Market Agency in Subsistence Contexts

Abstract

**Purpose:** The aim of this research paper is to increase the understanding of market agency in subsistence contexts and its role in poverty reduction.

**Design/methodology/approach:** A case concerning housing in the slums of Dar es Salaam, Tanzania, will be studied using market-oriented ethnographic methods to generate insight about market agency in subsistence contexts. The theoretical approach is a combination of the economic-philosophical capability approach by Amartya Sen, which addresses poverty reduction as increase of capabilities for well-being, and the emerging literature on market practices in marketing as well as entrepreneurship studies, which addresses market agency.

**Findings:** The outcome of the study will be a conceptual model for understanding how to promote empowerment through increased market agency in subsistence context.

**Research implications:** The study is among the first attempts at a multidimensional approach to business for poverty reduction.

**Practical implications:** The study is relevant for businesses and NGOs as well as governments and policy makers interested in poverty reduction through market creation in subsistence context.

**Social implications:** This research addresses empowerment and equality in the recently increasing efforts to create markets in subsistence contexts, thereby advancing a more multidimensional view on the research and practices of business for poverty reduction.

**Originality/value:** This paper makes a contribution by combining Amartya Sen’s capability approach with the markets-as-practices literature, thus providing conceptual tools to understand market agency in subsistence contexts, as well as advancing the discussion concerning the underlying values of markets and market shaping efforts.

Key words: market agency, capability approach, markets-as-practices, Base-of-the-Pyramid, subsistence markets, empowerment

1 Introduction

Recently, there has been an intense debate on business solutions to poverty in the disciplines of management, business strategy and marketing (Anderson et al 2010, London 2009a;2009b, Prahalad 2005, Prahalad 2002, Simanis and Hart 2008, Viswanathan et al 2010, Sridharan and Viswanathan 2008). At the core of this debate is the idea of a win-win situation where innovative business models will lead to self-sustaining business as well as poverty reduction (London et al 2010, Prahalad 2005, UNDP 2008). It has, however, been less clear how in more detail poverty will be reduced. Poverty has largely been defined based on income (Hammond et al 2007)
and it has been assumed that poverty will be reduced through a combination of increased availability of services at a lower prices and better quality, as well as through increased entrepreneurship and thus better income (Prahalad 2005, London 2009b).

However, in disciplines such as development economics and human rights it is recognized that poverty is multidimensional. A multidimensional view on poverty means acknowledging that in addition to low income, poverty includes social exclusion, lack of power and voice in society and discrimination. Thus efforts to address poverty need to not only increase income but also increase empowerment in a broad sense. The work by Sen has been fundamental in developing a more multidimensional approach to development and poverty reduction (Sen 1999). Recognizing the multidimensional character of poverty significantly influences the efforts made to reduce poverty.

This paper contributes to a more multidimensional understanding of business solutions to poverty by studying poor market actor’s ability to influence market practices in subsistence contexts. Theoretically, the economics-philosophical capability approach by Amartya Sen (1992;1999) is combined with the more empirical and sociological market practices stream of research (Araujo 2007, Araujo et al 2010, Callon 1998, Callon and Muniesa 2005, Kjellberg and Helgesson 2006, 2007, 2010). The paper takes this multidisciplinary approach because these two research streams complement each other with regards to understanding market agency in subsistence contexts. The research on market practices provides detailed insight into how “real” markets function as bundles of practices, and markets are conceived as the outcome of an ongoing process of economic organizing among market actors. Research on entrepreneurs (Sarasvathy 2007, Sarasvathy et al 2008, Read et al 2008) provides insight into the logic and activities of market actors that shape markets as they create new ventures. Acknowledging that markets are “man-made”, rather than the dominant view of the market mechanism as a natural phenomenon, the need for more debates concerning the underlying values that shape markets have been called for (Kjellberg and Helgesson 2010, Kjellberg and Storbacka et al 2011 forthcoming commentary)
Sen’s philosophical writings, based on a lifelong study of social choice, development and freedom, propose the expansion of human capabilities and freedoms as an objective for social arrangements (Alkire, 2010). The capability approach may thus provide some insights as to what may be required from markets that expand human capabilities and freedoms. The hypothesis of this study is that increased ability to act in and influence markets could be considered as a basic capability in subsistence contexts, i.e. something required for poverty reduction. If this is confirmed, it would suggest that business for poverty reduction should aim at empowerment through increasing market agency. The empirical work concerns housing in the slums of Dar es Salaam, Tanzania, and illustrates a case where subsistence market actors have gained market agency.

