ENTREPRENEURIAL MARKETING IN SUBSISTENCE MARKETPLACES

BY

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DISSERTATION

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ABSTRACT

There are more than a billion poverty-stricken entrepreneurs in the world who run micro-enterprises to meet basic consumption needs. This pervasive phenomenon presents an interesting theoretical conundrum - that of consumer-entrepreneur duality. This duality blurs the boundaries between consumption and entrepreneurship, which have traditionally been distinct domains of scholarly inquiry. The research reported in this dissertation aims to a) provide a theoretical foundation for the notion of consumer-entrepreneur duality and b) test the implications of the aforementioned duality empirically. A key insight flowing from the investigations is that factors in the consumption domain impact important outcomes in the entrepreneurial domain and vice versa.

Keywords: subsistence entrepreneurship, poverty, social justice, inclusive business
To Amma and Appa

With Gratitude

To Anaka

With Love
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Over the past five years, I have had the special privilege of meeting numerous subsistence entrepreneurs across the world and hearing their voices, stories and life experiences. My central goal in this dissertation has been to place their voices, stories and life experiences front and center in my efforts to advance theory and inform practice. This goal could not have been achieved without the generous and selfless support of my informants across the world. For this reason, and many others, I am immensely grateful to all of them.

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CHAPTER 1

Introduction

1.1 Background

Most people would associate the term entrepreneurship with billionaire entrepreneurs, such as Sam Walton, and entrepreneurial hotbeds, such as Silicon Valley. However, a majority of entrepreneurs in the world live in contexts of poverty and run subsistence enterprises to meet life’s basic consumption needs (Prahalad, 2009). The dominant narrative on entrepreneurship in the western context suggests a clear delineation between personal consumption lives of the entrepreneur and the economic life of the business-venture (Aldrich and Cliff, 2003). This delineation is an artificial separation that has little empirical validity beyond the most affluent segment of entrepreneurs operating in the formal economy (Webb et al., 2009). In a series of three essays, this dissertation seeks to examine the nature of the interplay between consumption and entrepreneurship within the context of subsistence marketplaces. A common theme that unifies these three essays is the notion that consumption and entrepreneurship are finely intertwined in subsistence contexts. I term this perspective ‘consumer-entrepreneur duality’.

In the following section, I provide a brief literature review with three sub-sections. First, I present substantiating arguments to clarify that subsistence entrepreneurs are indeed entrepreneurs. Second, I review aspects that characterize the consumption lives of subsistence entrepreneurs. Finally, I elaborate on the key features of the institutional context in subsistence marketplaces. The following review provides basic background information about the phenomenon that each essay draws upon.

1.2 Entrepreneurship and Consumption in Poverty: A Brief Review

1.2.1 Section 1: Are Subsistence-Entrepreneurs Entrepreneurs?

The Schumpeterian entrepreneur is characterized as one who breaks away from the norm and engages in ‘creative destruction’ of existing economic structures, thereby creating new disequilibrating force in the marketplace (Schumpeter, 1942). Contrast this perspective with subsistence entrepreneurs, who are known to run highly non-differentiated micro-enterprises with very low levels
of productivity (De Soto, 2000; La Porta and Shleifer, 2008). Given this reality, is it appropriate to classify subsistence-entrepreneurs as entrepreneurs?

Extant research in entrepreneurship makes the distinction between three dominant types of entrepreneurs – a) the innovative Schumpeterian entrepreneur who creates new economic structure (creative destruction) and has a dis-equilibrating effect in the market, b) the alert Kirznerian entrepreneur who springs to action in a state of market disequilibrium, discovers and exploits opportunities and has an equilibrating effect on the system (Kirzner, 1999), and c) the judgement exercising Knightian entrepreneur who ‘bets’ capital on an uncertain future, by constructing an enterprise in search for economic returns (Klein, 2008). These diverse constructions of ‘the entrepreneur’ are a result of varying theoretical concerns that have occupied the interest of theorists (Klein, 2008). Consequently, all these multifarious theoretical constructions have analytical utility and help us understand the diverse roles that entrepreneurs play in the market (Cheah, 1990). I elaborate on the central theoretical underpinnings of each of these three views below.

