Value Co-Creation in Subsistence Markets: Microenterprises and Financial Services

Firms in Ghana

BY

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THESIS

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Dedication

To Ernest Elliot and Elton Elliot, my beloved husband and son. This thesis is dedicated to you.
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<td>POS</td>
<td>Point of Sales</td>
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SUMMARY

There is increasing interest in changing customers’ role from passive adopters of product-services to equal partners in the process of adding value (Reichwald et al., 2003). One manifestation of this interest is value co-creation. Value co-creation has been defined as collaboration between a firm-provider and its customers to jointly create value (Vargo and Lusch, 2004, 2008), with value defined as a trade-off between benefits and costs obtained by both the customer and firm-provider. Although studies on value co-creation have identified the various activities involved in the value co-creation process, they have mostly discussed these activities in the context of more developed markets and not subsistence markets. There are, however, key differences in the market characteristics of subsistence markets such as weak business infrastructures and different socio-cultural conditions and environment hostilities. Furthermore, the majority of businesses in subsistence markets are microenterprises, which have been neglected in studies on value co-creation. Arguably, value co-creation and the types of value co-created in subsistence markets may differ from more developed markets. Additionally, although value co-creation is a dyadic process, it has primarily been studied from the firm-provider’s perspective. These gaps in research lead to the research questions underlying this study: (1) How do firm-service providers (FSPs) and their microenterprise customers (CMEs) engage in value co-creation in subsistence markets?; (2) What are the socio-cultural factors and environmental hostilities that impact this process?; and (3) What types of value are co-created? This study explores these questions using phenomenological interviews with relationship managers of financial services firms and their microenterprises customers in Ghana.
SUMMARY (Continued)

This study employs qualitative approach, in the form of phenomenological interviews and observations to investigate the research questions. The data was collected over a period of eight months with intensive fieldwork in Ghana for one month. Visual data (photographs) complemented the interview and observation data. A wide variety of participants belonging to various industries are interviewed for this study. The FSP participants are categorized into those that are more specialized in offering product-services to microenterprises and those that are more generalized, offering product-services to all categories of customers. The microenterprise customers are categorized into those that are less literate with education below high school level and those that are more literate with education above high school level.

Findings from this study extend theories of value co-creation by incorporating perspectives of subsistence markets and may be applied to theories of creativity, culture and collateral learning. More specifically, theoretical extensions result from 1) the extension of value co-creation literature by the consideration of two additional value co-creation activities, relationship-based creativity and collateral learning; 2) the extension to creativity literature by the consideration of creativity techniques applied during value co-creation 4) the extension to collateral learning literature by the consideration of learning congruence, that is when learning converges to a shared representation that addresses marketplace realities; 3) the consideration of two additional types of value - value-in-cultural context and value-in-transformational context. 4) The considerations of the impacts of socio-cultural factors and environmental hostilities on value co-creation.
SUMMARY (Continued)

This study therefore exposes a variation of value co-creation activities and develops a comprehensive framework for value co-creation.
1. INTRODUCTION

A. Background

There is increasing interest in changing customers’ roles from passive adopters of product-services to equal partners in the process of adding value (Reichwald et al., 2003). Value is defined here as benefits eventually obtained by customers through their involvement and assessment when using or consuming product-services (Holbrook and Batra, 1987). One manifestation of this interest is value co-creation. Value co-creation is defined as collaboration between a firm-provider and its customers to jointly create value (Vargo and Lusch, 2004, 2008; Prahalad and Ramaswami, 2004; Payne et al., 2007). Various researchers have highlighted the different perspectives of the process of value co-creation as: a) collaboration, which refers to the firm relating to its customer as an equal and joint partner in the co-creation process (Lusch et al., 2007); b) dialogical interaction, which refers to interactivity, deep engagement, and the ability and willingness to act by both firm-provider and customer (Prahalad and Ramaswami, 2004); c) learning processes for both the firm-provider and the customer (Payne et al., 2008); and d) creative processes (e.g., Potts et al., 2008). Taken together, this body of work reveals the complexity and dynamism inherent to value co-creation.

The aim of this study is to investigate how firm-service providers (FSPs) and their microenterprise customers (CMEs) operating in subsistence markets engage in value co-creation. Subsistence markets also known as “base of the pyramid” are characterized by widespread poverty, weak infrastructure, and environmental—economic, political, and climatic—uncertainty (Maranz, 2001).
Microenterprises are businesses with ten or less employees (Dwyer and Ryan, 2000). Investigating the process of value co-creation between FSPs and their CMEs in subsistence markets provides a critical view on the dynamics of collateral learning and relationship-based creativity that occur during the value co-creation process. This study progresses theory on value co-creation in several ways: a) provision of a more comprehensive understanding of the value co-creation process; b) introduction of two new value co-creation activities; c) highlight of the cultural underpinnings of collaboration and dialogical interactions; d) exposition on how socio-cultural factors and environmental hostilities hinder or advance the value co-creation process; e) introduction of two new types of value that are co-created.

B. Research Motivations

The theoretical motivation for this study is threefold: Firstly, the aim is to increase understanding of value co-creation as a dyadic process by studying it from both the firm-provider’s perspective as well as the customer’s perspective. The majority of earlier research has focused mainly on the firm’s perspective of the customer’s involvement in the firm’s value creation and not simultaneously considered the customer’s perspective of the firm-provider’s involvement in their value creation. According to these studies, the role of the customer during value co-creation is that of an operant resource (providing mainly human resources such as skills, knowledge and social networks); value is created through interaction, where both the firm-provider and the customer contribute and combine resources. With this perspective, the customer is perceived as a strategic means to reach a goal, as a resource to meet the objectives of the firm-provider. Within such a
context, learning is limited for the customer and creativity is limited to its strategic version. This study therefore addresses both perspectives of the firm-provider and the customer by investigating the collaborative learning process of both parties, referred to as collateral learning. It also introduces the concept of relationship-based creativity, which is the application of creativity techniques that draws from relationships.

Secondly, this research targets a gap in the current research on value co-creation, which primarily addresses business-to-consumer markets and large business customers, with little attention provided to microenterprise customers. Value that is co-created with larger businesses might be significantly different from value co-created with microenterprises. This is attributable to the fact that the needs, motivations, characteristics and success factors are different for business customers based on their size. To this end, this study focuses on value co-creation with microenterprises, which form the majority of businesses in many markets.

Thirdly, this study adds to the discussion on value co-creation in marketing literature by considering value co-creation between firm-providers and customers operating in markets with weak business infrastructures, as exist in subsistence markets. Business infrastructure significantly impacts not only how value is co-created, but also the type(s) of value that is co-created. For example, while value for a business customer in a Western market might be convenience, value for the micro-entrepreneur in African markets might be an enhanced ability to leverage social networks. Subsistence markets also differ from their Western counterparts in terms of socio-cultural factors and environmental hostilities. “Socio-cultural factors” refers to traditional and social systems including values, norms and activities. For example, unlike more developed economies,
African markets mostly have a cultural orientation that is more collectivist than individualistic. Subsistence markets also experience scarcity of resources such as limited access to capital, technology, technical, and managerial skills (Henriques and Herr, 2007). Therefore, value co-creation in subsistence markets may differ from value co-creation in Western markets, which have strong business infrastructures.

Incorporating non-Western markets is therefore vital to gaining a global perspective and a more comprehensive understanding of the value co-creation process. To highlight these factors, this study explores the impact of socio-cultural factors and environmental hostilities (resource scarcity) on the value co-creation process in subsistence markets. From these perspectives, this study of how FSPs and their CMEs in subsistence markets engage in value co-creation is an interesting avenue from which to examine the dynamics of the value co-creation process and provide a more comprehensive understanding.

C. **Research Focus and Contributions**

This study investigates the processes by which FSPs and their CMEs engaged in value co-creation in subsistence markets. Particular emphasis is placed on examining how the socio-cultural factors and environmental hostilities unique to these markets impact the value co-creation process. This study also sought to discover if there are different types of value co-created beyond those identified by current literature. To achieve this desired knowledge, a subsistence market, Ghana, was selected as the context of study. Researchers have acknowledged that the value co-creation process is a multifaceted phenomenon that is uniquely and socially constructed between particular actors,
including how value is perceived (Edvardsson et al., 2011). The consideration of cultural underpinnings to value co-creation activities is an intriguing issue, as culture influences consensual ideologies, motivations and behaviors applied during value co-creation. Additionally, the ways of learning and creativity applied during value co-creation are different. In subsistence markets, the resource and risk pooling to overcome resource constraints leads to learning and the application of new creativity techniques that are transformational. These activities provide a more dynamic perspective to value co-creation. The socio-cultural factors and environmental hostilities in subsistence markets are also different and these influence value co-creation activities. Several environmental hostilities that may exist in Western markets are more pronounced in subsistence markets. This highlights the need to incorporate considerations of subsistence markets in value co-creation literature to have a more comprehensive understanding of value co-creation that takes into account environmental hostilities. Furthermore, this study exposes different types of value that are co-created in subsistence markets.

This study’s theorizing builds on the understanding that there exists a variation in value co-creation activities in different contexts that can further highlight the mechanisms involved in value co-creation. To this end, a dyadic study of value co-creation is conducted between financial services firms and their microenterprise customers from a variation of industries. Derived from my research is a framework that recasts our understanding of value co-creation. Specifically, it advances current theories by providing a more comprehensive and holistic understanding of value co-creation, incorporating the elements that are unique to subsistence markets. This study also extends creativity literature by the contribution of new creativity approaches and
techniques. Furthermore, this study extends collateral learning literature by the consideration of the new concept of learning congruence, when learning converges into a shared representation and understanding to address market realities. Finally, this study extends literature on culture by highlighting the role of cultural underpinnings during collaboration and dialogical interactions. By accomplishing the above, this study provides a more holistic framework for value co-creation.

D. **Significance of the Study**

This study develops a more comprehensive understanding of value co-creation by building a bridge between two streams of literature: the value co-creation and the subsistence market literature. The cross-fertilization of these two streams of research is a response to theoretical pressures to investigate how firm-providers and customers realize business opportunities in subsistence markets through new business approaches. According to Prahalad and Hart (2002), there is need for research into new business models for subsistence markets that emphasize employment intensity, reinvented cost structures, research and development and new alliances. Hammond et al. (2007) also expose the need for research into a market-based approach in subsistence markets that considers local people as both consumers and agents (e.g., as co-creators).

This study also builds an understanding of value co-creation in subsistence markets. This understanding is important because most (over 60%) of the world’s population lives in subsistence markets. Furthermore, this study focuses on microenterprises. Considering the fact that over 95% of businesses in Africa are microenterprises, this is considered far too significant a market size to ignore. In African
markets, microenterprises play a key role as engines of economic growth (Aryeetey and Fosu, 2003). Despite the conditions of scarcity, subsistence markets are drawing attention for the promise they hold of new business opportunities (Prahalad, 2005). While individual incomes may be low, the aggregate buying power of these markets is substantial (Prahalad and Hart, 2002). There are also large informal underground economies as well as abundant natural, social and cultural capitals (Ritchie and Sridharan, 2007). This study moves our understanding to the different types of value that can be created in these markets, extending beyond the conceptualization of value in Western markets. A greater appreciation of the value co-creation process as it unfolds in subsistence markets provides a more comprehensive understanding of value co-creation by exposing different dynamics involved in the process.

E. Organization of the Dissertation

This dissertation proposal is organized into five chapters. The second chapter contains a review of the literature pertaining to value co-creation and related theories. An overview of streams of literature is presented informing the understanding of value co-creation; the argument is presented that the comprehensive understanding of value co-creation is not complete, as extant research does not adequately address the customer’s simultaneous learning with the firm-provider, which can be applied to a range of projects. Extant literature also does not address value co-creation in contexts with weak business infrastructures or consider value co-creation with microenterprises, which form the large majority of business customers. These limitations represent key concepts discovered in this study and used to build a comprehensive framework of value co-creation. The third
chapter describes the epistemological foundations and the fourth chapter discusses the methodology. Here, an overview of the phenomenological method is provided and specific methodological strategies outlined (e.g., site selection, sampling, phenomenological interviews, observation, etc.). Finally, chapter five presents the conclusions by summarizing the contributions of the information presented in the findings and proposing marketing implications and applications and directions for future research.
II. THEORETICAL FOUNDATIONS

The aim of this study is to extend current theorizing that investigates value co-creation. This chapter reviews existing literature on value co-creation and related studies to summarize how questions about value co-creation have been analyzed to this point. The review is interdisciplinary, drawing on studies from value co-creation, creativity, collateral learning as well as studies relating to microenterprises and financial services firms in subsistence markets. Each discipline brings different organizing questions and perspectives, but the literature review integrates them to throw more light on the research questions.

The literature review seeks to accomplish two things. First, it reviews studies that explain the value co-creation concept whilst exposing critical gaps. Second, it speaks directly to the unique environment for value co-creation in subsistence markets and the activities of microenterprises and financial services firms in these markets. The first section of the literature review is on the value co-creation activities and its outcomes. This section provides an overview of value co-creation activities – collaboration, dialogical interactions, learning and creativity as well as the outcomes of value-in-use and value-in-offering. The second section discusses studies on subsistence markets as well as the activities of microenterprises and financial services firms in these markets.
A. **Value Co-Creation, Collaboration and Dialogical Interactions**

A careful examination of value co-creation studies highlights two key activities that initiate and advance the process: collaboration and dialogical interactions (e.g. Lusch and Vargo, 2007; Prahalad and Ramaswami, 2004). Collaborating to engage in value co-creation means joint and equal partnership between the firm-provider and customer to integrate resources (Vargo and Lusch, 2004). The firm-provider obtains access to the market knowledge and networks of the customer (Payne et al., 2007). In return, the firm-provider provides relevant expert resources to the customer as part of their value propositions and guides the value co-creation process. Collaboration involves elements of trust, commitment, social bonds, communication and even friendship (Forsstrom, 2005).

Dialogical interactions are aimed at listening to the customer in order to identify known or latent needs (e.g. Ballantyne and Varey 2008). Dialogue refers to a process of consistent exchange between the firm and its customers to share knowledge and to understand each other’s concerns and needs (Prahalad and Ramaswami, 2004). Both the firm and the customer do the asking, listening, observing and experimenting (Jaworski and Kohli 2006). Jaworski and Kohli (2006) suggest that the purpose of dialogical interaction is not merely to exchange information, but rather, to explore and jointly create new knowledge.

For collaboration and dialogical interactions to be successful, there must be clear rules of engagement. That is, the customer must be motivated to want to co-create (Prahalad and Ramaswami, 2004). The first rule of engagement is that dialogical interactions should be motivating for both the firm and customer, centering on issues of interest to both of them (Campbell, 2003). The customer must be kept actively interested
in the process and aware of the benefits to be motivated to share knowledge and skills (Prahalad and Ramaswamy, 2004; Sharma et al, 2002). For example, a firm-provider may need to provide education seminars for both parties to be on the same page. Secondly, the firm should also provide facilitating innovation environments (Prahalad and Ramaswami, 2004) and supportive encounters - emotionally, cognitively and physically (Payne et al, 2007). Thirdly, the customer needs to trust the firms not to misuse the information they provide or unfairly exploit the relationship (Prahalad and Ramaswami, 2004). This also means that there should be necessary transparency for effective collaboration (Prahalad and Ramaswami, 2004) and to build trust. Without trust and motivation, the customer may not share vital information (Sawhney and Prandelli, 2000). Rules of engagement also require that the process should be compatible with existing customer skills and should make adaptation to the customer’s activities easy (Ballantyne and Varey, 2006).

Through the different levels of interaction a service provider aligns “its resources, competencies and processes with the customers’ value-generating processes” (Grönroos 2004, p. 152).

Although existing studies demonstrate that collaboration and dialogical interactions build a close working relationship between the firm-provider and customer, the assumption is that the process of collaboration and dialogical interactions for value co-creation is efficiently supported by the required business infrastructures such as technological enablers and social media channels. In the literature, most of the focus on collaboration and dialogical interactions has centered on technology as a facilitator of these activities. The findings of this study demonstrate that culture is an equally important consideration during collaboration and dialogical interactions. Cultural
underpinnings shape processes, develop practices and construct the mindsets of the value co-creation parties during collaboration and dialogical interactions. In subsistence markets, the role of culture is highlighted.

B. Value Co-Creation and Learning

During value co-creation, all points of interaction between the firm-provider and the customer are considered opportunities for learning (Prahalad and Ramaswamy, 2004). Various studies have explained how learning occurs during value co-creation. Value encounter processes facilitate the learning process (Gronroos, 2006). Encounter processes relate to practices of interaction and knowledge exchange that take place between the firm-provider and its customer, which needs to be properly managed for successful value co-creation. These processes involve a series of transactions, activities and experiences performed by both the firm-provider and customer (Payne et al., 2007). The firm-provider learns from the customer by soliciting the customer’s assessment of value through messages, testimonials and references (Payne et al, 2007). An example provided by Payne et al., is that of an employee of a leading international airline that travels with a business customer to their destination, remaining with them throughout the day and returning home with them. Insights gained from this learning informed future service development for the airline.

The customer’s learning is contingent on the ability to integrate his or her own operant resources (skills, knowledge, social networks) with the facilitating resources of the firm (Payne et al., 2008). The customer’s learning is categorized into four critical customer encounters with the firm-provider: engagement, acquisition, integration, and
performance (Vargo et al., 2007; Ballantyne and Varey, 2008; Prahalad and Ramaswami, 2004). This occurs through the use of the product itself and all other related important customer encounters such as encounters with employees, systems and infrastructures (Vargo and Lusch, 2006; Vargo et al., 2008) that together contribute to the customer’s learning experience. According to Payne et al. (2008), the customer’s learning experience involves remembering, internalization and proportioning. Remembering is when the customer provides his or her attention to process emotions and information. Internalization is when the customer interprets and understands messages and experiences. Proportioning involves the customer reflecting on their own processes and encounters with the firm-provider as they match the value proposition to their lives, objectives and aspirations leading them to engage in new types of behaviors.

Value encounter processes match the value proposition to the customer’s processes, which the firm-provider intends to support (Payne et al., 2007). These encounters are exchange situations in which the parties exchange resources such as money, products, work, information and time, as well as jointly perform activities. The creation of an enabling environment through dialogue, openness, transparency and trust is required to facilitate these encounters (Prahalad and Ramaswami, 2004). Transparency means that consumers become confidants in the firm-provider’s key business practices so that they are provided with basic information about products and services as well as strategies throughout the stages of the value co-creation process.

According to Gronroos (2006), three forms of encounters facilitating value co-creation and associated learning are communication encounters, usage encounters and service encounters. Communication encounters involve activities primarily carried out for
dialogical interactions (e.g., through advertisements, brochures, internet home-pages and manuals). Usage encounters refer to services that support such usage such as an Internet banking support service and service encounters comprise customer interactions with customer service personnel. Payne et al. (2007) also classify encounters as emotion-supporting encounters (e.g. stories and metaphors); cognition-supporting encounters (e.g. references and testimonials) and action supporting encounters (e.g. trial and usage of the product).

Although these studies demonstrate how learning occurs for both parties engaged in the value co-creation process, the main focus of the learning experience is the firm-providers’ use of the customers’ operant resources to create types of value that meet the customers’ needs. Little attention is given to learning of the customer from the firm-provider during value co-creation that the customer can apply to enhance its own operations. The purpose here is not to challenge learning that occurs for both firm-provider and customer in these situations, but rather to consider the learning process during value co-creation from a broader perspective – a learning that can be applied to a range of projects by both partners. This type of learning is known as collateral learning. Collateral learning involves learning that occurs simultaneously by both partners to build the knowledge base of each partner, which can be leveraged repeatedly across various projects (Lee and Grewal, 2008). According to Lee and Grewal, collateral learning is especially required when there are differences in knowledge of the actors characterized by complementarities and variation in perspectives, processes, and approaches. This study fills the gap in literature through the discovery of various aspects of collateral learning presented during the value co-creation process.
C. **Value Co-Creation and Creativity**

Value co-creation is considered to be a creative process that results from joint thinking, engaged dialogues, and shared problems (Giaccardi, 2003). Creativity, in turn, is the ability to generate insightful ideas, express unique thoughts, make breakthrough discoveries, and experience the world in novel ways (Csikszentmihalyi, 1997). According to Potts et al. (2008), during value co-creation creativity is situated in the relationship between the firm-provider and the consumer. This kind of creativity is considered to be a dynamic form of creativity that emphasizes the “transactional and expectational nature” of such creativity (p.2). This perspective implies that creativity results from the dialogical interactions between the firm-provider and the customer, through the sharing of emotions, experiences, and representations (Potts et al., 2008). Other authors indicate that the customer’s creativity during value co-creation is depicted in its role as a lead user (e.g. Von Hippel, 2005). Lead users apply their creativity to generate several innovative ideas for commercially attractive new products (Lillien et al., 2002).

Creative ideas are expected to be both novel and useful (Amabile, 1983) as would be expected of the types of value that are co-created. Novelty is the use of a product-service for a purpose different from which it was initially intended, the alteration to enhance its performance or appearance, or the combination of two or more product-services in a new way to achieve functional synergies (Burroughs and Mick, 2004). Novelty in the types of value is demonstrated by creation of new markets and products-services, discovery, innovation and social rewards (Forsstrom, 2005). The usefulness of the value co-created is the relieving value that saves labor or enabling value that assists the customer to operate more efficiently and effectively (Forsstrom, 2005).
Although these studies highlight creativity as central to the process of value co-creation, they do not provide an in-depth understanding of this creative process by explaining the creative techniques. There have been several different creativity techniques developed to enhance creativity (VanGundy 1988). Different techniques assist individuals to see problems differently and thus trigger different creation procedures, resulting in different types of ideas (Garfield et al., 2001). In addition to stimulating the use of specific cognitive processes, creativity techniques also create a social environment that strengthens the generation of certain ideas (ibid). Examples of creative techniques mentioned in the literature are shared synergistic motivation, the art of questioning and creative synthesis (Kaufman and Sternberg, 2006). Understanding the creative process and the use of creativity techniques during value co-creation in subsistence markets is essential. Creativity in subsistence markets is an important source for change, innovation, and sustainable development (Wadell, 2000). This study discovers creativity that applies creativity techniques drawing from human relationships, referred to in the study as relationship-based creativity. Such activities result in novel and useful types of value that are transformational.

D. Value-in-Use and Value in Offering

Value-in-use refers the customer’s evaluation of the service experience in consumption of value in the marketplace (Ballantyne and Varey, 2008; Lusch, Vargo, and Malter, 2007; Vargo and Lusch, 2004). Value-in-use includes all functional and emotional experience outcomes as well as encounters that have an impact on the customer’s value creation (Vargo and Lusch, 2004, 2006; Vargo et al., 2008). Value-in-
use is facilitated by allowing the customer to co-construct the service experience to suit his/her context (Prahalad and Ramaswami, 2004). Vargo et al. (2008) however indicate that value is not created until the beneficiary of the value proposition has somehow integrated resources into his or her life and improved his or her wellbeing. Along these same lines, Woodruff (1997) indicated that business customer value is also dependent on the use situation and desired goals of the customer. In this vein, Lovelock and Gummesson (2004) suggest that services permit the business customer to gain economic value as well as relationship value whilst using the product. An example of economic value is efficiency, the most widely acknowledged concept of value in business-to-business relationships (Walter et al., 2001). Efficiency is created when experience is used as means to a self-oriented goal (e.g. economic value) (Holbrook 2006). Value-in-use eventually leads to higher value-in-offering (Normann, 2001; Vargo and Lusch, 2004; Grönroos, 2005).

Value-in-offering refers to the proposed value that the firm builds in its market offering (Ngo et al., 2008). Offerings refers to the link between the customer and the supplier (Normann and Ramirez, 1994) Normann and Ramirez explain that the offering is of value if it provides “relieving value” or “enabling value”. Relieving value refers to the labor saving value provided by the offering, while enabling value refers to all that helps the firm-provider to work more efficiently, effectively, easily, safely, and elegantly. The value of offerings is determined by the activities the firm-provider has put into these (and Ramirez, 1993). This value-in-offering is reflected in the market sale price of the product-service, which the consumer judges and confirms whilst using the product (Ngo and Cass, 2004). Therefore, the value-in-offering is determined by the extent to which the
customer’s operant resources contributes to the firm-provider’s ability to produce efficiently and effectively market offerings perceived by the customer as having value (Gummesson, 2004).

This study exposes that in addition to these types of value, there are other types of value that are co-created in subsistence markets and other similar contexts. The next section explains the various literatures pertinent to value co-creation in subsistence markets and the activities of microenterprises and financial services firms in these markets.

E. Subsistence Markets, Microenterprises and Financial Services Firms

This section is organized as follows. First it discusses literatures that expose the peculiar characteristics of subsistence markets. Then it discusses literatures on the activities of microenterprises in subsistence markets followed by studies related to financial services firms in subsistence markets.

1. Subsistence markets and relational marketplaces

A key difference between subsistence marketplaces and more developed markets is that marketplace exchanges are based on relationships rather than transactions (Viswanathan et al., 2010). According to Viswanathan et al (2010), the high interactivity and intricate and expansive set of relationships as well as the severe resource constraints results in fluid transactions. Fluid transactions refer to the one-to-one interactional transactions, characterized by buyers and sellers interacting face-to-face. Such fluidity is reflected in the intricate relationships amongst vendors, customers and their business and
social networks. Fluid transactions increase the investment in idiosyncratic resources such as social networks and connections that provide social skills, techniques of negotiation, confidence building, and access to advice (Viswanathan et al., 2010). Social networks in subsistence markets are normally based on reciprocity, which also provide a range of support, including information, emotional guidance and material resources (De Souza Briggs 1998). In these ways, fluid transactions play a key role in the value co-creation process in subsistence markets.

Other studies discussing the business environment in subsistence markets address themes of sustainability, scalability and embeddedness in these markets. Sustainability refers to the ability of projects to deliver and survive and involves issues such as value chain reconfigurations and consumer education (e.g. Anderson and Kupp, 2008; Prahalad and Hart, 2002). Scalability refers to the ability of projects to attain a wide reach and involves creating the potential for scale and replication. Embeddedness refers to the extent to which the business is an integral part of the lives of the local people. This involves the harnessing of native capability, local intelligence and local market information (e.g. Weiser, 2007, Simanis et al., 2005; London and Hart, 2010; Boyer, 2003, Jenkins, 2007).

While some authors indicate that scalability can be reached through provision of transportable solutions (e.g. Prahalad, 2005), other authors argue for scalability through using local entrepreneurs (e.g. Ramani et al., 2008). Some studies also argue that scalability can be achieved through the adaptation of value propositions to suit local market conditions such as exploring shared use, flexible payment and tiered pricing (e.g. Prahalad and Hart, 2002, Boyer, 2003, Mendoza and Thelen, 2008). Embeddedness in
these relational marketplaces also embraces the idea of making the local people co-owners or distributors of the business (Klein, 2008). These expositions demonstrate that fluidity, sustainability, scalability and embeddedness are key aspects of business in subsistence markets that would direct value co-creation in these markets.

2. Microenterprises (MEs) in subsistence markets

The exposition on MEs characteristics and value creation in subsistence markets that follows draws from various studies. The discussion presented is built on three interactive components proposed by Waldinger et al. (1990): group characteristics, opportunity structures and strategies. Understanding the characteristics and impact of MEs in subsistence market is necessary to appreciate their the learning and creativity inherent in the relational marketplaces that drive their value creation and hence their potential for value co-creation in these markets; understanding is also gained on the environmental hostile conditions in which they operate and low levels of marketplace literacy that may impact their value co-creation.