This research paper is work-in-progress, and what is presented here is the literature review leading up to the empirical study. The paper is structured as follows. First, the key concept of the capability approach, such as agency, well-being, functioning and capabilities, are presented and discussed. Thereafter market agency in subsistence contexts is discussed drawing on market practices literature as well as studies in entrepreneurship. Finally, the empirical case and the planned field research is presented and discussed.

2 The key concepts in Sen’s capability approach

The capability approach is one of the most significant contributions by economist, philosopher and Nobel laureate Amartya Sen following his work on social choice, freedoms and development. Robeyns and Crocker (2010) explains that the capability approach can be understood narrowly or broadly. In a narrow interpretation, "the capability approach tells us what information we should look at if we are to judge how well someone’s life is going or has gone" (Robeyns and Crocker 2010:60). The approach can be used to compare persons or societies at given points in time. In its broader uses, the capability approach provides concepts and normative frameworks to conceptualize, measure, evaluate poverty, inequality or well-being as well as
institutions and policies that affect them. Sen’s work is for instance the basis for the Human Development Index by UNDP, which in many ways provides an alternative to the GDP measures of how well a state is doing. Although the capability approach adheres to a multidimensional view on poverty it is not a foremost a theory that explains poverty, but rather the focus is on how to advance well-being (Robeyns and Crocker 2010). It is thus not relevant only for contexts of poverty or subsistence, but is also used to discuss welfare state design.

Human agency is central in Sen’s writings, and he discussed agency and well-being as distinguishable, but equally important and interdependent aspect of human life (Robeyns and Crocker 2010). Sen (1992) argues that both agency and well-being can be better understood through the cross-cutting distinctions of achievement and freedom. “A persons position in a social arrangement can be judged in two different perspectives, viz. (1) the actual achievements, and (2) the freedom to achieve. Achievements is concerned with what we manage to accomplish, and freedom with the real opportunity that we have to accomplish what we value. The two need not be congruent.” (Sen 1992:31). Table 1 illustrates how Sen arrives at the two key concepts in the capability theory, i.e. capabilities and functionings, by interrelating agency and well-being with achievements and freedoms.

<table>
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<tr>
<th>Well-being</th>
<th>Agency</th>
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<td>Achievements</td>
<td>Well-being achievements (functionings)</td>
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<td>Freedoms</td>
<td>Well-being Freedoms (capabilities)</td>
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Table 1 - Key concepts in Sen's Capability Approach (table outline from Robeyns and Crocker 2010)

Sen uses the term agency in the sense of ”someone who acts and brings about change, and whose achievements can be judges in terms of their own values and objectives” (Robeyns and Crocker 2010:80). Although the writings of Sen are typically in individual form, he notes that agency can be individual or collective. Sen
explains that ”a person’s agency achievements refers to the realization of goals and values she has reason to pursue, whether or not they are connected with her own well-being” (1992:56, 1999:19). In other words, all acts of agency may not lead to the persons own increased well-being, as a person may well choose to do things that even harms themselves, or they may choose to do something that increases the well-being of others rather than themselves. To this end, Sen sharply breaks with the narrow view of human action in neo-classical economic as strictly self-interest maximization.

Well-being achievement, consistently, are those goals and objectives that increases the persons wellness, advantage or personal welfare. Sen uses the term ”functionings” to describe well-being achievements, and functionings consist of beings and doings. Functionings can be elementary things such as being adequately nourished, being in good health, being happy or taking part in community life. (Sen 1992:39). Functionings thus appear to be related to practices, which will be discussed later on, although functionings are beings and doings that specifically contribute to well-being achievements.

However, the particularly interesting aspect of Sen’s writings is that he argues that well-being does not consist only of the current states and activities of a person, but also the persons freedom’s or real opportunities to function in ways alternative to the current functionings. These real opportunities or freedoms are captured in Sen’s notion of ”capabilities”. Therefore, according to the capability approach the ends of well-being, justice, and development should be conceptualized in terms of peoples capabilities to function, i.e. their effective opportunities to undertake actions and activities they want to engage in, and to be whom they want to be.