Schumpeter conceptualizes entrepreneurs as innovators in the marketplace who introduce new combination of resources into the marketplace, thereby, creating a state of dis-equilibrium (Cheah, 1990). Once the newly introduced combination of resources loses its novel status, the entrepreneur ceases to be an entrepreneur and becomes a manager. As per the Schumpeterian view, there is no objective presence of entrepreneurial opportunities in the market since the entrepreneur brings the opportunity into being (Foss and Klein, 2005). In other words, entrepreneurial opportunities do not exist ex-ante. The Schumpeterian entrepreneur does not require a firm, nor is she required to invest capital. This is because the defining activity of innovation does not make it necessary for the entrepreneur to start a firm or to invest her own capital (Foss and Klein, 2005).

Building on the tradition of Austrian economics, Kirzner conceptualizes the entrepreneur as one who is alert to objectively existing opportunities in the market and subsequently, discovers and exploits these opportunities (Alvarez, Barney and Young, 2010). The notion of imperfect knowledge, arising from the diversity in subjective localized knowledge possessed by market actors (Hayek,
1945), makes some actors more suitable for discovering opportunities than others (Kirzner, 1999). These entrepreneurs possess ex-ante knowledge of opportunities in the marketplace, due to specific knowledge of time and place, within a broader market environment of imperfect knowledge (Alvarez, Barney and Young, 2010; Hayek, 1945). The aforementioned view of an entrepreneur is distinct from the Schumpeterian view where the entrepreneur creates the market opportunity. This distinction arises because Kirzner’s primary interest was in explaining the process through which market equilibrium is achieved (Foss et al., 2008).

I now turn my attention to the Knightian entrepreneur. Taking a broad view, business decisions could be decomposed into two sequential steps. The first step involves specifying the range of future economic outcomes that could potentially materialize. The subsequent step entails computing subjective probability estimates for each of the possible outcomes. According to the Knightian view, entrepreneurs are actors who operate under conditions of uncertainty, wherein, it is impossible to know the range of possible outcomes at any given time (Langlois and Cosgel, 1993). This must be distinguished from the notion of risk that has to do with assignment of probability estimates to a known set of possible future outcomes. It must also be noted that uncertainty is inherent to, and a defining feature of, the decision task confronting the entrepreneur. The source of uncertainty, therefore, is not unknown information stemming from information asymmetry but unknowable information. Negotiating this uncertainty requires the use of judgement on the part of the entrepreneur as opposed to mere computation of risks (Langlois and Cosgel, 1993). Since markets function poorly under conditions of uncertainty (unknowable information), entrepreneurs find themselves having to mobilize resources and starting their own enterprises (Foss and Klein, 2005). Profits, therefore, are the returns for the uncertainty faced by entrepreneurs.

Based on the foregoing discussion, subsistence entrepreneurs would qualify as entrepreneurs in a Kirznerian sense. They are alert to opportunities arising in the local environment and respond to them fluidly. For example, women entrepreneurs in Miami’s low-income neighbourhoods run restaurants from their home kitchen and their backyard to provide $3 meals for single immigrant males in the community (Stepick, 1989). These entrepreneurs employ their knowledge of the
‘particular circumstances of time and place’ (Hayek, 1945, p. 522) in creating their enterprises. A closely related approach is the subjectivist view of entrepreneurship. This view accounts for individual diversity in preferences, skills and expectations, and holds them as central to the creative enactment of the enterprise (Foss et al., 2008). Rooting the entrepreneurial process within a subjectivist view helps us establish a link between circumstances in poverty and the types of enterprises constructed by the poor.