Group characteristics of MEs in subsistence markets are very similar and include predisposing factors such as demographics, location, general organizing capacity, and economic impact. MEs form over 90% of businesses in subsistence markets and over 92% in Africa. These businesses have fewer than 10 employees with an average of five workers (Abor and Quartey, 2010; Dwyer and Ryan, 2000). Most MEs in subsistence markets are very small with the majority consisting of a sole proprietor (Dwyer and Ryan, 2000). Typical type of businesses are retailing, trading or manufacturing (Fisher and Reuber, 2000). Most of these MEs operate in geographically dispersed locations, mostly
in informal sectors. The informal sector exists mainly because of unreasonable and bureaucratic rules (London and Hart, 2010) and is unregulated with unmeasured components. Organized MEs mostly operate in commercial clusters, have paid employees with a registered office and unorganized ones are made up of artisans who work in open spaces or sheds and employ a few workers (Mead and Liedholm, 1998). MEs in subsistence markets, specifically Africa, secure and train personnel through apprenticeships, family members, and acquaintances and other arrangements and raise start up and operating capital from community resources such as rotating credit systems involving social groups (Fafchamps, 1994). The potential of MEs as powerful agents of economic growth in subsistence markets lie in their capacity to apply ingenuity and resourcefulness in their societies (Spring and McDade, 2005). Additionally, since they are consumers and suppliers at the same time, they possess the ability to stimulate demand for both consumer and capital goods (Berry, 2002). Furthermore, these MEs are a major source of employment and income (Mead and Liedholm, 1998).

*Opportunity structures* consist of market conditions, which favor products or services, the ease with which access to business opportunities is obtained and possibilities of resource mobilization. The opportunity structures of MEs in subsistence markets expose the weak business infrastructures that limit their operations. These MEs face high start-up costs, burdensome licensing and registration requirements, lack of protection, limited access to foreign technologies and weak institutional capacity (Kanayula and Quartey, 2000; Parker et al., 1995; Mead and Liedholm, 1998). The growth potential of these MEs are further stifled by lack of access to capital, weak networks, poor working conditions, limited resources and marketing, limited training, low innovation, legal issues,
and lack of government support (Henriques and Herr, 2007). In African countries in particular, the growth of MEs has been severely limited by constraints such as the lack of human and financial capital, poor infrastructure and socio-cultural factors (Kodithuwakku and Rosa, 2002; Robson and Obeng, 2008). African MEs have less access to education, rely on indigenous resources and family ownership and have smaller-scale operations with limited access to formal market-supporting institutions (Abor and Quartey, 2010). For example, transport and communication systems are underdeveloped, public utilities are inadequate and financial systems are rigid and unresponsive (Buame, 1996).

A recent survey of MEs in Ghana discovered that MEs perceive their three greatest problems to be inflation, high interest rates, and the depreciation of the local currency (Robson and Obeng, 2008). In addition, they lack information about inputs, problems, and markets and markets for patents are in its infancy (Robson et al, 2008). Their limited international marketing experience, poor quality control and standardization and limited information about and access to international partners impede expansion into international markets (Aryeetey et al., 1994; Fafchamps, 1994). Country, regional and pan-African networks are small (McDade and Spring, 2005). Additionally, the limited sales of innovative goods and services in export markets limits foreign exchange that can then be further used to enhance domestic development (Fafchamps, 1994).

*Strategies* emerge from the interaction of opportunities and group characteristics, as MEs adapt to their environments. Typically, both lateral and vertical linkages of MEs are weak, reflecting low degrees of market integration and weak business infrastructures (Ernst, 2004). The links of MEs to global or local value chains are often oriented toward individual transactions rather than economic relationships (Viswanathan, 2010). Limited
marketplace literacy further enhances the problem by slowing down the pace of adaptation to the changing local and global markets. The level of marketplace literacy of ME has direct bearing on their ability to engage effectively in value co-creation also because it affects its judgment of value. The judgment of value is important because according to Payne et al. (2008), in order for a company to create superior value during value co-creation the customer needs to participate in defining value.

According to Viswanathan et al.’s (2008) framework on marketplace literacy, marketplace literacy can be categorized at three levels – a concrete level of livelihood skills, an abstract level of know-how or skills and know-why, which is a deeper understanding of marketplace dynamics. This marketplace literacy enables MEs in subsistence markets to develop an understanding of marketplace dynamics. For example, low marketplace literacy leads to limited knowledge of the effective use of business and policy strategies and trade promotion. Viswanathan et al., (2008) also indicate that without marketplace literacy, MEs may have low self-esteem, which in turn may influence their perception of value. For example, MEs may use alternative savings schemes due to their fears and anxieties in interacting with larger banks (Viswanathan, 2007). These factors highlight the importance of collateral learning during value co-creation with the CME.

a. **MEs learning in subsistence markets**

In the landmark article by Viswanathan et al., (2010), there are some key points on the learning inherent in the relational marketplaces in subsistence markets that are important aspects of value co-creation. From the exposition, the learning
in the relational marketplaces occurs through three interacting activities: symbiotic relationships, fluid transactions and feedback loops. Symbiotic relationships between MEs and their customers or suppliers occur as a result of the dual roles played by them as both consumer and producer (Viswanathan et al., 2009). These symbiotic relationships result in similar socioeconomic backgrounds for the MEs and their customers and this creates insights into the needs of customers. These insights are a form of learning that provides a better appreciation of market requirements and preferences. Additionally, as a result of their symbiotic roles, MEs learn and develop skills in both roles. These learning opportunities in turn facilitate the adaptation of the MEs processes, systems, structures, and market offerings to fit the needs of the customers.

Feedback provides detailed knowledge of customers and high responsiveness to their needs. Feedback loops refer to a closed-loop system of committed relationships that provide useful feedback (Viswanathan et al., 2010). This Entrepreneurial clusters also provide feedback loops through important horizontal linkages that provide additional learning to help the MEs to grow and thrive (Khan and Ghani, 2004). Entrepreneurial clusters also provide MEs with a sense of accountability and business acumen (Kibria et al., 2003). To assist MEs to learn in adaptation to the global market, certain non-governmental organizations have also provided learning opportunities in the form of training and technical assistance (Fafchamps, 1994; Mead and Liedholm, 1998). An example of such learning required by MEs is the awareness that the nature of competition is changing and exports need to be differentiated, of high quality and customized to the needs of global consumers (Ismail, 1995). The knowledge provided by these learning
opportunities is a valuable contribution by MEs during value co-creation with FSPs and complements the technological and formal knowledge of the FSPs.

b. MEs creativity in subsistence markets

Creativity in entrepreneurship has been indicated to involve the application of vision with passion, skill, personal energy and financial means to create value, backed by stakeholders such as customers, suppliers, bankers, employees and strategic alliances (Shane, 2003; Ward, 2004). Viswanathan (2010) exposes how the creativity inherent in the socio-cultural environment is manifested through empathetic exchanges, personalization and scalability in several ways. These exchanges result in trade-offs and makeshift solutions. For example, MEs provide extensive support to regular customers by granting credit and adjusting their prices and products to meet their needs. Empathetic exchanges are exchanges that depend on empathy resulting from shared adversity, with common appeals pleas for mutual benefit and fairness (Viswanathan, 2010). Empathetic exchanges also lead to the creation of a collective consciousness that prompts behavior in unexpected situations and provides flexibility for improvisation (Gardner and Avolio, 1998). Credit extension, price adjustments, and different product configurations lead to stronger relationships and encourage continuing commitment (London and Hart, 2010).

Personalization refers to adaptations in product-services and adjustment of prices to the personal circumstances of customers as a preferential treatment (Viswanathan et al., 2009). Personalization often occurs as a result of continuous pressures from individuals, collective groups, communities, and neighborhoods to personalize goods and services and
fear of powerful word-of-mouth effects (Viswanathan et al., 2010). In personalization, the ME demonstrates creativity by taking into account the sensitivity of cultural perceptions and practices, which in turn ensures that customers have access to a range of personalized experiences (Sridharan and Viswanathan, 2008).

Scalability connotes the ability of the MEs to create a wider reach for product-services. MEs in subsistence markets are positioned to create opportunity structures and niche markets. As consumers providing for themselves and their families while simultaneously managing their businesses, MEs often serve as important final links in the supply chain (Viswanathan et al., 2010). They are able to scale up by generating synergies and competitive advantages with their expanding set of relationships (London, 2010). An expansive circle of contacts enhance the creativity of MEs by assisting them in identifying opportunities for forward and backward linkages, and providing greater exposure to market trends (Ernst, 2004). Additionally, reciprocal exchanges enhance the scalability of MEs. Reciprocal exchanges are based on “informally enforced agreements to give goods, services, information, or money in exchange for future compensation in kind.” (Kranton 1996, 830). These social obligations create interdependence between individuals arising from feelings of gratitude, respect, and friendship (Bourdieu, 1986). In subsistence markets, these reciprocal exchanges also lead to continued commitment from regular customers (Viswanathan et al., 2010). MEs are able to respond in a creative manner by releasing resources in a way that reaches a wider variety of customers. Scalability is also made possible by MEs based on their family relationships and reliance on indigenous resources. Many subsistence markets place high value on social relations and kinship ties (Arnould 1989; Ruth and Hsiung 2007). Kinship ties help to create
opportunity structures since meeting family obligations becomes a motivation for MEs to enter the business; family support are also a resource to tap into when the business falls short (Viwanathan et al., 2010). This ‘give and take’ becomes a self-sustaining system. Ultimately, the creative activities of MEs in subsistence markets provide opportunities for value co-creation.

3. **Financial services firms in subsistence markets**

Three essential features of FSPs facilitate their value creation. These features according to Drew (1994) are: firstly, their products are information, service and knowledge intensive; secondly, customer service quality is a critical success factor; thirdly, the environment in which they operate is dynamic. These features influence the value proposition of financial services firms for their customers. Service providers propose value in the market based on their skills and knowledge (Vargo et al, 2008). FSPs employ a high percentage of well-educated people, and depend on their ability to mobilize, develop and transform the knowledge of employees to create value for their clients (Lowendahl et al., 2001).

Value creation by financial services firms in subsistence markets plays a key role in economic development (Hinson, 2011). However, historically, most formal financial services firms in subsistence markets have been structured to handle much larger individual transactions than those required by MEs because of high overhead costs (Zeller and Meyer, 2002). Due to the high risk and cost of providing financial services to poor customers very few MEs in subsistence markets operate banking accounts (Zeller and Meyer, 2002). These costs relate to searching, monitoring and enforcement costs
directly related to difficulties in obtaining information in the subsistence financial markets (Dusuki, 2008). Opportunities for depositing small savings and access to loans have been identified among the most urgent needs of MEs (Seibel and Parhusip, 1999). The uncertainty of such customers to meet future loan obligations and inability to monitor their use of funds adds to the higher units of transaction costs (Zeller and Meyer, 2002). Data from Technoserve, an NGO engaged in micro-financing activities for the poor in Ghana, however indicates a loan recovery rate of 98.5 per cent. This seems to suggest that poor customers can be counted on to meet their financial obligations. However most FSPs in subsistence markets disregard the willingness of the poor to meet their financial obligations and focus on risk-adverse mechanisms that require collaterals, reputation and guarantors (Koku, 2009). Weak business infrastructures also make it difficult for FSPs in subsistence markets to diversify their portfolio to meet the obligations of MEs (Zeller and Sharma, 1998). The inability of banks to adequately meet the needs of MEs has led to emergence of microfinance institutions, which provide financial services to low-income MEs both in the urban and rural areas (Kumar et al. 2006). Microfinance institutions provide financial services (savings, credit, and payment transfers, insurance) to low-income households and their MEs (Robinson, 2004).

In the recent past, value creation by FSPs for their CMEs has been characterized by the provision of new product-service forms and new customer experiences. This has opened up opportunities for value co-creation between MEs and FSPs. New product-service forms such as mobile banking, electronic payments, debit cards, and other forms of e-commerce are providing impetus to the emergence of new financial services products (Saunders et al., 2007). The term mobile banking refers collectively to a set of
applications which enable people to use their mobile telephones to manipulate their bank accounts, store value on an account linked to their handset, transfer funds to people or merchants and access loans (Donner et al., 2008). For financial services firms, such technology provides a lower-cost means of monitoring and controlling operational risks across large distances (Krishnan et al., 1999). Furthermore, such technological innovations offered by financial services firms in subsistence markets have also opened up new CME experiences such as convenience, cost savings, and control (Fafchamps, 2009). For example, Abraham (2007) found that the use of mobile phone services contributed to reducing uncertainty and risks within the fishing industry of Kerala since fishermen were able to access market information to determine where to land their catch for good returns. A well-publicized CME experience of mobile banking innovations in West Africa is that of the ‘MISTOWA’ Project in which farmers access the market and information via mobile phones. Farmers using these services reported receiving 45% of the final retail price as compared with 22% for those who did not use them, indicating a 100% increase in profits (Essegbey and Frempong, 2011).

The activities of microenterprises in subsistence markets can be better understood by the consideration of the cultural context that directs entrepreneurial success. The next section therefore discusses this cultural outlook embodied in the philosophical perspectives that orient this study.
III  PHILosophical PERSpective

A. Ethnomaketing Orientation

This section introduces ethnomarketing as the theoretical perspective guiding this study. Ethnomarketing was chosen as a theoretical orientation because of its particular emphasis on culture as driving and directing contemporary businesses. Ethnomarketing is a cultural dimension of marketing that applies a cultural lens to analyze consumer behavior, organization decisions and the market dynamism in which these operate (Schein, 1984). It also considers the symbolic influences of culture on exchanges amongst firm-providers, customers, employees, intermediaries and government agents as well as the values and beliefs that prompt their behavior (Paramo, 2005). First, this section provides a highlight of foundations of ethnomarketing and its main strengths. This includes ethnomarketing’s epistemological foundations of ethnoconsumerism. Secondly, ethnomarketing and its mutual influences with the study’s selected method of phenomenology are stipulated. Thirdly, ethnomarketing is presented as the theoretical construct that informs a more comprehensive understanding of value co-creation in subsistence markets.

The basic ideas of ethnomarketing relevant to this study are that markets’ cultural dimensions where exchanges occur acquire meaning only within a certain culture (Paramo, 2005). This highlights the fact that seemingly similar practices across cultures may contain deep cultural meanings that differentiate marketing practices in fundamental ways. Hence, it prompts the careful analysis of cultural underpinnings of various events and actions.
Secondly, ethnomarketing postulates that consumption should be studied from the point of view of the social or cultural group that is the focus of study (Venkatesh, 1995). The social considerations refer to the social organizations and institutions and the cultural considerations refer to the symbolic belief systems, norms and traditional practices. Under the revealing lens of culture (Schein, 1984) with all its symbolism influencing mutual exchanges between firm-providers and their customers, ethnomarketing discovers the underlying values and beliefs supported by their socio-cultural milieu. This prevents the over-generalization of marketing processes with superficial variations and limited attention to the dynamics of the evolving marketplace (Gronroos, 1994, 1997).

Ethnomarketing therefore emerges as a philosophical perspective that helps to foster a better understanding of the dynamism of markets, and the interplay between firm-providers and customers on which this dynamism is based. Ethnoconsumerism is a key feature of ethnomarketing that examines behavior on the basis of the cultural realities of that group. It begins with basic cultural categories of a given culture and studies the actions, practices, words, thoughts, language, institutions, and interconnections between these categories. This compels the researcher to contemplate the participant as being a part of a culture or other group affiliations (Costa and Bamossy, 1995). Ethnoconsumerism can be differentiated from the emic perspective, which refers to the participant's point of view. Whilst the emic perspective is limited to strategies of data collection, ethnoconsumerism also goes deeper into the development of knowledge constructed from the culture's point of view (Venkatesh, 1995).
1. **Ethnomarketing and value co-creation**

   The relevance of ethnomarketing orientation to value co-creation is highlighted by Penaloza and Venkatesh (2006). This work draws attention to a transformative viewpoint of marketing as socio-historically situated and culturally sensitive, adapting to contemporary global, technological, and socio-cultural developments. The facets of these perspectives relevant to ethnomarketing are 1) envisioning the creation of value in markets to include meanings; 2) providing more focus on consumer subjectivity and agency; 3) a refocus on the nature of relationships between consumers and marketers from individuals to social beings inhabiting communities; 4) addressing more explicitly cultural differences and 5) highlighting the importance of marketer reflexivity. In line with these perspectives, the study understands the knowledge of value co-creation to be socially and culturally constructed in a multi-stake service phenomenon. That is, the cultural life world experiences of individuals are interlinked with experiences relating to different types of service experiences.

   Service customers experience value in their life-world situations (Helkkula et al., 2012) and this life-world is focused on everyday life and is socially and culturally constructed with identities, norms and knowledge (Habermas, 1987). Value co-creation is an aspect of this social and cultural construction, which is subjective, event specific, personal and phenomenological (Lusch and Vargo, 2006). In this sense, marketing in general and value co-creation in particular is seen as an expression of a certain culture where beliefs, values, and traditions of participants determine their behavior in the different marketing exchange processes (Mowen and Minor, 1998).
The ethnomarketing orientation synchronizes with the phenomenological method since phenomenology is the study of the life world rather than the study of the world as we conceptualize it. Phenomenology is concerned with the study of experience from the perspectives of the individual, which embodies cultural factors. Phenomenological approaches emphasize the importance of cultural perspective and interpretation. The ethnomarketing philosophical perspective and phenomenological method are therefore highly relevant to the study of value co-creation, which are the personalized experiences of the actors.

2. **Ethnomarketing and phenomenological method**

Adopting the ethnomarketing orientation with the phenomenological method actively exposes the ontological and epistemological foundation of marketing concepts. Such discourses advance the development of marketing as a stream of research (Skålen, Fougère and Fellesson, 2008). Starting with the orientation of ethnomarketing makes it possible to see the true contributions of the phenomenological method to the conception and investigation of value co-creation. In this dissertation, phenomenology is understood in its wider meaning as a philosophical tradition studying phenomena as they appear in the participants’ experience (Woodruff Smith, 2008). In other words, phenomenology is the study of a given phenomenon as experienced by the appearances of things or things as they appear in an individual’s experience, and of how that individual assigns meaning to that experience (Angelides, 2001; Denzin and Lincoln, 1994).
Phenomenology from its own epistemological perspective becomes a form to understand the perspective and experience of certain groups according to their socio-culturally established and shared norms of conduct (Cope, 2003). Thus, not only does phenomenology establish the context and subjective meaning of the experience of a group of people, it looks for explaining the cultural meanings of this experience in an interpreted way (Spinelli, 2005) Phenomenology therefore like ethnomarketing exposes how the complexities of the socio-cultural world are experienced, interpreted and understood in a particular context and allows the researcher to enter the world of participants to achieve a holistic understanding (Maxwell, 2005). The ethnomarketing orientation and phenomenological method therefore facilitate the comprehensive understanding of value co-creation as a social and cultural situation.
IV. METHODOLOGY

A. Research Design

1. Choice of methodology

A qualitative approach was used to investigate the research questions. A qualitative approach was considered ideal for this study because in contrast to quantitative approaches, the qualitative approach enables the researcher to unveil what people say and do as a result of how they interpret the world. A qualitative approach enables the study of causes, consequences, connections and relationships. Through an empathetic understanding and process of interpretation, it is possible to reproduce the thoughts, feelings and motives behind the actions of others (Finlay, 2002). This is achieved through observations and immersion in the cultural context, in order to gain insights into the inner-world of the participants. The features of the qualitative method therefore facilitate: 1) understanding the processes by which events and actions take place; 2) developing contextual understanding 3) facilitating interactivity between researcher and participants 4) adopting an interpretive stance and maintaining design flexibility.

Phenomenological interviews used in this study are supported with other methodologies such as participant observation, photographs and critical reading of published and web data for enhanced methodological rigor. This approach integrates and adapts these methods thereby capitalizing on resource and research synergy. The critical issue is one of integration, where both the research problem and method are viewed holistically, in an effort to allow for understanding of the phenomena in question.
The use of multiple methods and triangulation is critical in attempting to obtain an in-depth understanding of the phenomenon under study. This strategy adds rigor, breadth, and depth to the study and provides corroborative evidence of the data obtained (Creswell 1998; Denzin and Lincoln, 2000).

2. **Phenomenological interviews**

Phenomenological interviews were used as the primary methodology data collection technique in the study because phenomenological interviews provide a rigorous understanding of consumer phenomenon (Thompson et al., 1989). Applying a phenomenological research methodology to the subject matter of the present research study was considered a departure from how the issue had been approached in most previous research studies. Compared to other forms of phenomenological research methods, phenomenological interviews are best suited to answer the research questions of this study for three main reasons. Firstly, phenomenological interviews are “the most powerful means of attaining an in-depth understanding of another person’s experience” (Thompson et al., 1989, p138). This characteristic of phenomenological interviews will facilitate the investigation of value co-creation from both the customer and firm-provider’s perspectives as is ideal in such a dyadic situation. Secondly, phenomenological interviews explore everyday experiences from a participant’s perspective, with the goal of identifying and describing such experiences for a deeper understanding of the phenomenon (Cope, 2005). Ultimately, this method will facilitate the exploration of the different kinds of value that are co-created between firm-providers and CMEs, since it is considered that value co-created with CMEs will be quite different
from value co-created with other types of customers. As Vargo and Lusch (2004) states: “value is always uniquely and phenomenologically determined by the beneficiary” and is “idiosyncratic, experiential, contextual, and meaning laden” (p.7).

Phenomenological interviews have the potential to elicit rich, thick descriptions. Phenomenology research makes use of significant statements, the generation of meaning units and the development of an “essence” description (Moustakas, 1994). The focus is on attitude and the response to the phenomena under study. The aim is to achieve an analytical description of the phenomena not affected by prior assumptions. As a research method, phenomenological interviews also give the researcher an opportunity to clarify statements and probe for additional information. According to Thompson et al (1989), existential phenomenology is a way of putting the consumer experience back into the consumer research (p. 144). In choosing to use a phenomenological methodology, the researcher listened closely to participant voices (Creswell, 2009). This is because people are considered to organize their world, knowledge and emotions in a narrative form and stories are shared and created socially. In the case of the present study, in-depth phenomenological interviews with the participants involved in value co-creation allowed the examination of their lived experiences from their unique perspectives.

B. Data Collection

1. Site selection

The study context is Ghana, located in Sub-Saharan Africa. Sub-Saharan Africa was chosen because it has a substantial population (over 600 million people) living at a subsistence level on less than $2 per day (Wonacott, 2011). However,
marketing developments, especially in the fields of e-commerce and mobile banking, are booming in Africa and thus highlight the potential for value co-creation in these markets. Ghana has been identified as one of the fastest growing economies in Sub-Saharan Africa (World Bank Global Economic Prospects, 2010). Furthermore, due to the liberalized economy of Ghana, relationships between financial services firms and microenterprises are improving (Aryeetey and Fosu 2003). Ghana is considered an ideal platform in which to investigate theories of value co-creation because it is ranked among the top ten business reformers in Africa (World Bank Report on doing Business, 2007). Furthermore, due to the liberalized economy of Ghana, relationships between financial services firms and microenterprises are improving (Aryeetey and Fosu 2003). In Ghana, there are a substantial segment of the entrepreneurs in the informal sector (Aryeetey and Fosu 2003).

The site selection was primarily based on the researcher’s own deliberation. This has been suggested as suitable means of sample selection because qualitative research aims at developing an in-depth understanding of a phenomenon (Corbin and Strauss, 2008). The FSPs identified for the study worked in four different types of financial services firms: a multinational bank, a local bank, a multinational microcredit firm and a local microcredit firm. The choice of participants for interviews was based on delineation of these four segments, which vary from one another according to their value co-creation perspectives. The intention was to seek FSPs that differed maximally on three structural characteristics: types of products, types of CMEs and value co-creation approaches. All these financial services firms are actively engaged in value co-creation with their CMEs.
2. **Selection of the sample**

Informants were identified by purposive and snowball sampling. Purposive sampling is frequently used to investigate information-rich cases (Patton, 2002). The snowball sample commenced with FSPs known from prior professional contact. The snowball technique begins with a single participant who in turn refers the researcher to his/her network of contacts. This kind of referral facilitates the building of trust and rapport within a short time (McCracken, 1988). Snowball sampling therefore overcomes the challenge of the length of time needed to build trust and establish rapport, which is essential to obtain the richness of information that qualitative data is known to provide. Relationship managers identified were those who had been working in the banks for over two years and were able to offer their perspectives on the studied phenomenon as reflective practitioners (Payne et al. 2008). Overall a total of 15 FSPs were interviewed.

Sample representation of 15 associated CME participants were obtained from referrals from the relationship managers. The CME participants were operating in various industries and with various lengths of relationships with the financial services firms. The 30 participant sample size reflects sample sizes relevant to qualitative studies, which typically range in size from 5 to 15 (Schouten 1991). McCracken (1988) argues that for a qualitative study, the respondents should be perfect strangers and few in number and should have special knowledge of the topic under study. In qualitative data collection approaches the sample size may not always be defined a priori. Rather, data may be collected until conceptual saturation is attained. The participants were first emailed an interview request and then contacted by telephone for scheduling the interview time.
Participants were informed of anonymity and confidentiality of their responses and their consent was sought.

3. **Description of the sample**

   a. **Contextual information**

     The Ghanaian banking industry is fairly developed and can be split into two distinct areas, Commercial/Universal Banks and Rural/Community Banks. In Ghana, there are 27 universal banks, 135 rural and community banks and 48 licensed non-bank financial institutions. Formal sources of finance for CMEs in Ghana include the banks, capital market, and non-bank financial institutions such as discount, finance and acceptance houses, building societies, leasing and hire purchase companies, venture capital funding companies, mortgage finance companies, savings and loan companies and credit unions. The informal financial system includes a range of activities known as ‘susu’. This covers individual savings collectors, rotating savings and credit associations, and savings and loan “clubs” run by an operator. It also includes moneylenders, trade creditors, self-help groups, and personal loans from friends and relatives. FSP Participants in this study are mainly located in the urban areas of Ghana and operate in the formal sector.

     Financial Services firms in Ghana are increasingly diversifying their product-services to provide more than just loans and overdrafts to CMEs. Through increasing deployment of ICT infrastructure, most financial institutions are making innovative products and services available to a wide variety of CMEs. An example of such innovations includes mobile banks with ATMs and POS devised that continue to be
upgraded as requirements emerge (Nakata and Berger, 2012). Increased competition amongst the financial services firms has driven the increasing need to engage in value co-creation with the CME for new ideas and knowledge to apply efficient technologies, create new relevant financial instruments and achieve competitive advantage and excellence.

b. **Demographic information**

The FSPs participants in this study share very similar characteristics, as did the CMEs (See Table 2). The FSP participants are highly educated with most having graduate degrees. The FSPs of Microcredit companies seemed to have just a little less education than those in the banks but were aspiring to obtain graduate degrees. This reflects the level of training required of FSPs who have to be financial advisors to their customers. The number of years of work experience of the FSP participants also reflected their level of expertise. The FSPs participating in the study can be categorized as specialized in providing services to microenterprises or providing more generalized services to a wide variety of customers, including large businesses.

The CME participants were identified from various industries with most being retailers or wholesalers, a few contractors and one manufacturer and farmer. Some of the CME participants are graduates with others having a lower level of education. These CME participants operate both in the formal and informal sector. The CME participants also have different lengths of relationships with the FSPs ranging from one year to 15 years. The each used various combinations of tailored product-services of the FSPs categorized as credit facilities (loans and overdrafts), deposits (cash management
services), comprehensive trade finance and transfers, treasury services and e-commerce. The ages of participants ranged from 27 to 50 years.

