

# Learning from the resourceness blind spot for service innovation at the base of the pyramid

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## Abstract

**Purpose** – This paper aims to investigate whether and why the base of the pyramid (BOP) actors display passive innovation resistance because of which they reject service innovations without evaluation and forfeit potential to improve their well-being. The resourceness concept, referring to the outcome of how actors appraise and integrate resources in pursuit of a purpose at hand, is used as a theoretical lens to investigate the everyday consumption behaviour of BOP households and helps to investigate how and why passive innovation resistance occurs. The outcomes of the study help address important theoretical and practical considerations for the development of successful new service concepts at the BOP.

**Design/methodology/approach** – Narrative interviews with 29 households in Zambia provide data, from which patterns in how potential resources do or do not become real are identified and related to the concept of passive innovation.

**Findings** – Economic, social and other factors in the BOP context clearly influence non-random patterns of resource integration which are correlated with passive innovation resistance. This can lead to service innovations being ignored and/or misunderstood prior to evaluation for adoption. This is a risk to the potential positive impact of service innovation for poverty alleviation at the BOP.

**Practical implications** – Service innovation at the BOP must begin with a deep understanding of “how” and “why” consumers typically appraise and integrate potential resources to achieve a beneficial outcome in their context. To overcome the barrier of passive innovation resistance, marketing education must stimulate an understanding of potential benefits and motivation towards the change associated with the adoption of service innovation.

**Social implications** – The findings support more successful service innovation strategies for the BOP, which can provide vital infrastructure for the alleviation of poverty.

**Originality/value** – The application of a service-dominant logic perspective in the BOP context and the conceptual linkage between resourceness and passive innovation resistance is novel. Valuable insights are gained for service practitioners at the BOP and for further conceptual development of innovation resistance in the BOP context.

**Keywords** Service innovation, Base of the pyramid, Quality of life, Service dominant logic (SDL), Passive innovation resistance, Resourceness, Context

**Paper type** Research paper

## 1. Introduction

Living in poverty is a reality for approximately half the world's population (World Bank, 2018a), collectively known as the base of the pyramid (BOP). The role of firms in improving life circumstances at the BOP by providing innovative goods, services and entrepreneurial opportunities has garnered academic and commercial attention (Burgess and Steenkamp, 2006; Hammond *et al.*, 2007; Kolk *et al.*, 2014; London, 2016; Prahalad and Hart, 2002) and is a frontier of management and service research (Blocker *et al.*, 2013; Fisk *et al.*, 2016; Ingenbleek, 2014; Kistruck and Shulist, 2020; Kolk *et al.*, 2014).

Basic service systems such as health and financial services and life support services such as food and water, provide the important infrastructure that contributes to achieving

improved living standards for those in poverty (Ben Letaifa and Reynoso, 2015; Fisk *et al.*, 2016; Gebauer and Reynoso, 2013; Nasr and Fisk, 2019; Prevote and Robertson, 2019). The inability to access innovative service systems implies the inability to realise the potential value (Fisk *et al.*, 2018; Fisk *et al.*, 2016), leading to multidimensional poverty (Gebauer and Reynoso, 2013; World Bank, 2018b). In this study,

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innovation is “an idea, practice or object perceived as new by an individual or other unit of adoption” (Rogers, 2010, p. 36).

For example, 1.7 billion people remain unbanked globally, two-thirds of whom have a mobile phone but are unable to use mobile banking (World Bank Group, 2018). Many mobile phone owners cannot use applications with real potential for the improvement of life circumstances such as government services and education (Mbogo, 2010; Zainudeen and Ratnadiwakara, 2011). Innovations with the aim of poverty alleviation have frequently failed in the BOP context (Garrette and Karnani, 2010; Karamchandani *et al.*, 2011), which prompts the need to investigate why. This means gaining insight into the limitations and availability of resources and the way in which they are or must be, integrated at the BOP. This is the basis for the development of context-appropriate, innovative services (Patricio *et al.*, 2018; Ben Letaifa and Reynoso, 2015) with the potential for adoption, and thus poverty alleviation.

Service innovation covers a wide range of service types (Storey and Hughes, 2013) and service objectives (Martin *et al.*, 2016) and strives towards developing new or enhanced intangible offerings intended to benefit the customer. To succeed, the innovation process must rely on the ability to assimilate outside knowledge, specifically of the service ecosystem, important dimensions of service quality and service delivery systems. The added value of innovative service is “in the eye of the beholder”, and thus determined by the beneficiary (Dean and Indrianti, 2020; Grönroos, 2001), but as it is based on intangible new ideas, customers struggle to assess in advance what the experience will be and what will be delivered (Parasuraman *et al.*, 1985; Toivonen-Noro and Kijima, 2018).

Whilst the failure rate of service innovation, similar to that of product innovation, is generally approximately 40% (Castellion and Markham, 2013; Storey and Hughes, 2013), this can be even higher at BOP because of the lack of a market infrastructure and other contextual factors (Garrette and Karnani, 2010; Karamchandani *et al.*, 2011). This study, however, does not focus on the failure of service innovation to meet customer expectations. Rather, it is concerned with investigating whether barriers to adoption, based on passive innovation resistance, prevent consumers from being motivated to consider the adoption of service innovation. Consumer motivation to evaluate a service innovation is a pre-requisite for adoption and the BOP offers an appropriate context to investigate the pre-requisites for innovative services to get adopted (Dean and Indrianti, 2020) and one that has not been widely researched to date (Fisk *et al.*, 2016; Gebauer and Reynoso, 2013).

The BOP is a novel context wherein established theories and frameworks require fresh insights to avoid blind spots in the process of service innovation. Resourceness, the degree to which a specific potential resource is actualised (in a specific context), is one of these blind spots. It refers to the realisation of potential resources through human appraisal and action (Lusch and Vargo, 2014), which is an intricate part of the process of innovation appraisal and adoption. Resources are an abstraction (Koskela-Huotari and Vargo, 2016) and their meaning depends on the unique set of practices, symbols and organising principles in context. Novelties themselves are

recursive in the sense that user knowledge is critical and leads to an innovation being modified in the use context through actor interpretation and the incorporation of novelties into social practice (Kim and Mauborgne, 1999).

