



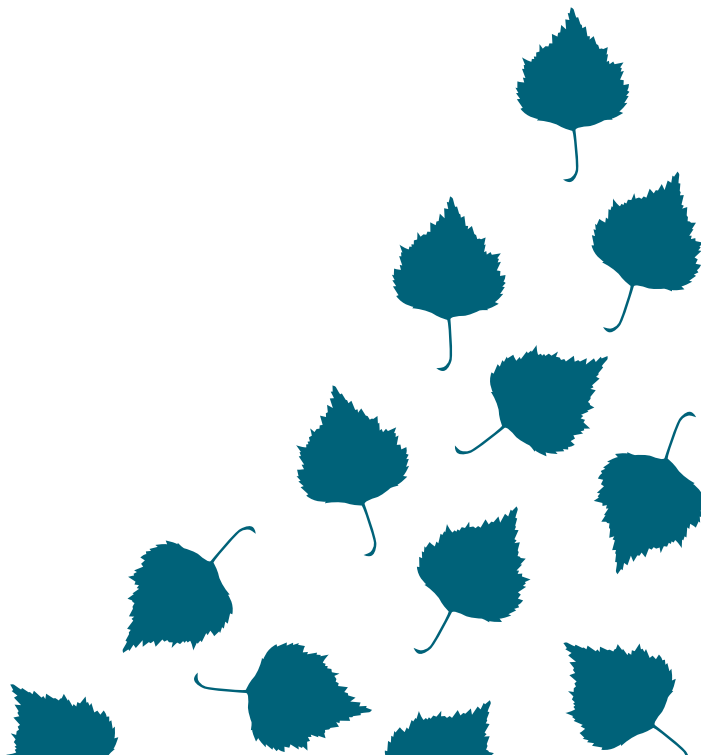
EKONOMI OCH SAMHÄLLE  
ECONOMICS AND SOCIETY



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# EARLY-PHASE MARKET ORGANIZING IN SUBSISTENCE SETTINGS

SARA LINDEMAN



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# Early-Phase Market Organizing in Subsistence Settings

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Key words: market organizing, subsistence, inclusive business, agency, capability approach, sustainability, well-being

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Sara Lindeman

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- Article 2: Market formation in subsistence contexts: a study of informal waste trade practices in Tanzania and Brazil. Lindeman, Sara 2012. *Consumption Markets & Culture*, volume 15, issue 2, pages 235-257.
- Article 3: "Until We Live Like They Live in Europe": A Multilevel Framework for Community Empowerment in Subsistence Markets. *Journal of Macromarketing*, volume 34, issue 2, pages 171-185. Lindeman, S. 2014.

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## **1 INTRODUCTION**

Despite considerable global progress in recent years in raising living standards, the many still live in poverty (Wilkinson & Pickett, 2009). Over the past decade, the development cooperation sector has received an increasing amount of criticism for its failure to achieve the aim of poverty eradication (Easterly, 2006; Moyo, 2009). In response to this failure, entrepreneurial and market-driven solutions have been proposed to address global poverty (Hart, 2005; Hart & Christiansen, 2002; Hammond, Kramer, Trang, Katz & Walker, 2007; Prahalad, 2005; Prahalad & Hammond, 2002; Prahalad & Hart, 2002; Simanis & Hart, 2008; UNDP, 2008). This has led to poverty-related research intensifying and spreading to different streams of business research, including entrepreneurship (Bornstein, 2007; Elkington & Hartigan, 2008; Mair & Marti 2006, 2009; Web, Kistruck, Ireland & Ketchen, 2010; Yunus, 2007), innovation (Anderson & Markides 2007; George, McGahan, & Prabhu, 2012; Simanis & Hart, 2009), strategy (London & Hart, 2011; Prahalad, 2005; Simanis & Hart, 2008), marketing (Sridharan & Viswanathan, 2008; Viswanathan, Rosa & Ruth, 2010a; Viswanathan, Sridharan, Ritchie, Venugopal & Jung, 2012), and design (Whitney & Kelkar, 2004).

This dissertation provides a new research perspective of this phenomenon of entrepreneurial and market-driven approaches to poverty reduction by studying market organizing in low-income settings. The research builds on a new stream of marketing research that focuses on the ongoing process of market organizing rather than just on marketing activities (Araujo 2007; Araujo, Finch & Kjellberg, 2010; Kjellberg & Helgesson, 2007a, 2006; Storbacka & Nenonen, 2011a;2011b). Looking specifically at subsistence settings (Sridharan & Viswanathan, 2008; Viswanathan & Rosa, 2007; Viswanathan et al., 2010a; Viswanathan et al., 2012) makes it possible to focus on the very early stages of market organizing and provides a systemic lens through which one can make sense of the diverse new organizing processes that are being implemented as development cooperation is becoming more market driven.

### **1.1 Research problem**

Since the idea of taking an entrepreneurial and market-driven approach to poverty reduction was introduced some 10 years ago, there has been a massive shift in policies worldwide. Resources and efforts are being increasingly directing toward entrepreneurial and market-driven approaches to poverty reduction, and research on the phenomenon has intensified. However, despite a decade of action and research, researchers are still calling for holistic approaches to understand the current changes in



subsistence marketplaces (Viswanathan et al, 2010a) and to evaluate the impact of entrepreneurial solutions on reducing poverty (Ansari, Munir, & Gregg, 2012; Kolk, Rivera-Santos, & Rufin, 2013).

These fundamental questions have remained unanswered because they are very challenging. Researchers have applied many different frameworks to make sense of the changes in subsistence settings, many of which are systemic, such as naturological and ecosystem conceptualization (Hill, 2010), social networks (Viswanathan, Sridharan and Ritchie 2010b) and systems theory (Nielsen & Samia, 2008; Viswanathan et al., 2010a). Nevertheless, a reoccurring challenge is that theories developed based on an industrial economic setting are ill equipped to explain processes in subsistence settings, which tend to be more pre-industrial and informal (Viswanathan et al., 2010a).

Similarly, there has been a steep learning curve for business scholars trying to understand poverty and poverty reduction. Initially, poverty was simply equated with a low income (Hammond et al., 2007; Prahalad, 2005); later, lack of employment and skills was also taken into consideration (London, 2009; London, Anupindi, & Seth, 2010). Now business researchers are increasingly recognizing the complexity and multidimensional nature of poverty and the difficulty of studying it (Ansari et al., 2012), both of which have long been recognized in other areas of research, such as development economics (Nussbaum, 2000; Sen, 1999).

It appears as though long-forgotten corners of society—such as urban slums and remote rural areas—are challenging the fundamentals of marketing theory. As Sheth (2011) points out, we have yet to discover how emerging markets will impact the marketing discipline. The problem addressed in this work, as previously introduced, is that there remains a lack of a holistic lens with which one can explain and evaluate the many concurring processes that the new market-driven approach to poverty reduction is putting into action. These actions include new global and national policies and institutions, new ventures with new business models, new funding instruments. These actions are often studied in isolation through case research, drawing on a range of different research angles. Although a body of knowledge has formed around market and entrepreneurial approaches to poverty reduction, a shared theoretical frame has not been created. There is a need for a holistic, shared theoretical approach which can provide conceptual tools to position different types of activities within the whole, and explain how subsistence markets develop under the influence of the new market-driven approach to poverty reduction. The future impact of the market-driven and

entrepreneurial approach to poverty reduction can only be assessed by simultaneously considering many interrelated activities.

This thesis addresses this problem by studying early-phase market organizing in subsistence settings and its implications for the capability for achieving well-being. The market studies research perspective is undogmatic and therefore can be applied across pre-industrial, industrial, and post-industrial forms of organizing. Prior research on market organizing has been based on empirical work in affluent markets. In these settings, knowledge is generated on how existing markets are shaped (Azimont & Araujo, 2007, 2010; Geiger, Kjellberg & Spencer, 2012), innovated (Kjellberg, Azimont & Reid, 2015; Storbacka & Nenonen, 2015), configured (Andersson, Aspenberg & Kjellberg, 2008; Storbacka & Nenonen, 2011a), or scripted (Storbacka & Nenonen, 2011b). Affluent empirical settings have many layers of established practices and structures, and the focus on the research community has therefore been mainly market re-organizing. Gathering first-hand empirical data on the origins of market formation and market organizing is difficult, and therefore researchers tend to rely on historical data (Araujo & Kjellberg, 2015; Kjellberg, 2001).

Understanding the early stages of market formation is important because it sets the direction for the market organizing process, which inevitably involves some degree of path dependency. While the global market economy serving affluent populations has taken a path that is now causing unintended negative consequences, such as environmental problems and unequal wealth distribution (Geiger, Harrison, Kjellberg, & Mallard, 2014), market organizing in subsistence settings is still in early phases. Hammond et al (2007) estimated that 4 billion people live on less than 5 USD per day in low-income subsistence settings around the globe. These populations are typically served by the informal economy that is not regulated or protected by the state and often not included in the global market economy. For example, the informal economy amounts to 66% of non-agriculture employment in Africa and 82% in South Asia (WEIGO 2014).

In 2017 the total world population is estimated at 7,6 billion people, and by 2050 it is expected to reach 9,7 billion (UN World Population Prospects, 2017). The majority of this increase will take place in what currently is low-income subsistence settings. For example, from 2017 to 2050, half of the world's population growth is expected to take place in just nine countries: India, Nigeria, Democratic Republic of the Congo, Pakistan, Ethiopia, the United Republic of Tanzania, the United States of America, Uganda and Indonesia (UN World Population Prospects, 2017).

Gaining the capacity to evaluate the direction of market organizing processes in subsistence settings is important for several reasons. First, the current large population and future estimated population growth in subsistence settings in itself gives relevance to research on understanding the impact of market organizing. Second, it is important due to the vulnerability of subsistence populations and the consequences of inequalities they may experience, e.g. in terms of societal instabilities. Finally, understanding early phase market organizing in subsistence settings is important due to the longer-term, collective impact that the future consumption patterns of these populations will have on environmental sustainability.

## **1.2 Purpose of the dissertation**

The purpose of this research is to study early-phase market organizing in subsistence settings and its implications on capabilities for achieving well-being. To this end, three research questions are asked. Initially, the focus was on companies developing innovations for subsistence settings. Later, the focus shifted towards a local perspective to market organizing.

- 1) How do companies innovate for low-income markets?
- 2) How are markets formed in subsistence settings?
- 3) What should be evaluated to understand how early-phase market organizing influences capabilities for achieving well-being?

Each research question is answered in an article. The three articles are attached to this dissertation. These research questions evolved during the dissertation project. The first question is answered in the first article. The findings of the first article led to the second research question, which is answered in the second article. The findings of the second article led to the third research question, which is answered in the third article.

Research question 1 is answered in Article 1: Innovation for inclusive business: Intrapreneurial bricolage in multinational corporations. Halme, M., Lindeman, S. & Linna, P. 2012. *Journal of Management Studies*, volume 49, issue 4, pages 743-784 (part of a special issue on inclusive innovation)

Research question 2 is answered in Article 2: Market formation in subsistence contexts: A study of informal waste trade practices in Tanzania and Brazil. Lindeman, S. 2012.

Consumption Markets & Culture, volume 15, issue 2, pages 235-257 (part of a special issue on market formation)

Research question 3 is answered in Article 3: Until we live like they live in Europe: A multilevel framework for community empowerment in subsistence markets. Lindeman, S. 2014. Journal of Macromarketing, volume 34, issue 2, pages 171-185 (part of a special issue on subsistence marketplaces)

This dissertation contributes to the market studies and subsistence marketplace literatures within the larger field of marketing by clarifying the process of early-phase market organizing and by developing conceptual tools to evaluate the impact of this organizing on capabilities for well-being among people living in subsistence settings. The three articles are summarized and presented in Chapter 4. The results and contributions of the dissertation as a whole is synthesized and presented in Chapter 5.

### **1.3 Key concepts**

The main concepts are defined below as they are used in this thesis.

*Market.* This thesis adopts the definition of a market as proposed by Nenonen et al. (2014: 271), i.e. that a market is ongoing socio-material enactments that organize economized exchanges. Markets are studied as bundles of practices that are gradually created and shaped through the interplay among market practices.

*Market practices.* Three broad categories of market practices have been identified by Kjellberg and Helgesson (2007): Exchange practices describe individual economic exchanges, such as selling or buying; representational practices are activities that contribute to depicting markets and/or how they work, such as market studies or academic work; and normalizing practices create standards and rules for exchanges. Market dynamics describes the interplay between market practices. Representational and normalizing practices create governance over exchanges; i.e., market governance.

*Market actors.* Market actors are broadly defined as all organizations that are involved in the practices that constitute markets, including companies, governments, and a wide range of other participants (Kjellberg & Helgesson, 2006). Market actors can have different and conflicting views on what the market is or what it should be.

*Market agency.* Market agency is defined as the ability to act in and to shape markets (Araujo et al., 2010). Market agency is distributed between humans and devices

(Hutchins, 1995; MacKenzie, Muniesa, & Sui, 2007). Devices are broadly defined as both physical tools (such as carts, truck, phones, and laptops) and mental tools (such as models of thinking and acting). Market agency is not limited by organizational boundaries but rather describes networks of humans and devices that together form the agency to act in and shape markets (Araujo & Kjellberg, 2016).

*Market organizing.* Market organizing is the ongoing process whereby market agency is used to influence the practices that constitute markets (Araujo, Finch & Kjellberg, 2010). Market organizing can be intentional or unintentional. Market organizing refers to the overall process, which includes attempts to shape, stabilize, and form market practices. In early market organizing, the three market practices start to take shape and interact with each other to standardize and discipline exchanges.

*Subsistence.* Subsistence refers to a state of barely having enough resources to sustain life. Subsistence settings describe individuals and communities that struggle to fulfil their most basic needs (Viswanathan & Rosa, 2007). Affluence is the opposite of subsistence.

*Capability for well-being.* In accordance with the capability approach (Sen, 1999; Nussbaum, 2000), poverty is understood as a lack of capability for achieving well-being. Poverty reduction is thereby viewed as the increase of a person's capability to achieve well-being. Well-being is understood as multidimensional concept, and capability is defined as an expression of human agency that aims to increase one's well-being (Sen 1999). Increasing one's capability to achieve well-being requires both individual agency and opportunities provided by society. Access to opportunities such as schools and hospitals enables people to take care of their well-being (i.e., ensuring education and health).

#### **1.4 Delimitations**

Subsistence markets can be found in all parts of the world. This thesis is based on studies in the following sectors and geographical areas: waste, housing, information and communication technologies (ICT), and energy in Tanzania, Ethiopia, Brazil, and India. The country locations were chosen based on access to in-depth data collection of initiatives or activities related to market organizing in subsistence settings. The sectors of waste, housing, ICT and energy were chosen because they are relevant for improving living conditions in subsistence settings.

In the market organizing process, many actors, such as governments, funders, companies, universities, and the media, are involved. Therefore, the three articles of this dissertation adopt three different perspectives: Article 1 takes a company perspective, Article 2 provides a bird's eye view, and Article 3 is written from a community perspective on market organizing. Other perspectives to market organizing, such as the perspective of governments or the media, would be valuable to investigate but are outside the scope of this dissertation.

This research was mainly conducted in urban or semi-urban settings and does not cover rural factors, such as natural ecosystems and agriculture.

This thesis studies market organizing and the implications of such organizing on the capability for achieving well-being. However, although well-being and poverty are at the core of the problem statement, this thesis does not focus on the experience of poverty or well-being; rather, the emphasis is on the organizing that leads to such experiences.

The thesis work is underpinned by the long-term ambition to promote sustainable market organizing. However, some aspects of ecological sustainability are outside the scope of this dissertation work and instead discussed in terms of future research directions.

## **1.5 Research process**

This section outlines the research process, including the three studies that together form this dissertation. The research process is presented to show the mundane reasoning and learning processes that took place during the span of this research process. Table 1 shows how insights gained from the first study led to new questions, which inspired the second study, and so forth. While a detailed account of data and methods is presented in Chapter 3, a general overview of the learning process is described next.

**Table 1 The Research Process Divided by Study**

Study 1	Study 2	Study 3
Question: How do companies innovate for low-income markets?	Question: How are markets formed in subsistence settings?	Question: What should be evaluated to understand how early-phase market organizing influences capabilities for achieving well-being?
↓	↓	↓
Empirical work: 2007–2009, ABB minihydro energy solution in Ethiopia (Field Visit 1, 2008) and Nokia Village connection in India	Empirical work: Study of informal waste trade practices in Tanzania (Field Visit 2, 2009) and Brazil (Field Visit 3, 2009)	Empirical work: Study of a housing project by the urban poor in Tanzania, pre-study (Field Visit 2, 2009) and main study (Field Visit 4, 2011)
↓	↓	↓
Article 1: “Innovation for inclusive business: Intrapreneurial bricolage in multinational corporations”	Article 2: “Market formation in subsistence contexts: A study of informal waste trade practices in Tanzania and Brazil”	Article 3: “Until we live like they live in Europe: A multilevel framework for community empowerment in subsistence markets”
↓	↓	↓
Insights and new question: Inclusive innovation requires engaging in market creation, which goes beyond typical business development. But what is a market, and how is it created in subsistence settings?	Insights and new question: Markets are shaped through agency both for exchanges and for discussions about exchanges. But how can the link to poverty reduction be made?	Insight and new question: Capabilities across multiple levels of organizing is central for both changes in markets and for humans’ well-being. This leads to markets that generate life-affirmative outcomes. More research is needed on this topic, and it should also include environmental sustainability.

The first study grew out of my interest in inclusive business and the possibility to follow in real time two inclusive business development processes in the Finnish companies ABB and Nokia. Much of the literature on inclusive business at the time was based on descriptive cases, often with success story narratives, providing limited insights into the processes leading to inclusive business. This study provided empirical data from behind the scenes of inclusive business development. For example, we accompanied the business developers from ABB to the field in Ethiopia in 2008 and witnessed several critical events. The study resulted in contributions to the literature on social intrapreneurship and bricolage, and we coined the term intrapreneurial bricolage. The study gave me an important insight: Many of the challenges the innovators were facing both internally and externally related to the need to organizing a market for their innovation, because the market did not yet exist. This raised the question how are

markets formed in subsistence settings? Neither the literature on inclusive business nor market studies fully answered this question.

The second study aimed at understanding how markets are formed in subsistence settings. This was accomplished through ethnographic empirical studies of the practices involved in informal waste trades in two mid-sized cities in Tanzania and Brazil. The study confirms research in previous market studies on how a market is an on-going process of organizing. This study contributes to the literature on market organizing by identifying the dimensions and dynamics of early market organizing in subsistence settings. In addition, the study sheds light on how power imbalances are expressed in market exchange practices and how trade is controlled informally. These findings indicated inequality, but this could not be fully addressed in the article. The findings also raised further questions, such as the following: Under which circumstances does market organizing in subsistence settings eventually lead to increased equality? If markets are outcomes that, to some extent, are conditioned by earlier organizing, is it of particular importance for future outcomes how the early organizing is conducted? In the inclusive business literature, it was claimed that entrepreneurial solutions in low-income settings will reduce poverty. Nevertheless, the literature at the time did not provide conceptual tools to analyze this possible outcome.

The third study was inspired by this challenge. Initially, this study required tackling big questions, such as, what is poverty and what is equality? At the time, I was concerned about how entrepreneurial solutions to poverty were promoted although there was no conceptual framework for explaining how such activities influenced poverty reduction. By then, I understood entrepreneurial initiatives as being part of the larger phenomenon of market organizing, and I wanted to develop conceptual tools to analyze how early market organizing impacts poverty. I was motivated to do this research due to my concern that not all inclusive business initiatives would have long-term positive implications for communities and their environments. For this reason, conceptualizing the impact of early market organizing on the capability for achieving well-being could become a tool for guiding early market organizing in subsistence settings and thereby hopefully avoiding unintended negative consequences. The fieldwork for this study was conducted in Dar es Salaam, Tanzania, and the research focused on urban poor communities working to develop new housing opportunities for themselves.



## 1.6 Research philosophy

Rather than suggesting one fixed research philosophy for the entire dissertation, a more accurate statement is that the philosophy and approach to the research evolved and matured during the course of the work. Guba and Lincoln (1994) outline a spectrum of research paradigms ranging from positivism, post-positivism, critical theory, constructivism to participatory. Their review includes the ontological, epistemological and methodological basis for these paradigms. Ontology relates to how the researcher understands reality while epistemology describes to how a researcher views knowledge creation. In retroflection, my approach to research has evolved from critical theory to constructivism and participation, and finally, beyond that to relational ontology (Blaser, 2010).

The first study involved qualitative methods and fieldwork. At that point in time, I urgently wanted to get out and observe the phenomenon of entrepreneurial solutions that potentially could have a positive effect on poverty. My main concern was in understanding a reality out there, an ontological position most closely described by critical theory (Guba & Lincoln, 1994). With regards to my epistemology during the first study, the rather tough review process for *Journal of Management Studies* concerning data coding and analysis opened my eyes to the difference between empirical insights and systematically derived knowledge.

During the second study, the theoretical work introduced me to performativity (Callon, 1998; Kjellberg & Helgesson, 2007a). The discussion on performativity suggests that ideas about markets influence how markets are organized, i.e. theories contribute to shaping markets. These ideas contributed to developing my ontology. I realized that by doing my research I am part of the system, in this case the phenomenon of market organizing in subsistence settings. This view is more closely described by constructivism (Guba & Lincoln, 1994). Constructivist ontology can be called relativism, i.e. locally constructed realities, and knowledge is created rather than just identified (Guba & Lincoln, 1994). During the second study, I also came to realize that knowledge generation is not only a rational and controlled process, but also a creative process. At this time, I was very engaged in developing my own working routine for field work and I realized that my internal reality directly influences knowledge generation, i.e. I contributed to creating my findings (Guba & Lincoln, 1994).

During the third study, I added a level of complexity in the analysis process. I decided to use the multilevel analysis methodological framework of Klein and Kozlowski (2000). With this analysis method, it is possible to uphold and move between levels of analysis within the same study as long as the conceptual phenomenon remains the same on all levels. This choice in the research approach reflects a further development in my ontology. My perception of the phenomenon under study was more systemic and interdependent across levels of study and analysis. During the time of the third study process, I also felt an urgent need to bring something back to the local community in Tanzania. I engaged Aalto University master level courses to have multidisciplinary teams work together with the case organizations of the third study (Centre for Community Initiatives CCI and the Tanzania Federation of the Urban poor) in solving the challenges they had identified. Linking action to research is an expression of a participatory research philosophy (Polsa, 2013; Guba & Lincoln, 1994; Heron & Reason, 1997).

Towards the end of my dissertation period, my ontological position has moved beyond the spectrum outlined by Guba and Lincoln (1994) towards relational ontology (Blaser, 2010; Escobar, 2008; Scharmer & Kaufer, 2013). Guba and Lincoln (1994) recognize that the social sciences may be entering an age of greater spirituality integrated into research philosophy. They foresee that this will include considerations for ecological values and recognition of non-western knowledge traditions. The term relational ontology comes from inquiries into indigenous philosophy, and the ontological starting point is a network in which there is a communication between different perceived realities and an exchange of vital energies (Blaser, 2010). In this perspective, reality is made up of the accumulated experiences and “knowledges” of each observer, which are an outcome of situated relational encounters (Ehrstrom Fuentes, 2016).

This emerging ontological discussion includes arguments concerning the human being as not separated from nature (Escobar, 2008). Scharmer and Kaufer (2013:4) further expand on this idea and suggest that there has been an ecological divide (self and nature), social divide (self and other) and a spiritual-cultural divide (self and Self, one’s greatest potential) that represent three different tips of ‘the iceberg of massive institutional failure’. These divides cause today’s society to collectively create results that nobody wants, such as climate change. Scharmer and Kaufer (2013) argue for a shift from an ego-centric (human centric) to an eco-centric (life centric) perspective. The essence of an eco-centric approach is to understand one’s own being and reality as interconnected on

multiple levels with the surroundings. The on-going consideration during this dissertation of the grand challenges of sustainability and global poverty spurred the need to search for a view of the reality through which the current global challenges could be both understood and addressed.

### **1.7 Structure of the dissertation**

This dissertation comprises five chapters and three appendices. Chapter 1 introduces the work, the research problem, and the purpose. Chapter 2 provides an overview of the theoretical background for the research. Chapter 3 presents the research methodology, including the study processes, the fieldwork, and data collection and analysis. Chapter 4 provides a summary of the three articles. Chapter 5 presents the results and contributions of the dissertation, discusses limitations and future research directions and provides concluding remarks.

## **2 EARLY MARKET ORGANIZING AND POVERTY REDUCTION**

This chapter presents the theoretical framework for this dissertation, which draws on two streams of marketing literature: subsistence marketplaces and market studies. These literatures were chosen because they complement each other and provide support for the study of market organizing in subsistence settings. The subsistence marketplaces literature, which builds on the tradition of consumer research, provides detailed micro-level knowledge of the exchange practices and relationships in low-income, informal settings (e.g. urban slums). The market studies literature, which mainly builds on research in affluent settings, takes a broader perspective. It studies the interplay between market practices, and this interplay reveals the process of market organizing.

In addition, the capability approach literature from the field of development economics is used because it provides well-established concepts for evaluating poverty reduction (Sen, 1999; Nussbaum, 2000) and has its theoretical foundations in the notion of human agency. Agency is likewise an important concept in market studies, which makes it possible to bridge these literatures. The combination of these three literatures provides a theoretical framework for this study of market organizing in subsistence settings. Next, a more detailed account of the theoretical frame is presented.

### **2.1 Markets as on-going processes of organizing**

Traditionally, markets have served as a passive background for the study of marketing activities (Araujo et al., 2010; Venkatesh, Penaloza, & Firat, 2006). However, more recent marketing research has shifted the focus to studying markets as complex socio-economic systems of trade (Andersson et al., 2008; Araujo, 2007; Ellis, Jack, Hopkins & O'Reilly, 2010; Kjellberg & Helgesson, 2007a; Kjellberg et al., 2012; Nenonen et al., 2014; Peñaloza & Venkatesh, 2006; Vargo & Lusch, 2011). The market studies stream of research presents an alternative and nondeterministic view on markets to that of neoliberal economics (Araujo et al., 2010; Mele, Pels & Storbacka 2015). This literature shows how markets are socially constructed through interplays among exchange practices and practices that discipline or depict exchanges (Kjellberg & Helgesson, 2006, 2007a). Markets—understood in this way as bundles of practices—can change dynamically or resist change effectively (Kjellberg et al., 2015; Nenonen et al., 2014). The driving force in both change and stabilizing processes in markets is explained and

studied through the concept of market agency (Hagberg & Kjellberg, 2010; Callon & Law, 1995; Cochoy, 2008; Araujo, 2007). For example, entrepreneurs may have market agency to destabilize current markets and create new markets (Read, Dew, Saraswathy, Song & Wiltbank, 2009; Saraswathy, 2008).

The market studies stream of research builds on past work within the economic sociology of markets, where it is agreed that markets are socially constructed. Fligstein and Dauter (2007) note that there are three theoretical groups of sociology scholars who either use networks, institutions, or performativity as the explanatory mechanism in the emergence and ongoing dynamic of markets. The market studies stream of research builds in particular on the performativity approach (Callon, 1998; Callon & Muniesa, 2005; MacKenzie & Mollo, 2003).

This approach focuses on the capacities that stem from the interactions between humans and devices (Callon, 1998; MacKenzie, 2009; MacKenzie et al. 2007). The ambition of market studies scholars to study very concrete manifestations of markets inclines them to utilize practice theory, of which there are many interpretations. In this dissertation, practices are defined as routinized, everyday human actions that incorporate material, cognitive, and socio-spatial dimensions (Reckwitz, 2002; Shatzki, 1996; Shatzki, Cetina & von Savigny, 2001; Whittington, 2011). The benefit of a practice perspective is that it provides a unit of analysis focusing empirically on what is really done, rather than on accounts of how it should be done (Whittington, 2011). It provides a counterweight to the abstract accounts of markets that are typical in the field of economics (Kjellberg & Helgesson, 2007a). Conceptually, the practices approach also enables movement between the individual level and the aggregated collective level and thus provides a systemic view of the social realm.

Kjellberg and Helgesson (2006, 2007) identify three broad aggregated categories of market practices: exchange, normalizing and representational practices. Exchange practices relate to the concrete activities that make possible the exchange of the tradable units relevant for that particular market. Normalizing practices relate to activities that aim at setting norms, rules, and standards that regulate exchanges. Representational practices aim at depicting the market and thus guide and influence activities toward the market. The market dynamic can be studied by analyzing the interactions between these three types of practices. Market dynamics can be compared across very different markets and thus provides a means to identify similarities and differences among markets.

The above described characteristics of markets are captured in the definition of a market as “ongoing socio-material enactments that organize economized exchanges” (Nenonen et al. (2014: 271). Nenonen et al (2014) clarify that markets are ongoing enactments because they are both created and maintained through sets of interconnecting practices. Markets are socio-material because the practices that create and maintain markets are constituted by interactions between materially heterogeneous entities. Furthermore, markets organize economized exchanges. Although markets contain practices that are social and even non-economic, through the market organizing, exchanges become economized. Caliskan and Callon (2010:2) describe economization as the process “through which behaviors, organizations, institutions and, more generally objects are constituted as being ‘economic’”.

Given that markets are socially constructed through a range of practices, this implies that engaged market actors tend to have different—and at times competing or conflicting—views about what the market is or should be. This is referred to in the literature as market multiplicity (Kjellberg & Helgesson, 2006). Change in markets can be explained through studying market actors that shape or resist the shaping of markets according to their understanding of what the market is and should be. The success of such shaping efforts depends to a large extent on their market agency (Andersson et al., 2008; Araujo & Kjellberg, 2016; Callon & Law, 2005; Mele & Russo-Spena, 2015).

In the performativity market studies tradition, *market agency* is understood as being distributed between humans and devices (Hutchins, 1995; MacKenzie et al., 2007). It is recognized that market agents are not predefined entities (e.g., company X or association Y) but rather are configurations of entities, including humans and devices, and the relationships between these entities (Callon & Law, 1995; Callon & Muniesa, 2005; Hagberg & Kjellberg, 2010). As stated previously, devices can be any type of nonhuman artifact that plays an enabling role in performing a market practice. They are mainly discussed as enabling tools in exchange practices; e.g., using computing power for financial transactions (Knorr-Cetina & Bruegger, 2000) and using shopping carts together with purchasing lists to navigate large shopping malls (Cochoy, 2008).

Market agency includes both the ability to act in markets and the ability to shape markets (Araujo et al., 2010). Acting in markets refers to engaging with other market actors in accordance with the currently established rules and norms. It relates mainly to exchange market practices. Shaping markets, on the other hand, includes specific interventions

that aim to change the market. For this type of market agency, it is necessary to engage in re-configuring representational and normalizing practices.

Market agency is described in the literature as plural and contingent upon particular socio-technical arrangements (du Gay, 2008). Hagberg and Kjellberg (2010) highlight this quality by describing market agents as being hybrid and collective, while Callon (1998) uses the term *agencement* (cf. Cochoy, Tompette, & Araujo, 2016). From this perspective, the coming together of the elements that make up each certain agent, as well as the relationships among these elements, determines the agent's ability to act in and shape markets (Araujo et al., 2010), while agency describes the ability to influence and is thereby a way to study power relations. Market devices tend to be distributed unevenly across market actors, creating unequal power distribution (Callon & Muniesa, 2005).

Most of the market studies to date have focused on markets in affluent settings, where there is a long history of market organizing, and research on the early stages of market organizing primarily relies on historical data (Araujo & Kjellberg, 2015). The processes of market organizing specifically studied in this dissertation represent the early phases of market organizing (Lindeman 2012, Lindeman 2014). In these early phases, it is challenging to pinpoint what “the market” actually is, because it is something that is still evolving. Therefore, one of the key contributions of this thesis to the literature is clarifying the process through which undisciplined trade is organized into a market through the introduction of normalizing and representational practices (Lindeman, 2012, 2014).

## **2.2 Exchange practices and relations in subsistence settings**

Subsistence-level communities provide an ideal empirical setting for studying early-phase market organizing since much of the trade is informal and is not organized into market governance through normalizing and representational practices. Subsistence marketplaces constitute large economies (Hammond et al., 2007), but despite their size, these settings have received little attention from the business research community.

The subsistence marketplaces stream of research addresses this gap in knowledge and seeks to enhance the understanding of behaviors, economic relations and transactions in subsistence settings (Sridharan & Viswanathan, 2008; Viswanathan & Rosa, 2007; Viswanathan et al., 2010a; Viswanathan et al., 2010b; Viswanathan et al. 2012). The subsistence marketplaces literature studies the local dynamics on a micro level and is descriptive with a strong emphasis on empirical work.

Previous research has shown that while people in subsistence environments are typically resource scarce with respect to income and literacy, they are rich in social ties (Sridharan & Viswanathan, 2008). In subsistence contexts, there are typically few reliable employment opportunities, and therefore many people are self-employed and operate micro-enterprises (Ardrey, Pecotich, & Shultz, 2006; Hammond et al., 2007). In the partial absence of industrialized products, people are simultaneously producers of in-demand products and services, such as bread made in a home-based bakery, and consumers of products and services by other micro-entrepreneurs, such as chicken meat from a poultry keeper in the community (Akula, 2008; Varma & Vikas, 2007). Thus, Viswanathan, Rosa, and Ruth (2010) have coined the term *subsistence consumer-merchants* (SCMs). The notion of consumer-merchants attempts to capture this diversity of simultaneous roles and activities, and provides an alternative to the single notion of consumer, which is ill-fit to describe people in subsistence settings. In order to maintain their livelihoods, the SCMs juggle resources across networks of family and neighbors as well as networks of their customers and vendors. Their exchanges are characterized by a prevalence of face-to-face interactions when evaluating products, making purchases, or operating their small businesses (Rosa & Viswanathan, 2007).

The work by Viswanathan and colleagues (Viswanathan et al., 2012; Viswanathan et al., 2010a; Viswanathan et al., 2010b) on identifying the characteristics of exchanges and relations in subsistence settings is of particular relevance for this dissertation because it sheds light on one of the three market practices; i.e., exchange practices. This research provides knowledge on exchanges, relational qualities, and relational networks, which serve as a foundation for understanding market organizing.

The one-on-one exchange interactions in subsistence settings are characterized by relation empathy and fluidity (Viswanathan et al., 2012). Relational empathy means that during an interaction, knowledge of the other person's life situation is taken into consideration. Viswanathan et al. (2012) found that understanding, consideration, and forgiveness at a human level was expressed in subsistence marketplace exchanges. In addition, they found that exchanges are characterized by fluidity in the terms of transactions and lack of standards (Viswanathan et al., 2012). Contrary to standardized transactions in affluent settings, in subsistence marketplaces, there is constant customization and high responsiveness to individual circumstances. In subsistence exchanges the social and the economic are intertwined.



Due to the pressing resource scarcity and deprivation of basic capabilities to be nourished, safe, healthy, educated etc., exchanges are conducted differently in subsistence settings than in affluent contexts. Viswanathan et al. (2012) show that subsistence marketplaces are characterized by pervasive interdependence and orality. The interdependence is manifested through complex social ties across family, neighbor and micro business partners. The orality refers to a general absence of written documentation, and in its place, one finds complex patterns of discussions and verbal communication to get information, verify information, make agreements, solve conflicts, know and assess compliance to social norms and interpret the general situation in the community. This interdependence is a collective life strategy that is a response to the high degree of uncertainty that people living in subsistence conditions face every day. Interdependence includes not just buyers and sellers engaged in marketplace exchanges, but also family, friends, neighbors, and other members of the person's social network.

In subsistence settings, the private and business spheres are not as separate as those in affluent contexts; likewise, the industrialized practice of drawing a clear distinction between consumption and production is often irrelevant as production, trade, and consumption function in an intertwined manner. SCMs fill multiple roles and juggle scarce resources across subsystem networks of family, customers, and vendors. They are constantly reassessing relationships and allocating their limited time, energy, and financial resources within and across these subsystems so that the aggregated system remains viable (Viswanathan et al., 2010a).

To conclude, the subsistence marketplace literature shows that low-income, informal systems of trade are not lacking in activities or complexities. Instead, there is an abundance of exchanges relations that are deeply interrelated and interconnected. These exchanges are characterized by a state of constant deprivation and a fight for survival, and because the participants in a subsistence marketplace are fully focused on surviving, there are limited opportunities to engage in reconfiguration of the market. This dissertation sheds light on how such new capabilities to shape markets can emerge and how this can influence the lives of people in subsistence settings.

### **2.3 The capability approach for evaluating poverty reduction**

This thesis seeks to determine when and how market organizing in subsistence settings leads to poverty reduction. To create a theoretical framework that enables such research, it was necessary to link the current descriptive market studies with a normative

conceptual framework capable of addressing and evaluating poverty reduction. The capability approach (Nussbaum, 1988, 1995, 2000; Sen, 1983, 1985, 1987, 1992, 1999; Nussbaum & Sen 1993) was chosen because it is a well-established conceptual framework in the field of development economics (Morris 2010). Development studies have long agreed that poverty is a multidimensional phenomenon (Addison, Hulme, & Kanbur, 2009), and the capability approach is a normative conceptual framework that provides a conceptual tool to evaluate human progress in terms of well-being, poverty, and equality (Alkire, 2010; Robeyns, 2005; Robeyns & Crocker, 2010). Sen (1999) defines poverty as a lack of capability to achieve well-being and suggests that efforts to reduce poverty should be evaluated on the basis of what people are able to do and be, on the quality of their life, and on removing obstacles in their lives, so that they have greater freedom to live the kind of life that, upon reflection, they have reason to value. In other words, the capability approach argues that to evaluate poverty reduction, attention must be paid to whether capabilities for achieving well-being are increased.

To combine the capability approach with current market studies, a definition of agency that draws on both theories was developed. Two evaluative aspects of agency were selected from the capability approach, while the scope of agency was drawn from market studies. The evaluative aspects of agency that are integrated from the capability approach relate to the aim of agency manifestations as well as the available opportunities for agency manifestations. These will be discussed next.

In the capability approach, a distinction is made between agency and well-being capability (Robeyns, 2005; Sen, 1999). Agency is defined as any purposeful act by a human being, while well-being capability is conceptualized as expressions of human agency that support the good life of that individual. Making this distinction singles out the aim and intention behind agency manifestations. Furthermore, Sen (1999) argues that a good life is to be evaluated based on a person's own values, thereby recognizing individual preferences and the multiplicity of paths to human flourishing. In other words, the evaluative frame that the capability approach presents is not one-size fits all; instead, the evaluative baseline is determined subjectively.

Compared to the notion of distributed agency that is normally adopted in the market studies literature, Sen's approach to agency is more traditional in the sense that he defines agency as human ability. Nevertheless, Sen (1999) does discuss that means are used to express one's agency, but he does not go as far as the economic sociologists who argue that material tools codetermine agency. In this dissertation, the broader

understanding of the scope of agency as being distributed between humans and devices and enacted through networks, also called agencements, was chosen. Compared to a traditional notion of agency, the networked understanding of agency in market studies makes it possible study agency on levels higher than the individual level of organizing, which is important for understanding market organizing.

The second evaluative aspect of agency relates to the available opportunities that enable agency. Sen (1999) distinguishes between achievements and freedoms in describing the expression of agency and well-being (Robeyns, 2005). Agency achievements are the practical doings of a person, and they bear resemblance to practices. They are a routinized way of doing and being. Well-being achievements show a nuanced difference, as this concept describes the practical doings and beings of a person that support her well-being. Freedoms, on the other hand, are opportunities that a person can access and use to realize achievements. In other words, freedoms include the integration of opportunities, which lead to new practical doings and beings (i.e., progress). Agency freedoms describe any new doing and being, while well-being freedoms specifically refer to doings and beings that contribute to that person's life-affirmative goals (Robeyns, 2005; Sen, 1999). Capability refers to well-being freedoms; that is, a situation where a human being strives for her own well-being and has the effective opportunities to achieve it (Sen, 1999; Robeyns, 2005). The capability approach argues that efforts to evaluate poverty reduction, well-being, and equality should focus on identifying and evaluating capabilities for achieving well-being rather than focusing on outcomes. Even though outcomes are much easier to study, Sen (1999) argues that evaluations based on outcomes will not convey a true picture of equality, poverty reduction, or increase in well-being.

Adopting capability as a focal lens is important because it can shed light on the dual responsibility of striving for well-being. According to Sen (1999), it is the responsibility of individual human beings to strive for a good life, but it is also the responsibility of authorities to provide opportunities that make it possible for people to manifest their positive agency. These opportunities include providing education health care, and infrastructure that people can utilize and integrate into their lives.

Focusing evaluative efforts on opportunities in agency manifestations also highlights the importance of the equality—or lack of equality—of *real* opportunities. Simply providing access to education and health care is not enough since the multidimensionality of poverty will make it easier from some people to make good use of such opportunities.

