

# Lancaster University Management School:

## Author Accepted Manuscript

This is an 'accepted manuscript' as required by HEFCE's Open Access policy for REF2021.

Please cite this paper as:

Faruque Aly, Hussein, Mason, Katy, and Onyas Winfred (forthcoming), 'The Institutional Work of a Social Enterprise Operating in a Subsistence Marketplace: Using the Business Model as a Market-shaping Tool' Journal of Consumer Affairs

ACCEPTED FOR PUBLICATION | September 14, 2020

ORCID NUMBER: Hussein Faruque Aly [0000-0002-7760-1213](https://orcid.org/0000-0002-7760-1213);

Katy Mason [0000-0002-7378-7786](https://orcid.org/0000-0002-7378-7786); Winfred Onyas [0000-0002-7033-5055](https://orcid.org/0000-0002-7033-5055);

DOI: <https://doi.org/10.1111/joca.12335>

Hussein Faruque Aly, Marketing  
Katy Mason, Entrepreneurship and Strategy  
Lancaster University Management School  
Lancaster, LA1 4YX

Winfred Onyas,

University of Leicester, School of Business School



TRIPLE-ACCREDITED, WORLD-RANKED





The Institutional Work of a Social Enterprise Operating in a Subsistence Marketplace:  
Using the Business Model as a Market-shaping Tool

ABSTRACT

The void between formal and informal institutionalized practices that coexist in subsistence marketplaces can render them inaccessible to subsistence consumer-merchants. We conducted an in-depth auto-ethnographic study of Novo Dia Developments, a social enterprise in Maputo, Mozambique, seeking to make the housing market accessible. Our study extends the extant understanding of the transformation of subsistence marketplaces in two ways. First, our study characterizes the institutional work done by a social enterprise to open up a subsistence marketplace. Second, our study theorizes the *business models in use* as a mechanism through which institutional work can be organized and performed, by 1) transforming an idea for market change into new market offerings and practices that begin to fill the void, 2) materializing and making visible other institutional voids that need to be filled, and 3) serving as a juncture at which formal and informal institutionalized practices can connect.

**Keywords:** business model, institutional void, institutional work, subsistence marketplace



## INTRODUCTION

Social enterprises are often set up to change how the market works, making goods and services available to those who would otherwise be excluded (Onyas and Ryan 2015; Prahalad 2006). However, those who develop new social enterprises struggle to know how to organize their activities to deliver value (Lindeman 2012; Venugopal and Viswanathan 2019). Social enterprises are widely recognized as organizations that promote innovative approaches to complex social or environmental challenges in a commercially sustainable manner. They have been described as organizations with a dual or triple bottom line—with social, environmental and economic impacts (Harding 2004; Stevens, Moray, and Bruneel 2015; Yunus, Moingeon, and Lehmann-Ortega 2010)—and as hybrid business models (Grassl 2012). They are often associated with subsistence marketplaces (Azmat, Ferdous, and Couchman 2015; London, Anupindi, and Sheth 2010; Viswanathan et al. 2019).

Subsistence marketplace communities comprise people living on low incomes and in substandard housing (Prahalad and Hart 2002; Viswanathan and Rosa 2010; Weidner, Rosa, and Viswanathan 2010). These people are often directly involved in the running of social enterprises, in the consumption of its offerings, and in their integration into the wider community (cf. Weidner et al. 2010). However, we know little about how social enterprises interact with subsistence marketplace communities, how they transform these marketplaces through their practice, and what prevents them from being able to do so (Harding 2004; Lindeman 2012; Stevens, Moray, and Bruneel 2015; Venugopal and Viswanathan 2019).

Fostering a better understanding of how social enterprises successfully engage with subsistence marketplaces requires a deeper understanding of the institutions with which they have to engage. North (1991, p. 97) describes markets, as institutions, as “humanly devised constraints that structure political, economic and social interaction.” Institutions impose both informal constraints (such as sanctions, taboos, customs, traditions, and codes of conduct) and formal rules (such as laws and property rights; Lawrence and Suddaby 2006; Rivera-Santos, Rufin, and Kolk 2012). Thus, markets enact both the formal and informal “rules of the game” and maintain the key organizing principles that reduce the uncertainty of market exchange (Godinho et al. 2017; North 1991; Thornton and Ocasio 2012). The entry of a new social enterprise into a subsistence marketplace has the potential to disrupt such institutional norms and lead to the innovation and transformation of that market (cf. Kjellberg, Azimont, and Reid 2015). However, more than 80% of social enterprises fail within their first three years due to a lack of financing, operational breakdowns, a limited understanding of the setting, and limited access to sustainable resources (Gasca 2017; Grassl 2012). This may also be attributable to our limited knowledge of the institutional work of social enterprises needed to bring about market change (Lawrence and Suddaby 2006; Venugopal and Viswanathan 2019).

This study examines the institutional work of one social enterprise, Novo Dia Developments, as it attempts to change the subsistence housing market in Maputo, Mozambique. The findings reveal how Novo Dia’s business model addresses a critical institutional void: the limited availability of affordable housing. However, the process of developing viable affordable housing exposed two new institutional voids: the need for appropriate financing mechanisms and new incentive and compensation structures for community-based masons. These findings extend the extant

understanding of subsistence marketplaces (Lindeman 2012; Venugopal and Viswanathan 2019) by revealing the institutional work performed by a social enterprise to transform and open up the market. Our analysis reveals how the process of connecting formal and informal institutionalized practices to produce and make accessible a new “affordable housing” market offering reveals two new institutional voids: *the need for new microfinancing mechanisms and the need for an appropriate incentive and compensation structure for community-based masons*. The complexity involved in the process of identifying and negotiating institutional differences and creating connections that bridge formal and informal institutions (cf. Tracey, Phillips, and Jarvis 2011) presents significant challenges for social enterprises. We suggest that social enterprises can seek to address these challenges by 1) identifying and understanding the informal institutionalized practices that can easily go unnoticed but that need to be connected if the subsistence market is to be opened-up; 2) continuously adjusting and developing their business models in relation to the multiple formal and informal institutions they engage with to generate a collective and coordinated effort targeted at market transformation; and 3) creating partnerships with other organizations offering the critical products and/or services required to make the market work as a holistic market system.

## **SUBSISTENCE MARKETPLACES**

The subsistence marketplace literature seeks to better understand the livelihoods of actors and the nature of market production and consumption in such settings (Abdelnour and Branzei 2010; Chikweche and Fletcher 2011; Gau, Jae, and Viswanathan 2012; Lindeman 2012; Venugopal and Viswanathan 2019; Viswanathan, Sridharan, and Ritchie 2010). Such markets include a large

demographic living on low incomes, of typically 1.5 to 3 US\$/day (Karnani 2007; Prahalad 2006; Simanis and Hart 2008). Viswanathan and Rosa (2010) conceptualize subsistence marketplaces as resource-poor but network-rich. Networks facilitate the flow of information and the development of consumer and entrepreneurial skills (Weidner et al. 2010). Complex financial portfolios of loans and incomes create a multifaceted market system that enables exchanges (Collins et al. 2009; Weidner et al. 2010). Interconnected subsistence consumer-merchants (SCMs) navigate the resource constraints created by a lack of access to traditional forms of capital, resources, marketing, and training (Viswanathan, Rosa, and Ruth 2010; Upadhyaya et al. 2014). This forces engagement with informal markets, which often provokes harassment from authorities (Christensen, Parsons, and Fairbourne 2010; Lindeman 2012) and configures ongoing and adaptive patterns of market action. Thus, subsistence marketplaces are enacted through the collaborative, coordinated actions of subsistence communities, wherein individuals are at once consumers, merchants, producers, and/or employees (Karnani 2007; Lindeman 2012; London, Anupindi, and Sheth 2010; Viswanathan and Sreekumar 2017).

While this literature is helpful in revealing the complex system of interactions that subsistence marketplace communities navigate, it does less well at explaining how social enterprises intervene in such markets to improve the quality of life of those living in subsistence marketplace communities (Venugopal and Viswanathan 2019). Two streams of literature have attempted to address how organizations engage in market systems: the business model literature and the institutional work literature. It is to these that we now turn.

## **BUSINESS MODELS AND THEIR USE IN THE INSTITUTIONAL WORK OF TRANSFORMING SUBSISTENCE MARKETS: IMPLICATIONS FOR SOCIAL ENTERPRISES**

Business models have been understood as material and conceptual devices that enable market actors to organize and coordinate their actions in relation to one another (George et al. 2015; Mason and Spring 2011; Nahi 2016). They can act as powerful tools of market change (Doganova and Eyquem-Renault 2009). As Zott and Amit (2007, 184) explain, “a novel business model either creates a new market...or innovates transactions in existing markets.” Thus, business models are understood as linking different elements of the business—customer segmentation, value propositions, customer relationships, revenue streams, key resources, key partnerships, and cost structures (Osterwalder and Pigneur 2010; Osterwalder, Pigneur, and Tucci 2005) to construct a market system. When a social enterprise sets out to transform a market, the business model may act as a valuable tool for organizing change (Nahi 2016; Thompson and MacMillan 2010; Yunus, Moingeon, and Lehmann-Ortega 2010). Organizing and mobilizing change require the reform of both the constitution of the market (i.e., the people and things that compose it; Fernandes, Mason, and Chakrabarti 2019; Palo, Mason, and Roscoe 2018) and the market institution itself. Thus, business models can be used to make visible critical elements that reveal how the market is performed through taken-for-granted routines and rule-based coordinated practices (cf. Fligstein 1996).

Early conceptualizations of *markets as institutions* focused on the social relations that created stable markets and avoided competition (Fligstein 1996), constituted by interconnected institutional rules (cf. Mair and Marti 2009). More recent conceptualizations recognize the material nature of markets and their impact on what can be performed (Fernandes et al. 2019). Thus, technical devices and infrastructures can play a key role in market performance (Cochoy, Trompette, and Araujo 2016; Kjellberg et al. 2015). As in the organization studies view of

institutions (Lawrence, Suddaby, and Leca 2009; Scott 1995), markets are not perceived as static but rather as products of specific forms of action taken to reproduce, alter, and sometimes even destroy current forms of organizing (Kjellberg, Azimont, and Reid 2015). From this point of view, markets are not held separate from society or community. Rather, the market system *is* the society—a marketized society (Callon 2016; Cochoy, Trompete, and Araujo 2016). However, in the making of subsistence markets, the key institutions that support market action are often absent, weak, or unable to fulfill their role (Mair and Marti 2009). Institutional voids occur because market action fails. Consequently, many subsistence communities find themselves excluded from markets. The housing market is one such market.