Collective purchasing power at the BOP is high and millions of micro-level transactions take place daily in subsistence marketplaces (Viswanathan *et al.*, 2010), from which it is imperative to learn whether the market is to be the mechanism of development (Faulconbridge, 2013). Poverty means limitations and a low margin for error in household spending but also rich social capital and creative problem-solving in complex service ecosystems that lack the characteristics of neo-classically defined markets (Gradl *et al.*, 2017; Pels and Mele, 2018). This study is concerned with the actions and motivations of consumers in their own service ecosystem because the actions of consumers are determined and constrained by forces in this social system where value co-creation occurs (Dean and Indrianti, 2020; Helkkula *et al.*, 2018).

Framing the social issue of poverty in terms of a market with a market solution (Dolan and Roll, 2013; Faulconbridge, 2013) implies manifold dimensions of change in consumer practices. New resources must be included in new patterns of resource integration to co-create value that can go so far as to change value categories and perceptions of benefit. Successful service innovation means defining a novelty as an understandable and compelling bundle of benefits (Slater, 2002); for example, “Soap is not only a cleaning agent but also an antidote to infant mortality” (Dolan and Roll, 2013, p. 130).

In this study, consumer practices of resource integration at the BOP, in the everyday fulfilment of household consumption needs, are investigated to reveal how resources do or do not obtain their resourceness in the context of BOP service ecosystems and whether this has implications for the adoption and diffusion of service innovations. Following the notion that the adoption of a service innovation implies a need for change for the adopting consumer, addressing the resourceness blind spot can help to understand whether that change is likely to provoke resistance. The findings support further development of service-dominant logic (SDL), diffusion of innovation theory and the design of superior service innovations.

## 2. Theoretical background

This section elucidates the BOP context and provides a theoretical underpinning of the concept of resourceness in the SDL discourse and innovation adoption resistance; this demonstrates the relevance of the research questions.

### 2.1 The base of the pyramid context

Whilst BOP contexts are found in various locations, there are unifying characteristics. Poverty is not merely a shortage of money but a lack of basic elements of well-being (World Bank, 2018b). Resource scarcity is a fact (Pels and Mele, 2018) that BOP consumers cope with daily. Economic constraints (Banerjee and Duflo, 2011; Pels and Kidd, 2012) and low product knowledge (Yunus, 2010) are compensated for by non-market sourcing strategies depending on social capital, social networks (Viswanathan *et al.*, 2010) and the creative use of resources from non-market sources (London *et al.*, 2014).

These micro-level transactions are embedded in layers of meso and macro social systems that simultaneously provide direction and constraints on individual actions (Fisk *et al.*, 2016; Lawler *et al.*, 2016; Turner, 2016). This is a novel and complex context, likely to yield patterns of consumer practices beyond current theoretical insights, as the context is seldom covered in extant market theories (Dean and Indrianti, 2020; Brodie and Peters, 2020; Kistruck and Shulist, 2020).

## 2.2 Resourceness in the service-dominant logic discourse

SDL is an important unifying framework that emphasises the consumer as a beneficiary, patterns of resource exchange and integration and outcomes such as value in context (Koskela-Huotari and Vargo, 2018). Exchanges are unique and experiential with the value determined by the beneficiary (Axiom 4), who is always a co-creator of value (Axiom 2) (Vargo and Lusch, 2016), as opposed to traditional views of value propositions predefined by a manufacturer/seller (Kline and Rosenberg, 1986; Toivonen-Noro and Kijima, 2018). Value is co-created in a given context and is conditional upon that context (Helkkula *et al.*, 2018), thus requiring contextual investigation (Brodie and Peters, 2020). SDL is, thus, highly appropriate as a framework for the analysis of consumer practices at the BOP, which to date are largely uncharted but assumed to be different from those of consumers at higher levels of economic strata.

In SDL, resources are considered abstractions (Koskela-Huotari and Vargo, 2018); resources *are* not, they *become* (de Gregori, 1987) and as such, they gain their resourceness (Lusch and Vargo, 2014). This is understood as the ability of potential resources to facilitate the achievement of a desirable outcome, achieving the purpose at hand (Koskela-Huotari and Vargo, 2018; Lusch and Vargo, 2014). This process is driven by service consumer appraisal and action, which is contextual and systemic and depends on the institutional arrangements that are used as a sense-making frame (Koskela-Huotari and Vargo, 2016). Consumers only draw on the potential of resources when they have had the opportunity to develop skills and knowledge to integrate these with other resources (Peters, 2018; Koskela-Huotari and Vargo, 2018). Understanding the motivation and behaviour of resource integrators and implications thereof for adoption is, thus, the appropriate starting point for a service innovation process (Kleinaltenkamp *et al.*, 2012; Lusch and Vargo, 2014; Vargo and Lusch, 2017).

Innovation is not about goods or materiality *per se* but fundamentally about human knowledge and skill development (Lusch and Vargo, 2014). Consumers bring previous experience, skills, knowledge and access to other resources into each service encounter and evaluate functional, technical and image dimensions of quality based on what they experience in that encounter (Bitner *et al.*, 1994; Grönroos, 1990; Kang and James, 2004). The service environment, including ambient conditions and social factors, affects the perception of functional quality (Grönroos, 1990). In the BOP context, environmental factors such as a lack of basic infrastructure, social norms and economic limitations are inseparable from consumer behaviour patterns such as lack of motivation for change (Behailu *et al.*, 2017). How consumers navigate the context of a service encounter directly affects their resource use

and integration (Lusch and Vargo, 2014; Vargo and Lusch, 2017). It is important to specify the resources that are and are not integrated (Kleinaltenkamp *et al.*, 2012), as their contextual value, and thus their resourceness is conditional on circumstances, access, consumer skills and knowledge (Akaka *et al.*, 2013; Chandler and Vargo, 2011; Vargo and Lusch, 2017). For example, how does illiteracy or a lack of formal education impact operant resources such as consumer knowledge or motivation to reach a positive future state and how does poverty impact the operant resources purchasing power and prioritisation of spending?

## 2.3 Diffusion of innovation theory and passive innovation resistance

Diffusion of innovation theory explains how individuals navigate a decision-making process that goes from the initial knowledge of the existence of innovation to forming an attitude towards it and deciding to adopt or reject (Rogers, 2010; Wejnert, 2002). More recent theoretical discussion is concerned with exploring barriers that impede the innovation-decision process that is driven by resistance towards the change that an innovation embodies (Heidenreich and Spieth, 2013; Laukkanen, 2016; Ram and Sheth, 1989). In the presence of high levels of innovation resistance, for example, the early stages of the innovation-decision process may be disrupted and yield alternative outcomes such as postponement or rejection (Laukkanen, 2016; Talke and Heidenreich, 2014; Heidenreich *et al.*, 2016; Ram and Sheth, 1989). These are decision outcomes reflecting an actor's (un)willingness and (in)ability to integrate resources.