For example, a lowest-cast Dalit child in Pakistan may have access to a school, but due to discrimination against Dalits by teachers and lack of support by parents and their community culture, the child will have less de facto opportunity to make use of this access to education than other children (Tamim & Tariq, 2015).

This second insight from the capability approach that is relevant to this study is important in the discussion of market organizing because it raises the question of the responsibility of creating equal opportunities. In Sen's conceptualization, this responsibility is placed with the authorities, such as governments. However, this dissertation demonstrates that opportunities are also created by market actors involved in the process of market organizing and that market agency can increase the capability of achieving well-being through the integration of means, opportunities, and abilities to reach life-affirmative goals.

#### **2.4 Summarizing the theoretical frame**

This section will summarize how the three above presented streams of literature are integrated in this doctoral dissertation. The theoretical frame for this dissertation integrates two explanatory streams of literature, market studies and subsistence marketplaces, and one evaluative stream of literature, the capability approach.

The explanatory theories are both from within the discipline of marketing. Market studies provides concepts to explain the market organizing process (Araujo et al 2010). This stream of literature takes a holistic perspective, where multiple stakeholders and multiple levels of organizing are taken into account. Through the use of practices as the unit of analysis, market studies literature provides a lens that enables research that iterates between the micro level and more aggravated levels of market organizing.

The subsistence marketplaces literature, on the other hand, focuses on the grassroots perspective in subsistence marketplaces (Viswanathan and Rosa 2007). This literature provides detailed explanations of the character of exchange relationships in low-income, informal settings. As market studies research seeks to understand the interplay between exchange, representational and normalizing market practices, the subsistence marketplaces literature provides support for understanding exchange practices in subsistence settings. Without this knowledge, a western affluent setting bias could hinder deeper understanding of the exchange relations and realities in subsistence settings.

The subsistence literature includes an ethos of aiming for the creation of such entrepreneurial and market arrangements, which would lift people in subsistence out of poverty (Viswanathan and Rosa 2007). However, conceptual tools for evaluating such developments are lacking. This thesis addresses this gap by conceptually combining market studies with the capability approach.

Through the notion of market agency, market studies scholars explain and study influence and power relations in market organizing processes. This provides a holistic explanatory lens for understanding economic organizing in subsistence settings. However, the explanatory nature and research tradition in market studies does not provide tools for taking an evaluative stance with regards to whether market organizing leads to empowerment and poverty reduction. Issues such as sustainability and inclusion are typically addressed in an explanatory fashion by market studies scholars for example as values, which influences market organizing (cf. Kjellberg and Helgesson 2010).

For these reasons, it was necessary to complement the explanatory marketing theories with a normative theory that provides tools for studying poverty reduction. To create a conceptual frame for this dissertation research, efforts were made to integrate the capability approach with market studies. Next, the integration of the concepts of agency, practices, power and well-being are summarized.

Agency is a central concept in both market studies and the capability approach. However, the definition of agency differs somewhat. The capability approach takes a more traditional definition of agency as the human capacity for choice and action. Market studies, on the other hand, studies agency as distributed between humans and devices, and expands from the focus on the individual to the agency of larger networks of humans and devices (Agencements, see e.g. Callon 2016). This dissertation adheres to the broader definition of agency in market studies.

Practices is a central concept and unit of study in market studies. Market studies scholars are interested in understanding the real practices and processes underlying market organizing. Similarly, the capability approach places great emphasis on real doings (functionings) and real hindrances that people face with respect to realizing de facto opportunities (capabilities). This conceptual focus on functionings and the realities of everyday life fits with the practices perspective taken in market studies. Practice theory provides detailed conceptualizations for understanding everyday activities, while the

capability approach provides conceptualizations for distinguishing between practices that increase well-being and practices that do not.

Without explicitly using the term ‘power’, research in both market studies and the capability approach address power relations. Through the concepts of market agency and agencements, one can study the practices that influence in market organizing. The capability approach, on the other hand, focuses on empowerment. Through the concept of capabilities for well-being, one can study the practices that create empowered individuals that experience well-being. In this dissertation work, these two notions are combined. The market studies approach to power is explanatory, while the capability approach to power is evaluative. The two are combined to conceptualize the impact of market organizing on empowerment through increase of capabilities for well-being. The core of the capability approach evaluative framework is the concept of well-being, and several conceptual distinctions in relation to well-being are incorporated in this dissertation work.

Well-being is a central notion in the capability approach. The capability approach makes a distinction between doings and beings. The focus on beings opens up a dimension which is new to market studies. The capability approach places well-being at its core, and studies the capacity of doings to enhance or hinder the realization of well-being. Well-being can be manifested in different ways, and is determined by the person in question. This life-centric perspective provides a new lens through which practices in market organizing can be evaluated. The focus on well-being also makes a distinction between living creatures and devices, since only living organisms can experience well-being. For this reason, the capability approach literature argues that well-being should always be analyzed only on the individual level. This is called ethical individualism, and it is also important because it avoids the risk of vulnerable segments of society being side-lined when well-being is measured on aggregated levels. For example, women or children’s well-being risk to be neglected if the analytical focus is on family well-being, and in a larger scale, vulnerable minority groups risk to be neglected in well-being is measured on a larger societal level.

### **3 RESEARCH METHODOLOGY**

In the three studies that comprise this thesis, ethnography was used as the main methodology, and different data collection methods were used within these parameters. This chapter describes how the data were collected and analyzed.

#### **3.1 Ethnography**

The studies in this thesis were conducted from an exploratory point of view; i.e., the researcher deliberately places herself in a place where discovery is possible (Stebbing, 2001). The research is characterized by personal concern and interest in the topic being studied (ibid, 2001). There is limited reliable statistical data about subsistence settings, and consequently, qualitative research methods were a necessary choice for this work.

Ethnography was chosen as the qualitative research approach because it is theoretically robust and methodologically rigorous (Sunderland & Denny, 2007), making it suitable for empirical research in subsistence settings. Ethnography as a method strives to capture a deep understanding of the lived experiences of people as they unfold in a particular cultural context and to represent that understanding in ways that are faithful to those experiences (Sherry, 2008). Traditional ethnography is associated with long periods of fieldwork (Denzin & Lincoln, 1997). The empirical research of this thesis included four field research visits of 3 to 4 weeks each (Table 2), which is in line with market-oriented ethnography (Arnould, 1994, 2006) and rapid ethnography (Halme, Kourula, Lindeman, Kallio, Lima-Toivonen, Koursova, 2016). The four field visits corresponded to the three studies that resulted in three articles, as shown in Table 2.

**Table 2 Overview of Field Visits and Data Collection**

<b>Fieldwork:</b>	<b>Data collection:</b>	<b>Article:</b>
Interviews in ABB, Vasa, Finland Interviews in Nokia, Helsinki, Finland  <b>Field Visit 1 for Study 1</b> Ethiopia: Addis Ababa and Dembi Dolo 3 weeks, February 2008 Field researchers: Sara Lindeman, Minna Halme	Primary data: Semi structured and unstructured interviews with 13 informants for each case, observation, e-mail correspondence with key informants, free-form discussions, telephone conversations, 200 pages of field notes.  Secondary data: Internal memos, press releases, articles in customer and in-house magazines, other archival data covering the innovation under study	Article 1, RQ 1: How do companies innovate in low-income markets?
<b>Field Visit 2 for Studies 2 and 3</b> Tanzania: Dar es Salaam 3 weeks, August 2009 Field researchers: Sara Lindeman, Tapio Peltonen	Primary data: Ten in-depth interviews, 6 expert interviews, 30 ad-hoc interviews, 3500 pictures, 4 hours of video, 8 observation locations, 30 pages of field notes, 7 pages of memos	Article 2. RQ 2: How are markets formed in subsistence settings? & Article 3, RQ 3: When does market organizing in subsistence settings reduce poverty?
<b>Field Visit 3 for Study 2.</b> Brazil: Belo Horizonte 3 weeks, October 2009 Field researchers: Mia Halme and Maria Lima-Toivanen	Primary data: Ten in-depth interviews, 12 expert interviews, 10 ad hoc interviews, 1000 photos, 6 hours of video, 8 observation locations, 30 pages of field notes, 6 pages of memos	Article 2. RQ 2: How are markets formed in subsistence settings?
<b>Field Visit 4 for Study 3</b> Tanzania: Dar es Salaam 4 weeks, October 2011 Field researcher: Sara Lindeman	Primary data: Fifteen in-depth interviews, 20 shorter interviews, 3 observation sites, 1500 photos, 40 pages of filed notes, 20 pages of filed memos	Article 3, RQ 3: When does market organizing in subsistence settings reduce poverty?

The use of ethnography is common in business studies (Strauss & Corbin, 1998), but in subsistence contexts, its use requires additional preparations and considerations. The next section will describe the fieldwork conducted for this dissertation.

### **3.2 Field settings**

The dissertation includes data from four field visits to subsistence settings in Ethiopia, India, Tanzania, and Brazil. Next each field is briefly described and the reasons for their selection as field setting for this dissertation research are presented. Thereafter, the data collection methods used in the field visits are presented.

The first study on the innovation processes in ABB and Nokia includes data from Finland as well as Ethiopia and India. India was the location where Nokia's innovation was



developed and commercialized, and Ethiopia was where ABB's innovation was developed.

Regarding Nokia's activities in India, our data were based on interviews and email correspondence with persons working in that field. As the focus of our study turned to intra-organizational dynamics, we did not do a field visit to India for this study. Therefore, the subsistence field of India is present in this thesis through our case study of Nokia, as well as through pre-understanding gained from the RAMI project, which will be described later in this section. India has large populations living in subsistence settings, and it is a hot spot of entrepreneurial and market-driven solutions to poverty. However, regional differences within India need to be considered to understand the local subsistence conditions.

The subsistence field setting in Ethiopia is present in this thesis through our case study of ABB in Article 1, which included a field visit. A large proportion of the Ethiopian population lives in poverty. Compared to other Sub-Saharan African countries, Ethiopia has had a slow uptake in entrepreneurial and market-driven solutions to poverty reduction. For example, mobile phone penetration has been slow, and the institutional environment has made it challenging for people to develop their own businesses. In this first field visit to Ethiopia, which I did together with Professor Minna Halme, we followed the work and life of the innovator Mika Turpeinen in ABB and his partner consultant, Tapio Peltonen. Our visit included taking part in their work in the capital city of Addis Ababa, such as visiting ministries and participating in planning meetings with partners. Our fieldwork also included a visit to the small city of Dembi Dolo, near the border with Sudan. This was a very remote area that was challenging to reach. The purpose of the trip was to assess the first pilot site of the mini-hydro innovation project. Considerable amounts of work and time had been put into identifying this ideal pilot site that met all necessary criteria. The criteria included adequate water flow, a waterfall being located sufficiently near a road, and a community of a suitable size that was interested in and capable of co-investing in local energy production and local energy distribution grid. By participating in this field visit to Dembi Dolo, we were able to witness one of the key events in the ABB inclusive innovation process first hand. They could only verify the site by physically traveling there and conducting size and water flow measurements. To the immense disappointment of the innovators, we found that they had once again been given false information regarding the size and water flow of the waterfall. We followed this process closely, as well as the discussions with local authorities and other involved

actors throughout the field visit. We also visited local communities and conducted ethnographic data collection through observations and interviews in several village and urban settings. Much of these data were not used for the final article, as our focus turned toward intra-organizational dynamics during the study. Nonetheless, the ethnographic data generated during this field visit provided a solid foundation of understanding for the following studies.

The second and third field visits to Tanzania and Brazil were conducted as part of the RAMI, radical market innovation research project commissioned by the Finnish forest cluster. For this project, four countries related to the Finnish forest industry were chosen by the forest cluster, and a mid-sized city in each of these countries was selected by our research team. The selected countries and cities were Dar es Salaam in Tanzania, Belo Horizonte in Brazil, Kanpur in India and Samara in Russia. Using a multisite rapid ethnography method (Halme et al., 2016), we generated data on household economic practices, waste and recycling practices, and daily practices related to learning and news following. As a member of the RAMI BOP research project group, I was responsible for organizing and conducting the field research in Tanzania. Tanzania is representative of the socio-economic situation in many Sub-Saharan African countries. The country has a stable democracy and steady economic growth, but the majority of the population still lives at a subsistence level. The city of Dar es Salaam is one of the most rapidly growing cities of the world, and the urban planning and infrastructure are not keeping up with the massive urban expansion, with more than 70% of the city in informal settlements (Ndezi 2009).

Although I did not visit the other countries for the RAMI project, we had a very in-depth process for sharing the field experiences and analyzing the data together (see Halme et al. 2016). In my second article, I chose to use data on waste collection practices from Dar es Salaam and Belo Horizonte because the data were a good fit for answering Research Question 2 on how markets are formed in subsistence settings. I chose to not include data from India and Russia because the data on recycling practices were not as in-depth and had not been collected in the same format. For example, the data on recycling practices from India were more photo based due to the design background of the researcher. The researchers in Russia had challenges gathering in-depth data, particularly on recycling practices, since the recycling market there is operated by illegal actors and foreign research interventions were not appreciated. The data from Brazil and Tanzania, on the other hand, were similar and comparable.

Brazil is an interesting subsistence field setting. It has a large economy with substantial economic capacity and growth, but this wealth has not been spread equally throughout its population. In Brazil, subsistence settings are communities that are culturally, physically, and economically separated from middle-class communities. In comparison, in the less-developed Sub-Saharan countries, such as Tanzania, most of the population is still low income. This allowed for interesting comparisons between the subsistence communities in countries in different phases of development, which led to article two that compares informal waste collection in Tanzania and Brazil.

For the fourth field visit, I returned to Dar es Salaam, Tanzania. During my first field visit to Dar es Salaam, I became acquainted with the Chamazi housing project, and I decided to return for a new field visit to gather data to answer Research Question 3 on how market organizing influences the community members capabilities to achieve well-being. The Tanzania subsistence field is thereby the one that provided the most data for this thesis. After the fourth field visit for data generation for Article 3, I have returned approximately 10 times to Tanzania and also visited other subsistence fields, including India, for different education-, research-, and innovation related purposes. These additional trips have influenced my relationship with these subsistence field settings and deepened by knowledge of them.

### **3.3 Data collection methods**

In the fieldwork, a mix of ethnographic methods were used for integrated data generation. The primary data include memos, field notes, photos, videos, ad hoc interviews, expert interviews, in-depth interviews, emails, phone and Skype conversations, observation of practices, meetings, and sites. In addition to the primary data collected through ethnographic methods, secondary data were collected for the first study. These data included, for example, internal memos, press releases, and articles in customer and in-house magazines.

In Field Visits 2 to 4, the unit of study was practices. In the first field visit, practices were not an explicit focus, and practice theory was not the theoretical framework used for the article that followed. Nonetheless, my research interest was at a very similar level; i.e., focusing on understanding events on a practical level. Since the unit of study was practices, it was not enough to hear people describe their practices in in-depth interviews. I therefore followed the informants as they conducted their everyday chores and practices of particular interest to the study. The notion of go-along street

ethnography (Kusenbach, 2003) explains one aspect of the data collection that involves observation of on-going practices and ad hoc short interviews.

For each field visit, the sampling of interviewees and observation sites was determined in collaboration with a local research assistant. The literature recognizes the importance of identifying and engaging a good local research assistant (Polsa, 2013), as this individual can assess issues related to mobility, security, language, and access to communities. For example, in Ethiopia, a very capable local collaborator with ABB acted as our research assistant. The assistance included practical arrangements of local logistics and relations to local stakeholders, support in sampling informants and observation sites, preparing communities for visits, cultural translation, language translation or arranging others who can help with translation. In Tanzania, the local NGO Center for Community Initiative (CCI) provided assistance ([www.ccitanzania.org](http://www.ccitanzania.org)). CCI was founded and is run by local intellectuals with research competences and experience. They work at the grassroots level and have excellent access to low-income communities. This combination made CCI an ideal research partner.

### **3.3.1 Observations**

Field research days included visits to homes, offices, schools and other sites of work. Observation included spending time in these locations, as well as the go-along observation of practices in and around the selected locations. Observations were recorded using photography and memos.

I developed a fieldwork routine that started with general observations and getting acquainted at the site. What may have appeared to the informants or research team as idle time was very useful for observing the flow of people and the materials and tools on the site. This phase was also very important for building a trusting atmosphere as a foundation for deeper data generation. This aspect of the empirical work will be discussed in the later section on the quality of data collection. The insights from this first observation were used to fine-tune the questions for interviews later in the day. During this first observation phase, I would refrain from taking many pictures as that is typically uncomfortable for informants. Instead, I did photo documentation of what I had observed toward the end of the day. At that point, taking pictures felt less intrusive and also served as a closure and friendship ritual.

Photography was used to systematically document both informants and practices. Pictures were taken of the different phases of the practices. While the interviews worked

to identify key practices, the go-along observations gave a much richer understanding of the details of those practices. In particular, observations generated data on the role of various tools, places, and relations that enabled the practices. Both tools and practices are well suited for photo documentation, while meanings are better captured through interviews.

### **3.3.2 Interviews**

Interviews ranged from short ad-hoc interviews, also called guerrilla interviews (Kusenbach, 2003), to longer interviews that were planned and prepared in advance. For the longer interviews and observations, the local field assistant communicated and agreed with the informants in advance.



**Figure 1** Interview Situations: Locations and People.

The times and places, as well as people present and content for the in-depth interviews were carefully considered (Patton, 2002), because these factors influence the interview situation.

The informants usually had a clear suggestion for where and when they wanted to talk. It was very important to respect the time of the informants, as they are poor and therefore very busy, especially those from woman-headed households. As mentioned above, building trust and a friendly atmosphere before the interviews was important, particularly for the in-depth interviews. For these reasons, I tried to schedule in-depth interviews during the afternoons. The climate also needed to be considered, as mid-day was often too hot for long conversations.

The locations for the interviews were equally important. I learned that in-depth interviews are best conducted in safe, private places that are familiar to the informants. I would instruct the research assistant to discuss this with the informants prior to the

interview. As the pictures in Figure 1 shows, a bedroom was a good place for an interview as no one would interrupt or listen in. Interviews often also took place outside. When that happened, it was important to make sure there was no wind, as it could deteriorate the quality of the audio recorder, and that there would be no crowds gathering around us, placing the informant in an uncomfortable situation.

Spatially, I found that the interview worked best when the researcher, the translator, and the informant formed a triangle where clear communication between all three was possible. Despite having to use a translator, I found it important to create a conversational bond with the informant and to have a genuine discussion despite the translation. For example, I would direct all questions to the informant rather than to the translator, and I would also listen very carefully to the reply despite not verbally understanding all that was being communicated.

The content of the interviews was also very carefully considered. The informants were unused to in-depth interviews. Abstract questions required anchoring in their everyday lives. For this reason, observations of the living or working environment of the informant prior to the interview were important. Translation is very time-consuming, and for this reason, the interview questions had to be very carefully selected as not many questions could be addressed. I refined and elaborated on interview questions after each interview to constantly improve the questions I was asking. For example, I learned that some questions would be misunderstood for cultural or linguistic reasons by either the translator or the informant, leading to, often long, answers which were not relevant for my research. In preparing for the next interview, I reframed or reformulated such questions. Gradually, the quality, with respect to my research interest, of my questions, and the answers they generated improved.

When conducting research in subsistence settings, the people present during an interview have a big influence on the interview data. If a woman is the informant, the conversation will be better if the translator is also a woman. Gender is very important, but the attitude of the translator is perhaps even more important. Body language will convey the perceived status of the persons present in the interview, and this reality is important to take into consideration.

Figure 2 shows two pictures of body language between the informant and the researcher. The first picture shows the beginning of the day. The main informant is leaning away from the researcher, and the translator is sympathetically providing a buffer between the

two women and the two worlds they represent. The handbag of the researchers with expensive cameras and recorder further accentuates the differences between the informant and the researcher. Expensive technical equipment is very noticeable in community field visits. It immediately accentuates the differences between the visitor and the locals. To overcome this feeling of separation, I often gave my camera to one of the local team members (e.g., the driver or the local assistant) during the initial observation time. This relaxed the situations as I showed trust in my local team, and the expensive equipment was not close to me during the interviews. The team members were excited to take on the role of photographer, and I got good documentations of the fieldwork situations.



**Figure 2**      **Embodied Research: Influence of Body Language.**

The second picture in Figure 2 is a situation later in the day. The researcher and the informant are both more relaxed, and our body language shows that we have synchronized our positions. To reach this level of relaxation and situational equality within a short period of time, I engaged very actively in a whole-bodied and conscious manner to show respect, an open heart and equality with the informants and to focus on our similarities rather than differences.

The approach to data generation is perhaps best described as embodied research (cf. Polsa, 2011). In the fieldwork, I tried to be very sensitive to all the signals of the situation using all possible channels of perception. I used these signals to make in-the-moment decisions about what to ask, what to observe, what to photograph, and which kinds of input to register and document. For example, the atmosphere, such as the emotions on the informant's face, often indicated what data were important. Nevertheless, using sensitivity to detect nonverbal clues should not be confused with accurate interpretation. Due to the cultural differences, the research assistant was of vital importance when interpreting the meaning of such clues. The information gained from the embodied

sensitivity was not data, per se, but it was essential in guiding my exploratory research process toward interesting, surprising, and relevant data. I followed up this sensing activity with traditional methods, such as interviews, observations, and photography.

Based on my experience conducting this fieldwork, I believe that nonverbal cues and the present moment are more important in subsistence settings than in affluent contexts. For example, conducting interviews in hotels can create an awkward situation for informants and can influence the interview responses in a negative manner. Therefore, embodied research is important for gathering high-quality data. Conducting exploratory fieldwork in subsistence settings without sensitivity and a constant bodily reading of one's environment in the moment might lead to a situation where data are collected but lack depth, nuance, and richness.

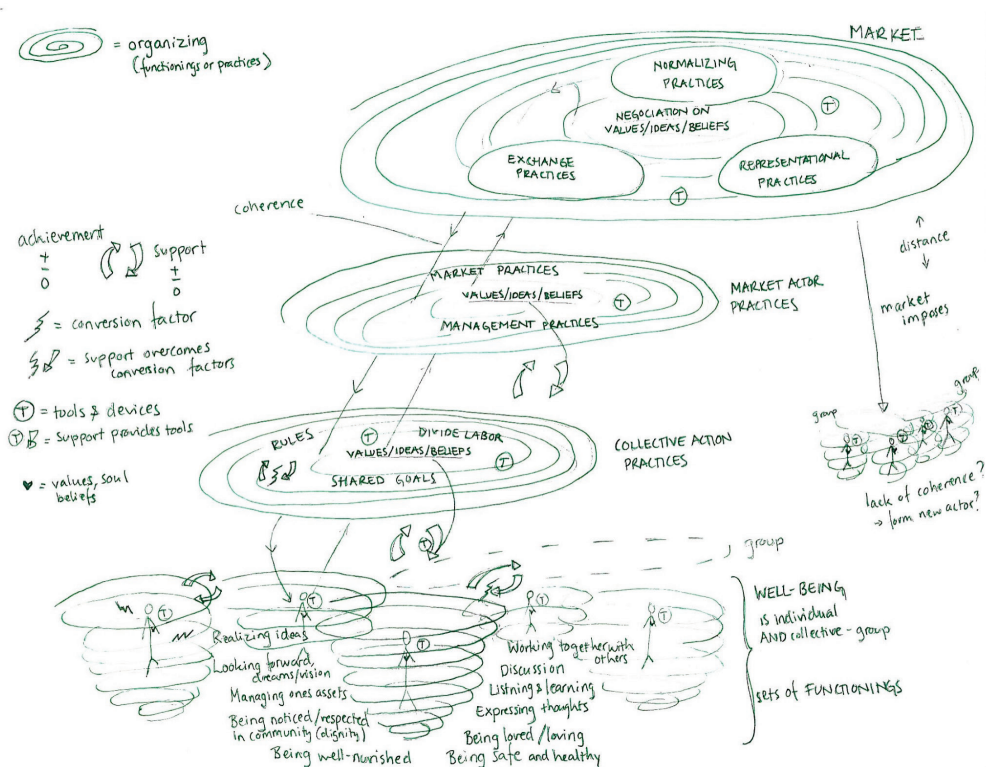
### **3.4 Data analysis**

All three studies that comprise this thesis are qualitative, empirical, and focus on theory building (Denzin & Lincoln, 1997; Strauss 1987; Strauss & Corbin, 1998). In the first study of the innovation processes in Nokia and ABB, the terminology of Miles and Huberman (1994) was used to describe a three-level coding process of descriptive codes, interpretative codes, and aggregate codes. In this study, interplay was explored between an innovation process and its organizational environment. The organizational response and the innovation process was analyzed respectively on these three levels, which came together in the aggregate level in the notion of intrapreneurial bricolage. This detailed coding and analysis process was an important learning experience, and the three-level analysis approach was adopted also in the two studies that followed.

In the second study of informal waste trade in Tanzania and Brazil, the unit of study was practices. This framing meant that in addition to interview data, observations documented in the form of notes and photos were important for support and confirmation of the interpretations (Silverman, 1993). Analytical efforts were made to identify and understand practices. Practically, the Nvivo software was used to handle the big set of interviews, memos, photos, and videos. Due to time limitations, I decided not to conduct in-depth analysis of the videos, but rather treated them as complementary data.



In the third study addressing empowerment through a housing project in Tanzania, I continued to use Nvivo for my descriptive, interpretive and aggregate coding but added complexity to the analysis process by using multilevel analysis (Klein & Kozłowski, 2000). This made the analysis process longer and more demanding, but I found it necessary to accomplish the aim of this study. To handle the multilevel analysis, I iterated between doing the coding analysis with Nvivo and manually without the software. I found it necessary to take the codes out of the software to get a better overview. This was a laborious process that required printing out all the codes, but it was also rewarding to manually group and regroup the pieces of paper on the walls, floors, and tables of workshop rooms. This process took several days. In addition, I drew pictures to map out the analysis findings to ensure coherence across the multiple levels of analysis. Figure 3 shows one of these analysis drawings.



**Figure 3** Drawing as Part of the Analysis Process.

This drawing shows the different levels of organizing, from individual to group, organization, and finally market. The drawing illustrates the upward spiral of increased capabilities for well-being that can lift people out of poverty. In the drawing, I tried to capture how the concept of capability can remain the same and yet be analyzed on different levels, such as by using symbols to capture the same phenomenon on many levels. On the right-hand side of the drawing is a reflection on how market organizing imposes disciplined practices onto market actors that have not been part of the organizing process. The drawing is a way to test how the empirical data, as well as theoretical notions from both the capability approach and market studies, fit together.

### **3.5 Quality of the data**

The trustworthiness of a qualitative research process can be assessed based on different criteria. The criteria that provide relevant reflections of this thesis work include pre-understanding, credibility, dependability, conformability, integrity, and transferability (Wallendorf & Belk, 1989; Lincoln & Guba, 1994; Storbacka, Polsa, & Sääksjärvi, 2011). Credibility, dependability, and transferability relate to the results of and conclusions drawn based on the research. Therefore, these aspects of the thesis work will be discussed in Chapter 5, whether the results and contributions of the three studies are presented. Pre-understanding, conformability, and integrity relate to the process of conducting research, and these aspects of this thesis work will be discussed next.

Pre-understanding relates to the extent to which researchers are familiar with the empirical phenomenon (Wallendorf & Belk, 1989; Guba & Lincoln, 1994). The empirical setting of this thesis was, at the outset, both geographically and culturally distant from myself as the researcher. To overcome this lack of pre-understanding, I collected data from different fields. Prior to the field work, I did preparatory work to make my own (possibly mistaken) assumptions about life in subsistence settings explicit. I also discussed these assumptions with persons from the relevant cultural settings prior and after each field visit, as well as with my research assistants during the fieldwork. It is worth mentioning that being an outsider in a qualitative research setting is not always a negative attribute. Academic studies in emerging market settings are often conducted by local elites who may have strong preconceptions about low-income populations compared to a foreign researcher.

Conformability relates to the extent to which interpretations are the result of the participants and the phenomenon as opposed to researcher biases (Wallendorf & Belk,

1989; Guba & Lincoln, 1994), while integrity relates to the extent to which interpretations are influenced by misinformation from participants (Wallendorf & Belk, 1989; Guba & Lincoln, 1994). In the type of shorter ethnographic fieldwork in subsistence settings conducted in this thesis, the conformability and the integrity of the data were very intertwined and strongly linked to how the empirical data were generated. It is difficult to draw a line between them; therefore, they will be discussed together.

When a researcher comes from a different cultural setting, there is a risk of not being able to obtain a deep understanding of the phenomenon and of rather drawing conclusions based upon superficial observations nuanced by researcher biases. There are also many aspects of a social structure and social hierarchies that are reflected in the dynamics between the people present in a research situation, and these can motivate the informants to respond to questions and behave in different ways. Due to hierarchical societal structures, if the researcher appears as a person of authority with potential power over future changes in the community, the informants may tend to give answers and share information that they consider appropriate or what they think the authority figure wants to hear. If a position of inferiority is accentuated, such as man over woman, foreigner over local, educated over uneducated, or middle class over lower class, this very effectively stops an open flow of information from the informants. To ensure the conformability and integrity of the data in these studies, I worked very hard to reach a situational state of equality with the informants. The sense of situational equality in a relationship is a very subtle experience. To tell if I had reached that, I paid attention to the body language of me and the key informant. I also paid attention to my own subjective feeling and sense of the situation, and the reactions of the key informant. I interpreted a sense of relaxation in the situation and oblivion of our differences as a sign of reaching a situational state of equality. When I achieved this, I found that it was possible to gain a more accurate picture of the lives and realities of the informants. The degree to which I reached this with different informants varied, and the state could also quickly evaporate. For example, in one home visit we had had a very good in-depth interview. However, as our departure came closer I could clearly see how the female head of household suddenly remembered our difference. This led to a change in her body language and soon after that she asked through the translator if I could give her a mobile phone. We were then back to the foreigner-local, rich-poor division. For the quality of the data, I found that it was most important to be as near the state of situational equality as possible during the in-depth interviews. With respect to integrity, I found that avoiding misinformation was not the most central challenge; rather, the challenge was

in trying to obtain authentic, deep information. When this type of data is achieved, it improves conformability.

To obtain authentic, deep information, I (1) used qualitative methods in an integrative manner, (2) made sure the research team had a positive as opposed to a destructive impact on the data quality, (3) engaged in trust and atmosphere building (cf. Taylor & Bogdan, 1984), and (4) sought whole-bodied and genuine interactions with the informants. These efforts are described next.

First, I found that integrating information from observations improved the quality of the interviews. For example, before an in-depth interview with a woman head of household, I observed her in her home and work environments. Although the themes for the interview questions were prepared in advance, the observation enabled me to modify the questions to be more relevant to her specific life and work situation. For example, when trying to understand the dynamics of daily chores, the woman said she had to walk 45 minutes each way to the grinder each day to get her rice flour. Just before the interview, I observed a bike in another room and integrated the observation data with the interview to tie it more closely to her reality. “Do you sometimes use the bike to transport the rice to the mill?” This enabled to get a deeper level of answer, “She can’t bike but her husband can. Before he did not want to help her, but since she now has given him a son, he sometimes helps her and uses the bike to take the rice to the miller.” Without the integration of the bike into the question, the answer would just have been that it is a 45-minute walk to the mill, and no information about the household dynamics would have been included. I could have therefore drawn different conclusions about her life.

Second, to be able to conduct the field research, at least a driver, a local community guide, and a translator were needed. These persons were present and actively interacted with the informants during the fieldwork. In other words, the sole researcher became a team, even though the team members were typically not trained researchers. Particularly in the Tanzania culture, where socializing is culturally expected, the informants related to the whole team. Therefore, the attitudes and behaviour of each member of this research team influenced the quality of the data generation. For example, young university educated individuals might have good language skills, and therefore they can technically do the task of translating. However, if their attitude toward low-income communities is negative, this can almost completely stop the information flow from the informants. To overcome this challenge, I engaged local journalist students and was very demanding in regard to finding students with the right kind of attitude. They were skilled and

comfortable with interviewing; showed respect and interest in the informants; and were genuinely interested, for example, in the affordable housing project. The local community guides were always very good since the research assistance organization was very capable and engaged the right kinds of people. The drivers were also important, but at times I had to intervene (i.e., to change a person or behaviour) to protect the quality of the data I would be able to generate. If any team member demonstrated behaviour that seemed to influence the informants or research situations negatively, I would first try to change the behaviour through a discussion about the purpose and nature of the work we were doing. If this had no impact, I had to find another person to continue the work. Given the limited, precious time I had in the field, these difficult decisions and arrangements had to be made during the first field days, as continuing without changes could have jeopardized the quality of the data.

Third, the research assistant (i.e., the organization or individual through which the contact is organized) is foundational for how informants relate to the visiting researchers. Trust takes time to build, and I was able to benefit from the trust that the access organization had built in the local community for many years. However, despite this, I found that the quality of the data depended to a rather large extent on how the actual field situation played out. Body language, as well as authentic attitude, thoughts, emotions, and intentions and respect, constituted the instruments at hand for building an atmosphere of trust (see the pictures in Figure 2 on body language). The picture in Figure 4 shows how the local community guide for the research team created atmosphere in a home visit by sitting down and helping the women (the main informants) with peeling potatoes. This behaviour was surprising in a positive way in a culture with rather strict gender roles, and it set the ground for trustful and open discussions.



**Figure 4**      **Building an Atmosphere of Trust in Home Visits: Local Guide Helping Women with Cooking Chores.**

## 4 ARTICLES

This section summarizes the findings from the three articles attached to this dissertation.

### 4.1 **Article 1: Innovation for inclusive business: Intrapreneurial bricolage in multinational corporations**

Halme, M., Lindeman, S., & Linna, P. (2012). *Journal of Management Studies*. Volume 49(4), 743-784. (Part of a special issue on inclusive innovation)

Article 1 answers the first research question: How do companies innovate in low-income markets?

This article looks at two inclusive innovation processes inside two larger companies, Nokia and ABB. The innovation cases are the Nokia Village Connection and ABB minihydro power. Nokia Village Connection is an innovation that enables mobile grid expansions into remote areas. Technically, it is a laptop and antenna that acts as a mobile tower at a smaller scale. This innovation is relevant for the large number of communities living in remote areas, as gaining access to the mobile grid opens up a wide range of opportunities, including access to services and information that can improve health, education, and livelihoods. This innovation was pursued first by Nokia and later by Nokia-Siemens Networks, and the country of implementation and initial commercialization was India.

The ABB minihydro power case is a new business development project that aimed to create an innovative distributed renewable energy solution for un-electrified rural areas. Technically, it is an ABB technology that was designed for a completely different purpose, but they found that it could also be used to generate 5- to 10-megawatt distributed hydro power plants suitable for un-electrified areas with hydropower potential. The innovation was pursued by ABB Finland, and the country of implementation was Ethiopia. In contrast to Nokia Village Connection, the ABB minihydro innovation was eventually not commercialized.

The dominant view at the time of the empirical study 2007-2009 was that multinational companies (MNCs) are in a unique position to innovate for poverty alleviation (Prahalad, 2005). With their global outreach ability and their vast internal resources MNCs were considered particularly well suited to spearhead innovations in inclusive business. However, this study shows that this is not actually true for all cases. Instead, we found

that that there were dedicated middle managers pushing the innovations forward despite being faced with resource scarcity inside their own organizations.

In addition, in the previous inclusive business literature, the emphasis has been on identifying the characteristics and constraints of subsistence markets as well as the strategies to innovate around and with these constraints and characteristics (Andersen & Markides, 2007; Prahalad, 2005; UNDP, 2008). This study contributes to the literature on inclusive innovation by showing how the internal structures of larger corporations, rather than the market constraints, constitute major hindrances to inclusive innovation.

Most prior case studies of inclusive innovation were made after the innovation was already commercialized, and often described the whole organization as “the innovator.” The strength of this study was that we were able to observe and collect data in real time, keeping in close contact with the innovators, observing key events, and continuously conducting interviews. We were therefore able to avoid the risk of hindsight bias and halo effects, which were present in many of the previous inclusive business case studies.

We followed the two innovation processes from their outset and over the 2 to 3 years that followed. Data were gathered through interviews and ongoing informal conversations with the innovators, following email correspondence, through gathering secondary data, and by performing a field visit. We began to realize that the behaviour of the innovators resembled that of small entrepreneurs. They did not have ready access to the resources within the larger corporation and instead faced resource scarcity. We observed unusual behaviors, such as working in clandestine, using their own money and holidays for the project, etc., and we coined the term intrapreneurial bricolage to describe these abnormal activities. The innovators were also deeply motivated by the desire and opportunity to “do something good”. This paper is one of the first peer-reviewed publications to describe social intrapreneurship, and we found that when dealing with their own organizations, the entrepreneurs concealed their social motivations and disguised their initiatives as regular business development projects.

With respect to the agency of corporations to engage in shaping subsistence markets, the study highlights the profound conflicts between the dominant business development logics and the development of inclusive business. The inclusive business development inherently included market shaping, which requires engaging with unusual partners, lobbying for changes in regulations, building awareness and education in communities,



and a range of other activities that—at least in these cases—did not fit within normal business development work. The study shows how the pressure to quickly achieve returns on investments and the established economic practice of reporting on a quarterly basis, was hindering long-term, strategic initiatives such as developing inclusive business solutions.

As the innovators started to participate in early-phase market organizing, they engaged in activities and developed capabilities that were not recognized within their organizations. We observed this as expressions of intrapreneurial bricolage behaviour. They creatively used available means to engage with a wide range of stakeholders, many whom were unusual from a MNC point of view, e.g., church organizations. The envisioned business model for the innovation required other organizations to take actions in desired directions, for example, establishing necessary laws and practices. The innovators found ways of engaging in the early phase market organizing, although they often had to hide these activities internally. For example, one of the innovators noted that compared to normal business development processes, here risk mitigation was more about following his intuition.

One of the findings of article one is that intrapreneurial bricolage is underpinned by a mindset of resourcefulness. The innovators had a capacity to see the larger picture beyond their own organization. They also did not shy away from addressing complex challenges, and did so in a bricolage manner, i.e. making use of what is at hand. These types of capabilities go beyond what is needed for traditional new product development in established markets. The study also highlights the extensive resource mobilization and internal lobbying that was required by the innovators inside their own organizations to gain approval and support for developing the inclusive businesses. In the Nokia case, the innovators were closer to the company directors, which was an explanatory factor for why the Nokia case reached commercialization while the ABB case was terminated.

Article one highlights the importance of top management support for corporate agency to engaging in market shaping in subsistence settings through developing inclusive business. The study shows that it is challenging for large foreign MNCs to engage in market shaping in subsistence settings since it requires capabilities and activities which do not fit within the management frameworks.

#### **4.2 Article 2: Market formation in subsistence contexts: A study of informal waste trade practices in Tanzania and Brazil**

Lindeman, S. (2012). *Consumption Markets & Culture*, 15(2), 235-257. (Part of a special issue on market formation)

Article 2 answers the second research question: How are markets formed in subsistence settings?

The article investigates market dynamics and market formation in subsistence settings. It empirically analyzes informal waste practices in two midsized cities: Dar es Salaam in Tanzania and Belo Horizonte in Brazil. The two cases represent different degrees of organizing into market governance. In the Belo Horizonte case, waste collector organizing had been going on for 15 years, and it has resulted in the formation of an association of waste collectors. The situation in Dar es Salaam, on the other hand, was comparative to the situation 15 years ago in Belo Horizonte.

The data were gathered using a mix of qualitative methods, including ethnography and case studies. The empirical work investigated practices related to how waste material, such as a plastic bottle, goes from being useless to a person and thrown on the street to being collected by someone else as a valuable object. As this object moves along an informal value chain, its value is determined in exchanges and trade is initiated. The Dar es Salaam case included practices predominantly related to these informal exchanges. They include the informal value chain of individual rag pickers who typically have a sack as their tool and work within walking distance to their homes. The next level up is the person using push carts. Both the push cart and sack users will typically sell the waste they have collected to a person who controls a local waste dump. The waste dump person will sort the materials and sell them to respective buyers. Important working tools at the dumpsites are mobile phone and scales.

The Belo Horizonte case, however, showed progress toward improved working conditions. Following the initiative of a local church charity organization, waste collectors in Belo Horizonte regularly gather together and discuss their situation. Through the charity organization, their cause was brought up for discussion with the local authorities. At the time of the fieldwork, the waste collectors were experiencing severe stigmatization and harassment by the police, and their working and living conditions were very harsh. Eventually, ASMARE, a waste collector's association, was formed. The association articulated and implemented new rules and standards for waste

collection. The initiative gained broad attention, and its standards were later adopted as national law in Brazil. The study highlights how the waste trade can be reframed from dirty illegal work to a social service supporting recycling and sustainable development. The process involved an external organizer, community meetings, discussions with authorities, the formation of a new market actor, rule articulation and implementation through membership rules, and wider audience awareness raising and values discussions. This process shows the gradual introduction of representational and normalizing practices into the Belo Horizonte waste trade.

