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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 (Pralhad 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

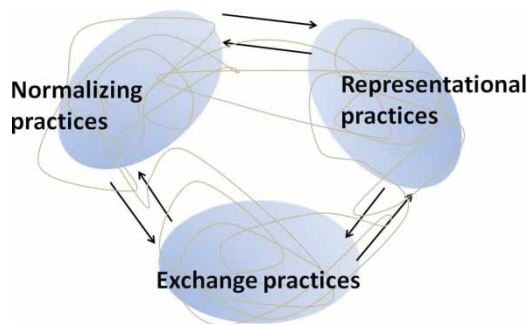


Figure 1. Markets-as-practices (Kjellberg and Helgesson 2006).

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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