The CMEs in Ghana have varying characteristics depending on the industry in which they are operating. The differentiation of these CMEs is mostly according to business type, location and strategy as depicted in table 3 below. CMEs in subsistence markets pursue a range of activities that are by nature specific to the local context in relation to resources available, challenges and opportunities. The value co-creation relationship between these CMEs and FSPs are usually structured by a wide range of motivations and needs. These needs are often closely bound to and concurrent with the strategies adopted for survival and growth. The needs are also tempered by wealth disparities and differential access to resources.
### TABLE I

DEMOGRAPHIC PROFILE OF FINANCIAL SERVICES FIRMS PARTICIPANTS

<table>
<thead>
<tr>
<th>Participant (by Pseudonym)</th>
<th>Bank</th>
<th>Age</th>
<th>Gender</th>
<th>Education</th>
<th>Years worked in Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>FSP1</td>
<td>Imex Bank</td>
<td>36</td>
<td>Male</td>
<td>Graduate</td>
<td>6</td>
</tr>
<tr>
<td>FSP2</td>
<td>Imex Bank</td>
<td>44</td>
<td>Male</td>
<td>Graduate</td>
<td>14</td>
</tr>
<tr>
<td>FSP3</td>
<td>Imex Bank</td>
<td>41</td>
<td>Female</td>
<td>Graduate</td>
<td>7</td>
</tr>
<tr>
<td>FSP4</td>
<td>Imex Bank</td>
<td>42</td>
<td>Female</td>
<td>Graduate</td>
<td>7</td>
</tr>
<tr>
<td>FSP5</td>
<td>Plabo Microcredit Company</td>
<td>49</td>
<td>Male</td>
<td>Undergraduate</td>
<td>6</td>
</tr>
<tr>
<td>FSP6</td>
<td>Imex Bank</td>
<td>27</td>
<td>Male</td>
<td>Graduate</td>
<td>4</td>
</tr>
<tr>
<td>FSP7</td>
<td>Imex Bank</td>
<td>39</td>
<td>Female</td>
<td>Graduate</td>
<td>6</td>
</tr>
<tr>
<td>FSP8</td>
<td>Sunny International Bank</td>
<td>42</td>
<td>Male</td>
<td>Graduate</td>
<td>14</td>
</tr>
<tr>
<td>FSP9</td>
<td>Sumir Microcredit Company</td>
<td>37</td>
<td>Male</td>
<td>Graduate</td>
<td>4</td>
</tr>
<tr>
<td>FSP10</td>
<td>Imex Bank</td>
<td>39</td>
<td>Male</td>
<td>Graduate</td>
<td>3</td>
</tr>
<tr>
<td>FSP11</td>
<td>Plabo Microcredit Company</td>
<td>31</td>
<td>Male</td>
<td>Graduate</td>
<td>3</td>
</tr>
<tr>
<td>FSP12</td>
<td>Sunny International Bank</td>
<td>29</td>
<td>Male</td>
<td>Undergraduate</td>
<td>4</td>
</tr>
<tr>
<td>FSP13</td>
<td>Sunny International Bank</td>
<td>33</td>
<td>Female</td>
<td>Graduate</td>
<td>7</td>
</tr>
<tr>
<td>FSP14</td>
<td>Sumir Microcredit Company</td>
<td>47</td>
<td>Male</td>
<td>Graduate</td>
<td>6</td>
</tr>
<tr>
<td>FSP15</td>
<td>Sumir Microcredit Company</td>
<td>49</td>
<td>Male</td>
<td>Graduate</td>
<td>15</td>
</tr>
<tr>
<td>Participant (Pseudonym)</td>
<td>Business Type</td>
<td>Age</td>
<td>Gender</td>
<td>Education</td>
<td>Length of Relationship</td>
</tr>
<tr>
<td>-------------------------</td>
<td>---------------</td>
<td>-----</td>
<td>--------</td>
<td>-----------</td>
<td>------------------------</td>
</tr>
<tr>
<td>CME1</td>
<td>Concrete Products manufacturer</td>
<td>33</td>
<td>Male</td>
<td>Certificate</td>
<td>6</td>
</tr>
<tr>
<td>CME2</td>
<td>Interior Decorating</td>
<td>31</td>
<td>Male</td>
<td>High School</td>
<td>4</td>
</tr>
<tr>
<td>CME3</td>
<td>Hydraulic equipment wholesaler</td>
<td>50</td>
<td>Male</td>
<td>Degree</td>
<td>15</td>
</tr>
<tr>
<td>CME4</td>
<td>Beauty products retailer</td>
<td>48</td>
<td>Female</td>
<td>Elementary</td>
<td>7</td>
</tr>
<tr>
<td>CME5</td>
<td>Health equipment retailer</td>
<td>45</td>
<td>Male</td>
<td>Undergraduate</td>
<td>5</td>
</tr>
<tr>
<td>CME6</td>
<td>Clothing retailer</td>
<td>42</td>
<td>Female</td>
<td>Elementary</td>
<td>4</td>
</tr>
<tr>
<td>CME7</td>
<td>Contractor</td>
<td>43</td>
<td>Male</td>
<td>Elementary</td>
<td>5</td>
</tr>
<tr>
<td>CME8</td>
<td>Confectionery and cosmetics retailer</td>
<td>38</td>
<td>Female</td>
<td>Elementary</td>
<td>5</td>
</tr>
<tr>
<td>CME9</td>
<td>Citrus Farmer</td>
<td>49</td>
<td>Male</td>
<td>Graduate</td>
<td>15</td>
</tr>
<tr>
<td>CME10</td>
<td>Contractor</td>
<td>49</td>
<td>Male</td>
<td>High School</td>
<td>5</td>
</tr>
<tr>
<td>CME11</td>
<td>Lingerie and general goods hawker</td>
<td>33</td>
<td>Female</td>
<td>Elementary</td>
<td>8</td>
</tr>
<tr>
<td>CME12</td>
<td>Commodities wholesaler</td>
<td>45</td>
<td>Female</td>
<td>Elementary</td>
<td>15</td>
</tr>
<tr>
<td>CME13</td>
<td>Wigs wholesaler</td>
<td>31</td>
<td>Female</td>
<td>High School</td>
<td>4</td>
</tr>
<tr>
<td>CME14</td>
<td>Cosmetics/perfumery retailer</td>
<td>50</td>
<td>Female</td>
<td>Elementary</td>
<td>4</td>
</tr>
<tr>
<td>CME15</td>
<td>Caterer</td>
<td>44</td>
<td>Female</td>
<td>High School</td>
<td>6</td>
</tr>
<tr>
<td>Microenterprise Types</td>
<td>Location</td>
<td>Characteristics</td>
<td>Strategies/Needs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------</td>
<td>-----------------</td>
<td>---------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hawker</td>
<td>Streets</td>
<td>Sells wares by carrying them in the street</td>
<td>Aggressively sells products by moving around in the streets to catch the attention of customers – needs a shop</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mom and Pop shop</td>
<td>Neighborhoods</td>
<td>Typically owned by members of a family and serves customers in the neighborhood</td>
<td>Constant adjustments of stock and pricing to meet convenience and idiosyncratic needs of customers – needs to stock a wide variety of goods</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market stall trader</td>
<td>Market square</td>
<td>Operates from trading stalls within the official boundaries of the market</td>
<td>Specializes in a few products with loyal customers – needs diversification outlets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flea market trader</td>
<td>Flea markets</td>
<td>Sells and buys second hand articles and cheap products</td>
<td>Maintains high volume or rapid sales due to low pricing – needs to enhance product attractiveness</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vendor</td>
<td>Booths or kiosks</td>
<td>Retails products without an established place of business</td>
<td>Negotiates contracts for wholesale supply – needs regular stock of products</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Craftsman</td>
<td>Home/Office</td>
<td>Practices a trade or handiwork with acquired skills or talent</td>
<td>Differentiation by creating distinctive products to maintain clientele – need production facilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Independent Contractor</td>
<td>Home</td>
<td>Contracts to do work for another person according to his or her own processes and methods</td>
<td>Bids for contracts and differentiates by high quality of work – needs support for bidding opportunities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplier</td>
<td>Office</td>
<td>Supplies parts or services to another firm</td>
<td>Differentiates by providing high quality supplies at shot notice – needs constant product availability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agribusiness</td>
<td>Farmhouse</td>
<td>Engaged in production, distribution and/or processing of farm supplies or farm commodities</td>
<td>Maintains close links with supply and value chain since products are highly perishable – needs storage and manufacturing facilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service Institution</td>
<td>Office</td>
<td>Provides services to the public</td>
<td>Differentiates through service quality – needs investments in attractive premises and image</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
c. **Perceptual information**

The FSPs are relatively formal in dress, composure and appearance when they visit the CMEs in their business premises. However, they exuded an aura of accessibility, congeniality and concern for the CME. In the market trading places there is a bustling market of CMEs clustered by type of products. The market is dominated by women traders, both wholesalers and retailers who sell in organized stalls products such as cosmetics, jewelry, textiles, fresh produce, manufactured and imported foods, clothes, shoes, tools, medicines, and pots and pans. Although the operations of the CMEs appear informal, there is an inherent dynamism in the coordination of their business and the leverage of social networks.

As the FSPs enter the CME clusters, they stop to exchange pleasantries and when they approach their customers, they hang around with an informal pose or assist the customer with general tasks such as lifting goods off the shelf. They start a conversation with issues relating to the CME’s welfare and make comments relating to immediate improvements to the CME’s business. The informal relationship is further observed through the use of easy and metaphoric language that explains the value co-creation relationship through associations with familiar tangible things such as spouse, coach and child. The conversations mostly revolve around the CME’s needs and dissentions, with the FSP providing or promising solutions. The conversations usually end with some invitation of some sort to each other’s social milieu such as church service, wedding funeral, home or office. It was observed that substantial time and effort are invested in value co-creation during such visits.
4. **Interviews**

Data was collected over an eight-month period with one month of intensive face-to-face interviewing and observations preceded by four months of telephone interviews and followed by two months of more telephone interviews. The qualitative telephone interview provides much flexibility in the both the conduct of data collection and data analysis (Yeung, 1995). Data was collected from multiple sources at several points in time, guided by a protocol developed according to recommendations for qualitative studies and grounded theory (e.g., Eisenhardt 1989, Strauss and Corbin 1990). Specifically, 10 relationship managers and 10 of their associated microenterprise customers were interviewed individually on multiple occasions. Dyadic interpersonal communications were also recorded during meetings with the dyad. Overall, 30 participants were interviewed with 72 interviews in total lasting on average about one hour were conducted. This included 42 face-to-face interviews and 30 interviews by telephone. 68 interviews were exclusively focused on value co-creation activities and factors that hinder or advance it, while four were focused on obtaining a general picture of the context and the microenterprises and financial services actors operating in it. Interviews lasted from 45 to 75 minutes.

Grand tour questions were used as ice-breakers to solicit information from customers. Questions asked included 1) How satisfied are you with your relationship with your FSP or CME? Please explain why you are satisfied or not satisfied; 2) Please describe the interactions with your FSP or CME or things that you have done to develop and continue a long-term relationship with your FSP or CME; 3) Could you take the most recent issue you've been spending time on with your FSP or CME) and describe
what you're trying to accomplish and what type of action you are taking to make that happen? 4) Could you describe a typical meeting with your (FSP) or (CME)? What factors improved or hindered the outcome of this meeting? The protocol guided the data collection and details were adapted as interactions with the participants unfolded. Respondents were encouraged to describe their unique perspective of an experience of value co-creation: Unstructured conversations encourage respondents to share their stones and to uncover common meanings in their experiences. Storytellers are able to have a retrospective dialogue with the interviewer on *lived events* of the kind that they have experienced as being critical. Narratives have the unique quality of instructing, revealing, and informing all at the same time (Eisner, 1997). Sharing stories also served to narrow the gap between the researcher and the participants, encouraging them to reconstruct their own experiences and to free their inner voices (Seidman, 2006). The interviews were generally unstructured but structure was imposed by asking 'inside-out' questions, such as 'What does this mean to you?' The intention was to allow respondents to describe their experiences, rather than to interpret it to obtain a holistic understanding of the experience that forms an important part of the respondent's day-to-day existence. Thoughtful probes by the interviewer assist the respondent to elicit contextual details important to meanings embedded in the narrative (Smith et al., 2009). Thoughtful probes included questions such as the following (Van Manen 1990): 'How were you feeling at that time?' 'What else was going on then?' All interviews were tape-recorded.
5. **Observations and memoing**

Qualitative observations are those in which the researcher takes field notes on the behavior and activities of individuals at the research site. In the field notes activities at the research site were recorded, in a semi-structured way using the research question. During and after each interview, observational notes were taken on the details of the setting. As occurs with phenomenological interviews, any conscious act of the participants, such as imagery, emotion, or memory will be collected as data and analyzed. The observational protocol had descriptive notes such as “portraits of the participants, a reconstruction of dialogue, a description of the physical setting, accounts of particular events or activities” (Crewell, 2009, p. 182) and reflective notes (the researcher’s personal thoughts, such as “speculation, feeling, problems, ideas, hunches, impressions, and prejudices” (Bogdan and Biklen, 1992, p. 121). The observational notes therefore added a more developed contextual understanding to the recordings and transcripts. These data collection methods are considered appropriate to answer the research questions because they will tap into the participant’s first-hand experiences with value co-creation with the partner. Field notes were made on other aspects of the financial services firm and CMEs functioning to capture other important elements and to assess the validity of initial expectations. Comments were added to the notes for clarification and completeness immediately after.

Memoing functioned to record the researcher’s personal thoughts throughout the interview process. According to Miles and Huberman (1994), memoing is a form of coding that the researcher does as he or she collects data and reviews the interviews, observations, and related documents. Memoing helps the researcher make connections
among data sources. Miles and Huberman suggested that memoing is like “little moments of conceptual epiphany” for the researcher (1994, p. 74). Writing memos helps the researcher recall certain facts about the data collection. The memos are observations only; they are not observed, objective material (Miles and Huberman, 1994). In the present study, memoing took place during all phases of the data collection. After all the data were collected and were entered into the qualitative software, Atlas Ti, the memos were used to help further understand the themes developed through Atlas Ti.

The memos were written on yellow sticky notes and placed on the interview sheets. These memos served as reminders of particular points made in previous interviews. Hence, memoing helped the researcher recheck the facts related in the interviews. Memoing also allowed for verification (confirmation or disconfirmation) of understandings and interpretations and double-checking with participants that the researcher truly understood and described the topic under study in the same way (or at least in the closest way) in which those who lived it described it (LeCompte, 2000).

Bracketing occurred throughout the process of memoing. As indicated by Miller and Crabtree (1992, p. 24) the researcher “must ‘bracket’ his or her own preconceptions and enter into the individual’s life-world and use the self as an experiencing interpreter.”

C. Data Analysis

Data analysis and data collection was a simultaneous process. The data analysis followed the categorization of data into themes and sub-themes, a procedure for classifying the qualitative information contained in oral and written materials. This method was considered appropriate for the data analysis of the study because it is
generally used with a study design that describes a phenomenon, especially when research literature on the phenomenon is limited (Kondracki et al., 2002). This method is particularly well suited to analyze the multifaceted, complex phenomena characteristic of value co-creation. With this method, researchers immerse themselves in the data to allow new theoretical insights to emerge (Kondracki et al., 2002). Categories and names for categories therefore flow from the data.

The data analysis sought to reduce the volume of information, identify significant patterns and construct a framework of value co-creation. Analysis was a multi-layered process. At the first level, each individual finding was carefully examined to identify all the possible explanations to what was being said by participants. At level two, I looked across the findings to find how the findings were related or interconnected with each other. At the third level, a cross-case analysis was conducted to identify similarities and differences among participants.

Three types of categorization were used for data analysis—thematic, affective, and strategic—to assess how value is co-created between microenterprises and financial services firms in subsistence markets. Thematic analysis identifies, analyzes and reports patterns (themes) within the data (Krippendorff 2007). Affective analysis tracks the expressions of emotion (both positive and negative) and provides insight into the subjective and idiosyncratic perception of the value co-created and contextual factors. Strategic analysis evaluates the types of rhetorical strategies used by a particular group of stakeholders (in this case, microenterprises and relationship managers).
1. **Thematic analysis**

The development of a good coding scheme using content analysis is central to achieve trustworthiness in research (Folger, Hewes, and Poole, 1984). Transcription took place following each interview. Those transcripts were entered into Atlas Ti, where sorting of the data began. Atlas Ti is designed to look for common phrases, the concepts it will initially sort into small pieces of data. The first phase of this process involved the production of initial codes from the data (Colaizzi, 1978). The participants’ narratives were read to understand them fully and significant statements, sentences and words that captured key concepts relating to value co-creation were used to create categories. Categories are themes that are directly expressed in the text or derived from them through analysis. This coding scheme guided the data analysis to be systematic, logical, and scientific (Weber, 1990).

Once all transcripts had been coded, all data within a particular code were examined. Some codes were combined during this process, whereas others were split into subcategories. Codes were sorted into categories based on how the various codes related and linked. These categories were used to organize and group codes into meaningful clusters or themes (Patton, 2002). The total number of clusters was 10, which is ideal (between 10 and 15) to keep clusters or themes broad enough to accommodate a large number of codes (Morse and Field, 1995). Themes were defined and refined and subthemes were identified. Finally, codes were organized into a hierarchical structure where possible. After this open coding, the lists of categories were grouped under higher order headings (Burnard 1991). The aim of grouping data was to reduce the number of categories by combining similar or dissimilar data into broader higher order categories.
and overarching themes (Burnard 1991, Dey 1993). Overall, 36 themes and ten sub-themes emerged from the data. Next, definitions for each theme and sub-theme were developed to ensure the analysis of all details.

The next stage involved the identification of relationships among categories. This process is normally associated with axial coding achieved by specifying relationships and identifying constructs around which other concepts revolved. Axial coding is the understanding of concepts in terms of their dynamic interrelationships to form the basis for theory construction (Spiggle, 1994). The intention was to come up with a number of themes that were linked together either similarly or divergently through the identification of concepts that collectively described or explained the phenomena. This process occurred in three layers. At level one, each individual finding was examined by analyzing the possible explanation for what is being said by participants. At level two, investigation was across findings to examine how the findings were related and/or interconnected with each other and to what extent they influenced each other. At level three, a cross-case analysis was conducted with each participant considered as a case. Similarities and differences among participants were explored and interpreted by situating it within previous studies. Comparisons and contrasts were made with issues that had been raised by the broader literature. These three layers were iterative linked throughout the process and related to existing theories on value co-creation to show the relevance or extension. The resulting themes were then integrated into a rich description of value co-creation in subsistence markets. In situations when there was the need to cross check interpretation further interviews were conducted with participants to elicit their opinions on the analysis.
2. **Affective analysis**

Affective analysis was considered necessary since participants’ language; subtle inferences and mode of expression were crucial to the investigation. The goal was to capture both the relative importance of issues raised by the participants and the affect associated with them. In the affective analysis, positive, negative and ambivalent statements were placed in categories. Two rating scales were then developed. The frequency scale measured the extent to which each theme was reflected in an interview. The scale ranged from 1 to 5, with 1 indicating the theme was not mentioned at all and 5 indicating the theme was mentioned to a great extent. The favorability scale assessed the positivity or negativity of the comments coded into each theme to index the overall directionality of each theme for interviewees. Values 1 to 5 formed a continuous scale, with 1 indicating that comments for a particular theme were predominantly negative in their affective tone and 5 indicating that comments were predominantly positive.

3. **Strategic analysis**

The use of strategic analysis was to facilitate the formulation of meanings from significant statements of participants. Transcripts were read carefully, highlighting text that appeared to describe a rhetorical strategy or capture a meaning structure using the participant’s words. These rhetorical strategies were assigned codes and later classified into categories that provided an understanding of the structures of communications in specific situations. Typologies were then created that categorized different types of meanings. The typology revealed the basic cultural categories of the cultural context, the actions, practices, words, thoughts and interconnections between
these categories as they relate to value co-creation. Next associations were made between the identified meanings and resulting themes were integrated into a rich description of the meanings underlying the value co-creation activities.

D. **Trustworthiness of the Data**

The trustworthiness of the data analysis was assessed in terms of credibility, dependability and transferability. The criterion of credibility or validity was enhanced by the triangulation of data collection sources as well as data collection methods. Gathering data from various sources and by various methods provides a richer picture of the phenomenon (Bloomberg and Volpe, 2008). Discrepant evidence was also sought within the data as well as instances that might challenge emergent findings or interpretations of them. Dependability or reliability of the data, the extent that this study’s findings can be replicated by other studies, was ensured by documenting procedures and demonstrating that coding schemes and categories had consistently been used. Memoing and a record of field notes and transcripts were detailed to offer an opportunity to evaluate the findings.

Generalizability was not the intended goal of this study. However, transferability was ensured by “context-bound extrapolations” (Patton, 1990, p. 491). This is defined as speculations on the likely applicability of findings to other situations under similar but not identical conditions.” (p. 489). To achieve this goal, a thick, rich description of the participants and the contexts were provided. Depth, richness and detailed descriptions provide the basis for the claim to relevance in a broader context (Schram, 2003).

In summary, this chapter provides a detailed account of this study’s methodology and steps taken to ensure research rigor. The following chapter presents the findings.
V. FINDINGS AND THEORETICAL ADVANCEMENTS

This chapter addresses the three research questions: (1) How does value co-creation occur between firm-service providers (FSPs) and their microenterprise customers (CMEs) in subsistence markets?; (2) How do socio-cultural factors and environmental hostilities influence this process?; and (3) What are the types of value that are co-created? The answers to these questions yield a more comprehensive framework of how value co-creation occurs in subsistence markets and expand theoretical boundaries by including both the customer and firm perspectives on value co-creation activities, the types of value co-created and the impact of socio-cultural factors and environmental hostilities on the process. The chapter is divided into three sections, one for each of the three research questions. Within each section, the emergent themes and sub-themes are presented with examples drawn from the data.

A. Value Co-Creation Activities in Subsistence Markets

This section addresses the first research question, “How does value co-creation occur between FSPs and their CMEs in subsistence markets?” The context of study is financial services firms and their microenterprise customers in Ghana. Value co-creation is shown to occur when FSP-CMEs engage in four inter-related activities: relationship-based creativity, collateral learning and collaboration and dialogical interactions with cultural underpinnings (Figure 1). The order followed and the emphasis given to each value co-creating activity varies with the characteristics of the actors involved (i.e. more or less marketplace literate or more or less specialized). Generally, the value co-creation
process begins when the FSP and CME enter into a relationship. The value co-creating partners then begin to engage in value co-creation activities.

Relationship-based creativity is a central value co-creation activity that applies various creativity approaches and techniques that draw from relationships to generate ideas and solutions. Collateral learning is also a central activity whereby the co-creating parties learn simultaneously to imbibe each other’s knowledge and apply this knowledge to several innovative projects. As learning progresses, a shared representation develops and the extended knowledge dynamically addresses various market realities. In collaboration with cultural underpinnings, the FSP and CME participate as equal partners with a contribution of knowledge and ideas to a common purpose that benefits each party. The cultural underpinnings refer to the cultural worldview and leverage of cultural resources that lead to culturally relevant value. Closely related to this activity are dialogical interactions with cultural underpinnings, which involve high interactivity and engagement by the co-creating parties. The value co-creation activities are performed in an interrelated manner. The activities can be performed in combination or separately with more or less of each activity depending on whether the FSP is more generalized or specialized or the CME is more or less literate.

As the value co-creation progresses, socio-cultural factors and environmental hostilities impact the value co-creation process, both hindering and advancing the process. Different types of value are ultimately co-created and these are value-in-cultural context, value-in-transformational context, value-in-use (adapted) and value-in-offering (adapted). These factors that impact the value co-creation process and the types of value co-created are explained in the sections that follow.
Comprehending value co-creation in the aforementioned way, extends current perspectives on value co-creation in a number of ways. First, it incorporates: (1) relationship-based creativity and (2) collateral learning, as two key value co-creation activities. Second, it refines current theories on collaboration and dialogical interactions by explicating the relevance of cultural underpinnings. Third it refines perspectives on value-in-use and value-in-offering by giving consideration to the adaptations that result from local realities. Additionally, new concepts that arise in the study extend theories on creativity, collateral learning and culture. In the following sections, these extensions are discussed within the context of the four key value co-creation activities with details and illustrations of each.
Value Co-Creation Activities:

- Relationship-based creativity
- Collateral learning
- Collaboration with cultural underpinnings
- Dialogical interactions with cultural underpinnings

Types of Value

CUSTOMER - ME
- Value-in-use
- Value-in-cultural context
- Value-in-transformative context

FIRM-SERVICE PROVIDER
- Value-in-offering
- Value-in-cultural context
- Value-in-transformative context

Socio-Cultural Factors

Value Co-Creation Partners

CUSTOMER - ME
- High literate CME
- Low literate CME

FIRM - SERVICE PROVIDER
- Generalized FSP
- Specialized FSP

Environmental Hostilities

Figure 1. Value Co-Creation Activities in Subsistence Markets
1. **Relationship-based creativity**

A central value co-creation activity that emerged from the data is the newly identified concept of ‘relationship-based creativity’, which is defined in this study as approaches that apply creativity techniques drawn from relationships. Creativity techniques are the means by which individuals can motivate specific cognitive processes and create social environments that support the generation of specific types of ideas (Kauffman and Sternberg, 2006). During value co-creation, FSP-CMEs use relationship-based creativity for the generation of ideas. Specifically, these creativity techniques enhance the following aspects of creativity during value co-creation: fluency (number of relevant ideas), flexibility (different categories of relevant ideas) and originality (unique ideas) during value co-creation.

The incorporation of relationship-based creativity into theories of value co-creation is consistent with prior research showing that actors in subsistence markets survive on a relational, reciprocal based system due to severe resource constraints (Viswanathan et al., 2009); that due to resource constraints, actors in subsistence markets adapt their behaviors to a role that encourages cooperation and personal connections, harmony and a cycle of reciprocity (Patterson and Roth, 2006); and that relational interactions are a key facilitator of creative output during value co-creation (Day, 2007). The findings demonstrate that relationship-based creativity may be engaged via four approaches: (1) shared synergistic motivating (2) the art of challenging (3) improvisational bricolage and (4) community animation (figure 2). These creativity approaches and techniques used to generate ideas for value co-creation are illustrated in Figure 2 below and discussed next.
Figure 2. Relationship-based Creativity as a Value-Co Creation Activity
a. **Shared synergistic motivating**

Shared synergistic motivating is defined in this study as a relationship-based creativity technique that occurs when interacting individuals feed off each other’s extrinsic and intrinsic motivations. Motivational synergies have been discussed in the literature (Amabile, 2002) and understood to occur when extrinsic motivation combines synergistically with intrinsic motivation. Extrinsic motivation is when people get rewards for engaging in an activity and intrinsic motivation is when they find the activity itself enjoyable. Yet, the current understanding of motivational synergies is limited to individual motivation and does not include motivations that arise out of interactions and/or relationships. Shared synergistic motivating, on the other hand, moves beyond a more individualistic perspective to acknowledge the potential for motivational synergies of an individual to be shared (i.e., combined) with those of another individual.

The application of shared synergistic motivating to co-create value provides fluency (number of relevant ideas), flexibility (different categories of relevant ideas) and elaboration (amount of detail in ideas) for idea-generation during value co-creation. Shared synergistic motivating challenges the boundaries of innovation for both co-creating parties as their motivations and ideas interrelate. Together, they create stimulating environments in which they can refine their ideas and continue to integrate their shared ideas. The dynamic interactions can result in reconceptualization of ideas. Concepts integrated into a single new idea with properties that were not obviously present in either of the separate components have a dynamic effect (Ward, 2003). These aspects of shared synergistic motivating as relationship-based creativity approaches applied by the FSP and CME during value co-creation are discussed and illustrated below.
1) **Shared synergistic motivating to enhance fluency**

The shared synergistic motivating approach is applied to enhance fluency through the use of various creativity techniques. Fluency is the ability to generate a large number of ideas and it expands the quantity of ideas available. The creativity techniques with shared synergistic motivating to enhance fluency are: (1) the provision of a special relational status; (2) the element of ceremony and (3) the development of a shared vision. The special relational status is the accordance of courtesies such that the FSP and CME obtain a sense of social significance and an enhancement of self-esteem. A second means of using shared synergistic motivating to enhance fluency is through the element of ceremony, where the co-creating parties make use of parties, ceremonial forums and gifts. The use of ceremony is closely linked to the accordance of a special relational status. The use of ceremony reflects the values and practices of traditional societies in collectivist cultures (Huang and Deng, 2008). The development of a shared vision is the collective dream or goal of individuals, which inspires working together to achieve the vision.