In both cases, the work of waste collectors was at first very stigmatized, and their working conditions were harsh. In the Dar es Salaam case, access and control over means enabling trade, such as mobile phones, carts, and sorting/storing places, determined power relations. These power relationships appeared to be very situation specific and fluctuating. This created a dynamic that made the exploitation of less-enabled market actors easy and commonplace. The analytical frame of practice theory with its focus on distributed agency served well to identify this dynamic.

The market studies analytical lens reveals that while the Dar es Salaam case remains an exchange-dominated trade dynamic, the Belo Horizonte case shows a transformation into a more diversified market dynamic. A more diversified market dynamic means that all three types of market practices — exchange, normalizing, and representational practices (Kjellberg & Helgesson, 2006, 2007a) — exist in the market. The study shows how discussion, and introducing tools that enable discussion, such as meeting places and facilitation, are the starting point for a more diversified market dynamic. In essence, this process is about disciplining exchanges based on values. In addition, the study highlights the role of collective action and local organizing among waste collectors in order to generate change in an exchange-dominated setting. The Belo Horizonte case shows that this organizing required a significant amount of time, as well as capacity building and learning by the many institutions involved.

The literature on change in markets has identified both stabilizing and destabilizing efforts (Kjellberg et al., 2012). In the exchange-dominated market dynamic illustrated by the Dar es Salaam informal waste trade, there are forces that keep the informal waste trade the way it is; i.e., strong stabilizing efforts. The characteristics of subsistence markets, such as orality and fluidity in one-on-one transitions (Viswanathan et al., 2010a; 2012), make a trade such as the waste trade susceptible to exploitation. This study shows that the vulnerability is particularly high in interactions between the informal and

formal economic systems. The informants in this study indicated that significant profits are made in the informal waste trade, and it is clear that this wealth is not distributed evenly along the informal value chain. Links with actors involved in illegal trading may also contribute to stabilizing the market in accordance to their preferences; however, this study did not investigate the broader linkages of the waste trade outside the subsistence communities.

This study contributes to the current understanding of agency to shape markets in subsistence settings by providing first insights into how markets emerge from informal trade toward more diversified and normatively regulated markets. While the subsistence literature has highlighted the positive aspects of subsistence marketplace interactions, such as relational empathy and interdependence (Viswanathan et al., 2012), this study of informal waste trade highlights the downsides of a trade that is not disciplined; i.e., lacking normalizing and representational practices. In addition, the study indicates the importance of the establishment of and access to discussion forums, the initiation of collective action, and the ability to deal with stabilizing market actors.

This article is the first to explore the use of the markets studies lens for analyzing subsistence marketplaces. The study contributes to the subsistence markets and inclusive business literature by emphasizing that markets are nondeterministic. The article argues that market organizing in subsistence settings will not automatically benefit all involved parties. Instead, the role of market governance must be acknowledged, and the power dynamics among difference market actors need to be better understood and monitored.

#### **4.3 Article 3: Until we live like they live in Europe: A multilevel framework for community empowerment in subsistence markets**

Lindeman, S. (2014). *Journal of Macromarketing*, 34(2), 171-185. (Part of a special issue on subsistence marketplaces)

Article 3 answers the third research question: What should be evaluated in early-phase market organizing to understand implications for poverty reduction?

This article bridges the conceptual gap between the phenomenon of escaping a life in poverty and the phenomenon of market organizing. To answer this research question, an understanding of market organizing and its implications had to first be developed. It was

necessary to study multiple levels of organizing, starting from the individual level, as well as the influence of this organizing on individuals' capabilities for achieving well-being.

The empirical case shows how slum dwellers evolved from being victims of eviction to becoming a driving force in organizing affordable housing in innovative ways. The study focuses on the practices of the informal community-based organization, The Tanzanian Federation of the Urban Poor (TFUP), and its support NGO, CCI. In particular, the study looks at how CCI and TFUP together initiated and executed a pioneer affordable housing project in Chamazi, Dar es Salaam.

TFUP is a network of local savings and credit groups for low-income community members, the majority of whom are women. In addition to saving together and providing members with small loans, the groups also initiate improvement projects, which range from joint small businesses (e.g., making and selling batiks, handicrafts, or soaps) to cleaning up the local environment or jointly saving for and investing in water boreholes with modern pumps. CCI has initiated TFUP and supports all groups with capacity building following a community empowerment methodology developed by Slum Dwellers International (Ndezi, 2009; Apothem, 2008).

The housing project was initiated as a response to a threatening situation. Three large TFUP savings groups faced eviction, as their informal settlement was scheduled to be demolished in order to expand the port of Dar es Salaam. The city authorities had little understanding for the catastrophic consequences of eviction for the inhabitants. Minimal compensations were promised to house owners, and tenants were not given any support. Since it was an informal settlement, there were no official numbers of de facto inhabitants.

The TFUP group meetings provided a platform for discussion of this crisis. With support from CCI, the TFUP engaged in new activities such as mapping and numeration studies of the inhabitants of their settlements. TFUP used the results of their studies to negotiate with and gradually engage in advocacy dialogue with local, regional, and national authorities. They demanded on-site relocation or new land to settle on, but the government did not meet any of the demands. With no other solutions in sight, TFUP formed a legal entity (with the support of CCI), the MUGANO housing cooperative, to buy land and engage in formal market exchanges. Through the MUGANO housing cooperative, the slum dwellers gained the market agency to buy land in the outskirts of

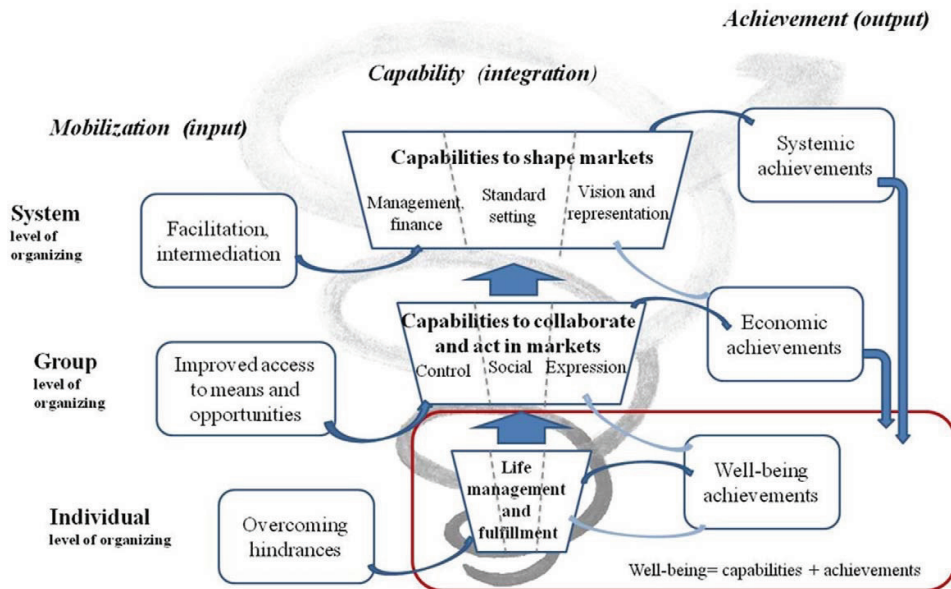
Dar es Salaam with their collective savings and to engage in building affordable and innovative housing for thousands of families.

The TFUP case bears resemblance to the ASMARE organization in Belo Horizonte studied in Article 2. In both cases, collective action was taken as a response to a challenging situation. Article 3 goes deeper into studying the how an increased organizing capacity among slum dwellers was achieved and how this organizing influenced people's capabilities for achieving well-being.

The study included two field visits during which qualitative data were collected. In the first field visit to Tanzania, CCI acted as the research assistant. During this field visit, I collected data on household economics and recycling practices in the low-income communities. However, it also familiarized me with the practices of CCI and TFUP, as many respondents were members of TFUP. In the second field visit to Tanzania, I gathered data on the practices of CCI and TFUP with respect to the Chamazi housing project.

I analyzed the findings using a multilevel analysis method (Klein & Kozlowski, 2000). With this method, the same concept can be studied at the same time at different levels—in this case, at the individual, group, and organizational levels—as long as the meanings of the concepts remain the same. This study focused on the concept of capability, which was analyzed according to the individual, group, and system levels of organizing. The analysis led to a definition of capability as the integration of new means, abilities, and opportunities, and this definition was used as the centre of the multilevel analysis.

In addition, Article 3 outlines capability increase as an ongoing multilevel process, see Figure 5. This process includes resource mobilization (input), capability (integration), and achievements (outputs) as outlined in Figure 5. This means that prior to capability integration, some form of mobilization of resources takes place. The mobilization creates new means and opportunities that can be integrated into capabilities. Likewise, capability integration will lead to achievements. These achievements may be different depending on the level of organizing under study.



**Figure 5** Process of Building the Capability for Achieving Well-being and Market Agency (From article 3).

#### 4.3.1 Organizing at the individual level

On the individual level, this study found that a critical mix of capabilities is needed to create an upward spiral of improved well-being. In the empirical case, the critical mix was provided by the TFUP general activities of savings, credits, and peer support. The practices within CCI/TFUP to bring people together in groups offered *opportunities* to voice concerns and discuss both individual and collective concerns. The groups included different roles, such as chairperson, secretary, and cashier, which provided members with opportunities to take on different positions with mandates and responsibilities. Finally, the group provided opportunities for even the poorest members to save in very small daily instalments and to seek loans from the group. Bookkeeping practices, gathering spaces for the group meetings, and group bank accounts were necessary new *means*. The savings, once they accumulated, also became a means to increase the members' agency to act in markets.

The TFUP practices (e.g., loan repayment) were designed by the members to fit their local reality. For example, compared to commercial microcredits, loan repayment was flexible if a member had sudden expenses such as hospital fees.

CCI played an important role in *mobilizing* to create both opportunities and means for the individual level of organizing. The Slum Dwellers International methodology was a key enabler that created opportunities. CCI brought the method to Tanzania, and interested individuals in the community started to create groups around the methodology in their communities. Mobilization was performed by both CCI and by community members. In addition, CCI made arrangements with banks so that group bank accounts could be created with CCI serving as a guarantor. By doing this, CCI mobilized key means.

The findings show that the mix of TFUP practices created basic capabilities for well-being; e.g., group members were able to protect themselves and their families from hunger, thus leading to life-affirmative, positive *achievements*. The practices also created the capability for self-expression, which the group members reported as being very important for their well-being. It is particularly interesting that the TFUP practices of bookkeeping and transparency built trust between members, which was rare in the surrounding community at large. Taken together, the increased capabilities (i.e., the integration of the above-mentioned opportunities), means, and abilities gave the slum dwellers the tools they needed for life management and fulfilment.

#### ***4.3.2 Organizing at the group level***

An important finding from Study 3 was that a capability increase at the individual level seemed to lay the foundation for a capability increase at the group level of organizing. The TFUP savings groups formed internal committees with focus areas such as the environment or business, which created *opportunities*. These committees had the mandate to create initiatives to address challenges in their area, and they received support for doing so. There was also an opportunity for the groups to learn from each other; for example, a group wishing to start raising chickens would visit another group that had already successfully established a similar business.

CCI provided the groups with a framework that constituted a *means* to help group members describe the problem, suggested solutions, required resources (available and missing), and a budget. CCI also provided important resources, such as plastic gloves and equipment for handling waste in the communities.

New or increased abilities were created when the group members learned to work together. The study shows that the capability increase at the group level included the capabilities for controlled financial exchanges, aggregated social interactions, and more



articulated expression. For example, self-expression at the individual level of organizing is foundational for the capability at a group level to express project proposals.

CCI raised development aid funding to *mobilize* means for the community groups. The larger SDI international network also raised funds that were used to enable the peer-learning visits.

From a market organizing perspective, the groups can gain economic *achievements* as they collaborate in business activities. Their increased capabilities also result in achievements such as a cleaner living environment and a sense of accomplishment. Both economic achievements and the other types of achievements influence well-being positively.

#### **4.3.3 Organizing at the system level**

In the literature on subsistence settings, the discussion is predominantly focused on subsistence inhabitants' ability to act in markets. Article 3 demonstrates the importance of studying slum dwellers' agency to shape markets.

The Chamazi housing project was much larger than any other initiative previously undertaken by TFUP and CCI. When initiating this project, the TFUP was stretching its ability, and Study 3 explored how capabilities at the individual and group levels that already existed in the TFUP were expanded to include capabilities at the system level of organizing. In this case, a challenge (the eviction) was turned into an *opportunity* (to take the lead on creating affordable housing). The Mungano housing cooperative was formed to create an opportunity for TFUP members to collectively own land.

The Mungano housing cooperative was therefore a *means* for gaining increased market agency. In addition, very concrete resources were needed, such as architect services, construction graders, etc., so the TFUP members learned new skills, such as how to make bricks and roof tiles and how to build houses. They also learned how to manage the construction process, how to conduct studies and create important facts, how to negotiate with authorities, how to influence national regulations, and how to design new exchange practices.

Extensive *mobilization* was necessary to make the Chamazi housing project possible. CCI supported the creation of the housing cooperative through their relationships with authorities and by pushing for changes in national regulations. The SDL network was used to find innovative construction methods and materials.

In addition to building the actual houses, systemic *achievements* included the formation of a new housing loan system for low-income people that did not previously exist in Tanzania, and a change in national regulations to allow smaller plot sizes, which was an important step in combating the massive problem of urban sprawl in Dar es Salaam. In addition, the Chamazi housing project has become a benchmark example that has been copied by several other cities in Tanzania, and representatives of CCI and TFUP are now asked to take part in discussions related to how to promote affordable housing in Tanzania. In other words, their voice is heard in forums where market shaping discussions are taking place.

The study found that outcomes at the systems levels of organizing influence well-being outcomes at the individual level, both directly in terms of sense of involvement and self-worth and in terms of protecting one's interests in the organizing.

To conclude, this article answers research question 3 by demonstrating that in order to evaluate the impact of early-phase market organizing on poverty reduction, one must consider resource mobilization, capability integration, and outcomes at multiple levels of organizing.

## 5 DISCUSSION OF RESULTS AND CONTRIBUTIONS

This chapter summarizes and discusses the key findings and contributions of the dissertation. The overall aim of this thesis is to study early market organizing in subsistence settings. The aim was achieved by posing three research questions that were answered in separate studies that have been published as separate articles. The three research questions were: How do companies innovate in low-income markets? How are markets formed in subsistence settings? When does market organizing in subsistence settings reduce poverty?

This chapter presents a synthesis of the key findings of this thesis and discusses its contributions to theory. The chapter ends with concluding remarks and future research directions.

### 5.1 Key findings

These key findings relate to the whole thesis. Here I synthesize the findings in relation to the dissertation purpose to study early-phase market organizing in subsistence settings and its influence on capabilities for well-being. There are four key findings that relate to (1) the establishment of market practices in early market organizing, (2) the establishment of agency for early market organizing in subsistence settings, (3) facilitating market organizing in subsistence settings, and (4) the influence of market organizing on capabilities for achieving well-being.

#### **5.1.1 *Establishment of market practices in early market organizing: From exchange practices to representational and normalizing practices***

This thesis contributes to an improved understanding of the early phases of market organizing. The findings confirm the relevance of the three previously identified market practices: Exchange, representational, and normalizing market practices (Kjellberg & Helgesson 2006, 2007a) in subsistence settings. This thesis adds to these findings by showing that in early-phase market organizing, only exchange practices may be present and that capabilities for the other practices need to be established.

The findings from all articles demonstrate that the establishment of representational and normalizing practices around existing exchanges characterizes early-phase market organizing. Article 1 shows how the lack of market governance places the entrepreneurial actors in a position where they have to influence relevant stakeholders in order to push for the establishment of necessary laws and practices. The intrapreneurial bricolage

behaviour that we observed in Article 1, such as working in clandestine and using many roles to access stakeholders, can be explained by this necessity to establish normalizing and representational market practices. For example, in the ABB Ethiopia case, the innovator took on the role of teacher to state officials through the UN, while at the same time continuously discussing with them on the need to establish laws enabling off-grid generated electricity to be fed into the main grid. The establishment of this law was essential for his innovation to be realized. The organizational challenge for the intrapreneurs was that these types of activities related to early phase market organizing, did not fit within the normal frame of new product development for existing markets. These findings are in line with Cholez, Trompette, Vinck and Reverdy (2012), who argue that MNC innovation in subsistence settings needs to take the, typically government controlled, institutional structures into consideration.

Article 2 shows that the informal waste trade in the subsistence setting of Dar es Salaam was characterized by exchange practices and an absence of representational and normalizing practices. The findings suggest that exchange practices were not standardized or disciplined by a unified aggregated order. While general social norms guided some exchanges; nevertheless, conditions for the exchanges could vary from instance to instance. The findings further demonstrate that traders with access to better market devices enjoyed more agency, which gave them a dominant position in exchange negotiations. This was particularly common when traders from subsistence settings exchanged goods with actors outside their community. As shown in Article 2, this lack of market governance (i.e., the absence of normalizing and representational practices) placed subsistence traders in a vulnerable position.

Articles 2 and 3 show how new local market actors were created, in order to establish representational and normalizing practices: the Mungano housing cooperative in Tanzania and the association of waste collectors, ASMARE, in Brazil. The subsistence waste collectors and subsistence tenants were able to organize themselves into a cooperative or association, and through these new aggregate market actors, the subsistence-level individuals gained the agency to engage in representational and normalizing market practices—they gained market agency and were thus able to shape the markets. Normalizing practices were established through first creating internal rules for the new market actors and then disciplining the members' exchanges based on the rules. For example, ASMARE's internal rules gradually became the benchmark for the entire sector nationally (Article 2). Furthermore, the agency for market organizing

through normalizing practices grew when the internal rules of the new market actors started to spread (Article 2 and Article 3). Representational practices were established by engaging in negotiations with other market actors, such as city and national governments. Article 3 shows that the subsistence dwellers were able to alter the public discourse on the Kurasini area demolition and related relocation by introducing new facts regarding the number and situation of the inhabitants of Kurasini. They had gathered these facts by conducting their own credible studies. This is exceptional in these settings, where very limited reliable information about urban settlements is available.

These findings illustrate the process of early-phase market organizing and highlight central aspects of it, such as the lack of market governance, the formation of new market actors, and the introduction of disciplining and depicting practices through these new actors.

#### ***5.1.2 The role of intermediaries in increasing the subsistence-level inhabitants' agency for market organizing***

The findings confirm the important role of intermediaries in subsistence settings that was suggested previously in the literature (Kistruck, Beamish, Queshi & Sutter, 2013; Kolk, 2014; Kolk & Lenfant, 2015), and they provide further knowledge regarding how intermediaries can empower subsistence people to gain agency for market organizing.

Articles 2 and 3 found that local NGO-led interventions were instrumental in initiating the process of increasing local agency for market organizing and had a transformative influence on local communities. For example, the waste collection in Belo Horizonte, Brazil, was transformed from a highly stigmatized job for the poorest of the poor to an organized, nationally regulated and recognized activity associated with the values of recycling and sustainability. Likewise, the urban poor in Tanzania were transformed from seemingly invisible and powerless victims of evictions to an organized and unified market actor that plans, owns, and manages the construction of affordable housing.

Article 3 shows that the increase in market agency was due to a multilevel empowerment process consisting of individual-, group-, and system-level organizing. In addition to these multiple levels, multiple areas of capability were identified as being critical for increasing market agency, such as the integration of opportunities, means, and abilities. Agency for market organizing was also increased through the increase of capabilities on multiple levels. The capability increase can be explained by the integration of new opportunities, means, and abilities in critical areas of activity for market organizing. The

opportunities, means, and abilities differ depending on the level of organizing and the area of activity.

New opportunities are of particular importance. This dissertation highlights that opportunities should not be understood narrowly in terms of access to products, services, or jobs; rather, they should be seen as opportunities for new roles in society, new ways of influencing society, and new ways of engaging with society.

Furthermore, Article 3 indicates that this increase of capabilities is preceded by a process of mobilization, which will be discussed next.

### **5.1.3 Mobilizing for market organizing in subsistence settings**

In all three articles, mobilization emerged as an important antecedent. It was found that market organizing in subsistence settings require actors who are capable of mobilizing resources that become enabling means in the process of market organizing. For example, in Articles 2 and 3, the NGOs demonstrated this ability, and these studies illustrate how the NGOs engaged in resource mobilization on multiple levels, with the local community, the city, and national authorities. Similarly, in Article 1, business developers expressed this ability by engaging in entrepreneurial bricolage; i.e., creatively bundling scarce resources. Although described using different terminologies in the three articles, the term *bricolage* and *resource mobilization* describe the same phenomenon. A difference might be that bricolage is traditionally used to mobilize resources for means, while the NGOs also mobilized resources for new opportunities.

Across the different organizational settings, the findings suggest that contextual familiarity and ability to connect previously disconnected actors and means are important when engaging in market organizing. The corporate case in Article 1 demonstrated the importance of this familiarity with regard to the closeness between the innovators and their company leadership, which influenced the ability of the innovators to keep their initiative alive. In the NGO cases in Articles 2 and 3, familiarity with both the subsistence dwellers and with city and national authorities was central in bridging these two realities. I refer to these as two separate realities because subsistence settings are often very distant from local elites.

In the corporate environment in Article 1, much of the mobilizing activity was conducted in clandestine as it did not fit into the traditional business development matrix. In the

NGO environment, this activity was new but was seen as a natural development of previous work.

There are interesting similarities in the findings from article 1 and 3. Although approaching the early phase market organizing from different angles, similar characteristics can be noted. The importance of familiarity with the context in order to orchestrate change, and the importance of concrete, observable examples in order to make stakeholders accept the new solutions. For example, CCI organizing a visit for the ministry staff to India to see affordable housing solutions, and Nokia innovators working in clandestine to make the prototype work so that they can convince necessary local and internal stakeholders.

#### ***5.1.4 Influence of market organizing on capabilities for achieving well-being***

This thesis has sought to understand how market organizing influences capabilities for achieving well-being. The findings of Article 3 show that a mix of contextually determined basic capabilities are necessary for individuals and families living in subsistence settings to keep themselves out of extreme poverty. These findings confirm prior research, such as the work by Morris (2010), Robeyns (2005), Robeyns and Crocker (2010), and Sen (1999).

Earlier research on subsistence marketplaces has concluded that there is a lack of aggregate forms of organizing in subsistence settings (Viswanathan et al., 2012). The thesis sheds light on why it is so. Articles 2 and 3 show that organizing requires a significant increase in capability, and without interventions to increase capabilities, individuals and micro entrepreneurs in subsistence settings remain in a state of multiple deprivations that inhibits higher forms of economic organizing. The multiple deprivations of basic capabilities, combined with a lack of opportunities, stabilizes trade into an exchange-dominated dynamic where people struggle to make ends meet. Article 3 shows that a gradual increase in capability, from the individual level toward the group and systems levels of organizing, increases capability for achieving well-being.

Most articles to date that have discussed how organizing in subsistence settings influences poverty reduction have been framed around the question of how subsistence dwellers can benefit from markets (Venugopal, Viswanathan & Jung, 2015; Viswanathan et al., 2009) or what intermediaries can do to improve market conditions for subsistence market actors (Kistruck et al., 2013; Kolk, 2014; Kolk & Lenfant, 2015). This can be

analyzed in terms of gaining access to improved products, gaining access to work opportunities, or gaining access to improved value chains. However, no study has addressed the influence that increased capabilities to shape markets has on the well-being of subsistence dwellers. Articles 2 and 3 show that when subsistence individuals have the capability to reorganize markets and introduce new exchange practices, they will design practices that fit their environment and that increase their capabilities for achieving well-being. Increasing subsistence market actors' agency to organize markets has a double effect on well-being. First, the studies in this dissertation suggest that when subsistence market actors gain agency to organize markets, they create exchange structures and practices that fit subsistence market actors and support their increase of capabilities for achieving well-being. Second, when subsistence market actors gain agency to organize markets, this generates well-being in itself, as people begin to feel a sense of increased power and position in their society.

## **5.2 Theoretical contributions**

This thesis contributes theoretically to the market studies and subsistence marketplaces streams of literature. This work also has implications for the inclusive business literature.

### ***5.2.1 Contributions to the market studies literature***

This thesis contributes to the market studies literature by (1) generating knowledge on early-phase market organizing based on primary data, (2) identifying how agency for market organizing is established through an increase in capabilities across multiple levels of organizing, and by (3) distinguishing factors that are important for evaluating how market organizing influences capabilities for well-being.

#### ***5.2.1.1 Early-phase market organizing***

Previous studies on the early-phase market organizing have mainly been conducted in affluent settings based on historical data (Araujo & Kjellberg, 2016; Kjellberg & Helgesson, 2007b). This thesis is unique in its study of early-phase market organizing using empirical work in subsistence settings.

The thesis sheds light on the process whereby trade in subsistence settings evolves from being exchange practice dominated toward having a more diversified market dynamic, including representational and normalizing practices. In the literature, markets are often defined as including three market practices (Kjellberg & Helgesson, 2006). This thesis



adds to the current theory by demonstrating that all three market practices need to be in place in order to arrive at market governance and suggests that the process of establishing all market practices can be called early-phase market organizing.

This thesis work suggests that some refinements in the terminology in market studies could be in place. Market actors could depict entities having exchange agency, while market agency could be interpreted as involving capabilities in all market practices areas: exchange, normalizing and representational practices.

#### *5.2.1.2 Establishing agency for market organizing*

This thesis also sheds light on how the foundations of agency for market organizing are established. The economic sociology literature describes agency as distributed between humans and devices (Cuchon, 2008). Recent studies have continued to emphasize this distributed aspect of agency by arguing for a concept of agencements, as a term describing the nexus of people, devices, and practices (Callon 2015), and by discussing the process of agencing, which leads to new agencements (Araujo & Kjellberg, 2016).

This thesis is inspired by the same research interest in understanding agency in market organizing, but it takes a step back and looks at the origins of agency for market organizing. In particular, this thesis sheds light on how agency for representational and normalizing practices is established. Following the same notion of distributed agency, the thesis highlights the importance of means and opportunities, such as discussion forums and new role identities (see also Ellis et al., 2010) on multiple levels that contribute to the establishment of agency for representational and normalizing market practices. Moreover, this thesis shows that establishing agency for market organizing requires an increase of capabilities at multiple levels of organizing. The process of mobilizing to achieve this increase in capabilities involves many stakeholders and bears resemblance to the multilevel organizational learning process identified by Storbacka and Nenonen (2015) in companies striving to shape their markets. This thesis contributes to the understanding of multilevel learning processes associated with market organizing. Furthermore, Mason and Chakrabarty (2017) argue based on an analysis of secondary case data, that proximity is of key importance in developing successful inclusive business models. This thesis adds to this line of inquiry with the empirical findings on the role of familiarity with the context to explain how agencies are able to mobilize resources for market organizing.

Recent literature emphasizes the role of new agencements in market re-organizing (Callon, 2016; Araujo & Kjellberg, 2016). In particular the work by Onyas and Ryan (2015) on agencements that re-organize the coffee market in Uganda is of relevance to this study. They show how the introduction of a new coffee processing technology can enhance the agency of local farmers, and draw attention to the quality of the agencement that develops around this new technology. Based on Callon's (2008) concepts of between prosthesis (identifying an agency's deficiencies and addressing them) and habilitation (creating an environment that capacitates agencies), Onyas and Ryan (2015) argue that much of the market innovation identified in their case was a consequence of farmer activity, which was enabled through habilitation efforts. The findings of this dissertation are similar, and the work on identifying capabilities on multiple levels of organizing contribute to a deeper understanding of habilitation efforts.

While Onyas and Ryan (2015) study agencements in market re-organizing in low-income settings, this thesis has studied agencements in the early phase of market organizing. The thesis therefore contributes to this body of work by showing how agencements in early-phase market organizing may need to create new market actors that have the capacity to engage in normalizing and representational practices in order to organize the markets. New market actors, such as ASMARE in Brazil and the Mungano housing cooperative in Tanzania, can be established to both gain new legal capabilities and to spread new exchange practices. Management practices are not typically considered as market practices in the literature; however, this thesis shows that the management practices inside pioneering market actors can establish norms for practices that spread and contribute to market organizing far beyond the boundaries of the original pioneering market actor. These findings suggest that in market organizing processes, new market actors can be considered as devices that contribute to agency to organizing markets.

These findings on the role of new market actors are in line with previous research findings suggesting that the origins of markets and the origins of new firms are interlinked (Read et al., 2009; Saraswathy, 2008). In the current studies, however, the new actors are not necessarily firms, but rather are an aggregated form of organizing with market-shaping capabilities.

The findings from article 1 highlight how intrapreneurs inside large organizations develop new capabilities required for early phase market organizing in subsistence settings. Since this new agency for early phase market organizing was not recognized

within their organizations as part of their work, the innovators developed intrapreneurial bricolage behaviour to overcome the obstacles this caused them.

#### *5.2.1.3 Conceptualizing the influence of market organizing on capabilities for achieving well-being*

The market studies literature has discussed issues of sustainability and responsibility in terms of values that underpin market organizing (Geiger et al., 2014; Kjellberg, 2008). Kjellberg and Helgesson (2010) show different ways in which companies increase sustainability values. These past studies have identified values and agendas and explain how values influence market organizing.

The approach taken in this thesis is different, since it has aimed to develop evaluative concepts which can complement explanatory concepts in the theorizing of early phase market organizing in subsistence settings. In the earlier work of Amartya Sen, which led to the development of the capability approach, he contemplated social justice and raised the question equality of what? (Sen, 1979). Through the capability approach he provides an answer to that question, arguing that evaluative efforts should focus on equality of capabilities for well-being. This thesis builds on this argument, and suggests that in market organizing in subsistence settings, evaluative efforts should focus on the equality of capabilities for achieving well-being, which includes agency for market organizing. When assessed at a more generic level, and with the dominant neo-liberal interpretations of market economy as a backdrop, this is a rather radical argument, as it suggests that for markets to generate well-being, a democratization of agency for market organizing is necessary.

Theoretically, this contribution can be broken down into many sub aspects, such as a distinction between market agency that focuses on well-being and life-affirmative goals and market agency that does not aim at such goals. Market agency that focuses on life-affirmative goals may appear counterintuitive from a neoclassical perspective, where market agency is expected to seek to maximizing self-interest. The distinction that is suggested here is not for or against maximizing self-interest, but rather seeks to distinguish if goals are life-affirmative. If they lead to ill-being and environmental unsustainability, they are not life-affirmative.

Next, through the integration of the capability approach with market studies, the thesis provides a new research angle. Science and technology studies (Callon, 1998; MacKenzie, 2009) have introduced the notion of distributed agency; i.e., agency is distributed

between people and devices/tools. The broader notion of agencements highlights the networked nature of agency as constellations (Callon, 2016; Araujo & Kjellberg, 2016). The capability approach adds the notion of opportunities and views agency not only as the integration of means and human abilities (such as devices and people), but also as the integration of opportunities. Adding the analytical lens of opportunities makes it possible to evaluate the influence of market organizing on well-being.

In addition, this thesis contributes to the discussion on agency by showing how agency is built on many levels of organizing. To fully understand the expressions of market agency or agencements, a multilevel analysis of its foundations is necessary.

Authors emphasize the need to design better markets for the poor (Chakrabarti & Mason 2014) and to make markets work for the poor (MacKague 2012; MacKague et al 2015). However, conceptual tools are needed to evaluate if a particular market design is better or worse for the poor. Often the situation is that in order to evaluate the influence of a market design, one has to wait until the effects of arrangements become visible in communities.

This thesis provides such conceptual tools. In addition to evaluating capabilities for achieving well-being on multiple levels of organizing, the thesis contributes by outlining the pre-phase of mobilization in early-phase market organizing. The mobilization of resources is a re-occurring theme in both the market studies and subsistence marketplaces literatures (Abendroth & Pels, 2017; Olsen & Boxenbaum, 2009; Kistruck et al., 2013). The findings in Article 1 provide a detailed account of how engaging in market organizing in subsistence settings through corporate inclusive innovation requires bricolage. The thesis contributes to the understanding of the mobilizing process by highlighting the importance of familiarity with the context, as familiarity with context increases the ability for resource mobilization, as well as the ability to identify and respond to the mix of capabilities needed in each particular context. The thesis frames this mobilization as a generic phase that can be enacted by various market actors (an individual, a company, or an intermediary) and for the benefit of oneself as well as for others. This generic framing helps to situate much of the literature on resources integrations or inclusive business development processes within a larger process picture.

Much of the literature on mobilization focuses on resources, which are either understood as material resources or skill-related resources. This thesis adds the dimension of mobilizing for opportunities to this discussion. This mobilizing phase is not explicitly

discussed in the capability literature (Sen, 1999; Morris, 2010; Robeyns, 2005); thus, this thesis contributes to the capability literature by identifying a pre-phase to capability integration—mobilization.

### ***5.2.2 Contributions to subsistence marketplaces***

The thesis introduces a markets-as-practices perspective to the study of subsistence marketplaces. This perspective helps to situate the analysis of both the people living under subsistence conditions and the organizations engaging in these markets within a broader process of social organizing. It highlights the nondeterministic nature of organizing in subsistence settings and enables the study of power relations in subsistence marketplaces through the notion of agency. This improved understanding of agency in subsistence marketplaces contributes to (1) a better understanding of the changes and dynamics in early-phase subsistence markets and (2) an understanding of how market organizing influences poverty reduction in subsistence settings. The contribution of each is discussed next.

#### ***5.2.2.1 Understanding early-phase market organizing in subsistence settings***

The literature on subsistence marketplaces provides detailed information about exchanges and relationships in subsistence settings, and various approaches to a more systemic approach has been taken, including naturological and ecosystem conceptualization (Hill, 2010), and systems theory (Nielsen & Samia, 2008; Viswanathan, Rosa, & Ruth, 2010), and markets as social structures (MacKague, Zietsma & Oliver, 2015). This thesis contributes to this line of inquiry by offering a holistic and systemic understanding of subsistence marketplaces. The thesis introduces the market studies perspective to empirical research on subsistence marketplaces, particularly in the early phase of market organizing. The thesis provides conceptual tools to study market dynamics and market governance through empirically investigating market practices. The perspective also contributes through its focus on agency.

The role of intermediary organizations in change processes in subsistence marketplaces has been recognized in the literature, such as how they connect local market actors with markets in affluent settings (Kistruck et al., 2013). This thesis confirms the importance of intermediaries in subsistence settings and shows how intermediaries can support an increase of capability for market organizing in local communities. Although this is a complex concept, it is perhaps most visibly seen in the formation of new organizations that are formed and operated by the subsistence dwellers themselves.

The literature has tended to discuss market creation as a corporate- (Anderson, Markides & Krupp, 2010; Simanis, 2011) or NGO-led activity (Kistruck et al., 2013; McKague, 2012). The challenge, however, is that market organizing efforts that lack the input of local people can become very dysfunctional (cf. Abdelnour & Branzei, 2010) or potentially exploitative (Mena et al., 2009). This thesis contributes to the understanding of market creation by providing a detailed account of how inhabitants of subsistence marketplaces can *really* take part in market organizing. The emphasis on the term *really* is important because it points to the difference between superficial participation as opposed to genuine participation. The literature on stakeholder involvement shows that participatory process can serve to legitimize a strong market actor's position (Ehrnström-Fuentes, 2016), and prior research has shown how market organizing efforts fail if subsistence communities do not take part in the design of the markets (Abdelnour & Branzei, 2010). This thesis contributes by providing an in-depth analysis of market agency for market organizing, through which the de facto capacity to engage in market organizing is revealed.

#### *5.2.2.2 Conceptualizing poverty reduction in subsistence market organizing*

Despite considerable research during the past decade in subsistence settings, there remains conceptual ambiguity concerning how to best evaluate poverty reduction (Ansari et al., 2012). Ansari et al. (2012) make the conceptual argument that the well-established capability approach should be used for the evaluation of poverty reduction. This thesis shows both conceptually and empirically how to use the capability approach to identify what to evaluate in order to assess the implications of early-phase market organizing in subsistence for poverty reduction. The scope of this thesis does not extend to evaluating early-phase market organizing processes in subsistence settings. The work reaches the point of identifying a framework for evaluation; i.e., resource mobilization, capability integration, and outcomes on multiple levels of organizing.

Rather than defining poverty as a lack of disposable income (Prahalad, 2005; Hammond et al., 2007) or a lack of income, employment, and skills (London, 2009), the capability approach defines poverty as a lack of capability for achieving well-being (Sen, 1999; Nussbaum, 2000). Adhering to the capability approach implies a shift of thinking toward focusing on the agency of individuals and communities and away from aiming to objectively determining poverty reduction. Previous conceptualizations of how market interventions in subsistence settings influence poverty reduction have drawn on the notion of mutual value creation (London, 2009). This perspective attempts to capture

value through objectively assessing positive outcomes such as skills, employment, income, etc. However, this kind of utility based conceptualizations are considered tried-and-failed in development economic (Morris, 2010). The capability approach was developed as a response to the need for approaches that go beyond utility perspectives (Sen, 1999). This thesis outlines how capabilities for achieving well-being can be used as an evaluative concept for the study of inclusive business and other expressions of market organizing in subsistence settings. The thesis argues that in addition to outcomes, the entire process—including resource mobilization and market agency/capability increases on multiple levels—needs to be understood and evaluated.

Focusing only on outcomes in evaluative efforts leads to an underemphasize of power relations. The perspective suggested in this thesis provides conceptual tools to analyze power relations on multiple levels of market organizing in subsistence settings.

The notion of market agency in market studies captures influence, i.e. power, with respect to market organizing or market stabilizing. This perspective helps to understand power relations in markets. As described in chapter 2,4, this thesis combines the notion of market agency with capabilities for well-being in order to capture yet another aspect of power. The capability approach conceptualizes empowerment for life-affirmative goals such as well-being, which is essential for evaluating poverty reduction. This thesis shows how both aspects of power are necessary to understand early phase market organizing. Empowerment of subsistence actors through increasing capabilities for well-being is a necessary foundation for market agency to both act in and shape market organizing. Moreover, such agency creates opportunities for subsistence actors to shape markets so that they by their structure further empowers subsistence actors. This creates a virtuous cycle of increased influence in society and increased well-being.

The subsistence literature has attempted to enrich the current understanding of the lives and economic relations of subsistence dwellers. Studies have emphasized the resilience, empathy, and complexities of relations in subsistence market places (Viswanathan et al., 2012). Nevertheless, it is also recognized that subsistence markets are characterized by a general lack of aggregated forms of organizing (Viswanathan et al., 2010), with innumerable micro-enterprises that do not grow beyond single-person or single-family organizations due to a lack of trust and social capital (Ansari et al., 2012).

This thesis contributes to this literature by generating knowledge that can help to explain this deadlock. The perspective of market organizing taken in this thesis highlights how

the state of multiple deprivations experienced by people living in subsistence settings inhibits higher forms of organizing and stabilizes exchange practices into a struggle to make ends meet. The three studies as presented in this thesis identify how a process of increasing the market agency of subsistence dwellers on multiple levels of organizing can break the deadlock and unlock movements toward market organizing that generates capabilities for well-being.

The thesis helps to create a more theoretical rigorous discussion of well-being and poverty reduction in connection to market organizing in subsistence settings. There are many possible perspectives to studying well-being. For example, within the field of macromarketing, there are studies on consumer well-being (Lee, Sirgy, Larsen & Wright, 2002; Sigry, Lee, & Rahtz, 2007), subjective well-being (Ganglimair-Wooliscroft & Lawson, 2012; Pan, Zinkman, & Sheng, 2007; Ahuvia & Friedman, 1998), and quality of life (Malhotra, 2006). This thesis contributes a perspective that combines market studies with the capability approach in recognition of the current realities of intensified market-driven approaches to poverty reduction globally.

The ongoing debate regarding the use of business for poverty reduction has mainly focused on improving the abilities of people to act in markets in terms of market literacy (Viswanathan, Sridharan, & Ritchie, 2010; Viswanathan et al., 2009a), including subsistence producers in international value chains, and in terms of promoting micro entrepreneurship (London 2009; London et al., 2010). This thesis, however, argues that equal emphasis should be placed on the ability of subsistence market actors to contribute to market organizing.

### **5.3 Limitations, implications and future research directions**

This section discusses the limitations of the dissertation research and the future research direction these limitations inspire. In addition, the implications of the research in terms of the credibility, dependability and transferability of the findings are discussed.