This focus on capabilities, rather than functionings, has important consequences. To give a simplified example, if the focus would be on functionings this could lead to a situation where efforts are made so that all people can get hold of the same kind and amount of food, however this amount might be too little for one person and too much for another, or the type of food ill-suited for someone. Instead the capability approach holds that people should have the real opportunity to lead the kinds of lives they want to lead. The focus on capability (as opposed to functionings) emphasizes the importance of equal opportunity, but it remains the persons responsibility to make life
choices. This thus opens up for a plurality of ways of living, as opposed to suggesting a set of fixed functionings that all people should follow. (Sen 1992, 1999, Robeyns and Crocker 2010)

The capability approach emphasizes the ideal of empowerment through the acquisition of agency. While most economic research is presented as objective and non-political, the capability approach is normative, liberal and underpinned by values of democracy (Alkire 2010). Kjellberg and Helgesson (2010) have called for a debate on underlying values relating to how marketing shapes markets. The capability approach may thus inform the emergent research on market shaping by providing conceptual frames for discussing underlying values and objectives in social arrangements such as markets. Although Sen is know for his diligent and profound elaborations, it has been recognized that his discussion on agency could be more precise (Alkire 2010). The markets-as-practices literature, may thus inform the capability approach in its application to markets by provides detailed insights concerning market agency. Discussing underlying values and objectives of social arrangements is important in all markets, however, of a particularly acute nature in subsistence contexts due to the risk of market creation leading to the introduction of unsustainable consumption culture, as well as the risk of market creation leading to injustice (an maybe instability) due to the limited structures of institutionalized justice.

3 Market agency in subsistence contexts

There is a growing body of literature that focuses on studying markets as an ongoing process of economic organizing and as bundles of practices, with contributions from sociology (Callon 1998; Callon et al 2007) and more recently from marketing (Araujo 2007, Araujo et al 2010, Kjellberg & Helgesson 2006;2007). From this perspective, markets are practical outcomes of organizing efforts by various market actors (Araujo et al 2010). Market actors can be authorities, companies, associations, courts, NGOs that engage in the market through various practices.
Agency, or more precisely market agency, is a central concept in this literature as well (Callon 1998, Callon and Muniesa 2005). Similarly to Sen, this stream of research is also critical to the neo-classical economics view of homo economicus, i.e. humans as narrowly self-interest maximizers. Furthermore, the critique also concerns the neo-classical view of markets as natural phenomena detached from social contexts. As Kjellberg and Helgesson (2007) point out the classical metaphors such as Adam Smith’s invisible hand and Mandeville’s bees have served to de-emphasize the social context and the role of agents seeking to shape markets.

In the recent market studies research, on the other hand, it is emphasized that markets are constantly shaped by market actors. In order to understand and study this ongoing process, many studies focus on empirically studying the practices that constitute the market arrangement. Schazki (1996: 32) describes practice as “a temporally unfolding and spatially dispersed nexus of doings and sayings”, such as cooking practices, industry practices, and recreational practices. The notion of practices is clearly related to Sen’s conceptualization of functionings, which he defines as consisting of beings and doings. The difference between functionings and practices seems to be that firstly, Sen has designated the concept of functionings to describe such beings and doings that are well-being achievements. Practices, on the other hand, are neutral as to the aim of the activity or the aim is conceived as one element in the practice.

Both in the conceptualization of functionings and practices, it is made clear that doings are made possible though an integration of different elements such as tools and skills. For instance, Reckwitz (2002: 250) defines practices as “a routinized type of behavior which consists of several elements, interconnected to one another: forms of bodily activities, forms of mental activities, “things” and their use, a background knowledge in the forms of understanding, know-how, states of emotion and motivational knowledge. A practice [...] forms [...] the ‘block’ whose existence necessarily depends on the existence and interconnectedness of these elements, and which cannot be reduced to any of these elements.”

As market agency can be understood through practices, several researchers argue that agency should not be considered as a human attribute, since the access to devises significantly influences and shaped the ability to act in markets (Callon et al 2007,
Shove and Araujo 2010). Callon (2008) designates this broader view of agency the term agencement. Agencement means that "agency is distributed in the sense that the capacity to exert agency resides not only in the human beings but in the agencement - those fixtures and fittings, material arrangements and devises. ..... The advocates of agencements argue that agency, rather than being a singular, universal and human-centered capacity, is distributed, plural and contingent upon particular socio-technical arrangement” (du Guy 2008:50 read in Hagberg 2010:53). Callon and Muniesa (2005) further point out that devises are likely to be unevenly distributed, and because the ability to influence is dependent on devises, asymmetry in power between agencies is commonplace. The way that Sen uses agency is closer to the singular and human-centered capacity which du Guy criticizes. Thus, the capability approach might be enriched by considering this broader view of agency as agencement.