The FSPs appreciate the imagination, vision and smartness of CMEs as entrepreneurs who thrive in a volatile market. These capabilities of the CME include the ability to recognize unnoticed market patterns and positions through creative insight and the CMEs heightened levels of active search and discovery. The FSP, through shared synergistic motivating to enhance fluency, also obtains the opportunity to discover unmet needs. The CME in turn appreciates the organizational knowledge and skills of the FSP. With shared synergistic motivating, the co-creating partners are therefore able to adopt marketing efforts that are more proactive, innovative, customer focused and value-
creating. What is especially interesting here is the fact both co-creating partners are highly motivated to create change for each other, to reshape each other’s marketing, product development and distribution structures, applying their energy and imagination. Shared synergistic motivating therefore represents a creativity approach to create and build new relationships and leverage these relationships to create new products and markets.

The accordance of a special relational status occurs when the FSP makes the CME feel as if he/she is an important customer and reciprocally when the CME makes the FSP feel a membership and belonging in the CME’s world. This is synergistically motivating for both of them and idea generation is enhanced. This special relational status involves becoming a part of the CME’s social circles. FSP3 illustrates the accordance of a special relational status provided to the CMEs:

You need to show your concern in both their business life and personal life as well for them to know that you are with them in all instances… We call each other, we converse, we do things … So we share their joy with them and their sadness and wherever they go to we are with them [in addition to] he financial solutions that we provide. We understand the clients, where he lives, his employees, their spouses…we do all these things just to strengthen the relationship….you would send them packages to show appreciation for them doing business with you and to make the relation more appealing…So you get a lot of ideas from them…(FSP3)

FSP3 indicates how fluency is achieved by the special relational status accorded to the CME. FSP3 indicates how the FSPs get so practically embedded in the social experiences of the CMEs. Such special relational status additionally provides the FSP with authentic experiences to enrich their ideation process and to explore the real life situations of the CMEs to find answers and to identify new product service-opportunities
to solve problems. By getting involved in a wide variety of social issues surrounding the CME, a large number of ideas open up. This close involvement in the social lives of the CME also encompasses demonstrating excessive empathy. This is indicated by FSP8:

> Basically, what it is is that apart from their financial needs some want us to meet their social needs as well. Some want to chat, apart from providing financial solutions they expect you to talk about football, other things, you know and that is what keeps the relationship going so it is more relational rather than transactional. You have to be empathetic. An example is when the government changes and they come to complain you have to side with them. You have to pretend you side with their views. Tax issues would change, the way they do things would change. When the market is very bad you have to side with them...(FSP8)

FSP6 demonstrated how the FSPs engage the CMEs in extensive conversation that centers on issues other than business such as football and demonstrate empathy to provide intrinsic motivation. Intrinsic motivation occurs as the self-esteem of the co-creating parties is enhanced through such interaction. Closely linked to this manner of shared synergistic motivating is the use of ceremony. In African societies, ceremony involves creating merriment and engagement through drinking, music, dance and dress and is used as a means to emotionally connect with each other and exchange various information and sentiments. Ceremonies also connote a particular philosophy of life that emphasizes a strong sense of collectiveness with consideration for social nuances and traditional values and characteristics. Ceremony is shown to occur through entertaining social functions. A third means of using shared synergistic motivating to enhance fluency is through FSP-CME shared vision. This involves the joint development of a tangible vision to mutually engage the partners around a common goal. The shared vision presents a rallying point around which value co-creating partners can generate ideas and insights
based on a concrete goal. FSPs are engaged in financing projects they identify as viable as well as profitable. However, having a shared vision with the CME provides additional benefits of opportunities to discover new ideas, identify new future opportunities and refine existing product-service ideas shared with the customer and reflecting the aspirations of both co-creating parties. This is both intrinsically and extrinsically rewarding as both verbalize how their dreams will come true and how their goals will be fulfilled.

The following discourse from a joint interview and interaction between CME5 and FSP5 demonstrate the creativity techniques of special relational status, shared vision and ceremony:

CME5: We are always chasing our RM (FSP) to meet the deadline for every tender but he does very well. He has never disappointed me…. If you look at our accounts you can see that the business is growing…We share a lot of ideas on how to improve our business… We have a policy of dealing with good quality products and this guy here (reference to FSP) has been very helpful…

FSP5: Almost all their transactions are transfers because they get almost all their products from outside the country… Because of the nature of the business they do they can require facilities at any time because their customers can request for facilities at any time so the type of products that they need differs. For them, we did a revolving loan. We are very innovative to meet their needs. As we are sitting here now their other colleague who has gone out now can just call and say that I was passing by a hospital and they need a particular equipment in two days…so anytime they need a facility, they can quickly bring an invoice and we can give them what they need… We are planning to do the web banking for them so that they can check their balance as and when…

CME5: But because of the hackers at times too it is dangerous that is why I wouldn’t recommend it and at times too some computer
guy can come and work on it and can see everything so we don’t want it. We are not going to look at the computer one but on our phones. We can think about the web one later… We would like you to customize payments on our mobile phone, and transfers. You know our customers are the hospitals…

FSP5: They are doing very well and we are hoping to see a very big plaza the next time you come around. Globus plaza – it has been our dream.(enthusiastically)…A one-stop area and when you come there you can do all the diagnostics there. [Describes the products]…We will support them because we are very happy with them… We need to have a sense of belonging, to be part of the business… a certain level of [disposition] that you are part of him and that you want the business to succeed, that you have their business at heart… This revolving facility, we actually pushed it on them. They were at first asking for an overdraft and I asked them to leave the money in the revolver so it would attract one interest rate. But to ensure that there would be enough money to cater for future transfers, I was dropping enough money to cater for all those transfers. I was also looking at the bureaucratic space …

CME5: Oh you explained but we still disagree but sometimes we can experiment… We are treated as special customers and at their MD’s party we were treated as special guests. We drink and we dance and we share our ideas… It was a nice occasion and we were happy… But it should reflect in the interest rates.

FSP: Not only interest rates. There should be a lot of things and we will work together for these things… We do advisory services and our performance is based on the fact that their business is doing well so we interplay between [CME5] and the bank…

The above dialogue illustrates the shared synergistic motivating approach and the application of the three creativity techniques of shared vision, special relational status and ceremony. The shared vision is illustrated by FSP5 and CME5 who are involved in a project about which they are both passionate and both find rewarding. They share in each other’s intrinsic motivation. FSP5, in reference to the new plaza they are going to finance
for CME5, says: “This has been our dream.” This shared vision provides intrinsic motivation for both parties by satisfying their need for competence, reputation and relatedness. This intrinsic motivation is synergistically linked to the extrinsic motivation, which provides both hard and soft rewards. Hard rewards are the tangible, economic rewards and soft rewards include reputation and personal satisfaction (Hall, 2001). The external rewards in this circumstance are the health plaza that is to be built, business performance enhancements and service delivery innovations for both parties. While CME5 is supported to expand its customer base and market share, FSP5 obtains increased business from CME5. They both therefore feed off each other’s synergistic motivations.

FSPs are constantly looking for ideas for new product-services, and ideas for a new improved process, with emphasis placed on the business idea as well as the business opportunity from the CMEs. FSP5 knows that microenterprises such as CME5 are imaginative people, with the ability to maintain a high level of environmental awareness to identify opportunities, imagine and realize visions. For FSP5, the enjoyable and stimulating interactions are also an opportunity for research and development where new ideas for design and implementation of new product-services are presented. In this case the new product-service opportunity is the tailoring of mobile banking innovations into another innovation (receipt of funds from hospitals) that suits the needs of the customer.

For CME5, the enjoyable interactions provide him with new ideas and support for market-related factors and logistics. Market-related factors include the expansion of customer-base, accessibility, and brand image enhancement. The logistics improvement relate to input and supplies, coordination (forecasts, orders, planning), operations (materials management, handling and distribution). CME5 talks about how his firm likes
to deliver quality products on a timely basis to their customers. Provision of a special relational status and the use of ceremony applied as techniques in the shared synergistic motivating approach are illustrated by CME5 when he talks about being treated like a special guest at a party organized by the FSP. CME5 talks about how they share ideas at this party as a result of the shared synergistic motivating. CME5 and FSP5 both feel valued by their significant value co-creating partner, to whom they feel connected. The social contextual conditions of ceremony and excitement at the party support the innate needs to feel connected and effective as ideas are shared.

This shared synergistic motivating enhances fluency and FSP5 attests to several ideas obtained from CME5 for the development of new product-services and improvement of processes. FSP5 further speaks of how his ideas on providing customized products have resulted in efficient operations for CME5 such as a revolving, stand-by overdraft facility. The development of a new idea during the dialogue is demonstrated in the emergent idea by CME5 to provide customized mobile banking solutions instead of Internet banking. The mobile banking innovation suggested by CME to enable transfer to their customers, which are hospitals, would be customized and therefore novel, different from what's been done before and appropriate to the opportunity presented.

Shared synergistic motivating challenges the boundaries of innovation for both co-creating parties as their motivations and ideas interrelate. Together, they create stimulating environments in which they can refine their ideas and continue to integrate their shared ideas. These dynamic interactions can result in reconceptualization of ideas. Concepts integrated into a single new idea with properties that were not obviously
present in either of the separate components have a dynamic effect (Ward, 2003).

2) **Shared synergistic motivating to enhance originality**

The findings demonstrate that shared synergistic motivating approaches applied techniques to enhance the originality of ideas. Originality is the production of unique ideas. From the data, the emergence of original ideas occurs when FSP attention is given to solving the CME’s unforeseen needs. Unforeseen needs are needs that can be anticipated but the timing of which cannot be predicted. The attention of the co-creating partners turns to the exploitation of contingencies rather than preexisting knowledge, such as expertise. This disposition is aimed at controlling an unpredictable future and focuses on affordable losses rather than expected returns (Sarasvathy, 2001).

When FSPs and CMEs engage in shared synergistic motivating they become interested in maximizing each other’s chances of success. Through shared synergistic motivating, the co-creating parties are more sensitized to each other’s problems and recognize the salience of generating original ideas to prepare for unplanned events. This sensitivity encourages the emergence of ideas that are unique and valuable. This shared synergistic motivating to enhance originality is demonstrated in the narrative of FSP2 from Imex Bank:

> When I come to the office, first thing in the morning, I go into my computer and the first thing we do is to pull everything out. I check the customers’ accounts to see how they are operating so you see all this is information for me. I can tell a lot in a snapshot and I follow up with questions. Probably, they have a genuine problem. In our conversations, I learn a lot. I get to understand the customers’ problems and opportunities. With this we do try to introduce some
products and services…Now what we are trying to do is that we are trying to make our products more customer-centered. All these customers come to us with unique challenges and if you are able to document about thirty challenges, then you can have plenty ideas. It is all about relationship and knowing the next move of the customer and what they want to do…. He is able to provide information about our competitors. He tells us what he is getting from other competitors and what interest rates they are charging him etc etc. So we learn about our competitors’ moves… Even monitoring the account alone gives you a lead to your customer’s customer…(FSP2)

FSP2 demonstrates how focusing on identifying the unforeseen needs of the CMEs leads to several unique ideas that reveal connections between phenomena hitherto regarded as unrelated. In monitoring the trend of the CME’s operations, the FSP is able to identify opportunities and challenges that could not otherwise be predicted. This proactive monitoring to spot unforeseen needs prompts mutual adjustment processes to unanticipated changes in circumstances. These changes could not have been predicted beforehand and demand flexibility.

Volatility in the markets makes it difficult to predict future outcomes. Value is created when ideas generated reduce the uncertainty surrounding the situation. The FSP engages in a communication exchange with the CME and by going back and forth, they identify underlying issues that could cause future problems and these present original ideas. These original ideas are used for the co-creation of new products and services. FSP indicates that the extrinsic rewards are shared and that in the process, they also gain ideas about competitor moves and also leads to other customers from the effort to identify the CME’s unforeseen needs. Intrinsic motivation is also shared by the sense of competence and application of skills that the co-creating parties experience in the process. CME15 confirms the shared synergistic motivating for original ideas:
…For example, I would like to import some foodstuffs from Ghana to the US and the relationship manager was telling me how risky it was… and he came up with new ideas of how I could go about things….these are some of the market intelligence that you get. … Every time you are interacting, you are getting these kind of ideas… (CME15)

The CME indicates how he obtains original ideas to enhance his business performance when the FSP spots unforeseen contingencies that may arise in his business. By focusing on unforeseen needs, FSPs take a new approach to identifying the presence and sources of future challenges and as a result original ideas are generated as part of the value co-creation process. Here we also see the prompting for the consideration of unforeseen needs coming from the CME. CMEs in subsistence markets often apply entrepreneurial orientation to overcome future challenges. The consideration of unforeseen needs is especially important in the context of subsistence markets, which have weak business infrastructures and where CMEs face everyday challenges. Everyday challenges are problems in daily business operations characterized by regular occurrence, disruption, and idiosyncrasy (DeBerry-Spence and Elliot, 2012). The proactive thinking to meet these unforeseen needs generates original ideas and therefore the uncertain environment stimulates the idea-generation process during value co-creation.

3) **Shared synergistic motivating to enhance flexibility**

Flexibility is the ability to generate a wide variety of ideas. Flexibility manifests as the ability to perceive numerous possibilities and select the most valuable path from these opportunities (Marin, 1980). Shared synergistic motivating to enhance flexibility involves embeddedness in customer’s everyday practices to be able to
creatively adapt to customer needs as well as to experiment with new ideas that may arise as long as they fall within the policies and procedures of the FSP. Customers’ latent needs are best understood in their natural setting and with the practical involvement of the firm-provider (Leonard-Barton, 1995). Gronroos (2006) has been indicated that value co-creation occurs when the firm participates in the customer’s everyday practices since value is generated in the customer’s value creating processes. Reckwitz (2002, p. 250) defines practices as "a routinized type of behavior which consists of several elements, interconnected to one another: forms of bodily activities, forms of mental activities, "things" and their use, a background knowledge in the forms of understanding, know-how, states of emotion and motivational knowledge. In embeddedness in customer everyday practices, strategic needs can be identified. Strategic needs are top-level needs to set the strategic direction for the product-service (Griffin and Hauser, 1993)

Embeddedness represents more than participation; it involves becoming an integral part of the various aspects of everyday practices. This embeddedness creates what Bourdieu (1990) refers to as a ‘feel for the game’. That is, an in-depth understanding of the systemic routines embedded in everyday activities, procedures, relationships and material resources. With this exposure the co-creating parties develop diversified ways of viewing problems leading to flexibility or the emergence of a wide variety of ideas. These different categories of ideas obtained from such embeddedness can be used to develop policy and procedures. For example, marketing ideas can be obtained for adaption to the different types of microenterprises, to address the various needs of the CME in the marketplace and to upgrade the marketing processes of the CME. FSP15 of Sumi Microcredit Company explains this process:
A deep understanding of the market is important for effective product development. Almost every day we go out into the field and we find out about their environment, the market etc. and also observe their activities to identify their needs… Sometimes the adverse activities of our clients towards their environment give us new ideas. For example their rampant cutting down of trees for making products and throwing waste all over the floor gives us ideas for specific product loans… (FSP15)

FSP15 explains that participating in the everyday practices of the CME leads to in-depth understanding of the business and market with new categories of ideas emerging for co-creating value. The context of study, Ghana, has many market trading places, some large and some small. The unique characteristics of these markets are that they are inhabited by a wide variety of trading clusters selling different kinds of products. Trading wares range from tomatoes to ready-made clothes and building materials. These markets are relatively unsophisticated and under-developed with sprawling stalls and buildings. The trading clusters, however, are densely populated and a substantial amount of cash can be collected on a daily basis by the FSPs. This cash is considered cheap funds that can be on-lent to other business customers.

Additionally, in these marketplaces there are dynamic social networks, which share ideas and knowledge about the marketplace. These marketplaces are enriched with culture. Aspects of culture is linked to meaning, knowledge, talents, rich traditional concepts and ideals and creative performance. The spontaneous and intuitive tendencies of CMEs are rife in these markets bustling with energy and dynamic interactions. Intrinsic motivating occurs in the interaction with the stimulating and energetic environment and the engagement of the senses (sight, sound and smell) that provide extremely interesting experiences.
Many interesting stories can be heard in such marketplaces that drive new product-service ideas. The interaction with the FSP in their own surroundings is also highly motivating for the CME, who would be sharing everyday experiences with the FSP who brings in new ideas, energy and feedback. Extrinsic rewards are obtained from the ability to tap into the resourcefulness, imagination and artistry of the CME clusters. Understanding the informally structured market challenges conventional thinking and breaks conventions imposed by the formal workplaces. Flexibility is enhanced by breaking away from the usual way of thinking, to allow the development of new categories of product-service ideas.

In the spaces of CMEs who are located in offices, flexibility from shared synergistic motivating occurs as the FSP is able to engage with the CME’s customers and employees. Various categories of ideas can be obtained from the CME’s customers and employees. Conversations with the CME’s customers and employees will enlighten the FSP on various aspects of the market and various customers needs as well as expand the FSP’s networks. This interaction is also intrinsically and extrinsically motivating for the FSP since his or her image and reputation would be enhanced with the close involvement of the FSP in his or her everyday practices. The CME can further expose salient and uncovered needs that become product-service ideas. FSP10 of Imex bank provides further illustration of this mode of the shared synergistic motivating approach, which applies the technique of embeddedness in the everyday practices of customers:

… I visit their branches to find out how business is going, whether they are making a lot of sales, whether people are buying or not and then how best they are putting in strategies and measures to lets say improve upon their services to their customers and then if they have problems with their products in terms of the duties, in terms of delays at the port and all that. I find out all these concerns
and try and see how best I can use my contacts within the country to help them facilitate their business… (FSP10)

FSP10 emphasizes that through continuously visiting the CME’s business locations, he embeds himself in the everyday practices of the CME and acquires a “feel for the game”. This assists him to obtain a wide variety of ideas to co-create value with the customer. This embeddedness is also reciprocal as the CMEs begin to also relate closely to the FSP and in this way obtain various categories of ideas. Through focus on needs that are strategic to the CME’s business, different categories of ideas present themselves. The CME also identifies high-value business opportunities, which are shared with the FSP. CME2 highlights this situation:

So I [am proactive] and when you [are immersed in activities] with your relationship manager, you have ideas to relate with your own customers… the way you attend to the customers will make them purchase much more… When they come and I do not have what they want, I would quickly ring my business networks and find out from them whether they have the product. Different customers want different things so I let the bank understand all these things so that we can both progress… (CME2)

CME2 explicates how she is able to be proactive because of the different ideas she obtains from the FSP by immersing herself in their joint activities. Reciprocally, she also shares ideas with the FSP to facilitate the introduction of innovative products. In conclusion, shared synergistic motivating leads to the generation of novel and useful ideas during value co-creation.

b. **The art of challenging**

The second creative technique used in relationship-based creativity is a new concept, the art of challenging. This creative technique involves FSP-CMEs
leveraging disagreements and misunderstandings to generate ideas. The purpose of this technique is to change paradigms. Paradigm-modifying ideas introduce new elements into the problem situation (Dormann and Lindgaard, 2004). This is consistent with Lundkvist and Yakhlef’s (2004) finding that frequent and intense communication and conversational exchanges among actors from diverse backgrounds are likely to result in major breakthroughs. The ideas challenge the context within which actions are being taken, by continuously asking whether the organization and its members are pursuing the right actions leading to attaining the appropriate goals (Torbert, 1991). Opposing views are put forward to challenge their thinking, and in this manner, additional aspects of solutions are brought out, enabling the kind of rich representations necessary in a complex and relatively unstructured domain. When engaging in the art of challenging, there is a reliance on the goodwill of the co-creating partner. The FSP of Sunny International Bank depicts this art of challenging:

What is your weekly average sales? How much is your bi-weekly average? What is the monthly average? The stock you manage over a period of three months. What quantity would you need over this period? I don’t see why you would stock goods about nine billion, meanwhile you are borrowing about three billion and paying interest on this. It doesn’t make sense to me…(FSP10)

FSP10 is applying the art of challenging to modify the CME’s paradigm. In this situation, the FSP analyzes the causes and consequences of problems and tries to make the CME think critically about his situation and bring out various categories of ideas. CME7 of Imex bank also demonstrates this art of challenging in his discourse with the FSP:

So if I bring the certificate, it is only then that I would get money? I [asked] for thirty-seven [thousand cedis] then you give me ten
thousand [cedis]. [Are you] giving me ten thousand to put in my pocket [to spend] or to go and work? That money [is not sufficient]. If the bank would say that they would give me ten thousand then I Andani, I would say that I am sorry, I won’t take it…Now you too sister hear my story. Now you see the bank always they want their [ideas] to be better. You understand what I am saying? Then [you are indicating that the ideas] of the customer is wrong, [which is not the case]. You understand what I am saying?...There are many ways (of achieving solutions)…. (CME7)

Here, the CME is challenging the boundaries of the FSP’s credit policies to facilitate the emergence of new credit facilities that result in a win-win situation. Challenging is set in motion here because there is a clash of basic assumptions and opinions and the CME and FSP disagree about the nature of what should be done. As rules are challenged, ideational flexibility is encouraged in interactions. As CME7 indicates: “There are many ways…” In response to CME6’s challenging discourse, FSP7 replies:

As for you [CME7], you speak your own English. But I like the way you don’t play with your work… There are several tenders so you should win one of them. Now that you are tendering for this new one, why wouldn’t we look at the previous one too? You raise the certificate first then we can look at that one and then we can look at the tender for the potholes too. How about the Getfund project? The customers that I have who have these tenders are being paid very fast...(FSP7)

FSP7 steers the conversation into one that embraces the constructive ideas that CME7 has put forward. The new ideas that emerge become attractive as a result of the change in mindset, even though they deviate from original intentions. The challenging that transpires during their conversation elicits various insights. These examples demonstrate that the art of challenging has an extensive creative impact during value co-creation because it breaks the bounds of normal discourse and creating space for change.
c. **Improvisational bricolage**

The third creativity approach used in relationship-based creativity is a new concept referred to as Improvisational bricolage. Improvisational bricolage is the application of trial and error tactics by making use of whatever is at hand. The purpose of improvisational bricolage is to provide flexibility. Flexibility results when different approaches are used in generating different categories of ideas. The flexibility also results from speedy adjustments to surprises and unexpected events, which are common in markets with weak business infrastructures. The concept of improvisational bricolage builds on Eisenberg’s (1990) discussion on improvisational creativity within organizations and Levis Strauss’ (1996) concept of bricolage. Improvisational bricolage is also in line with Baker and Nelson’s (2005) exposition on how entrepreneurs create something from nothing by exploiting physical, social, or institutional inputs that other firms discarded or overlooked. Examples of such acts of bricolage include the use of existing organizational mechanisms as resources to construct the platforms and structures of the firm (Ciborra, 1996); The use of existing social network contacts as resources (Baker et al., 2003); and the use of previously learned skills and coping mechanisms as pragmatic repertoire for dealing with challenging situations (Baker and Nelson, 2005). From the findings, improvisational bricolage expresses as 1) effectuation, 2) improvisational combinations, and 3) simplification.

1) **Effectuation**

Effectuation is a set of decision-making principles that are employed in situations of uncertainty (Sarasvathy, 2001) and may be used to turn
unexpected events into opportunities (Sarasvathy, 2008). Flexibility occurs through effectuation when emphasis must be shifted from rigid ideas to the assembly of ideas from different sources to adaptively fit the situation at hand. Effectuation in this context provides ideas with a sense of purpose that suit circumstances that present themselves. The following excerpt demonstrates that the FSPs apply effectuation by way of creative tactics to achieve new and different goals:

First you have to be a risk taker…We even lend unsecured based on the trust. We were doing what we call peer referencing. Do you know this woman? How do you find her? Does she save with any other bank? So she is good or she is not good at all. You have to be careful. It is a two-way affair as we [solicit ideas] from our customers…We have programs whereby every month we go out there and [identify opportunities]. In such situations, the customers become very useful. They provide us with a lot of support. They give us leads to other customers …(FSP8)

In this excerpt, lack of a proper credit reference bureau makes it difficult for the FSP to know if customers are creditworthy. In the face of uncertainty, one witnesses FSP strategies that are subject to high levels of effectuation, whereby the FSP has to resort to requesting information and direction from other customers. Ultimately, the resulting effectuation yields different categories of ideas for value co-creation.

2) **Improvisational permutations**

Another aspect of improvisational bricolage is the new concept of improvisational permutations, which refers to responsiveness to the stimulus of the immediate environment through a combination of trial and error tactics. The different combinations of tactics enhance the capability to react flexibly and without
undue delays to new opportunities during value co-creation. The implementation of this creativity technique can be better explained with the analogy of jazz improvisation.

Jazz improvisation is an emergent process in which the partner can take the music in another direction at any time, defy expectations, adjust to the moves, change direction and readjust (Eisenberg, 1990). Given the possibility of disorganization and miscalculation during value co-creation in an uncertain business environment, the FSP and the CME must be able to rely on each another to adjust or amend direction. According to Eisenberg, the bricoleur, like the jazz musician, examines the materials he or she has available and creates unique combinations with resources available. Improvisational permutations are illustrated in the narrations of FSP6 and CME14:

In relationship banking you don’t have one way of doing things. It comes as and when. There are certain things that come and you haven’t done it before. You have to sit down and discuss the best way to handle it. What you do you always have to keep the policy in mind - the department policy or the bank policy. Today you do things one way and tomorrow you have to do things another way but just make sure you are still in line with the policy or you are not going to breach any policy guidelines. Once you are not breaching any policy guideline you can be creative and experiment…It is based on trust and experience…I manage them well and make sure I cover any loopholes… you need to deliver for them, push for them and delight them. …We are very innovative to meet their needs…It is amazing, you do so many things because you are one stop for the customer… (FSP6)

FSP6 indicates that she applies improvisational permutations to patterns around established organizational policies to co-create relevant and timely value with the CME. She identifies the fact that she detects triggers and uses these as thresholds for ideational flexibility to take advantage of opportunities. CME14 also demonstrates how she applies improvisational permutation during value co-creation with the FSP:
Every time you have goods when the customers come they stay. So the varieties are substantial, different names. Every time new ones come and this attracts customers to make large purchases…You do not have to sit and wait for the market. The market has gone down a bit but it is still good… Listen, if I get a loan and I am using it to grow my business, I would use the money in various ways depending on how the market is going…We just have to watch which way the market is going…(CME14)

CME14 explains how she applies improvisational permutation to rearrange resources available during value co-creation to meet unpredictable market changes. Thus, the improvisational permutations of both co-creating partners results in a high level of flexibility.