#### ***5.3.1 Limitations and future research directions***

This research has taken a micro level perspective to understand market organizing in subsistence settings and its implications on capabilities for well-being. Within this perspective, nonetheless, a multilevel analysis ranging from the individual to the market level of organizing was conducted. The outcomes include conceptualizing capabilities for human well-being on the individual level as an evaluative anchor for early phase market



organizing. It was outside the scope of this dissertation work to elaborate on concepts that could capture market organizing for life affirmative outcomes on a macro level of organizing. Such evaluative conceptualizations would include not only poverty reduction, but also environmental and other forms of sustainability, and be applicable on e.g. national level. Future research is needed to develop suitable evaluative concepts on such macro levels of organizing. The notion of re-production of life (Dussel, 2013) holds potential as a complementary evaluative concept to capture life-affirmative market organizing on a macro –level of organizing. Future research could also build on circular economy concepts (Ellen McArthur Foundation, 2013). I suggest that future research further develops the systemic analytical approach presented in this dissertation, in order to maintain and develop the link between micro and macro phenomena.

The market studies framework, with its foundation in practice theory, has good potential to provide support for such theory building. The emphasis on the socio-material character of market practices opens up a possibility to further elaborate on the issues such as resources scarcity and environmental sustainability. This thesis research has drawn substantially on the capability approach by Amartya Sen. This choice is defensible because the capability approach provides a foundation for discussing poverty and well-being. However, the capability approach also has limitations. Its human centric notion of agency is traditional, and that aspect of the capability approach has been challenged in this thesis. In addition, environmental concerns are not fully addressed by the capability approach. Jackson (2009) recognized the foundation made by the capability approach with respect to conceptualizing well-being, but suggest further elaboration on bounded capabilities. The notion of bounded capabilities means that well-being aspirations cannot increase without limits, e.g. not everyone on the planet can aspire several fossil-fuel powered cars. Hence, the notion of bounded capabilities suggests that well-being needs to be defined by the individual the authorities providing opportunities, and by environmental limitations. Further research is needed to clarify how ecological limits can be integrated into market governance practices. Such research would also contribute to clarifying the parameters of market organizing for life-affirmative outcomes.

This thesis has sought an understanding of early phase market organizing in subsistence settings. This research has been motivated by the lack of a holistic way of understanding market organizing in subsistence settings and the challenges with evaluating the impact of such organizing on poverty reduction. The scope of this thesis was delimited to

developing an improved understanding of the process of early phase market organizing in subsistence settings, and to identifying that resources mobilization, capability increase and outcomes on multiple levels could be useful aspects to considered when evaluating the influence of early phase market organizing on poverty reduction. Future research could evaluate how early phase market organizing processes in subsistence influences poverty reduction based on the findings of this thesis.

In addition, the evaluative conceptual approach of this thesis could be further developed into a tool for practitioners. There is a need for a human-rights based approach to evaluating the impact of company involvement in poverty reduction. This thesis provides ingredients for such a framework. Such a practical framework could help different organizations (companies, intermediaries, funders) to understand their role and position in market organizing in subsistence settings. This perspective clarifies the function of company activities in a larger process of increasing capabilities for well-being. The functions that companies can have include providing products and services that serve as enabling means, establishing new organizational forms and practices that increase capabilities, and influencing market structures so that new opportunities are formed and life affirmative outcomes are reached.

To further develop the work conducted in this thesis to a tool for practitioner, more knowledge is needed on the actions taken by practitioners and their implications on capabilities for well-being. Such work could be conducted through long-term action research in processes of early phase market organizing where multiple actors are involved, and where the researcher has access to data from key stakeholders.

### ***5.3.2 Credibility, dependability and transferability of the dissertation research***

The credibility, dependability, and transferability of the above-presented results will be discussed next. Credibility relates to the extent to which the results appear to be acceptable representation of the data (Wallendorf & Belk, 1989; Guba & Lincoln, 1994). The data is generated through several empirical studies, using methods that are suitable for the setting. The field work covers different geographical locations, sectors as well as market actor perspectives. During the data generation and analysis, concern is given to ensure the quality of the data, as described in chapter 2. The generated data capture the phenomenon of market organizing on a micro level. The conclusions that are drawn based on these data explain early-phase market organizing. This aspect of market

organizing in subsistence settings involves both local and micro level activities, which suggests that the results are acceptable representations of the data.

Dependability relates to the extent to which there is consistency among explanations (Wallendorf & Belk, 1989; Guba & Lincoln, 1994). The results from the three studies show consistency in the themes that emerged from the data, such as mobilization of scarce resources and organizing for increased agency. This consistency is present across different subsistence fields and different sectors, which increases the dependability of the findings.

Transferability relates to the extent to which the findings can be applied to other contexts (Wallendorf & Belk, 1989; Guba & Lincoln, 1994). On a higher level of abstraction, the results appear transferable. For example, Article 3 found that a mix of critical capabilities is needed for the inhabitants of the informal settlements in Tanzania to stay out of absolute poverty. The notion of a mix of critical capabilities is transferable to other subsistence contexts (Sen, 1999; Nussbaum, 2000); however, the content of the capabilities is contextually determined. Likewise, the larger themes related to early-phase market organizing, such as resources mobilization, capability integration, and outcomes on multiple levels, appear transferable across contexts, since empirical research from different contexts support these abstractions. However, more detailed expressions of these generic activities are likely to be contextually determined. Furthermore, this work has focused on early-phase market organizing in subsistence settings and provides specific knowledge on these processes. However, the findings are likely to be transferable also to processes of early phase market organizing in contexts other than subsistence settings. Such context could be e.g. early phase market organizing around highly innovative new solutions that challenge the current market structure.

#### **5.4 Concluding remarks**

This thesis studied early phase market organizing in subsistence settings and its implications on capabilities for well-being. The back-drop of this research is the global shift in policy from traditional development cooperation towards entrepreneurial and market-oriented approaches to poverty alleviation, and its implications on global sustainability challenges. The work was motivated by my desire to contribute to a development where future markets serving the majority of the world's population are organized so that they generate well-being and environmental sustainability. In these concluding remarks, I want to reflect first on the world view this thesis work has resulted

in, and second on the insights gained through this work for identifying paths of market organizing towards increased global sustainability.

The opportunity to do empirical research in subsistence settings was like time travelling. On the one hand, a journey backwards to pre-industrial economic organizing, where survival is the collective goal and economic relations are personal, empathetic and undisciplined. On the other hand, a journey forward to imagine markets of the future designed to generate well-being and environmental sustainability.

The journey invoked the exploration of big questions such as what is a market, what is poverty and well-being? I believe that reflecting on these questions is an important and even inevitable exercise in order to re-imagine and re-initiate market organizing towards improved global sustainability.

This exercise resulted in an understanding of markets as on-going processes of organizing, which is context dependent and driven by distributed agency. Markets emerge around trade practices, and constitute one form of economic organizing, (Araujo et al., 2010) alongside other aspects constitute the economy (Gibson-Graham, 2008). This understanding translates to a position that markets can be organized very differently, depending on the aims, worldviews and capabilities of those organizing the markets. This position emphasizes power relations in the market organizing process. Consequentially, agency became a central concept in this work, which reflects a desire to understand the driving force of market organizing.

The confrontation with impoverished communities and realities through this thesis work, resulted in an understanding of poverty as the lack of capabilities for well-being. Capabilities for well-being describe one's ability to realize a good life. Reaching a good life can be hindered by internal factors as well as external factors. It is a human trait to strive for a good life, regardless if one is born in an affluent or subsistence community. The hindrances look different in affluent versus subsistence settings, but the fundamental process of striving for a good life is the same. A good life cannot be pinpointed down in any definition, as it is defined by each person and may change during that person's life.

These reflections on poverty and capabilities for well-being, highlighted and incapacity in market organizing theories to distinguish life-affirmative agency. Life affirmative agency, such as capabilities for well-being, captures the human strive for a good life.

While practices and agency explain the doings of human life, the capability approach adds being. Well-being, as the word stipulates, refers to a state of being, and only alive “beings” can experience a state of being. This conceptualization makes a link to life and life-affirmative action.

This thesis suggests that distinguishing and supporting life-affirmative agency is important in order to organize markets that increase well-being and environmental sustainability. This thesis has attempted to clarify, what should be compared and evaluated when markets in subsistence settings are organized for the purpose of poverty reduction and sustainability.

This thesis highlights, that market organizing in subsistence settings should not be evaluated narrowly based on whether it creates new products and services or new jobs for people living in subsistence settings. Such perspectives only capture the subsistence dwellers agency to act in markets. Instead, evaluations should include both the agency to act in markets and the agency to shape markets. This thesis has shown that gaining agency to shape markets requires higher forms of organizing. Hence, when assessing the impact of market organizing in subsistence settings, higher forms of organizing that enable market shaping capabilities should be taken into consideration.

It is misleading to assume that access to new products and services alone can address the complex issues of poverty. Even though new ventures can provide new employment opportunities, that does not fully address the multidimensionality of poverty. Based on this dissertation research, poverty reduction requires activities by multiple actors on multiple levels, and ideally a genuine shift of power to lower-income communities. New opportunities are of particular importance in this process, and this can mean new roles in society, new ways of influencing society and new ways of engaging with society.

This thesis work illustrates that when previously excluded groups in society gain the agency to participate in the design of markets, this improved their well-being both through an increased sense of position and influence in society, and through designing market rules that generate benefits for their group. The argument that can be extended from these findings is that to reach markets that generate life-affirmative outcomes it might be reasonable to 1) be able to distinguish life-affirmative agency and 2) evaluate the distribution of market organizing power among affected stakeholders. The notion of stakeholders here includes natural ecosystems. This thesis findings provides indications

towards a democratization of market organizing, and evaluation of market organizing based on life affirmative outcomes on multiple levels of organizing.

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**APPENDIX 1**

**INNOVATION FOR INCLUSIVE BUSINESS:  
INTRAPRENEURIAL BRICOLAGE IN MULTINATIONAL CORPORATIONS**

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## Innovation for Inclusive Business: Intrapreneurial Bricolage in Multinational Corporations

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**ABSTRACT** It is often argued that multinational corporations (MNCs) are in a unique position to innovate business models that can help to alleviate poverty. This empirical study into intra-organizational aspects of pro-poor business innovation in two MNCs suggests, however, that certain elements of their management frameworks – such as short-term profit interests, business unit based incentive structures, and uncertainty avoidance – may turn into obstacles that prevent MNCs from reaching their full potential in this respect. We introduce the concept of intrapreneurial bricolage to show how middle manager innovators may promote pro-poor business models despite these obstacles. We define intrapreneurial bricolage as entrepreneurial activity within a large organization characterized by creative bundling of scarce resources, and illustrate empirically how it helps innovators to overcome organizational constraints and to mobilize internal and external resources. Our findings imply that intrapreneurial bricolage may be of fundamental importance in MNC innovation for inclusive business. In addition to the field of inclusive business, this study has implications for the study of bricolage in large organizations and social intrapreneurship, as well for managerial practice around innovation for inclusive business.

**Keywords:** base of the pyramid, bricolage, inclusive business, intrapreneurship, multinational corporations, social intrapreneurship

## INTRODUCTION

Over the past decade there have been increasing calls for alternative ways of tackling poverty problems in developing countries and emerging economies. Rather than the aid and charity approaches that have dominated the scene for the past few decades, the alternative line of discussion around inclusive markets and base<sup>[1]</sup> of the pyramid (BOP) approaches emphasize the role of innovation and pro-poor entrepreneurship. Such approaches propose new roles for the private sector, from multinationals and large national firms to small and medium-sized enterprises, as well as for non-governmental organizations (Hart, 2005; Kandachar and Halme, 2008; Prahalad, 2005; Prahalad and

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Hart, 2002; Srinivasa and Sutz, 2008; UNDP, 2008). The inclusive markets and BOP literatures suggest that businesses can contribute to alleviating poverty in economically feasible ways and, furthermore, that such an approach is a more effective means of poverty alleviation than philanthropy (Prahalad, 2005, 2009; Prahalad and Hammond, 2002; UNDP, 2008).

The inclusive markets and BOP research is predominantly empirically-driven. The bulk of studies in this area consist of successful case examples (Hart, 2005; Prahalad, 2005; UNDP, 2008). The primary focus is on product and/or new business model innovation, and on how this improves the life of the poor population in focus – whether they are involved in the new model in the role of customers, entrepreneurs, or employees. Particularly with regard to inclusive business model innovation in large corporations, the inclusive markets and BOP literature seldom sheds light on the intra-firm processes leading to innovation. Instead, most of these studies concentrate on external factors, events, and developments that influence the new business model. Rather than paying attention to intra-organizational events surrounding the development of an inclusive business model, or to individuals involved in the innovation process, the impression typically given in the inclusive market and BOP cases is that top management has initiated the inclusive business model, or that it is driving or supporting the innovation process (Anderson and Markides, 2007; Prahalad, 2005; Prahalad and Hammond, 2002). ‘Cemex did . . . Unilever started . . .’ are typical expressions that portray the organization as a monolithic entity and the development of inclusive business as strategic action prompted by corporate decision-making.

All this is understandable in view of the early stage of development of the field of study. However, if scholars and managers want to understand the mechanisms leading to inclusive business innovation, it is imperative to move beyond the success story rhetoric and to look more closely at the intra-organizational processes surrounding the innovation of inclusive business models. Otherwise knowledge about innovation towards inclusive growth will remain skewed.

In this paper we propose that the growth of inclusive business out of multinational corporations (MNCs) is effectively hampered by obstacles that reside in the organizations themselves. We found that short-term profit maximization, business unit based incentive structures, and uncertainty avoidance may turn into obstacles to inclusive business since the innovation processes do not conform to these frameworks (cf. Olsen and Boxenbaum, 2009). As a result, despite the seemingly resource rich contexts that MNCs are supposed to offer for inclusive business development, promoters of inclusive innovations may actually face severe resource scarcity: shortage of time for the tasks they have, lack of adequate financing, and lack of access to expertise from within their organization. In order to overcome these constraints, dedicated individuals may seek to utilize whatever scarce resources are available (e.g. substantial amounts of their free time, private-life roles and networks, or previously discarded technologies) in order to promote their inclusive innovation. Their activities resemble those described as entrepreneurial bricolage, making do by creating new combinations of the resources at hand in a small enterprise (Anderson, 2008; Baker and Nelson, 2005; Baker et al., 2003).

However, for promoters of inclusive innovations in large corporations, it is not enough only to use whatever means are at hand. They may also have to do so without the support

of their organization, and occasionally even work underground or against their superiors' explicit orders in order to push the innovation. This feature in turn indicates intrapreneurship, acting like an entrepreneur within a large organization (Antoncic, 2001, 2003; Carrier, 1994). To advance understanding of this type of activity, we introduce the concept of intrapreneurial bricolage, which we define as entrepreneurial activity within a large organization characterized by the creative bundling of scarce resources. Intrapreneurial bricolage is manifested in different ways, depending on the innovators' repertoire of means at hand and the challenge or opportunity faced (cf. Lévi-Strauss, 1966). While our empirical evidence leads us to suggest that intrapreneurial bricolage may be a fundamental component of inclusive innovation, it will not alone be enough to carry such innovations through (cf. Russell, 1999). The success of these efforts is dependent on the ability of the corporate organization to tolerate the type of out-of-ordinary activities that are characteristic of intrapreneurial bricolage.

The paper is organized as follows. First, we briefly review the relevant literature on inclusive markets, bricolage, and intrapreneurship. We then turn to the methodology and data from our case companies, Nokia and ABB. In the Nokia case the focus is on an innovative network solution that enables operators to extend network coverage to remote villages, where a traditional technology and business model would not make for a profitable business. The ABB case concerns a rural electrification scheme based on dispersed and sustainable energy. In the findings section we exemplify how the core rigidities of a corporation come to hamper innovation for inclusive business, and how dedicated middle-managers use intrapreneurial bricolage in order to develop inclusive business models in low-income markets. Next, we proceed to present a set of propositions regarding intrapreneurial bricolage in MNCs' inclusive innovation processes. At the end of the paper we discuss contributions to inclusive business and BOP business research as well as to organization theory, and offer suggestions for practitioners who are keen to support the development of inclusive markets.

## **BRICOLAGE AND INTRAPRENEURSHIP IN THE CONTEXT OF INCLUSIVE BUSINESS**

Research on business solutions for poverty alleviation is still in its infancy, and therefore there is as yet no coherent set of concepts. In the absence of conceptual rigour, a distinction can be made between the 'inclusive' and the 'Base-of-the-Pyramid' (BOP) approach. The BOP proposition presents the world's low-income majority in a new way, seen through a business lens as active consumers and entrepreneurs (Hart, 2005; Prahalad, 2005). The BOP approach emphasizes the untapped opportunities for win-win business as companies engage in serving this previously neglected socio-economic segment – the BOP market (Hart, 2005; Prahalad, 2005). The inclusive approach (UNDP, 2008), including such terms as inclusive markets, inclusive growth, and even inclusive capitalism, focuses on the potential for development opened up by the integration of the previously excluded poor in the global economy, also emphasizing the role of governments and other institutions. In this article we use the terms BOP market or BOP context when talking about the low-income socio-economic population segment, but refer to inclusive business models or inclusive business development when describing business efforts in this area.



Business model refers to the value that a product or service brings to the customer, how the product/service is delivered to customers, and how the profit is captured (Chesbrough and Rosenbloom, 2002; Teece, 2010). Inclusive business models, however, are particular as they strive to achieve both financial and social aims (Kistruck and Beamish, 2010; UNDP, 2010). The value proposition is expanded to provide benefit not only to the individual customer, but to the community of low-income people by making the value chain more inclusive and just. In addition, as inclusive business targets low-income communities in emerging economies, it may simultaneously involve business model development as well as address more systemic socio-economic problems (Mair and Schoen, 2007; Nelson et al., 2009; Yunus et al., 2010).

The literature on inclusive business has hitherto focused on BOP markets as a potential setting for disruptive innovations (Hart and Christensen, 2002) and on how innovative business models are created within the many constraints of the BOP context (Anderson and Markides, 2007; Prahalad, 2005). Some of the key constraints explored so far include market-related barriers – such as deficient market information and regulatory environments – as well as lacking physical infrastructure or access to financial services (Prahalad, 2005; UNDP, 2008). We suggest that the overemphasis on external challenges in the current literature has downplayed the significance of internal aspects of the innovation process, particularly when it comes to MNCs. While MNCs are often portrayed as occupying a unique position with respect to reaching scale and affordability in inclusive markets (Prahalad, 2005), it is only rarely that scrutiny is given to their intra-organizational features with regard to inclusive innovation. By studying what happens inside the organization as innovations for inclusive business are developed, we hope to advance knowledge in this area. In our research we followed for two years two unfolding inclusive business development processes in the respective MNCs. When relating our empirical findings to the literature, the concepts of bricolage and intrapreneurship seemed most adequate to describe and explain what we observed.

The concept of bricolage was introduced by French anthropologist Claude Lévi-Strauss (1966). Based on his studies of resourcefulness among indigenous populations, Lévi-Strauss presented bricolage as an analogy describing a particular mode in which human actors relate to their environment. He considered resourcefulness as a function of knowledge about one's environment, which is manifested in a process of bricolage through which people use and combine the various resources they have 'at hand' as means of finding workable approaches to problems and opportunities (Baker, 2007). Lévi-Strauss contrasted bricolage with more rational 'engineering' approaches, in which *Ingénieurs* first spell out their solutions and then go out to find resources that fit the specified criteria. Bricoleurs, on the other hand, start with the resources at hand and then work their way towards solutions. They use resources with which they are intimately familiar, and their universe of instruments is limited (Ferneley and Bell, 2006).

The notion of bricolage has been invoked in a wide range of social science disciplines (Dyumedjian and Rüling, 2010). In organization and management literature, bricolage has been studied in a variety of theoretical fields, including innovation studies (Garud

and Karnøe, 2003), social psychology (Weick, 1993), entrepreneurship (Baker, 2007; Baker et al., 2003; Phillips and Tracey, 2007), and social entrepreneurship (Di Domenico et al., 2010). In the context of small and medium-sized enterprises (SMEs), Baker and Nelson (2005) define entrepreneurial bricolage as making do by creating new combinations of the resources at hand to new problems and opportunities. Baker et al. (2003) found that entrepreneurs made use of an extraordinarily broad variety of means and resources at hand: they engaged in bricolage with regard to customers, financing, suppliers, office space, advice, and employees.

Hence, bricolage is a response to different kinds of resource scarcity. When faced with constraints the bricoleur draws upon resources at hand to overcome the obstacles, perhaps in an unconventional way. Anderson (2008) noted that bricolage was prevalent in bottom-up innovation processes, using what was at hand or embedded locally. Moreover, Baker et al. (2003) found that in order to mobilize resources, bricoleurs extensively use various networks. In the context of social enterprises, Di Domenico et al. (2010) found that means at hand extend to stakeholders beyond immediate networks, and that stakeholder persuasion is a common tactic for resource mobilization. While most studies of bricolage in organizational settings focus on bricolage as resource mobilization and integration, Duymedjian and Rüling (2010) recently argued that bricolage depends on a particular world view, nature, and organization of knowledge.

Most of the literature on entrepreneurial bricolage is focused on relatively small enterprises, with entrepreneurs taken as the unit of analysis. In this study we focus on innovation processes within MNCs, and our data suggest intrapreneurship. Intrapreneurship is a process whereby individuals within organizations pursue new opportunities and depart from the customary, in a spirit of entrepreneurship (Antonicic, 2001, 2003; Schumpeter, 1934). In pursuing their initiatives, intrapreneurs go beyond conventional limitations and boundaries and take on additional risks that other employees would not be prepared to consider (Carrier, 1994).

Despite the efforts of intrapreneurs, the development of a creative idea into a successful innovation requires more than individual effort. The interplay between organization and intrapreneur is central to innovation, yet it might involve conflicting situations if the intrapreneur's activities clash with the organization's rational models (Russell, 1999). Russell argues that it is also necessary to have organizational support systems that provide resources, autonomy, and emotional support for intrapreneurs. Complementary observations on how companies can stimulate innovation and entrepreneurship inside the company can be found in the corporate entrepreneurship literature (Burgelman, 1983; Covin and Miles, 1999; Hitt et al., 1999; Hornsby et al., 1993; Ireland et al., 2009; Sharma and Chrisman, 1999). However, the primary perspective in this study focuses on the activities of intrapreneurs and on bottom-up innovation processes.

Based on the above, we suggest the notion of intrapreneurial bricolage, which we define as entrepreneurial activity taking place in large organizations in contexts of resource scarcity and characterized by creative bundling of resources at hand. Rather than rationally conceptualized business development processes, intrapreneurial bricolage is concerned with heuristic business activity (cf. Keil et al., 2008; Miner et al., 2001; Read et al., 2009; Sarasvathy, 2008).

## DATA AND METHOD

The original impetus for our study was a broad research interest in the organizational aspects of inclusive innovation processes in large companies. As the research progressed, our focus was narrowed to the question of how the aspects of intrapreneurship and bricolage unfold in innovation for inclusive growth processes, and we reformulated the research question accordingly: 'How do intrapreneurship and bricolage unfold in innovation processes for inclusive business in large companies?'

The case study method was chosen for the following principal reasons. First, it allows for a holistic investigation of both intra-organizational aspects, relevant events, and interactions outside the focal organizations. Second, it allows for the collection of rich evidence from multiple sources and contexts, which is necessary for understanding the phenomenon (Strauss, 1987; Strauss and Corbin, 1998). Third, we wanted to observe the unfolding of activities over time and in real time, and thereby avoid the risk of hindsight bias and halo effects that beset much of the inclusive markets and BOP literature. Such bias can easily occur if the outcomes of the process are known in advance.

### Selection of Cases

The selection of our innovation cases was guided by the following criteria. The eventual business model should: (1) be targeted at markets with less than €5 per day income (purchasing power parity adjusted) (Hammond et al., 2007); (2) be initiated by an MNC; (3) offer the potential for a real-time study of the innovation processes; and (4) come from an industry relevant to the inclusive market context.

We selected two inclusive innovation cases from the telecom and energy industries for this study (from within Nokia and ABB). The availability of both telecom and energy services is crucial to the development of livelihoods. It has been shown that telecom, and particularly the development of mobile telephony, adds 0.6 per cent to GDP per annum with each 10 per cent increase in telephone penetration (Standage, 2009; Waverman et al., 2005). Mobile telephony has made possible the rollout of micro-finance services (e.g. M-Pesa in Kenya or Wizzit in South Africa), thereby giving rural communities improved access to services such as health care and market information, and greatly improving their livelihoods (Anderson and Markides, 2007; Hammond et al., 2007). With regard to energy, some 1.6 billion people, one quarter of the global population, still have no access to electricity, and a further 2.4 billion people rely on traditional biomass, including wood, agricultural residues, and dung, for cooking and heating (IEA, 2002). The use of firewood for cooking has led to deforestation and loss of livelihoods in many developing countries (IEA, 2002), and it is a major cause of indoor air pollution and respiratory diseases. Without electricity, women and girls have to spend much of their time on such laborious and time-consuming tasks as wood gathering, grain grinding, and fetching water. While energy poverty is a widely recognized obstacle to development (IEA, 2002; Wilson et al., 2008), the industry still awaits a significant breakthrough with regard to affordable innovations in inclusive energy business models.

Both our cases involved pioneering technological innovation directed to low-income markets, where no similar services existed previously. They therefore required business

Table I. Description of dimensions of novelty in the Village Connection solution of Nokia and mini-hydro concept of ABB

<i>Dimension</i>	<i>VilCo of Nokia</i>	<i>Mini-hydro power/ABB</i>
Market	End-user markets consist of poor populations in remote rural areas that are outside telecom networks, and where operators do not find it economically feasible to build legacy networks.	Poor populations in rural areas that do not have access to affordable and sufficient high quality electricity and are therefore unable to develop any modern businesses or reduce their dependency on traditional fuels.
Technology	Software that enables a PC to become a GSM switchboard. This together with a 1-metre antenna makes up the village internal network (Access Point, AP), which is sufficient for calls and SMS for up to 300 users. Demand from over 200 APs aggregate to an Access Centre, which provides links between APs. It comprises routers and other standard hardware and software. External world calls are through the Mobile Switching Centre (MSC), i.e. VilCo integrates with the legacy networks at the MSC.	New type of containerized PMG (Permanent Magnet Generator) based hydropower (0.3–1 MW) concept, having a simplified mechanical design and thus lower costs, which would provide standardized solutions for several sufficiently similar sites.
Business model	Based on local entrepreneurship. A village entrepreneur can either buy or franchise a VilCo-kit from the operator. The VilCo entrepreneur is responsible for local market, sales, and billing. There is a flat fee for internal village calls. Outside village calls are duration-based. An operator takes care of maintenance and administration. Direct customers of NSN are operators (Lehtinen, 2008).	Local development company supports energy cooperatives with technical design and financing arrangements through a long-term management contract. The technical design is based on standardized containerized (ABB) power plant modules in order to keep training and maintenance costs to a minimum. Energy cooperatives at village or small region level own and operate the mini-hydro power plant and adjacent network. The cooperatives are responsible for revenue collection, customer provision, and expansion of the network.

model innovation in order to be economically feasible (Table I). Their development processes were ongoing when our study began and their outcomes were unknown. The telecom case is Nokia's network solution for low-income rural markets, and the energy case is ABB's mini-hydro power concept for low-income rural areas outside the electricity grid. Both companies have a strong presence in developing and emerging countries, and have shown interest in innovation aimed at poverty alleviation (ABB, 2005; Egels-Zanden and Kallifatides, 2009; Nikkari, 2009; NSN, 2007a, 2007b, 2008a, 2008b, 2009a, 2009b; Rainisto, 2009; Webb et al., 2010). The use of two cases gave us the added benefit of being able to make comparisons. An even larger number of cases would obviously have given a more solid basis for research, but the real-time empirical obser-

vation of innovation towards novel business models is understandably a rather sensitive issue for many companies. Nokia and ABB allowed us in-depth access.

## Data and Analysis

The empirical study began in mid-2007 and continued through to the autumn of 2009. Data were gathered in semi-structured and unstructured interviews and through observation, e-mail correspondence with key informants, free-form discussions, telephone conversations, and reviews of internal memos, press releases, articles in customer and in-house magazines, and other archival data covering the innovation under study. Approximately 200 pages of field notes were generated. Two members of the research team also met some informants in professional contexts, which provided an excellent opportunity to corroborate data. Over the course of the study we developed a trustful relationship with our key informants, which facilitated continuous follow-up and open discussion.

We had 13 informants for the Nokia Village Connection case, and 13 likewise for the ABB mini-hydro case. Interviews were transcribed verbatim in their original language, Finnish or English, and analysed in their native tongues. Interview lengths varied from half an hour to three hours. For practical reasons, the interview samples differed somewhat between the two cases. With the exception of technological innovation, most of the ABB mini-hydro innovation took place in Ethiopia. We travelled to Ethiopia to study one part of the innovation process – which later turned out to be critical – and also interviewed a number of key stakeholders there. The key events of the cases are reported in the following section.

The data were coded. At the start our attention was focused on issues frequently discussed in the inclusive market and BOP literature, such as network building and business model development in the absence of basic market institutions. As the research progressed it became apparent that we were witnessing something that is rarely discussed in the literature concerned with poverty alleviating innovation by large companies: the crucial role of innovators as drivers of the process. There was noticeably meagre organizational support for the innovation processes; occasionally the innovators would resist orders from their superiors to stop working with the risky innovation, and on the contrary spent much of their own time and other available resources to promote the innovation. At this point we created descriptive codes (our terminology follows that of Miles and Huberman, 1984) such as ‘applying technology to other uses’, ‘working underground’, and ‘creating and making use of roles’, which led us to the insight regarding intrapreneurship and bricolage as features of inclusive business development.

We then visited the literature on these topics, went back to the data, and created new codes. This was a recurring cycle. In the next step of that cycle we examined which descriptive codes hinted at broader themes, and came up with five interpretative codes. Two of them, ‘organizational constraints of innovation for inclusive business’ and ‘organizational tolerance’, relate to the MNC context of inclusive innovation, while the remaining three – ‘mindset of resourcefulness’, ‘utilizing means at hand’, ‘intrapreneurship’ – relate to the innovators. Continuing iteration between the academic literature on intrapreneurship and bricolage and the data finally led us to the aggregate code, ‘intra-

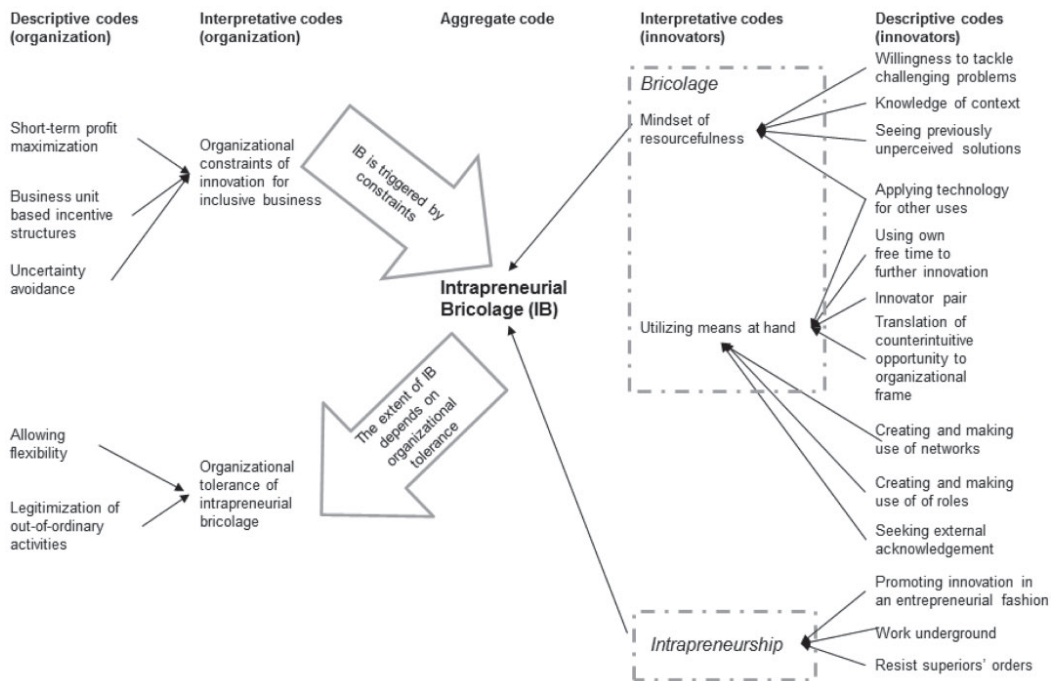


Figure 1. Coding scheme: descriptive codes, interpretative codes and aggregate code

preneurial bricolage', which became the central concept of the study. The condensed set of descriptive codes, interpretative codes, and aggregate codes is summarized in Figure 1. A solid arrow indicates which lower level codes build into a higher level one. The two large arrows between the aggregate code 'intrapreneurial bricolage' and the interpretative codes 'organizational constraints' and 'organizational tolerance' indicate a relationship between the respective concepts. Organizational constraints of inclusive innovation (right arrow) may trigger intrapreneurial bricolage type of activities, and their extent is in turn dependent on organizational tolerance of this type of activity (left arrow). These relationships will be scrutinized in the next section. Complementing the coding scheme below, Appendix 2 further links the codes to evidence in the data by showing selected citations.

Data triangulation from multiple sources was used to ensure the quality of the empirical findings (Miles and Huberman, 1984; Silverman, 1993). Between-method triangulation involved the use of multiple methods such as interviews, observation, and the range of other sources mentioned above (Denzin and Lincoln, 1997; Yin, 1989). Data triangulation involved interviewing informants who had been on different 'sides' of the innovation process (e.g. intrapreneurs who were keen to promote the innovation, and managers who had wanted to halt the process).

Generalization to population is not possible in a qualitative study such as this. We used a method of analytical induction suggested by Silverman (1993) and constantly compared the cases against one another and to other findings reported in the literature. We can, however, offer generalizations in terms of theoretical propositions, which we discuss in the coming sections. The case histories are briefly described next. More detailed descriptions are provided in Skarp et al. (2008) and Halme and Lindeman (2009).



### **Nokia Village Connection**

In 2003, Nokia Corporation hosts an Innovation Summit on emerging markets which brings together experts from departments across the world. The first post-it note on the Village Connection (VilCo) idea simply says ‘shoe box and hat’, referring to a small, simple, and easy base station and antenna solution that could extend GSM network coverage to remote areas. The idea is selected from over 100 business proposals. A Department Manager (Skarp) from Nokia Networks (NN) and Senior Research Manager (Raj) from Nokia assume responsibility for developing the idea.

One year later, a board of senior Nokia managers gives VilCo official in-house venture status and earmarks financial resources for R&D. An extension of network coverage means growing numbers of potential mobile phone buyers. However, NN is opposed to the idea: VilCo may not be technically feasible, it may cannibalize the existing base-station business by providing a cheaper solution, and finally, a recent R&D failure is causing a lingering sense of reluctance. Skarp’s boss at NN tells him to drop VilCo, but Skarp and Raj work clandestinely throughout the holiday season to prove that VilCo is in fact technically feasible. The first GSM call without a GSM network, using a PC instead, is made.

Raj, who is responsible for technology development, moves from Boston to India in 2005 to start up local operations. Together with local partners, the first prototypes are launched, and later that year the first VilCo is installed in India. VilCo is moved to Nokia Ventures Organization (NEBU).<sup>[2]</sup> The following year the main efforts are dedicated to develop the VilCo business model.

Even though the pilot is progressing well, NEBU decides in June to recommend its termination because the time frame for profitability is considered too long. This attempt at termination fails, and by autumn 2006 VilCo is ready for commercial launch. However, in December, Nokia announces a new strategy, which means that the VilCo project cannot remain in NEBU. A new home must be found for VilCo, and there is a pressing deadline. At the same time, Nokia and Siemens agree to merge their network organizations. It seems it will be impossible to find a new home for the project, but at the very last minute, when the termination letters for the 30 people working for VilCo are already waiting on Skarp’s desk, the newly formed Nokia Siemens Networks (NSN) takes VilCo onboard.

Six months later, the VilCo concept is launched as NSN’s first product (NSN, 2007b), and sales begin in India. In 2008 VilCo becomes a business unit. It wins the Excellence in Innovation award from the Telecom Equipment Manufacturers’ Association (TEMA) (NSN, 2008a).

The second release of VilCo is completed in 2009 while a competitor, Huawei, enters the market with a similar solution. By the end of the year dozens of VilCos have been sold around the world.

### **ABB Mini-Hydro Solution**

In 2006, the mini-hydro idea emerges from informal discussions in Addis Ababa between ABB Finland Sales Manager for East Africa region (Mika) and an independent strategy

advisor (Tapio) who works in Ethiopia from time to time, consulting the Ethiopian Telecommunications Corporation. The idea is inspired by Ethiopia's great energy paradox: the country has a huge theoretical potential of 30,000 MW of hydropower, but less than 10 per cent of rural Ethiopians have access to electricity. Mika and Tapio float the idea that new hydropower technology developed by ABB Finland could be adapted for a mini-hydro powerplant suitable for the many rapids in rural Ethiopia, providing reliable electricity to approximately 2000 surrounding households or small enterprises.

Mika approaches ABB Headquarters (HQ) in Zürich and presents the idea of scalable mini-hydro power as a way of offsetting ABB's own emissions. The ABB Sustainability Unit thinks this is a good idea, but gives very little financial or other support. Later that year Mika takes the idea to the United Nations Framework Convention on Climate Change (UNFCCC, 2009) in Nairobi, where the World Bank shows interest.

In 2007 a Finnish development funding organization grants ABB Finland partial (50 per cent) financing for a feasibility study on the mini-hydro project, which is now given the status of product development project in ABB Finland. Eventually fully based in Ethiopia, Mika leaves his previous sales management task and begins working full-time on mini-hydro as a development manager. Tapio's consulting role is financed through the grant. Mika initiates negotiations with several stakeholders, including relevant ministries, authorities, and the development wing of the Ethiopian Lutheran Church, EECMY.

The intended mini-hydro  $3 \times 500$  kW power plant requires waterfalls with a certain minimum dry season capacity measured by water flow per minute as well as height. The Ethiopian Energy Agency (EEA) gives Mika access to a survey on the capacity and location of 200 waterfalls. The 20 most prominent pilot sites are selected. Site inspection is highly time-consuming due to long distances and the lack of paved roads.

After months of work it becomes evident that the EEA waterfall data are completely unreliable, not only in terms of capacity, but also waterfall location: often there are no falls at all where indicated by the map. Mika and Tapio come up with a new plan. As EECMY has set up micro-hydro power plants (at a significantly lower capacity than mini-hydro power plants) in rural Ethiopia, ABB and EECMY sign in January 2008 a Memorandum of Understanding; EECMY's water technicians are to identify suitable waterfalls during the next dry season.

To develop the business model, Tapio and Mika hire researchers from the University of Addis Ababa to study the needs for electricity and user expectations in villages (200 people in six villages are interviewed). Throughout the year Mika continues his negotiations with national authorities in a bid to expedite legislation on a feeding tariff, which is critical for distributed energy solutions. UNDP (United Nations Development Programme) Ethiopia invites Mika to provide training for the Ethiopian Ministry of Mines and Energy on the Clean Development Mechanism (CDM) of the UN Kyoto Protocol. They have plans to make ABB's mini-hydro project the first CDM project in Ethiopia.

In April it transpires that EECMY's water technicians have provided no more than a few site reports on waterfalls, and the dry season is over. Mika hires the best Ethiopian engineering company to tackle the job in summer 2008. Based on their report, a site in southwestern Ethiopia is chosen for a pilot project (a 3-day trip from Addis Ababa). The



regional authorities give their consent for the pilot project. When Mika, Tapio, and their delegation arrive at the site, they notice that the flow figures provided by the engineering company are inaccurate. Mika and Tapio suggest another pilot site, but in June ABB Finland decides to discontinue the mini-hydro project because it had not reached its targets within the given time frame.

## **INTRAPRENEURIAL BRICOLAGE IN INCLUSIVE BUSINESS INNOVATION PROCESSES**

In this section we explore the conditions under which intrapreneurial bricolage emerged in the inclusive business innovation cases, and how intrapreneurial bricolage was manifested. To that end, we first compare the two innovation processes and their organizational contexts. We then move on to examine the various manifestations of intrapreneurial bricolage. Finally, we discuss how intrapreneurial bricolage was influenced by the tolerance of the corporate organizations.

### **Comparing the Innovation Processes and Their Organizational Contexts**

Against the backdrop of the above case histories, the present section compares the two innovation processes with respect to corporate strategy, ownership of the idea, and innovators' proximity to headquarters. It also highlights the difficulties encountered in accommodating an innovation process for inclusive business with the profitability and risk assessment frameworks of these MNCs. While both cases are concerned with infrastructure improvements provided by MNCs with extensive experience of emerging markets, there are nonetheless significant differences that shaped the innovation processes and influenced the outcomes.