The institutional view of markets raises interesting questions about the role of the social enterprise in bringing about such change. We ask, *“How does a social enterprise do the institutional work needed to transform and open up a subsistence marketplace?”*

### **PERFORMING INSTITUTIONAL WORK IN SOCIAL ENTERPRISES**

The work of a social enterprise to transform such marketized societies can be conceptualized as *institutional work* (Lawrence and Suddaby 2006; Mair and Marti 2009). Institutional work takes many forms as it creates, maintains, and disrupts institutions (Lawrence, Suddaby, and Leca 2011). However, this work has been largely studied from an organizational perspective (Mair and Marti 2009; Teece 2010). Mair and Marti (2009, 419), describe the work of BRAC, a Bangladeshi non-governmental organization (NGO) that set out to fill an institutional void that was preventing the poor from accessing market opportunities in a setting “rich in traditional and informal institutions

but poor in institutions that characterize modern market economies.” BRAC encountered resistance from local leaders who questioned the disruption.

Similarly, Godinho et al.’s (2017) study of the introduction of a monetized economy to an aboriginal community demonstrates the challenges of institutional work. These hunter-gatherer communities were confronted with competing priorities—the new monetized economy institutionalized individualistic and accumulative practices for managing resources—which negatively disrupted other social institutions in communal life.

These two cases show that three key elements play significant roles in subsistence markets (North, 1991, Riviera-Santos, Rufin, and Kolk 2012): 1) the different types of institutions governing communities and the disruptive nature of market interventions for those institutions, 2) the informal institutions (based on local and situated shared knowledge) and 3) formal institutions (based on regulation),

### **Institutional Work in Formal versus Informal Settings**

The normalized, institutionalized practices that govern markets come from both formal and informal economic practices (Godfrey 2011; Lindeman 2012). Informal institutions are seen as central to the governing of everyday life in subsistence marketplaces, where SCMs are resource-constrained and are often excluded by the rules of formal market structures (Godfrey 2011; Lindeman 2012). Hence, scholarly attention has focused on the divides (Riviera-Santos, Rufin, and Kolk 2012) or voids (Mair and Marti 2009) occurring when parallel governing institutions fail to connect. Rivera-Santos, Rufin, and Kolk (2012) assert that organizations need to collaborate to bridge institutional divides. They do so at the micro level through individuals and communities, at

the meso level by defining their organizational activities and relationships with partners, and at the macro level by influencing or reflecting with government-level narratives and policy (Tracey, Phillips, and Jarvis 2011). This poses a significant challenge for social enterprises aiming to intervene in and open up subsistence marketplaces.

The mechanisms for creating new institutions (including advocacy, defining, constructing identities, and educating actors), maintaining institutions (including enabling work, policing, embedding and routinizing), and disrupting institutions (including disconnecting sanctions, disassociating moral foundations, and undermining assumptions and beliefs) have been widely discussed in the organization literature (Lawrence and Suddaby 2006). However, we know little about how small, resource-constrained social enterprises come to act across formal and informal institutions in ways that bridge institutional divides to perform new and better versions of subsistence marketplaces.

### **Analytical Framework: Institutional Work of the Social Enterprise**

This study considers institutional work from a market studies perspective, but does so within the context of a subsistence marketplace where actors cross both informal and formal institutional norms in their everyday lives. We follow a social enterprise and study their use of the business model as a tool of institutional change (see Figure 1).

[INSERT HERE: Figure 1. *An Analytical Framework to Explicate the Institutional Work of a Social Enterprise*]

This analytical framework (see Figure 1) positions business models as part of a broader organizational market system (Coombes and Nicholson 2013; Mason and Spring 2011). It suggests that business models are used to organize institutional work across a number of organizations and individuals that together constitute the subsistence marketplace. Business models make visible “the types of resources such actors deploy, what strategies they enact to deploy them, and how they work with existing institutions to help overcome the lack of market supporting ones” (Mair and Marti 2009, 419). Thus, the social enterprise uses the business model to connect “previously unconnected parties, by linking transaction participants in new ways, or by designing new transaction mechanisms” (Zott and Amit 2007, 184). From this point of view, any new business model connecting to an extant market system is likely to disrupt institutional norms, and the work done to sustain it is a necessary part of the work of a social enterprise. As Zott and Amit (2007) point out, “Not only can the business model exploit an opportunity for wealth creation, but its design may in itself be part of the opportunity development process. The entrepreneur-as-designer can co-create opportunities... to bridge factor and product markets in new ways” (184).

Extant business model studies have considered the hybrid nature of social enterprises seeking to work across formal and informal institutions (Dahan et al. 2010; Grassl 2012). However, most studies focus on how the business models representing environmental or societal gains connect organizations from the private sector, government, and NGOs (Angeli and Jaiswal 2016; Dahan et al. 2010; Nahi 2016; Rivera-Santos, Rufín, and Kolk 2012; Sakarya et al. 2012) with entrepreneurs in subsistence communities (Christensen et al. 2010). Few studies seek to show how this work is actually done. We examine what managers might have to take into account when developing

business models for social enterprises in order to institutionalize change in subsistence marketplaces.

Our study draws on the notion of *business models in use* (Doganova and Eyquem-Renault 2009; Mason and Spring 2011) as it follows the efforts of a social enterprise attempting to reshape a market for affordable housing. Novo Dia aims to include some of the poorest communities in Maputo, Mozambique. We analyze Novo Dia's efforts to develop a business model that works for the community. We focus on the institutional work done to make the business model and market work together.

## RESEARCH DESIGN

This study uses a qualitative methodology to address its core research question: “*How do social enterprises work out and perform the institutional work needed to open-up subsistence marketplaces?*” Qualitative methods are well-suited to the study of such dynamic, micro-level processes because of their sensitivity to context and unfolding practices (Langley 2007). Our aim is *theory elaboration*, drawing on important ideas from subsistence marketplaces to understand market transformation. Theory elaboration is appropriate when pre-existing ideas can provide the foundation for a new study, avoiding the need for a purely inductive analysis (Lee, Mitchell, and Sablynski 1999). This study uses a single-case design (Yin 2003), in which we follow the institutional work of a new social enterprise seeking to transform a subsistence marketplace. We followed the social enterprise’s work in real time over eight years. Our design offers a strong foundation for elaborating theory. A meaningful analysis of the social (and work) practices, processes, and actors involved was made possible through the micro-level observations undertaken, which focused on the social enterprise’s use of a business model as a tool for understanding how institutional change (and the challenges encountered in enacting market changes) could be organized and brought about.

### Research Context

This study followed a social enterprise for housing in Maputo, Mozambique. In 2008, when our study commenced, many subsistence community members were excluded from this market. The Maputo housing project provided a unique opportunity to study the work done by the new social enterprise, Novo Dia (set up by the first author), to open-up a market for housing in a subsistence

setting. This context is well-suited for our purpose for several reasons. First, the subsistence housing market has long been recognized as being broken and in need of reform (Pery 2014). Second, the introduction of a new social enterprise marks a site of market disruption because subsistence marketplaces are complex, distributed, socioeconomic systems (Araujo 2007, Venugopal, and Viswanathan 2019) with both formal and informal rules shaping their performance (cf. Dahan et al. 2010; Grassl 2012). Thus, a new social enterprise would necessarily have to engage in institutional work in order to successfully manage market change by transforming at least some of the rules and norms of the market (North 1991; Thornton and Ocasio 2012). Third, the presence of a social enterprise engaging with multiple entangled institutional norms—which often have conflicting logics, legacies, and legitimacies—creates a useful context in which socioeconomic practices and processes of engagement become important *and* visible (Mason, Friesl, and Ford 2017). A housing social enterprise is dependent on its own workforce and on a wide range of other actors, including its clients, local skilled craftspeople, masons, merchants, local authorities, and community leaders. These parties often have diverse interests, follow divergent social norms, and encounter deep tensions between community interests and individual needs to survive and manage within the community.

### **Data Collection**

We collected auto-ethnographic data throughout the life of Novo Dia, from 2008 when the social enterprise idea was born through to its closure in December 2015. The auto-ethnographic data took the form of field notes, diaries, project documentation, photos, and recorded reflexive conversations with colleagues and supervisors. We described and systematically analyzed personal experiences to gain a better understanding of the institutional work done (Lawrence and

Suddaby 2006). Documentation included the various interactions between Novo Dia, its staff members, and other subsistence marketplace actors (e.g., masons, community leaders, and authorities). A large data pool was accumulated throughout Novo Dia's lifespan (see Table 1).

[Insert here: Table 1. *Data Sources and Number Documented*]

While the first author acted as the auto-ethnographer, the co-authors acted as critical friends, who met with the first author every two months to discuss the data. We used systematic combining and abductive reasoning (Dubois and Gadde 2002), which enabled the team to navigate between the worlds of theory and practice to open up a “continuous interplay between theory and empirical observation” (Dubois and Gadde 2002, 559). Auto-ethnography intimately connected the researcher-practitioner in an introspective and reflexive process to produce data (Boyle and Parry 2007; Holt 2003). This enabled us to observe and unpack the complexities hidden in the data, which often go unnoticed in everyday practice (DeBerry-Spence 2010; Kjellberg 2017). Specifically, we adopted an analytic auto-ethnographic approach that allowed us to gain insight into the everyday socio-economic life in a subsistence marketplace setting (Heritage 1984). This meant that the auto-ethnographer 1) was a full member in the research group and setting; 2) was visible as such in published texts; and 3) was committed to developing a theoretical understanding of broader social phenomena (Anderson 2006). This approach enabled informal interactions and reflections. Auto-ethnography appeared to be the most appropriate way to identify and engage with informal institutions, enabling the first author to take an in-depth look at the “personal projects that are embedded in their sociocultural life worlds” (Arnould and Price 2006, 254). As

critical friends, the co-authors helped the first author navigate this researcher-practitioner identity (cf. Cunliffe and Karunanayake 2013). This supported a deeper understanding and description of the various actors that performed the Novo Dia's social enterprise and market enactments. By adopting this approach, we sought to overcome the inherent risks associated with auto-ethnography. Most notably, we avoided the misalignment of the ethnographer's researcher and social enterprise roles. Instead, the research team aimed to derive synergies in the quest to attain positive results (Cunliffe and Karunanayake 2013).

### **Data Analysis**

To understand how Novo Dia was using and developing its business model to open up the subsistence marketplace for housing, we moved abductively between the literature and the practical setting to first develop a suitable analytical framework (see Figure 1) that would enable us to unpack how the business model was becoming connected with both place and practice. It also guided our next steps as we began to understand where the practical problems were emerging. This guided us toward multiple qualitative data points as the different elements of the business model were being conceptualized, contested, and reformed (Mason and Spring 2011; Zott and Amit 2007). We pieced them together to develop an explanation of how the business model was being used and developed iteratively to open up the subsistence housing market in Maputo.

We drew on Lawrence et al.'s (2006, 2011a) definition of institutional work to understand how the business model and market actors were beginning to transform the institutionalized practices constituting the researched setting. This work sensitized us to the types of work designed to bring

about change. This included creating new institutions (i.e., the effort to create a specific form of saving group), maintaining institutions (i.e., the gradual saving for and building of a house over a number of years), and disrupting institutions (i.e., the effort to make the market work without bribes or kickbacks).