3) **Simplification**

Another manifestation of improvisational bricolage is that of simplification. Simplifying means to reduce complexity and in the context of this research it leads to ideational flexibility. Additionally, when simplifying, similarities among related phenomena are treated as unifying characteristics. FSP9 provides an exposition on this concept:

Yes, you know the banking sector in terms of the environment [that] we find ourselves in, we do a lot of documentation and processes. And they find it a bit bureaucratic because they think that the kind of processes we go through to provide the facility is too much and so they go like, okay this is how we do our business and so if you are able short cut some of these processes, you would get a lot of businesses dealing with you. Restructuring some kind of processes to make it more attractive, more simple for people like them which to some extent fall within the literacy rate so they kind of tell you some things about their customers and how to relate to them…(FSP9)
FSP9 notes how low literacy necessitates that systems be simplified. This simplification drives insight and results in novel ways of comprehending and framing problems. Efforts to simplify processes during value co-creation also lead to alternative architectures for addressing the business realities. Consequently, new solutions often emerge and value is created.

d. Community animation

The fourth creative technique used in relationship-based creativity is a new concept named community animation. Community animation refers to a series of activities used to empower and enliven the spirit of a community and incite imagination. The purpose of community animation is to achieve fluency and flexibility, which may together be used to achieve a larger vision of transformation through value co-creation. Community animation builds on the concept of community empowerment effort, which draws people together, develops their perception of opportunities through concrete action and enlivens the spirit of the community (Bercuvitz, 1994). From the findings, community animation is achieved through education, legitimations and fanfare. Legitimations are passionate appeals to an audience’s self interest to excite the imagination and direct behavior away from the status quo (Green, 2004). According to Green, legitimations also appeal to the desire for efficient and effective practices and utilize cultural and social consensual ideologies. Legitimations ultimately result in ideational fluency whereby a large number of ideas are generated for strategic purposes. FSP11 of Pablo Microcredit International illustrates the use of community animation in his narration:

We are partnering with the churches because that is one place we can make an impact on many lives. The church has many followers.
They have one hundred members and all the hundred members can become our clients. We give deposit facilities, loans, advisory services. The market is too big to compete... we are able to give loans to people in groups of three and we can give them those sort of financing without the strict provisions ... The newest thing we are trying to bring [are] field sales officers in poor communities and so we are moving to the villages and we are releasing a lot of such structures. By December this year we would have released about 12 structures. Next year, we are releasing about thirty...(FSP11)

FSP11 highlights the strategic partnering with churches that are known to have powerful influences in subsistence communities. In these contexts, many churches have become developmental partners and by utilizing this channel, FSPs can empower the CME communities during value co-creation. Such channels facilitate the leveraging of expertise and resources of the community well beyond the FSPs’ capabilities. FSP11 also exposes the use of a large number of sales officers within the communities.

The use of fanfare during forums is another way that community animation is achieved. Forums are organized to provide the opportunity for all community members to collectively contribute ideas and have a hand in shaping concepts for co-creating value. The fanfare is intended to excite the imagination to provide fluency and flexibility. FSP15 of Sumi Microcredit elucidates these ways in which community animation occurs:

These officers are supported by community animators in each community who work closely with the credit officers. When we have weekly meetings, they assist us to mobilize funds, weekly education, keeping records, appraisal meetings, collections and activities for the next week... We gain valuable insight into the needs of the segment and identify areas where the micro-loan products could be developed...There is lot of fanfare and publicity to be made about the micro-loan product - community information dissemination, church advocacy, policy dialogues, brochures, flyers and other point of sale materials... When we launch our products,
we have ceremonies such as the launching, pre-inauguration, inauguration and then further brainstorming for next appraisal meetings…(FSP15)

The narration of FSP15 portrays how community animation is facilitated by the use of fanfare. The regular meetings are also used for training and development of efficient and effective practices. Fanfare is created at these meetings that enhances fluency. The collective idea-generation leads to multiple representations of ideas to develop micro-loan facilities that match the needs of the community. FSP15 explains how these forums are enabled by the speedy mobilization of CMEs within the well-knit communities. FSP15 further explains how FSPs have dedicated community animators who together with the loan officers who assist in mobilizing the ideas of the CMEs collectively during value co-creation.

In conclusion, relationship-based creativity applies creativity techniques that leverage relationships for ideational fluency, flexibility and originality during value co-creation, capitalizing on opportunities and surmounting the challenges of the uncertain environment. This high level of motivation and resulting creativity from the use of these creativity techniques is in line with Ramaswami’s (2010) assertion that when consumers are motivated to engage in co-creation and are empowered to share their creative ideas, they provide valuable contributions.

2. **Collateral Learning**

Collateral learning is the second value co-creation activity that emerged from the findings of this study. During collateral learning, the collaborators learn from each other simultaneously and repeatedly leverage this knowledge across several projects.
Collateral learning is applied during value co-creation for the FSPs to learn from the customer to enhance their business performance while reciprocally teaching the customer things the customer needs to know to enhance business performance. From the findings, most of what the CMEs learn from the FSP is explicit, such as strategic planning and proper accounting practices, while most of what the FSP learns from the CME is tacit, such as market experience and frames of reference. The frames of reference relate to the tradition, environment, interests, goals, beliefs and ways of thinking (Henson, 2003). The collateral learning is necessitated by the fact that both parties have imperfect knowledge and this leads to unexploited profit opportunities and misallocation of resources. Both parties are aware that they do not know what they do not know and may not know that they do not know it and hence may overlook profitable opportunities. Hence collateral learning becomes a critical component of value co-creation.

Collateral learning evident in this study’s findings depicts three prominent trends: (1) the upgrade of knowledge stocks and routines. Knowledge stocks are categories of knowledge that are embedded in people and other forms of intellectual capital (Grant, 1996); (2) The repeated leverage of knowledge stocks; (3) The new concept of learning congruence, defined in this study as the development of a shared language of expertise and a common understanding to address marketplace realities. These dimensions of collateral learning occur within a context of low-cost effective communication, cooperative efforts and leveraging of scarce resources. For the most part, such learning does not require cutting-edge technology, large capital investments, or a robust infrastructure, although it may require a significant personal investment in training and development.
a. **Upgrade of knowledge stocks**

The first aspect of collateral learning evident from the findings is the upgrade of knowledge stocks. This occurs during the simultaneous learning of the FSP and CME through exposure to multiple learning incidents. FSPs are typically well versed in developing their explicit knowledge, such as strategic planning, product development, management and accounting practices, but such measures do not include the in-depth knowledge of the local market operations, the frames of reference and so on.

CMEs in subsistence markets are highly resourceful, navigating multi-dimensional challenges and interacting with various stakeholders in both formal and informal marketplaces in order to survive and thrive. Furthermore, CMEs in subsistence markets possess a different kind of knowledge that is highly valuable to the FSP. First and foremost, Most, CMEs have a deep understanding and experience of the operations of the informal markets. They understand the most effective methods of communication and have extensive insight about products and services that would meet local requirements and needs. Additionally, CMEs have extensive social networks with the marketplace clusters, which update them with the most current market information and trends. However, most CMEs in subsistence markets as a result of their small size normally experience organizational capacity weaknesses in areas such as accounting, human resource management and business planning. Such skills or professional services are often required to become eligible for bank loans but may not be easily afforded by the CMEs due to their limited capital.
FSPs such as financial services firms recognize the opportunity to learn from CMEs to develop policies, strategies and product-services that are market-driven and address local realities. Learning from CMEs helps FSPs to reduce environmental uncertainty and lessen their vulnerability. It provides them with the ability to describe, explain and predict market shifts and movements and detect overlooked market opportunities that present a source of profit potential. Additionally, the daily sales of the CME represent cheap funds to FSPs for lending to other customers. CMEs are also very profitable since they pay substantial fees and charges for the banking services they receive from the FSP. It is therefore in the interest of the FSP to educate the CME to develop capacities to grow their business. However, to properly educate the CME, the FSP also needs to learn from the CME, who are experts in local market knowledge. Since such FSPs obtain substantial revenue by lending to CMEs, they find it in their interest to encourage CMEs to make new investments, change aspects of their operations, and mitigate their risks.

FSPs are usually highly trained with functional skills such as accounting and business planning and can spillover their skills and knowledge to CMEs through provision of advisory services and technical assistance. In return, the FSPs leverage this platform for rapid and extensive learning about marketplace dynamics from the CMEs to take advantage of arising opportunities, address constraints, and adjust strategies. Such strategies include pricing, quality and timing of new product-services. In this way, knowledge stocks are built that are essential for successful product development and marketing while reducing transaction costs.
As the co-creating parties learn together, they are also able to build knowledge stocks to circumvent the limits of the weak business infrastructures in subsistence markets such as inadequate roads and electricity. In actuality, some of the limitations present product-service development opportunities, such as mobile banking innovations for payments and receipts of funds to prevent extensive movement or solar lanterns to replace the use of electricity. An exposition on the upgrade of knowledge stocks by both parties during collateral learning is provided by FSP7:

…They won’t do any kind of book keeping. They tend to keep everything in their head… That is where we come in to advise them on part-time basis and as we use what we learn from them we get to understand the challenges they are facing better… And you get to learn a lot from them in terms of how they import their things and if it comes to the port, how they go clear their goods and since you are close to them you get to learn from them on the shop floor, how they relate to people and if you go to the market how they behave in a particular way…so in understanding the nature of their business we are able to serve them better… so we give a lot of advisory services, guidance as to how they should go about things and those who take it in good faith most of them they are able to rise up. I have realized that even though they have the drive, the management capacity is quite low… We advice them how to keep their books, do their sales, do stock-taking and stuff like that…This makes them more organized …(FSP7)

FSP7 depicts how the upgrade of knowledge stocks occurs during value co-creation with the CME. He indicates that whilst he provides advice and coaching for good management and accounting practices, he simultaneously learns about the everyday business practices of the CMEs. In this way the FSP also gains diversified knowledge on local market operations. In acquiring this knowledge, the FSPs become better at serving other customers. The CMEs, in turn, become more organized and knowledgeable in their business practices. Collateral learning therefore provides the opportunity for concerted
and coordinated learning by the FSP and CME. Through collateral learning, the FSPs and CMEs together are able to carefully analyze what it would take to create an enabling environment for business performance enhancement for both parties.

In upgrading knowledge stocks, both parties are able to tap into the dynamics of each other’s experience and make faster decisions to open up a range of opportunities in a turbulent market. To upgrade knowledge stocks, there is also the need to unlearn certain traditional ways of conducting business and adopt new structural forms that allow for change. Additionally, continuous learning is necessitated by the fact that providing financial literacy to the CME makes the FSP highly important to the CME and this, in turn, attracts a lot of business from the CME. CMEs have rapid sales turnovers and this improves as the CMEs upgrade their knowledge stocks. Continuous and varying opportunities for simultaneous learning are therefore critical. FSP9 further demonstrates how variability in simultaneous learning is achieved to continuously upgrade knowledge stocks:

…So we have to look at the kind of business they are doing and be able to identify some lapses and try to help [them] to resolve those lapses. Sometimes they magnify, there are lot of things that may not be necessary so we help them straighten up these things …We guide them through their buying and selling, paying their suppliers, issuing their payment orders for them... make sure that things are done properly…You need to understand them before you know how they operate…This information covers how he is running the business, what he needs, and a whole lot of other information - you want him to tell you everything and hide nothing from you. Then you can give him advice and direct him in his business… (FSP9).

FSP9 establishes that the variability in simultaneous learning is obtained by getting involved in the entire supply chain management of the CME – their purchases, payments and distribution. This enhances the FSP knowledge regarding sourcing,
production, distribution and marketing in the CME’s local business context. In seeking multiple learning situations, the FSPs require that the CMEs tell them all about their activities. This collateral learning opens up new strategic opportunities. The key highlight of FSP9’s discourse is that information provided by the CME is critical. The CMEs in turn reduce their vulnerability and open up multiple business options through the upgrade of knowledge stocks. The knowledge acquired by the co-creating actors is then embedded in the routines of the co-creating parties. CME12 affirms these insights on collateral learning provided by the FSP:

For the bank we learn from the activities that we engage with in the bank. We also learn from their behavioral patterns, their business activities and we also learn from what they require from us… I have been very pleased with my bank and relationship manager. Just yesterday they invited me to a forum to train me in how to manage my accounts, financial statements etc. and this was very useful. They regularly invite me to such educational forums, which really [help] me and my business… (CME12).

From this narration, we identify how collateral learning has become so much embedded in the routines of CME12 through continuous and in-depth discussions. She exposes the fact that the integration of the knowledge acquired in routines is facilitated by events such as training forums offered by the FSP and repetition of learning points in various contexts. Additional aspects of the knowledge stocks are obtained with continuous interactions enabling the kind of dynamic learning necessary in a volatile and uncertain environment.

b. Repeated leverage for scale impact
The repeated leverage of knowledge refers to the application of knowledge stocks applied in various ways to other projects. The repeated leverage therefore strengthens expertise and makes value co-created replicable in several situations with fewer resources. The repeated leverage of knowledge stocks enhances scalability. Scalability is the ability of systems, networks and/or processes to handle their growing businesses in a competent way and also accommodate that growth (Bondi, 2000). This repeated leverage is facilitated when knowledge stocks become embedded in the mechanisms and structures of the FSP to enhance their capacity to support their CME in their drive for business performance enhancement. This aspect of collateral learning is reflected in the narration of FSP4:

They would also serve as eye openers for us because anytime we even need to advise any business, it is what we have learned from them that we can also use to advise them...sometimes they have some issues and it helps you brainstorm and get back to them to solve some of these issues. So we learn, we learn a lot and every day, you know, every passing day something comes up that I mean, we need to find a way of solving so it helps to keep you on your toes...and through this it can also help us to formulate good policies...I mean most of them the way we derive our business, we have them in clusters...Sometimes they would be a chain of stores so you could visit as many as you can and apply what you learn from others so the flexibility is there...(FSP4)

FSP4 highlights two salient issues. The first is that the learning acquired can be applied to varying situations that arise in the course of business. The second is that the knowledge acquired can be used to engage in collateral learning with other CMEs in the same vicinity or industry. Such repeated leverage of knowledge stocks therefore makes it possible to accelerate the pace and scope of value co-creation between FSPs and CMEs.
As knowledge stocks become embedded in the firm’s systems, structures, procedures and routines there is also a spill over to various other customers in other industries. The co-creating parties embed in their routines the different way in which their co-creating partner interacts with environment, given that each will experience and understand the environment differently and will be likely to define and be affected by it differently. This enables FSPs to be able to place themselves in the shoes of their CMEs and to acquire a dynamic knowledge base of changing customer circumstances and requirements. FSP10 provides further insights:

In our part of the world, information is very difficult to come by and so when you get a customer who tells you so much, this information is very valuable… and we get to learn because these are people for whom business is not easy. It is very high risk… You become part of their family too because everything they do they have to ask you… You learn so much from them how they are able to build their business from scratch with limited capital, limited finance and they are able to grow… You can have a fair idea of all industries because we deal with all industries. So what we learn from them, their business cycles, challenges, successes etc. we can share with other customers so the information is seriously loaded… (FSP10)

This narration depicts how knowledge from collateral learning enhances scalability. FSP10 indicates that since access to the knowledge they acquire from CMEs is not easy to obtain in the relatively unstructured markets, they value this knowledge. As collateral learning proceeds, the co-creating partners are also able to leverage the knowledge stock for global reach, that is, for business development in global markets. Exploitation of opportunities entails ongoing learning in both local and global contexts. Such knowledge helps the co-creating partners to build core competencies at lower costs more speedily than competitors.
Global reach is facilitated by improvements in information and communication technologies. Continuous collateral learning will position knowledge stocks acquired from global markets to be better integrated in the routines and structures and position the actors for success in global markets. Although the knowledge required when attending to the local environment is different from the knowledge needed for global markets, the knowledge stocks upgraded helps the co-creating parties to see old problems in a new light. In this way they can identify and effectively assess these issues in global markets. For example learning how to effectively deal with debtors and creditors locally can also help CMEs to relate more effectively with debtors and creditors overseas. These aspects of collateral learning are demonstrated in the narration of FSP8:

Basically we also know what is happening in the global world. We know the trends, share information on cheaper goods e.g. you can source products from China instead of Europe since it is relatively cheaper. …We do so by asking questions because they know what they are doing more than we do. They understand the business better. Some of them they have partners even outside the country and they know the challenges that they face in terms of shipping other things… and the feedback we get helps us in designing our products…. (FSP8).

FSP8 establishes that the leverage of knowledge stocks facilitates a global reach for both the CME and FSP by providing information on cheaper sources of raw materials and learning how to address global market challenges. The FSPs can in turn use this knowledge to develop new products. Collateral learning to address global market challenges also involves drawing on lessons learned from the experiences of CMEs to assist other CMEs in developing their business infrastructure for international trade. CME15 indicates:

Naturally, if there is information they do provide it to me. For
example, I would like to import some foodstuffs from Ghana to the US and the relationship manager was telling me how risky it was because another client was doing it and had problems and these are some of the market intelligence that you get. He said that for example if you are buying and selling these here, you should focus on frequency and reduce the price and not focus on the volume of transactions. Because instead of shipping by sea, people are now shipping by air...(CME15)

CME15 portrays how he learns from his FSP to navigate the global markets from the learning that the FSP has acquired from other CMEs. This learning assists the CME to effectively assess the global market, to forecast and to develop effective strategies to deal with global market challenges. Additionally, the improved skills in accounting, marketing and strategic planning obtained through collateral learning make CMEs effective and more dependable players in the global market.

c. Learning congruence

Another aspect of collateral learning evidenced in the data is a new concept named “learning congruence”. Learning congruence is defined in this study as the development of a shared language of expertise, and a common understanding so that learning coalesces into knowledge that addresses the marketplace realities. Through learning congruence, co-creating partners are further able to define, integrate and apply each other’s knowledge. Learning congruence provides some control over and buffers the consequences of uncertainty by facilitating the adoption of strategies that address the local market realities. Learning congruence as an aspect of collateral learning is especially relevant to the list of strategies Boyer (2003) specifies as relevant to market development in subsistence markets: This might include learning to apply a mix of low and high tech solutions, making product-services simpler, better and more accessible;
experiencing a shift from grand-scale operations mentality to smaller scale; and focusing on different metrics, for example, unit volume sales instead of wider margins.

Respondents indicated that considerable business opportunities pertaining to learning congruence acquired during collateral learning enabled them to effectively address market realities. This learning congruence is exemplified in the narration of FSP3:

… So in order to do good business with them, you have to learn how to relate to them on a particular platform… It makes them able to appreciate you and they tend to tell you a lot if they have certain problems in terms of their businesses, in terms of any concerns that needs to be addressed… Before, the problem was that we were not actually going down to their level to able to understand their business very well to see what assistance we can gave them. We were sitting on the top and they were down there … but now that kind of relationship is there, they can actually tell you anything any time… and so we are getting a lot of business in that sense… and we are also learning a lot from them because that kind of closeness is there…(FSP3)

From FSP3’s exposition, learning congruence occurs when there is a shared meeting ground between the FSP and CME who are operating from two different levels. By using the phrase “going down to their level”, FSP3 means arriving at a common understanding and shared representation with the CME. According to FSP3, such a common understanding facilitates collateral learning during value co-creation because then the CMEs are able to share a wider variety of information and concepts. Learning congruence also extends to the CME’s social milieu, whereby understanding this context makes it easier to develop a shared language of expertise with the CME. The CME also begins to have a deeper understanding of financial matters and this does not only influence routines and structures but also transforms the philosophy for financial
management. In particular when considering the issue of compensating for weak business infrastructures, this learning congruence is critically relevant since there is a need for a collective shared view of the problem context to co-create value.

* * * * * * * *

The three dimensions of collateral learning during value co-creation, the upgrade of knowledge stocks, repeated leverage of knowledge stocks and learning congruence is best depicted in a dyadic interview with CME13 and FSP13. CME is a vendor who sells wigs in the busy marketplace at the center of the capital city. She has had a relationship with the Imex bank for four years. CME13 imports wigs from China and Korea and depends on the FSP for types of credit such as trade credit, overdrafts, and loans as well as foreign transfer and deposit services. The following conversations ensued in the interview:

CME13: At first I did not understand banking but now [FSP13] has explained it to me very well. He indicates that one has to run the account very well and that one should not siphon out the funds when one is paying the loan because this does not help you…So when he told me that I decided that by the due date I would squeeze myself and pay of the loan as I should…that this would help me and that when you apply the next time it would not be too difficult for you. You must make sure that you are reinvesting the profit you are making from the business...

FSP13: She was not operating the account successfully so I told her what she could do to access more facilities. But I gave it to her the hard way… it is not that we do not help them to achieve what they want but the customers would not abide by the rules of the business… For the clients they don’t use official means… They want to understate the [value of the] goods so that they would pay
less charges. But you know they like shortcuts… This would not stop now the reason being that our authorities themselves are not making things easier for businesses… More so we do not have identification schemes – house numbers, location, identification so you do all those things and there are challenges. If you scan the environment, there are risks so you may try to do something but you would go and hit the wall…

CME: [To FSP13] But yet you depend on me to tell you all the secrets of the business… So we need more advisory services to be able to clear our goods more efficiently… [Turns to researcher]… He gave me advisory services to guide me… So I have to work fast. This is because even when the market is slow, I still have to pay interest and when they make the deduction and I can restock… you must chase after your debtors. Before you travel you must tell your customers and there are those who have particular items that they want and you must purchase these for them. So others may complain that they do not buy their products or the market is slow but with the small wisdom [one is] just managing so when the market is slow you know how to cope…

FSP: I told them that those things are at the agent’s convenience. When your goods arrive by a charter vessel get your legal documents… fine but get your bill of lading and negotiate the dues … but with the developments, the idea came to team up for the clearing… I am learning a lot from the customers. Most of the customers they are semi-illiterate but when it comes to calculation you would wonder… They are very clever and they are good in business but the problem is that they do not keep formal records of their financial transactions… When it comes to the way they sell, they way they calculate the financial transactions in their minds, very very excellent… We develop new strategies to serve customers better based on what we learn from them because if you want to develop strategy, you need information… Some of them, the way they talk. They try to educate us and we learn a lot from them. They teach us how to relate to our customers because they are also dealing with customers. But they are smart…

These discourses illustrate the collateral learning that is going on between CME13 and FSP13. CME13 speaks about how she has learned from FSP13 how to properly
operate her account, reinvest her profits for business growth and pay her debts on time (upgrade of knowledge stocks). Above all, CME13 relies on the FSP to teach her how to effectively organize her finances with her account performance and bank statements as tracking records. CME13 demonstrates that she has applied this learning to several other projects to effectively conduct her business (repeated leverage of knowledge stocks). This includes becoming more customer-centric, ensuring the timely payments of her debtors, and overcoming typical hurdles to growth.

FSP13 indicates substantial learning from CME13 simultaneously while he directs her in her business. FSP13 has many customers like CME13 who operate in informal markets. Informality refers to businesses that are unregistered but derive income from the production and distribution of legal goods and services. FSP13 explains how such informality reduces the chances for growth as CMEs circumvent government regulations and taxation. However, due to their informality, such CMEs develop marketing tactics that are more opportunistic, proactive, risk assumptive, and innovative, with more potential for value creation. CME13 confirms that FSP13 learns from her the “secrets of the business”. These business secrets reside in their systemic routines and embedded in their practices, procedures, relationships and social networks. Such learning includes how to grow one’s business in the problematic marketplaces and gathering information through sense-making and traditional techniques to locate business opportunities.

Having incorporated what they have learned from each other into their daily activities, CME13 and FSP13 move towards a deeper understanding of behavioral fundamentals underlying marketplace interactions. This enables them to address a series
of tensions and complexities in the marketplace (learning congruence). In this way, they are both able to effectively respond to environmental hostilities and weak business infrastructures. CME13 indicates that as a result of collateral learning, she is able to “cope” when the market is slow. FSP13 indicates that he is able to “develop strategy”.

In the convergence of learning to address market realities, learning congruence provides a practical view of dealing with environmental hostilities. This learning congruence leads to industriousness, alertness and a strategic stance, among others. An example provided by FSP13 is the market reality of clearing goods at the port. FSP13 indicates that as he observed the CMEs evading taxes in several ways he tried to achieve a learning congruence with some CMEs who eventually teamed up to clear their goods and reduce costs.

Although learning congruence could also have adverse effects, this study focuses on learning congruence that results in positive value co-creation outcomes. Based on such learning congruence with positive value co-creation outcomes, the CME is persuaded to position for success; the FSP is able to tap into the “wisdom” of the CME; and a unity of purpose is achieved with consensus building that drives innovation to address marketplace realities.

As the co-creating parties move towards learning congruence, the significant differences between them narrows and at the boundaries there eventually emerges substantial overlap of knowledge between the two. They also begin to share a number of assumptions and areas of agreement. The learning congruence in this way progresses the give-and-take of consensus building, which becomes a fundamental aspect of the value co-creation. From these expositions, it can be ascertained that such learning congruence
ties in with market realities and facilitates the introduction of appropriate procedures and tools for value co-creation.

Figure 3 below summarizes this scope and parameter of collateral learning during value co-creation. The figure demonstrates how learning simultaneously results in the upgrade of knowledge stocks. As knowledge stocks are repeatedly leveraged, the co-creating partners move towards a shared representation and understanding that addresses local realities, i.e. Learning congruence. Learning is therefore systematic and progressive for the co-creating partner.
Figure 3: Collateral Learning as a Value Co-Creation Activity
3. **Collaboration with cultural underpinnings**

The third value co-creation activity depicted in the findings is collaboration with cultural underpinnings. Collaboration refers to the working together of the co-creating actors as joint and equal partners. Collaboration is a value co-creation activity that is often performed inter-relatedly with dialogical interactions where the partners express joint determination towards consensus building. It is however different from dialogical interactions which also involves deep engagement and interactivity where the parties assume active roles and contribute resources.

Collaboration with cultural underpinnings emphasizes culture as a critical component. Culture in this context has been defined as “the basic assumptions and values with the resultant behavioral norms, attitudes and beliefs which manifest themselves in systems and institutions as well as material and non-material elements” (Maolasi et al., 2007, p. 3). The seminal work on culture by Smircich (1983) discusses the pervasiveness of cultural underpinnings. The first perspective is that culture is external, existing beyond immediate group boundaries and exerts influence on what happens within the group. Secondly, culture is internal, expressing the values, ideals and beliefs of group members, providing them with a sense of identity. Thirdly, culture provides a template for cognitive processes used for processing information about one’s experiences and about other people (Erez and Earley, 1993). Fourth, culture represents symbolic processes through shared symbols and meanings that shape the group members’ activities. Fifth, culture is an approach by which members express unconscious psychological processes including desires, convictions and those displayed in behaviors.
Collaboration with cultural underpinnings throws light on the essential role of culture in collaboration in the subsistence markets context. The value co-creation literature centers mainly on the role of technology as a facilitator during collaboration and dialogical interactions. In subsistence markets, however, the role of culture is different and significant. The findings of this study demonstrates that during collaboration, the use of cultural civilities (behavior, beliefs, and business courtesies) and cultural markers become essential to the development of trust that furthers the collaboration.

Trust provides a framework for collaboration to help the value co-creation partners develop and manage their interactions to create maximum value. Trust involves a judgment to accept vulnerability to the potential opportunistic behavior of others by granting them some discretionary power over some good (Warren, 1999). In the context of this study, the FSP become vulnerable to the CME as a borrower with the potential to default and the CME becomes vulnerable to the FSP as a lender with the potential to extort substantial interest. Collaboration with cultural underpinnings involves the extension of cultural civilities in a way that develops relational trust between the co-creating parties. Relational trust is based on dependability between the interacting parties, giving rise to positive expectations about the trustee's intentions (Lewicki and Tomlison, 2006).

Another aspect of trust relevant to collaboration with cultural underpinnings is that of deterrence-based trust that develops from the intervening of socio-cultural ties. Socio-cultural ties in subsistence markets provide checks and balances to the co-creating party in subsistence markets due to the collectivist orientation. In collectivist societies,
individuals are connected through networks of strong personal ties where the behavior of all agents is constantly monitored and regulated (Yamagishi, 2011). Therefore, socio-cultural ties compel the co-creating party to guard his reputation by being trustworthy.