As regards inclusive innovation in relation to the corporate strategy, Nokia has a strategy for low-income segments in emerging markets. As early as the mid-1990s, Nokia made the strategic decision to expand into emerging markets such as India and China. Early in the millennium, this original strategy was expanded to include low-income markets in these countries.<sup>[3]</sup> The Village Connection idea had a formal channel, the Innovation Summit, through which it could emerge. This made shared ownership of the idea in the organization possible. In the ABB mini-hydro case, on the other hand, the idea came to the organization via informal channels, through an initiative from a middle manager. Even though renewable energy innovation and CO<sub>2</sub> reduction are strategically significant issues for ABB (ABB, 2009), and even though the corporation has a programme for improving the access of poor populations to electricity (ABB, 2005), the mini-hydro idea did not receive priority at the company. The company normally operates in a business-to-business context and has no explicit strategy for providing energy to low-income end-users.<sup>[4]</sup> ABB allowed the innovator to take the idea forward, but provided funding for only half of the early stages of development. The other half came from a development funding organization. Consequently the project remained primarily a brainchild of its innovator.

It depended very much on Mika's own interest . . . it's been a good idea and he has been given the chance to carry it forward. (CSR Manager, ABB Finland)

Another difference between the cases was the innovators' organizational position. In both cases the innovation was promoted by two persons working closely together, an innovator pair, rather than by a single innovator. Yet the cases were not identical in this respect. In VilCo, both innovators came from inside the organization, whereas in the mini-hydro case Mika was an insider and Tapio an outside consultant. The VilCo innovators had closer geographical proximity to the core of the corporation compared to the mini-hydro innovation at ABB. One of the VilCo innovators, Raj, was working in the field with technology development and local operations, whereas Skarp was more oriented to developing the VilCo business model, and worked close to headquarters. Skarp's proximity to headquarters meant it was easier for him to work across organizational boundaries and to combine and access critical resources when he needed them. In the ABB case, the insider innovator Mika worked primarily in the field in Ethiopia, while Tapio tried to find financing for the concept and periodically participated at the Ethiopian end. In fact, ABB's insider innovator was far removed from the Swiss-based HQ: his home organization was ABB Finland, and he was working in the geographical territory of ABB East Africa. His contact to HQ was restricted to the non-core Sustainability Unit, which was supportive in principle but in material terms only financed one trip to Ethiopia.

In both cases the biggest challenge came from the short-term profitability expectations. Both of the corporations gave these projects a time frame comparable to more ordinary innovation ideas aimed at developed markets. Even though Nokia was strategically committed to enter low-income emerging markets, its venture unit NEBU, which hosted VilCo for a period, was not prepared to wait for long-term growth; it wanted to see short-term profit as well.

We killed many projects that could have become profitable in 3–5 years' time. It was just about ruthless maximization of ROI. And then finding a focus. Focus, focus, focus . . . it took too long [turning the VilCo innovation project from an idea into an actual business model]. We were ten months too slow. (Operative Manager, NEBU, Nokia)

Not only short-term profitability expectations, but also other uncertainties were too high for the corporate framework. ABB, for instance, was well versed in doing business in Africa, but this project was out of the ordinary in terms of the number of unknown variables.

We didn't meet our aims within the given time frame, we didn't have a site, we didn't have a clear customer, and the legislative changes hadn't been made yet. If we'd had two of these things in place, say within 2 to 3 months, then maybe we could have continued with the project. (Unit Manager, Power Generation, ABB)

Typically, the ABB power generation unit does business-to-business sales, where the customer is easily identifiable and there is no need for market creation. However, in situations of high uncertainty where the ability to predict risks and eventual outcomes is reduced, decision-making based on traditional business metrics becomes increasingly difficult:

There are surprises around every corner. How to manage the unmanageable, how to be prepared for the unexpected? One of the cornerstones of business development is risk management. In BOP business development it is more intuition and enthusiasm that mitigates the risks. (Innovator of mini-hydro ABB)

Reflecting back on risk assessment and uncertainty, the operative manager of NEBU, who two years earlier had suggested terminating the VilCo project, concluded:

At some point it is not necessarily the right approach [to terminate because of uncertainty] . . . you just need to have a childlike attitude as you set out to climb Mount Everest without knowing how high it is. (Operative Manager, NEBU, Nokia)

In response to the termination attempts, intrapreneurial bricolage behaviour became more dominant in the VilCo case, as Figure 2 illustrates. In the mini-hydro case, on the other hand, such behaviour was present from the very outset. Furthermore, the fact that the mini-hydro innovation remained peripheral throughout contributed to its premature termination, before it even reached the pilot stage.

This section has illustrated how innovation processes for inclusive business models are influenced by organizational context and corporate frameworks. Our findings suggest that several challenges arise from the clash between the tendency of large organizations towards formalization and mechanisms to reduce risks and to maintain control (cf. Duymedjian and Rüling, 2010), on the one hand, and the need for boundary breaking solutions in innovation for inclusive business (cf. Olsen and Boxenbaum, 2009), on the other. We thus posit the following:

*Proposition 1:* The ability to innovate for inclusive business is negatively affected by short-term profit maximization, business unit based structures, and a logic of uncertainty avoidance associated with MNC management systems.

### **Intrapreneurial Bricolage**

The constraints described above did not stop the innovation processes for inclusive business models in embryo. Rather, the promoters of these innovations refused to be limited by the organizational and other constraints, putting in considerable efforts to circumvent them. They resorted to a number of out-of-ordinary means at hand and bundled them creatively in order to push the innovations forward, acting like entrepreneurs within their corporations. We have termed such behaviour *intrapreneurial bricolage*, and will next discuss what this involves: first, the refusal to enact constraints; second, the utilization of the means at hand; and third, resourcefulness as a mindset underlying bricolage.

*Intrapreneurs refuse to be limited by organizational constraints.* Although VilCo enjoyed the support of Nokia Corporation – an affordable network solution meant a growing number of potential mobile phone users – this was not an attractive innovation project as far as Nokia Networks was concerned. Nokia Networks had recently suffered a major failed

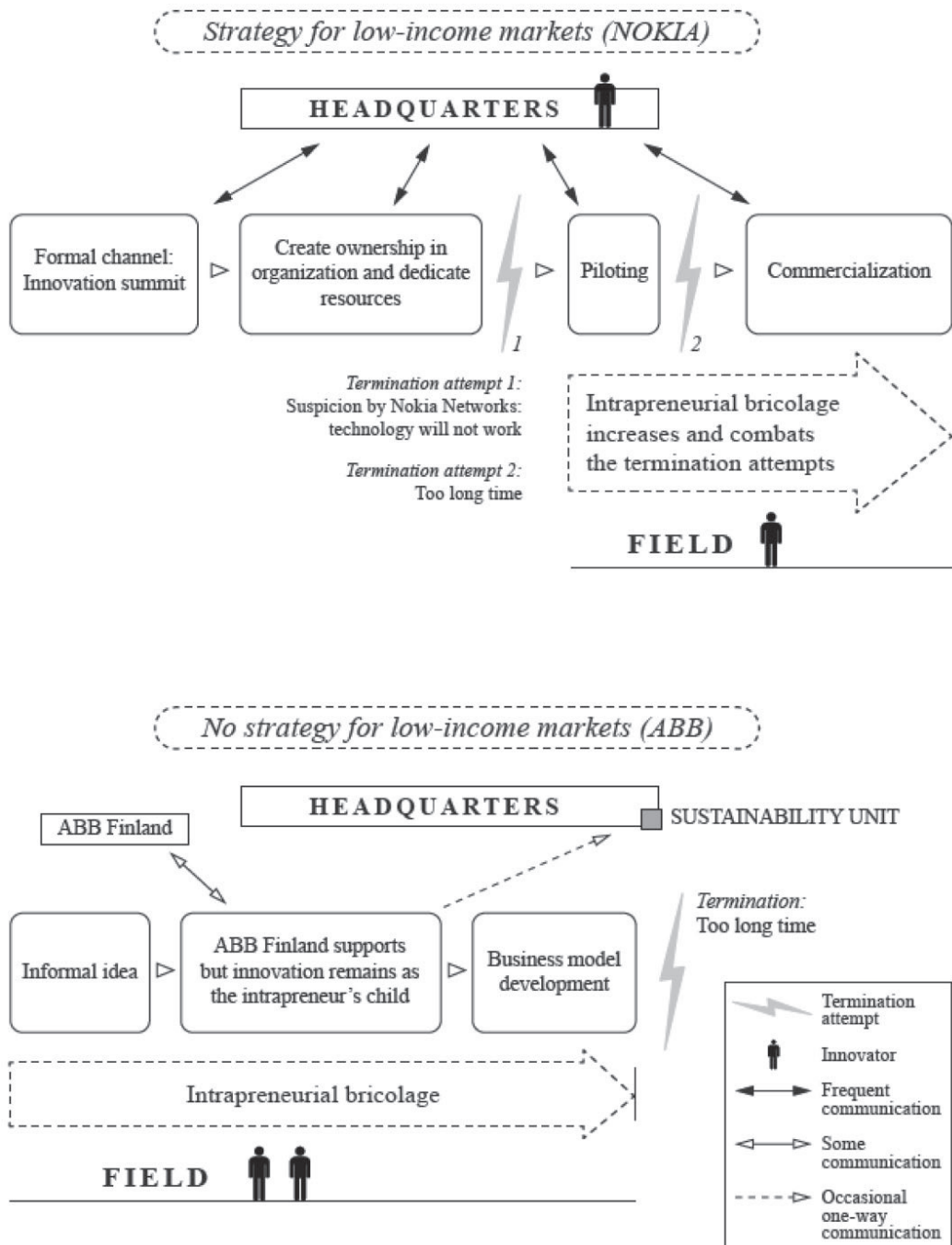


Figure 2. Innovation processes of Village Connection and ABB mini-hydro

investment (in developed markets), and against the backdrop of this organizational memory VilCo was seen as another major investment that did not offer any real potential for a return. Paradoxically, another consideration was that if VilCo succeeded, it could pose a threat to current 'cash cow' technology. From early on, VilCo faced opposition in its immediate home organization:

Well Nokia Networks immediately had two arguments against that plan . . . Firstly they thought we've done this same thing before . . . and in the end they couldn't sell it to anyone . . . and then another argument was that it would destroy our current business. (Innovator of VilCo)

Later on as VilCo faced termination attempts, the resilience of the innovators became evident.

I couldn't justify continuing it [VilCo], purely for financial reasons. So I recommended terminating it. And the reason why it wasn't terminated was that Skarp and Raj were so stubborn . . . maybe it was a certain entrepreneurship on their part . . . (Operative Manager of NEBU)

As the quote above indicates, the person faced with the decision of whether or not to continue with a project often has to resort to prevailing measurements to justify their decision, even though these measurements might not be appropriate when the new venture lies in the middle ground between financial and social objectives (cf. Kistruck and Beamish, 2010; Olsen and Boxenbaum, 2009).

In both of our cases, the intrapreneurs worked, at least occasionally, underground. In the mini-hydro case, the reason for this was that Mika wanted to promote the project and was afraid that by explaining too much (too early), management would stop him in his tracks.

I have no doubt that, at least to some extent, I underinformed him [the manager of ABB East-Africa]; I was a bit worried that they would throw spanners in the works. (Innovator of mini-hydro)

VilCo's innovators for their part resisted their superiors' order to stop working with the innovation:

In 2004 . . . the summer was an unsettled period, because Netti [Nokia Networks for whom Skarp was working in 2004] said this is not what you should be doing, you will take the bread out of our mouth . . . my supervisor told me that 'Skarp, we've decided that you cannot work with VilCo any more' . . . but we agreed that I will continue on the project in my own time . . . in July [the holiday month] Raj and I worked secretly . . . we had only one month, July, to prove that this thing would work. (Innovator of VilCo)

The intrapreneurship literature acknowledges that intrapreneurs do not always ask for permission, and if needs be they may even work underground for long periods (Pinchot,

1985, 1987). Furthermore, the emerging popular texts on social intrapreneurship focus on the intrapreneurs' desire to move forward projects with social goals despite the resistance of their superiors (SustainAbility, 2008). So in cases of innovation for inclusive business, what is it that drives innovators to continue to push the innovations despite the constraints arising not only from underdeveloped BOP markets, but also from within their own organizations? The innovators in our cases maintained their firm belief in the innovation in spite of these obstacles, which clearly underlines the importance of intrinsic motivation.

Raj and I were incredibly passionate about this . . . normally if the boss says no way, you obey. Your attitude is: I only work here and someone else tells me what to do. But [in VilCo] we thought we had this innovation and we wanted to carry on . . . we can overcome any obstacles, let's just keep going . . . Money certainly wasn't the motivation; we never saw any bonuses or anything like that. (Innovator of VilCo)

The innovators felt they were doing something 'big' that could benefit the lives of poor people, similarly to social intrapreneurs, as described by Brenneke and Spitzbeck (2010). Raj recalls:

It was definitely a very different experience because we were creating a new business model along with new technology to meet real user needs, and it was also by far the most rewarding experience ever: VilCo meant that many tens of thousands of people living in remote rural parts of the world would be making their very first phone call. (Innovator of VilCo)

It is not only the success of the innovation that is at stake. As is typical of intrapreneurs (Pinchot, 1987), our innovators took additional risks in pursuing their inclusive business models. Mika, for instance, moved to Ethiopia to focus full-time on mini-hydro, and in so doing was beginning to drift from the traditional career path.

I certainly was advised by colleagues to think twice about the choices I was making. (Innovator of mini-hydro)

These empirical insights suggest that promoters of inclusive business innovation refuse to be limited by organizational constraints, in a similar manner as intrapreneurs. In the following we exemplify how they seek to utilize a variety of means at hand to further innovations.

*Utilizing the means at hand.* This section describes the bricolage activities undertaken by our innovators to mobilize resources both internally and externally. We use the word resources in a broad sense to refer to any means at hand that could help the innovators promote their innovation. We discuss a variety of such means, including technologies intended for other purposes, one's own free time, as well as professional and private networks and roles. We also look at tactics for mobilizing resources, such as persuasion and translation.



The starting point for the ABB mini-hydro innovation was the use of existing, readily available resources. Working from the recognition that energy poverty is one of the root causes of poverty, innovators Mika and Tapio identified the many mid-size rapids and falls in Ethiopia as a potential source of energy. Mika connected this dormant opportunity with a technology recently developed for other purposes by ABB. Similarly, in the VilCo case, a rudimentary version of the technology already existed: that had originally been developed for the Western market, although it had never been commercialized.

Although innovator-bricoleurs can envision the use of these resources in new solutions, this is not necessarily evident to others in the corporation who may be sceptical about the venture's prospects for success. They question whether a market constituted by the poor is worth pursuing, especially with a new technology and business model that has never been tested elsewhere.

This project was different from all others . . . we had no clear customer and we had to create a situation ourselves where we would have that customer, as well as what would be built and where. (Unit Manager, Power Generation, ABB)

As is clear from this account, it is far from evident that the resources of an MNC would be readily available for furthering innovations for inclusive business. In order to mobilize the necessary resources, to make them 'means at hand' for their purposes, the innovator-bricoleurs need to translate their perception to the organization in order to persuade the others that the company should enter an unattractive market with a new technology and business model. The excerpt below is illustrative of how Mika tried to persuade the director of ABB East Africa by showing that there is a business case for mini-hydro:

During 2007 we started to negotiate with various financiers. . . Based on the feedback from these financiers, we are still on the right track. The idea of building 20+ power plants immediately instead of playing with one or two had changed the nature of our discussions totally – it is easier for financiers to give 50 MEUR distributed across 20 sites instead of putting all their eggs in one basket and giving 2 MEUR for that. Especially when we explain that Ethiopia is just a pilot country and the plan is to expand to other countries with similar 20+ chains of power plants. (Excerpt from correspondence by mini-hydro innovator to the director of ABB East Africa region)

The way in which innovator-bricoleurs promote inclusive innovations for risky unattractive markets may resemble the way in which entrepreneurs promote new ventures, as described by Cornelissen and Clarke (2010): they verbally create a hypothetical world in which they highlight technological innovation and the societal role of a new venture. Skarp and Raj, for example, constantly promoted VilCo; they wanted to persuade people within the organization to get behind the project and give them the resources they needed for the development process.

Raj and Skarp were extremely active in promoting VilCo; they had discussions with various levels of management. It was such a good story that all you could say was it

sounds great, and recommend that they talk to him and him [further relevant managers]. That is how it spread in the corporation. (Laboratory Director, NRC)

The innovators of VilCo were successful in their translation and persuasion attempts and gained unofficial access to internal resources and experts. VilCo benefited from several discussions and technical evaluation meetings with personnel from NSN and Nokia Mobile Phones. A manager of Nokia Research Centre (NRC) involved in VilCo development during 2003–06, recounts:

A sense of enthusiasm had been built up [towards VilCo] . . . For a while VilCo was not properly organized, before it was made a venture at NEBU. My role was unofficial throughout. It [VilCo] was never mentioned in my targets. I had a lot of expertise working for me, some fifty people. . . . My value added to VilCo was the access I had to a large group of experts, who were involved in radio stuff. I could give them assignments without them being on any project's targets. (Laboratory Director, NRC)

Another 'means at hand' were the complementary skills and knowledge of the innovator pair. In both cases, the close collaboration and dynamic between the innovators was central, and importantly both persons were capable of bricolage.

We're very similar with Raj, but then again, very different too . . . we run at the same clock frequency or something. (VilCo innovator)

Mika is an engineer, and he had all that expertise. I brought in my MBA and consultancy knowledge to help make it [the mini-hydro proposal] more like a business plan, something that would not be only a technical idea but also show how it could be scalable business. (External mini-hydro innovator)

Furthermore, one's own time is the most immediate resource available. All innovators invested considerable amounts of their own time to promote the innovation:

Still, the first year, 2006, I spent my own free time, holidays and nights and even some of my own money to study things; meeting up with lots of people and developing ideas further. (Mini-hydro innovator)

I worked nearly for a whole year without any compensation from ABB or anyone else . . . I mean about from half a day to a day in a week during that time, developing the business model and seeking external funding. (External mini-hydro innovator)

The use and creation of external and internal networks is essential for the mobilization of resources. Previous studies have mentioned network creation in the context of bricolage in small enterprises (Baker and Nelson, 2005) and stakeholder mobilization (Di Domenico et al., 2010) in the context of social enterprises. Our observations indicate that such bricolage activity also occurs in MNC contexts.



Due to the outreach efforts of Skarp and Raj, various external actors provided input to VilCo, including operators and telecommunications policy-makers in India, both from central government (New Delhi) and the State of Tamil Nadu, regulators and administrators in the State of Andhra Pradesh, members of the UN Industrial Development Organization, personnel from the Wireless Research Institute and from the Digital Divide programme, and personnel from the UN Information and Communication Technology Taskforce (Skarp et al., 2008). Raj even moved back to India with his family for a few years so that he could work to promote VilCo there, and find the right partners for the pilot stage.

There were some doubts over whether we could actually sell it . . . He [Raj] had some local contacts and was able to convince them and then . . . by the end of 2005 we were able to launch the first VilCo . . . (Innovator of VilCo)

In the mini-hydro case, Mika negotiated extensively with key people within ABB Finland, as well as with the corporate Sustainability Unit. He was also engaged in extensive networking outside the company, particularly with Ethiopian authorities who controlled critical legal resources. Previous research has not explicitly elaborated on the use of different roles, but we could clearly see how the innovator did that in order to build new networks and influence key stakeholders. In his search for local partnerships, Mika found the right contacts through his private life role as a church member. Other roles, such as being a foreign national and a CDM expert/teacher for UNDP, served as a channel that allowed him to start up confidential negotiations with relevant authorities.

As a foreigner it's easy to get access to just about anywhere. But it takes time. For instance I've been giving training to Ministry people [Ministry of Mines and Energy] on emissions trading on UNDP's behalf. For some reason the Minister of Mines and Energy and the State Minister take a huge interest in the emissions trading project [the plan that ABB's mini-hydro would be Ethiopia's first CDM project]. Afterwards we spent about half a day talking about all sorts of things from emissions trading to how Ethiopia should be developed as a country. (Mini-hydro innovator)

A further aspect of stakeholder mobilization observed in both cases was that the innovators contributed actively to the creation of the 'BOP business' field in Finland. This meant endless hours of meetings with representatives of ministries, innovation agencies, and industry confederations and academics. As the idea of doing profitable business with low-income markets in emerging economies was new in Finland, these discussions served two purposes for the innovators: first, gaining external legitimacy through increased dialogue was potentially helpful for convincing the organization internally; and second, this involvement also prepared the ground for seeking external funding for an inclusive business innovation project.

That's basically what you do: seek external support and external funding in order to convince the organization internally. (External mini-hydro innovator)

As the discussion above illustrates, intrapreneurial bricolage can be manifested in many ways depending on the innovators' repertoire of means at hand, on the challenge or opportunity faced and on the organizational context. The above has also made clear the importance of intrapreneurial bricolage for furthering inclusive innovation, both with regard to the mobilization of means at hand, and with regard to overcoming internal challenges.

*Resourcefulness as a mindset for bricolage.* An interesting question raised by the above examination of intrapreneurial bricolage is whether it can be improvised by anyone who is sufficiently motivated to further a certain cause, but faced with resource constraints. Based on the present findings we would be inclined to suggest that intrapreneurial bricolage requires a certain mindset. This mindset could perhaps be best characterized as 'resourcefulness', the ability and readiness to identify and deploy sometimes unconventional means at hand, to address the problems that the person considers relevant.

In the present cases this mindset is manifested in a willingness to tackle extremely challenging problems, such as energy poverty and rural exclusion, and in an ability to discover previously unseen solutions to those problems. Likewise, this mindset underpins the everyday activities of bricolage that we have described earlier.

He [Mika] is incredibly committed to the project. . . coming to a country in Africa is different from being in an office environment in Finland. Things aren't all set up for you in advance. . . he was really determined and able to work independently, build contacts, get the things he needed and cope with different situations. He gets on with everyone extremely well, and he is a multitasker. (Unit Manager, Power Generation)

Previous empirical studies have not scrutinized this mindset aspect of bricolage, but rather explored bricolage at the level of actions (Baker, 2007; Baker and Nelson, 2005). Recently the interesting perspective of worldview and 'ways of knowing' related to bricolage has been introduced from a theoretical vantage point by Duymedjian and Rüling (2010), who maintain that the bricoleur's knowledge base is characterized by intimate knowledge of the elements that belong to their repertoire as well as a familiarity with the context. This resonates with our observations in the ABB mini-hydro and VilCo cases. The technologies concerned were parts of the innovators' repertoires. Skarp had worked with the original technology behind VilCo, and Mika had been working closely with the group that had developed the mini-hydro technology.

It [VilCo] is also related to me being involved in doing WiMAX [a wireless broadband technology]. . . that [technology] is something I have always been promoting and will promote whenever I get the chance. (Innovator of VilCo)

In addition they were familiar with the local contexts. Mika and Tapio had been working in Ethiopia and elsewhere in East Africa for several years.

I've been around East Africa a lot since early 2000, mostly in Ethiopia, Tanzania, Kenya, Uganda . . . and learned a lot about how things are done there . . . (Mini-hydro innovator)

Based on the present empirical observations we would be inclined to maintain that not everybody is capable of promoting inclusive business development by means of intrapreneurial bricolage. Contrary to how bricolage is often presented, focusing on activities of resource integration in the context of scarcity (Baker, 2007), our study suggests that bricolage is not only about resource integration, but rather a particular way of addressing challenges and opportunities, underpinned by a related knowledge base and worldview. Hence we propose that bricolage cannot be improvised without such a background or foundation, which could be called a mindset of resourcefulness.

*Proposition 2:* The degree to which organizational constraints trigger intrapreneurial bricolage and innovation for inclusive business is associated with the degree to which key individuals have a mindset for resourcefulness.

### **Organizational Tolerance of Intrapreneurial Bricolage**

If intrapreneurial bricolage happens, will the corporate organization tolerate (accept and legitimize) the out-of-the-ordinary activities? It has been proposed that certain standard operating procedures and performance measures may be incompatible with or completely opposed to bricolage (Duymedjian and Rüling, 2010). Based on this study, it seems that organizational structures can also be counterproductive for bricolage. The ABB case serves as an example of the difficulty of fitting an innovation process involving intrapreneurial bricolage into an MNC's organizational structure. The mini-hydro project was developed within one unit of ABB Finland. It was too small to attract the attention of headquarters, and contact with other units was limited because these were run as separate businesses.

ABB consists of several units that all focus on their own immediate goals . . . instead of reaching across borders and working to develop something together, everyone is just looking at their own thing and trying to do what is necessary from their own perspective. (Concept Development Manager, ABB)

If management frameworks allow for no flexibility, it is unlikely that intrapreneurial bricolage will carry the innovation through to completion:

You have to have goals from the start, that in a year or two we will have this, and will have come this far. And then if time has run out and you see that we're not going to get there, then you have to change your goals or then, if it's not realistic, then you have call it a day. That's how you normally go about a development project. (Unit Manager, Power Generation, ABB)

Despite the constraints deriving from the organizational structure and performance measurement frameworks, some features of the organization's culture may nurture an environment that is supportive of heuristic behaviour such as bricolage. When Mika first approached ABB Finland with his idea, he was given the space he needed to carry it forward.

Then, after talking to our management team in Finland about what I learned in Nairobi [meeting of United Nations Framework Convention on Climate Change], I was given permission to spend half of my working hours to develop this project further. (Excerpt from correspondence by mini-hydro innovator to the director of ABB East Africa region)

Eventually Mika was able to work full-time in Ethiopia on the mini-hydro initiative under the job title of development manager, leaving his previous, rather different job as sales manager. As to the Nokia case, the VilCo project benefited considerably from the informal access it had to the MNC's resources at Nokia Research Centre.

Heads may turn, 'hey what are those guys doing', but this company does give you the chance . . . I was boasting about it [development of VilCo], 'look at these fancy things we're doing' and nobody ever asked why we were doing this . . . when you're working on something innovative, they give you the space you need for it here. (Laboratory Director, NRC, Nokia)

In the VilCo case, Nokia Networks (NN) also showed organizational flexibility by allowing quick decisions to be made at times of crisis. At the end of 2006 Nokia had decided to shift its strategic focus to internet services, RFID, and mobile advertising. All other ventures were to be removed from NEBU, which at the time was hosting VilCo. To avoid termination, a new home had to be found for VilCo. NN was the most logical option, but at the same time the network organizations of Nokia and Siemens were merging. With the termination threat only hours away, Skarp used his existing networks within NN and managed to convince people that VilCo was worth taking on.

We had to find a home for VilCo quickly or it would be terminated. Netti [Nokia Networks] was not interested to take on VilCo . . . but again I found some of my old buddies, I explained to them that we would really like to be there [under NSN]. He said let me think about it until tomorrow, but then it took over the weekend. I was told that by Monday noon we must know where VilCo will be or it will be terminated. On Monday at 11.30 I called my old buddy [at Nokia Networks] again, and he said 'we'll figure out some place for you'. (Innovator of VilCo)

The organizational ability of a corporation to recognize and provide legitimacy to a bricolage type of arrangement will influence the success of intrapreneurial bricolage efforts (cf. also Duymedjian and Rüling, 2010), and consequently the progress of the innovation process. Tolerating intrapreneurial bricolage also means tolerating uncertainties, which may be something upper middle managers do not want to see.

Well the information [waterfall measures] was unreliable . . . , so we didn't have a site and couldn't stick to our timetable. And then there was this other thing, we didn't know who would own the powerplant, so that didn't work either. (Unit Manager, Power Generation, ABB)

Even if intrapreneurial bricolage can arise in response to constraints posed by challenging markets and the organizational constraints of MNCs, the development of a creative idea into a successful innovation requires more than individual effort. The interplay between the organization and the intrapreneur is central to innovation (Russell, 1999). Even if the organization does not actively support the intrapreneurs, its intolerance of intrapreneurial bricolage types of activity is likely to negatively affect the progress of innovation for inclusive business.

*Proposition 3:* The extent to which innovators can pursue intrapreneurial bricolage depends on organizational tolerance, which entails (1) allowing people to work underground and resist superiors' orders, as well as (2) legitimizing out-of-ordinary arrangements such as the application of technology originally developed for another purpose, creating and making use of non-corporate roles, and drawing on unusual networks.

## DISCUSSION AND CONCLUSIONS

One of the key questions in the area of inclusive growth is how to reach scale, and it has been suggested that MNCs are well equipped to roll out the necessary large scale solutions. However, even if MNCs are well placed to pursue inclusive growth, this study on innovation for inclusive business by MNCs suggests that management frameworks may hamper them from reaching their full potential. Our findings indicate that when faced by these constraints, middle-manager innovators dedicated to inclusive innovation may start to act like entrepreneurs within their organization and try to bundle scarce resources in creative ways in order to further their innovation. In an attempt to capture this phenomenon we have introduced the concept of intrapreneurial bricolage, and shown how it is manifested empirically in the inclusive innovation processes of two MNCs. In this section we discuss, first, how our findings concerning intrapreneurial bricolage advance the current understanding of innovation for inclusive business in MNCs. Second, we discuss the contribution of the findings to organization theory, and finally turn to the managerial implications and suggestions for future research.

### **Intrapreneurial Bricolage as a Component of MNC Innovation for Inclusive Business**

It has been argued that MNCs have more expertise, stronger financial resources, and better networks for serving underdeveloped low-income markets than most other players. Nonetheless the current literature on inclusive growth frequently points out that setting up business models in these markets is difficult even for MNCs. It is thought that these difficulties are predominantly due to external constraints such as market failures, problems associated with institutional environments, and poor physical infrastructures in

BOP contexts (Anderson and Markides, 2007; Simanis and Hart, 2008; UNDP, 2008; Webb et al., 2010). The present empirical evidence, however, indicates that certain standard operating procedures typical of MNCs such as strict time frames for business development, demands for short-term profit maximization, business unit based incentive structures, and mechanisms leading to uncertainty avoidance may also hamper innovation for inclusive business. As a result, MNCs may fail to realize their full potential for innovating inclusive business.

Although it is recognized that the time frame for inclusive business development is long (Nelson, 2006), corporations may not have adjusted their frameworks accordingly. Our findings indicate that after a standard (short) period of time given to any innovation, corporations will attempt to terminate the innovation process for inclusive business. Even in the presence of a strategy for innovation aimed at low-income emerging markets, the above listed constraints reduce the potential of such innovation to attract resources after the early phases of the innovation process. Both of the corporations studied here were reluctant to tolerate the lengthy wait for profitability since this did not fit into their business development frameworks. A similar observation was made by Olsen and Boxenbaum (2009) in a single case study.

Consequently, despite the resource rich contexts that MNCs are supposed to offer for inclusive business development, promoters of inclusive innovations may in fact face severe resource scarcity: shortage of time compared to the requirements of the task, lack of adequate financing, and lack of access to expertise from within their organization (due to business unit based incentive structures). In such a situation, dedicated middle-manager innovators may engage in activities that are untypical of large organization contexts: they seek to make use of whatever scarce resources are available (e.g. private-life roles and networks, previously discarded technologies) in order to further the innovation process. This activity can be captured with the concept of bricolage. Yet this concept is not alone sufficient to depict the activities of these innovator-managers. Not only do they bundle scarce resources, but they do so without the support of their organization, and occasionally even work underground or against their superiors' explicit orders in order to push the innovation. In doing so they are often so highly motivated that they will sacrifice their own free time, risk their careers, and ask for no compensation for these efforts. This in turn indicates intrapreneurship. To advance understanding of this type of activity, we introduce in this paper the concept of intrapreneurial bricolage, which we define as entrepreneurial activity within a large organization characterized by the creative bundling of scarce resources. These intrapreneurial bricolage activities can be manifested in many different ways depending on the innovators' repertoires and the challenges and opportunities they face.

Earlier descriptions of how social entrepreneurs innovate to create inclusive markets (Bornstein, 2007; Elkington and Hartigan, 2008; Fisher, 2006; Mair and Marti, 2006; Yunus, 2007; Zahra et al., 2009) share some similarities with our observations here of intrapreneur innovators at Nokia and ABB, such as dedication, motivation to solve poverty-related problems through entrepreneurial means, and – at least during parts of the innovation processes – creative use of scarce resources. Yet the corporate context, as distinct from other settings, shapes and mediates the actions of innovation promoters. While inclusive business innovation has both financial and social aims, it can be noted



that compared to social entrepreneurs, intrapreneurs have to conceal their social motivations. Furthermore, since large organizations tend towards formalization and are more or less antagonistic to bricolage, innovators may also feel they have to conceal the bricolage nature of their arrangement. Moreover they may have to work underground in situations where they can reasonably expect that management will not view their actions favourably, or where they are explicitly denied permission to work with the innovation.

The success of inclusive business innovation does not depend on innovator-intrapreneurs or their repertoires alone, but requires interplay between the organization and the intrapreneur. Given that innovation for inclusive business through intrapreneurial bricolage involves out-of-the-ordinary forms of business, it is necessary for MNCs to show a measure of tolerance. Paradoxically, such tolerance entails allowing people to work underground and to resist superiors' orders as well as legitimizing out-of-ordinary bricolage types of arrangement such as the use of technology for another purpose, using one's own free time for furthering an innovation, and drawing on unusual networks. The evidence from our two cases suggests that corporate organizations vary in their ability to tolerate intrapreneurial bricolage types of activity. The Village Communication innovators at Nokia Siemens Networks were able to pursue their innovation through intrapreneurial bricolage even after they had missed their deadline and profitability expectations, while at ABB the patience of management ran out faster and the innovation process was terminated.

In the light of the above discussion regarding the conflicting requirements between corporate innovation frameworks and the features of inclusive business innovation processes, it seems that bricolage may be a fundamental component in processes of inclusive business development, and furthermore that the eventual success of innovation for inclusive business will be influenced by a corporation's organizational ability to recognize and provide legitimacy to such intrapreneurial bricolage types of arrangements.

### **Intrapreneurial Bricolage and Organization Theory**

Our findings on intrapreneurial bricolage are not restricted to these low-income market contexts, but can probably occur in other settings as well where one or more organizational members want to promote a certain end that is valuable to themselves but do not have the organization's support. The findings illustrate how organizational constraints can trigger intrapreneurial bricolage behaviour in dedicated individuals and teams, and how the success of such endeavours depends both on the individual abilities to mobilize resources through intrapreneurial bricolage, and on the organization's tolerance for such out-of-the-ordinary arrangements. These findings contribute to our understanding of bottom-up, heuristic entrepreneurship within large organizations. This offers a different perspective than the more traditional corporate entrepreneurship approach which focuses on how the corporation at large could be more entrepreneurial (e.g. Burgelman, 1983; Hitt et al., 1999; Sharma and Chrisman, 1999; Sorescu et al., 2003), and highlights the question of whether current corporate-level entrepreneurial strategies allow for bricolage, which can be essential for the effective implementation of entrepreneurial strategies in general.

Indeed our findings have a number of contributions to organization theory as we studied bricolage in a new organizational context, identified new bricolage activities, substantiated empirically previous theoretical notions, and finally linked bricolage with the emerging discussion on social intrapreneurship. While more typically recognized in small enterprise and social enterprise contexts (Baker and Nelson, 2005; Mair and Marti, 2009), which do not need highly formalized procedures and are obviously often resource-constrained, this study shows that bricolage can also occur in large organization contexts. Furthermore, it distinguishes some particular characteristics evoked by that very context, such as the above mentioned need to hide the bricolage type of arrangements, and illustrates that bricolage activities can also span the internal environment, not only external sources as is typical in a small enterprise context (see, e.g. Baker and Nelson, 2005; Di Domenico et al., 2010).

We identified two types of bricolage activities that have not been previously articulated. Similarly to persuasion, which has been identified as a tactic applied by social entrepreneurs to mobilize resources from external stakeholders (Di Domenico et al., 2010), our study suggests that intrapreneurs first and foremost need to convince their superiors and colleagues. To this end, *translation* of the counter-intuitive inclusive business opportunity into justifications and language accepted in MNCs becomes a bricolage activity aimed at internal resource mobilization (cf. Halme, 2002). This finding supports Cornelissen and Clarke's (2010) argument that new venture creation involves sensemaking for entrepreneurs themselves and relevant others, through inductive analogical and metaphorical reasoning. In addition, we identified the *creation of new roles and using roles* from other than business spheres of life as a bricolage activity. This was noticed in the ABB case, where the innovator sought to mobilize resources by using his church member role, and created a new role as a climate expert, teaching top officials at relevant Ethiopian ministries in order to mobilize resources. We assume that the creation and utilization of roles as bricolage activity is not limited to large organization contexts, but can probably appear in other organizational settings, too.

One of the key insights from this study is that contrary to common representations (Baker, 2007), bricolage is not only about resource integration, but rather is a particular way of addressing challenges and opportunities. Our data suggest that the bricolage activities observed were underpinned by a mindset of resourcefulness. This observation lends empirical support to the theoretical suggestion recently made by Duymedjian and Rüling (2010), and substantiates, in corporate contexts, the original point of Lévi-Strauss (1966) that a particular knowledge base and worldview underpins bricolage, which hence cannot be improvised without such a foundation. When such a mindset among the key individuals promoting the innovation is combined with their ability to utilize means at hand for practical solutions in an entrepreneurial fashion, the phenomenon of intrapreneurial bricolage is possible.

Likewise, the present study provides empirical support for another theoretical notion proposed by Duymedjian and Rüling (2010) on collaborative bricoleurs. That is, our evidence confirms that there are collaborative bricoleurs who can be highly creative once they have got to know each others' repertoires and developed the level of trust necessary to engage in collective bricolage.



Our study also contributes to the emerging discussion on social intrapreneurship. This discussion has so far mostly been concerned with the nature of innovation and with the personality traits of social intrapreneurs (Brenneke and Spitzack, 2010; SustainAbility, 2008), much in line with the social entrepreneurship research tradition. Although we have chosen not to label our innovators as social intrapreneurs, mainly because the present data do not fully support the perhaps somewhat romanticized qualifications of a social intrapreneur (SustainAbility, 2008), our findings probably lend themselves to inferences about how (social) intrapreneurs act in an organizational environment that constrains their attempts to pursue social goals through business means.

### **Implications for Managers**

This study suggests that there are many managerial challenges regarding the kind of time constraints that corporations set for their innovation processes for inclusive business, regarding the way that managers and management systems interpret and tolerate the ambiguity and uncertainties of underdeveloped markets, and how they regard bricolage activities.

Although more research is still needed to fully elaborate on these managerial challenges, our study provides some useful initial insights. Since it appears that bricolage is present in innovation processes for inclusive business, managers who wish to support inclusive innovation should make an effort to facilitate the recognition and legitimization of bricolage activities within the organization. The former could be done, for example, by recognizing such behaviour in internal communications (e.g. intranets, in-house magazines). These kinds of forums serve to promote intra-organizational learning on inclusive business innovations. Keeping bricolage activities hidden in organizations might be highly counterproductive, since intrapreneurial bricolage is potentially an essential element of innovation for inclusive business. In order that bricolage can be legitimized it is clearly necessary either to reformulate or to express flexibility with regard to management systems, since mainstream management norms do not easily accommodate undecidability, trial and error, crossing institutionally defined borders, and acting against industry practices, all of which are characteristic of bricolage.

Furthermore, low-income emerging markets do not conform to the management systems and decision models designed for developed market conditions. A number of innovations for these markets are likely to be disruptive, and it takes several years to develop both the technology and the business model they require (Christensen and Raynor, 2003). This means that the particular nature of innovation projects for inclusive business models calls for different, or at least modified, evaluation schemes, particularly with regard to risk, ROI expectations, and time targets in terms of project length and time to maturity. Supporting the suggestions of Christensen and Raynor (2003) and Loch (2000) that companies must abandon the illusion of a one-size-fits-all innovation process, this study found that the upper middle managers who have to take the decision on whether to continue or to terminate the innovation process, would need a formal basis against which to justify their decision regarding why the inclusive innovation process should be handled differently than other ventures, and where the funds for such privileges would be taken from.

It may well be that without committed and determined individuals who have intrapreneurial characteristics, inclusive business models are hard to foster. It is thus a challenge for managers to recognize individuals who possess the mindset of resourcefulness and who can possibly facilitate the successful pairing up of teams capable of collective bricolage. Efforts to allow and facilitate the mobilization of internal resources would be beneficial to supporting the individuals and teams doing bricolage. This relates to facilitating internal networking as well as cross-departmental collaboration. This might require that time is allowed for work on projects that are not directly relevant to the department's targets. If bricolage were more legitimate in the organization, there would be less need for innovators to hide the bricolage nature of their activities. This, on the other hand, would save time and effort for bricoleurs, as well as unlock the latent opportunity for organizational learning from bricolage.

The BOP discussion emphasizes that innovation for the poor should be based on user needs (Kandachar et al., 2009; Krämer and Belz, 2008; Whitney and Kelkar, 2004) and local embeddedness (Hart, 2005). Locally positioned managers are well placed to observe the local social needs of the poor as well as to engage with local entities to build trust and networks. Like social bricoleurs, they can have localized and oftentimes tacit knowledge (Zahra et al., 2009). While this local contact and knowledge is no doubt crucially important, our findings suggest that close contacts, networks, and lobbying power at corporate headquarters is also important for successful inclusive business development. If innovators are very local and distant from headquarters, they may face major difficulties mobilizing corporate support and resources for their innovation proposal. On the other hand, if HQ assigns the task of innovation to teams with little knowledge of local conditions, as in the case studied by Olsen and Boxenbaum (2009), the innovation process might remain detached and therefore fail to produce a business model of relevance in the local setting. To summarize, inclusive business development requires intimate knowledge of and proximity with both end users and corporate headquarters, which makes it possible to bundle resources both in the internal and external corporate environment. This demanding, bridge-building characteristic of inclusive business is what makes it potentially highly innovative.