The debate on market shaping, on the other hand, could be enriched by Sen’s distinction between means and ends in social arrangements. He addresses the relationship between a good and the achievement of certain doings and beings though the notion of conversion factors. Conversion factors influence how a person can be or is free to convert the characteristic of the good and service into a functioning (Sen 1992, 1999, Robeyns and Crocker 2010). In terms of practices, conversion factors address how a person is able to integrate elements into their practices.

Personal conversion factors are internal to the person, such as metabolism, physical condition, sex, reading skills etc. In case of disability, for example, an ordinary bike is not possible to convert into the functioning of mobility for that person. Social conversion factors pertain from the society in which the person lives, such as public policies, social norms, discriminating practices, societal hierarchies etc. Environmental conversion factors depend on the physical and built environment in which a person lives, including aspects such as climate, pollution, roads, presence of oceans etc. (Sen 1992, 1999, Robeyns and Crocker 2010)

Sen insistently emphasizes people as agents whose values must be engaged in setting development objectives, whose energies will help to propel these objectives (Alkire 2010: 214). Although agency is given emphasis in both Sen’s writings and in the market practices debate, it is also acknowledged that not everyone enjoys or exercise
agency. Recent research on expert entrepreneurs provides insight concerning how such market actors that truly are able to shape markets act and reason. Sarasvathy et al (2008) argue that new organizations, new markets and new institutions are artifacts fabricated by humans, thus also breaking with the neo-classical view on markets as natural phenomena. Sarasvathy et al (2008) found that market actors that engage in creating new ventures often face operating spaces characterized by three distinguishable elements. Firstly, knightian uncertainty, i.e. that it is impossible to calculate probabilities for future consequences. Secondly, goal ambiguity, i.e. that preferences are neither given nor well ordered. Thirdly, isotropy, i.e. that it is not clear what elements of the environment to pay attention to and what to ignore.

In response to this type of operating space, market actors act in an effectual manner (Read et al 2008, Sarasvathy 2007, Sarasvathy et al 2008). Rather than adapting to the circumstances they act in a quilting manner, putting together bits and pieces to shape the environment. This involves a process of starting with available means and then mobilizing more people and means that commit to, and shape, the initiative. This process is illustrated in figure 1.

Figure 1 - Effectuation in action (modified from Sarasvathy 2007, Read et al 2008)

Sarasvathy (2007) further points out that although her research has focused on expert entrepreneurs, acting effectually is not only something that entrepreneurs do but the same principles can be followed intuitively be people in various areas of life.
The model presented by Sarasvathy (2007) provides guidance as to what sort of question to ask respondents in order to understand the emergence of market agency in the empirical case. The process may nevertheless, look different than in figure 1, in which would be an interesting finding.

This review of literature relevant for understanding market agency in subsistence contexts has suggested the following. Firstly, if the aim of an initiative is to reduce poverty then focus should be on increasing both well-being achievements through improved functionings, and increasing capabilities in terms of real opportunities to act and live in ways the persons have reason to value. From the market practice literature we have learned that market are the outcome of an ongoing process of economic organizing, shaped by market agency. Market agency is distributed between humans and devises, and the broader notion of agencements captures the actual ability to act in a market. We have also learned that the ability to integrate new elements into practices that improves one’s life may be hindered or advanced by personal, social or environmental conversion factors. Finally, the research on effectuation tells us that situations of market creation tend to involve elements of knightian uncertainty, goal ambiguity and isotropy. This operating environment calls for effectual action, i.e. mobilizing means and support in a non-linear and non-predictive way. Equipped with these accumulated insights the field research will be undertaken. Next, the pre-understanding of the empirical case presented, as well as the intended research methods.

4 The empirical case

At the time of writing this conference paper, a pre-study of the empirical case has been made in November 2009, and the next field research will be made in May 2011. Based on this pre-understanding, and correspondence with the key persons involved in the case in Tanzania, the story of the case will be presented here. Please note that this section will later be replaced by the proper analysis of the empirical data, and that the story format here serves merely to provide you with key element of the empirical case.
In 2009 I traveled to Dar es Salaam, Tanzania to do research for another project. In connection to this, I came in contact with Dr Tim Ndezi and his small NGO called Center for Community Initiative operating in the poorest neighborhoods of Dar es Salaam. Ndezi is a Tanzania water engineer who, after working many years for the UK based NGO WaterAid, pursued a PhD in UK, after which Ndezi returned to work with the communities in the slums of Dar es Salaam.