Innovation resistance is considered in active and passive forms. Active resistance occurs when a negative attitude towards a new product or service is formed based on a deliberate, cognitive evaluation of innovation-specific factors (Laukkanen *et al.*, 2008; Talke and Heidenreich, 2014) such as functional or psychological benefits (Heidenreich and Handrich, 2015; Ram and Sheth, 1989). Passive innovation resistance, in contrast, is an individual-level predisposition to resist innovation which is based on the degree to which the adoption of a given new product or service is anticipated to cause discontinuity or change (Heidenreich and Kraemer, 2015). Both passive and active forms of innovation resistance relate to the (un)willingness and (in)ability to integrate resources and are conceptually related to resourceness (Table 1).

Passive innovation resistance determines the whole course of the adoption process because it is apparent in the early stages and leads to an individual already rejecting an innovation before cognitive evaluation of innovation-specific factors takes place (Heidenreich and Handrich, 2015; Nabih *et al.*, 1997; Ram and Sheth, 1989; Talke and Heidenreich, 2014). It is defined as “the resistance to change imposed by an innovation. It evolves from adopter-specific factors that form personality-related inclination to resist changes and situation-specific factors that determine their status-quo satisfaction” (Talke and Heidenreich, 2014, p. 897). The individual inclination to resist change is an important inhibitor of innovative behaviour (Oreg, 2003). The most prominent conceptualisation (Heidenreich and Handrich, 2015; Talke and Heidenreich, 2014) is based on six elements:

Table 1 Conceptual underpinning of resourceness and innovation resistance

Base of comparison	Resourceness	Innovation resistance
Theoretical underpinning and conceptualisation	Originates in S-D logic, Axiom 1. Service is the fundamental basis of exchange, FP4: Operant resources are the fundamental source of competitive advantage Resourceness is the quality and realisation of potential resources through the process of human appraisal and action, which then transforms potential resources into realised resources (Lusch and Vargo, 2014)	Originated through the theory of innovation diffusion (Ram and Sheth, 1989) The resistance offered by consumers to changes imposed by innovations either in a passive form, stemming from a genetic predisposition to resist innovation or in an active form which is an attitudinal outcome that follows an unfavourable new product evaluation (Heidenreich and Spieth, 2013; Talke and Heidenreich, 2014)
Relation to processes of service innovation and diffusion	Innovation is about applied knowledge used to create resourceness through integration with other resources and to apply these resources to provide service. Activating resourceness is a key factor in the success of both service innovation and diffusion (Lusch and Vargo, 2014; Peters, 2018)	Innovation resistance leads to innovation either not being evaluated or being rejected post evaluation. The process of actor resource integration is hindered, through rejection or postponement of the innovation adoption decision. Passive innovation resistance generates a stronger predisposition to resist innovations (Heidenreich and Handrich, 2015; Heidenreich et al., 2016; Talke and Heidenreich, 2014).
Antecedents	Actor knowledge, which, when applied, unleashes potential resources, enabling resources to be applied and integrated Actor knowledge is dependent on socio-economic status and culture Access to resources enabling actors to integrate with more resources (accessness) Activation process is necessary to overcome resistance or barriers that hinder the realisation (Lusch and Vargo, 2014)	Passive innovation resistance: <i>Adopter-specific factors</i> Reluctance to lose control, cognitive rigidity, lack of psychological resilience, avoiding short-term effort, preference for low levels of stimulation, reluctance to give up old habits <i>Status-quo satisfaction</i> Tendency to prefer existing situation regardless of the higher utility of alternative, level of satisfaction with the current situation Active innovation resistance: <i>Functional barriers</i> based on the perception of value, complexity, compatibility, co-dependence, visibility, communicability, amenability and realisation barrier <i>Psychological barriers</i> based on the perception of the norm, image, information, personal risk barrier, economic risk barrier, social risk barrier (Heidenreich and Handrich, 2015)

- 1 fear of loss of control;
- 2 cognitive rigidity;
- 3 lack of ability to cope with change as a stressor;
- 4 low need for stimulation;
- 5 desire to avoid effort in the short term; and
- 6 reluctance to give up old habits (Oreg, 2003).

Further, situation-specific factors such as the general prevailing level of innovation on status quo satisfaction (Heidenreich and Handrich, 2015) and satisfaction with status quo, i.e. products or services currently used, provide an important reference point for the innovation-decision process. When exposed to innovation, individuals frequently prefer tried and trusted approaches (Van Tonder, 2017); meaning that innovations with superior qualities, irrationally, do not get considered (Szmigin and Foxall, 1998).

**2.4 Research questions**

The challenges in service innovation and diffusion for BOP beneficiaries are manifold (Garrette and Karnani, 2010). Based on the low level of market infrastructure, new markets must be created through the institutionalisation of new patterns of

consumption and demand (Dolan and Roll, 2013; Faulconbridge, 2013). This requires change, often towards new preventive behaviour (Rogers, 2010) such as saving to avoid financial risk. For the beneficiary, this is highly intangible and potentially represents a large degree of newness. Forces in the social system affect actor appraisal and actions, for example, through lack of market infrastructure or low consumer literacy. This may constitute a barrier to integrating potential resources and enabling resourceness. The nature of the barrier depends on extant patterns of resource integration, as these are powerful indicators of the predisposition towards new resources (Talke and Heidenreich, 2014). This leads to the following research question:

*RQ1.* How do extant patterns of resource integration relate to a lack of resourceness as a result of status quo BOP consumption behaviour and what are its antecedents?

Resourceness is pivotal to service innovation because it is directly connected to the activation of resources in context and patterns of resource integration. Resourceness is an important indicator that can reveal the potential existence of passive

innovation resistance at the BOP. This provides a basis for the discussion of implications for practitioners of service innovation and delivery:

*RQ2.* How is potential passive innovation resistance revealed through the lack of resourceness of the resources discussed in the BOP sample?

### 3. Method

#### 3.1 Sampling and data collection

Interviewees were recruited through a snowballing approach, which is considered appropriate for BOP contexts (Ingenbleek *et al.*, 2013; Viswanathan *et al.*, 2017), in the city of Ndola in Zambia. With over half the population classified as poor, Zambia represents a BOP context (World Bank, 2018a). A local research assistant supported interviewee selection and the development of inclusion criteria:

- adult responsible for or involved in household consumption choices;
- having an income;
- urban dweller and
- willing to share information on household consumption; and
- likely to be poor.