Finally, we sought to understand the institutions within markets (Mair, Martí, and Ventresca 2012) and the new institutions that would be critical to making the market work for those who would otherwise be excluded (Mair and Mair 2009). We paid attention to the core practices and materials in use in subsistence markets to enable us to identify what was being changed by the institutional work. We also examined the institutionalized market norms and rules; the technical devices and infrastructure; the images and representations of knowledge, including how the market worked; and the normalized practices and routines of SCMs in these subsistence marketplaces (Kjellberg et al. 2015; Mason, Friesl, and Ford 2019).

As we moved abductively between the data and the theory, we were struck by the challenges and difficulties faced by the first author (R#24) in connecting with the informal market. After a second reading of the subsistence marketplaces and market development literature (Godfrey 2011; Karnani 2007; Lindeman 2012), we reconceptualized subsistence marketplaces as being constituted through both formal and informal market institutions and used this conceptualization to gain a deeper understanding of the institutional voids that were becoming increasingly problematic in the work of the social enterprise (and of the first author).

A process of continuous reflection occurred throughout the lifespan of Novo Dia. Everyday practices were documented to support the daily management of the social enterprise. These

accounts of everyday practice were used both for the research and in the development of the business—for example, in the development of investor proposals and in the sharing of insights in organized, self-help-style gatherings with people developing social enterprises. These reflections led to adaptations and further iterations of Novo Dia’s business model and activities.

## FINDINGS

In this section, we first characterize the subsistence market setting we examined. We then focus on how Novo Dia used its business model to perform the institutional work required to open up the market for affordable housing. We protect participants’ identities by assigning them a random name and an R# (research participant) number. Table 2 summarizes the study’s findings using the analytical framework presented in Figure 1.

[INSERT TABLE 2 HERE] *Table 2. Summary of Findings*

In 2013, there was an estimated deficit of nearly two million housing units for families living in Mozambique. A yearly growth of 20,000 housing units in the market against an annual requirement of 50,000 units left a 30,000-unit deficit (Pery 2014). Efforts to address the housing crisis were based on business models targeting middle-income families. Prefabricated units were made available on the market through private investment and public–private partnerships between the government and international consortia. This rendered the market inaccessible to many on very low incomes. This problem is prevalent across Africa, where the housing deficit remains a significant challenge (Parby et al. 2015).

In 2008, 54.7%<sup>1</sup> of the population in Mozambique lived below the national poverty line. Any formal housing proposition that required more than a 133 US\$ monthly payment (30% of a family's net income)<sup>2</sup> was unaffordable for the majority. Over 70% of the population in Maputo live in overcrowded, slum-like conditions,<sup>3</sup> with limited access to water, electricity, and structural safety (Carrilho et al. 2010). Novo Dia was set up to address this housing challenge. In a reflexive discussion between the first author (R#24, CEO of Novo Dia) and the co-authors, Faruque explained as follows:

We are targeting the families of subsistence communities... These people are civil servants, teachers, health agents, government staff, entrepreneurs. They are laborers, merchants and professionals. These people live with a combined income below 400 USD a month. That's why we have put our workshop where it is [see Figure 2] – in the community – in Maputo. That's what drives what we offered – affordable housing... and what we are trying to do is put the supporting services around it; legal expertise, financial help, building expertise, you know the whole thing.

[INSERT HERE Figure 2: *Novo Dia Developments Workshop, in Maputo, Mozambique*]

---

<sup>1</sup> Mozambique, World Bank Data: <http://data.worldbank.org/country/mozambique>; accessed June 23, 2017.

<sup>2</sup> A family of five living on a net income of 440 US\$ a month makes expenditures averaging 3 US\$ per person per day. The average low-income family size in Mozambique is 5.1 people (Baez and Olinto 2016).

<sup>3</sup> "Slum households are defined by of the following elements: durable housing of a permanent nature that protects against extreme climate conditions, sufficient living space which means not more than three people sharing the same room, easy access to safe water in sufficient amounts at an affordable price, access to adequate sanitation in the form of a private or public toilet shared by a reasonable number of people, and security of tenure that prevents forced evictions" (UN Habitat, *State of the World's Cities 2006-7 Feature/Backgrounder* (1) ).

Novo Dia worked to access and secure the resources they needed to offer the solutions envisioned. They began to learn about the important actors, practices and community norms, and how the community worked as a market. Two institutions with a long history in the market were highlighted: community-based masons and community-based consumers of housing.

### **Community-based Masons: The Institutionalized Practices for Providing Families with Shelter**

Community-based masons normally operate by contracting their time for specific projects. After the scope of work (i.e., the time period and the materials required) is established, a price is agreed. The price is usually fixed: “They [customers] don’t take the change in price—you give them one price. That’s it.” (R#11). The mason and the team he hires work as hard as possible to finish the contract as quickly as possible, so that they can move to the next contract and generate more income (see Figure 3):

Housing is the most important investment most families make in their lifetime, so in Mozambique they self-manage their construction projects. They have to find community-based masons, choose a home design, often based on ideas of their family and also of the mason – usually based on the previous work he’s done. They then have to negotiate a price for the mason, and then they start acquiring materials for the mason and his team to build with. (R#24; reflective interview)

[INSERT HERE: Figure 3. *A Team of Masons Working on a Novo Dia Community Building Project*]

“Pedro” (R#3) was a typical community-based mason. He usually worked with two assistants on projects for community-based clients. Normally, in such projects, the client and Pedro determine and agree on a price for the work. This is usually for building part of a home. There is no bill of materials. Pedro requests materials from the client as and when he needs them. Pedro agrees on a price and works quickly to conclude the project. This way, new projects can be sought for additional income.

It is relatively easy in Maputo to find land to build on. Under national law, all land belongs to the state, which allows individuals or organizations to use the land for specified purposes. Communities are allowed building land, and, although it is illegal to sell land, such transactions do occur. These exchanges are normalized in the informal economy. Land is available through legal mechanisms, through informally arranged and unenforceable transactions, and is relatively cheap.

### **Community-based Consumer-Producers: The Institutionalized Practices for Housing**

The consumption of housing is a long and complex process in this subsistence setting. The experience of “Manuel” (R#21) provides a typical example. Manuel (from Mozambique) was in his late 30s, married with three children, and worked in household service with an income of approximately 140 US\$ per month. He began building his house in 2002. By 2009, he was still not living in the house. In 2013, Manuel’s cousin moved to Maputo from the north (Zambezia) and started renting Manuel’s house. The house had two rooms and an aluminum sheet roof. One room had a cement floor and a locking door. The other room (for cooking and lounging) had a dirt floor and no windows. A hole in the backyard sufficed for physical needs. In 2016, Manuel finally moved into his house with his family. His home now had cement floors and doors throughout and a

“washroom” with raised walls but no roof. He had access to water and electricity but had no plaster on the walls. The work on his home continues, 18 years after it began.

Family-managed housing projects like Manuel’s often take more than 15 years to complete. Normally, families use their savings to begin construction. Generally, they fund construction through their monthly cash flow. They either contribute a part of their earnings each month or use extraordinary income from rotating saving and credit groups known as *Xitique*. *Xitique* saving groups are premised on strong family and social networks of friends and relations who are “close” (R#7) and have known each other for many years. Many families have no regular, stable income. Fluctuating incomes mean that families are reluctant to assume fixed, regular payments for housing. The nature of their income excludes them from formal housing finance markets. The cost of capital through formal financing institutions can range from 20% to 45%. This makes long-term investment through finance prohibitively expensive for those living in subsistence communities. Indeed, “most [people], don’t even think it [possible] to access finance” (R#7).

Families told us that they did not calculate the cost of their entire building project. Rather, they conceptualized building a house as a number of small projects that would be completed bit by bit. They approached projects with some idea of the materials needed for the first small part of the overall project. It is normal for a family to build until the money runs out, at which point they stop building until they have enough income to build the next stage. Building a house is the outcome of many small building projects that need funding over many years; “there are those who die without seeing their homes finished” (R#7).

Families often try to reduce the cost of construction, economizing on materials by, for example, “using less than ideal ratios of cement to sand, or ratios of concrete to iron” (R#24). However, families are very conservative in their choices of materials: Even when cheaper materials are available, many favor “bricks [usually breeze blocks] and mortar” (R#17). Despite their economic constraints, we found families to be very aspirational in the type of house they set out to build. It was common to see families with a limited income averaging 400 US\$ a month setting out to build a large home with multiple rooms and floors.

[INSERT HERE: Figure 4a, 4b, 4c. *Novo Dia Houses Built Homes for Subsistence Consumers*]

#### **Novo Dia Business Model: Connecting with the Institutions of the Subsistence Housing Market**

From its beginnings in 2008, Novo Dia aimed to solve some of the housing problems faced by families living in subsistence settings. Novo Dia was to be a Mozambique-based social enterprise providing low-cost housing products and services for low-income families. Novo Dia’s business model (see Figure 5) was an important tool for helping the social enterprise work out its offer for the subsistence housing market. Novo Dia used its business model to ask why SCMs (and potential customers) could not currently access the market and to identify the types of products and services they needed to enable them to do so. This included land for building and building regulations approval. As a result, Novo Dia developed a sophisticated range of products and services.

Novo Dia’s target customers were low-income families wanting to invest in housing, SCMs, and organizations working to improve housing and other infrastructure for low-income families. The

social enterprise strove to develop the most affordable housing market offering in Maputo. They offered a one-bedroom unpainted unit starting at less than 2,000 US\$ and offered a four-bedroom unit for 16,000 US\$. They also promoted a new vision for housing—a modular, evolutionary housing strategy that subsistence communities could own and periodically develop and extend. Families could begin building by investing in a one-bedroom unit and continue to invest until this became a full four-bedroom unit.

The Novo Dia team operated from the “workshop” (R#24), where customers could buy construction materials, receive technical support on how to best use them, access engineers to develop housing plans and budgets, and obtain assistance in securing the required documentation for the official construction licenses. If customers had already started building, Novo Dia assessed the current status of the families’ construction project. They provided advice on structural safety, optimum lighting, ventilation, and sanitation standards. Novo Dia promoted an evolutionary approach to construction, encouraging families to begin and complete construction on a smaller unit (with the potential for future extension). This contrasted with the traditional approach of beginning a large project that would take a very long time to finish. The social enterprise was strategically located at a major junction in Maputo, one of the fastest-growing suburbs in Mozambique. Novo Dia finally opened its workshop doors for business in January 2012.

Novo Dia had developed and used its business model to offer affordable quality services to “underserved families” (R#7). The ambition was to increase affordability. As Novo Dia’s business developed, they anticipated being able to achieve greater economies of scale. The agglomeration of services and the provision of a “one-stop-shop for affordable housing, providing access to materials, manpower, technical supervision and legal assistance” (R#24) would help with this.

[Insert here: Figure 5. *Novo Dia's Business Model*]

Novo Dia's business model was an important tool for helping the social enterprise work out how to identify potential customers and the key resources required to deliver their offering. They established customer relations through the workshop, staff, advertisements, and visits to schools and training centers. Key activities included the sale of construction materials, construction services, technical expertise and supervision, paralegal support, and community mobilization, particularly the establishment of saving groups. Novo Dia's key resources were its staff, the construction materials it sold, its workshop, and its knowledge of land licensing processes. The key partners were the suppliers, institutional clients such as Cimentos de Mozambique, government and public housing bodies, and microfinance institutions. Revenues came from the sale of construction materials and services and of kiosks (see Figures 6a. 6b). Costs included construction materials, staff costs, fixed rent, and operational costs.