### **Limitations and Future Directions**

In this study we have investigated intrapreneurial bricolage in the context of innovation for inclusive business by MNCs. However, it is quite possible that other large organization innovation settings characterized by resource scarcity might be of interest as well. It is important therefore to continue to examine the relationship between the concepts of intrapreneurship and bricolage, which appear somewhat interwoven. Intrapreneurship emphasizes the knowledge of organization (Brenneke and Spitzeck, 2009), while bricolage entails intimate knowledge of the elements belonging to a bricoleur's repertoire and the knowledge of context (Duymedjian and Rüling, 2010). Both concepts also involve the idea that those engaging in these activities are willing to manoeuvre around the norms and depart from standard industry practices. Therefore we suggest that bricolage can serve as a lens for investigating the distinctive actions of intrapreneurs, particularly perhaps social intrapreneurs. The literature on social intrapreneurship has so far focused

on the characteristics of intrapreneurs and touched upon the nature of innovation, but as yet failed to provide a meaningful account of how social intrapreneurs act. Studies of bricolage could offer useful clues for this theorizing.

This empirical study consists of two case studies of innovation for inclusive business and cannot be generalized to large populations. Our comparison of two cases offered fruitful insights concerning the intra-organizational aspects of innovation for inclusive business in large organizations, as summarized in the concept of intrapreneurial bricolage. We would therefore encourage the study of intrapreneurial bricolage in other cases of innovation for inclusive business.

Moreover, future research should work to develop models for framing and understanding inclusive innovation with a view to better accommodating the heuristic nature of the processes. While the models currently available (London and Hart, 2010; Simanis and Hart, 2008) tend to omit this aspect, our notion of intrapreneurial bricolage offers a promising concept to that end. Consequently, in order to advance innovation for inclusive growth, there is a need for more research on how large organizations should address and accommodate intrapreneurial bricolage and to give more consideration to this aspect in models that guide the development of inclusive business.

## ACKNOWLEDGMENTS

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## NOTES

- [1] The term 'Bottom of the Pyramid' was originally coined by C. K. Prahalad (Prahalad and Hart, 2002), but 'Base of the Pyramid' has subsequently become more popular and widespread (Kandachar and Halme, 2008; Prahalad, 2009); this is the term we use throughout the article.
- [2] Nokia Ventures Organization was renamed as Nokia Emerging Business Unit (NEBU) in 2006, but to avoid confusion we use the latter name throughout the paper.
- [3] Presentation by a long-standing former CEO and current Chairman of the Board, Jorma Ollila, at HSE: 21 April 2009.
- [4] NSN also serves business clients, but the VilCo innovation was initiated and for the most part took place during a period when the Nokia Corporation still had more power over its network organization, Nokia Networks.

**APPENDIX 1: INFORMANTS OF ABB AND NOKIA CASES**

<i>Respondent title</i>	<i>Organization</i>	<i>Interview and other information dates</i>
Business Development Manager	ABB Finland, Power Generation Business Unit	Interviews, discussions and e-mail correspondence, Nov 2007–Dec 2009
Concept Development Manager	ABB Finland	4 Nov 2009
Unit Manager	ABB Finland, Power Generation Business Unit	4 Nov 2009
CSR Manager	ABB Finland	4 Nov 2009
Consultant	Strategy Advisors	Interviews, discussions and e-mail correspondence, Oct 2007–Dec 2009
Founder and Managing Director	BOP Consulting, Ethiopia	Discussions and interviews, 25 Feb–12 March 2009
Managing Director	EECMY Church's Development Organization DASSC, Ethiopia	5 March 2009
General Manager	National Electric Agency, Ethiopia	26 Feb 2009
Director	Cooperatives Promotion Agency, Oromia Region, Ethiopia	28 Feb and 3 March 2009
Regional Manager	Ministry of Mines and Energy, Oromia Region, Ethiopia	28 Feb and 3 March 2009
Researcher	St Mary University, Addis Ababa, Ethiopia	Interviews, 26 Feb and 11 March 2009
Village Head	LamLam village	2 March 2009
Village Head	Giraro Tulama village	2 March 2009
Head of Village	Nokia Siemens Networks,	Interviews, discussions and e-mail correspondence between 25 April 2007 and 3 Dec 2009
Connection Product Management		
Head of Village	Nokia Siemens Networks	Joint writing process during 2007–08 and e-mail interview 5 Nov 2009
Connection Programme		
Senior Vice President	Nokia Research Centre	20 Nov 2009
Operative Manager	Nokia Emerging Business Unit (NEBU)	26 Nov 2009
Chairman of the Board and former CEO	Nokia	Lecture at Helsinki School of Economics, 21 April 2009
Manager, Industry Marketing	Nokia Devices, entry phones	23 July 2009
Group Manager	Nokia Research Centre	12 Aug 2009
Vice President, CSR	Nokia	23 March 2007
Manager Village Phone Program	Nokia Mobile Phones	Discussions between Sept 2007 and Nov 2008
Community Development Director	Nokia	21 Nov 2008
Manager, CSR	Nokia	8 May 2009
Vice President, Sustainability	Nokia	Discussions during years 2005–09
Manager, Village Hub project	Nokia	29 April 2009

*Note:* Some of the persons interviewed are no longer working in the same position or even in the organization.

**APPENDIX 2: SELECTED CITATIONS RELATED TO CODES**

<i>Interpretative code</i>	<i>Descriptive code</i>	<i>Example of citation</i>
Mindset of resourcefulness	Willingness to tackle challenging problems	<p>ABB: During those two years we exchanged ideas, developed quite a few innovation ideas, talked with lots of people and tried to understand what could be done in order to break the vicious circle of energy poverty in developing countries. (Excerpt from correspondence by mini-hydro innovator to the director of ABB East Africa region)</p> <p>Nokia: In January 2004 Raj and I were talking about what our target was . . . then later that year Ollila [CEO of Nokia until 2006] gave a speech and said that in 2011 or was it 2015 there will be five billion [mobile phone] users. I said to Raj, five billion users, hey, we've just got ourselves a target: five billion users. A bit later I mentioned this at an internal meeting, and K [a senior VP] came over and told us not to talk about that five billion. I asked him why not, after all Ollila had mentioned it in his public speech. He [K] said nobody has a clue how that is going to be achieved. So I said to him, well, we have solution [inexpensive network solution VilCo], don't worry, we're going to take care of it. (VilCo Innovator)</p>
	Knowledge of context	<p>ABB: I'd been around East Africa a lot since early 2000, mostly in Ethiopia, Tanzania, Kenya, Uganda . . . and learned a lot about how things are done there . . . (Mini-hydro innovator)</p> <p>Nokia: The main thing is that the [mobile] phone has to look like an ordinary GSM [phone]. Nobody wants to be seen with what may look like an inferior phone, even if you're in the remotest village of India. (VilCo innovator)</p>
	Seeing previously unperceived solutions	<p>ABB: It's surprising that over 80% of all the water in the Nile is in Ethiopia – and much of it is 'free falling water' where you could have hydropower, we were thinking how could that be put to good use, without harming the environment and at a reasonable cost . . . then Mika discovered that ABB Finland was developing a new type of permanent magnet generator [for hydro power], which had been tested in the Mikkeli archipelago [in Finland] in quite similar conditions to those seen here. (External mini-hydro innovator)</p> <p>Nokia: In July 2004 we made the first GSM call without a GSM network, using a PC instead. It's an exciting thought when you consider that a minimum configuration GSM network back then would have cost some 20 million euros. That's what you have to invest to make a phone call. So here you have a team [VilCo developers], three or four people, who were developing a system consisting of a PC that costs from 200 to 500 euros. And then there is a base station that costs about the same [500 €]. And these guys [VilCo developers] say, hey, we can make a phone call using this stuff. Pretty interesting, ha? (VilCo Innovator)</p>

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**APPENDIX 2:** *Continued*

<i>Interpretative code</i>	<i>Descriptive code</i>	<i>Example of citation</i>
Utilizing means at hand	Applying technology for other uses	<p>ABB: We [ABB Finland] had [in 2006] a separate project in which we had developed a new type of hydropower concept that would greatly simplify mechanical design and reduce costs. The technology was successfully tested in Finland, but there still remain many question marks before it can be called a 'containerized power plant' that could be easily deployed in developing countries [since the plans concern not only a couple of mini-hydro power plants]: our target plant size is 0.3–1 MW and they are run-off river types i.e. no dams are needed. Obviously it's possible to install several plants in parallel at sites where demand is high and water flow rates are sufficient. The key is standardization – we're not going to try to optimize our power plant for any specific site – that's why we need many similar sites. (Mini-hydro innovator)</p> <p>Nokia: This technology was originally developed in Boston, where it was already buried once. It was brought back to life and work was started to develop a new business model for the technology . . . there were a few innovators, particularly Skarp and Raj, who had this idea that it could be used in a context where there is currently no existing solution [rural areas in emerging markets with no telecom network]. It was original Nokia technology, and they were both familiar with it. (Operative Manager of NEBU)</p>
	Using own free time to further innovation	<p>ABB: There is always one more door to open, one more stone to turn, one new idea to try out. However, since resources are limited this also means you have one hour less sleep every night and one more headache to suffer. (Mini-hydro innovator)</p> <p>Nokia: I've sometimes said about this that 'if 100% [of one's working hours] is not enough, then we'll do more'. (VilCo Innovator)</p>
	Innovator pair	<p>ABB: Mr Peltonen [Tapio] was also spending huge efforts and helped me a lot during this and the following year – even though he has his own consultancy he never said anything about sending a bill for his work in this early stage development. (Excerpt from correspondence by mini-hydro innovator to the director of ABB East Africa region)</p> <p>Nokia: The technical solution then, in a way the technical invention . . . when I was living in Delhi for a while and couldn't sleep, and then at some point in the middle of the night I came up with a solution . . . I kept drawing new sketches all night long. The first thing in the morning I called Raj, who was still living in Boston, saying here it is, here is the thing, this is good! A week or two later we met in Boston, and kept drawing and figuring it out, and by nightfall we were done and said wow, this is how it turned out. (VilCo innovator)</p>

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<i>Interpretative code</i>	<i>Descriptive code</i>	<i>Example of citation</i>
	Translation of a counterintuitive opportunity to organizational frame	<p>ABB: Now, if everything goes as smoothly as in the movies, in about a year's time we'll start building the first ones and within two years all 20 plants should be up and running. That's a great challenge for ABB and for me personally – but it might also be very rewarding, a real triple-bottom case, scalable globally, opening up a completely new market for us. (Excerpt from e-mail correspondence by mini-hydro innovator to his superiors)</p> <p>Nokia: It [the technological system] has to be very simple, a base station that is effectively a box standing in the middle of a village. And yet is has to be so good that it can be used like an ordinary [GSM], that the ordinary [GSM phone] thinks it's in a normal network even though it's in a village network. Thanks to Skarp's and Raj's story . . . we started looking [for the necessary technological components and solutions], and noticed that we actually found a lot of useful stuff here in NRC. (Laboratory Director, NRC)</p>
	Creating and making use of networks	<p>ABB: These types of projects [like mini-hydro] require a lot of networking . . . Mika has visited the various ministries [in Ethiopia] and has been building up the social network in Ethiopia, and created relationships to relevant Finnish organizations, visited the ABB Corporation [Sustainability Unit]. . . (CSR Manager of ABB Finland)</p> <p>Nokia: My [Raj's] networks helped with the very first contacts – it meant that the initial set-up was faster than it would have been otherwise. Going into a village initially with no electricity (or even roads and running water) and setting up a PC and BTS with a power generator would have been much more challenging without existing relationships of trust in the remote areas. (VilCo innovator)</p>
	Creating and making use of roles	<p>ABB: On 30 Jan 2007 I was invited to give a talk at the EECMY [Ethiopian Evangelic Church Mekane Yesus, Mika's church] Development Commission annual meeting. I have friends working for that organization . . . I got a short 10 minutes slot, but as it turned out I spoke for almost an hour . . . I started my speech by saying: ' . . . why don't you outsource your social development efforts to profit making companies.' – that brought much laughter from the priests and other people who were present. However, after I explained how non-profit organizations and companies could benefit from each other, the atmosphere changed and became most welcoming – and that has now led to the Memorandum of Understanding I signed with EECMY last month [in January 2008]. (Excerpt from correspondence by the mini-hydro innovator to the director of ABB East Africa region)</p>

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**APPENDIX 2:** *Continued*

<i>Interpretative code</i>	<i>Descriptive code</i>	<i>Example of citation</i>
Intrapreneurship	Seeking external acknowledgement	<p>ABB: At the end of 2006 I managed to get a seat at the Nairobi UNFCCC meeting, where I introduced one of our technology innovations . . . I must say that I was very proud after talking for perhaps an hour with one guy from the World Bank, explaining the basic idea of this Ethiopian hydroproject. He told me that ‘these are the kind of projects we have been looking for, however I know that it’s almost impossible to make it happen because there are no players in the field who think this widely’. So I concluded that we were on the right track. (Excerpt from correspondence by the mini-hydro innovator to the director of ABB East Africa region)</p> <p>ABB: Finnpartnership funding also helped to convince the Power Generation Unit [of ABB Finland] (External mini-hydro innovator)</p> <p>Nokia: When a guy like me who’s not very high up in the organization is giving a keynote speech at an international BOP conference [organized by the Helsinki School of Economics in 2008], and when I get a chapter [Skarp et al., 2008] in a book, those kinds of things tell you that there must be something in it [VilCo]. (VilCo innovator)</p>
	Promoting the innovation in an entrepreneurial fashion	<p>ABB: These kinds of projects are always interesting as you get these really committed and passionate people. And Mika has been just like that, he has really worked hard and believed in it. (Unit Manager, ABB Power Generation)</p> <p>Nokia: For us it’s more like having this invention [rather than just working in a company], and we want to push it . . . we feel we can overcome any obstacles, we just keep going further. (VilCo innovator)</p> <p>If they [superiors and colleagues] pat you on the shoulder, then your innovation is something quite ordinary. But if the organization really begins to resist your idea, then you know you’ve invented something truly new. (VilCo innovator)</p>
	Work underground	<p>ABB: Some colleagues and friends of mine have been helping to develop a light indicator system [an idea for a post-mini-hydro phase of rural electrification, so-called SmartGrid<sup>BOP</sup>], putting in their own time. It’s not in their official targets. (Mini-hydro innovator)</p> <p>Nokia: In July [the holiday month] Raj and I worked secretly . . . we had only this one month, July, to prove that this thing would work. (VilCo innovator)</p>

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**APPENDIX 2:** *Continued*

<i>Interpretative code</i>	<i>Descriptive code</i>	<i>Example of citation</i>
Organizational constraints of innovation for inclusive business	Resist superiors' orders	<p>ABB: ABB is a big firm and as such very much restricts my activities. If I did what I'm supposed to do, I'd be working for one small division, selling its small systems. I've tried to get rid of that hat, every time I've been on my sales trips here [East Africa] I've promoted stuff [products] from other divisions as well, and tried to provide solid integrated solutions for our customers, and to give an integrated sense to this business. Sometimes the feedback from the office has been rather ugly: 'should you send a bill to that and that division, yeah, let's send bills all around the place'. . . So in that sense I'm not necessarily a good ABB employee. (Mini-hydro innovator)</p> <p>Nokia: At around the same time that we completed our first village installation, my boss told me that 'listen, Skarp, we've decided that you can no longer work with VilCo'. So I said to him that let's agree that I'll work on this on my own time. (VilCo innovator)</p>
	Short-term profit maximization	<p>ABB: From a business point of view the difficulty with these types of projects is of course that they don't necessarily fly straightaway. Getting sales started takes time, getting a profit takes time, it requires a great deal of patience . . . (CSR Manager of ABB Finland)</p> <p>People work really for the short term, they just won't go for anything that won't make a profit within a year they go for . . . there's always someone looking over your shoulder . . . and people want to look good in the eyes of top management. (Concept Development Manager, ABB Finland, Power Generation Unit)</p> <p>Nokia: Since the beginning of 2008 we [VilCo] were a business unit. There was this clear goal that we had one year to get sales. You needed to generate volume and to produce a cash flow. (VilCo innovator)</p>
	Business unit based incentive structures	<p>ABB: Business units have financial responsibility for their own business; in these kinds of projects [like mini-hydro], well it's difficult to fit it into a business unit, you need to have the support of the corporate level. (CSR Manager of ABB Finland)</p> <p>ABB has many units, bigger and smaller ones, and they all focus on their own job, which means it's difficult to work together and develop things. Everyone would need to step out of their own box, weave things together here and there, and learn how to grow together. Instead, everyone's just sitting in their own box and do strictly what their job description tells them to do, and this is how you easily tend to get these gaps . . . it's just easier to work if it's something you can do within the unit. (Concept Development Manager, ABB Finland, Power Generation Unit)</p>

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**APPENDIX 2:** *Continued*

<i>Interpretative code</i>	<i>Descriptive code</i>	<i>Example of citation</i>
		Nokia: A big corporation is not a logical entity. Netti [Nokia Networks] felt there is the risk that we may cannibalize our own business. For the corporate level this is fine, but not so for the guy whose business is being cannibalized. Mobile Phones [a division of Nokia at the time of the events], for its part, thought that the introduction of cheaper networks for places didn't have a network meant more mobile phone users, and they financed part of our work. The guys at NRC [Nokia Research Centre], well they saw it [the development of Vilco] as a technical problem, as a chance to create something new.
	Uncertainty avoidance	ABB: There is so much talk about 'core business' and 'focus', and all that just really annoys me, because all it means is that you just want to keep to your old familiar path. What you then get is people polishing a diamond that gets smaller and smaller . . . and in the end nobody takes any risks any more . . . We'll simply be playing it safe, and of course this type of thing [like mini-hydro] involves much uncertainty. (Concept Development Manager, ABB Finland, Power Generation Unit)  These kinds of projects, where you don't have a clear customer . . . is not what we're looking for. We're looking for projects that have a clearer structure: there you have a customer, there you have a power plant, there is a clear need, and we know what we're going to build and where. Starting off with nothing else than an idea and just taking it from there, . . . , that's not normal business. (Unit Manager, ABB, Power Generation)  Nokia: In 2003 the firm [Nokia Networks] was just recovering from the kind of crash we'd experienced in 2001. The firm was scared, it was rather strange, it was as if we didn't want to do anything new that could threaten our business. (VilCo innovator)  The argument [of superiors and colleagues in early 2005] was that, well even if you get the technology working, you won't be able to sell it [VilCo]. (VilCo innovator)
Organizational tolerance of intrapreneurial bricolage	Allowing flexibility (this category also includes evidence of lack of flexibility)	Earlier, at ABB, it was said that you must also fail with things. It was said that 70–80% of all decisions taken should be right, that if you don't make any mistakes then you're not going to do anything useful. But nowadays that's gone, there's no more talk about failure, everything must be 100% right. (Concept Development Manager, ABB Finland, Power Generation Unit)  Nokia: Then again [in December 2006] Nokia management were still excited about VilCo, putting on the pressure that it should be included [in Nokia's network organization before the merger with Siemens], but Netti [Nokia Networks] was reluctant to go along . . . (VilCo innovator)

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**APPENDIX 2: Continued**

<i>Interpretative code</i>	<i>Descriptive code</i>	<i>Example of citation</i>
	Legitimization of out-of-ordinary activities (this category also includes evidence of non-legitimization)	<p>ABB: . . . internally at ABB Finland it [the plan for standardized, dispersed mini-hydro power for developing countries] attracted more attention. For example, I was nominated contact person for a group called FinFlex, a group of 50 main industry players in Finland that was charged with finding suitable CDM projects. (Mini-hydro innovator)</p> <p>We have another project now that involves several units. . . here we get involved in a lot of things that are not part of our job. We try to be the glue that keeps things together. . . without counting every single action, and what it costs and how we will get our money back, but just focus on doing what has to be done. I think this is what the mini-hydro project would have needed, some commitment and to sacrifice and heart and soul, in that case it would not have been a problem. (Concept Development Manager, ABB Finland, Power Generation Unit)</p> <p>Nokia: Well perhaps reward is the wrong word, but first it seemed to be a good thing that you [Skarp] were invited [to the corporation's innovation summit]. Initially my home organization appreciated my input. But with all the following ones [corporate innovation platforms] the reaction was like, 'this has nothing to do with your job, what on earth are you doing, you shouldn't go'. As if it was dangerous or something. (Vilco innovator)</p>

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## **APPENDIX 2**

### **MARKET FORMATION IN SUBSISTENCE CONTEXTS: A STUDY OF INFORMAL WASTE TRADE PRACTICES IN TANZANIA AND BRAZIL**

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## **Market formation in subsistence contexts: a study of informal waste trade practices in Tanzania and Brazil**

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The world's low-income majority is increasingly seen as a new market, the base-of-the-pyramid (BOP) market, with opportunities for new business and poverty reduction through inclusive business. This has led to research on activities geared towards this market, such as strategies for market entry and BOP business model design. However, the market itself as a dynamic entity has not been problematized. This paper suggests that defining markets in subsistence contexts as ongoing processes of economic organizing and as bundles of practices, rather than as collections of people, offers additional tools for engaging in their realization. The empirical study of informal waste trade practices suggests that the emergence of a market is linked to the economic organizing process moving from being dominated by exchange practices towards a more diversified dynamic in which these practices become linked to normalizing and representational practices. This more diversified market dynamic is intimately connected to collective organizing efforts on behalf of subsistence market actors.

**Keywords:** markets as practices; base of the pyramid; inclusive business; inclusive markets; market creation; calculation; subsistence marketplaces

### **Introduction: the realization of markets in subsistence contexts**

It is increasingly recognized that the realities in emerging markets will move from the periphery to the core of marketing research and practices and, in doing so, will reshape the discipline (Sheth 2011). While marketing typically has focused on the affluent few, the growing majority of the world's population live in subsistence conditions (Hammond et al. 2007). Subsistence describes individuals and communities that struggle to fulfil their most basic needs (Viswanathan and Rosa 2007). This low-income segment of society has recently been re-defined as a new market, the base-of-the-pyramid (BOP) market (Prahalad 2005), with opportunities for mutual value creation and poverty reduction through inclusive business (UNDP 2008).

The definition of the BOP market as a socio-economic population segment has guided research to explore market size and purchasing power (Hammond et al. 2007; Guesalaga and Marshall 2008), strategies for market entry (Ireland 2008; London 2009), and business model innovations (Anderson and Markides 2007; Simanis and Hart 2008, 2009). In other words, focus has been on activities in and towards the markets, rather than problematizing the markets themselves as dynamic entities. This traditional marketing approach has proved inadequate to address the subsistence reality of informality and scarcity, and the debate has recently moved from market

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entry towards emphasizing market creation (Anderson, Markides, and Kupp 2010; Simanis 2011). However, in order to understand market creation or market formation in subsistence contexts, a deeper understanding of what markets are, as well as how they are shaped, is necessary.

To address this gap, the paper introduces an alternative way of conceptualizing markets in subsistence contexts. Based on a growing body of literature from sociology (Callon 1998; MacKenzie, Muniesa, and Siu 2007) and marketing (Kjellberg and Helgesson 2006, 2007; Araujo, Kjellberg, and Spencer 2008; Araujo, Finch, and Kjellberg 2010), markets are conceived as ongoing processes of economic organizing constituted by bundles of practices. There have been insightful studies on the systemic aspects of exchanges in subsistence marketplaces, indicating vibrant environments and strong social ties (Rosa and Viswanathan 2007; Sridharan and Viswanathan 2008) and systems of complex resource integration by subsistence consumer–merchants (Viswanathan, Rosa, and Ruth 2010). However, these studies do not address how individual exchanges are linked together to form a market. The markets-as-practices perspective provides a conceptual frame for studying markets as the practical outcomes of organizing and shaping efforts by various market actors (Araujo, Finch, and Kjellberg 2010). The aim of the paper is to contribute to our understanding of market formation in subsistence contexts. To this end, the paper explores two case studies of market practices and dynamics in informal waste trade (Dar es Salaam, Tanzania, and Belo Horizonte, Brazil).

The remainder of the paper is structured as follows. First, a practice perspective on subsistence markets is discussed and the conceptual framework for the analysis of the empirical data is presented. Thereafter, the research method is presented followed by a detailed analysis of the empirical data on market practices in the two cases of informal waste trade. This analysis is followed by a discussion on market dynamics as well as a concluding discussion of the implications of this study to market practices research and the business-for-poverty-reduction debate.

### **Conceptualizing subsistence markets as bundles of practices**

Recently, there has been increasing interest among marketing scholars to understand markets and not merely marketing activities (Venkatesh, Peñaloza, and Firat 2006; Araujo, Finch, and Kjellberg 2010; Storbacka and Nenonen 2011a, 2011b). This research interest unifies scholars with different social science backgrounds in a new stream of research called market studies (Araujo, Finch, and Kjellberg 2010; Kjellberg et al., forthcoming). In this stream of research, markets are increasingly studied as constituted by practices (Kjellberg and Helgesson 2006, 2007). Practice theory (Schatzki 1996) attempts to capture what happens in between the individual and the system, and thus focuses on concrete, re-occurring activities, that is, practices, which link the individual with the larger social system. Practices are made up of various integrated elements, such as bodily activities; forms of mental activities; “things” and their use; background knowledge, in the form of understanding, know-how, and states of emotion; and motivational knowledge (Reckwitz 2002). For example, the practice of sending a postcard requires physical things such as a stamp, a postcard, and a mailbox, as well as doings such as walking to a shop and buying a stamp, writing the address, and putting the postcard in the mailbox. This requires individual understanding of what to do, a motivation to do so, as well as an international postal organization that is organized to deliver the postcard. Schatzki (1996, 89) describes practice

as “a temporally unfolding and spatially dispersed nexus of doings and sayings,” for example, cooking practices, industry practices, and recreational practices.

The grounding in practice theory helps the study of real, working markets because it avoids abstraction, which has been the problem in the neo-classical economics study of markets (Araujo, Finch, and Kjellberg 2010). By studying the practices of the involved market actors, and how these practices are linked, it is possible to learn about the system – that is, the market. The market studies stream of research offers conceptualizations that facilitate the study of the process that produces working markets. In other words, it is possible to empirically study how markets are shaped (Kjellberg and Helgesson 2007).

When studying markets as a particular form of economic organizing, Kjellberg and Helgesson (2006, 2007) found that mundane markets are constituted by the interplay between three broad kinds of practices: exchange practices, representational practices, and normalizing practices. Exchange practices refer to activities related to individual economic exchanges, such as selling or buying, which we typically associate with markets. However, one of the core ideas in the markets-as-practices perspective is that markets are not merely the economic exchanges that happen “out there,” and which can be objectively studied. Such a perception would resonate more with the neo-classical economics view of markets as natural phenomena. Instead, markets are shaped not only by exchange practices, but also by how the various market actors perceive the market, depict it, talk about it, and agree to act in the market, as well as how they discipline those who do not follow the agreed-upon rules.

These aspects of markets are reflected in the import ascribed to representational and normalizing practices. Representational practices include activities that contribute to depicting markets and/or how they work, for example, market studies, sales statistics, media coverage, or academic work (Kjellberg and Helgesson 2006, 2007). In affluent contexts, representational practices can, for example, be the marketing research done by a beverage company where they represent their market as “the soft-drink market” out of which they have a certain market share (see Azimont and Araujo 2010). Normalizing practices are activities that contribute to establishing normative objectives for market actors – for example, guidelines on acceptable market behaviour (Kjellberg and Helgesson 2006). In formal economies, examples are the introduction of industry-wide standards, or laws regulating business activities.

Figure 1 shows Kjellberg and Helgesson’s (2006) model of markets as dynamic bundles of practices. The model illustrates how – in the dynamic bundle of

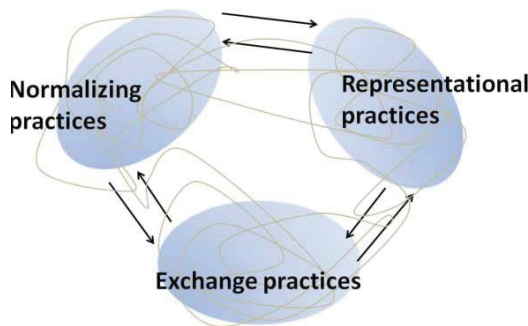


Figure 1. Markets-as-practices (Kjellberg and Helgesson 2006).

practices – it is possible to distinguish between exchange, normalizing, and representational market practices. The arrows between the market practices indicate that it is also possible to distinguish the interaction between market practices – that is, how they affect one another.

The interplay between these market practices indicates the dynamic of that market. For example, contemporary financial markets are typically characterized by intense and immediate interaction between exchange and representational practices. An exchange of shares in a listed corporation is immediately translated into a modified representation of the market on the traders' computer screens (see Knorr-Cetina and Bruegger 2002). In financial markets, the tradable entity (e.g., the corporate share) is clearly defined. In industrial markets, on the other hand, the tradable entity may be subject to much negotiation and change efforts, and the sales process may take a long time. The market dynamic in industrial markets is thus very different from that observed in financial markets (see Håkansson and Snehota 1995; Geiger and Finch 2009). This study will seek to shed light on market dynamics in a subsistence market context. To set the stage for this, the subsections that follow will situate the concepts of exchange, normalizing, and representational practices in a subsistence context.

### *Exchange practices in subsistence contexts*

Previous research has shown that while people in subsistence environments are typically resource scarce with respect to income and literacy, they are rich in social ties (Sridharan and Viswanathan 2008). In subsistence contexts, there are typically few reliable employment opportunities, and therefore many people gain their livelihood through self-employment by operating micro-enterprises (Ardrey, Pecotich, and Shultz 2006; Hammond et al. 2007). In the partial absence of industrialized products, people are at the same time producers of products and services, such as bread made in a home-based bakery, and consumers of products and services by other micro-entrepreneurs, such as chicken meat from a poultry keeper in the community (see Varma and Vikas 2007). Thus, Viswanathan, Rosa, and Ruth (2010) have coined the term subsistence consumer–merchants (SCMs). In order to maintain their livelihood, the SCMs juggle resources across networks of family and neighbours as well as networks of their customers and vendors. Their exchanges are characterized by one-to-one interactions, due to the prevalence of face-to-face interactions when evaluating products, making purchases, or operating small businesses (Viswanathan 2007).

Although these research findings provide rich and important insights concerning market exchanges in subsistence contexts, they do not address in which ways exchanges are linked together to form a market. The important contribution from the market studies perspective, and in particular, from Callon (1998), is the explanation of how and why market exchanges (including people, things, spaces, etc.) are linked in order to jointly achieve an overall calculation. This calculative process can be explained as “problem-solving,” for instance, if there is a lack of fabrics in a community, a market arrangement can be put in place to solve the problem by organizing trade to make it possible to buy fabrics in that community.

Economists have addressed this problem-solving feature of markets as the market mechanism through which supply is balanced with demand (Roth 2007). Neo-classical economics explains the phenomenon by the logic of homo oeconomicus – that is, people will make rational choices, and through numerical calculations they will maximize their self-interest. However, this narrow view of human nature has been much

criticized, and there is little empirical insight as to how this happens in practice. To address this gap, Callon and Muniesa (2005) study the problem-solving character of markets from a sociological perspective. Their research suggests that the calculative character of markets includes quantitative measures as well as qualitative procedures and judgements in the daily practices of market actors. Moreover, they point out that the calculation is a collective achievement, although this does not mean that all actors are concerned with the overarching problem-solving. Finally, Callon and Muniesa (2005) conclude that the calculation involves a three-step process, by which (1) tradable entities are established through detachment, (2) the entities are moved and sorted, and (3) market actors arrive at an accomplished calculation – that is, at a result such as a purchase. In this paper, the analysis of the exchange practices in the empirical data will be structured around Callon and Muniesa's (2005) three-step process of calculation.

Another important feature of the market practices perspective is the emphasis placed on material devices in market practices (see MacKenzie, Muniesa, and Siu 2007). This is captured in the notion of distributed agency (Hutchins 1995; Callon and Muniesa 2005) – that is, the ability to act in the market depends on the make-up of the acting collective (including both the person and the tools and devices to which he/she has access). For example, access to a frying pan is critical for establishing a subsistence home-based restaurant. Furthermore, the notion of calculative power captures the relative ability of the market agent to influence market practices. The calculative power of agents in markets is typically asymmetric, if for nothing else than for the simple reality that market devices tend to be unevenly distributed (Araujo 2007).

### *Normalizing and representational practices in subsistence contexts*

There are few studies that specifically identify normalizing and representational market practices in subsistence contexts. However, it can be concluded, on a general level, that the regulatory environment in subsistence contexts is rather different from that in affluent contexts. A large part of the business activities in subsistence contexts form part of the informal economy – that is, economic activity that bypasses the costs of, and is excluded from the protection of, laws and administrative rules covering property relationships, commercial licensing, labour contracts, torts, financial credit, and social security (Feige 1990 in Portes 1994).

With regard to representational practices, again on a general level, the challenges in subsistence contexts have typically been framed as development problems, or programmes, and not as markets. Moreover, many representations in western media reinforce stereotypical images, such as helpless Africans who are in need of western aid (see Bonsu 2009). The BOP proposition in itself thus constitutes a significant representation of the low-income population as a potential market of consumers and active business partners, as opposed to passive receivers of aid.

In one of the few studies on representational practices in subsistence contexts, Abdelnour and Branzei (2010) show how the discourses among several aid organizations frame the market for fuel efficient stoves, which are introduced as a measure for post-conflict reconstruction in Darfur. The involved aid organizations have different views on which stove technology is best suited and different opinions on how market transactions should work. They also assign different roles to the subsistence market actors, such as producers, users, trainers, etc. This illustrates market multiplicity, that is, market actors have different views on what the market is or should be (Kjellberg

and Helgesson 2007). However, market actors tend to, more or less explicitly, engage in the economic organizing and shaping of markets to see their understanding of the market realized. In the Darfur case, the aid organizations experimented (with varying degrees of success) with different alternatives for market transactions, including various subsidies and stove-rental alternatives. Abdelnour and Branzei (2010) conclude that one of the problems in the Darfur case was that the development organizations tended to under- or misrepresent the voice of the subsistence actors in ways that distorted or delayed the formation of market transactions. Over time, the organizations articulated different motivations as to why a market for fuel-efficient stoves needed to be established. Abdelnour and Branzei (2010) conclude that the development organizations had shifting funding priorities and that this influenced their actions in the market.

These results resonate with the proposition that all engagements to change markets are values based (Kjellberg and Helgesson 2010). Kjellberg and Helgesson (2010) suggest that market actors work towards linking what they perceive as “good” with what is “real” and propose that values can be introduced in markets through three modes of engagement: incorporation, reform, and representation. Incorporation involves adding new values to existing exchanges, and Kjellberg and Helgesson (2010) suggest that marketing is a likely means for this mode of engagement. Reform involves attempting to introduce new values to guide exchange practices, and this mode is suggested to be linked to public debate and involvement by authorities. Representation involves efforts to show that the market, in fact, is achieving something else than what is currently emphasized. Kjellberg and Helgesson (2010) suggest that the representation mode of engagement involves the influence of scientific work. The analysis of representational and normalizing practices in the empirical data will seek to uncover value bases and modes of engagement related to observed efforts to change markets.

## Research method

Two mid-size cities with considerable low-income populations, Dar es Salaam in Tanzania and Belo Horizonte in Brazil, provide the scenery for this ethnographic study of informal waste trade practices. The two cases provide an interesting comparison, as the informal waste trade practices in these cities have many similarities but at the same time represent different degrees of organization.

Field research was conducted for 4 weeks per site in autumn 2009 with research assistance from local non-governmental organizations. The research method chosen was market-oriented ethnography (Arnould 1994, 2006; Sherry 2008), with a focus on everyday practices in urban slums in the areas of packaging and waste recycling, media, and education. The interest in studying the informal waste trade from a markets-as-practices perspective emerged during the field research.

The following mix of methods was used for data-gathering: observation, interviews, taking photographs, and filming video clips (Sunderland and Denny 2007). Observation took place in various settings – people’s homes, on the streets, in recycling and waste management facilities, (grocery) stores and marketplaces – and included “go-along” observation (Kusenbach 2003), that is, accompanying individual informants in their daily activities. Table 1 gives an overview of the collected data. Interviews included semi-structured interviews lasting approximately 1 h as well as *ad hoc* interviews lasting from 5 to 30 min. In addition to the ethnographic data, secondary data have been used for triangulation when available.



Table 1. Overview of the ethnographic data.

Data type	Dar es Salaam, Tanzania	Belo Horizonte, Brazil
In-depth interviews	10	10
Expert interviews	6	12
<i>Ad hoc</i> interviews	30	10
Photos (total/Nvivo)	3500+/140	1000+/139
Video	App. 4 h	App. 6 h
Observation locations	8	8
Field notes	~30 pages	~30 pages
Memos	7 pages	6 pages

### Data analysis

After an initial data reduction (mainly reducing photos), the data were imported into a qualitative software package (Nvivo). Thereafter, the data were coded based on descriptive themes such as packaging, waste recycling, media, or education. The data on waste recycling were selected for this study.

Table 2 illustrates the four stages in the process of analysis. First, practices in the informal waste trade were identified, and different kinds of data (interviews, photos, etc.) referring to the same practice were linked together. Second, the identified practices in the data were grouped into exchange practices, representational practices, and normalizing practices following Kjellberg and Helgesson's (2006, 2007) model of market practices. At this stage, a check of the entire database (including data on media, education, and packaging) was made in order to make sure that no information, in particular concerning representational or normalizing practices, had been lost in the

Table 2. The stages of analysis and coding (coding terminology follows Miles and Huberman, 1994).

Descriptive codes for waste and recycling		Interpretative codes	Aggregate codes
<i>1. Practices in data</i>	<i>2. Market practices in theory</i>	<i>3. Analysis of market practices</i>	<i>4. Market dynamics</i>
Collecting practices	Exchange practices	Stage 1: establishing tradable entities	Exchange-practices-dominated dynamic
Sorting practices		Stage 2: movement, devices and spaces	
Buying/selling practices		Stage 3: accomplished calculation	
Rule setting practices	Normalizing practices	Organizing into new market actor	Diversified market dynamic
Negotiation practices	Representational practices	Modes of engagement in markets: Reform and representation	
Discussion practices			
Training and educational practices			



initial thematic coding. There were overlaps between the groups (see Kjellberg and Helgesson 2007); for instance, I first coded the stigmatization of waste traders as both a representational practice and a normalizing practice. As the analysis progressed, it became clear that in this study this aspect is best addressed as a normalizing practice. Third, the exchange practices were analysed based on Callon and Muniesa's (2005) three-step process of calculation in market exchanges. The representational and normalizing practices were analysed based on Kjellberg and Helgesson's (2010) modes of engagement in markets. Finally, insights on the market dynamics of the two cases were gained.

Throughout the study, the analysis examined practices that occurred on a community level. As Kjellberg and Helgesson (2006) emphasize, it is important not to attempt to make distinctions between micro- and macro-levels, where, for example, normalizing or representational practices could be perceived as macro-level issues. It is through the focus and analysis of the concrete practices and how they are interlinked that the analysis can move from individual practices to the larger market as a bundle of practices.

### **Market practices in informal waste trade**

Despite representing different continents and cultural contexts, there are basic similarities between the informal waste trade in Belo Horizonte and Dar es Salaam. In both cities, the waste trade is built around micro-entrepreneurial activity. The waste collectors and middlemen operate as micro-entrepreneurs in a chain of activities through which materials are collected in the community and then sold onwards, eventually to industries that use recycled materials. This informal activity effectively complements formal measures to take care of waste, an issue that otherwise would cause significant problems in the communities.

### ***Exchange practices in informal waste trade***

The analysis of exchange practices is structured around the three-step process of calculation in market exchanges (Callon and Muniesa 2005), which conceptualizes the "problem-solving" character of markets. The first step is to establish tradable entities through exchange practices; the second step focuses on the role of movement, devices, and spaces in establishing trade; and the third step involves arriving at an accomplished calculation, such as an agreement or result. The purpose of the analysis of the calculative process in the informal waste trade is not to make an overview or network mapping of the waste trade. Instead the analysis aims to gain a deeper understanding of how exchanges are linked to form a market.

### ***Establishing tradable entities through exchange practices***

There are a variety of practices through which waste collectors collect their materials. In Dar es Salaam, a common practice is for waste collectors to walk from door to door in the poor neighbourhoods with rolling carts to collect household waste against a small fee.