At 29 narrative interviews, new insights for the formation of consumption categories and patterns of resource integration were no longer generated and saturation was reached (Boeije, 2009; Ingenbleek *et al.*, 2013). Organisation of data and meta findings were shared with two Zambian experts in consumer behaviour. This provided important context expertise to avoid misinterpretation based on researcher unfamiliarity (Reynoso *et al.*, 2015) (Table 2).

In line with the Zambian census approach, consumption expenditure is used as a proxy for household income, as individuals are more willing to report consumption than income [Central Statistical Office (Zambia, 2016)]. This results in the categorisation of interviewees according to the degree of poverty, reflecting various degrees of inability to afford minimum basic human needs, comprising food and non-food items, given total income [Central Statistical Office (Zambia), 2016]. Of the 29 interviews, seven were with non-poor informants, enabling identification of contrasts in patterns of behaviour, the average age was 40, with 62% male and 38% female interviewees (see Table 2 for an overview).

#### 3.2 Data gathering

Qualitative narrative interviews according to the methodology outlined in Jovchelovitch and Bauer (2000) and based on a format systematised by Schütze (1992) were systematically applied in data gathering. This is a form of unstructured, in-depth interviews with specific features conducted using a four-step elicitation technique (Jovchelovitch and Bauer, 2000). The interview begins with one central question: “Can you tell me how you spent your household budget last month”? To avoid a “question-answer” structure and elicit self-generated narrations on the topic of interest, the interviewer avoids asking “why” and merely uses prompts to keep the story flowing. In a series of “small stories”, interviewees recount lived experience

in field texts rich in authentic recounts of social life and with a minimum of interviewer mediation (Bamberg, 2006; Dwyer, 2017) and this allowed informants to feel comfortable at their own cognitive level (Viswanathan *et al.*, 2017). All interviews were conducted in Ndola with the support of a local research assistant. The epistemological viewpoint of this study and the low volume of research in this field to date are factors influencing the choice of qualitative research and this phenomenological form of narrative research (Dwyer, 2017; Jovchelovitch and Bauer, 2000; Ingenbleek *et al.*, 2013).

Data were gathered systematically according to the given schema and with a minimum of interviewer intrusion to avoid, as much as possible, that the outcome is an artefact of the chosen method (Dwyer, 2017; Freeman *et al.*, 2007). This constitutes good evidence, as it is consistent with the SDL underpinning the study, is collected systematically, is authentic and is compelling (Freeman *et al.*, 2007).

#### 3.3 Data analysis

Narrative interviews generate a wide variety of stories and rich data in the form of spoken words. Interview quotes are the raw material for constructing evocative representations that recreate lived experiences (Dwyer, 2017; Freeman *et al.*, 2007). There is no prescribed procedure for the analysis of such data (Jovchelovitch and Bauer, 2000). The scheme proposed by Schütze (1992), which facilitates the organisation and analysis of such diverse material, is adapted to the particularities of this study and applied systematically. This procedure for data analysis is outlined in Table 3.

Findings in relation to research question one – *How do extant patterns of resource integration relate to a lack of resourceness as a result of status quo BOP consumption behaviour and what are its antecedents?* – are summarised in Table 4 and discussed in Section 4. This provides the basis for discussion on research question two – *How is potential passive innovation resistance revealed through the lack of resourceness of the resources discussed in the BOP sample?* – which is illustrated and discussed in Section 4.

### 4. Findings

The findings show that patterns of status quo actor (consumer) practices equate to barriers to the evaluation of service innovation. The functional dimension of a service concept is not evaluated thoroughly because the motivation to change, i.e. the change associated with the adoption of an innovation, is low. Target adapters prevent or postpone the adoption of services that have the potential to improve life circumstances.

#### 4.1 Status quo patterns of resource integration

Four consumption categories, groceries, utilities, financial services and telecommunication, emerged as most significant after the initial steps of organisation and analysis of interview material. Table 4 provides an initial, condensed overview of the status quo patterns of “what” and “why” in consumption behaviour that emerge from the narrative recounts of daily life in the sample.

The next step in the analysis was to express findings in the theoretical frame of SDL through the concepts of “resource”, “resource integration” and “value in context”. This enables the

Table 2 Overview of interviewees

Poverty category	Interviewee	Characteristics
Extremely poor	2	Male, 25 years, student, orphaned, household of 2 people
	5	Male, 25 years, casual worker, household of 6
Moderately poor	1	Male, 22, student, household of 4
	7	Male, 45, butcher, household of 4
	9	Female, 62, retiree widow, household of 5
	12	Male, 55, pastor
	13	Female, 50, pastor and trader, household of 6
	15	Male, 67, retiree, household of 5
	16	Female, 60, retiree, household of 5
	17	Male, 49, shopkeeper and pastor, household of 6
	18	Male, 55, pastor, household of 8
	19	Male, 55, teacher and community leader, household of 6
	20	Female, pastor, household of 13
	21	Male, 59, security guard, household of 8
	22	Male, 22, receptionist in a hotel, household of 6
	23	Female, 39, chambermaid, household of 6
Non-poor	24	Female, 36, cleaner, household of 5
	25	Female, 35, domestic staff, household of 1
	26	Male, 40, security guard, household of 8
	27	Female, 43, nurses aide, household of 5
	28	Male, 22, casual labourer, household of 5
	29	Male 29, gardener, household of 6
	3	Female, 21, student, household of 6
	4	Female, 20, student, household of 5
	6	Male, 26, IT specialist, household of 1
	8	Female, 55, housewife, household of 6
	10	Male, 30, office worker, household of 3
11	Male, 27, office worker, household pf 2	
14	Male, 55, senior manager, household of 6	

Notes: according to [Central statistical office (Zambia), 2016] and based on consumption reporting: **Extremely poor** means households at or below the food poverty line. **Moderately poor** means households at or below the basic needs poverty line but above the food poverty line. **Non-poor** means above the basic needs poverty line