In order to appropriately grasp the phenomenon of subsistence-entrepreneurship it is important to circumscribe the phenomenon and delineate its characteristics. The subsistence marketplaces literature characterizes subsistence entrepreneurs as those who run micro-enterprises in contexts of poverty, for the sole purpose of economic survival, and are poor themselves (Viswanathan et al., 2014). They operate in resource poor but network rich contexts (Viswanathan et al., 2010b), with limited access to formal capital, physical infrastructure and formal business training (Maranz, 2001; Rogerson, 1996). In the face of these constraints, subsistence entrepreneurs mobilize all the resources at their disposal such as family, social networks, local-knowledge and prior informal-business experience to create a venture to meet their survival needs (Viswanathan et al., 2012). They operate businesses in the informal economy; their businesses are not registered and therefore, they pay no taxes (Webb et al., 2013). Prior studies have attributed the informal status of these businesses to the high cost associated with formality, which is not affordable for subsistence-entrepreneurs (Webb et al., 2013). This entrepreneurial process exhibited by subsistence-entrepreneurs fits with effectuation logic of entrepreneurial venturing, which is characterized by ‘choosing between possible effects that can be created with given means’ (Sarasvathy, 2001, p. 251). Subsistence entrepreneurs mobilize available means such as their local-knowledge, and social networks, both of which have been identified as important determinants of entrepreneurship (Greve and Salaff, 2003; Hayek, 1945; Viswanathan et al., 2012), in new venture creation. This is in contrast to the causation based process, which relies on choosing between alternate means to achieve a given effect (Sarasvathy, 2001). This means-based logic is central for understanding subsistence-entrepreneurship in resource constrained contexts.
A study conducted by the Brookings Institution reports that informal enterprises are significantly less productive than formal enterprises and exhibit limited growth capacity (La Porta and Shleifer, 2008). In viewing subsistence-entreprises through the lens of productivity and growth, we are imposing external standards of evaluation, which are inconsistent with the motivations of subsistence entrepreneurs. For example, Scott’s (1977) study of subsistence farmers finds that poor farmers do not adopt high yield seeds because they are predominantly security seeking in orientation rather than maximizers of productivity and growth. In understanding subsistence-entrepreneurship, it is important to be sensitive to emergent motivations for venturing from within the context, rather than assuming external standards of motivations. A study of entrepreneurial motivations conducted by Williams (2007) finds that entrepreneurial motivations are highly diverse. Therefore, imposing external standards of entrepreneurial motivation can be detrimental to further understanding the phenomenon. In order to accommodate entrepreneurship with varying motivations and differing forms of manifestation, it is important to adopt a more encompassing definition of entrepreneurship. This dissertation views entrepreneurship as the ‘creation of new organization, which occurs as a context dependent, social and economic process’ (Thornton, 1999, p. 20).

1.2.2 Section 2: Subsistence Entrepreneurs as Consumers

As consumers, subsistence-entrepreneurs face resource constraints that are multi-faceted and span domains such as material resources, education, health and access to basic infrastructure (Maranz, 2001; Viswanathan et al., 2010a; Xu et al., 2003). The primary constraint is financial, which renders them unable to meet even basic needs (Viswanathan et al., 2009a). An additional layer of complexity is created by uncertainty in different realms of life. There are uncertainties related to financial shocks (both on income and expenditure side) and access to basic services such as transportation, water, electricity and health care (Morduch, 1994; Viswanathan et al., 2009a). In their consumption lives, subsistence-entrepreneurs engage in buy-make-forego decisions in order to cope with severe resource constraints and uncertainty (Viswanathan et al., 2009a). Although in most instances satisfying immediate basic-needs are a priority, subsistence-entrepreneurs do make sacrifices in the present to enhance security in the future, especially in the case of education for their children (Gray and
Moseley, 2005; Viswanathan et al., 2010a). Betterment of life-circumstances is a key motivator in determining consumption behaviour (Viswanathan et al., 2009a). Given the low-levels of literacy of subsistence entrepreneurs, they depend on social sources of information to both develop consumer skills and overcome limitations arising from low-literacy (Viswanathan et al., 2010b). The role of social networks goes beyond just providing information and also acts as an informal source of finance during times of needs. Given the lack of access to formal capital (Webb et al, 2013), subsistence entrepreneurs access informal capital from social networks, with social networks including their customers (Narayan-Parker and Petesch, 2002; Viswanathan et al., 2010a). In addition to the larger social network, family is an important sub-system for subsistence-entrepreneurs. Family often contributes labour and absorbs transient economic shocks (Viswanathan et al., 2010a).

Psychologically, subsistence entrepreneurs employ numerous strategies to deal with their limited material and educational resources. For example, low-income women in South India exhibit negotiated fate belief, which is a belief that although one’s outcomes are controlled by fate, one still has room to exhibit agency to ameliorate one’s situation (Chaturvedi et al., 2009). Subsistence entrepreneurs are also known to employ concrete reasoning and pictographic thinking as strategies to deal with their material and literacy constraints (Viswanathan et al., 2005).