[INSERT HERE: Figure 6a, 6b. *Corrugated Iron Flat Pack Kiosk Sold by Novo Dia*]

When business proved slow, R#24 used the business model to reflect on why more potential customers were not engaging. R#24 asked potential customers why they did not buy. He adapted the business model accordingly, changing the pricing strategy and service offerings. Despite its best efforts and because of its cost structure, Novo Dia's housing offer remained beyond the reach of many families. Commercially available financing options (typically carrying a 20–45% interest charge) were too expensive for the SCMs. Novo Dia worked to persuade existing microfinancing institutions to develop more appropriate interest rates for their specific housing products. Novo Dia wanted the microfinancing institutions to take into account its house design (i.e., to be built

over the medium to long term). Most microfinancing institutions offered loans for only the very short term. The cost of a short-term loan put microfinancing options beyond the reach of most families. Further, Novo Dia found that families that did have 2,000 US\$ to invest in a housing project did not want to buy and live in what amounted to a one-bedroom unit, and families that were prepared to live in a one-bedroom modular unit did not have 2,000 US\$, nor did they have access to the financial services that would enable them to raise that amount. Without the right kind of financial services on offer, Novo Dia was unable to reach its target markets. The subsistence market for affordable housing was not working.

Speaking with potential customers, officials, and employees made it clear that several practices were preventing market engagement. First, having to save to pay for materials and services was a significant problem. Because money was such a scarce resource within the subsistence housing market, Novo Dia worked to try and help people “save to invest” (R#24). This effort is illustrated by Novo Dia’s work with “Ana” (R#12). Ana was part of a 16-member Xitique. Each member of her Xitique contributed a pre-arranged monthly amount to the group’s saving pot. Each saver took the pot home once during the saving cycle. The cycle ended once all savers had taken the pot home. Our observations revealed that Xitique groups were much more than transaction-based gatherings. Their members had usually known each other for years. They trusted, interacted with, and supported each other in many more ways than simply by gathering together to save money. Ana’s group was no different. Ana had been saving and accumulating construction materials when she first encountered Novo Dia on a routine visit to a school. Novo Dia worked with Ana, her neighbors, and other school staff to try and set up a Xitique dedicated to housing investments, but interest was limited: Novo Dia were strangers to the group, and few felt inclined to trust them.

Early efforts looked promising. Some members depositing funds as agreed, but others did not. Eventually, members that had deposited funds requested withdrawals. No housing investments were made. Ultimately Novo Dia's attempts to organize housing investment through Xitiques failed. As far as the savers were concerned, Novo Dia had no legitimacy in this space.

The dynamics of Xitique groups reveal something of the informal economy that operates in subsistence settings. Novo Dia's initial efforts to set up Xitiques had focused on the workplace—in this particular case, a school. Schools employ various types of professionals, from graduate-level professionals receiving close to 700 US\$/month to untrained staff receiving closer to 150 US\$/month. The mix of income levels within the group caused a problem. Higher-paid professionals showed resistance to creating Xitique saving groups with the lower-paid staff because the saving capacity would be limited and the "professionals" felt compromised by being associated with the "significantly lower-paid" (R#17), who were also less-educated than their "professional, aspirational" (R#17) colleagues. Graduate teachers explained that they did not believe their lower-paid colleagues would be able to save and rotate a substantial amount of money. Cleaning staff explained that teachers never associated with them socially and that they would "never be with them in our Xitique" (R#11).

When Novo Dia tried to work with only cleaning staff and associates in their neighborhoods, they found that most members already had their own saving groups and were not interested in joining a new group. It was difficult for Novo Dia to mobilize saving groups from the outside, as they lacked strong social bonds with potential participants and were not seen as "almost family" (R#18) or "long-time neighbors" (R#7). The strong social bonds that hold together this informal economy work through the everyday calculations that the members of these groups make. For example, for

saving groups to work, there had to be strong social bonds between members, family bonds, and a shared support history. Saving group members would trust the care of their children to each other and turn to each other for support in times of celebration and difficulty. These bonds were central because, for a Xitique savings group to work, the social cost of any one group member defaulting on payment had to be higher than the potential reward of default.

Second, bribery, a normalized business practice in Mozambique, presented a significant challenge. Novo Dia worked to establish partnerships with government and private sector organizations to provide housing products for subsistence marketplace communities, but corruption created a barrier that prevented many potential collaborations from coming to fruition. The vast majority of large public, private, and development organization procurement agreements required compensation or “payback” (R#18) to the procurement officer or decision-maker. This common practice is well-known (Centro de Integridade Publica, 2016). On a project to build multiple homes, payback might take the form of building an additional home for the principal decision-maker. Sometimes, the payback requested was financial. When Novo Dia tendered for such projects, their proposal was typically graded as “technically valid” and the financial proposal described as priced “below the competition.” However, partnerships were rarely formalized, as a payback was often required as a precursor to signoff. Novo Dia operated on a “no corruption” principle (R#24) and refused to participate, which meant that innovative housing products at competitive prices did not reach subsistence marketplace communities.

Novo Dia worked as a new formal institution serving the housing interests of low-income families, disrupting current normalized payback practices by assuming a zero-tolerance approach to corruption. This approach disrupted the informal institutions governing the work of SCMs. The

social enterprise assumed formal relations with SCMs, taking a pedagogical approach. They worked to support and educate staff, facilitating their professional growth, sharing ethical values, and prioritizing the use of community-based masons, staff members, suppliers, and subcontractors. All of Novo Dia's construction staff were hired from the community; these included masons and mason assistants, electricians, and plumbers, "all with no formal education, having learned their trades on the job" (R#22). Their capabilities were assessed via references and assessments conducted by fellow masons and engineers.

Third, the normalized practices of masons presented a significant challenge. Novo Dia attempted to achieve economies of scale and reduce market prices by changing how masons were hired and paid. This increased costs. Novo Dia hired Pedro and his team for a two-week project at 700 US\$. The project involved the renovation of a warehouse and shop in Maputo. As this work finished, Novo Dia asked Pedro to quote for a month's work for both him and his team. This totaled 400 US\$ per month, plus transportation and food costs. At half the cost, this looked like "good value" (R#24) for Novo Dia. Novo Dia hired Pedro and the two assistants with the intention of deploying the team day-to-day on multiple client projects. However, "the team's productivity dropped through the floor!" (R#24). By hiring Pedro and his team "by the month" (R#24) and offering transportation and food subsidies, Novo Dia had removed Pedro's incentive to work fast: The longer Pedro made a project last, the more money he would make. The manpower costs for individual clients rose above the initial budget, and Novo Dia had to assume responsibility for additional costs.

Equally relevant to the everyday practices of building and buying housing were the materials used. Novo Dia had managed to dramatically reduce the cost of housing by offering modular,

evolutionary housing that used fewer traditional (and less-expensive) materials. This proved concerning to communities who were used to thinking of their homes as complete, final projects built from “bricks and mortar” (R#17). These were not mere technicalities for the subsistence community. Rather, they were profound reasons why subsistence communities did not engage with the market. The materials and practices of housing provision were deeply embedded in what it meant to have a house. The Novo Dia offer and the image of what it meant to own a house were not compatible, despite the best efforts of Novo Dia to educate potential consumers about the offer’s value. Novo Dia’s homes were standardized, relatively small, and simple. These characteristics were what made them affordable, but SCMs were aspirational when considering their housing, always aspiring to much larger and better-equipped houses than they could afford. Finally, Novo Dia was creating a new “formal” affordable housing market for those used to solving their housing needs via an informal market where, in extreme cases, no quality assurance was available. Novo Dia offered quality assurance, technical supervision, and appropriate construction techniques, but these came with costs. Any construction project using skilled labor (engineers and qualified masons) and complying with the tax and registration requirements of the formal market pushed up costs, and thus the final price for the consumer. This meant that any offering from a formal market would be more expensive than housing solutions purchased from the informal market.

### **CONCEPTUAL INTERPRETATION OF FINDINGS**

Our conceptual interpretation of the empirical analysis is synthesized into two key theoretical observations. The first concerns the institutional work performed by a social enterprise to open up a subsistence marketplace. The second posits the *business model in use* as the mechanism

through which the social enterprise performs this work. These observations and their conceptual underpinnings are incorporated into Figure 1, offering a visual representation of our contribution. Below, we discuss the implications of each observation for theory in detail.

***Observation One:*** An idea for market change is transformed into an innovative, affordable offering through a process of inquiry. The inquiry uses the business model to connect actors. Thus, the *business model in use* creates a juncture at which formal and informal institutionalized practices can be connected to transform the subsistence market.

Our findings show how a series of inquiries driven by unanswered questions about the social enterprise's business model are used to construct an accessible "one-stop-shop" offering for affordable housing. The development of Novo Dia's modular house design was not a chance event but the result of the use of its business model to identify and bridge an institutional void (Mair and Marti 2009) for affordable housing, thus creating a one-stop-shop offer (cf. Rivera-Santon et al. 2012; Tracey, Phillips, and Jarvis 2020). It also helped Novo Dia define its own institutional identity (cf. Lawrence and Suddaby 2006). In developing its formal, social enterprise structure, Novo Dia made use of local masons, builders, SCMs, housing agencies, and licensing authorities. It took into account the institutionalized 15-year building cycle. Novo Dia positioned itself at a juncture of formal and informal institutionalized practices. Novo Dia used its business model to continuously question what was not available or made accessible to the low-income population. They used this knowledge to identify and coordinate the housing materials, products, and services needed at the juncture, connecting formal and informal market practices. However, the masons employed by Novo Dia's formal structure were no longer incentivized to work quickly via the normalized, institutionalized practices of the informal economy. Novo Dia had to rethink how it worked with

masons by reintroducing old incentive and employment structures while maintaining working connections. Similarly, the informal housing market typically took no notice of safety regulations, but Novo Dia offered services that enabled SCMs investing in housing to comply easily.

Novo Dia's business model could not be determined *a priori*. Rather, each effort to organize and deliver an affordable housing offering uncovered new institutionalized practices. In the process, new difficulties and concerns emerged: The masons would not work fast enough, and the saving groups did not save enough and fell apart. Through Novo Dia's use of the business model, different agencies and forms of knowledge became valuable and worth understanding in greater depth. The more Novo Dia understood about saving groups, the more they came to realize that some other form of microfinancing arrangement was needed. This meant educating actors considered central to the creation of new institutions (Lawrence and Suddaby 2006). Actors across the formal and informal markets needed to work out together the possibilities for new market action. They had to coordinate their activities. As Novo Dia illustrates so well, this was not a trivial challenge.