Table 3 Procedure for data analysis

Step	Analysis task	Output of analysis
1	Organisation and review of raw data according to chronological and non-chronological events	Notes per interview
2	Construct order of events for the deployment of household budget based on chronological information	Individual trajectories per interview outlining how informants organise tasks associated with household consumption
3	Search for evidence of “reasons why” by adding non-chronological information to the individual trajectories	Description of individual organisation of tasks associated with household behaviour including evidence-based “reasons why”
4	Comparison across each individual trajectory to identify common patterns of consumption behaviour. Basis of comparison used: consumption category	Grouped trajectories according to main consumption categories with a description of the pattern of consumer behaviour and main “reasons why” for each category (Table 4)
5	Per consumption categories (Table 4) identification according to S-D logic concepts of “resource”, “resource integration process” and “value in context”	Overview of patterns of resource integration, the respective drivers and value in a context which emerge from evidence: Figure 1
6	Reorganisation and grouping of patterns of resource integration according to emergent reasons why and extraction of a system of antecedents to resourceness which emerges from data	Figure 1 showing emergent antecedents to resourceness in the BOP sample

grouping of processes and conclusions to be drawn regarding resourceness in the status quo of consumption behaviour. These findings are summarised in Figure 1. The process of actor appraisal in all four consumption categories led to a

reduced set of potential resources becoming actual resources. This reflects the notion that resources, being subject to the availability of other resources and the purpose at hand, are dynamic and contextual (Lusch and Vargo, 2014; Vargo and

Table 4 Synthesis of consumption behaviour and “reasons why” per consumption category

Consumption category	Brief description of the category	Patterns of status quo consumption behaviour and “reasons why”
<b>Groceries</b> Had the highest priority in spending, frequently using up the bulk household income	Household choices regarding a monthly basket of food, drink, toiletries and basic household needs, for example, candles	Secure household grocery needs as soon as money is available by shopping for minimum household needs until the next payday. This requires rigorous budgeting, planning and self-discipline. Transactions happen in informal settings: local grocers, open markets and single traders. Storable foodstuffs with long shelf life are preferred
<b>Utilities</b> Mentioned in all narratives. Frequently as a non-purchase decision. Lack of connection to the electricity grid, equipment such as electric cooker, fridge or wiring for lighting as a reason for not using electricity	Two different sub-categories of commercial utilities were mentioned. These are electricity and main water (and in connection with this, drinking water)	Commercial utilities were used by a small proportion of the sampled households. Reported distrust of the cost and quality of commercial utilities (electricity and water). Traditional substitutes were used by most households, e.g. charcoal and candles and preferred because of tangibility (control of usage), trust and affordability
<b>Financial services</b> Mentioned in all narratives	Different financial service offerings were mentioned. These were offline branch banking services such as bank account and loan, mobile money, private savings clubs (local name: <i>Ichilimba</i> ) and government health insurance and pension schemes	All respondents had a bank account to receive their salary. Further branch banking services were reportedly distrusted, and thus not used. In isolated cases, mobile money was used and appreciated. Saving happens either through private saving groups, that also can extend loans or through investment in assets such as mobile phones and property. Lack of consumer knowledge regarding insurance. Distrust towards the state pension fund
<b>Mobile phones and related services</b> Mentioned in all narratives, but the clear difference in prioritisation across poverty categories	The decision to purchase a handset and use either airtime (minutes for making calls) or bundles (data packages to use the internet)	Aspirational consumption category with a clear appreciation of the advantage of ownership in all narratives. Households at lower levels of poverty lack the cognitive skills to use mobile services. Frequent mention of inability to fund minutes or internet bundles rendering the handset ineffective

Lusch, 2017; Peters, 2018). The fundamental preconditions for resourceness are the possession by actors of the ability to integrate resources together with access to such resources (Lusch and Vargo, 2014). A pattern of resource usage in context with specific traits emerges from this BOP sample. Actor appraisal processes resulted in a bias in favour of the integration of private resources, as opposed to market-facing or public resources, in the fulfilment of household needs in all four categories of consumption (Figure 1).

4.2 Antecedents of resourceness

Five categories of antecedents of resourceness emerge from the analysis of actor appraisal and action towards resource integration in this sample. This grounded system of antecedents confirms the notion that resource integration at the BOP is contextually influenced (Helkkula et al., 2018; Koskela-Huotari and Vargo, 2016; Pels and Mele, 2018; Peters, 2018). The following discussion uses samples of interview data for illustration purposes.

4.2.1 Limitations in actor skills and knowledge

As shown in Figure 1, patterns of resource integration that emerge from the analysis of the data indicate that limitations in actor skills, for example, illiteracy or low purchasing power, act as a barrier to the activation of further operand resources. This was frequently and clearly expressed across all narratives and

categories. As an example, budget constraints influence the choice of operand resources and the processes of resource integration. The need to gain control through budgeting and self-restraint is pressing. There is no margin for wrong or wasteful spending:

“When we make the budget, we can see that the money is completely finished”. (Interviewee 21)

“Many people cannot afford three meals per day. Whatever they can buy they call that food. They will not have breakfast and lunch, but they will have supper”. (Interviewee 18)

“Essentials like electricity have to be cut if the money is not there”. (Interviewee 28)

