase in loan acquisition on average. It implies that households with land are likely to access loans. Lenders usually ask for collateral from borrowers before issuing loans, and land is mainly preferred because it possesses the characteristics that render it appropriate as collateral (Sanjak, 2012). He argues that land reduces the monitoring costs of loans by the lender. In case of loan default, it can be easily transferred and sold to recover the borrowed money. Nevertheless, given their living conditions, most poor households cannot own land that can eventually be used as collateral in the event of a loan application. They rely on informal sources of loans whose access depends on proximity and trust between the borrower and the money lender.

Furthermore, the study findings show that social capital had a negative beta coefficient of 0.083 and was statically significant by 0.068 at  $p < 0.01$  level of significance. The results indicate that one unit change in social capital will lead to a household's 0.083 unit decrease in loan attainment. The findings imply that social capital can act as informal insurance in the event of hardship; households can rely on assistance from members of social groups/networks. Households may be less likely to resort to loans since they are assured of getting help from groups in which they are members. Carter and Maluccio (2003) argue that households in communities with more social capital are better positioned to withstand hardship.

Additionally, the study findings show that ownership of physical capital by household had a negative beta-coefficient of 0.038 and was statistically significant by 0.091 at  $p < 0.01$  level of significance. It means that one unit change in the physical capital ownership by a household will lead to a 0.038 unit decrease in participation in ROSCAs on average. The findings imply that households with physical capital are less likely to participate in ROSCAs. However, the involvement of households in ROSCAs depends on their capacity to contribute money to these associations and not on their level of ownership of physical capital. The primary basis of ROSCAs is the trust between the members who agree to contribute money to a shared pool. Members are not obliged to submit their physical assets as a condition for their participation in ROSCAs. The findings are in line with Ambec and Treich (2007) who point out that membership in ROSCAs requires a financial agreement between the members. They should agree on some aspects such as the duration of ROSCAs, amount and time of contribution and money withdrawal processes.

Furthermore, the study findings show that social capital had a negative beta-coefficient of 0.088 and was statistically significant by 0.074 at  $p < 0.01$  level of significance. It signifies that one unit change in a household's social capital will cause a 0.088 unit decrease in selling items after working hours as a coping strategy. It implies that households with social capital are less likely to sell items after working hours. When household members have membership in different social networks, they may be busy participating in the activities of the social groups. Social groups' activities are generally conducted after working hours; therefore, this may prevent them from having reasonably enough time to engage in commercial activities after working hours.

Moreover, the research findings show that the human capital of a household had a negative beta-coefficient of 0.158 and was statistically significant by 0.00 at  $p < 0.05$  level of significance. It means that one unit change in a household's education level will lead to a 0.158 unit decrease in skipping meals by a household on average. The findings suggest that as household human capital rises, they are less likely to skip meals. When household members are better equipped with relevant knowledge and skills, they are well-positioned to have a relatively higher income that would enable them to obtain an adequate amount of food. A household with sufficient food would resort to other coping strategies different from skipping meals, which may not adversely affect their health.

Besides, the study findings show that social capital ownership by households had a negative beta-coefficient of 0.101 and was statistically significant by 0.057 at  $p < 0.1$  level of significance. It

means that one unit change in social capital in a household will lead to a 0.101 unit decrease in eating less preferred food on average. The findings imply that households with social capital are less likely to eat less preferred food. By being members of different social groups, the members of a given household stand a better chance of getting food assistance from their social networks and hence increase the possibility of eating a variety of food. The latter may have necessary nutrients which are beneficial to the human body and thus enhance the capacity of individuals to undertake socio-economic activities.

#### 4.0. CONCLUSION

The working poor are not passive in the event of hardships. The sternness of difficulty determines their decision to choose specific coping strategies. Nevertheless, some of the coping strategies might be detrimental to the well-being of the working poor. The strategies could further confine the working poor to a poverty circle. The quantity and quality of livelihood assets owned by the working poor influence the coping strategies used by this category of workers. Various laws, policies and institutions may affect the ownership and use of livelihood assets and hence their influence on the coping strategies to be used by the working poor.