1.2.3 Section 3: Institutional Context of Subsistence Entrepreneurs

Subsistence entrepreneurs operate in the informal economy outside the regulatory oversight of the legal system (Webb et al., 2009). Their entrepreneurial activities are carried out within the institutional environment of the social system they are embedded in and their legitimacy arises from conformance to the norms, values and beliefs of the host social system (Webb et al., 2013). At the marketplace level, subsistence entrepreneurs operate in a 1-to-1 interactional marketplace, characterized by 1-to-1 interaction between entrepreneurs and consumers, within an enduring relational setting (Viswanathan et al., 2008a; Viswanathan et al., 2012). This is in contrast with the predominant organization-consumer interactions in affluent markets. The social context is characterized by pervasive interdependence among buyers, sellers, family members, neighbours and larger social network (Viswanathan et al., 2012). Prior research has observed that such
interdependence is a life-strategy employed to deal with extreme uncertainties of life (Viswanathan et al., 2012).

A low level of literacy is a key factor characterizing the institutional context. The GEM study on entrepreneurial activity across 35 countries reveals that more than 50% of entrepreneurs in low-income countries have not completed secondary education (Acs et al., 2004). The report also notes that low-literate entrepreneurs tend to pursue necessity based ventures and those with higher levels of literacy tend to find wage employment instead of starting enterprises (Acs et al., 2004). Lack of education therefore is a critical factor that limits access to formal sector jobs for subsistence entrepreneurs, rendering entrepreneurship as the only means of survival (Rogerson, 1996; Viswanathan et al., 2010a). Several mechanisms are evolved to address the limiting influence of low-literacy. Pervasive oral interactions in the marketplace and reliance on social sources of information are some examples of strategies (Viswanathan et al., 2010b; Viswanathan et al., 2012).

Marketplace interactions in subsistence marketplaces are characterized by interactional empathy, which is reflected in the high level of consideration for the customer’s and entrepreneur’s life circumstances in business transactions (Viswanathan et al., 2012). A similar blending of the human and economic dimension was observed in Scott’s (1977) study of subsistence farmers in South East Asia. Scott (1977) notes that social arrangements such as reciprocity, generosity and work sharing were evolved by the peasantry in order to smoothen the troughs in a family’s resources, which might throw them below subsistence.

1.3 The Consumer-Entrepreneur Duality

Subsistence entrepreneurship often emerges in an environment where the formal economy fails to provide opportunities for subsistence, rendering entrepreneurship as a legitimate means of survival (Webb et al., 2013). The subsistence-entrepreneur moves resources fluidly between the domains of business and family, thereby blurring the boundaries between the economic and personal lives (Viswanathan et al., 2010a). This sociologically embedded view of subsistence-entrepreneurship is in line with Granovetter’s (1985) assertion that all economic action is embedded within social
structures. Consequently, social-structural factors play a major role in determining economic
behaviour (Granovetter, 1985). Echoing a similar sentiment, other scholars have also called for a
family-embedded perspective of entrepreneurship (Aldrich and Cliff, 2003). They observe that
treating family and business as disconnected institutions neglects the crucial role played by family in
determining start-up decisions, mobilizing resources and recognizing opportunity (Aldrich and Cliff,
2003). Scholars examining this issue from a resource allocation theory perspective have asserted that
the nexus of household and business represents a synergistic allocation of constrained resources to
balance business and household needs. There is ample empirical evidence to substantiate this
assertion. For example, a quantitative examination of micro-enterprises in Nairobi finds that family
resources are significant determinants of business performance (Gulyani and Talukdar, 2010). An
immersive program of research conducted by Viswanathan and colleagues in South India reveals that
resources are moved from enterprise domain to household consumption domain under times of
consumption pressures and resources are moved in the opposite direction when the demands of
business gain priority (Viswanathan et al., 2010a). Similar findings have also been reported from
South Africa’s Pretoria-Witwatersrand-Vereeniging region (Rogerson, 1996). Highlighting the role of
household consumption constraints on the start-up decision, the author notes:-

“...survivalist enterprises which represent a set of activities undertaken by people unable to
secure regular wage employment or access to an economic sector of their choice. Generally
speaking, the incomes generated from these enterprises, the majority of which tend to be run
by women, usually fall short of even a minimum standard of income, with little capital
investment, virtually no skills training and only constrained opportunities for expansion into a
viable business. Overall, poverty and a desperate attempt to survive are the prime defining
features of these enterprises.” – (Rogerson, 1996, p. 171)

Such findings have not been restricted to emerging markets alone. In a study of flea market
entrepreneurs in California, Lozano (1989) finds that a substantial fraction of the entrepreneurs start
enterprises as a response to life-circumstances such as job-loss, indebtedness and insufficiency of
income to meet living expenses. Given this nexus between the domains of enterprise and household,
factors in the consumer domain would be likely to impact outcomes in the entrepreneurial domain and
vice-versa. For example, prior studies have found that the buyer-seller duality in subsistence
marketplaces enables individuals to transfer consumer skills into entrepreneurial domain and vice-versa (Viswanathan et al., 2009b).