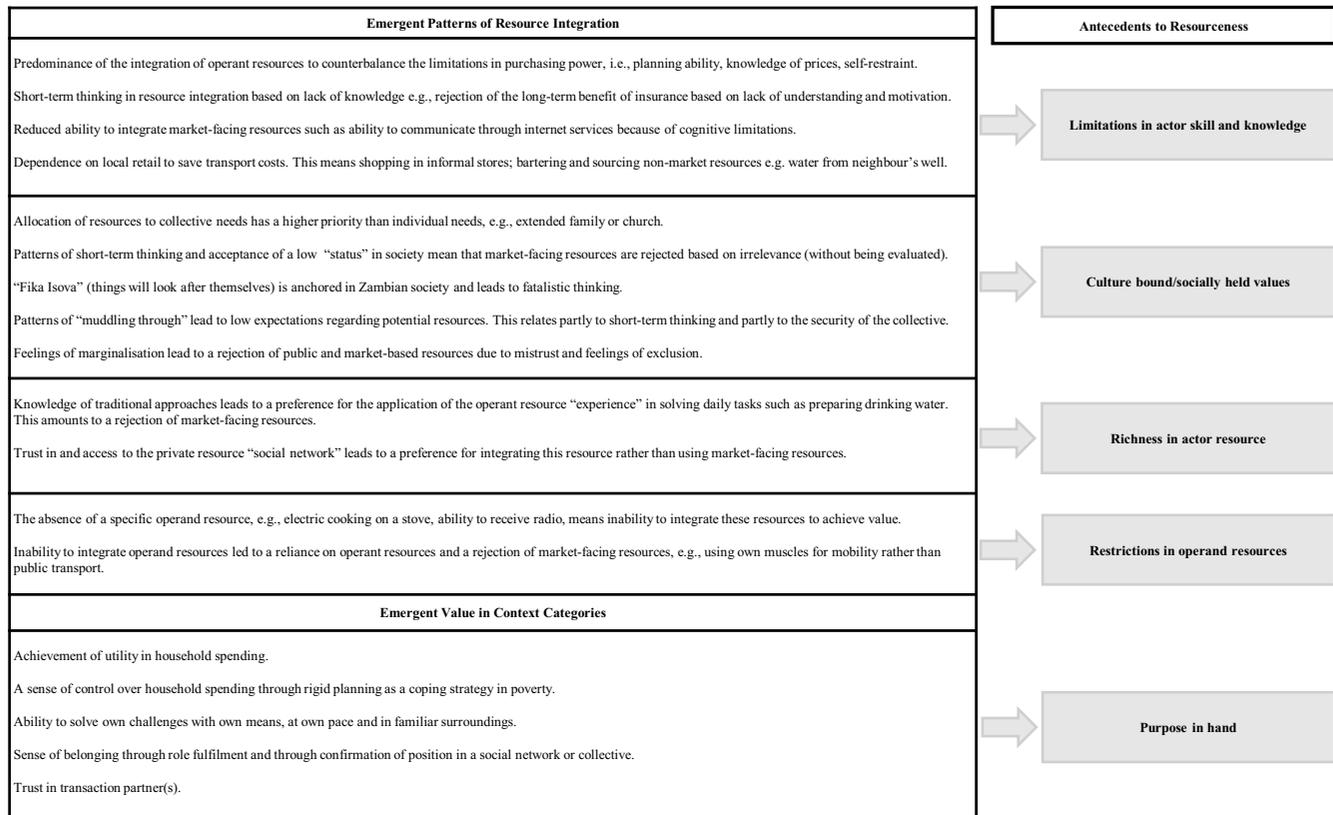
Limitations in consumer knowledge block the integration of further resources. For example, illiteracy constrains the use of browsing services. As with interviewee 18, generalisations to larger groups (“many women [...]”) were frequently made in the narrative interviews, presumably to position one’s own behaviour as the social norm and as a form of explanation:

“Many of the women are illiterate and they do not know how to use the internet”. (Interviewee 18)

“I don’t know how to browse”. (Interviewee 29)

Low levels of consumer literacy mean low acceptance of commercially available knowledge and financial capacity of experts (market-facing resources) such as insurance. This is an

**Figure 1** Summary of resource integration processes, value in context and emergent antecedents to resourceness



important factor that affects consumer motivation to evaluate a service innovation:

"Zambians have not thought about health insurance. They don't know about that – they just think about today". (Interviewee 4)

4.2.2 Culture bound/socially held values

Zambian culture is categorised as collectivist and with high power distance (Hofstede, 2020), which is reflected in the evidence. Resources such as household budgets are prioritised towards commitments to family or communities such as the church – even if this means sacrificing own household consumption:

"One breadwinner in the household who supports the extended family, he supports 6 children, most of them are not his own". (Interviewee 18)

"First church offerings; like a routine to me, started when I was a child. I feel bad if I cannot do that, then groceries, then after I save money on my mobile [...] No transport, I walk". (Interviewee 25)

Evidence in the interview data indicates an acceptance of a "position" in society. Feelings of marginalisation leading to a need to transact at one's own level in an atmosphere of familiarity, mutual understanding and trust are apparent in data:

"We can't afford to shop in a supermarket". (Interviewee 21)

"He [shopkeeper of the informal local store] looks at me, he knows me; he knows my home. Then, I'll say, 'I have no money can you please give me these things', He writes it down, he writes your name, you correct and he says when you find the money come and pay me". (Interviewee 12)

The concept of "Fika Isova" is embedded in Zambian culture, which equates to a belief that "things/details will look after themselves" (confirmed in expert interviews). Interview evidence indicates short-term, almost fatalistic thinking that leads to a rejection of market-facing resources such as commercial financial expertise in the form of services such as savings accounts and insurance. It appears to override an objective evaluation of the good or service. This can be an important factor leading to a lack of understanding of the benefits and the generation of consumer motivation towards the evaluation of service innovation:

"Most people live for today. It's a day-by-day life. Our salaries are not good enough, so we can't plan for the future. The way out of poverty is doing things bit by bit". (Interviewee 19)

"We fear insuring even our lives. If we say that, then we are saying we will die tomorrow [...] Let me eat, tomorrow will take care of itself". (Interviewee 17)

"In our upbringing saving was not in the vocabulary [...] it is a modern thing". (Interviewee 12)

4.2.3 Richness of actor resources

The narratives reveal a marked preference for the integration of private resources that are abundant in this context, for example, actor resources such as knowledge of traditional methods and strong ties in social networks. These represent tried, trusted and accessible solutions based on private resources, for example, in financial services (private, semi-formal, savings clubs called Ichilimba) or sourcing drinking water (do-it-yourself approaches instead of bottled water). Both non-poor

and poor respondents reported a preference for Ichilimba – however, the non-poor respondents could provide objective reasoning for their behaviour that was based on an objective evaluation as in Interview 10:

On participation in informal savings clubs amongst friends (Ichilimba): “I have access to money if I need it. I can borrow up to two times the money I have invested at terms which are more flexible than the bank. It’s like a cushion”. (Interviewee 10)

“Don’t like mineral water. Don’t like the taste. But some companies just fill bottles with tap water. Not clean. I have been boiling for years – before bottled water came in”. (Interviewee 16)

Evidence in the sample indicates a bias towards micro-level transactions conducted in non-market or quasi-market constellations (Turner, 2016), for example, borrowing and bartering as a survival mechanism:

“You eat [for] two weeks – [then] it is finished. After two weeks you start soliciting or borrowing. You have to live on goodwill”. (Interviewee 12)

The reliance on private resources is reinforced through a reported mistrust of macro-level institutions such as public pension or banking systems:

(Referring to a government pension scheme) “It’s more like taxes”. (Interviewee 11)

“Banks are not there to make you rich, not there to help you”. (Interviewee 6)

Of note in the sample is the fact that all interviewees had a bank account as a mandatory channel to receive salary payments. None of the interviewees, however, availed of further financial services through a bank, the reasons for which can be related to the statements above. Both poor and non-poor groups displayed this behaviour, albeit driven by different motivations.