The importance of cultural underpinning in the form of extension of cultural civilities and trust, to the collaboration between the FSP and CME is illustrated by CME3:

Normally, you need to look at the way you socialize. You know Ghana is a society in which we are very courteous and face-to-face interactions are important. Personality and mannerisms are an important part of these relations. We trust each other more when we meet and interact and there is the immediate assessment and the person interacts with you will make you know whether this relationship would work or not…As far as culture is concerned it follows the colonial trend of Merry Christmas, Happy Easter, when it comes to funerals, you show you are sorry with maybe a card or donation. If he is a Moslem, you give traditional gift. Gifts is also a factor, it carries weight. During Christmas, we shower each other with gifts to show appreciation and wish them well for the season. So we have to show all these courtesies… This is not a bribe. People understand that traditionally this is what it is…(CME3)

CME3 exposes how it is important to extend cultural civilities in his context such as face-to-face contact, courteous mannerisms and gift exchange. These courtesies are considered a way of showing appreciation for the relationship and are expected. Closely related to cultural civilities are cultural markers. Cultural markers are events or facets of society that reveal cultural or societal norms. Understanding and enacting cultural norms involves taking certain cultural behaviors into consideration during collaboration: the rituals of consumption that are embedded into the cultural fabric of society (Arnould, 1989); and cultural factors underlying distribution patterns (Wallendorf and Arnould, 1988). Some of the cultural markers indicated in the narration of CME3 is the exchange of gifts during the Christmas season and donations during funerals. CME3 emphasizes
that these provision of gifts does not represent a bribe but are endorsed as part of the cultural and social norms.

Collaboration with cultural underpinnings in relation to leveraging cultural markers is best illustrated in the narration of FSP15:

The cultural beliefs play a role in their acceptance of our products. For example, it took a while for the community to accept solar lanterns because they believed that the soot that came from their previous lanterns demonstrated their prowess and we had to make them understand that the solar lanterns were a healthier way. So the culture influenced sales where people believed that the old way of doing things should not be easily changes. However, culture also made it easy in terms of acceptance. In our culture anything that comes from the angle of a ‘Nana’, (community chief) is easily accepted because they believe that the Nana being a chief is also affected and nothing wrong comes from a Nana…(FSP15)

In this context illustrated by FSP15, the culture influences the consumption of the CMEs and during collaboration the fallback on culture facilitates the adoption of products. FSP also indicates how the association of his name with a traditional leader has cultural connotations and enhances collaboration with the CME communities during value co-creation. In the rural communities especially substantial regard is given to the direction of traditional leaders. FSPs often obtain speedy adoption and distribution of their product-services by leveraging these cultural channels to build relational trust. FSP11 provides further exposition on how culture influences trust during collaboration.

When it comes to giving a loan, we don’t just give a loan and leave it. Like religion would say - a new convert….Just through one cycle you get the trust of the person so the person becomes your focal point… That is how the loan officer becomes very important… Because of the trust the group has in the loan officer, if you just replace the loan officer without the proper transition, that is you want to attach somebody for an extended period before you pull another one out otherwise they would not pay because of
their allegiance… We provide group loans and the group serve as a guarantee for the repayment of individual loans. You realize that from the point of forming a group to the point of paying your loan, the loan officer is with the group…(FSP11)

FSP11 exposes the fact that relational trust develops through the extension of these cultural civilities becomes so important that the CME develops an attachment to the individual representative of the FSP and could default on the loan when that individual is withdrawn. In such situations, to further the collaboration, other aspects of trust related to culture come into play such as deterrent-based trust.

Deterrent-based trust is reliant on costly sanctions put in place for breach of trust in a way that overrides any potential benefits from opportunistic behavior (Walker, 2008). In the cultural context, socio-cultural formations such as informal associations, grassroots organizations, and communal networks facilitate deterrent-based trust since CMEs would not default on loans in such situations based on the need to safeguard their reputation within the socio-cultural context. Awasu (2012) highlights the importance of socio-cultural formations to collaboration with FSPs. According to Awasu (2012), these groups operate in line with communal principles of solidarity in the understanding that the activities of individuals are best enacted in relationship with others and societal groups. These findings are also consistent with those of Cook et al (2009) who discover that when there are enforceable in-group laws, cultural markers may serve as a basis for trustworthiness that furthers collaboration. The FSPs by collaborating with the CME in the context of these socio-cultural formations has access to a wide network of depositors, borrowers, and money keepers and these socio-cultural networks also represent collaborators for value co-creation.
4. **Dialogical interactions with cultural underpinnings**

The fourth value co-creation activity exposed from the findings of this study is dialogical interactions with cultural underpinnings. Dialogical interactions during value co-creation, is a multi-dimensional process that serves diverse communicative functions for the co-creation of value (Ballantyne and Varey, 2006). With cultural underpinnings, dialogical interactions as an activity, contends with and leverages the cultural context during value co-creation. The findings of this study demonstrate that during dialogical interactions culture influences judgment and behavior. Culture also has meaning and implication for language and the exhibition of cultural values. Cultural underpinnings during dialogical interactions involve a respect for the cultural background of others. Such respect is demonstrated by minimizing differences in ways of speaking and social interaction styles (Newman and Nollen, 1996).

People in different cultures internalize the cultural values of their society and differ in the meaning they ascribe to a particular interaction situations. As the co-creating partners gain deep knowledge of the values, symbols, and practices of the cultural context, they are able to effectively appropriate them in their dialogical interactions and provide cultural congruence. The importance of the cultural congruence is identified in the findings in terms of personal (gratification linked to self esteem, ego, personality), interpersonal (e.g. influence, loyalty), and situational factors (psychological factors essential to business confidence). FSP9 illustrates the relevance of cultural underpinnings during dialogical interactions:

> With SMEs you have to go down to their level. You have to go to them… They have to be very comfortable with you. So sometimes you have to speak their language to them, let them understand you are one of them. …That builds the trust… Some of them when you
go down to their level you tend to understand them. So even if they intend to default on their loan repayment, they would see you as one of them and say: “As for A she is one of us, she is our daughter, she is very humble and that kind of thing and so they won’t want to betray you….So we put officers where they best fit. Example when you are in Tamale and you meet grown up women, you have to bend and greet… (FSP9)

This narration depicts how cultural underpinnings facilitate interconnectedness, conviviality and harmony between the FSP and the CME during value co-creation. The FSP talks about how he takes into consideration the CME’s cultural self-construal by bending and greeting and using the language. This aspect of cultural underpinnings is in line with Ringberg and Gupta’s (2003) assertion that connecting with the transacting partner’s sub-cultural values produces affective responses to the brand of the firm. CME7 confirms this fact in his dialogical interactions with the FSP:

I can see that you understand me and you appreciate my culture… When it is ‘sala’ (religious festival), I don’t work, you understand that… You have been understanding that there are certain situations that [one has to] to spend money to achieve what you want, before you can even start the contract, like payment to the ‘Nana’ (chief) for land and so on… You understand all these things… You advised me like a brother… Any time I need something I can call you and you are fast to respond… We understand each other… You built this company for me. You gave me trucks… Now anywhere I stand for your bank… (CME7).

CME7 exposes the multi-dimensional nature of his dialogical interactions with cultural underpinnings with the FSP. CME7 demonstrates that such dialogical interactions with cultural underpinnings have enhanced his loyalty to the FSP. He refers to certain situations in which the culture demands that he makes payment from loan funds to chiefs before construction can be executed in the area. He also refers to certain situations that his religious culture demands that he does not work. CME7 appreciates the fact that such situations are understood by the FSP. CME7 also shows his appreciation of
the way in which the FSP advises him by relating the relationship to that of a brother. In
the cultural context, providing advice like a brother demonstrates a strong sense of
collective social consciousness.

Dialogical interactions with cultural underpinning is most aptly illustrated by the
exposition of FSP15:

During our training sessions, the culture within the community becomes an important resource. We conduct drama shows and we use people who can demonstrate some of the community problems. We conduct puppet shows relating to the culture etc. to highlight how things can be improved within the community. There are also video lessons and several illustrations. Intermittently, we break to ask questions on what we have shown them and relate it to their circumstances and they also tell us a story that has occurred and they also give us lessons that they have learned from the marketplace or in their relationship with us. We together engage in problem solving in order to uncover some of the problems within the community and address some of these problems through new products and services…(FSP15)

In this discourse, FSP15 portrays how drama shows, storytelling and videos that portray the culture of the CME communities are applied in dialogical interactions during value co-creation. Story telling is a universal means of conveying cultural traditions and values. In this manner, FSP15 is leveraging culture’s influence on judgment and behavior since the cultural exchanges are intended for problem solving. Cultural congruence is also achieved with these dialogical interactions with cultural underpinnings as cultural values and language are used as an interpretation of culture. In this situation, the FSP asks the CMEs questions to learn more about their culture and use such learning to teach them new behaviors and also to develop new product-services. As indicated in the words of FSP15: “The culture becomes an important resource”. This exposure on leveraging culture as a resource falls in line with the assertion by DeBerry-Spence et al. (2012) that
there is the need to recognize the cultural underpinnings of the African market as a valuable resource.

The contention with cultural underpinning has implications for the types of value co-created. Figure 4 below demonstrates the link between collaboration and dialogical interactions with cultural underpinnings can result in the co-creation of value-in-cultural context, which include symbolic value, cultural competence and socio-cultural benefits. Value-in-cultural context and other types of value are discussed in the ensuing section that answers the third research question on the types of value that are co-created in subsistence markets.
Figure 4: Collaboration and Dialogical Interactions with Cultural Underpinnings and Value-in-Cultural Context
In summary, value co-creation activities between the FSP and CME in subsistence markets occur through relationship-based creativity, collateral learning, collaboration with cultural underpinnings and dialogical interactions with cultural underpinnings. These activities occur in an inter-related manner during the value co-creation.

Following the discussion in this section on value co-creation activities, the next section moves on to consider how these value co-creation activities are impacted by socio-cultural factors and environmental hostilities in subsistence markets. These considerations are important because of the potential of socio-cultural factors and environmental hostilities to hinder or advance the value co-creation activities. These socio-cultural factors and environmental hostilities would be discussed in the next section.
B. The Influence of Socio-cultural Factors and Environmental Hostilities on Value Co-creation Activities

This section answers the second research question and explains how socio-cultural factors and environmental hostilities in subsistence markets advance or hinder the value co-creation process between the FSP and CME. Several socio-cultural factors and environmental hostilities were discovered to both hinder and/or advance the value co-creation process by either enhancing or limiting the value co-creation activities. These dynamics are discussed below.

1. **Influence of socio-cultural factors on value co-creation**

   The findings of the study demonstrate that socio-cultural factors both hinder and advance the value co-process by limiting or enhancing the value co-creation activities. Socio-cultural factors refer to traditional and social systems including values, norms and activities. Family and ethnic cohesion, business relationships in clusters or group membership, characterize socio-cultural networks in this study. Ethnic and family ties are prominent in African communities (Forest, 1997). One characteristic of such socio-cultural networks is that knowledge is handed down from generation to generation, usually as part of an oral tradition. Another characteristic is that behaviors are interwoven with customary obligations and rights of the individuals and the community.

   Three important aspects of the socio-cultural factors exposed in this study that impact the value co-creation process are as follows: First, is the leverage of the socio-cultural structure during value co-creation. These structures are horizontal collectivism and vertical collectivism that were observed to interplay in the context of study. Vertical
collectivism refers to the perception of the self as a part of a collective and accepting the inequalities within the collective. Horizontal collectivism entails perceiving the self as a part of a collective group and regarding all members of the group as equal (Singelis at al., 2009). The second socio-cultural factor observed to impact value co-creation was tradition that hands down knowledge and creativity from generations. The third was familism and its associated deferred gratification, that is, sacrificing for the family to gain approval. The leverage of socio-cultural structures and the transfer of traditional knowledge and creativity are observed to advance the value co-creation process by enhancing value co-creation activities whilst familism and deferred gratification hindered the value co-creation process by limiting value co-creation activities.

a. **Leverage of socio-cultural structures**

   The findings of this study demonstrate that socio-cultural structures are leveraged both for visibility and for allocation of resources. Socio-cultural structure arises out of the face-to-face interactions of socio-cultural networks that operate from a shared sense of reality (culture and socialization). Based on socio-cultural structure, meaning and significance are attributed to members of the socio-cultural networks in terms of where they are placed in relation to the co-creating actors. Socio-cultural structure in this study plays out as horizontal collectivism (valuing equality) and vertical collectivism (emphasizing hierarchy). In this study, horizontal collectivism was leveraged for material resources, knowledge, ideas and benevolence whilst vertical collectivism was leveraged for influence, rewards, and impressionist management.

   In horizontal collectivism, the CMEs operate in cooperative networks rooted in
their collectivist cultural values and collective identity. The activities within the networks ensure a dynamic process of exchange of material resources, information and ideas. Social interaction ties, norms of reciprocity and trust enhance knowledge sharing (Chiu et al., 2006). In volatile and uncertain markets such as exists in subsistence markets, such resources arising from socio-cultural networks are invaluable. These resources boost the CME’s operant resources and therefore enhance relationship-based creativity and collateral learning during value co-creation with the FSP.

The data also portrays that the co-creating parties also benefited substantially from leveraging resources arising from vertical collectivism. Vertical collectivism is a cultural pattern in which individuals perceive the self as an aspect of an in-group with members that are different from each other, some having more status than others. With vertical collectivism, although inequality is accepted in collectivist groups, serving and sacrificing for the in-group is an important aspect of the cultural pattern (Singelis et al., 2009). Subsistence marketplaces are mostly heterogeneous in terms of cultural and social structures and diverse group influences (e.g. government, non-governmental organizations, community-based organizations and self-help groups) (Liebert, 2005). The interplay of these actors with different degrees of economic, social and political power is considered an important element in the innovation process (Berdegué, 2005). The data depicts that socio-cultural networks with higher status and influence enhanced collaboration and dialogical interactions during value co-creation between the FSP and CME. The interplay of horizontal collectivism and vertical collectivism impacting the value co-creation process is illustrated in the narration of CME7:

I am assisted by my business and social networks. We help ourselves with money and products. If I have products they can
come for some and sell it and they can also give me some products to sell… We help each other in this business community by the exchange of information concerning market trends… We exchange information about prices of products and other ideas… Look at this product, we used to sell it for eighteen thousand but it is now being sold for more than eighteen thousand… I was able to tell him about this so we can add the 30% margin… We also have associations… The group can even go to the bank to take collective loans… The businesses in this market area, some are picking up and some are going down. Those which are picking up it is because we are helping each other… (CME7)

CME7 refers to a system of cultural values that direct collective action in her ME community. She indicates that these networks provide solutions to business problems that affect the group as well as assist in overcoming market challenges. This occurs in three different ways – sharing resources, empowering each other and enhancing business performance. The networks demonstrate horizontal collectivism as they share resources equally. These networks use knowledge creatively in response to market opportunities or other social needs. The support in association empowers the CMEs and provides support to assess loans from the FSP.

The findings of the study depict that the leverage of the influence of socio-cultural networks with higher status further advanced the value co-creation process by enhancing collaboration and dialogical interactions. As indicated by Berdegue (2005), the closed networks of people with equally low economic and social power are often not effective in producing useful and sustainable innovations. Hence the interactions of the CMEs with people of greater social and political power as a result of vertical collectivism had greater potential to advance the value co-creation process. FSP3 illustrates how this happens:

…People have political influences here and there and they use those things to get things done. For example a person brings a request and it would take some time to get things done and you
would be there and then an MP would call you or a senator would call you…: “Oh yeah, my friend, or my relative, my niece wants something from your bank so can you look at it. They use a lot of power to get things done in this country so politically, culturally, it all influences the businesses we do… You know in Africa, you know very well that some people associate more to their tribal associates so you say that this man is an Ashanti man so I would go the extra mile to do this for him or her. So to a large extent, the relation is influenced by this kind of social and cultural background. …(FSP3)

FSP3 highlights how the interplay between horizontal collectivism and vertical collectivism spurs on the value co-creation process. He exposes how leveraging the influence of Senators with political power makes the FSPs satisfy the needs of CMEs much faster than they normally would due to the bureaucratic processes. In this situation, inequality is accepted in the social networks of the CMEs who feel associated with them based on tribal connections. As such, FSPs are observed to go the extra mile to positively influence the value co-creation process. The interplay of horizontal and vertical collectivism is therefore seen in the leverage of resources from several heterogeneous agents: CME communities, Senators, CME and FSP, through their complex interactions conditioned by the socio-cultural context.

b. Traditions of knowledge and creativity

Tradition is the process by which a group of ideas and customs are preserved, and passed down from generation to generation in a way that influences new developments. Knowledge and creativity within families and social networks are handed down over several generations. These traditions contain the best knowledge within the CME business clusters collected over the years. Such knowledge and creativity are made available by the CME for collateral learning and relationship-based creativity during
value co-creation. CMEs in socio-cultural networks integrate and exchange resources, key market information, and experiential and practical knowledge. They also support risk-taking behavior. The socio-cultural environment comprising risk takers, information brokers, resource providers foster the emergence of new ideas leading to a cycle of wealth creation (Venkataraman, 2004). All these aspects inherent in the socio-cultural networks enhance the creativity and knowledge of CMEs. Such traditional influences positively impact the value co-creation process by enhancing relationship-based creativity. FSP4 highlights this influence of the traditionally transferred creativity on value co-creation with the CME:

I mean most of them the way we derive our business, we have them in clusters, so we have them in the same area so when we visit, we can visit twenty. Sometimes they would be a chain of stores so you could visit as many as you can so the flexibility is because of the way they are structured and so that is how come we can visit most of them that much… There are several groups of families of several generations and they have organized themselves like this over many years… Yeah, I mean, when you speak to them you hear a lot of business sense and the confidence with which they are ready to go all out and experiment and so it broadens my horizon in terms of the business…(FSP4)

The creativity inherent in the entrepreneurial family clusters of the CMEs provides FSP4 with knowledge and ideas during value co-creation. He depicts how the social organization of these CME communities has also been passed down from generations, providing an entrepreneurial spirit that motivates them. In the marketplaces in subsistence markets such as Ghana, it is common to find CMEs operating in business clusters made up of family members in the marketplaces. These CME clusters often have a strong authoritarian leader who protects and preserves the traditions of the family and is responsible for ensuring that these are handed down from generation to generation. As a
result of the close-knit structure, the members of the family are willing to subject themselves to the authority of the leader. This situation referred to as familism and deferred gratification however hinders value co-creation by limiting value co-creation activities as would be discussed next.

c. **Familism and deferred gratification**

Familism and deferred gratification, that is, sacrificing for the family to gain approval was observed from the findings to hinder the value co-creation process: It lowers aspiration, leads to a lack of transparency in business, money mismanagement and other negative tendencies. Familism and deferred gratification has also been discovered to influence attitudes to knowledge acquisition and character development (Kuada, 2010). The study demonstrates that one significant way familism and deferred gratification hinders value co-creation between the FSP and CME is by limiting the proactivity and risk-taking that facilitate collaboration. This is in line with Assimeng’s (1981) argument that the collectivist social structure encourages the maintenance of status quo and avoidance of serious disruption of the specific social order.

As depicted from the findings, familism and deferred gratification limits collaboration between the FSP and CME. CME1 demonstrates:

> With family, I do have several problems. You know, the business started from the family level...We are three people - my junior brother, myself and my sister. With the help of the bank, we have been able to divide the business into three and now everybody is operating on their own... So it is family work and because of that we find it difficult to handle our finances. It was not until we divided it that we can manage it well. So now with the help of [the bank], we can put our ideas together...(CME1)
Familism as explained by CME1 leads to a situation where he has to defer to family members in order to preserve the interests of the whole group. However, this happens at the expense of the business. CME1 indicates that it was not until they changed their orientations away from familism that the family could successfully combine ideas to advance the value co-creation with the FSP. In CME1’s situation, deferred gratification made it difficult to handle the finances of the family business and hindered collaboration with the FSP. When the business was divided, decisions could be autonomously made. Additionally collateral learning is hindered with deferred gratification. FSP3 and FSP12 provide further insight:

Today someone comes to sell something and they dip their hands into the sales and buy it without keeping any records. She has to stamp her authority. You see [CMEs] have to also play their part for the bank to give [CMEs] money. Ghanaians like the concept of “Give it to God” instead of doing the right thing…(FSP3)

With deferred gratification, family members are seen to satisfy their needs at the expense of the business by taking out funds to spend on themselves. This made it difficult for CMEs to keep records. In such a situation, collateral learning is also limited because information on sales and business performance is distorted. Additionally, familism and deferred gratification also adversely influences decision-making and the openness of the CME to disclose information or to receive feedback from the FSP so that collateral learning is further limited:

They set up the business and they include their wives and their children who are underage as shareholders and directors… So that key man risk is there so whatever decision he has taken, whether it is the right decision, whether it is the wrong decision …And disclosure of
information. They think that when they disclose information you are going to use it against them…(FSP12)

FSP12 exposes how familism and deferred gratification limits collateral learning. Collateral learning is enhanced when there is the willingness of both parties to share important, even proprietary, information. This might include sharing financial information with the FSP, discussing future market development plans, or sharing supply and demand forecasts. From FSP12’s narration, familism involves the inclusion of all family members in the operations of the family business regardless of their qualifications. Familism therefore creates a situation where there is the risk of an individual making all the key decisions without checks and balances. The CMEs as key men in this context find it difficult to share information with the FSP because they want to maintain the status quo. When strategic decisions remain in family hands, FSPs would find it difficult to make changes in decision structures. Additionally, demands by extended family on working capital lead to the need to maintain high inventory levels to hedge supply. Also, as FSP12 explains, succession problems occur which threaten the survival of the business.

Familism and deferred gratification was also observed to hinder the value co-creation process between the FSP and CME by limiting relationship-based creativity in several ways. Due to the tight control over the affairs of the business, there is likely to be a shortage of managerial talent across the firm. It also becomes difficult for the CMEs to embrace new ideas in a bid to maintain the status quo. Also due to fixed ideas, the CME may not have novel ideas to share with the FSP during value co-creation.

To conclude, socio-cultural factors advance value co-creation between the FSP and CME in subsistence markets through the leverage of socio-cultural structures and traditions that transfer knowledge and creativity but hinders value co-creation through
familism and deferred gratification. The involvement and interaction of socio-cultural networks advance the value co-creation process by providing highly valuable operant resources. However, the extreme involvement and deference to the needs of family members is observed to hinder value co-creation by disinterest in collateral learning and relationship-based creativity in a bid to maintain the status quo. Figure 4 below provides a summary of the influence of socio-cultural factors on value co-creation activities
Figure 5: Influence of Socio-Cultural Factors on Value Co-Creation Activities (Adapted from Smircich, 1993)
2. **Influence of environmental hostilities on value co-creation**

The influence of environmental hostilities was found to either hinder or advance value co-creation by limiting or enhancing value co-creation activities. Four examples of environmental hostilities in found in this study that hindered and/or advanced value co-creation are: market failures, institutional failure, marketplace illiteracy and resource constraints. Market failures are defined as the lack of facilitating structures and key exchange mechanisms that cause business malfunction (Fligstein, 2001). These include costs of doing business (business costs), lack of market information and market uncertainties. Institutional failures are policies that hinder the effective operations of microenterprises (Aidis, 2002). Marketplace illiteracy is the absence of conceptual/strategic knowledge grounded in an understanding of marketplace exchanges (Viswanathan et al., 2008).

1) **Market failures**

The findings of the study demonstrate that market failures hindered value co-creation between the FSP and CME by limiting relationship-based creativity but also advanced value co-creation between these actors by indirectly enhancing collateral learning and relationship-based creativity. Market failures includes problems relating to the rising cost in the process of conducting business; namely, interest rates, taxes and cost related to the strength of the currency (Cowen, 1988). Market uncertainty includes concerns about changes in the marketplace such as declining demand in the local market and low profit margins. These factors are elucidated in the narration of CME9.

Our system is designed not to help anybody who is willing to do long-term businesses… Businesses cannot develop based on the
current interest rates in the market— if you are borrowing over 35% and more to pay taxes… The economies of scale are not there… the intention is to take taxes then you are opening up the economy and businesses cannot compete… The banks are not social engineers because if they are they can also go out of business… (CME9)

CME9 shows how sustainable resource management becomes difficult for MEs because of the high interest rates and taxes in the markets. In such situations, it is difficult for MEs to compete effectively since emphasis on product quality may be compromised due to high costs. CME9 further indicates that the FSP in this case cannot become social engineers. Social engineers seek to promote the welfare of others without regard for profit. In such a situation the FSP may not be motivated to engage in value co-creation with the CME, jeopardizing profit when applying collaboration, dialogical interactions, relationship-based creativity and collateral learning. However, FSP12 emphasizes how such market failures can also advance value co-creation between the FSP and CME by enhancing collateral learning:

You can have your own strategies and you can keep them to your chest but there are some you need to divulge to people to help you and for you to get results… Maybe there may be an issue with quality and maybe there may be an issue with customers, okay… Most of the time also the customers also actually do not understand what they do so when you get closer to the customer then the customer can actually come out and tell you problems that he is facing in the business and you the relationship manager with the knowledge and skills tell him that it is better you do A, B or C. … (FSP12)

From this exposition, FSPs are motivated to engage in value co-creation to assist the CMEs to overcome the market failures through collateral learning. CMEs are assisted by FSPs to reduce their transactions costs and risks by learning simultaneously with them about the market failures. After learning from the customer to gain a solid understanding
of these market failures, the firm service provider can provide advise on how to handle costs, and address problems relating to demand, supply and access to ensure business performance enhancement and overall profitability.

Market failures are in the context of the study also linked with institutional failures. This situation occurs for example, when government tries to correct market failures by disbursing revenue instead of attempting to influence consumer or firm behavior. CME9’s narration sheds light on this interplay between market failures and institutional failures:

Therefore the economy is not skewed in any way to help microenterprises…There are numerous enterprises most of them engaged in trading. They bring in goods to sell to the public sector. Those who have been in business for a long time have lots of money. Those who are making the effort to develop their enterprises, they would normally need financial intermediation from the banks. This is very difficult because the banks are oriented towards giving very short term facilities meaning that people involved in long term gestation projects find difficulties in paying back interest compared to those who have been in business for a long time. So the banks have a lot of default. This goes back to independence when the government was made the center of everything… More efforts are being made by community banks. Rural banks are very much engaged in communities in which they are situated…(CME9)

CME9 illustrates how government policies such as poor program structure and market forces may comprise market failure policies. In the subsistence markets contexts, institutional failures are also inextricably linked with market failures as depicted in the narration of CME9. He indicates that bribes are being paid in a rampant manner for people to go behind official market channels to manipulate the system and therefore
worsening the problem of institutional ineffectiveness. Bribery increases the risks and costs of innovation to such an extent as to make it unfeasible (Berdegué, 2005).

However, From CME9’s exposition these market failures can also advance the value co-creation process by enhancing relationship-based creativity to mitigate these environmental hostilities. CME9 refers to how community and rural banks have taken up the challenge to compensate for the institutional failures by engaging in value co-creation with the CME communities. The engagements with the CME communities by certain FSPs through the use of creativity techniques such as community animation, was exposed earlier on in the findings

2) **Institutional failures**

Institutional failures are shown from the findings to be environmental hostilities that hindered value co-creation between the FSP and CME by limiting collateral learning. Institutional failures are also however shown to advance value co-creation by enhancing relationship-based creativity. These institutional failures centered on the substandard organizational capability of the government institutions and low effectiveness of political and civil society organizations.