It is recommended that the employers organise tailor-made and on-the-job training to develop different skills among the working poor. The trained working poor would acquire appropriate skills and knowledge and stand a better chance of getting promotions in their jobs and increasing their incomes. With relatively improved financial capacity, they would do away with coping strategies that are detrimental to their health and ability to undertake income-generating activities.

The influence of livelihood assets on the coping strategies against poverty used by the working poor should be taken into account by relevant local authorities. The latter would adequately address the constraints of using livelihood assets and create a more favourable environment for the working poor to participate fully in income-generating activities and hence properly cope against poverty. The information on the influence of livelihood assets on coping strategies should be one of the bases for improving the working conditions.

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## Policy Brief

### Lesson learned

Working poverty, defined as the condition where individuals are employed yet remain below the poverty line, is a persistent issue impacting millions globally. Poverty was supposed to be a residual phenomenon restricted to people out of work, supported under some conditions by social assistance. This argument portrays a significant paradox in modern world economies. It was expected that working people with regular income, through wages and salaries, would have the purchasing power to access an adequate quantity and quality products and social services necessary for their well-being.

Despite the magnitude of the problem of working poverty, the phenomenon is relatively invisible in Tanzania. The legal instruments such as the Employment and Labour Relations Act 2019 and National Employment Policy 2008 do not have any provisions for the working poor. Their absence in these instruments denies them the opportunities to benefit from special treatments accorded to other groups such as women, children and the elderly.

However, the working poor are not passive when facing hardship situation. The need for survival pushes them to find coping strategies to meet their daily requirements and ensure survival. The choice of coping strategies depends on the quantity and quality of livelihood assets at their disposal. The working poor with relatively adequate quantity of assets stand better chance of coping against poverty. The coping strategies may be geared at increasing income and reducing the expenditures to prevent them from falling further in poverty.

The fact that the working poor do not own assets that are needed as collateral by financial institutions, they are marginalized by these institutions and hence rely on informal lenders. The latter tend to charge high interest rates that may trap the working poor in a cycle of poverty. They may find their properties taken by lenders when they fail to pay back their loans. Since their wages are low, once these properties are taken, it would be difficult for them to buy similar items in the near future.

### Policy and practice recommendations

The working poor and community development practitioners need to advocate for an increase of minimum wage. This policy would significantly reduce the poverty rate among workers, demonstrating that living wage laws can effectively elevate workers above the poverty threshold. The higher wages also stimulated local economies through increased consumer spending. Living wage that reflects the local cost of living can reduce poverty rates among full-time workers without substantially harming employment levels.

It is recommended that on-the-job training should be provided to the working poor. This initiative would significantly reduce working poverty by equipping workers with relevant skills for well-paying jobs. Investing in education and vocational training tailored to market needs can improve employment prospects and reduce working poverty. Invest in vocational training and education programs that align with current and future job market needs, with a focus on technology and green jobs. Equipping workers with skills that match labor market demands can enhance employability and income potential.

It is further recommended that the Ministry of Labour and Employment should introduce adjusted living wage that accounts for regional cost of living variations to ensure that full-time workers earn enough to meet basic needs. There should an introduction of legislation that mandates a living wage indexed to local economic conditions and inflation rates. Wages should be regularly reviewed based on the changes of rates of inflation and economic conditions during the given period.

Policy makers need to create an environment that promotes workers' rights and collective bargaining. Empowering workers through collective bargaining can lead to better wages and working conditions. Strengthen labor laws to protect the right to unionize and engage in collective bargaining without retaliation. Trade unions leaders should be empowered to engage in

negotiations with the employers on different matters that affect the well-being of the working poor. Peaceful working environment that allows trade unions to operate and present the demands of the workers would contribute to an increase in productivity amongst workers.

In conclusion, addressing working poverty requires a multifaceted approach that includes fair wages, robust social safety nets, access to education, and financial support. By learning from successful interventions globally and implementing targeted policies, we can create a more equitable society where full-time workers do not live in poverty. This not only improves individual well-being but also strengthens the overall economy.