

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

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Sara Lindeman^{1,2}

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

¹Department of Marketing, Hanken School of Economics, Helsinki, Finland

²Department of Management and International Business, School of Economics, Aalto University, Aalto, Finland

Corresponding Author:

Sara Lindeman, Department of Marketing, Hanken School of Economics, 00100 Helsinki, Finland.

Email: sara.lindeman@hanken.fi; sara.lindeman@aalto.fi

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-bitu 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)

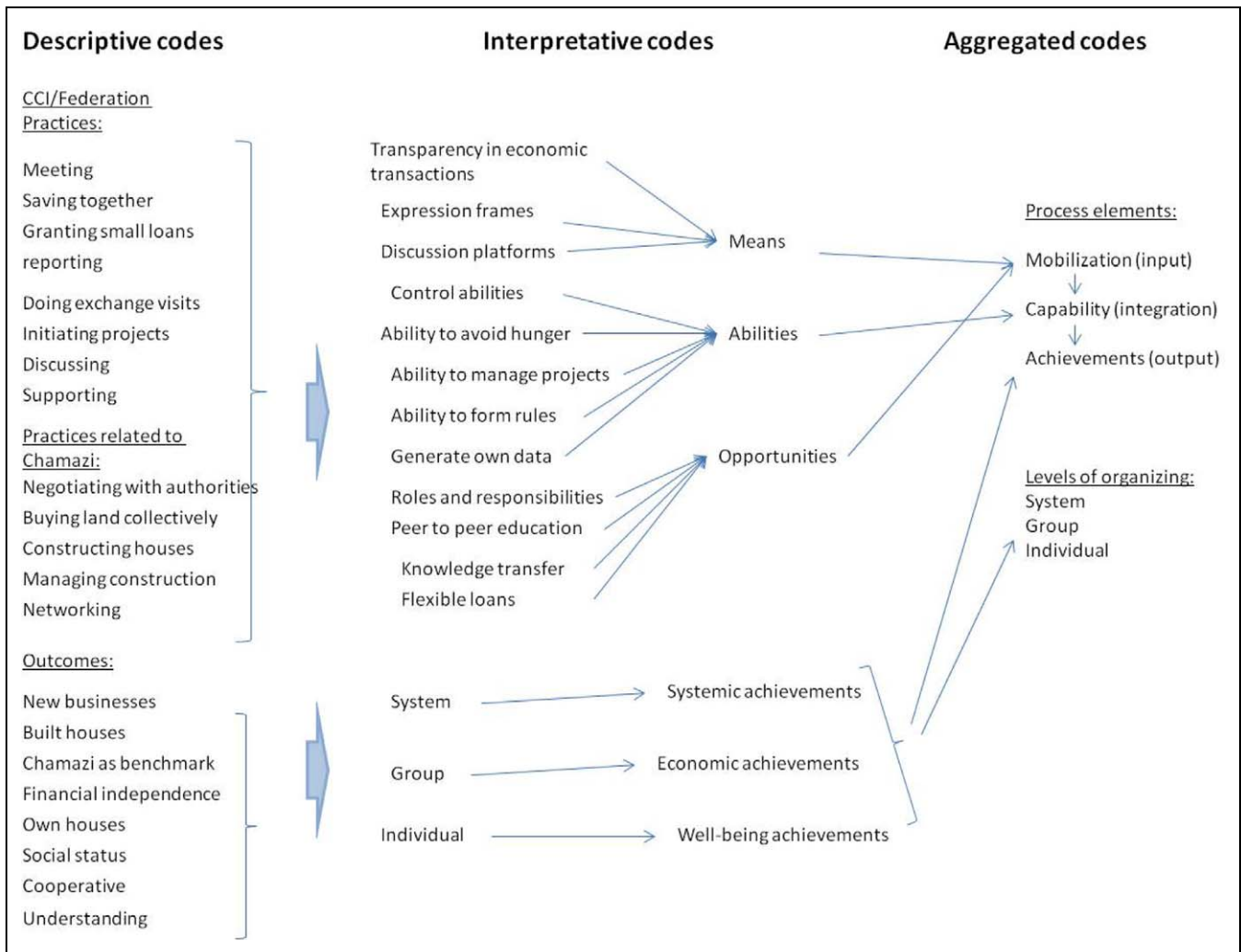


Figure 1. Coding scheme.