…But the problem also is with the government - Lands department, service department. If I have a property and trying to register the property it is not like the United States where you can get your deed registered within three days. Over here, you have to go through this person that person and you may wind up spending about fifty million on the side. Even with that you still won’t have your deed registered…(CME7)

Governmental institutions such as the lands department play a key role in the value co-creation between CMEs and FSPs. This is because they have to register the
deeds of properties before CMEs can use these to secure facilities. As indicated by CME7, it takes a very long time and is also very costly to have the government lands department register the deeds of these properties due to extensive bureaucracy. As a result, CMEs cannot patronize the loan products of the FSPs, which negate the basis for collaboration. The FSPs also experience these institutional failures that limit collaboration with the CME. FSP6 indicates:

The bank of Ghana just gave the authorization for the credit bureaus to start so we are just in the early stages. If you go into these credit bureau data most of the time, you don’t find anything about the client yet the client is owing so many banks. Like any other thing in Africa we are at the early stages and the sad thing is that we don’t try to preach excellence from the start. We take it that these are just early stages. It would get better and before you know it won’t get anywhere. Sustainability - that is the case. Me for instance, I go to the credit bureau, you know it is an online thing and I search for a client and they tell me the client is not owing [money to a bank] meanwhile the client is owing about three, four banks so which one is it? It is not reliable. Less than six months now. It would take time…(CME6)

The exposure provided by CME6 throws light on the weak business infrastructures in subsistence markets with the prevalence of infant industries. Infrastructure such as credit reference bureaus which are important for the effective functioning of the financial system are in very early stages and therefore ineffective. FSP6 also points to the weak foundations of these institutions that eventually do not become sustainable and perpetuate institutional failures.

c. Marketplace illiteracy

Marketplace illiteracy was exposed in the study as both hindering and advancing value co-creation by limiting as well as enhancing collateral learning. The
marketplace illiteracy played out in various ways: The CME not having the inclination and knowledge to conduct market research, misunderstandings about business performance indicators and difficulties in using the e-commerce products of the FSP. FSP12 refers to how marketplace illiteracy in the form of not knowing how to conduct business research and misunderstanding the business performance indicators make CMEs grossly inefficient.

…[CMEs] have to look at the kinds of categories of people would be buying my product. We do not do that…There are other things you have to think about before going into manufacturing. Do you even have a power source? How reliable is your power? If you depend solely on hydro, can you have a thermal plant? Can you even buy a generator, would this affect your profit margin?...Most of Ghanaians especially traders, they want to stock. They go to the warehouse and [he] sees his stock then he thinks he is making money…His interest costs are so high… but now we want to partner with [X Company] to introduce a capacity building program… (FSP12)

FSP12 emphasizes the various elements that CMEs may need to consider before entering into particular businesses especially in the subsistence context with weak business infrastructures. According to FSP12’s discourse, these considerations are often ignored by CMEs. Viswanathan et al. (2008) refer to such a situation as the absence of ‘know-why’, that is a deeper understanding of marketplace exchanges. This lack of understanding about the marketplace hinders value co-creation by limiting relationship-based creativity because the CME is not open to new solutions. Additionally, other aspects of marketplace illiteracy exposed by FSP12 are the misunderstanding of business performance measure. An example provided by FSP12 is the misunderstanding of the CME who perceives the level of stock and not the profit he is making as an indicator of his business performance.
Marketplace illiteracy in these situations could also advance value co-creation with the FSP. FSP12 exposes the fact that the lack of ‘know-why’ had led the Sunny International Bank to decide to partner with an entrepreneurial training firm to provide training for the CMEs. This demonstrates that marketplace illiteracy advances value co-creation between the FSP and CME by enhancing collateral learning. This study demonstrates that although marketplace illiteracy limits collateral learning because there is less knowledge available to share, it also enhances collateral learning because it encourages the co-creating partners to engage in learning to eradicate ignorance.

Viswanathan et al. (2008) also expose another aspect of marketplace literacy that is essential to the CME: ‘Know-how’ or strategic knowledge relating to how to be informed as a seller and consumer. This aspect of marketplace literacy is also found lacking in several ways with the CMEs and limit collaboration as explained by FSP6:

But most of the time because these customers are not very sophisticated … Most of them are not computer literate. They can’t even do any Internet banking… This year we have introduced what we call the Pay’s accounts and that one it is a bit more general so anybody can use this…They think the money is for the governments…They take the money and the next time you go the shop is locked. …They are not organized. They would go to the ‘Susu’ companies which charges them exorbitant rates…and then they would start playing with the bank… The amount of money that these banks are making, they can actually do these things for free but they won’t do it…If I have my money and you don’t pay me, I won’t give you my money again…

…Some of [the CMEs] it is not even that they are illiterate but they know what they are doing. For instance, let me tell you. This sub-distributor for MTN, those telephone companies …I was chatting with him and he said that he wished he could have an account with us because these Nigerian banks they are charging him so much. I said, okay we would be looking for it. I went to visit him, went asking him a lot of questions and get the information that I was looking for and then we gave him just ten thousand cedis because that is small in terms of what we give and
that man he didn’t even come for his repayment letter and he vanished. Right now, we can’t find him. We can’t find him since then. His phones don’t work and you go to his house and meet his wife and she tells you she to she hasn’t heard from him. You would be discourages. If I own a bank, I would not do SMEs because they would just take people’s deposits and vanish and you know have to hire people to just go chasing them here and there. You don’t even find them… (FSP6)

FSP6 exposes three key aspects of the marketplace illiteracy that hinder value co-creation with the CME. These are firstly, the inability to make effective use of the FSP’s e-commerce products. As stated by FSP6, this situation of CMEs not being Internet savvy was observed to advance value co-creation by leading the FSP to introduce e-banking products that are easy for the CME to use. Secondly FSP6 indicates that the marketplace illiterate customers have a wrong misconception that funds provided by the FSP belongs to the government and so they are reluctant to pay back debts to a faceless government. FSP6 explicates that such a mentality hinders value co-creation by limiting collaboration during value co-creation as the FSPs shy away from the relationship.

In conclusion, while environmental hostilities adversely impact value co-creation, it also may productively advance the value co-creation process as the FSPs and CMEs react to and cope with environmental uncertainty in various ways such as collateral learning and relationship-based creativity. This is in line with Moran and Ghoshal’s (1999) assertion that "it is not resources per se, but the ability to access, deploy, exchange, and combine them that lies at the heart of value creation" (p. 409). Furthermore, as rightly stated by Vaessen and Keeble (1995), a more hostile business environment may have the effect of encouraging firms to become more, rather than less, innovative in order to try to overcome the constraints they are facing. Although operating in subsistence markets may mean that firms-service providers and their CMEs face several
environmental hostilities, value co-creation serves as a strategy to overcome some of these hostilities.

3) **Resource constraints**

Closely related to market failures is the existence of resource constraints such as low-income levels of CMEs and low capitalization of FSPs. In subsistence markets, most CMEs do not have sufficient capital to effectively grow their business and have to rely substantially on the FSP. However, several of these CMEs are not attractive clients for the bank because of their low savings and investments. Many cannot also afford excessive bank fees and charges. Despite the fact that these CMEs represent potential highly profitable clients, it becomes very difficult for them to achieve this potential through value co-creation with the FSP as a result of resource constraints. This position of resource constraints by CMEs is highlighted by FSP6:

Let me tell you about a customer who is a trader. Until recently, she never went for a loan and she went for a loan from a rural bank in Tamale. And they gave her some money, something like two hundred Ghana cedi then every week she has to pay about a lot of money, principal and interest and before she knew she had exhausted her own capital, the loan principal was gone, her own capital was gone and she didn't have any money to pay again. Why because the interest rate, the rate that the rural bank was charging her was just too high. Secondly, these people do not give her the space to work. How can you give me money for say six weeks and every week I have to pay – whether I sell, whether I get profit or not, I can't do any adjustments. I have to pay you by all means…The banks are better because their rates are lower and no bank would ask you to pay volumes. …So this customer, if she had the capacity to take a loan from the bank, she would do well. She is not the kind who would run away with your money…(FSP6)

FSP6 exposes how the lack of sufficient capital compelled a CME to rely on a microfinance firm for a loan with excessive interest rates instead of collaborating with the
bank. Under-capitalization refers to the situation where a firm cannot acquire the funds they need and cannot afford current operational expenses due to a lack of capital, which can result in bankruptcy. There are also some situations where banks and other FSPs may also not have sufficient capital to serve all the needs of their growing customer base. As indicated by FSP2:

"It depends on the strength of the bank. Our bank is not international. Trade is yet to develop within Africa. You develop a product and you incur more cost as a bank… If you scan the environment, there are risks so you may try to do something but you would go and hit the wall… When customers are traveling and you tell them to deposit money so that you would get them a correspondent bank abroad and they would say no. They want to carry the money across the border and pay small, small tips."

FSP2 exposes how his bank is limited by their scope of operations and capitalization. Banks become under-capitalized when they do not have sufficient deposits relative to their loan portfolio. As a result, FSPs with low-capitalization may be deterred from entering into collaboration and value co-creation with some CMEs which may have excessive loan demands. The low capitalization of CMEs would also not make them attractive value co-creating partners in such situations. FSP2 further exposes how CMEs as a result of their low incomes try to minimize their costs through evading taxes, preferring to pay bribes that are less costly. Such attitudes are shown to limit collaboration with between the FSP and CME. Alternatively, resource constraints from low incomes lead CMEs to approach FSPs for financing and hence also enhance collaboration for value co-creation. A summary is provided of the environmental hostilities that hinder or advance value co-creation in figure 5 below.
Figure 6. Influence of Environmental Hostilities on Value-Co-Creation
This section has answered the second research question by exposing the key elements of socio-cultural factors that either hinder or advance value co-creation activities, namely cross-collectivism, socio-cultural funds, familism and deferred gratification. The section also exposes the environmental hostilities that influence the value co-creation process such as market failures, institutional failures, marketplace illiteracy and resource constraints. The socio-cultural factors and environmental hostilities in combination with the value co-creation activities result in different types of value. These types of value are adapted to local conditions and also result from the leverage of local resources. These types of value would be discussed in the next section.

C. **Types of Value Co-Created**

This section answers the third research question on the types of value that are co-created between the FSP and CME in subsistence markets. Two new types of value emerge from the findings: Value-in-transformative context and Value-in-cultural context. Value-in-transformative context is defined in this study as value that is transformational. This study also defines Value-in-cultural context as value that is culturally related. Additionally, Value-in-use and Value-in-offering also appear as types of value co-created as already exposed in extant literature. These four types of value are explained and illustrated in the ensuing sub-sections.

1. **Value-in-transformative context**

The findings depict that Value-in-transformative context is a significant type of value co-created in the subsistence markets context. The concept of Value-in-
transformative context builds on the idea of transformative design referred to by Burns et al. (2006) as a way to re-design a service as well as to organize change processes and to promote innovation, so that the individuals involved can engage in continuous learning and creativity. The findings of this study demonstrate that Value-in-transformational context consists of three dimensions: business re-engineering, paradigm shifts and community ecosystems. Business re-engineering is defined as radical business process change leading to organizational redesign in the solution (Hammer, 1980). Paradigm shifts presents a change in mindset to enhance focus on activities with the greatest payoffs. Community ecosystems refer to ecosystems within communities. Ecosystems are open, flexible and interactive domains, which are demand driven (Boley and Chang, 2007). These dimensions of Value-in-cultural context are detailed below.

a. Business re-engineering

The key elements of the business re-engineering demonstrated from the findings include transforming structures and new business models. These transforming structures and business models present as changes in policy formulation, procedures and strategies and the implementation of service delivery innovations. As the co-creating partners learn new lessons, they are able to establish new policies and procedures to eliminate or minimize constraints and open up new opportunities. The findings demonstrate that such business reengineering enhances material and social strengths of the co-creating partners. FSP11 explains the business re-engineering and transforming structures that occur from value co-creation with the CME:

…Our focus is sustainability and transformation. Profitability is important but it is not the core… There are remote villages we go
to and we have branches there. You go there, the people are mining, they are farming. There are traders there. There are teachers and they don’t have financial services... The mobile [phone] banking you have a chip... You have your own codes... if you want to pay across, you pay. If you want to transfer to us, you transfer... We are introducing electronic banking where recovery and repayments would come electronically. We have started with mobile banking that is for the mobile phone... We have another innovation, the mobile bank. This is a car that has everything of a bank in it... They go to this point and transact their financial activities and then the car with the ATM leaves the place and goes to another branch... A lot of innovations have come out of all this... We have transformation officers who are charged to perform financial literacy training so they have lap-tops. They show videos to the women. They talk to them on how to manage business and then the loan officer is also monitoring the activities of the people. So, in a maximum of six weeks you can qualify for a loan... (FSP11)

FSP11 demonstrates in his narration how value co-creation with the CME has resulted in transforming structures such as service delivery innovations of mobile phone banking and mobile ATMs. These innovations have in turn increased access to sales points. Service delivery innovations provide new ways of serving customers, new channels and other new marketing strategies (Kyriakopoulos and Moorman 2004). FSP11 alludes to the fact that the service delivery innovations are transformational to the CMEs because it transforms their business and lifestyles. Service delivery innovations such as Mobile banking innovations make financial services affordable and available to the poor. Most CMEs in rural areas of Ghana engage in farming and mining as their occupation and live on very small wages with many dependents.

Mobile banking innovations are highly transformational for CMEs who live in remote areas but require convenient banking services. It permits the unbanked MEs to transfer and receive remittances and also to have access to loans and savings facilities.
CMEs in Africa have embraced the use of Mobile banking in their operations as an easier, affordable and personal mode of payment to suppliers and business partners (Anurag et al., 2009). FSP11 also mentions how business re-engineering occurs for the CMEs through training and education forums and through the provision of loan facilities. FSP11 refers to a new mobile banking innovation that now allows the CMEs to pay back loans using their mobile phones. Business re-engineering induces CMEs to remain in rural areas to produce essential foodstuffs for the country as a whole. The Value-in-transformative context therefore extends to the whole nation.

Value-in-transformative context in the form of business re-engineering also occurs for the FSP. First, the mobile banking service delivery innovations provide the FSP with the opportunity to access new clientele in the remote villages and enhances business performance. This falls in line with Damanpour’s (1991) assertion that adequate innovation effort helps to better accommodate environmental and market uncertainties, and allows firms to adapt their organizational structure and capabilities in such a way as to improve the level of achievement of their goals. In addition to offering unique features and benefits, such service delivery innovations allow for customer cost reduction and/or revenue enhancement and enables the FSP to be responsive to the CME’s needs.

Furthermore with service delivery innovations, customers are more likely to have positive experiences and view the system as significant and satisfying (Prahalad and Ramaswamy, 2000). CME11, who is a hawker selling general goods in the street affirms this transformation in her business as a result of value co-creation with the Plabo Microcredit Company:

I sell everywhere, ringing the bell. Even at home. The microcredit company is now getting me a shop. The loan they give us really
helps the business to grow and we make more sales and use some to make repayments…After working with them for a long time they say you can ask for any amount you want because they now know you very well…Very soon they would provide me with a loan to obtain my own shop. I don't even have to start selling from the tabletop like others do. This would be very beneficial for me, and members of my family… I belong to the group association and over there I was able to have my voice heard by the bank manager so they do understand our needs… What my relationship manager has taught me has also helped me a lot. It has helped me to increase my sales and now I sell many items: Women’s underwear and other item, which I buy wholesale. I can even sell three hundred Ghana cedis [equivalent of $250] a week… (CME11)

CME11 exposes how the business re-engineering she has experienced will be transformational for members of her family as well who depend on her. The business re-engineering for CME11 is the business performance enhancement, the business knowledge and the improvement in the family welfare. CME11 has no business location and is therefore considered a nuisance to other CMEs who have formal business locations. Such hawkers face major harassments from the public authorities that often seize their goods. CME11 lives in a ramshackle compound house with several dependents from the extended family. Some of these dependents are her children and others are relatives. Several of her relatives have no jobs and are hawkers like she is or exist without jobs. There is however substantial solidarity in these communities, which are alive with cultural activities and celebrations. Through value co-creation with the FSP, CME11 is anticipating owning her own shop and has increased her sales substantially. The provision of loans to CMEs like CME11 encourages entrepreneurship and spirals the creativity inherent in the family and social networks.
b. **Paradigm shifts**

The findings of the study depict that value co-creation between the FSP and CME also results in paradigm shifts. A paradigm is a way of thinking consisting of shared assumptions regarding what works or what is true. A paradigm shift occurs when things are perceived in a new light in a way that one does not go back to the old ways. Based on the findings, major paradigm shifts occur for the value co-creating parties. The data shows that value co-creation activities provide the psychologically supportive context to review old ways of thinking. These findings are in line with Ozanne and Anderson’s (2010) assertion that in order to achieve a paradigmatic change in the core assumptions and world-view of a community, there is the need to change all the other levels, including philosophy, vision, culture and activities.

From the findings, during value co-creation paradigm shifting occurs through education and empowerment as CMEs are encouraged to learn new skills and motivated to change their social and economic conditions. FSPs also experience paradigm shifts CMEs with their exposure to the local realities and needs of the CMEs. This includes a shift from the focus on product-services with high margins to product-services with low margins but high volume. FSP11 again illustrates how the process of value co-creation with the CMEs in their communities creates this paradigm shift:

> Our customers are unique customers. Nobody wants to do business with them. A lot of companies start micro finance and they run away…These are people who do not have addresses, they don’t have locations…and banks would not want to do business with them and that is why our relationship is deeper… They change the rules and things change. There is a slum where they wanted to relocate the people, Sodom and Gomorra. If they decide to relocate all the people, they would have relocated all our clients. Yes, some of the hazards…But by getting closer to these customers, we have changed the way we perceive them…they represent
opportunities to create new products and services. They also change the way they do things… There are traders there, there are teachers and they don’t have financial services but they learn with us how to handle their money… The adoption of the packages that we are introducing is very high and this has also extended to other areas such as education for their children… Over there, the people are so genuine and have not been corrupted and do not default. So if we go to extremely remote areas and build a clinic, we would have helped them, wouldn’t we?...(FSP11).

FSP11 demonstrates major paradigm shifts that occur from value co-creation with CMEs who are hawkers in the street with no business locations. Such paradigm shifts result in community transformation as well as transformation in the business operations of the FSP. FSP11 indicates how his microcredit firm has come to see the CME hawkers as opportunities to enhance their business performance and innovate new products by serving them. From the exposition provided by FSP11, it can be observed that the CMEs also experience paradigm shifts to change their lives by learning how to handle finances, appreciate the woman’s role and appreciate educational opportunities for their children. As FSP11 indicates, the transformation involves social entrepreneurship ventures such as building clinics and a more empowered and educated community.

c. Community ecosystems

The third type of Value-in-transformative context depicted from the findings is community ecosystems. Community ecosystem is a term that builds on the idea of business ecosystems and is defined in this study as different alliances formed from loosely linked groups within communities. Community ecosystems can be differentiated from business ecosystems in the sense that they are a network of interdependent niches occupied by community groups or stakeholders. These niches are
open to contributors outside the community.

Community ecosystems thrive in the communities with relatively cohesive social structures with leaders that can be held accountable. Most of the CME communities are overlapping and nested. With value co-creation, these communities acquire the potential to form community ecosystems. Such ecosystems are spurred on by empowerment through value co-creation activities such as community animation, which augments imagination and hope. The extensive involvement of community animators leads to transformational programs and promote policies that empower the communities. During value co-creation, FSPs are loosely linked with community partners such as the churches and other community level organization such as kinship groups with various skills and knowledge. The process of value co-creation builds the capacities of the multiple actors and several project partnerships are formed.

First, the ecosystems facilitate rapid information transfer by providing horizontal links to put different groups in direct contact with each other. The actors become further empowered as authority is redistributed and infrastructures and enabling platforms are designed to create ecosystems. As each group in the network receives information, it is synthesized and new ideas spring forth for creating transformational product-services. Second, the FSPs as well as the communities extend their skill base. The training, services, facilities, and assistance provided to the community members empower them to emerge linkages to ensure the successful implementation of transformative projects initiated by the FSPs. FSP15 details some aspect of the community ecosystems created as a result of value co-creation with CMEs in the communities:

Rural banks are our point of contact … We are partnering the churches because that is one place we can make an impact on
many lives. The church has many followers…We have four main products: The first is the Agape. This product gives funds to refugees at Budumburan….The second product is the Higher High, which is an agricultural value chain financing program…The Extra Mile loan product is a micro-credit scheme where individuals world-wide make loans to individual clientele via the internet…Finally, we have the Green energy loans which we provide for the purchase of solar lanterns…We use the social capital to guarantee payments because the customers do not give us any collateral …So they buffer their loans with their social capital. It is this kinship that ensures that they repay their loans…

FSP15 provides information on the multiple partnerships that evolve into community ecosystems and the transformational products that have emerged as a result of these ecosystems. The refugee camp at Budumburam mentioned by FSP15 is developed into a value co-creating community partner as customized loans are provided for the refugees. The agricultural value chain financing is also geared towards agricultural communities who also become community value co-creating partners. There is also the involvement of online Internet communities to finance the CMEs. Kinship groups are also involved in the ecosystems since they provide social capital as guarantees for loans. Group liability and peer pressure act as collateral substitutes. Value-in-transformative context occurs as capital formation and introduction of innovative and customized products. The glue that links the members of the ecosystem is the potential to create contextualized and sustainable solutions in the networks.

The exposition provided by FSP15 on value co-creation with CME15 best illustrates Value-in-transformation context that highlights business re-engineering, paradigm shifts and community ecosystems:
FSP15: CME15 started as a hawker selling petty, petty items on the street, carrying her wares on her head. But now, with our assistance, she operates her own shop. She has doubled her profits. She is now into selling, ‘batik’, ‘tye and dye’ [textiles] and has a catering center where she cooks food for school children. She cooks hot meals for over one thousand school children and her activities have been boosted largely by the use of 3 solar lanterns. There have been frequent power outages in her area and before she had to wake up early and cook in the dark but now the lanterns have boosted her business a lot. She can now wake up early and cook and her kitchen is well lit and this has enabled her increase sales…Her children also benefit from the solar lanterns they use in the evenings to read especially when the lights go off.

…CME15 has been put on the board and she speaks out to other small-scale entrepreneurs and she is now vying for the position of ‘Assembly woman’ (alderman) to speak out for her community…She is mobilizing the women in the communities to access other facilities and assists in providing education on domestic abuse, property rights, land rights and such…Before we were providing loan facilities in a group and it was very difficult then but now we are able to provide individual loans and the women can take individual loans without having to depend on the group. Even now, the women take decisions on their own and some of them are opinion leaders and are in the forefront of decision making in the communities. They are now demonstrating group leadership and…they are articulating issues for the women’s front, for other women in the communities and their voices are being heard.

…Because of the solar lanterns, there are more livelier activities occurring in the evenings in the communities and this is also very beneficial for us. We are able to the communities in the evening to collect some more repayments and this has increased the repayments considerably. In the evenings you find people still staying around to sell some products and we are able to extend our learning programs to them. Some of the learning sessions take place in the evenings and some of the adults stay for learning in the night…CME15 has now joined the board because of her entrepreneurial nature so she can share her experience with board members and this has enhanced our operations quite considerably.
That is, the sales for the solar lanterns have shot up because of her testimonials….The people are now also taking very active part in community activities like offering their labor for free to improve community welfare. We have provided them with the essence of why they should provide their labor to some of the community projects…(FSP15)

FSP15 highlights how value co-creation in CME15’s community has created substantial Value-in-transformative context. Among several of the projects initiated by Sumir microcredit company is a project undertaken to enhance the livelihood of women involved in trading cooked food. CME15 is one of these beneficiaries and FSP15 exposes how she has experienced business re-engineering with the acquisition of solar lanterns and achieved substantial business performance enhancement. After taking an income-generating loan of GHC600 (approximately USD500), CME15, has been able to expand her cooked food business and now earns over $30 a day, ten times more than the $3 she used to earn as a hawker on the street.

FSP15 also exposes how CME15 has been substantially empowered, experienced a paradigm shift and acquired the confidence to stand as an ‘Assembly woman’ to speak out for the needs of women. Female CMEs are considered vulnerable groups in these communities because of the marginalized status of women in rural communities. CME15 has also been appointed as a member of the board of Sumir Microcredit Company to provide additional support to their initiatives. Finally, FSP15 exposes the community ecosystems that have been created in value co-creating with CME15 and other community members. The FSPs provide CMEs like CME15 with the sense of community development. These CMEs have in turn formed alliances to assist in the construction of
infrastructure such as schools and hospitals, in the education and empowerment of other entrepreneurs.

Another highlight by FSP15 is how he experiences substantial Value-in-transformative context as the CMEs in the community acquire more loan facilities with the adoption of the solar lanterns. He exposes how his firm is able to extend their initiatives and project with substantial input from CME15. Finally, he indicates how his firm is able to further expand their community ecosystems with the assistance of CME15 who is now a board member.

In summary, Value-in-transformative context represents a transformation of the businesses, activities and milieus of the CMEs and FSPs. It also represents the development of capacities, dynamic partnership, and the design of enabling platforms. The multi-dimensions of Value-in-transformative context is depicted in Figure 6 below:
Figure 6: Value-In-Transformative Context as Type of Value Co-created
2. **Value-in-cultural context**

Value-in-cultural context is another type of value co-created emerging from the findings. It includes value that is culturally constructed between the FSP and CME, including how value is perceived. Culture in this context refers to the collective programming of the mind (Hofstede, 1980) and is primarily formed by activities, including religion, politics, rituals, values and language (Bourges-Waldegg and Scrivener, 1998). These elements of culture form the basis of the cultural resources and experiences of the co-creating parties. Such cultural resources and experiences differ from cultural capital, which refers to knowledge of high culture and educational achievements.

Value-in-cultural context may be subtle, hard-to-describe yet critical components of culture that serves as resources during value co-creation. This falls in line with Moalasi et al.’s assertion that socio-cultural factors can be so assumed, that even when they are articulated, one may fail to grasp their significance. The Value-in-cultural contexts depicted in this study are: symbolic value, cultural competence and cultural benefits. These types of value derive from the leveraging of culture to create a better fit between the service offer and customers’ needs, a better service experience. In the sections that follow, each of these dimensions of Value-in-cultural context is discussed.

a. **Symbolic value**

Symbolic value is defined as social and cultural meanings that are associated with a product, which enable consumers to use it to communicate about their identity and social status (Ravasi and Rindova, 2004). According to Ravasi and Rindova (2004), symbolic value can lead to, but is different from symbolic capital, which is the
reputation and status attached to the firm’s name; the production of symbolic value is a process that nurtures or upgrades the symbolic capital of a firm. Symbolic value is dependent on how it is interpreted and leveraged in a socio-cultural context. In this study, symbolic value presents as value-in-cultural context because it provides status and recognition within the socio-cultural context. Symbolic value in this study embodies status and prestige acquired from enhanced recognition within the socio-cultural context as result of engaging in value co-creation with the co-creating partner. It also covers the symbolic meaning attached to ideas and learning that is derived from the relationship.

From the findings of the study the presence of the FSP at socio-cultural functions organized by the CME provide symbolic value for both co-creating partners. The relationship between the FSP and CME is leveraged as a means of identity and status at social functions. Such recognition and prestige provides the potential for the attraction of substantial resources from extended interpersonal networks. Such symbolic value can also be accumulated, exchanged and invested for future returns. For example, when the CME’s social network realizes that he or she has a close relationship with the FSP, they are encouraged to provide additional resources to him or her. Alternatively, when the CME’s social network perceives the close relationship between the FSP and CME they are also encouraged to make resources available to the FSP. FSP10 and FSP8 demonstrate the symbolic value that occurs from value co-creation with the CME:

We get close to them, people getting married, a naming ceremony you are there and they want t show you off that my banker has come here and this enhances their status because f reinforces their credibility because if your banker has come here not because he is coming after you for money but because you are good then it means you are very much in good business. Some f them would invite you to so many of their functions and I think if you do that for them they
tend to accept you and once they accept you they are more open to
you. It’s not just about giving me money but seeking their interest
and welfare and even if they owe you. Once you get to these
functions you tend to meet people – oh this is my banker, oh this is
my brother, that’s my wife, that’s my cousin, that’s my daughter. So
within that function, you are getting to know about five six
members of the person’s family… (FSP10).