Adding to the extant studies that show how business models help actors collectively imagine new futures (Doganova and Eyquem-Renault 2009), our study shows how the business model can be used to uncover hidden market practices in both the formal and informal institutional structures of the market (cf. Lawrence and Suddaby 2006; Mair and Mair 2009). As a tool *in use*, the business model played an important role in making visible these norms and everyday practices. Understanding these institutional structures allows the social enterprise to open up the market. The business model helps market actors share a new understanding about how the subsistence market might be made to work. Our analysis reveals the creative, disruptive, and maintenance institutional work done by those using the business model. It shows that making visible both the

multiple and distributed practices and organizational structures *and* the missing practices and institutions preventing key SCMs from engaging with a specific subsistence marketplace (cf. Lawrence and Suddaby 2006; Mair and Mair 2009) are key aspects of the institutional work in this setting.

These findings extend the existing understanding of subsistence marketplaces by describing the institutional work performed by a social enterprise working to transform and open up a subsistence marketplace. While extant studies recognize that many subsistence marketplaces exist within informal economies (Lindeman 2012) and that many SCMs living in subsistence conditions are excluded from formal market structures (Venugopal and Viswanathan 2019), few studies have looked at the role of social enterprises in connecting diverse institutions of practice. Our conceptualizing of the institutional work of a social enterprise as the process of bridging the institutional voids (Mair et al. 2012) and divides (cf. Rivera-Santos et al. 2012) between formal and informal institutionalized practices of subsistence marketplaces adds to the new and emerging literature on institutional voids (Chipp et al. 2019; Van Tulder et al. 2016).

We can further characterize what it means to do institutional work in voided or divided subsistence marketplace communities. We found that some SCMs were denied market access because of missing institutions of practice and offers that could have opened up markets to them. The unfolding *business model in use* practices of the social enterprise were often precarious. Many of Novo Dia's activities were performed as small experiments, such as the saving groups at the school. This observation is useful in explaining why so many social enterprises fail after three years (Gasca 2017). It foregrounds the fact that business models work within a system of action that extends far beyond the boundaries of the social enterprise (Zott and Amit 2007). Consistent with Rivera-

Santos et al. (2012), we foreground the value of partnership and collaboration in efforts to open up subsistence marketplaces. If social enterprises are to succeed, they will need to find ways of building such resilience mechanisms so that they can survive early, intense learning periods that are critical for the market *and* the social enterprise.

This observation extends our understanding of the institutional work done to identify and bridge institutional voids in order to open up subsistence marketplaces. By conceptualizing the *business models in use* (Doganova and Eyquem-Renault 2009; Mason and Spring 2011), we propose the business model as a central mechanism through which institutional work can be performed. Extant subsistence marketplace research has focused on the practices of SCMs (Onyas and Ryan 2015), their use of scarce resources (Venugopal and Viswanathan 2019), and their informal social networks (Lindeman 2012). Our study is one of the first to focus on this micro-level analysis of institutional work. Extant studies on institutional work have tended to focus on formal institutional structures (Lawrence and Suddaby 2006), paying less attention to where and how informal and formal institutions generate divides within communities. This can exclude (albeit accidentally) the key constituents they aim to engage. We bridge these two perspectives by drawing on an understanding of *business models in use* (Doganova and Eyquem-Renault 2009; Mason and Spring 2011) and the development of hybrid business models for subsistence marketplaces (Grassl 2012). In so doing, we develop a nuanced conceptualization of *business models in use* as a critical mechanism for the transformation of subsistence marketplaces. We reveal the generative interplay between what occurs when social enterprises work to bring elements of informal institutionalized practices into the formal economy. By introducing the notion of *business models in use* to the conceptualization of institutional work in subsistence marketplaces, we emphasize

the importance of the diversity in histories, norms, and practices among the actors who become enrolled in the collective effort to transform markets. Thus, we explain how social enterprises can begin to organize productive institutional work to generate development pathways through the connections they create.

***Observation Two:*** New institutional voids are materialized by the use of business models at the juncture at which formal and informal institutionalized practices connect to perform the transformed subsistence marketplace.

Our analysis reveals *how* new institutional voids are materialized through market interventions. The materialization of new institutional voids emerges from both the unfolding design and the organization of the social enterprise's business model. This happens with both internal and external social enterprise SCMs. The business model is held in dialogue: a) internally, with its different elements (i.e., key resources, pricing of housing units, and the target customers' access to finance); and b) externally, with the different SCMs' normalized, institutionalized practices (i.e., of the masons, other businesses, and officials). These two distinctive practice dialogues and the bundles of institutionalized practices with which they engage are a central part of the market transformation process. Ultimately, they materialize institutional voids that do not exist before the social enterprise's market intervention begins.

Our analysis revealed that divergent institutions of normalized practices collided when Novo Dia's business model and its diverse elements were held in dialogue with the institutionalized practices of others in the market. This caused friction between the SCMs' informal market practices and the intended action of the social enterprise. Novo Dia made continual adjustments until their business

model's normalized practices became sufficiently entangled with the extant practices of core SCMs to cause either the market's activities to flow unhindered or the institutionalized practices of the market to change. Our data show that the social enterprise will fail if this does not happen. When Novo Dia's new employment model for the masons caused friction, Novo Dia went back to paying masons "by the job" (R#24). They still included access to their services as part of a one-stop-shop affordable housing offer. Novo Dia did attempt to change the practices of the saving groups when they suggested and supported a new group constitution comprising people of different social statuses—cleaners, teachers, and support staff all working at a local school. However, this new practice failed to take hold, and no monies from this group were invested in housing. This materialized a new microfinance void.

We argue that some institutional voids materialize only after social enterprises begin to intervene to open up subsistence marketplaces: The institutional voids are *made* by and through the actions of the social enterprise. As Mair et al. (2012) explain, when "institutions are absent or weak, the argument goes, institutional voids occur, and a compensatory social structure is needed to spur market formation and operation" (821). However, Mair et al. (2012) assume that the institutional void already exists. From this point of view, the aim of the social enterprise is to identify the void and bridge it in a way that enables the market to work. Our analysis reveals something different. When Novo Dia initially engaged in the market, there was no need for financing services for housing. Without anything resembling affordable housing on the market, there was no financing void. By introducing affordable housing to the market, financing (through microfinancing institutions or saving groups) was then needed to transform affordable housing into accessible affordable housing. By generating access to financing services, a sustainable affordable housing

offer could be delivered by Novo Dia. Sadly, no appropriate financing services could be arranged. Novo Día's offer materialized the void and made it real and visible for the first time. This finding raises interesting questions about how actors can mobilize the multiple and parallel institutions that need to appear at the same time in order to sustainably transform a market. Novo Día's affordable housing offer had opened up a new opportunity for financing market action. While these voids ultimately caused the closure of Novo Dia, they also offer important insight into the critical role of so-called "failed" social enterprises, whose success lies in catalyzing the beginnings of market transformation. It also highlights the enormity of the market transformation task in which social enterprises engage.

This observation seems particularly pertinent for subsistence market settings, where social enterprises are rarely run by those in the subsistence community (Dahan et al. 2010; Kolk and Lenfant 2015; Sakarya et al. 2012). In an effort to improve the quality of life of those in the community (Peterson et al. 2010; Viswanathan and Rosa 2010), social enterprises often enroll and mobilize action beyond the community, with the potential to connect SCMs to the wider market system. This has two important theoretical implications.

First, our analysis extends the extant understanding of what it means to organize activities to deliver value *in situ* in a subsistence marketplace (Lindeman 2012; Venugopal and Viswanathan 2019) by showing how a social enterprise continuously used and developed its business model as a tool of inquiry and reflexive practice. This tool and its use represent an attempt to mobilize collective action with others who have the potential to constitute part of the new, envisioned market system for affordable housing. It also reveals what happens when the activities required to make a market work extend beyond the scope and capabilities of a single social enterprise

initiative. This observation is what makes the notion of institutional work so important for understanding subsistence marketplaces and the work needed to transform them (Mair et al. 2009; Rivera-Santos et al. 2012).

Second, this observation has important implications for our understanding of how institutional voids come about (Mair et al. 2009; Rivera-Santos et al. 2012). It reveals the institutional work done to materialize institutional voids and make them visible and real; directing future market action. Through the actions and interventions of others—specifically of social enterprises—new possibilities for market action beyond the social enterprise become understood as central to making that market work in practice. In our case, the *business model in use* acted as an important mechanism for uncovering what was needed to make a market work for a particular target market living in subsistence conditions, but the work of the business model went further. Its use also materialized institutional voids which had not existed prior to the market intervention of the social enterprise. In this sense, the findings also deepen our understanding of how business models, through their use, become hybrid (Grassl 2012) and offer new insights and possibilities concerning what markets can do to become inclusive and accessible. Thus, we further our understanding of hybrid business models in subsistence markets by revealing *how* their organization and use can materialize institutional voids.

## CONCLUSION

We theorize the institutional work of social enterprises through *business models in use* based on the accepted premise that subsistence marketplaces remain partially inaccessible to many SCMs because of the critical divides between formal and informal institutionalized practices that coexist

in these markets. In so doing, we advance research on the opening up of subsistence marketplaces to low-income SCMs. We recognize that social enterprises' ideas for market change are transformed into innovative, affordable offerings through a process of inquiry that uses the business model to connect actors across this divide. This creates a juncture at which formal and informal institutionalized practices can be connected.

*Business models in use* challenges the status quo of institutionalized practices through the collective process of actors *working out* what needs doing to transform the market and the much-needed market offering in relation to each other. Our analysis reveals the characteristics of this form of institutional work (Observation One), presenting the business model as a mechanism through which institutional work can be organized and performed. By presenting a framework for a social enterprise's *business model in use* in a subsistence marketplace, we hope to stimulate further inquiry into the dynamics of subsistence marketplaces and their interactions with social enterprises.

Our findings have important implications for practitioners developing social enterprises in subsistence markets. We suggest that social enterprises must identify and negotiate institutional differences to help them navigate the connections between formal and informal institutions (cf. Tracey, Phillips, and Jarvis 2011). We also argue that social enterprises must engage in institutional work practices that can open up and holistically transform subsistence marketplaces. To do so, they must attend keenly to evolving, quotidian, informal institutionalized practices; continuously adapt their business models in response to formal and informal institutional practices; and develop critical value system partnerships.

Despite having described the complex nature of the subsistence marketplace system and of the institutional work that needs to be done to open up such markets, we look only at the connected system of housing in Maputo. Future studies should look into other sites and subsistence marketplaces to enable comparability across complex but differently situated market systems. This would allow the identification of core practices that can help managers routinely situate and develop their social enterprise business models in unfamiliar surroundings.