#### 4.2.4 Restrictions in operand resources

Restrictions in the availability of household infrastructures such as electricity or electrical appliances influenced the choice of other operand resources such as foodstuffs or household items such as lighting and cooking fuel. There were frequent reports of the imagined value of having household appliances and utilities, but a recognition that this value cannot be achieved:

“[You] Miss cooking on [a] stove if you do not have electricity. I don’t like cooking outside where people are looking at what you are doing”. “[We] miss listening to the news – we have to know what is happening in our country”. (Interviewee 27)

Typically, foodstuffs were chosen for their long shelf life. As an example, narratives contained frequent mention of dried and preserved foodstuffs as the staple diet alternative. Nutritional value was not mentioned. Limitations in access to shopping outlets were due to an inability to pay for transport to the next supermarket, perception of marginalisation, a lack of the time needed to shop at a location outside the neighbourhood and a lack of trust in (overly “anonymous”) commercial institutes. This corresponds to the theoretical notion that resourceness is affected by access (Peters, 2018; Vargo and Lusch, 2017):

“I need to spend money on transport, but I do not manage”. (Interviewee 26)

#### 4.2.5 Purpose in hand

The identification and analysis of value in context categories in this BOP sample indicates a connection between factors in the context and the purpose in hand against which actors select and

integrate resources. As highlighted in Figure 1, maximisation of utility emerges in all narratives that, given the economic restrictions of the actors, is unsurprising. The need to avoid risk and to establish control and trust in transactions that drive resistance also emerges clearly from narratives, for example, in the patterns of grocery shopping (plan, budget, secure monthly household needs as soon as money is available), the preference for local transactions in familiar surroundings (buying in local informal stores, saving in informal clubs, sourcing water from neighbours to avoid the risk of (intangible) main water) and the preference for trusted micro-level transactions (avoid banks and insurance because of bad image, rely on the collective and prioritise this in resource appraisal and integration behaviour).

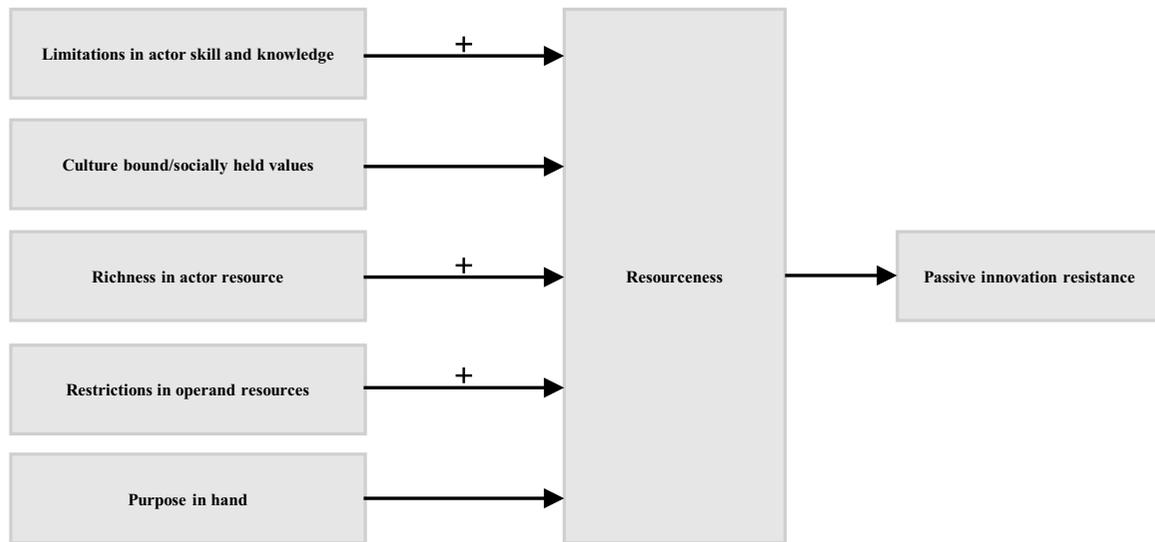
Service exchanges and value perceptions are embedded in social systems (Fisk *et al.*, 2016), which affects how people perceive the norms and values of social reality, including their thinking and behaviour with respect to the co-creation of value (Edvardsson *et al.*, 2011). Categories of value in the context in this sample can be compared to universal transactional needs that an individual seeks to meet in every encounter (Turner, 2016). The prioritisation of trust in and control of transactions are striking and can be related to the location of the individual at the micro-level of the social system and the motivational state that emerges over time and is based on previous transactional experience (Turner, 2016). Furthermore, the predominance of fulfilling a role, establishing a sense of belonging and self-reliance in problem-solving stand out and are related to the context. A tendency towards distal bias (Lawler *et al.*, 2016) is apparent in this sample, i.e. reverting away from the meso and macro level of social reality towards the micro-level in status quo consumption choices. It is expressed in the motivations for control, trust, belonging and self-reliance as important values in context categories and has a profound effect on actor appraisal of resource integration.

#### 4.3 Does resourceness potentially drive passive innovation resistance in the base of the pyramid sample?

A comparison is made between resourceness and its antecedents that emerge from the analysis of data in the sample and the concept of passive innovation resistance. Resourceness, the outcome of the way that BOP consumers in this sample assess and integrate resources towards a purpose in hand, in their established, status-quo behaviour, means that innovative services are possibly not evaluated for adoption. This leads to postponement or rejection of that innovation adoption decision before a cognitive assessment of the functional or psychological benefit of the given service innovation (Figure 2).

The factors that drive resourceness in this BOP sample indicate that a fear of loss of control, lack of ability to cope with change as an emotional stressor, forfeit of long-term benefit to gain short-term security and preference for tried and trusted solutions influence patterns of behaviour daily. These relate to established conceptualisations of an individual inclination to resist change (Heidenreich and Handrich, 2015; Talke and Heidenreich, 2014; Oreg, 2003; Van Tonder, 2017). Whilst the literature refers to “personality-related inclination” (Talke and Heidenreich, 2014, p. 897), the sample data indicate that this personal-level inclination is affected by the circumstances of the context in which the consumer takes their consumption

**Figure 2** Emergent model of antecedents to resourceness and the relationship to passive innovation resistance



decisions and which has been argued as inseparable from the individual (Behailu *et al.*, 2017).