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,

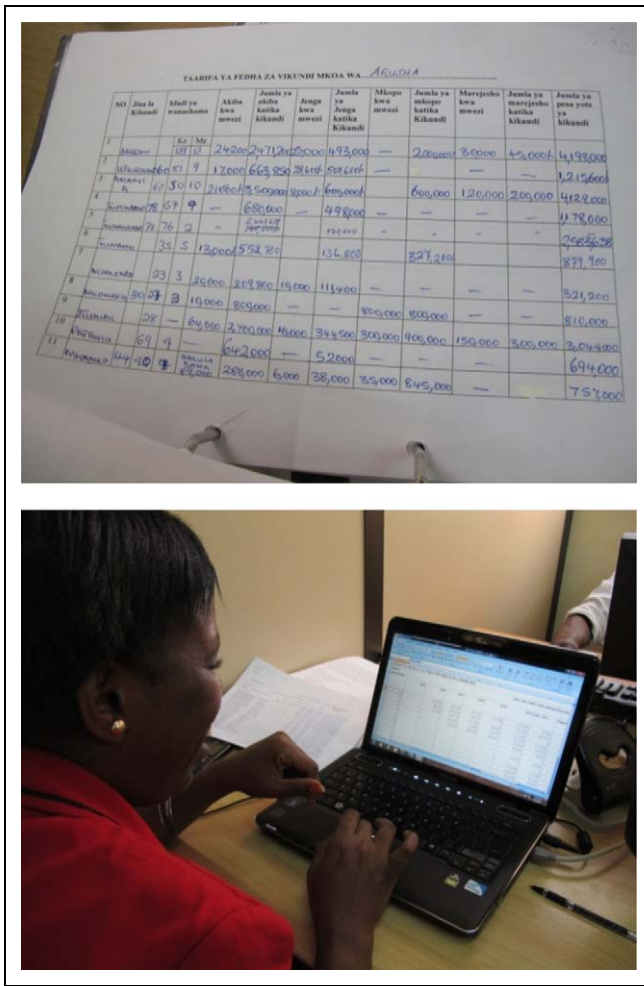


Figure 3. Mobilization: Reporting frames and data analysis.

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-representation 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 400m², 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, re-allocate, 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

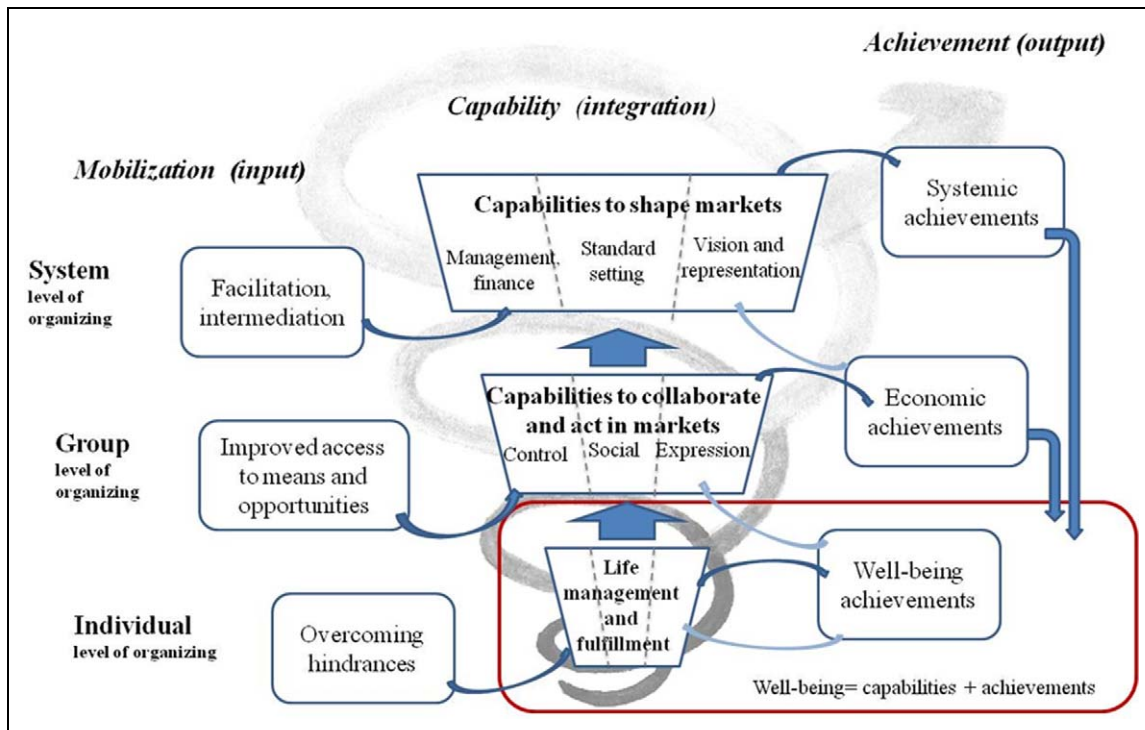


Figure 7. A process model for increasing capabilities for well-being and market shaping.

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 Palsa (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*.