## References

- Abdelnour, Samer, and Oana Branzei. 2010. Fuel-Efficient Stoves for Darfur: The Social Construction of Subsistence Marketplaces in Post-Conflict Settings. *Journal of Business Research*, 63 (6): 617–629. <https://doi.org/10.1016/j.jbusres.2009.04.027>.
- Anderson, Leon. 2006. Analytic Autoethnography. *Journal of Contemporary Ethnography*, 35(4):373–395. <http://dx.doi.org/10.1177/0891241605280449>
- Angeli, Federica, and Anand Kumar Jaiswal. 2016. Business Model Innovation for Inclusive Health Care Delivery at the Bottom of the Pyramid. *Organization and Environment*, 29 (4): 486–507. <https://doi.org/10.1177/1086026616647174>.
- Arnould, Eric J., and Linda L. Price. 2006. *Market-Oriented Ethnography Revisited*, *Journal of Advertising Research*. 46 (3): 251–262. <https://doi.org/10.2501/S0021849906060375>.
- Azmat, Fara, Ahmed Shahriar Ferdous, and Paul Couchman. 2015. Understanding the Dynamics between Social Entrepreneurship and Inclusive Growth in Subsistence Marketplaces. *Journal of Public Policy and Marketing*, 34 (2): 252–271. <http://journals.sagepub.com/doi/pdf/10.1509/jppm.14.150>.
- Baez, Javier E.; Olinto, Pedro. 2016. *Accelerating poverty reduction in Mozambique : challenges and opportunities (English)*. Washington, D.C. : World Bank Group. <http://documents.worldbank.org/curated/en/383501481706241435/Accelerating-poverty-reduction-in-Mozambique-challenges-and-opportunities>

- Boyle, Maree, and Ken Parry. 2007. Telling the Whole Story: The Case for Organizational Autoethnography. *Culture and Organization*, 13 (3): 185–190. <https://doi.org/10.1080/14759550701486480>.
- Callon, Michel. 2016. Revisiting Marketization: From Interface-Markets to Market-Agements. *Consumption Markets and Culture*, 19 (1): 17–37. <https://doi.org/10.1080/10253866.2015.1067002>.
- Carrilho, Julio, Luís Lage, João Tique, Albino Mazembe, Anselmo Cani, Erasmo Nhachungue, Carlos Trindade, Carlos Serra Jr., Liana Battino, Marcelo Costa, Inês Raimundo, Teresinha da Silva, Ibraimo Remane, and Arão Balate. 2010. Mozambique Cities Profile Maputo. Nacala, Manica <https://unhabitat.org/mozambique-cities-urban-profile-maputo-nacala-and-manica>.
- Chikweche, Tendai, and Richard Fletcher. 2010. Understanding Factors That Influence Purchases in Subsistence Markets. *Journal of Business Research*, 63 (6): 643–650. <https://doi.org/10.1016/j.jbusres.2009.04.024>.
- . 2011. Franchising at the Bottom of the Pyramid (BOP): An Alternative Distribution Approach. *The International Review of Retail, Distribution and Consumer Research*, 21 (4): 343–360. <https://doi.org/10.1080/09593969.2011.588717>.
- Chipp Kerry, Albert Wocke, Carola Strandberg, and Manoj Chiba. (2019) Overcoming African Institutional Voids: Market Entry with Networks. *European Business Review*, 31(3): 304–316. <https://doi.org/10.1108/EBR-01-2018-0029>
- Christensen, Lisa Jones, Helen Parsons, and Jason Fairbourne. 2010. Building Entrepreneurship in Subsistence Markets: Microfranchising as an Employment Incubator. *Journal of Business Research*, 63 (6): 595–601. <https://doi.org/10.1016/j.jbusres.2009.03.020>.
- Cochoy, Franck, Pascale Trompette, and Luis Araujo. 2016. From Market Aggements to Market Agencing: An Introduction. *Consumption Markets and Culture*, 19(1):3–16. <https://doi.org/10.1080/10253866.2015.1096066>.
- Collins, Daryl, Jonathan Morduch, Stuart Rutherford, and Orlanda Ruthven. 2009. *Portfolios of the Poor: How the World's Poor Live on \$2 a Day*. Princeton: Princeton University Press. doi:10.2307/j.ctt7r4.
- Coombes, Philip H., and John D. Nicholson. 2013. Business Models and Their Relationship with Marketing: A Systematic Literature Review. *Industrial Marketing Management*, 42 (5): 656–664. <https://doi.org/10.1016/j.indmarman.2013.05.005>.

- Centro de Integridade Publica/(CIP) Chr. Michelsen Institute (CMI). 2016. The Costs of Corruption to the Mozambican Economy: Why It Is Important to Fight Corruption in a Climate of Fiscal Fragility. <https://www.cmi.no/publications/file/6027-the-costs-of-corruption-to-the-mozambican-economy.pdf>.
- Cunliffe, Ann L., and Geetha Karunanayake. 2013. Working within Hyphen-Spaces in Ethnographic Research. *Organizational Research Methods*, 16 (3): 364–392. <https://doi.org/10.1177/1094428113489353>.
- Dahan, Nicolas M., Jonathan P. Doh, Jennifer Oetzel, and Michael Yaziji. 2010. Corporate-NGO Collaboration: Co-Creating New Business Models for Developing Markets. *Long Range Planning*, 43 (2–3): 326–342. <https://doi.org/10.1016/j.lrp.2009.11.003>.
- DeBerry-Spence, Benét. 2010. Making Theory and Practice in Subsistence Markets: An Analytic Autoethnography of MASAZI in Accra, Ghana. *Journal of Business Research*, 63 (6): 608–616. <https://doi.org/10.1016/j.jbusres.2009.02.024>.
- Doganova, Liliana, and Marie Eyquem-Renault. 2009. What Do Business Models Do? *Research Policy*, 38 (10): 1559–1570. <https://doi.org/10.1016/j.respol.2009.08.002>.
- Dubois, Anna, and Lars-Erik Gadde. 2002. Systematic Combining: An Abductive Approach to Case Research. *Journal of Business Research*, 55 (7): 553–560. [https://doi.org/10.1016/S0148-2963\(00\)00195-8](https://doi.org/10.1016/S0148-2963(00)00195-8).
- Fernandes, Josi, Katy Mason, and Ronika Chakrabarti. 2019. Managing to Make Market Agencements: The Temporally Bound Elements of Stigma in Favelas. *Journal of Business Research*, 95 (1): 128–142. <https://doi.org/10.1016/j.jbusres.2018.10.006>.
- Fligstein, Neil. 1996. Markets as Politics: A Political-Cultural Approach to Market Institutions. *American Sociological Review*, 61 (4): 656–673. <https://doi.org/10.2307/2096398>.
- Fligstein, Neil, and Iona Mara-Drita. 1996. How to Make a Market: Reflections on the Attempt to Create a Single Market in the European Union. *American Journal of Sociology*, 102 (1): 1–33. <https://doi.org/10.1086/230907>.
- Gasca, Leticia. 2017. 3 Reasons Why Social Enterprises Fail – and What We Can Learn from Them World Economic Forum. <https://www.weforum.org/agenda/2017/06/3-reasons-why-social-enterprises-fail-and-what-we-can-learn-from-them/>.
- Gau, Roland, Haeran Jae, and Madhubalan Viswanathan. 2012. Studying Low-Literate Consumers through Experimental Methods: Implications for Subsistence Marketplaces. *Journal of Business Research*, 65 (12): 1683–1691. <https://doi.org/10.1016/j.jbusres.2012.02.009>.

- George, Gerard, Rekha Rao-Nicholson, Christopher Corbishley, and Rahul Bansal. 2015. Institutional Entrepreneurship, Governance, and Poverty: Insights from Emergency Medical Response Services in India. *Asia Pacific Journal of Management*, 32 (1): 39–65. <https://doi.org/10.1007/s10490-014-9377-9>.
- Godfrey, Paul C. 2011. Toward a Theory of the Informal Economy. *Academy of Management Annals*, 5 (10): 231–277 <https://doi.org/10.1080/19416520.2011.585818>.
- Godinho, Vinita, Srinivas Venugopal, Supriya Singh, and Roslyn Russell. 2017. When Exchange Logics Collide. *Journal of Macromarketing*, 37 (2): 153–166. <https://doi.org/10.1177/0276146717696893>.
- Grassl, Wolfgang. 2012. Business Models of Social Enterprise: A Design Approach to Hybridity. *ACRN Journal of Entrepreneurship Perspectives*, 1 (1): 37–60.
- Harding, Rebecca. 2004. Social Enterprise: The New Economic Engine? *Business Strategy Review*, 15 (4): 39–43. <https://doi.org/10.1111/j.0955-6419.2004.00338.x>.
- Heritage, John. 1984. *Garfinkel and Ethnomethodology*. Cambridge, UK: Polity Press.
- Holt, Nicholas L. 2003. Representation, Legitimation, and Autoethnography: An Autoethnographic Writing Story. *International Journal of Qualitative Methods*, 2(1): 18–28. <https://doi.org/10.1177/0891241610387135>.
- Karnani, Aneel. 2007. The Mirage of Marketing to the Bottom of the Pyramid: How the Private Sector Can Help Alleviate Poverty. *California Management Review*, 49(4): 90–111. <https://doi.org/10.2307/41166407>.
- Kjellberg, Hans. 2017. Acquiring Associations. In *Markets and the Arts of Attachment* (editors Franck Cochoy, Joe Deville, Liz McFall)(162–179). Abingdon, Oxon: Routledge. <https://doi.org/10.4324/9781315696454-10>.
- Kjellberg, Hans, Azimont, Frank, and Reid, Emma. 2015. Market Innovation Processes: Balancing Stability and Change. *Industrial Marketing Management*, 44 (1): 4–12. <https://doi.org/10.1016/j.indmarman.2014.10.002>.
- Kolk, Ans, and François Lenfant. 2015. Cross-Sector Collaboration, Institutional Gaps, and Fragility: The Role of Social Innovation Partnerships in a Conflict-Affected Region. *Journal of Public Policy and Marketing*, 34 (2): 287-303 <http://journals.sagepub.com/doi/pdf/10.1509/jppm.14.157>.
- Langley, Ann. 2007. Process Thinking in Strategic Organization. *Strategic Organization*, 5 (3): 271–282. doi:10.1177/1476127007079965.