…The relationship goes even beyond the bank. When their
children are having weddings, the bank needs to send a
representation... It becomes a form of status to see their bank
officials… Things like funerals the bank even sends relationship
managers. We go... Some of them would invite you to so many of
their functions and I think if you do that for them they tend to
accept you and once they accept you they are more open to
you…(FSP8)

FSP10 and FSP12 highlight the acquisition of symbolic value during value co-
creation. They expose how status and enhanced reputation is derived from the presence of
the FSP at the traditional demographic groupings (families, ethnic groups, business
colleagues and friends). The presence of the FSP at socio-cultural functions provides
influence for both the FSP and CME. As indicated by FSP10, the credibility and status of
the CME is reinforced by the FSP’s presence in these demographic groupings. This status
is also extended to the FSP by the demographic groupings as a result of the relational
trust established between the co-creating parties. FSP8 explains that this Value-in-
cultural context is extended even to the CMEs children during their weddings. At such
functions, the CME and their family use the FSP’s presence to express their principles
and life-styles to their social networks and construct notions of high status reputable
businessmen. In other words, they have co-created services that enable CMEs to make
statements about identity, status, and their reputation. The established credibility of the
creating parties is also reinforced by the established relationship with other members
of socio-cultural grouping, which provides additional status and reputation. Such symbolic value strengthens the willingness of the members of the social networks to make resources available to the FSP as well as the CME and expands available resources.

The symbolic value obtained from value co-creation also extends to the importance placed on the relationship so that the feedback and ideas that result from the relationship have symbolic value. For example, what the CME hears from the FSP would be interpreted differently based on the socio-cultural context. The FSP’s involvement in the CME’s business operations provides symbolic value by communicating meaning that represents legitimacy, validation and social significance for the CME. The FSP also experiences symbolic value when he or she becomes a symbolic figure for the CME and is accorded the respect and status benefiting such a position. By engaging in activities that infuse products with symbolic value firms gather symbolic capital, which is necessary in turn for sustaining their position as credible providers of symbolic value over time. (Ravasi and Rindova, 2004). FSP12 portrays in his narration how the relationship between the CME and FSP as a result of value co-creation acquires symbolic value:

...Well I have learnt about the psychology, you understand...In Ghana, customers also trust the advice of relationship managers or their bankers. Whatever the banker says they take it to be the absolute truth. All right so if you get closer to the customer and you are able to understand their business and you are able to advice and they build that trust in you, they take your advice but yours is to be able to make sure you don’t abuse their trust. When you advice them and they are able to make firm decisions and go a certain direction, they praise you, they trust you and they want you to be a bit involved...Aside from that they take your advice. ... I mean, I tend to speak their local language and that has helped me to really understand them and for them also to come out and share their ideas and their problems also with me. When you speak their same
language they are ready to associate with you and tell you everything. That this and this and that is what I am doing. I know it is all right but how could we help. It has many dimensions to it…I mean they see you as a brother and they are able to share some of these ideas with you and also it helps you also to understand and see how best you can resolve issues...(FSP12)

FSP12 speaks of how the FSP gains recognition and respect in the eyes of the CME as a result of value co-creation. FSP implies in his narration that this situation enhances his personal credibility, pays tribute to his professional competencies and achievements and the quality of his relationship with the CME. Such a position attracts substantial resources for the FSP such as ideas, knowledge and increased business. Similarly, for the CME, the symbolic value acquired from value co-creation with the FSP in the socio-cultural context can be leveraged for increased business. Consistent with these interpretations is research that suggests that successful entrepreneurs are active participants in their cultural context and use their culture strategically to deal with their low level of credibility from having few supporters and inadequate performance history (Hargadon and Douglas, 2001).

b. Cultural competence

Cultural competence is another aspect of Value-in-cultural context demonstrated in the findings. Cultural competence is described as the ability of individuals and systems to respond effectively to the cultural background in a manner that recognizes, affirms, and values the worth of individuals, families, and communities (Gallegos et al., 2008). By relating closely to the CME’s cultural milieu through socio-cultural events, the FSPs develop cultural competence. Cultural competence provides
effective and culturally responsive services to culturally diverse clients (Chung, 2002). The culturally relevant insights obtained also direct the FSPs to create or reposition products and services to become more tailored to the cultural context of customers. This level of cultural competence acquired through value co-creation is typified in FSP11’s statement:

…Creativity comes from the closeness with the customer and the customer tells you a lot of things and you are able to use that model or build on it for other businesses as well…The customers discuss his problems with you and you think through. If you cannot solve it there are people behind and you come and enquire how you resolve the issues for the customer. You think through and you go back and solve it for the customer. Some come back to you and say thank you, we were able to do this as a lesser cost…Naturally, the advice we give them has an impact on the family. So we address their needs socially and culturally as well because we understand them better...The reason being that in the Ghanaian society once someone decides to develop himself, they try to bring others along…(FSP12)

FSP12 portrays that cultural competence enables his to address the CMEs needs culturally and socially and to better understand the socio-cultural factors surrounding his relationship with the CME. With cultural competence, FSPs perform a better job of reflecting the socio-cultural realities of the CMEs communities in their services. FSP12 indicates that he is able to expand his cultural knowledge and ideas as well as adapt services to meet culturally relevant needs. Cultural competence is also built on an awareness of the cultural beliefs and behaviors. These cultural factors are interwoven with social factors and so the FSPs also recognize that addressing the social context is also a critical aspect of cultural competence.

c. Socio-cultural benefits
Socio-cultural benefits are peripheral benefits that accrue from the value co-creation. CME14’s exposition is particularly useful to the understanding of cultural benefits as depicted in this study:

The bank, they have been very helpful especially during this time when there has been a ban on drumming... Once a year there is a ban on drumming. You know music goes with activities and for about a month when there is no music business goes down. But the bank has provided support in these times. They give us loans to see us through... They have given loans to all my employees who are also members of my family so the bank, they do help...(CME14)

CME14 indicates how the cultural competence of the bank leads them to appreciate and mitigate certain cultural factors that may otherwise have had a negative impact on the CME’s business such as a ban on drumming. Another exposition is that the bank also supports members of the socio-cultural network of the CME such as family members who are also employees by providing loans to these family members. Socio-cultural benefits therefore relate to the overall contribution to the social and cultural wellbeing of the co-creating party. This wellbeing is considered an important aspect of the value co-creation relationship, because the co-creating partners derive utility from it and ultimately it provides economic benefits.

In conclusion, in the subsistence markets context, Value-in-cultural context results from value co-creation that leverages culture as a resource. It occurs as value relating to the socio-cultural context enhances business performance enhancement, service delivery innovations and market development.

3. **Value-in-use**
The third type of value exposed as co-created in this study is Value-in-use. Value-in-use refers to the customer’s outcome, purpose or objective that is achieved by using the product-service (Vargo et al., 2008). Value-in-use is value that meets the customer’s goals. The FSP builds value in the specific product-service in terms of the attributes such as quality, innovation, pricing and relationship building to outperform competitors (ibid). When the service benefits are being realized, it becomes possible for the customer to evaluate these benefits in the form of Value-in-use. The Value-in-use emerging from the findings occurs in various ways, which includes community development and sustainability. Value-in-use in the context of this study is quite different from Value-in-transformational context because Value-in-use is not necessarily transformational, although it can lead to gradual transformation. Value-in-use instead meets the CME’s immediate goals. FSP15’s exposition throws further light on Value-in-use in the context of the study:

We recognize that these microenterprises have different ways of doing things and so what we do is storytelling. Using the local language, we tell them a story of a person who saves then the story of another who did not save so that they know why they should save because it brings business rewards etc…The ‘Teach-One’ loan for example, the Teach-One is a loan for catering services and with this loan we teach the microenterprises how to improve the hygiene and how to keep proper sanitation as well as the hygiene. The Teach-one loan is a [$100] on the average…We observe them demonstrate the practices that we have shown them – the cleanliness and neatness and the sales of the products are higher and they do confirm that they have more sales because they are putting into practice what they have learnt from us…(FSP15)

FSP15 expose that the Value-in-use to the CME of the Teach-one loan, originally intended for financing the business, now also lies in the enacting of new habits adopted
for improved sanitation and sustainability. These new habits in turn enhance sales. FSP15 indicates that there is the recognition that the CME communities have different needs and practices and therefore training is provided in a way that meets the peculiar goals of the CMEs. This Value-in-use also provides new skills and vision in a way that further enhances sales. As they learn new skills, the CMEs open up new economic options and also improve their environment. This moves the CME one step ahead as they apply the skills to enhance product quality and maximize sales.

Value-in-use improves the situation of CME communities, not just economically, but also results in a strong functioning community in itself. This situation falls in line with Cavaye’s (2006) exposition that rural community development provides physical, financial, human, social and environmental benefits.

4. Value-in-offering

The fourth type of value exposed in the findings as co-created between the FSP and CME is Value-in-offering. Value-in-offering is value the firm obtains from effectively applying the customer’s knowledge to its market offering (Ngo et al., 2008). The customer consumes, judges, and confirms the offering in value-in-use form (Normann and Ramirez, 1993). This study identifies Value-in-offering as value that provides continuing benefits to the FSP after tailoring of the product-service to suit the customer’s specific context. For example, the FSPs enhance their business performance and also create a platform to improve customer participation to create future resources. The Value-in-offering therefore provides enhanced capacity for the FSP to generate more value. FSP15 in his narration exposes this aspect of Value-in-offering:
In return we also get our rewards. You realize that their sales have increased so repayments also increase. Interest is between 20 and 40 percent so we increase our income. The customers they also inform others about our products. They use oral information to communicate around. The community is closely knitted so word goes around fast and other microenterprises get to hear about us and become our customers. This builds our reputation and we also obtain the platform to achieve more successes within the community. The microenterprises provide a lot of support this way...(FSP15)

FSP15 illustrates the Value-in-offering from value co-creation with the CME. In addition to increased income and image enhancement, he indicates that value co-creation with the CMEs also creates a platform for them to achieve more successes in the community. The CMEs provide testimonials and word-of-mouth recommendations and in a close-knit community, this spreads very fast. In subsistence markets contexts, face-to-face word-of-mouth recommendations are more prevalent than word-of-mouth channels such as buzz, blog, viral, brand advocates and social media marketing which require substantial investments to foster customer referrals. Word-of-mouth recommendations support new customer acquisition (Wangenheim and Bayón 2007) and in this context it is spiraled due to the close connections of the CMEs. This exposition is in line with Johannisson et al., (2002) explanation of how interactions of the dense fabric of relations within networks have interrelatedness beyond individual business-to-business relations. For example because of the dense fabric of relations, 30 small firms may have the potential to establish 435 reciprocated relations in every network they establish. Therefore from uncertain beginnings in these CME communities, the FSPs move into a long-term spiraling relationship with CMEs as partners to share the risk, provide additional efficiency and boost performance.
FSP2 provides additional insight into Value-in-offering that is experienced from value co-creating with the CME:

The relationship with CME2 is very very satisfactory… You know these SME customers they do a lot of transfers. [CME2] has several transfers to his suppliers, his customers … You can see the growth and it is amazing. You help one person and he recommends you to several other people and he helps you in the marketing and you get to see your portfolio growing… Well, the bank sees them as partners because they help in our profitability… These are people who know a lot about the market… So it is just that we are kind of intensifying [our products], making them better, kind of upgrading them to make them more attractive to the customers and do it in a more attractive, more professional and more simple way so that people can actually sign on to them… (FSP2)

FSP2 points to the three aspects of Value-in-offering obtained. The first is enhanced profitability from commissions and interest paid on the rapid turnover of transfers by the CME. The transfers of CME referred to by FSP are transfers to suppliers abroad through ICT channels. The second is the Value-in-offering that occurs in the increased attractiveness of product-services when they are streamlined to suit the local context. The streamlining of products makes the FSP appear more professional and hence enhances the brand image. Thirdly, FSP2 exposes how Value-in-use occurs in the form of the word-of-mouth recommendations that relies on the added credibility of person-to-person communication. The added credibility of the CME provides the element of adaptation because the CMEs are considered by the FSP as market experts who would have large networks and extensive influence in the market.

Word-of-mouth recommendations from CMEs can also be negative and at the same time provide Value-in-offering. Such negative word-mouth recommendations provide constructive criticisms and also create customer awareness of the FSP’s potential.
Such an exposure serves to enhance the FSP’s image. CME3 indicates that although he is engaging in value co-creation with the FSP, he thinks the process could further be improved to provide more Value-in-use and subsequently more Value-in-offering:

…I can personally say that the bank is helping me but they have a long way to go… And also the banks need to work hard because now we the SME we see that the bank is making a lot more money…Interest rate is high and even presently inflation is down and base rate is down and bank interest rate is so high … The way forward is that of an open forum and it should not be a talk shop ... After the forum the bank should be able to segment the market and look at one aspect of the segment. They can even partner with other organizations…There was a time banks sponsored SMEs and took them abroad to go and learn how other SMEs operate and this was a good thing. They should do more of such things…. (CME3)

CME3 is this narration indicates that FSP is not efficiently applying the customer’s knowledge and ideas obtained through value co-creation for Value-in-offering. CME3 alludes to the need of the bank to establish more extensive marketing and distribution networks in collaboration with business partners. He also refers to the need for the development of extensive service capabilities to assist international trade such as establishing a desk in the bank to support CMEs in their trade with China. Furthermore, he refers to the need for fair pricing with respect to interest rates and commissions. The findings therefore expose how Value-in-offering in subsistence markets dynamically results from Value-in-use and provides relevant benefits to both co-creating partners. This relatedness is demonstrated in figure 7 below.
Figure 7: Value-in-use and Value-in-offering as Types of Value Co-created
Figure 7 above demonstrates the mutually supportive and synergistic Values that are co-created in the form of Value-in-use and Value-in-offering. The FSP meets the CMEs goals by enhancing the CME’s business, social milieu and environment. This process involves the provision of skills to the CME. In the process of value co-creation, the FSP also efficiently applies the CME’s knowledge and ideas to acquire Value-in-offering in the form of business performance enhancements. As the CMEs are acquiring Value-in-use, they also provide word-of-mouth recommendations, which leads to a spiral of repeated business for the FSP and also brand image enhancement.

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In summary, based on the study findings, this study addresses the theoretical gaps in literature and provides a more comprehensive and holistic understanding of value co-creation, incorporating the elements that are unique to subsistence markets. More specifically, theoretical extensions result from 1) the extension of value co-creation literature by the consideration of two additional value co-creation activities; 2) the extension to creativity literature by the consideration of creativity techniques such as shared synergistic motivating to enhance fluency, flexibility and originality; art of challenging; improvisational bricolage and community animation 4) the extension to collateral learning literature by the consideration of learning congruence 3) the consideration of two additional types of value - value-in-cultural context and value-in-transformational context. 4) The considerations of the impacts of socio-cultural factors and environmental hostilities on value co-creation. This study therefore exposes a variation of value co-creation activities and develops a comprehensive framework. In the next section, the conclusions and discussions of this study are presented.
VI. CONCLUSIONS

A. Research Contributions

This study’s investigation into value co-creation in subsistence markets demonstrates that value co-creation can be highly dynamic and occur amidst a host of complex interactions and interpretations. Findings from this research provide a more comprehensive articulation of this theoretical phenomenon. This chapter begins with an overview of the advances this research makes to value co-creation theories. Furthermore, this study provides an analysis of value co-creation in subsistence markets as a dynamic process that adapts to resource constraints and weak business infrastructures.

1. Advances to current theories of value co-creation

The account of value co-creation in subsistence markets extends current theories by 1) introducing two new value co-creation activities; 2) highlighting the associations of culture with collaboration and dialogical interactions; 3) exposing how socio-cultural factors and environmental hostilities hinder or advance the value co-creation process; 4) introducing two new forms of value.

This study makes several advances to value co-creation literature. Findings from this research recast our understanding of value co-creation activities. First, “What is the customer’s perspective of value co-creation, whereby the customer also involves the firm-provider in their value co-creation processes?” This perspective extends current literature, which mainly considers the firm-provider’s perspective. Second, this study considers how value is co-created with other customers such as microenterprises.
This study demonstrates that value co-created with microenterprises, which form the majority of businesses with subsistence markets is different. Third, “How is value co-created in other contexts with weak business infrastructures and different socio-cultural factors and environmental hostilities such as subsistence markets?” This study demonstrates that the differences in socio-cultural factors and environmental hostilities influenced the value co-creation activities and the different types of value co-created.

Furthermore, this study reveals new creativity approaches and techniques drawn from relationships, which are applied during value co-creation. The highlight on the application of creativity approaches and techniques is in line with Sandstromm et al.’s (2008) suggestion that focusing on creating an innovative experience environment to facilitate customer creativity would enhance value-in-use. It is also in line with Potts et al.’s (2008) assertion that creativity is situated in systems of social interaction. The data illustrates that relationship-based creativity enhances idea-generation during value co-creation providing fluency (larger quantity of ideas), flexibility (different categories of ideas) and originality (unique ideas).

Another contribution to value co-creation literature is the incorporation of collateral learning as a value co-creation activity. The firm-provider learns from the customer by applying the customer’s operant resources (knowledge, skills and ideas) to co-create new products (e.g., Ballantyne and Varey, 2008); the customer learns as a result of access to the unprecedented amount of information made available in using the product-services (Prahalad and Ramaswami, 2004). Like Payne et al. (2006), this study discovers that a substantial amount of learning is obtained by the firm-provider through
engagement with the customer’s daily practices and the data show customers learning simultaneously from the firm-provider in a way that can be applied to several other projects. However, what is most critical is the fact that the data reveals that the learning of the customer and firm-provider eventually converges into a shared representation and understanding that addresses market realities. This situation has been referred to in this study as learning congruence.

Additionally, the findings support the fact that collaboration and dialogical interactions are value co-creation activities that occur with cultural underpinnings. Collaboration is to position the firm-provider as joint and equal partners and dialogical interactions are to effectively engage the customer through high interactivity. While technology has been the main focus as a facilitator of collaboration and dialogical interactions in value co-creation literature, this study discovers that cultural underpinnings are also critical components of collaboration and dialogical interactions. The value co-creation literature exposes how multiple interaction channels are created through specifically designed technological platforms such as the Internet (Prahalad and Ramaswami, 2004) and the existence of virtual interactive environments to personalize experiences for customers (Sawhney et al., 2005).

This focus on technology is understandable in the context of markets with strong business infrastructures. However, in subsistence markets where business infrastructures are weak, technology is not a central component of collaboration and dialogical interactions. Cultural underpinnings become highlighted. Cultural underpinnings in this context refer to values and ideals that influence individual behaviors. Authors such as Viswanathan et al. (2010) have highlighted the interactive, relational-embedded and
reciprocal nature of subsistence markets. Darley and Blankson (2008) also expose the fact that African culture promotes cultural values such as respect, long-term relationships, and preference for consultation and consensus during collaboration. Such cultural values are discovered in this research to be central to collaboration and dialogical interactions. In short, understanding cultural differences is critical for collaboration and dialogical interactions in a way that appropriately balances the costs and benefits for value creation.

The fourth contribution to the value co-creation literature is the consideration of the influences of socio-cultural factors and environmental hostilities on value co-creation. The importance of social and cultural dimensions of the larger scale environment as well as the market hostilities that temper with value co-creation has been underscored in the value co-creation literature. This study finds that socio-cultural factors and environmental hostilities both hinder and advance the value co-creation process by limiting or enhancing the value co-creation activities. This study responds to Penaloza and Venkatesh’s (2006) call for a paradigmatic shift to consider markets as a social construction and also responds to Arnould et al.’s (2006) call for a leverage of cultural resources. This paradigmatic shift is particularly relevant for subsistence markets where there are weak business infrastructures and business is profoundly influenced by a diverse set of cultural issues. The consideration of socio-cultural factors and environmental hostilities in the subsistence markets therefore assist in the development of a more comprehensive framework for value co-creation.

Much of the value co-creation literature has been devoted to the consideration of the different types of value. Value-in-use and value-in-offering have been identified as the main types of value. Whereas this study finds these types of value to be present in the
data, additionally two new types of value are identified. These are value-in-cultural context and value-in-transformational context. The data shows that there are different dimensions of these types of value. One theme of significance is that of community ecosystems. This concept builds on the study of Prahalad and Ramaswami (2004), which discusses how value co-creation transforms the market into a forum where dialogue among the consumer, the firm, consumer communities, and networks of firms can take place. In this context, community ecosystems refer to freely interacting networks within communities with constant evolution and adaptation during value co-creation. Consideration of such transformational types of value provides a focus on entirely new core competencies, which leverages cultural and social resources.

2. **Advances to current theories of creativity**

The concept of relationship-based creativity that emerges from the data involves the utilization of a variety of creativity techniques during value co-creation. Various creativity techniques have been developed to enhance creativity (VanGundy, 1988) and can be classified by the cognitive processes they try to incite (e.g., Sternberg and Lubart, 1999; Garfield et al., 2001). Sternberg and Lubart have exposed the fact that creativity techniques can be used to generate ideas that challenge existing business models and paradigms as well as create a social environment that reinforces the generation of ideas. This study builds on these expositions and, through its findings, reveals new structural aspects of the creative techniques that enhance fluency, flexibility, and originality. These aspects of creativity approaches draw from relationships in a relational-embedded environment and highlight the need for navigation in complex
interactions conditioned by markets with weak business infrastructures. The creativity approaches and techniques discovered in this study facilitate a number of adaptations to an infinite number of possible situations. Creative approaches identified in this study such as shared synergistic motivation, art of challenging, and community animation facilitate the discovery of new ways to act, new patterns of thought, practices and structures. Relationship-based creativity, while embodying a dynamic movement towards novelty, also embodies ideologies that create an atmosphere in which creativity thrives.

3. **Advances to theories of collateral learning**

This research shows that the value co-creating parties engage in the process of collateral learning, simultaneous learning of partners, which can be applied to a range of other projects. While extant literature has highlighted these aspects of collateral learning, they have not been considered in the context of value co-creation. This study also discovers that an aspect of collateral learning is the convergence of understanding and representations that occur during the process, named in this study as “learning congruence”. What is most insightful about learning congruence is that it provides direction for the collateral learning process. As an aspect of collateral learning, learning congruence facilitates a collectively shared perspective, awareness and understanding of the problem context and joint commitment of action. Learning congruence therefore facilitates substantial knowledge augmentation during collateral learning since it guides diverse perspectives, approaches, and processes until convergence. The richer learning effect is achieved by the scale and scope of learning that result, suited to local realities and maximizing the potential of success for the value co-creation project,
This kind of learning creates a strategic fit between the FSP’s knowledge resources and the CME’s knowledge resources resulting in a transformation that is multi-dimensional.

4. **Advances to theories of culture**

Several themes relating to culture emerge from the findings and extend the literature relating to culture. This includes the consideration of cultural underpinnings and influence of socio-cultural factors on value co-creation. Literature on culture has exposed various facets of cultures such as horizontal collectivism and vertical collectivism (e.g., Singelis et al., 2009). Horizontal collectivism relates to equality within the in-group and vertical collectivism relates to inequality in power within the in-group. While extant literature explicates the prevalence of either vertical collectivism or horizontal collectivism in various cultures, the data of this study supports the fact that both horizontal collectivism and vertical collectivism can co-exist simultaneously in the same culture. This phenomenon in this study is referred to as cross-collectivism. Since serving and sacrificing for the in-group is an important aspect of the collectivist culture, cross-collectivism was shown to have greater potential to advance the value co-creation process through enhancing relationship-based creativity and dialogical interactions. Additionally, another perspective on culture that is furthered by this study is the application of culture as a check on opportunistic behavior (e.g., Chen et al., 2001). The findings of this study reveal that while culture can be leveraged for deterrent-based trust by the use of socio-cultural networks to guarantee non-opportunistic behavior, this can be superseded by relational-trust and calculus or knowledge-based trust over a period of time during collaboration. This interplay and transposition of various aspects of trust provided by the
socio-cultural networks of the co-creating parties have been referred to in this study as culture-based trust. This concept of culture-based trust throws further light on earlier discussions in literature on culture that exposes culture as providing the basis for trust.

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This research makes clear that value co-creation can be additionally dynamic and complex in the context of subsistence markets with different socio-cultural factors and environmental hostilities. Furthermore, this study exposes that although the value co-creation activities of relationship-based creativity, collateral learning, collaboration, and dialogical interactions with cultural underpinnings are beneficial to both co-creating partners, some are more beneficial to the CME than the FSP and vice versa. For example, collateral learning is extremely transformational for the CME since it addresses and corrects their marketplace illiteracy. Relationship-based creativity is also extremely beneficial to the FSP since it provides transformational ideas that drive service-delivery innovations and business performance enhancements. The related nature of the value co-creation activities ensures that value is dynamic for all co-creating parties. Overall, this study provides a more comprehensive framework for value co-creation that is applicable in many markets. The next section provides a discussion of this study’s implications for marketing practice.
B. **Implications for Marketing Practice**

This study points to the fact that marketers require a more thorough understanding of value co-creation in order to drive creativity and innovation within the market for future services. An implication of this study is the need for practitioners to introduce programs, initiatives and incentives that encourage the firm to become more involved in the customer’s business and also move beyond merely learning from the customer to engage in collateral learning with the customer. Businesses can apply the findings of this study for efficient value co-creation of new service innovations, accounting for the unique conditions of subsistence markets. For instance, in subsistence markets due to the lack of market information and sophisticated business infrastructures, practitioners can focus on developing community ecosystems, which significantly differs from traditional dynamics of leveraging networks. This would be a viable platform for infrastructural development in subsistence markets with weak business infrastructures. For markets with strong business infrastructures, community ecosystems can conveniently be built online through social media to generate a high involvement structure that would spiral the value co-creation process. Hence, to be relevant, FSPs need to develop planning, control and performance measurement systems, which account for (i.e., predict, measure and evaluate) collateral learning. Learning congruence, which would bring knowledge stocks more in line with the reality of current market trends and become a critical success factor during value co-creation, would facilitate this.

Additionally microenterprises and other customers can be educated that it is much more advantageous to allow the firm-provider to become involved in their business for relationship-based creativity and collateral learning. Subsistence communities can benefit
by utilizing the study findings to leverage cultural and social resources in order to improve the livelihoods and quality of life of their members. A possible avenue for using these findings is for communities to improve their linkages between the rural and urban areas applying community animation to co-create service delivery innovations. These creativity techniques can lead to enhanced savings rates, social ties, and cooperative economic relations. Female CMEs in rural areas in particular may be empowered economically and socially, boosting household incomes and social sustainability.

Governmental and nongovernmental organizations can use the study findings, to foster economic growth in subsistence markets or in areas of resource scarcity by initiating and/or guiding effective co-creation projects between local CMEs and banks or other institutions. An example is to provide training to potential collaborators so their co-creation process involves direct, deep, two-way engagement, a feature of the value co-creation framework. Another example is to develop co-creation incubators, similar to Research and development technology parks, but specific and scaled to local conditions in emerging nations. These incubators can house collaboration partners, providing practical support for their projects.

C. **Limitations of the Study and Future Research Direction**

This study has several limitations. Firstly, this study is conducted in the context of only one country, Ghana. However, there is a lot of similarity in how business is conducted in Africa, which is the second largest continent. Also, the findings are applicable to many markets. Secondly, this study focuses on only one business industry. However, the financial industry selected is one of the largest markets in all parts of the
world. Finally, this research is also directed only towards microenterprise customers. Microenterprises constitute over 90% of businesses in subsistence markets which form over two-thirds of the world’s population and therefore this segment of customers are a large percentage of customers. Additionally the microenterprise customers selected belonged to different industries. Future research can however explore value co-creation in different countries and different industries using different business customers to uncover additional aspects relating to value co-creation activities.
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