Dar es Salaam, a city of some 4 million inhabitants, is a strategically located harbor that support many of the neighboring land-locked countries such as Uganda and Burundi. However, this potential for commerce has not been fully utilized because the harbor has been too small to facilitate all the possible shipping. Around 2007, the city authorities declared that the harbor will be expanded, however at the expense of the Kurasini neighborhood located next to the harbor. The Kurasini area is a large poorer and informal residential area, the longstanding home of hundreds of families whom mainly subside on informal micro entrepreneurship. Although some compensations to the poor inhabitants of Kurasini was promised, it was clear that the demolition of Kurasini meant loosing everything, their houses, businesses and livelihoods as well as their neighbor and community ties and networks.

In response to this daunting catastrophe, the community members, with the help of Dr. Tim Ndezi and CCI, organized themselves into the membership organization Tanzania Federation of the Urban Poor, TFUP.

The TFUP’s remarkable response was to mobilize the community to agree on taking a collective loan, channeled into the Urban Poor Fund, with which they have bought new land in Dar es Salaam. On this new land, they are now rebuilding their own neighborhood. They make everything themselves from scratch, the tiles with which they build the houses as well as the material that constitutes the roofs. See Appendix 1 for photos from the first constructions in the new area in 2010.

**Research questions**

The guiding research question at this stage is two folded:
Firstly, how did TFUP and CCI gain such market agency? Did they act in an effectual manner? What are their everyday practices and how have they evolved? What was the reactions by other market actors in the housing sector?

Secondly, has the increased market agency lead to increased well-being achievements? And increased capabilities, i.e. real opportunities for achieving well-being?

These questions are still broad to facilitate explorative empirical research. A more narrowed down focus will probably emerge from the analysis of the empirical data. To answer these questions I intend to do the following during my next field research trip in May 2011:

1. in-depth interviews with Tim Ndezi
2. observation of Tim’s meetings and activities
3. inept interviews with people that have various responsibilities in TFUP
4. observation of TFUP activities and meetings
5. in-depth interviews with ordinary members of TFUP
6. observation of the everyday life and the constructions in the new neighborhood
7. interviews with the actors the TFUP have collaborated with

The field research approach will be markets-oriented ethnographic methods (Arnould 2006, Arnould 1994, Sherry 2008). Data generation will involve a mix of methods typical for ethnographic research: Observation, various types of interviews, taking photographs and filming video clips (Sunderland & Denny 2007). Observation will take place in various settings such as the CCI office, Federation member meetings, partner meetings, federation members homes in the new and old areas - and included, when possible, “go-along” observation (Kusenbach 2003) i.e. accompanying individual informants in their daily activities. The field work will be conducted with the help of local research assistance for both language and cultural translation as well as transcription services. The data, including interview transcripts, photographs, videos, memos and field notes, will be introduced in the Nvivo 9 qualitative software program for analysis.
Concluding remarks

Is this study likely to result in surprising findings? My guess is that the empirical data will partly confirm the theories presented in this paper, i.e. that there have been elements of effectual action in the activities of TFUP, that the increased market agency has been controversial in the housing sector in Dar es Salaam, i.e. reshaped the market to some extent. Furthermore, I expect that there has been an increase in at least agency achievements, and perhaps also well-being achievements. I believe that agency freedoms have increased, but maybe also wellbeing freedoms (capabilities). It is not obvious however, which achievements or opportunities the members will consider to have made their lives better, which may involve surprising elements. For example, making a mark on the world may cause a sense of satisfaction, which may be an important part of wellbeing. It is also likely that market agency in subsistence contexts may involve elements that are different from developed markets, may be reason to make adaptations to theoretical frames.

If the findings are in lines with the theories then it will be surprising in the sense that mostly poor communities are viewed as powerless and unable to change the situation they are in. This study may, however, tell a different story, which may be of both practical and academic importance. The outcome of this study may be a conceptual model for understanding and promoting market agency in subsistence contexts, where insight have been drawn from the discussed theoretical frames as well as the empirical study.

References