- Lawrence, Thomas B., Roy Suddaby, and Bernard Leca, eds. 2009. *Institutional Work: Actors and Agency in Institutional Studies of Organizations*. Cambridge: Cambridge University Press. doi:10.1017/CBO9780511596605.
- Lawrence, Thomas B. and Suddaby, Roy. 2006. Institutions and Institutional Work. In *Sage Handbook of Organization Studies, 2nd Edition*, edited by Stewart R. Ülegg, Cynthia Hardy, Thomas B. Lawrence, and Walter R. Nord (215–254). London: Sage.
- Lawrence, Thomas, Roy Suddaby, and Bernard Leca. 2011. Institutional Work: Refocusing Institutional Studies of Organization. *Journal of Management Inquiry*, 20 (1): 52–58. <https://doi.org/10.1177/1056492610387222>.
- Lee, Thomas W., Terence R. Mitchell, and Chris J. Sablinski. 1999. Qualitative research in organizational and vocational psychology, 1979–1999. *Journal of Vocational Behavior*, 55 (2), 161–187. <https://doi.org/10.1006/jvbe.1999.1707>
- Lindeman, Sara. 2012. Market Formation in Subsistence Contexts: A Study of Informal Waste Trade Practices in Tanzania and Brazil. *Consumption Markets and Culture*, 15 (2): 235–257. <https://doi.org/10.1080/10253866.2012.654962>.
- London, Ted, Ravi Anupindi, and Sateen Sheth. 2010. Creating Mutual Value: Lessons Learned from Ventures Serving Base of the Pyramid Producers. *Journal of Business Research*, 63 (6): 582–594. <https://doi.org/10.1016/j.jbusres.2009.04.025>.
- Mair, Johanna, and Ignasi Marti. 2009. Entrepreneurship in and around Institutional Voids: A Case Study from Bangladesh. *Journal of Business Venturing*, 24(5): 419–435, <https://doi.org/10.1016/j.jbusvent.2008.04.006>
- Mair, Johanna, Ignasi Martí, and Marc J. Ventresca. 2012. Building Inclusive Markets in Rural Bangladesh: How Intermediaries Work Institutional Voids. *Academy of Management Journal*, 55 (4): 819–850. <https://doi.org/10.5465/amj.2010.0627>.
- Mason, Katy, and Ronika Chakrabarti. 2017. The Role of Proximity in Business Model Design: Making Business Models Work for Those at the Bottom of the Pyramid. *Industrial Marketing Management*, 61: 67–80. <https://doi.org/10.1016/j.indmarman.2016.08.005>.
- Mason, Katy, Martin Friesl, and Chris J. Ford. 2017. Managing to Make Markets: Marketization and the Conceptualization Work of Strategic Nets in the Life Science Sector. *Industrial Marketing Management*, 67: 52–69.
- Mason, Katy, Martin Friesl, and Chris J. Ford. 2019. Markets under the Microscope: Making Scientific Discoveries Valuable through Choreographed Contestations. *Journal of Management Studies*, 56 (5): 966–999. <https://doi.org/10.1111/joms.12426>.

- Mason, Katy, and Martin Spring. 2011. The Sites and Practices of Business Models. *Industrial Marketing Management*, 40 (6): 1032–1041.  
<https://doi.org/10.1016/j.indmarman.2011.06.032>.
- Ménard, Claude. 1995. Markets as Institutions versus Organizations as Markets? Disentangling Some Fundamental Concepts. *Journal of Economic Behavior and Organization*, 28 (2): 161–182, [https://doi.org/10.1016/0167-2681\(95\)00030-5](https://doi.org/10.1016/0167-2681(95)00030-5).
- Nahi, Tytti. 2016. Cocreation at the Base of the Pyramid: Reviewing and Organizing the Diverse Conceptualizations. *Organization and Environment*, 29 (4): 416–437.  
<https://doi.org/10.1177/1086026616652666>.
- North, Douglass C. 1991. Institutions. *The Journal of Economic Perspectives*, 5 (1): 97–112.
- Onyas, Winfred Ikiring, and Annmarie Ryan. 2015. Exploring the Brand’s World-as-Assemblage: The Brand as a Market Shaping Device. *Journal of Marketing Management*, 31 (1–2): 141–166. <https://doi.org/10.1080/0267257X.2014.977333>.
- Osterwalder, Alexandre, and Yves. Pigneur. 2010. *Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers*. New Jersey: Wiley.
- Osterwalder, Alexandre, Yves Pigneur, and Christopher Tucci. 2005. Clarifying Business Models: Origins, Present, and Future of the Concept. *Communications of the Association for Information Systems*, 16 (1): 1–40. <https://doi.org/10.17705/1CAIS.01601>
- Palo, Teea, Katy Mason, and Philip Roscoe. 2018. Performing a Myth to Make a Market: The Construction of the “Magical World” of Santa. *Organization Studies*, 41(1): 53–75  
<https://doi.org/10.1177/0170840618789192>.
- Parby, Jonas Ingemann, Nancy Lozano Gracia, David Mason, Somik V. Lall, Basab Dasgupta, and Cheryl Young. 2015. Stocktaking of the Housing Sector in Sub-Saharan Africa: Challenges and Opportunities.  
<http://documents.worldbank.org/curated/en/551311468194953133/main-report>.
- Pery, Amarin (Fundo Fomento Habitação, Mozambique). 2014. Trends in Affordable Housing. In 2nd Annual Real Estate Conference Pam Golding Maputo, Mozambique. May 21–22, 2014.
- Peterson, Mark, Ahmet Ekici, and David M. Hunt. 2010. How the Poor in a Developing Country View Business’ Contribution to Quality-of-Life 5 Years after a National Economic Crisis. *Journal of Business Research*, 63 (6): 548–558.  
<https://doi.org/10.1016/j.jbusres.2009.06.002>.
- Prahalad, C.K. 2006. *The Fortune at the Bottom of the Pyramid: Eradicating Poverty through Profits*. Upper Saddle River, New Jersey: Pearson Education Inc.

- Prahalad, Coimbatore K., and Stuart L Hart. 2002. The Fortune at the Bottom of the Pyramid. *Strategy and Business Magazine*, 26. <https://www.strategy-business.com/article/11518>.
- Rivera-Santos, Miguel, Carlos Rufin, and Ans Kolk. 2012. Bridging the Institutional Divide: Partnerships in Subsistence Markets. *Journal of Business Research*, 65 (12): 1721–1727. <https://doi.org/10.1016/j.jbusres.2012.02.013>.
- Sakarya, Sema, Muzaffer Bodur, Özlem Yildirim-Öktem, and Nisan Selekler-Göksen. 2012. Social Alliances: Business and Social Enterprise Collaboration for Social Transformation. *Journal of Business Research*, 65 (12): 1710–1720. <https://doi.org/10.1016/j.jbusres.2012.02.012>.
- Scott, W. Richard. 1995. *Institutions and Organizations. Ideas, Interests and Identities*. Thousand Oaks, CA: Sage
- Simanis, Erik, and Stuart Hart. 2008. The Base of the Pyramid Protocol: Toward Next Generation BoP Strategy. *Innovations: Technology, Governance, Globalization*, 3 (1): 57–84. <https://doi.org/10.1162/itgg.2008.3.1.57>.
- Stevens, Robin, Nathalie Moray, and Johan Bruneel. 2015. The Social and Economic Mission of Social Enterprises: Dimensions, Measurement, Validation, and Relation. *Entrepreneurship Theory and Practice*, 39 (5): 1051–1082. <https://doi.org/10.1111/etap.12091>.
- Teece, David J. 2010. Business Models, Business Strategy and Innovation. *Long Range Planning*, 43 (2–3): 172–1794. <https://doi.org/10.1016/j.lrp.2009.07.003>.
- Thompson, James D., and Ian C. MacMillan. 2010. Business Models: Creating New Markets and Societal Wealth. *Long Range Planning*, 43 (2–3): 291–307. <https://doi.org/10.1016/j.lrp.2009.11.002>.
- Thornton, Patricia H., and William Ocasio. 2012. Institutional Logics. In *The SAGE Handbook of Organizational Institutionalism* (99–128). London, UK, SAGE Publications Ltd. <https://doi.org/10.4135/9781849200387.n4>.
- Tracey, Paul, Nelson Phillips, and Owen Jarvis. 2011. Bridging Institutional Entrepreneurship and the Creation of New Organizational Forms: A Multilevel Model. *Organization Science*, 22(1): 60–80. [www.jstor.org/stable/20868847](http://www.jstor.org/stable/20868847).
- UN Habitat 2006 - *State of the World's Cities 2006/7: The Millenium Development Goals and Urban Sustainabilitt: 30 Years of Shaping the Habitat Agenda*. Earthscan Publications, London, UK; [https://sustainabledevelopment.un.org/content/documents/11292101\\_alt.pdf](https://sustainabledevelopment.un.org/content/documents/11292101_alt.pdf)
- UN Habitat 2007 Feature/Backgrounder on the State of the World's Cities 2006/7 UN Habitat, [https://mirror.unhabitat.org/documents/media\\_centre/sowcr2006/SOWCR%205.pdf](https://mirror.unhabitat.org/documents/media_centre/sowcr2006/SOWCR%205.pdf)

- Upadhyaya, Shikha, Richard J Vann, Sonia Camacho, Courtney Nations Baker, R Bret Leary, John D Mittelstaedt, and José Antonio Rosa. 2014. Subsistence Consumer-Merchant Marketplace Deviance in Marketing Systems: Antecedents, Implications, and Recommendations. *Journal of Macromarketing*, 34 (2): 145–159. <https://doi.org/10.1177/0276146713504107>.
- Van Tulder, R., Seitanidi, M.M., Crane, A. Stephen Brammer. 2016. Enhancing the Impact of Cross-Sector Partnerships. *Journal of Business Ethics*, 135, 1–17. <https://doi.org/10.1007/s10551-015-2756-4>
- Venugopal, Srinivas, and Madhubalan Viswanathan. 2019. Implementation of Social Innovations in Subsistence Marketplaces: A Facilitated Institutional Change Process Model. *Journal of Product Innovation Management*, 36 (6): 800–823. <https://doi.org/10.1111/jpim.12508>.
- Viswanathan, Madhubalan, and Arun Sreekumar. 2017. Marketing and Poverty Alleviation: Synergizing Research, Education, and Outreach Through the Subsistence Marketplaces Approach. *Markets, Globalization and Development Review*, 2 (4): 1–22 <https://doi.org/10.23860/MGDR-2017-02-04-02>.
- Viswanathan, Madhu, and José Antonio Rosa. 2010. Understanding Subsistence Marketplaces: Toward Sustainable Consumption and Commerce for a Better World. *Journal of Business Research*, 63 (6): 535–537 <https://doi.org/10.1016/j.jbusres.2009.06.001>.
- Viswanathan, Madhu, José Antonio Rosa, and Julie A. Ruth. 2010. Exchanges in Marketing Systems: The Case of Subsistence Consumer–Merchants in Chennai, India. *Journal of Marketing*, 74(3): 1–17. [www.jstor.org/stable/27800811](http://www.jstor.org/stable/27800811).
- Viswanathan, Madhu, Raed Elaydi, Roland Gau, and Lisa Jones Christensen. 2019. Subsistence Marketplaces: Challenges and Opportunities. *Journal of Public Policy and Marketing*, 38 (1): 36–41. <https://doi.org/10.1177/0743915618820972>.
- Viswanathan, Madhu, Srinivas Sridharan, and Robin Ritchie. 2010. Understanding Consumption and Entrepreneurship in Subsistence Marketplaces. *Journal of Business Research*, 63 (6): 570–581. <https://doi.org/10.1016/j.jbusres.2009.02.023>.
- Weidner, Kelly L., José Antonio Rosa, and Madhu Viswanathan. 2010. Marketing to Subsistence Consumers: Lessons from Practice. *Journal of Business Research*, 63: 559–569. <https://doi.org/10.1016/j.jbusres.2009.02.022>.
- Yin, Robert K. 2003. *Case Study Research: Design and Methods* Thousand Oaks: Sage.

Yunus, Muhammad, Bertrand Moingeon, and Laurence Lehmann-Ortega. 2010. Building Social Business Models: Lessons from the Grameen Experience. *Long Range Planning*, 43 (2–3): 308–325. <https://doi.org/10.1016/j.lrp.2009.12.005>.

Zott, Christoph, and Raphael Amit. 2007. Business Model Design and the Performance of Entrepreneurial Firms. *Organization Science*, 18 (2): 181–199. <https://doi.org/10.1287/orsc.1060.0232>.