According to the literature, the current state of consumption provides an important reference point for the innovation-decision process. As an element that drives passive innovation resistance, it is conceptualised as the level of satisfaction with existing products and services and the general prevailing level of innovation (Talke and Heidenreich, 2014). The notion of *satisfaction*, with the positive connotation of a favourable post-purchase/post-consumption evaluation (Giese and Cote, 2000) is difficult to relate to the narrative data. Rather than expressing a level of cognitively evaluated satisfaction, interviewees expressed a desire for more sophisticated equipment or foodstuffs, which were considered out of their reach; for example, where a lack of household infrastructure such as electricity leads to an inability to use a stove, electric light or media such as radio. Forfeiting new ideas, in this case, is indeed based on an evaluation of the functional and psychological benefit, however, due to restrictions in operand resources, with a non-adoption decision. Interviewees report a preference for tried and trusted approaches based on traditional methods and private resources, for example, boiling water rather than buying bottled water. On the one hand, this pattern of consumption is driven by trust in the transaction and on the other hand by the inability to pay for market resources. Neither of these “purposes in hand” motives can be related to a level of satisfaction with existing products. Thus, it can be concluded that whilst the patterns of behaviour displayed in this sample indicate stable patterns of status quo, these are not related to a correspondingly strong degree of “satisfaction”. Rather, it reflects the individual perception of limitations in the ability to access or integrate certain resources. This can be an important source of passive innovation resistance.

## 5. Discussion

The BOP is a significant target group in the Middle East and Africa, a region where service innovation has an important role to play in the alleviation of poverty. The aim of this article is to

build a richer understanding of resourceness in a BOP context, the potential existence of resistance to innovation and the implications for service innovation. The findings in this study are in line with other BOP studies (Behailu *et al.*, 2017; Dean and Indrianti, 2020; Van Tonder, 2017) in that they confirm the lack of consumer knowledge, lack of motivation towards new ideas, strong behavioural routines and cognitive conservatism in consumer decision-making; based on the influence exerted by social and economic factors specific to the context of the BOP. Patterns of distal bias, as specifically found in this sample, mean a reliance on private resources and a rejection of market-facing resources. This is a vital factor to be considered when launching service innovations. The article supports the contextualisation of service research for the further development of service theory (Brodie and Peters, 2020; Patrício *et al.*, 2018; Previte and Robertson, 2019) and for the successful adoption of solutions unique to these markets.

### 5.1 Theoretical implications

The context of BOP is largely unconsidered in theories mainly based on studies in developed market contexts (Burgess and Steenkamp, 2006; Ingenbleek, 2014). The application of SDL principles and concepts in this study of consumers/actors at BOP furthers theoretical development. Through zooming in on how actors appraise and integrate resources in context, this study contributes to a deeper understanding of behaviour and motivation of actors in this specific context, as well as the availability of resources and the way in which resources are appraised and prioritized for the purpose of resource integration (Kleinaltenkamp *et al.*, 2012). Equally, the findings related to reasons why actors behave as they do deliver important insights into the perception of value at BOP, which is an important design parameter for successful service innovation. This supports the further development of the SDL discourse and the development of a richer understanding of service ecosystems in context (Brodie and Peters, 2020). Whilst this study has focussed on BOP contexts, it highlights a broader topic, namely, the contextual nature of resources and processes

of resources-in-context “becoming”, meaning gaining their resourceness. Consumers/actors must have access to and be able to recognise the resourceness of potential resources to enable resource integration (Koskela-Huotari and Vargo, 2016). Failing this, potential resources cannot be realised in context.

Most studies of diffusion of innovation at BOP have focussed on investigating factors that may increase the likelihood of adoption under the assumption that innovation is evaluated for adoption equally in BOP contexts as in non-BOP contexts (Hasan *et al.*, 2020). This study is both novel and valuable in establishing the existence of passive innovation resistance, largely driven by antecedents in context, which prevents the evaluation of innovation. Current conceptualisations of the drivers of passive innovation resistance do not, however, match the drivers that were identified in this study. Further research to develop a robust, BOP specific, conceptualisation of the elements that drive passive innovation resistance is needed; for example, to differentiate between personality-based traits that drive a disposition towards innovation and situational factors that limit individual-level behaviour under the assumption that actor agency is restricted (Pels and Mele, 2018). The continued application of SDL for the study of the BOP phenomenon as a market enables BOP-specific conceptualisations and needs to be encouraged.

### 5.2 Managerial implications

This study offers a clear indication that a process of service innovation must be based on an in-depth understanding of the target context in which the process of resource integration is intended to take place. Specifically, service ecosystems at BOP are composed of transactions in informal, close social networks that adhere to social norms and display risk-avoidant conservative patterns of behaviour. This preference for status quo reflects a lack of trust in broader market mechanisms and leads to a lack of motivation towards change. Service innovations are likely to be ignored initially, meaning that an objective comparison based on functional or psychological benefits will not happen. Thus, the findings of this study indicate that the starting point for a process of service innovation and the development of new service concepts for the benefit of BOP actors must consider the existence of passive innovation resistance.

A first step in the process of service innovation must be to engage deeply with target consumers to generate motivation towards the change which is embedded in that service innovation. On the one hand, to generate an understanding of the potential benefits and on the other hand, to foster an orientation towards market resources and the institutionalisation of new patterns of consumption. For example, creating the conditions for adopting health insurance requires consumer education towards grasping the intangibility of the benefits first and then the creation of demand through aspirational marketing.

Service innovation and the introduction of new service concepts for BOP require business practitioners to extend their processes upstream to include a phase of marketing education and demand generation. The practicalities of this approach imply the necessity to design innovative services in collaboration with target groups and to find ways to truly

understand the meaning of affordability, access and availability (Prahalad, 2009) for target groups at the BOP.

### 5.3 Limitations and avenues for further investigation

The sample characteristics in this study are specific to urban Zambia and contain different levels of self-reported poverty. Whilst some findings may relate to generalisable context factors, not all findings are applicable to all BOP contexts. Initial indications of important dimensions of actor practice/consumer behaviour, their antecedents and the influences on processes of adoption of service innovations emerge nonetheless. There is a clear requirement to deepen and broaden the future investigation of resourceness and passive innovation resistance at the BOP to inform both the theory and practice of service innovation adoption and diffusion by including studies of further contexts. This can include further qualitative research in a greater diversity of BOP contexts, as well as the quantitative study of specific concepts at BOP such as resourceness and passive innovation resistance.

## 6. Conclusion

Serving the BOP means operating outside of familiar business environments. A lack of familiarity and understanding across contexts may lead to important blind spots that affect the assumptions made regarding the process of service innovation. How resources *become* in a given context, the notion of resourceness, has received little research attention and is a blind spot at the BOP. This study shows that factors in the BOP context affect resourceness and can lead to a reduced willingness and ability of consumers to evaluate and adopt new services with the potential to alleviate poverty. A rigorous understanding of the target BOP consumer, constructed through an in-depth study of status quo behaviour, must be the starting point of service innovation initiatives if they are to be seen, evaluated and adopted.

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