- Which one [of the garbage disposal possibilities] do you use?
- Whichever comes first so as to be clean. For the van [city-formal] they inform us with their car while passing our street so that we know. For the trolley [informal waste collectors/subsistence entrepreneur], they knock on each door. The van comes twice a

week, the trolley almost all the days. If you have little package you can dump them daily.

- How much do you pay?
- Depends on how much you collect. From 400–1000 Tanzanian Shillings [0.2–0.5 euro]. (Interview with woman, head of household, Tandeka, Dar es Salaam, Tanzania)

The informal waste collection practice is embedded in the community and complements the formal system, as waste collection only twice a week would not be sufficient. Other practices for collecting materials include walking along roads to collect discarded bottles or cardboard, using large sacks or carts, or visiting industrial sites to collect rejected materials.

While some practices for the collection of materials involve monetary transactions, such as the household paying for garbage collection, others are done out of solidarity. In one of the households in Dar es Salaam, I observed that neighbours threw plastic bottles into the backyard of a private house. This was done out of respect for the old grandmother in the house, who they knew collected and sold plastic bottles. The data from Belo Horizonte indicate similar practices:

- I have a neighbour that collects paper and bottles. We put ours in a bag and give to him.
- Why don't you sell them yourself?
- I guess I never thought about it. I guess it's important that we also help him make some money. (Interview with woman, head of household, Belo Horizonte, Brazil)

The practices to collect waste as described earlier form part of the first stage in the market calculation process conceptualized by Callon and Muniesa (2005). They contribute to transform waste material from being “a problem in the household” or “litter in the streets” to being a tradable entity for the waste collector. Callon and Muniesa (2005) argue that in order for any trade to take place, a tradable entity needs to take shape, and suggest that this happens through detachment from one context or category, and gradual introduction into a new context or category. In the informal waste trade, “useless leftovers” are detached from the context of “garbage” and introduced, through a variety of exchange practices, as “sellable materials” in the context of “informal waste trade”.

Another feature of the first stage of the calculation process is that entities need to be related and compared with one another based on some common organizing principle (Callon and Muniesa 2005). The waste collectors all know (or learn) which materials they prefer to collect; hence, a common organizing principle could easily be observed: materials are bought separately at different prices by weight. The waste is thus always sorted based on the material, such as plastics, nylon, metal, cardboard, and glass. As a consequence, waste collectors typically collect only waste that they can sell, and prefer materials with higher prices. For instance, thin plastic bags are a pervasive problem in many countries because they cause various environmental problems. Although banned by law, thin plastic bags are still used and, because of their light weight, there is no incentive for waste collectors to collect them.

This analysis shows that waste collection exchange practices are guided by a common organizing principle and that they implicitly execute a process through which tradable entities are formed. The data did not indicate any differences between the two cases in the first stage of the calculative process.

*The role of movement, devices, and spaces in informal waste trade exchange practices*

Callon and Muniesa (2005, 1231) state that “an economy of calculation is precisely an economy of movements.” The informal waste trade practices involve a lot of movement. Waste collectors typically roam the neighbourhoods to collect materials, using either carts or large sacks to transport the material in. Transportation is a key challenge and only few have access to mopeds, cars, or trucks.

Once a tradable entity has been identified and detached, that is, become tradable, the second stage of the calculation process involves moving the tradable entity to a potential buyer. This movement can be an electronic transfer of information, as in contemporary financial markets. However, in the informal waste trade, the movement is manifested physically. For example, there is significant movement around a neighbourhood waste dump in Dar es Salaam. The waste collectors who sell to the waste dump entrepreneur move around the city and then come to unload at the dump. The buyers come with their trucks when enough material has been gathered. The waste dump entrepreneur describes his daily routine as follows:

I normally start early in the morning around 6:00 am and wait for those who are selling waste materials and sometimes I collect myself. I measure the materials and sell them on Saturdays and Sundays after phoning the customers. It is very easy to collect these materials because the entire neighbourhood depends on this dump. (Interview with man, waste dump entrepreneur, Dar es Salaam, Tanzania)

In addition to movement, the research on market practices emphasizes the role of calculative devices and calculative spaces because they frame what people can and cannot do (Mackenzie, Muniesa, and Siu 2007; Cochoy 2008; MacKenzie 2009). The transportation device that the waste entrepreneurs have access to, such as a sack, cart, or truck, signals the level at which that person can act. The waste collectors who have access to carts are better off than those who only have access to sacks, and so on. Moreover, those who have access to cars or trucks can operate with larger amounts of materials and cover larger areas.

Compared with the waste collectors, the waste dump entrepreneur in Tanzania has access to a scale, control over the dump area where materials can be sorted and stored, and a mobile phone with important contacts (Figure 2).

...for the people who are buying waste product from me weekly, I always phone them and they usually come with their trucks to buy. There is one person who buys only plastic and another one buying bottles and iron sheets. They pay the cost of transportation themselves. (Interview with man, waste dump entrepreneur, Dar es Salaam, Tanzania)

In Belo Horizonte, the waste collectors have access to more calculative spaces and devices compared with the waste collectors in Dar es Salaam. The managing director of Asmare, the association of waste collectors, describes their waste collecting practice as follows:

Each one goes to the street, takes his material, each one has his box, each one puts materials inside the box, separates the material because each material has different value. [...] He earns based on production. If he doesn't produce anything, he doesn't earn. None of them have employment relationship [...] After separation the material is compressed into a burden and weighed... they [waste collectors] receive payment depending on the weight of burdens they compress that day. [Handling the compression



Figure 2. Waste dump entrepreneur with calculative devices: mobile phone and scale, Dar es Salaam Tanzania.

machine is done by a separate person employed by Asmare.] (Interview with man, manager of Asmare, Belo Horizonte, Brazil)

The waste collectors that are members of Asmare have individual access to carts. In the Asmare warehouses, each collector has his or her own space where they can sort and store the materials they have collected. Asmare has a machine that compresses the materials into burdens and then weighs them, and the collectors are paid according to the precise weight. Weighing has often been described as a critical point in subsistence trade where buyers dominate. The buyer who controls the scale is often reported to tamper with the scale so that sellers get less money (Figure 3).

This analysis suggests that movement is central in exchange practices and that access to devices and spaces frame the ability of market actors to act in the market. The analysis of the second stage of the calculative process indicates differences between the cases, because the waste collectors in Brazil have access to more calculative devices and calculative spaces than the waste collectors in Tanzania.

#### *Accomplished calculation: the sales situation*

Callon and Muniesa (2005) suggest that the third step in a calculation process is obtaining a result: an accomplished calculation. This result can take many forms – for instance, a sum, an evaluation, or a choice. The analysis of the third step of the calculation process in these cases will focus on the actual deal between buyer and seller, where the price the seller gets is the result of the accomplished calculation.

In Tanzania, the prices for recycled material fluctuate. One waste trader reflects on this issue as follows:

...there is not much competition in this business. Most of the people fail due to price fluctuation. But I have managed, because I don't care about price fluctuation like other people do. (Interview with man, waste trade entrepreneur, Dar es Salaam, Tanzania)



Figure 3. Asmare warehouses: calculative spaces for sorting the waste material, Belo Horizonte, Brazil.

Another waste trader in Dar es Salaam explains his challenges to sell waste material as follows. First, his buyers will buy materials from him only by tonnes. This means he has to collect large amounts of materials – it takes him months before he has gathered enough. During this time, he is constantly worried that someone will steal his piles of materials since he does not have a safe place to store them. Second, he has to transport the materials to the buyers, which means he has to rent a truck, and for this he needs to have money saved upfront, which is not an easy in subsistence conditions. Finally, once he actually goes to the buyers, he does not know at what price they will buy, but he will be forced to sell since he cannot rent a truck twice.

These examples illustrate an asymmetry of calculative power in favour of the buyer, who is able to impose their framing of an exchange onto other agents. In the practice described earlier, the conditions for the trade are set by the waste buyers. The waste seller has to accept the conditions if he wants to do business. In Belo Horizonte, on the other hand, there has been a shift in the calculative power as Asmare has bundled together the produce of the waste collectors. United into one market actor, the association, the waste collectors are able to negotiate prices and sell materials in larger quantities to industrial buyers.

The analysis of the exchange practices in the informal waste trade in Dar es Salaam and Belo Horizonte has shown that in the first stage of the calculative process, where waste is transformed to tradable materials, there are no significant differences between Dar es Salaam and Belo Horizonte. However, the findings concerning the second and third phases of the calculative process suggest differences with regard to the access of waste collectors to calculative devices and spaces, and thereby to calculative power. The following section will discuss the reason for these differences by focusing on representational and normalizing practices.

### *Normalizing and representational practices in the informal waste trade*

The data suggest that the situation in Belo Horizonte in the late 1980s and early 1990s was in many ways similar to the situation in Dar es Salaam in 2009: a situation where waste trade is very informal and self-organized, and the waste collectors are at the very



low end of the social spectrum. For example, the police in Belo Horizonte used to harass the waste collectors:

It was hard. The police used to treat us like bandits. They used to throw cold water at us, beat us. They said we were getting the streets dirtier. They didn't see us as they see us today, they didn't see that we were cleaning the streets. In the 1980s, the collectors used to live in cardboard houses, and they [the police] used to put fire to our houses. (Interview with woman, waste collector, Belo Horizonte, Brazil)

In Dar es Salaam, subsistence entrepreneurs are experiencing similar police harassment, although perhaps not as violently. According to national law in Tanzania, enterprises must be registered with the authorities, although it is not realistic that subsistence entrepreneurs such as the waste traders would register. Therefore, they are in a sense "illegal," which provides the police with a justification for intervening. Although the informal waste trade is an embedded part of the poor communities in Dar, it is still highly stigmatized.

There are people despising the job of collecting waste material because they feel that people who are doing such business are crazy and they have mental problem but it is not true because so far I have got a lot of benefits from this business. (Interview with man, waste dump entrepreneur, Dar es Salaam, Tanzania)

Due to the stigmatization of the waste trade, this entrepreneur, who in local terms runs a very profitable business, lives a double life. His house and the waste dump where he works are on opposite sides of Dar es Salaam. His family and neighbours do not know in which line of business he works. He leaves home well dressed, but then changes clothes at some point during his daily bus journey to and from work at the waste dump. These practices indicate the difficulty of working in the informal waste trade when it is highly stigmatized.

The change in Belo Horizonte started in 1987, when a church-based charity, Pastoral de Rua, encouraged waste collectors to meet in their facilities and gradually to organize (Dias 2009). In 1990, the waste pickers association Asmare was formed. Through Asmare, previously individual waste collectors gradually merged into one market actor, and collectively started challenging the dominant demeaning norms concerning the informal waste trade. In doing so, they engaged in practices beyond the everyday waste trade exchanges.

These new practices included waste collectors gathering in meetings to discuss the informal waste trade, and later on engaging in discussions with the city authorities, with the support of Pastoral de Rua. The waste collectors demanded the right to work in the city and an end to police harassment. The discussions with the city authorities eventually led to the city initiating a programme concerning waste trade, where Asmare was an official partner (Dias 2009). A critical element in the discussions among the waste collectors and between Asmare and the city was how to view the informal waste trade. These practices thus constituted new representational practices that contributed to produce an alternative image of the informal waste trade.

The efforts by Asmare to engage in discussion with the city about how the informal waste trade should be organized resonate with the reform mode of engagement in markets suggested by Kjellberg and Helgesson (2010). The waste collectors demanded to have the right to work and to be granted warehouses with sorting and measuring facilities. These demands suggest that the waste collectors wanted the waste trade

organized to manifest their human dignity. These demands were subsequently met in 1994 (Dias 2009). As the analysis of the exchange practices has illustrated, this increased access to calculative devices and spaces increased the waste collectors' calculative power. Moreover, the access to warehouses also made it possible for the waste collectors to work in a safe environment (not exposed to stealing or hassle) and to work in a more dignified way:

- Comparing your life now and 29 years ago, has it gotten better?
- Yes . . . In everything. I didn't know what it was to be a citizen and have citizenship. We didn't know what were our rights and our duties. Today we know. We all have dignity today because of Asmare. (Interview with woman, waste collector, founding member of Asmare)

Kjellberg and Helgesson (2010) note that the process of market-shaping typically involves attempts at introducing several values. The data suggest that the change process in Belo Horizonte also involves the introduction of the value of environmental sustainability. The waste collectors challenged the dominant view of the waste trade as a problem and disgrace in the streets, and pointed out that they were keeping the streets clean. This way of looking at the market resonated with various other market actors, who value environmental sustainability. For example, high-status organizations such as the UN gave attention to Asmare due to the environmental consequences of their activities.

We got even more respect when I was invited to speak at the UN, in the name of Asmare. I went there and just spoke for five minutes, but that changed everything. People started to treat us differently. (Interview with woman, waste collector and founding member of Asmare, Belo Horizonte, Brazil)

While the practices of collecting, sorting, and selling waste remain roughly the same, the trade was now represented as recycling and doing an important job for the environment. This way of changing the perception of what the market does resonates with the representation mode of engagement suggested by Kjellberg and Helgesson (2010). The fact that environmental sustainability was a shared value among several market actors appeared to enable its introduction in the market. For example, as part of the official programme on waste trade, the city organized workshops in the community, such as in schools, where waste trade was represented in a different light: as an important job done for the environment. Later on, when Asmare introduced training for new waste collectors, one module focused on the role of waste collecting in protecting the environment and why recycling is important.

In the Dar es Salaam data, there are no indications of efforts to redefine the informal waste trade that corresponds to the development in Belo Horizonte. It was difficult to detect any discussions or representations concerning how to view the informal waste trade. Furthermore, the data did not suggest any organization among waste traders, or any efforts by individual waste traders to go beyond their everyday exchange practices.

The formation of Asmare resulted in new normalizing practices. As mentioned in the analysis of exchange practices, there are clear rules as to how Asmare waste collectors work; each one has a sorting box and gets paid according to the burdens they compress. The rules for members in the association also go beyond disciplining the exchange practices:

If you want to be part of an association you have to have rules. Here, at Asmare, the collectors can't use drugs, can't live on the street, have to go to home every day, and have to have their kids in school. A few years ago, we got day care for the collectors' kids. (Interview with woman, waste collector, Belo Horizonte, Brazil)

Through the rules for members, Asmare can influence both the exchange practices of their members and other areas of their lives. The membership of Asmare grew from 31 waste collectors in 1993 to 380 in 2009 (Dias 2009). With increased membership, Asmare's normalizing influence over exchange practices increased. Interestingly, the influence of Asmare soon spread beyond its direct members. Through various representational practices, such as presentations and speeches, Asmare's way of doing things became the benchmark throughout the city and later even nationwide. Also, several similar waste collectors' associations were founded.

- Are there other organizations like Asmare?
- Several, in other cities. But Asmare was the first. We spoke of our experiences in other cities so they started associations like ours. (Interview with woman, waste collector, Belo Horizonte, Brazil)

In the Dar es Salaam data, no practices can be identified that discipline the exchanges as the membership rules of Asmare do in Belo Horizonte. Instead, the exchange practices in Dar es Salaam tend to be framed by the market actor with more calculative power in that specific exchange. While there clearly were established practices, including a common understanding of how things are done, that is, social norms (see Ostrom 2000), the data do not indicate any separate practices specifically aimed at normalizing the informal waste trade. Thus, the exchange practices are linked to social norms, and it seems that actions are disciplined socially in the social networks, due to the mutual dependence on such networks (see Viswanathan, Sridharan, and Ritchie 2010).

There are nonetheless many problems with cheating and distrust, suggesting that the ability of social networks to enforce rules in markets that expand is limited. For example, while there are sales contracts in formal economies, in Dar es Salaam the waste traders have to rely on oral agreements. In these instances, individuals with more calculative power can exploit the situation. Moreover, I observed that in Dar es Salaam, actors were particularly vulnerable and exposed to cheating in the borderland between the informal and the formal system. It seems as though the exchanges within a certain community function fairly well because there are social networks that discipline practices. However, when trade is done outside the community, there are fewer ties through social networks. North (1991) recognizes this problem and points out that as markets expand outside communities with dense social networks, there is an increase in transaction costs. The social network needs to be replaced by other forms of governance and this requires more resources for measurement and enforcement. In the absence of state enforcement, the effectiveness of informal governance in lowering costs of transaction varies widely (North 1991).

### **Market dynamics in the informal waste trade cases**

Given the observed differences in market practices, the two cases of informal waste trade analysed earlier could be interpreted as representing different degrees of market



realization. While both cases show exchange practices that link up to form a system of trade, there are significant differences with regard to the normalizing and representational practices linked to these exchange practices.

In Dar es Salaam, the informal waste trade is dominated by exchange practices and there is a lack of normalizing and representational practices that link to these exchange practices. The essence of representational practices is that they make possible a discussion or expression of what the market is or should be. However, such a discussion or expression could not be identified in the Dar es Salaam data. There were no observable efforts made to represent the exchanges as part of a market or some other form of economic governance system. Concerning normalizing practices, the analysis suggests that market actors with more calculative power exercise this power to frame the conditions for individual exchange situations – for example, waste buyers that impose conditions for purchasing on waste collectors. The waste collectors, on the other hand, were unable to make their interests count in framing these exchanges. Moreover, the waste trade practices were observed to be guided by social norms, in that there were common understandings concerning how things should be done, as seen in the example of people giving their plastic bottles to a grandmother who collected and sold them, to show their respect for older people in the community. The social norms thus regulate how people act, and this is enforced through social networks. However, in my interpretation of the findings, I make a distinction between social norms and normalizing practices. In all practices, people need a common understanding of how to act, which is a social norm; otherwise there could be no practices. Social norms are thus part of practices. A normalizing practice, on the other hand, is a separate practice that is specifically aimed at disciplining exchange practices, such as the formulation and follow-up of membership rules of the Asmare association. For these reasons, I understand the Dar es Salaam case as an exchange-practice-dominated dynamic with a lack of normalizing practices.

Furthermore, I could not find any evidence of efforts to change the informal waste trade in Dar es Salaam. While the waste trade is dynamic with regard to the vibrant exchange practices taking place, there appeared to be no efforts to change the *status quo*, and the power relationships appeared to be quite settled. This might be an indication of a state of stagnation, which keeps people in poverty in subsistence contexts. This remains a speculative reflection, since the lack of longitudinal data prevents me from further elaborating on this.

The Belo Horizonte case, on the other hand, provides an interesting comparison as the data suggest it has changed from an exchange-practice-dominated dynamic towards a more diversified market dynamic. This study has shown that the change towards a more diversified market dynamic in the Belo Horizonte case involved the linking of specific representational and normalizing practices to the ongoing waste exchange practices. The representational and normalizing practices that were identified in the Belo Horizonte data are rather different from the practices identified in northern European studies of market practices. The representational practices are not manifested as, for example, a power point presentation of market shares, but rather as a community meeting where the issues of everyday exchange practices are discussed. These practices influenced the exchanges significantly, resulting in the waste collectors gaining access to warehouses with sorting and measuring facilities, among other benefits. Although the general context may be the informal economy, normalizing practices can be manifested in different ways, such as membership rules as in the Belo Horizonte case. What appears to be particular for market formation in subsistence contexts is that normalizing

practices typically involve rule articulation (as opposed to changing existing rules) as a part of the process from informal towards more formal arrangements. The analysis of the market practices indicates that there is ongoing interaction between the market practices in the Belo Horizonte case, which is a diversified market dynamic.

Moreover, the findings indicate that the increased extent to which normalizing and representational practices were linked to exchange practices in the Belo Horizonte case required organizing efforts – in this case, the Asmare waste collectors' association. These findings suggest that market formation in subsistence contexts may be closely related to efforts of collective action. In a study of collective action in the slums of Lima, Peru, Almirall (2009) found that collective action may arise following an emergency or threat (such as the difficult situation of waste collectors in Belo Horizonte in the 1980s), and that social exclusion (such as the stigmatization of the waste collectors in Dar es Salaam) may effectively hinder collective action.

### *Implications for conceiving subsistence markets as practices*

The aim of this paper has been to contribute to our understanding of market formation in subsistence contexts, and to this end, the market practices and market dynamics of two cases of informal waste trade have been studied. Most of the empirical studies on markets-as-practices have focused on markets in northern Europe. This study initiates research on market practices in subsistence contexts, and clarifies that in subsistence and informal contexts in particular the normalizing and representational practices may be manifested differently from what has been identified in affluent contexts. Despite differences in manifestations, the study suggests that the notion of market practices and market dynamics is equally relevant in informal and subsistence contexts. Indeed, studying economic organizing in such settings offers opportunities to learn more about how markets emerge. The two cases can be said to represent different degrees of market realization and to offer insights into the process through which non-market governance is replaced by market governance.

The findings suggest that representational and normalizing practices play a particular role in this process. There are several aspects to this finding. First, the emergence of a market dynamic in the Belo Horizonte case is closely intertwined with the emergence of a new market actor – the association of waste collectors, Asmare. Through the formation of this association, the waste collectors were able to engage in practices beyond the everyday exchanges in the informal waste trade, and subsequently to make their interests count as part of efforts to regulate these exchanges. Callon (1998) notes that change in markets is related to shifts in power dynamics. This study illustrates the importance of collective action in market formation in situations where market actors individually have little influence over the market. This is likely to be of particular importance in subsistence and informal contexts, considering the abundance of subsistence micro-entrepreneurs.

Research on collective action has traditionally been related to social movement and the management of public goods, addresses questions such as “under which circumstances collective action arises?,” “why individuals engage in collective action?,” and “how it is successfully maintained?” (Ostrom 2000; Almirall 2009). The agency discussion in the market studies research studies collective action from a different angle as the focus is on action towards markets and the research interest is on the make-up of the collective. For example, Hagberg and Kjellberg (2010) study the intensity of interaction inside the network constituting the market actor. Future research

could compare and discuss similarities and differences between market agency and social movement research.

Second, this study suggests that the increase in representational and normalizing practices is related to increased discussion about the market. Araujo, Finch, and Kjellberg (2010) point out that in affluent contexts, efforts to frame exchange practices are often visible, articulated, and contested. This study suggests that a market process exclusively focused on exchange practices may lack such debates, and that there is a need to associate specific normalizing and representational practices to the ongoing exchange practices for such discussions to emerge. If we compare a process through which this may be realized with the three-step calculation process (Callon and Muniesa 2005) by which something becomes tradable, it seems as though these two processes may be quite similar. More research is needed to clarify whether the emergence of normalizing and representational practices is underpinned by a process of detachment, articulation, discussion, comparison, and negotiation, bearing resemblance to the process of calculation proposed by Callon and Muniesa (2005).

Furthermore, this study shows that market agency is not only about doing exchanges, but engaging in other market practices as well. Thus, market agency with respect to representational and normalizing practices is also distributed. For example, material devices, such as a facility where a group can gather, are necessary in order to realize a representational practice in the form of a community group meeting. In the Belo Horizonte case, access to this device was provided by the Pastoral de Rua NGO. There is certainly need for more research on market devices that form part of market agency with respect to engagements in normalizing and representational practices.

Moreover, in the literature, there tends to be a distinction between engaging to change markets and engaging to operate in the markets (Araujo 2007). However, the findings of this study suggest that further distinctions could be made, namely engaging in markets to (1) maintain a livelihood, (2) shape the market, and (3) manage the organizing of a market actor within the market. The individual waste collectors in Dar es Salaam engage in the market in order to survive and make a basic livelihood. This involves mainly exchange practices. The waste collectors in Belo Horizonte, on the other hand, started engaging in the market, through Asmare, in order to change the market. This led them to engage in representational and normalizing practices and to acquire new skills in the process. Moreover, with the establishment and growth of the membership organization, the waste collectors in Belo Horizonte are now facing management challenges. Managing an organization of several hundred people requires different skills and capabilities compared with operating a micro-enterprise. The management is likely to require both normalizing practices and management practices and skills. These findings seem to suggest that management practices could be seen as a distinctive type of market practices. Future research could explore the role of management practices in market formation, as well as conceptually discuss the relationship between management practices and exchange, normalizing, and representational practices. Some notable differences may be that management practices are an outcome of the organizing of a market actor that takes that actor as the starting point. In addition, management practices overlap with the other three categories of market practices as they may involve, for example, normalizing and representational practices.

This study gives empirical support to Kjellberg and Helgesson's (2010) argument that efforts to change markets are based on values. First, the efforts by Asmare to influence the market so that the work of waste collectors would be more dignified supports the reform mode of engagement in markets suggested by Kjellberg and Helgesson

(2010). Through Asmare, the waste collectors demand the right to work in the city, an end to police harassment, and warehouses to work in safely. The underlying value of these demands is human dignity, and the efforts focus on changing the way the exchanges are organized so that this new value will be realized. Kjellberg and Helgesson (2010) suggest that the reform mode of engagement is closely related to public debate. The findings of this study are along the same lines, although in subsistence contexts the debate may take place in a different forum, and there is an additional need to establish the means or devices for having that debate.

Second, the way in which the informal waste trade in Belo Horizonte changes from being seen as a disgrace to being important recycling resembles the representation mode of engagement identified by Kjellberg and Helgesson (2010). Rather than aiming at changing the principles by which the trade is organized, this engagement involved changing how the existing practices are viewed. In the Belo Horizonte case, several market actors, such as Asmare, the city, the schools, and the UN, shared a belief in the importance of environmental sustainability (albeit for different reasons) and this facilitated this particular value's incorporation into the market. Kjellberg and Helgesson (2010) suggest that "market science" plays a particular role in this mode of engagement. In this study, the notion of market science was not directly applicable as there was no direct input from scientific activity. Instead increased discussion as well as different forms of workshops, education, and training appear to play an important role. This suggests that the findings are not at odds with the notion of "market science" as a facilitator for the representational mode of engagement, but that in subsistence contexts the emphasis is more on education.

### ***Implications for the business for poverty reduction***

This study critiques the definition of BOP markets as a collection of low-income people. The paper suggests that such a view hinders research from gaining a deeper understanding of markets and market formation in subsistence contexts. To address this, the study suggests a shift towards understanding subsistence markets as bundles of practices.

This study shows that conceptualizing subsistence markets as practices makes the market a more manageable unit for study. Markets consisting of similar practices, such as the informal waste trade, can be compared in a meaningful way across national borders and continents. When compared with other theoretical framework, such as social network theory (Viswanathan 2009), naturological and ecosystem conceptualization (Hill 2010), and systems theory (Nielsen and Samia 2008; Viswanathan, Rosa, and Ruth 2010), a market practice perspective allows for a systemic but at the same time practically and empirically embedded approach. The deep and dynamic understanding of which entities and practices constitute a market and how they are linked to form the market can provide research and practices with additional tools to engage in the realization of markets in subsistence contexts.

An important implication of this shift from perceiving the BOP market as a low-income population segment to bundles of practices is the acknowledgement that markets should not be viewed in a deterministic way. This implies acknowledging that markets are the result of change efforts by market actors. The market actors are thus responsible, collectively, for the outcome, that is, for the market that they help to realize. This is of particular importance in subsistence contexts, considering both poverty and environmental sustainability challenges. Other perspectives, such as that

in ecosystem literature, which is now very popular in research on subsistence markets, may risk, by its powerful metaphor, to enforce the view of markets as natural phenomena. This may implicitly fuel deterministic views of markets. Deterministic view may foster a de-emphasis on the underlying values guiding the organizing effort of market actors, as well as hinder debate around which values should guide market formation in subsistence contexts.

Moreover, the analysis of subsistence markets as practices also offers an opportunity to conceptualize the ability of subsistence market actors to act in the markets. The concepts of distributed agency and calculative devices in relation to calculative power provide the opportunity to distinguish between and analyse inclusive businesses that really increase the productivity of subsistence market actors. It is important to note that a markets-as-practices perspective places emphasis on the ability of market actors to act in the market. This resonates with the idea that poverty can be defined as a lack of basic capabilities (Sen 1999), rather than as a lack of income (Hammond et al. 2007). From this perspective, business for poverty reduction should aim at increasing the market agency of subsistence actors rather than increasing income. More research is needed to expand on this important relationship between poverty reduction and increasing the market agency of subsistence market actors.

In much of the literature on business for poverty reduction, there is an implicit assumption that there is a need for companies operating in affluent contexts to engage in subsistence contexts in order to create markets there (London 2009; London, Anupindi, and Sheth 2010). Perhaps, as a consequence of this assumption, a large share of the research focuses on guidelines for such companies. However, this study has shown how subsistence market actors themselves create and organize markets.

### **Concluding remarks**

This study has shown that market in subsistence contexts have complex dynamics, and that they do not emerge out of nothing. There are always layers and levels of economic organizing. Economic organizing in subsistence or informal contexts should thus not be labelled as underdeveloped. For instance, from a sustainability perspective, these cases of informal waste trade represent effective recycling practices, which can be more advanced than in affluent contexts.

As this study has demonstrated, markets evolve as a result of change efforts that are values based. There is thus an urgent need for more debate about the kinds of markets that are being realized in subsistence contexts, which values will guide the organizing of these markets, and which market actors will have influence over the shaping of these markets.

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## **APPENDIX 3**

### **“UNTIL WE LIVE LIKE THEY LIVE IN EUROPE”: A MULTILEVEL FRAMEWORK FOR COMMUNITY EMPOWERMENT IN SUBSISTENCE MARKETS**

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# “Until We Live Like They Live in Europe”: A Multilevel Framework for Community Empowerment in Subsistence Markets

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## Abstract

Building on the capability approach to poverty alleviation, this study argues for a shift in attention from the reduction of poverty to an increase in well-being. This shift opens up a new perspective in the research and the evaluation of business involvement in subsistence markets, and provides a theoretical foundation for a holistic approach in order to engage with subsistence markets. The empirical research follows the urban poor in Tanzania in creating an innovative low-cost housing project. The study argues that communities can, and should, play an active part in the design of markets in subsistence contexts, and presents a process model on how such capabilities for well-being and market agency on individual to system levels can gradually be increased.

## Keywords

empowerment, markets, poverty solutions, subsistence markets, well-being, capability approach

In the decade after 2000, the literature on how business participates in the economic organization of subsistence markets has been growing (see Hammond, William, Katz, Tran and Walker 2007; Prahalad 2005; UNDP 2008; Viswanathan, Rosa, and Ruth 2010; Yunus 2007). The debate on business as a vehicle for poverty reduction increasingly acknowledges that involvement in subsistence settings is a question of market creation, rather than of market entry. Market creation has been discussed as a corporate-led activity (Anderson, Markides, and Krupp 2010; Simanis 2011) and as an NGO led activity (Kistruck, Beamish, Qureshi, and Sutter 2013, McKague 2012). However, the process of market creation is not conceptually well understood, and the current debate does not address the community as an actor in market creation.

Poverty reduction is discussed as an important outcome of market creation and business involvement in subsistence contexts (London, Anupindi and Sheth 2010; Prahalad 2005; UNDP 2008; Viswanathan and Rosa 2007). Nevertheless, the social impact of business involvement in low-income communities is difficult to evaluate and, hence, few objective assessments are in the literature (Ansari, Munir and Gregg 2012, Kolk, Rivera-Santos and Rufin 2013). In addition, clear theoretical frameworks for evaluating community empowerment are lacking (Ansari et al. 2012). Therefore, the subsistence marketplaces literature calls for a holistic, as opposed to compartmentalized, approach to business involvement in subsistence markets (Viswanathan, Anju, Gau, and Chaturvedi 2009b).

This article aims to bridge the conceptual gap between the micro level phenomenon of escaping a life in poverty and the macro level phenomenon of market creation. Such multilevel

theory building needs to start with a well-developed model (Klein and Kozlowski, 2000). Hence, the research introduces concepts from the capability approach in development economics (Alkire 2010; Nussbaum 1988, 2000; Nussbaum and Sen 1993; Robeyns and Crocker 2010; Sen 1983, 1987). Second, multilevel theory building must identify concepts relevant to multiple levels of the analysis (Klein and Kozlowski, 2000). This study focuses on the concept of agency on multiple levels.

The capability approach argues that the reduction in poverty is conceptually better understood as the increase in well-being. The conceptualization of well-being embraces human diversity and incorporates social, economic, and other aspects of what constitutes a fulfilled human life. Well-being is discussed as an expression of agency (Sen 1999). In order to understand poverty reduction, it is thus important to understand the increase in the capabilities for well-being.

The capability approach provides a conceptual frame in which to discuss and evaluate the efforts towards social change. However, applying the capability approach often requires additional explanatory theories (Robeyns 2005). This study is concerned with markets as on-going processes of economic

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organizing (Araujo 2007; Araujo, Finch, and Kjellberg 2010; Kjellberg and Helgesson 2006, 2007; Storbacka and Nenonen 2011). In this literature, market agency – the ability to act in, and shape markets – is considered as the driving force behind market organizing. To better understand the process of market creation, market agency must be understood.

The empirical research focuses on the practices of the Tanzanian Federation of the Urban Poor, a network of savings groups that strives for holistic empowerment. The findings show how the means, the opportunities, and the abilities of slum dwellers are gradually increased, starting with small daily savings, loans, exchange visits, and project initiation. The study follows one project in particular, where in response to eviction threats, the empowered urban poor formed a cooperative, negotiated with authorities, bought land with their collective savings, and began to construct houses for thousands of people. Their housing project became an influential national benchmark on how to organize low-cost housing in Tanzania.

The contribution of this article is its multilevel framework for community empowerment. The framework shows the process by which capabilities build up from individual well-being, life management, and fulfillment to collaborative and collective action in markets. The study shows how communities can gain influence over market arrangements on a systemic level, and why that is important for increasing well-being. The analysis identifies mobilization of means and opportunities at multiple levels as an important part of the empowerment process, in which business involvement in subsistence markets can be positioned.

The article is structured as follows. First, a literature review introduces the concepts of agency and well-being in the capability approach, as well as the concepts of market agency in the process of organizing markets. Next, the research and analysis methods are described and the findings from the empirical study are presented. These findings are then discussed within the multilevel process model. The final section offers conclusions and implications from the study.

### *From Reducing Poverty to Increasing Well-being*

The capability approach (shortened as CA) is a broad conceptual framework used for the evaluation and the assessment of individual well-being, social arrangements, and in the design of policies and proposals concerning social change (Robeyns 2005, p. 1). It originates from empirical research on poverty in development economics (Nussbaum 1988, 1995, 2000; Nussbaum and Sen 1993; Sen 1983, 1985, 1987, 1992, 1999). The strength of the capability approach lies in its profound moral and philosophical reasoning. Concepts of agency and well-being are integral to the capability approach.

First, Sen (1999) explains that efforts to reduce poverty should be evaluated on the basis of what people are able to do and be, on the quality of their life, and on removing obstacles in their lives, so that they have greater freedom to live the kind of life that, upon reflection, they have reason to value. To conceptualize this, CA distinguishes between agency and well-being (Robeyns and Cocker 2010; Sen 1985, 1999). Sen (1999)

describes an agent as someone who acts and who brings about change, and whose achievements can be evaluated in terms of his or her own values and goals. Agency is the ability to act and bring about change, and there is an underlying assumption that all human beings have the potential to express agency, although it may be seriously hampered by various factors. Well-being can be understood as a sub-category of agency; including such expressions of agency which increases a person's well-being.

Second, CA identifies two aspects of well-being: achievements and freedoms. Well-being achievements are realized states of being and doing, which constitute a persons' experienced well-being (called "functionings" in CA literature). On a basic level, well-being achievements include being nourished, being safe, and being healthy. Well-being freedoms, on the other hand, are the effective abilities and the opportunities to realize well-being achievements (called "capabilities" in the CA literature). The focus on capability highlights the importance of equality of opportunity. If the focus is on achievements, this may lead to the design of efforts that provide "one-size-fits-all" solutions. The emphasis on capabilities ensures freedom and human diversity, since there are many paths to well-being.

Third, when focusing on capabilities and equal opportunity, it is important to acknowledge that not all persons have the same effective ability to convert income and other means into well-being achievements. For example, a person with an amputated leg cannot directly convert the resource of a bicycle into mobility. The capability approach notes that hindrances to well-being can come from personal, social, and environmental factors (called "conversion factors" in the CA literature), and it is argued that for de facto equal opportunity, special efforts need to be made in order to identify hindrances and to build capacities to overcome them.

Fourth, in this study, importantly, well-being is analyzed at an individual level. This is for reasons of ethical individualism, which postulates that individuals are the units of moral concern (Robeyns 2005). This reasoning also guides human rights thinking, and it is important, since it ensures that achievements at a group level are not celebrated without noticing the possible deprivations and the lack of freedoms that certain members of the group may quietly suffer, for example, the women or children within the group family unit, or minorities within a larger community (Alkire 2010).

### *Market Agency in the Organizing of Subsistence Markets*

Macromarketing has a long tradition of systemic research (Arndt 1981; Cundiff 1982) and a well-established concept of marketing systems (Layton 2007, 2009). The present study also has a systemic perspective, but the focus is on agency, which has not been a key construct in the marketing systems literature. In order to explain market agency, the term market first needs to be defined.

In the subsistence marketplaces literature, the term market is discussed both as the physical marketplace found in most communities and as a negotiated social milieu (Viswanathan et al 2009b), as well as a socio-economic population segment, with certain economic characteristics (Viswanathan and Rosa

2007). Herein, markets are defined as on-going processes of economic organizing (Araujo 2007; Araujo et al. 2010; Kjellberg and Helgesson 2006, 2007; Storbacka and Nenonen 2011).

From this perspective, markets are gradually created, reshaped, and remolded through the interactions among market actors (Nenonen et al. 2013). Market actors are broadly defined as all organizations that are involved in the organizing of markets including companies, governments, and a wide range of other participants (Kjellberg and Helgesson 2006). The literature on business involvement in subsistence markets emphasizes the cross-sector collaboration between NGOs, companies, and governments (Rivera-Santos, Rufin and Kolk 2012; VanSandt and Sud 2012), which reflects the particular need in subsistence settings for organizing that creates, rather than organizing that merely remolds, markets.

The degree to which market actors can influence the process of market organizing depends on their market agency. Market agency is defined as the ability to act in, and to shape, markets (Araujo et al. 2010). While the capability approach discusses agency as a human attribute (Sen 1999), market agency is discussed as being distributed between the person and the tools he/she has access to (Hutchins 1995; MacKenzie, Muniesa and Sui 2007). Tools in the context of this study can refer to technologies and material devices, as well as intangible things, such as frames of thinking, which help a person to achieve a goal. The discussion on market literacy, including basic mathematical skills, (Viswanathan, Sridharan, Gau, and Ritchie 2009a; Viswanathan, Gajendiran and Venkatesan 2008), illustrates aspects of market agency to act in markets. Callon and Muniesa (2005) point out that tools that enhance the ability to engage in markets are likely to be unevenly distributed and, thus, asymmetry in power between agencies is commonplace.

Kjellberg and Helgesson (2006, 2007) note that the ongoing process of market organizing involves three types of practices: exchange practices, practices that form rules and norms, and practices that depict markets. Hence, market agency includes abilities to frame exchanges, how markets are represented, and the standards and the rules that guide exchanges. Hagberg and Kjellberg (2010) suggest that market agency should not be limited by organizational boundaries, but should be understood as a network, or an arrangement, with a certain mix of people, skills, tools, and their relations to one another. Market agency can thus be enhanced by expanding the network to add more people, skills, tools, and resources, or by reconfiguring the constellation of available means (Storbacka and Nenonen 2011). In the current literature on subsistence markets, knowledge of how market agency shapes markets is limited. The empirical research discussed below illustrates how a low-income community can mobilize additional means and gradually gain the capabilities needed to become a market actor, achieve agency, and effectively influence the process of market organizing.

### Research Methods

This is a multilevel study in that the research aims to bridge the micro-macro gap by modeling phenomena that cut across

multiple levels of analysis (Klein and Kozlowski 2000). Klein and Kozlowski (2000) point out that such theorizing should build on well-developed theories, and in this case the capability approach (Nussbaum 2000; Sen 1999). In addition, this study uses an in-depth longitudinal ethnographical case study to empirically ground the theory building.

The empirical research focuses on The Tanzanian Federation of the Urban Poor (shortened TFUP, or the Federation), a loose network of savings groups in all large cities in Tanzania. Each group has between 20 and 100 members. In total, the Federation has more than 10,000 members, most of whom are women, and is organized through meetings at different levels. The Federation groups meet on a weekly basis; group leaders meet at the district and regional levels every month; and national and international meetings are also held. The activities follow a methodology of small savings, loans, projects, and exchange visits, which aim to empower the urban poor in order to become the drivers and experts of their own development (Arputham 2008; Chitekwe-biti 2009). Activities are internationally supported by the Global NGO, Slum Dwellers International (SDI), and locally in Tanzania by the support the NGO Centre for Community Initiative (CCI).

This study focuses on two phases of the organizing. First, the general empowerment activities of the TFUP and CCI, starting with small savings and credits and moving towards project initiation, generate findings on how to increase the capabilities for well-being and market agency in order to act in the markets on an individual and a group level of analysis. Second, the study follows one particular Federation initiated project, the Chamazi housing project, which generated findings on the increase in capabilities for agency used to shape markets on the system level.