Table 1. *Number of data sources documented*

<b>Data Form</b>	<b>No.</b>
Professional emails archived	1450

Photos	750
Documents Collected: PowerPoint slides, business model, country reports, policy documents	87
Plans/drawings/budgets for clients	75
Tax and Social security fillings	72
Practice based documentation (best practices reports, legislation, information reports)	67
Pages of reflection notes and diary entries (denoted by R#24)	65
Registration and licensing processes	35
Videos clips	25
Negotiation processes with potential funders	20
Kiosk modular design pieces and budget	18
Standard home designs/budgets/narrative description	16
Interviews (each respondent denoted by R#n)	15
Partnership arrangements	10
Newspaper advertisements	8
Business plan iterations	5
Annual financial reports	3
Presentations for client groups	3
Radio advertisements	2
Total Data Points	2726

Figure 1. An Analytical Framework to Explicate the Institutional Work of a Social Enterprise

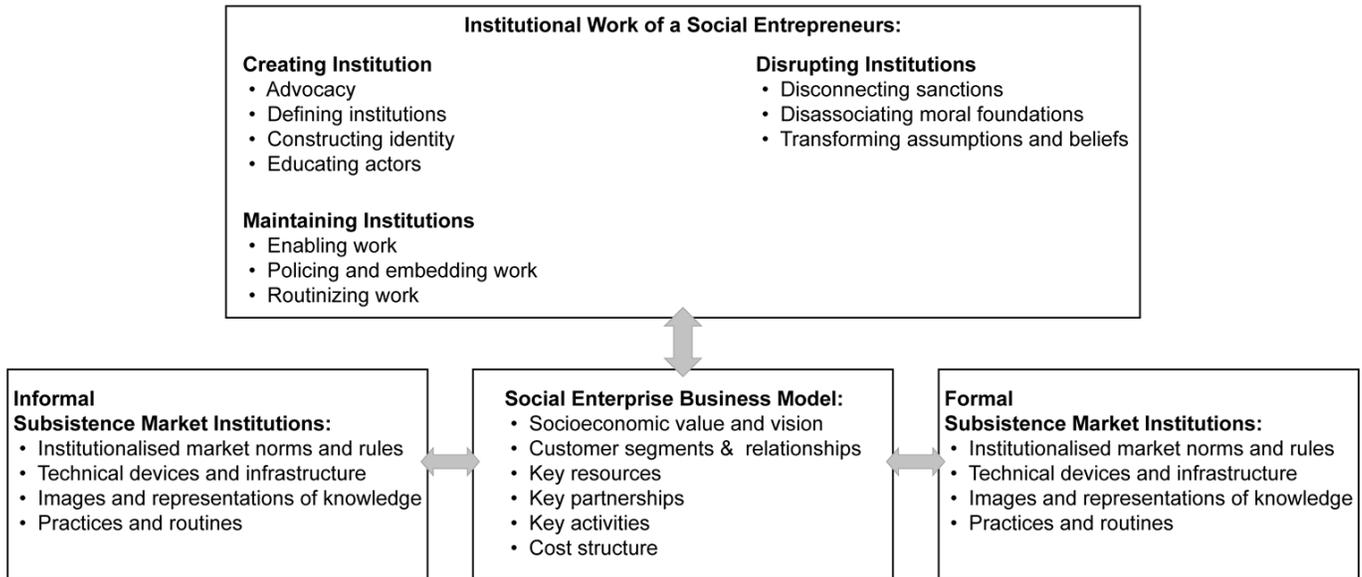


Table 2. *Summary of Findings*

<b>Social Enterprise Business Model in Use</b>	<b>Formal/Informal Market Institutions Engaged</b>	<b>Institutional Work Done by the Social Enterprise</b>	<b>Outcomes and the beginnings of subsistence market transformation</b>
<p><b>Working out socio-economic value and vision; and what the key activities and new market offering would be.</b></p> <p><b>Affordable Housing – modular system + cheaper housing materials + housing build and approval services + the workshop ‘one-stop-shop’</b></p>	<p><b>Informal institutions:</b> Novo Dia to care, work with, and talk with consumer-producers, some of whom it employed to understand the difficulties with buying/building a house in Maputo. Novo Dia developing an offer targeted at overcoming these difficulties.</p>	<p>Developing a market offering as an important part of developing Novo Dia’s identity &amp; defining what the social enterprise would do.</p> <p>Educating potential customers (SCMs) about the module house design and new materials that could be used.</p>	<p>The subsistence market was disrupted and opened up by the new market offering targeting very low-income families.</p> <p>Some limited change amongst SCMs about their views on what it meant to build a house. SCMs learnt about the modular house design and possible cheaper material use.</p>
<p><b>Working out the resources needed to deliver the new market offering</b></p> <p><b>Cost structures</b></p>	<p><b>Formal institutions:</b> working with Cimentos de Mozambique, government and public housing bodies, and ‘MFIs’ normally beyond the reach of SCMs</p>	<p>Enabling work: required establishing and maintaining the supply of resources and materials.</p> <p>Aimed at achieving economies of scale/buying in bulk.</p>	<p>Maintaining Novo Dia as a formal institution opening-up the affordable housing market for SCMs.</p>
<p><b>Developing market offering through key partnerships</b></p>	<p><b>Formal institutions:</b> financing houses typically carrying a 20-40% interest charge.</p>	<p>Enabling work: to try and open up offers of microfinancing</p> <p>Attempts to remove sanctions for odd missed payments.</p>	<p>No change.</p> <p>No one to offer microfinancing at affordable rates appropriate for housing products.</p> <p>While the new market offer puts affordable housing ‘almost within reach’, until appropriate financing services are in place, it remains out of reach.</p>
<p><b>Developing market offering through key partnerships</b></p>	<p><b>Informal institutions:</b> Xitique ‘family’ type savings groups</p>	<p>Enabling work: to try and set up new types of Xitique and to orientate the Xitique specifically toward housing investment.</p> <p>Education work: to demonstrate to SCMs how a Xitique might enable people to engage with investing in housing.</p>	<p>Temporary change. Savings group setup but failed.</p>
<p><b>Developing key partnerships</b></p>	<p><b>Informal &amp; formal institutions:</b> corruption and bribe taken by individuals acting both for themselves (in taking bribes) but also for their employing institutions.</p>	<p>Disrupting normalized bribe-taking practices by trying to build formal partnerships where no bribes are given.</p>	<p>No long-term partnership with key housing institutions was established because Novo Dia refused to engage with normalized bribery practices.</p>
<p><b>Developing key resources</b></p>	<p><b>Informal &amp; formal institutions:</b> hiring local SCM mason and other workers</p>	<p>Disrupting work, to change the way masons worked and were rewarded. New employment structures put in place</p>	<p>New structures reduced the productivity of masons. Old informal institutionalized ways of working resumed, which resulted in an increased cost base for Nov Dia.</p>

<p><b>Working out socio-economic value and vision</b></p>	<p><b>Informal &amp; formal institutions:</b> quality assurance and licensing</p>	<p>Disrupting work, to ensure that those that have begun building without regularity compliance can be supported in becoming compliant and safe. Connecting informal norms with formal regulatory systems.</p>	<p>Safer housing for those on low incomes.</p>
---	---	--	--

Figure 2: *Novo Dia Developments Workshop, in Maputo, Mozambique*



Figure 3. *A Team of Masons Working on a Novo Dia Community Building Project*



Figure 4a, 4b, 4c. *Novo Dia Houses Built Homes for Subsistence Consumers*



Figure 5. *Novo Dia's Business Model*

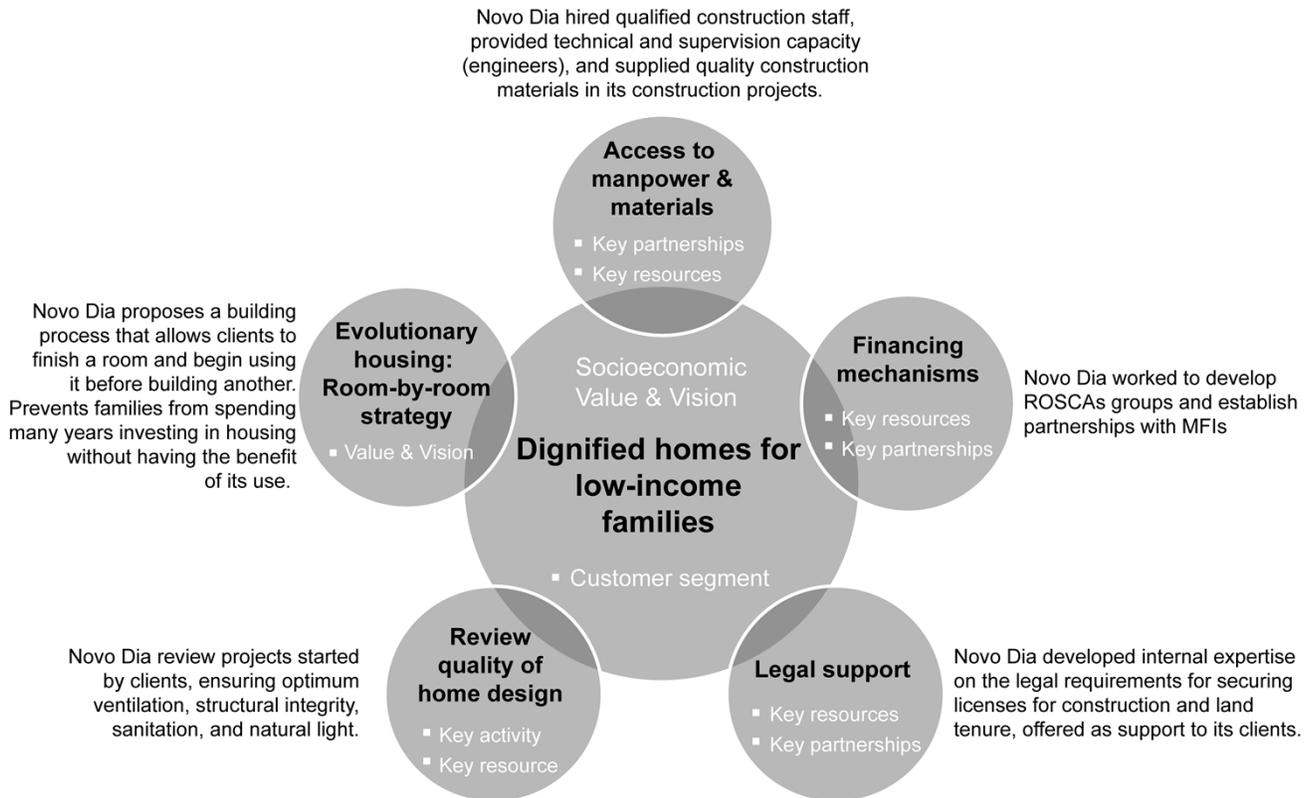


Figure 6a, 6b. *Corrugated Iron Flat Pack Kiosk Sold by Novo Dia*