This study is abductive in that it iterates between empirical immersion and theoretical contemplation (Dubois and Gadde 2002; Kovács and Spens 2005). A preliminary study conducted in late 2009 aimed to understand everyday practices in low-income communities, with a focus on household economics and subsistence entrepreneurship. The informants included Federation members, who introduced the author to the activities of the TFUP and the Chamazi project, which then was still in its early stages. After this field research, the author kept in contact with CCI and followed the developments of the Chamazi project. In early 2011, she returned to study the organizing practices of the TFUP and CCI, and to observe the Chamazi project. Both field studies lasted approximately three weeks and were thus shorter market-oriented ethnographies (Arnould 1994, 2006).

In both phases of the field research, the unit of empirical study used was practices, which are established ways of doing or saying (Reckwitz 2002; Schatzki 1996). Having practices as the unit of empirical study means that particular attention is given to what people actually do and say, as well as to the material tools and the environments involved in the practices. Having practices as the empirical unit of analysis calls for special attention into the shared ways of oral or written expression, albeit to a lesser extent than in discourse analysis (Korkman 2006).

**Table 1.** Overview of Data.

Method	Preliminary study in 2009	Main study in 2011
In-depth interviews	10 (household heads, family members, subsistence entrepreneurs)	15 (Federation members, federation leaders, CCI staff, city authorities)
Shorter interviews	20	20
Observation sites	8: homes (2), market places (2), schools (2), waste dumps (2)	6: communities (3) including homes and group meetings (1) and Chamazi building site including homes (1) CCI office, municipalities (1)
Photos	3500	1500
Filed notes	30 pages	40 pages
Memos	10 pages	20 pages

To capture such data, several qualitative methods were used in an integrated way. They included observation and interviews, as well as photo documentation. Observation sites were chosen based on where activities were happening, and where the informants lived or worked: in communities (including homes and group meetings), at the Chamazi building sites (including homes), and at the CCI and municipal office. Observations were made on-site, such as spending a day in the home of a family, and go-along, such as accompanying the mother to the market (see Kusenbach 2003; Sunderland and Denny 2007). Observations included shorter ad hoc interviews. Photos were used to document practices, in particular the details of the material environment (e.g. tools and spaces), which contribute to the ability of informants to achieve distributed agency. In the municipal facilities pictures could not be taken.

Informants were chosen based on roles and availability. In the main study, they included Federation members, Federation leaders, CCI ground staff, CCI office staff, and city authorities. After a minimum of half a day's observation, in-depth interviews were conducted in calm places, familiar to the informants. In-depth interviews ranged from 1.5 to 4 hours, and were conducted in Swahili, with the help of a translator, or in English, and were recorded. Table 1 gives an overview of the collected data.

All interviews were translated from Swahili into English, and then they were transcribed and coded using the Nvivo software. The coding process generated descriptive, interpretative, and aggregated codes (Miles and Huberman 1984). Figure 1 presents the coding scheme. The analysis generated a large number of descriptive codes grouped into practices of TFUP and CCI, practices related to Chamazi, and outcomes.

Klein and Kozlowski (2000, p. 214) point out that "in shifting from micro to meso research, the researcher should step back to assess the relevance of her constructs to higher – more macro-levels of analysis." In the current study, the data were analyzed in reference to their relevance at multiple levels. This analysis phase helped to identify the aggregate codes of mobilization, capability, and achievement, which

maintain their relevance and relationships on multiple levels of organizing: individual, group, and system. The codes reflect the principle of homology in multilevel theorizing, that is, the variables hold meanings at different levels of analysis (Klein and Kozlowski, 2000).

In the next sections, the findings and the interpretative codes are first presented and then the model and the aggregated codes are discussed.

### *The Practices of Tanzanian Federation of the Urban Poor and CCI*

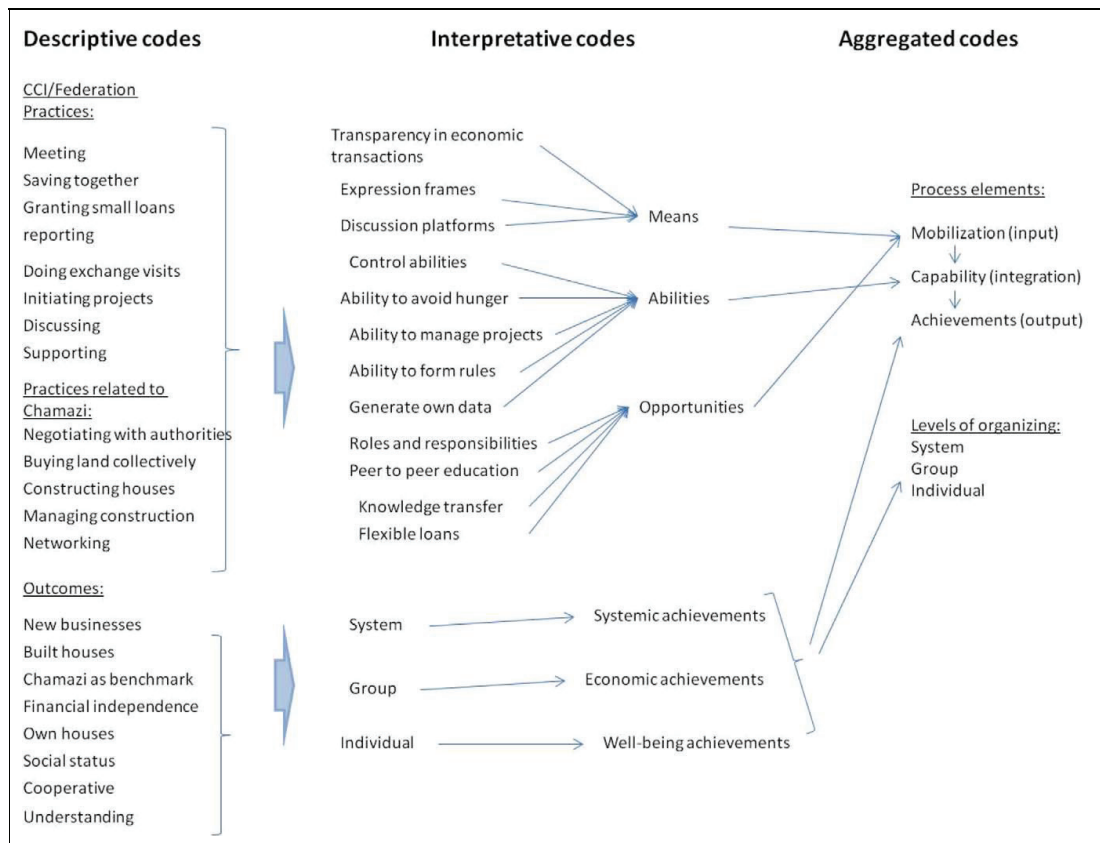
The empirical findings suggest that the practices of the TFUP and CCI work to overcome several hindrances that the inhabitants of the informal settlements had been facing: a limited sense of community, inflexible microcredit, no platform for discussion, limited information, and no social position. The analysis suggests that in order to overcome these hindrances, means are introduced, opportunities are created, and abilities are nurtured.

*Means: Transparency and Supportive Environment.* The first savings groups began in the Kurasini informal settlement in the city of Dar es Salaam in 2004. The professionals, who later founded the CCI, approached respected community members in Kurasini with the SDI small daily savings method and its potential benefits. The community members decided to start groups, and encouraged people in the neighborhood to join. The groups are the fundamental unit of Federation organization, and new groups are mobilized locally through word of mouth.

The majority of members are subsistence micro entrepreneurs who do not have access to formal banking services. When they join the Federation groups, they commit to saving a small amount of money, ideally 100 Tanzanian Shillings (0.05 Euro) per day, from their daily income. All new members are then given a savings book, and are shown basic bookkeeping to track their daily savings (see Figure 2). In general, members have primary schooling and are semi-literate. The groups open a shared bank account, guaranteed by the CCI, where their savings are stored. One person, with rotating responsibility, collects the savings and brings them to the bank on a weekly basis. At each point of collection, the saved sum is noted in a group and individual savings books, and is then confirmed with two signatures. In the weekly group meeting, the receipt from the bank deposit circulates, and all members can check its sum.

These details of the practices are important since they show the efforts to ensure transparency in economic transactions and to entrust everyone with responsibilities. The increase of transparency increases the trust between Federation members.

"Yes it was difficult to learn [the systems of bookkeeping] but it is a system that everybody has to follow. And it helps because money cannot get lost. If one signed and the money is not seen then he/she has to answer to that." (Federation member)



**Figure 1.** Coding scheme.

While savings are the backbone of the organization, most of the achievements in well-being accounted for in the interviews come from social interactions surrounding savings, loans, and other economic formalizing practices. These findings confirm that the social and the economic are blurred in the subsistence market interactions (Viswanathan et al. 2009b; Viswanathan, Sridharan, Ritchie, Venugopal, and Jung 2012). For example, when collecting the daily savings, information is also collected. If a child of a member is sick, then the other members will know, and they will go to that house and offer their support. They also support each other for funerals and other culturally important events.

“The best thing about Fede is that it is a union, we help each other”  
(Federation member)

The groups provide a sense of belonging and social identity. They also bring people together that come from different tribes and regions. Baker (2008) notes that urban slums in particular often lack of community beyond neighbor relations since inhabitants have moved in from different regions.

**Opportunities: Loans, Exchanges, and Projects.** When personal assets accumulate, members can apply for small loans from the loan committee in their group. Similarly to the savings practices, loan practices follow clear rules and transparency precautions.

“It’s not like because I’m a leader and I’ve taken a loan then I don’t pay the interest. That is not allowed. Everything is “uniform.” I will take a loan and pay the interest rate of 5% like everyone else. I apply for a loan. I’ll be scrutinized if I fit the criteria like any other member. Do I save every day? Do I contribute to Jenga saving fund? Do I attend the meetings? No one is favored, no matter what rank in leadership you have” (Federation member, National Coordinator)

Viswanathan, Ruth, and Rosa (2010) show how subsistence consumer merchants take loans from family, vendor, and customer networks. The Federation members said that such informal loans are dangerous in comparison to Federation loans. Vendors can cut off relations, they can be bad-mouthed, and family relations can suffer. Some women expressed vulnerability





**Figure 2.** Means to overcome hindrances: Bookkeeping of savings and group meetings.

when borrowing from male family members, and said federation loans give them independence from complicated family relations.

"The federation has changed our lives. I can now get a loan from the group. My life has really changed [...] I feel independent and free [...] My life would be very difficult without fede (single care taker of three children), maybe I would have decide to go back to the village [...] So it's just me, my kids and fede" (Federation member)

Other micro credits are also available for federation members. However, interest rates were perceived as high, and in the case of repayment problems, respondents recalled humiliating situations when their things, such as sewing machines, were confiscated.

"What we have is truly different, we decide ourselves based on our kind of lives and businesses" (Federation member, national coordinator)

Federation loans cannot exceed personal savings. Group members know each other's life situations, which helps to

ensure that larger loans than a person can handle are not granted. Support and flexibility is provided in the repayment. If there are problems, all levels of leadership are involved and difficult cases are moved up to regional or national leaders.

"We will go to the person, talk to them amicably and ask them what the problem is; eventually they will talk. Maybe 'I'm embarrassed I don't have a 100 shillings, I only have 10 shillings', we say 'even 10 shillings is money, come and pay.' You do it with love, not forcefully taking their things. You do it pleasantly and persistently in finding solutions." (Federation member, national coordinator)

This finding reflects that interaction empathy (Viswanathan et al. 2012) is expressed systematically. It thus seems the Federation loan arrangements have struck a balance between providing the benefits of formality and transparency, while maintaining the benefits of interactional empathy, flexibility, and adaption, which are characteristics of informal subsistence market transactions (Viswanathan et al. 2012).

The performance in savings, attendance, and loan repayment by individuals and groups is monitored systematically through a reporting system. Each month, groups compile reports, which include detailed information about attendance, individual savings, and loan repayment, as well as project proposals, project follow-ups, and the group's monthly action plan. Reports are discussed by regional TFUP committees and are sent to the CCI for analysis and data storage, where all data is fed into Excel files (see Figure 3). The information is used to distribute knowledge and resources, as well as to channel support to underperforming groups.

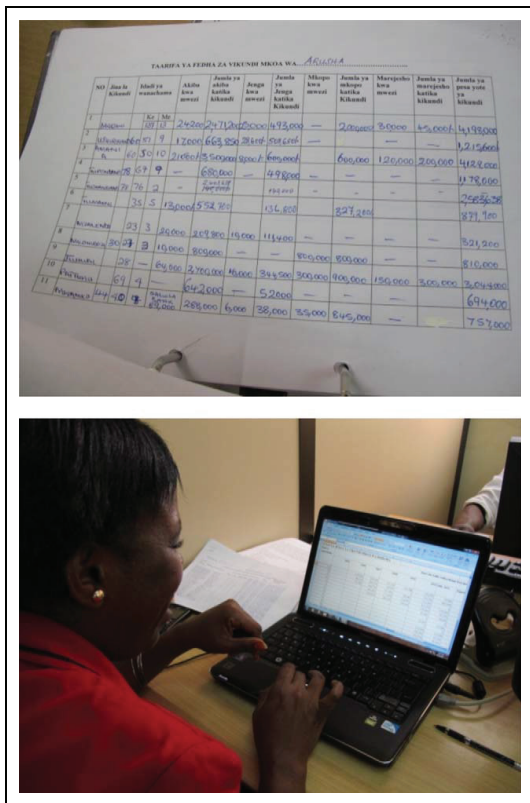
"So based on the information, which are being brought up by the groups, the regional committee arranges so that the group which is really good in repaying the loan, some members, maybe two representatives, and one regional leader, they'll go to visit this other group. To see what are the problems, to learn from those who are doing well. So every month there are at least five exchange visits." (Interview with CCI staff)

These findings show that special efforts are made to identify the hindrances of vulnerable individuals and groups, and are used to find ways in which to overcome them (Sen 1999).

The weekly group meetings are also used as an educative space, where questions can be raised and information shared. This is an aspect that the women appreciate very much, when compared to other microcredit or similar groups in which they have participated.

"Well the meetings build a lot of support for the women, you become more knowledgeable, you open up yourself to possibilities. Even when you don't understand something, when you meet up with your fellow women and discuss about it, you get something out of it and you move forward." (Federation member)

All federation members have a responsibility role. Groups are divided into specialized committees, and all committees, as well as the group as a whole, have roles, such as chairperson,



**Figure 3.** Mobilization: Reporting frames and data analysis.

secretary, cashier, and member. The responsibility roles give a social position, an opportunity to learn, and a mandate to act. The committees, such the environment and the creative (business ideas) committee, are responsible for initiating projects.

When initiating a project, the reporting frames serve as an enabling tool. Very simple categories help the federation members break down and operationalize their ideas. They are asked to report the problem and to suggest a solution, as well as what resources are needed to realize the solution. They are then asked to identify the resources they have among themselves and the ones they need to get from the outside. They also make budget proposals. For example, the creative committee can suggest they should commence poultry farming, note they have the space for it, have a person who can run it, and have some savings to buy the first chicks, but they do not know how to actually raise chickens. In their report, they can request an opportunity for a learning exchange with a group that already undertakes poultry farming. The project's progress is followed by both the group that has collectively invested in it, by regional Federation committees, and by the CCI. Thus, there is accountability to encourage groups to be serious about implementing projects.

To provide skills training, the SDI methodology includes peer-to-peer training through exchange visits. These exchanges take place on local, regional, national, and international levels, and the SDI raises the funds that cover travel costs. The exchanges last five days to two weeks, and members learn hands-on from their peers. When they return, they implement what they have learned and spread the knowledge locally.

As the findings indicate, Federation activities create many opportunities for its members. However, there is a selection mechanism, in the sense that members have to show responsibility in terms of saving money, attending meetings, and repaying loans in order to benefit from the opportunities. Gender differentiation is not part of the Federation, but the large majority of active members are women. The capability approach emphasizes the importance of equality in opportunities, but likewise it also notes that individuals have responsibility to take up the opportunity (Hämäläinen 2014; Sen 1999).

**Abilities: Management, Expression and Collaboration.** The abilities of the federation members are increased, since they are encouraged to undertake many functions. The CCI provides support, but decisions and activities are not done on their behalf. The bookkeeping practices of savings and loans improve the ability of the members to take control of both personal and group assets. The focus on community initiatives further develops the members' abilities to express and operationalize their ideas into projects. Project plans, budgets, and follow-ups improve management and vision abilities. The Federation activities, including dealing with loan repayment challenges, and other challenges in the community, fosters leadership abilities.

In addition, the findings suggest that the improved transparency in economic transactions increases trust and thus provides an environment that enables collaboration. Economic transactions obviously benefit when participants are able to work together. Groups can buy commodities, such as rice, in larger bulk at lower prices, and then distribute it among themselves. Federation groups have saved for and together invested in high-tech water pumps, providing them with high quality water, which they can sell at affordable prices and still get their investment back in a few years. Groups also produce things together, and get additional income as they divide the tasks among them. These practices show increased capabilities by the federation members to act in markets.

With respect to loans, the Federation members are not only the receivers of loans, but they also grant and follow-up loans. This ability has been creatively put to use in the groups, where loans are granted for a broad range of purposes, and are not only for businesses.

“We can even loan each other products like rice, sugar, soap; things that we always use in our households, they ensure you don’t go hungry. [...] Do you really think elsewhere they’ll think of loaning you sugar or rice? That they’d consider the problems in your home? No, they wouldn’t!” (Federation member, Kurasini)



**Figure 4.** Expanding the network of accessible resources: Authority architect and grader.

This shows how the federation members use the means, the abilities, and the opportunities in their groups to increase their capability in avoiding hunger and in managing their lives. The CA literature stresses that a mix of critical capabilities is needed in order to overcome hindrances in well-being (Alkire 2010). This study provides supporting empirical evidence. The different practices observed in the Tanzanian Federation of the Urban Poor appear powerful because they are used in an integrated way. Practices include not merely one opportunity, such as loans, but rather a mix of means, opportunities, and abilities, such as savings, loans, exchanges, management abilities, responsibilities, and projects all intertwined.

### *The Chamazi Housing Project*

In 2007, the Kurasini area faced eviction due to the expansion of the city port. For most Federation members, who are tenants, eviction meant losing their homes, neighborhoods, networks,

and livelihoods with no compensation (Ndezi 2009). The Federation constituted a platform where the threat of eviction could be discussed. It was decided that the first necessary action was to undertake a numeration study on the inhabitants of Kurasini. No official data on the residents existed, which is typical for informal settlements. With support from the CCI, the Federation members conducted an extensive study that showed that more than 70% of Kurasini's inhabitants were tenants.

"We help them to analyze the data and then we help them to set up what we call Advocacy Committee. Advocacy Committee was initiated in Kurasini when we heard about the government was trying to evict the people. So, I empowered the Advocacy Committee with the knowledge to understand the key issues [in housing sector]. We mapped out the key issues that we wanted to do. One of it was trying to develop a protocol of engagement with government." (Interview with head of the CCI)

Through their numeration study, the Federation was able to generate their own data and used it to start negotiations with the authorities and eventually influence public discussion around the eviction situation in Kurasini. This illustrates a re-presentation practice, which Kjellberg and Helgesson (2006, 2007) found to be important in the ongoing organizing of markets.

Despite initial skepticism by the authorities, the CCI was able to arrange a series of meetings between the community and the authorities. The Federation suggested on-site relocation and provision of land elsewhere, but their suggestions were rejected. By then, the Federation groups in Kurasini had been actively saving since 2004, and with their collective savings, they bought 30 acres of land in Chamazi for TSH 24 million (€11,600). Chamazi is on the outskirts of Dar es Salaam, and is an area experiencing rapid development. The capabilities for saving on individual and group levels made it financially possible for the community to engage in this purchase. For them it was a very big formal exchange that provided them with market agency in market exchange practices (Kjellberg and Helgesson 2006, 2007).

To be able to legally purchase land, the Federation needed to have a formal identity, thus the Mungano Housing Cooperative was formed and registered with the support of the CCI. This NGO played an important supporting role through enabling increased market agency. When the purchase was made, the authorities changed their attitude towards the Federation and began supporting the project by granting access to planning support, architects, graders, and so forth, (see figure 4). Gaining access to these resources is an illustration of expanding the market agency by expanding the network of accessible means and resources (Hagberg and Kjellberg 2010).

The land was bought with the idea of splitting it into smaller plots. However, a problem occurred since Tanzanian law determines the minimum plot size to be 400m<sup>2</sup>, which is far too big for low cost housing, where small cheap plots are essential. To enable smaller plot sizes in Chamazi, special permission from the Minister of Land was needed. Hence, the CCI approached the Ministry. When the discussion did not lead to progress, a study





**Figure 5.** Chamazi housing construction: On-site interlocking bricks and action plans.

exchange for the Minister together with Federation members to visit the SDI/Federation low-cost housing projects in Thailand and India was arranged. The corresponding Ministers, who supported the low-cost housing initiatives, received the Tanzanian Minister. Upon return, the Ministry granted exceptions to the plot size law, and instructed the local authorities to support the Chamazi Housing Project. This shows how the CCI and TFUP could utilize their international SDI network, and the exchange visit practices to overcome this critical systemic obstacle.

For the Federation, becoming a formal market actor and organizing, financing, and managing a housing project of this scale is demanding. The Mungano Housing Cooperative is responsible for all activities, and it is led by a board of Federation leaders, all of whom have shown extraordinary leadership abilities. The CCI provides technical and management support for the cooperative.

The technologies for making on-site, low-cost building materials were found through the SDI network. The cooperative maximizes its scarce resources by using on-site soil for the bricks, and training Federation members to become brick and roofing-tile makers (see Figure 5). Thus, all construction labor is found within the Federation.

The findings suggest that all the abilities nurtured in the regular federation activities on individual and group levels are used and enhanced in order to manage the Chamazi Housing Project. Savings in the groups are continued and intensified in order to enable members to take house construction loans from the Mungano Housing Cooperative. The bookkeeping skills are used for controlling construction materials, and managing work inputs and salaries. The project management skills are enhanced to provide the planning, the implementing and the assessment of the construction work.

In particular, the findings suggest that rule formation is of particular importance. With over 300 households that are part of the cooperative, they have had a series of big meetings leading to a joint constitution that outlines the rules concerning membership, housing loans and repayment, moving and construction orders, ownership of houses, and sale of houses. For example, once the housing loan is fully repaid, the house builder gains full ownership of the house. However, the constitution outlines that house owners cannot sell their houses at market prices. If someone wishes to sell their house, they can sell it back to the Mungano cooperative, which will sell it to other low-income families. This rule aims to avoid the exploitation of cheap housing loans that are aimed at low-income families, with the aim to sell at high prices. The Mungano cooperative aims to provide housing for low-income people, and is, thus, exerting discipline on those exchanges in which it has influence. A similar standard setting over own membership has been noted in a study of collective action among waste collectors in Brazil (Lindeman 2012). This is an expression of market agency in normalizing practices (Kjellberg and Helgesson 2006, 2007).

This expression of market agency to shape standards may seem limited in its reach at first. However, when a case like Chamazi becomes a national benchmark, the standards and the organizing practices they have established spread (see Lindeman 2012). In Tanzania, several low cost housing projects that follow the model of Chamazi are now being implemented. With very rapid urbanization, the authorities are welcoming the innovative approach of the Chamazi housing project which enables low-cost housing.

"So our prosperity is to make sure that the [Chamazi model of low cost housing] program is growing." (Official at Temeke Municipality)

The prospect of becoming a house owner is something that most Federation members had never dared to dream of, since being a house owner places them in the formal economy with an address, collateral, and the ability to gain normal bank loans (see Figure 6).



**Figure 6.** "Becoming house owner is the biggest achievement in my life" (Federation member).

"By getting a house I have a better vision in life, I believe that I can do more with my life than what I could before. I can see the possibilities" (federation member, building a house in Chamazi)

The Chamazi project has impacted the well-being of the Federation members. The systemic achievements increase the feeling of progress and the sense of ability to influence the future.

"We will build this place, step by step, until we live like they live in Europe." (Federation member building a house in Chamazi)

### *A Process Model for Increasing Community Capabilities for Well-being and Market Agency*

The analysis of the empirical findings suggests a process model for increasing the community capabilities for well-being and market shaping (see Figure 7). The distinction between capability and achievement on an individual level is made in the capability approach to improve the evaluation of social change efforts (Nussbaum 2000; Sen 1999). This study builds further on this distinction, and develops a process model, including the individual, group, and system levels of organizing, and identifies mobilization as the process phase, which comes before capability and achievement.

Mobilization refers to purposeful action to draw in, reallocate, create, or enable latent resources, means, and opportunities, which can be used to increase capabilities and reach the desired goals and achievements. It can be done by a person herself, by a supporting person, or by an organization. At the individual level, it is concerned with overcoming hindrances to well-being and agency. The empirical case shows that when critical hindrances are overcome, capabilities are unleashed, which can start an upward spiral towards improved well-being. For the urban poor in the empirical case, mobilization included means, such as creating an environment that is

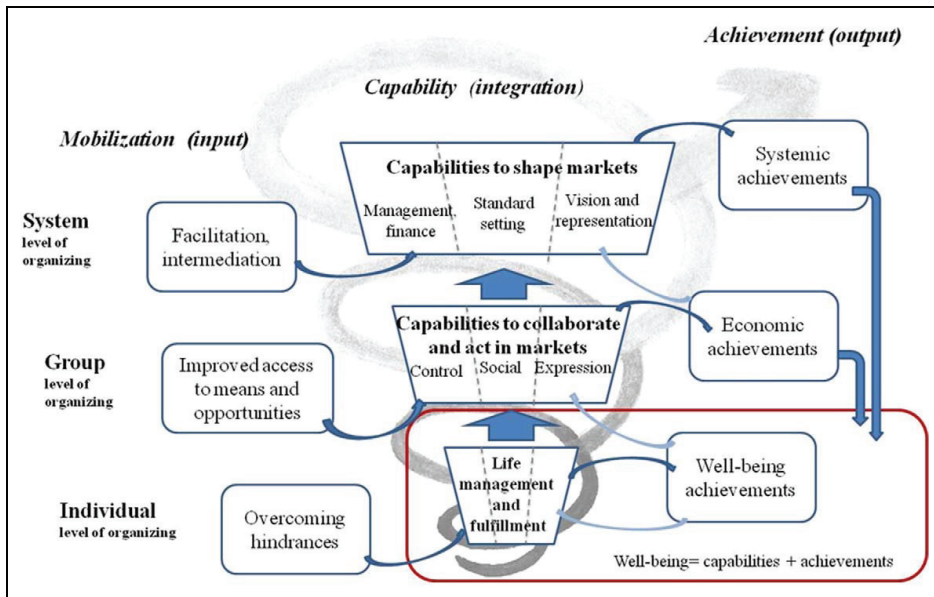
supportive and provides opportunities, as well as increasing trust through transparency in economic transactions.

At the group level, mobilization refers to increased access to the means, skills, tools, and opportunities for collaborative action. In the empirical case, the reporting structure enables the Federation and the supporting NGO to re-allocate critical resources and skills to projects initiated by groups, which significantly improved their ability to complete the project. At the system level, the mobilization involves efforts to work with, and if necessary to change, social structures. This mobilization requires a strategic understanding of how the system works as well as skills in facilitating and intermediating among market actors. To enable the Chamazi housing project, the NGO supported the community in gathering their own facts, and initiated discussions between the community and the government. In addition, the NGO supported the creation of the required legal body, the cooperative, and supported the setting up of the housing construction management. Similar activities, typically by NGOs, are discussed as market facilitation or social intermediation (Kistruck et al. 2013; McKague 2012).

When relating the findings to the literature on subsistence markets, mobilization on individual level appears to be an on-going activity in subsistence markets. Viswanathan et al. (2010) describe how subsistence consumer-merchants juggle scarce resources across family, vendor, and customer networks. Viswanathan, Sridharan, Ritchie, Venugopal, and Jung (2012, p. 171) point out that people express resourcefulness in a "general willingness to start their own businesses, leverage social networks to gain access to needed expertise and information, and negotiate creative solutions to enable both sides of the transaction to meet their needs." This empirical case shows how the SDI methodologies manage to strike a balance between building upon the abilities of subsistence consumer merchants and maintaining good aspects, such as interactional empathy (Viswanathan et al. 2012), while changing practices related particularly to transparency in economic transactions and to increasing information flow. As the case study shows, the result is a powerful catalyst for change.

The capability element refers to the integration of inputs from mobilization (of opportunities and means), with personal and collective aims and abilities. The urban poor Federation members want to improve their lives, and show responsibility in saving money and attending group meetings. On the bases of the means, the opportunities, and the abilities to which they gain access to through the Federation activities, they have developed flexible strategies in order to avoid hunger and other crisis situations and, ultimately, increase their capabilities for life management and wellbeing. With increased trust and access to means, opportunities, and abilities, they can improve their lives and collectively achieve things step-by-step that otherwise would be outside their reach, such as becoming house owners.

The case study suggests that capability is built from the individual level to the group and system levels. The improved trust and transparency in economic transactions enables collaborative action, such as joint businesses. A characteristic of subsistence markets is the one-person micro enterprises, where



**Figure 7.** A process model for increasing capabilities for well-being and market shaping.

distrust is a key factor hindering collaboration. Capabilities for collaborative action include management of assets, formulation of and compliance with rules, as well as project initiation and implementation. The case study shows how these abilities were needed for gaining market agency to shape markets.

Viswanathan, Anju, Gau, and Chaturvedi (2009b) highlight that a deep understanding of the subsistence life realities is needed in order to engage meaningfully. The empirical findings suggest that the mobilization requires intimate knowledge of the lives of the Federation members. For example, practices operate on the logic conducive to the urban poor including interactional empathy and decisions on loans and projects made on group levels, where the lives of their members are intimately known. This need for intimate knowledge and understanding appears to be relevant for mobilization on all levels of analysis, considering the delicate role of the CCI in the intermediation between the community and the authorities.

In this study, the capability at the system level of organizing relates to the market agency to shape markets. In the current literature, market creation is discussed as a corporate-led activity (Anderson et al. 2010; Simanis 2011), or as an NGO led activity (McKague 2012). This study shows how communities can gain market agency to influence the low-cost housing sector. The market agency include having both the legal and the financial capability to purchase land, as well as their ability to envision and initiate a novel model of housing financing and construction, and to successfully manage this model. The empirical findings show how the Federation, with support from the CCI, has increased their market agency by mobilizing

additional resources from their international network and from the local authorities.

In this case, intentions to increase the capabilities of Federation members were deliberate. The engagement in the housing sector, however, was new to both the TFUP and to the CCI, and no clear blueprint showed what to do. Instead, the organization gradually emerged, adapting and dealing with the problems as they appeared. This indicates that organizational learning may be important for increasing capability integration at a systemic level.

The final element of the community empowerment process model concerns achievements: the well-being, economic, and systemic outcomes. Individual level well-being achievements were observed in the case where being nourished, belonging to a group, realizing projects and dreams were present. In subsistence settings, the line between individual and group well-being is fluid. Economic achievements, such as saving or doing good business, directly influence individual well-being. Moreover, the case study also shows that system level achievements, in this case realizing the housing project on the slum dwellers' terms, significantly influences the long term well-being of federation members in becoming home owners and, therefore, leap frogs them into a different socio-economic status. The fact that well-being is not only determined subjectively, but also objectively by the social and environmental arrangements, is noted in the CA literature (Sen 1999). This study illustrates how gaining agency at a higher than an individual level, and thereby having the possibility to influence external arrangements, can benefit poverty reduction. In other words, the findings suggest that increasing the market agency of low-income communities

is important for poverty reduction because the people themselves are likely to have greater in-depth understanding of which arrangements increase or reduce their well-being. If they have agency, they will negotiate for the arrangements that improve their well-being.

## Conclusions

Building on the capability approach (Nussbaum 2000; Sen 1999), this article argues for a shift of attention from reducing poverty to increasing well-being. This is a new perspective in the analysis of both business and government involvement in subsistence marketplaces. The study supports the call for a holistic, as opposed to compartmentalized, approach to business involvement in subsistence markets (Viswanathan et al. 2009b), and for policies of empowerment (Viswanathan et al. 2012). New terminology is introduced that provides a conceptual frame, in the form of a multilevel process model, on how the capability perspective could be integrated in research on subsistence marketplaces. Moreover, this perspective helps to situate the analysis of both the people living under subsistence conditions and the organizations engaging in these markets within a broader process of social organizing. Finally, this work has implications for the evaluation of the social impact of efforts contributing to the organization of subsistence markets.

Regarding new terminology, community empowerment is conceptualized through a multilevel process of mobilization, capability increases, and achievements. To reiterate, capability does not refer to skills, but is the integration of abilities, means, and opportunities to reach desired well-being, economic, or market system achievements. The study shows how individual level capabilities combined with additional means and opportunities enable capabilities at higher levels of organizing. Opportunities are important, since they provide choice and freedom, and not merely choice in terms of purchasing, but a choice in life. Mobilization is concerned with generating means and opportunities.

The shift in focus to increase well-being situates the persons living in poverty at the center. Their life contexts, in their entirety, are the basis for consideration. They may take on multiple roles at the same time, such as consumers, producers, and entrepreneurs, as noted by Viswanathan et al. (2010). Thus, the categories based on roles may be artificial from the point of view of their life contexts. As noted by Viswanathan et al. (2009b, 2012), the social and the economic is blurred and intertwined in exchanges with the subsistence markets, and it is not possible to separate the economic from other aspects of life. The focus on life is important for several reasons. First, as the empirical study shows, the life contexts in their entirety need to be considered in order to identify the critical hindrances and to find a contextually determined specific mix of capabilities that can overcome hindrance and enable an increase in well-being. Second, in order for companies or other actors to successfully engage in subsistence markets, and to provide embedded value, they need to fully understand people's life contexts. (Viswanathan et al. 2009b).

The capability perspective developed in this study also provides a way of clarifying the role that business can play in the process of increasing well-being in subsistence markets. These findings suggest that business activity is part of the mobilization of means and opportunities, through partnerships and through distribution of resources both in terms of consumption and production. The multilevel framework highlights the multidimensionality of empowerment, arguing that while the "acting in markets" level of empowerment has been well noted in the literature on business involvement in subsistence markets, the "well-being in life" and the "shaping markets" levels of empowerment have been less explored.

In other words, most of the debate on business for poverty reduction focuses on improving the abilities of people to act in markets in terms of consumption, production, and entrepreneurship. This is important in subsistence markets, since the ability to act in markets is intimately related to the capabilities for well-being. However, this research shows that movement out of poverty requires a mix of support and capabilities, which may suggest that companies need to collaborate not only with other types of organizations such as NGOs, but collaborate more closely with other business sectors to enable holistic solutions that fit together from the perspective of the lives of subsistence people and communities. In addition, the study suggests that attention should be given to the ability of low-income people to shape markets, as this may be important both in terms of creating systems that work in subsistence settings and in terms of ensuring the well-being of the community. The current literature largely overlooks this agency. These issues need to be explored in further research.

The development field has experienced problems when experts do most of the planning and implementation of development projects. Participatory methods are at times used more as a tool for legitimizing activities, rather than for actually allowing a real influence on development (Kothari 2005). Will similar problems arise when the business sector engages in subsistence markets? The debate on business models that engage people as producers and partners, including deskilling work and improving information flow in value chains, suggests the distribution of the doing (Simanis and Hart 2008). However, this study highlights that similar redistribution is also needed on the level of system design. Market creation is not just an activity of companies, NGOs, and governments. Andersson, Aspenberg, and Kjellberg (2008) note that a market actors need to be recognized as such by others. If the aim of business involvement in subsistence markets is to deliver the promise of poverty reduction, then it is important to recognize the community as doers, deciders, and designers of markets, and to focus attention on increasing capabilities for both well-being, acting in markets, and shaping markets.

This work has implications for the evaluation of the social impact of involvement in subsistence markets. The impact of inclusive businesses has, hitherto, mainly been discussed using the terminology of mutual value creation, with additions made to address relations, skills, and community (London et al. 2010). Although, the word "capability" is used by London



(2009), it is used as a synonym for skills, and the approach is not conceptually aligned with the capability approach (Ansari et al. 2012). When viewed from the perspective of this study, the mutual value creation terminology directs attention to achievements and sidelines other process elements, such as mobilization and capability. Instead, the capability approach suggests that the evaluative focus should be on capability (Nussbaum 2000; Sen 1999). This study suggests that capability should be analyzed on multiple levels. This study identifies mobilization, and since mobilization influences capability, the way in which it is organized should also be taken into consideration in the evaluative analysis. This study adds to the conceptual work by Ansari, Munir and Gregg (2012) on social capital and the capability approach, by providing an empirically grounded and detailed account of what empowerment through capability building means.

An increased attention to mobilization and capability results in an improved ability to analyze power dynamics, which Bonsu and Polska (2011) point out as being of critical importance in low-income communities. The hands-on focus on everyday practices and agency as the means, abilities, and opportunities offers a conceptual tool to map out how power (the ability to influence) is distributed between actors in the market creation process.

**Managerial Implications.** Poverty is often understood as a lack of basic things, such as food, income, shelter, healthcare, and education. In practical terms this is not untrue, but problems may arise in the design of alleviation efforts. If the problem of poverty is defined as a lack of inputs, then it is easy to understand the solution in terms of satisfying basic needs. However, a lack of clean water does not ensure that when commercial water pumps are installed, demand will exist for such services in a given community. The need does not equal demand (Simanis 2011). The model presented in this study shows managers that in order to provide embedded products and services appreciated in subsistence markets, the life contexts of people need to be the starting point. This means engaging in service, product, and business model development, together with communities and with other sectors in an open minded and open-ended way and aim for holistic solutions. Managers may be aware that engaging in subsistence markets may require the active promotion of a system level change and market creation. This study suggests that the community should be present at such negotiation tables, not represented by the NGOs, but in their own capacity. If this is not the case, then it could be added as a goal in the activities. Increasing these kinds of capabilities in the community is likely to improve overall management and operations in the subsistence market initiative, as well as improve the innovation capacity.

**Limitations and Future Research.** This study has focused on one in-depth case study. Future research should continue to study the capability building process in other empirical settings. Through comparative studies, the process model outlined in the paper could be developed into an impact assessment

framework. The shift in perspective to well-being and capabilities opens up many pathways for further research on process elements, different roles in capability building, and implications for governance issues.

Although, the capability approach is a good foundation for the conceptualization of well-being, the concept is relative. As aspirations increase, so will levels of aspired well-being. From a sustainability point of view, this framework needs to be further developed in order to incorporate the notion of bounded capability (Hämäläinen 2014; Jackson 2009), that is, the conceptualizing of human flourishing within environmental limits. Although, it can be argued that affluent countries have the most work to do on that front, it is nonetheless absolutely necessary to include that dimension in work on subsistence marketplace dynamics.

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### Author Biography

**Sara Lindeman** is a researcher at the Hanken School of Economics in Finland. Her research interests include inclusive business, subsistence marketplaces, base-of-the-pyramid business, market studies, and sustainability. Her work has appeared in the *Journal of Management Studies*, *Consumption, Markets and Culture*, and the *Journal of Business Ethics*.

# SARA LINDEMAN

## EARLY-PHASE MARKET ORGANIZING IN SUBSISTENCE SETTINGS

This thesis studies early-phase market organizing. Contrary to dominant views of markets as neutral backgrounds to economic activity, in this work markets are understood as socio-material systems that are shaped by the actors involved in the organizing process. In affluent settings, such as Europe, market organizing processes have been going on for centuries. To ethnographically study the very early phases of market organizing, the empirical work is performed in subsistence settings, i.e. resource-constrained areas currently served by the informal economy. The empirical data were collected in informal urban settlements and remote rural areas in Tanzania, Brazil, Ethiopia and India.

The purpose of this thesis is to study early-phase market organizing in subsistence settings and its implications on capabilities for achieving well-being. Based on the capability approach, the thesis takes a holistic and multi-level approach to well-being. An improved understanding of early-phase market organizing processes, studied in settings not strictly conditioned by the path taken in affluent economies, can open up possibilities to see and encourage alternative and more sustainable ways of market organizing.

The research shows that market organizing begins when an augmented discussion starts around trade exchanges. This discussion includes creating rules and norms to discipline exchanges as well as ways of representing the exchanges. Values guide this discussion, and participating in it requires that actors engage in new practices and often also that they form new organizational entities. In addition, early phase market organizing is characterized by a mobilization of various resources that improve market actors' abilities to act in and shape markets. In the empirical cases, intermediary organizations, such as local NGO's, were instrumental in empowering subsistence communities so that they could actively take part in the market organizing process. The dominant debate suggests that individuals will benefit from markets by getting employment and access to improved products and services. However, this thesis shows that when local communities organize themselves and are empowered to actively participate in the market organizing process, this results in market arrangements that better deliver capabilities for achieving well-being.



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