The preceding section reviews extant literature that implicitly point towards a consumer-entrepreneur duality. However, the theoretical reasoning underpinning such a duality requires clear articulation. I present here theoretical arguments at the individual psychological level as well as institutional level. At the individual level, in contexts of affluence, consumers gather inputs in order to evaluate a single alternative, and are able to insulate the decision sufficiently from other decisions made across other domains of life (Spiller, 2011). However, in resource constrained contexts, consumers become aware of resource interdependencies across categories that serve the same overarching goals (Spiller, 2011). In other words, resource constraints make individuals aware of complex interdependencies across different facets of life – leaving limited room for clear demarcations. At the institutional level, some scholars have also noted that as a society becomes more affluent, it develops more specialized institutions to organize different facets of life (Granovetter, 1985). However, financially constrained subsistence marketplaces are characterized by undifferentiated institutions (Granovetter, 1985), with little differentiation between the economic and noneconomic facets of life. Therefore, while studying consumption and entrepreneurship, it is important to consider the institutional context within which individuals construct a business enterprise. The institutional contexts in subsistence marketplaces do not allow for a clear demarcation between the domains of consumption and entrepreneurship. Therefore, in subsistence marketplaces, the individual psychological disposition to perceive interdependencies between different facets of life, in conjunction with undifferentiated institutions that govern seemingly different facets of life, give rise to the consumer-entrepreneur duality. This notion of consumer-entrepreneur duality forms the conceptual cornerstone guiding the empirical examinations in this dissertation. I present a brief outline of the three essays below, preceded by a discussion of the unifying theme that connects the three essays.
1.4 The Unifying Theme

A common theme that unifies the three essays is the notion that consumption and entrepreneurship are finely intertwined in subsistence contexts. I term this perspective ‘consumer-entrepreneur duality’. A key import of the aforementioned duality is that factors in the consumption domain influence outcomes in the entrepreneurial domain and vice versa. To illustrate, essay one demonstrates that individuals living in subsistence contexts are motivated by their consumption constraints to start a business venture. Essay two shows how the consumption side triggers lead women living in poverty to start a subsistence enterprise. This essay goes on to describe how entrepreneurship brings about material and psychological empowerment among women subsistence entrepreneurs. Essay three raises the level of analysis to local communities in subsistence contexts. It shows how communities act as institutional entrepreneurs in response to community level threats to consumption.

1.5 Chapter 2: Consumption Constraints and Entrepreneurial Intentions in Subsistence Marketplaces

Over a billion entrepreneurs in the world live in subsistence contexts and run microenterprises to meet life’s basic consumption needs. In this essay I investigate how two types of consumption constraints in poverty, chronic and periodic constraints, combine to influence entrepreneurial intention. I focus on chronic and periodic constraints, which are concomitant in subsistence marketplaces and represent consumption side constraints. A field experiment shows that chronic constraints amplify entrepreneurial intention. But this effect is contingent on the level of periodic constraints. When experiencing less periodic constraints, individuals with more chronic constraints have greater entrepreneurial intentions than do those with less chronic constraints. When experiencing more periodic constraints, however, this difference is not found. Another field experiment shows the effectiveness of marketplace literacy education in alleviating the adverse impact of periodic constraints through enhancing entrepreneurial-self-efficacy. I present specific policy recommendations for government, social enterprise and business relating to enhancing entrepreneurship among the poor in the face of such constraints.
1.6 Chapter 3: Breaking Through Institutional Barriers: Consumption Crisis as a Driver of Negotiated Agency among Female Subsistence Entrepreneurs

Millions of women subsistence entrepreneurs are embedded in strong patriarchal social systems where the place for women is considered to be within the house. This essay aims to shed light on why and how these low-income women overcome the ‘iron cage’ of institutional norms and engage in entrepreneurial action. A longitudinal immersive research conducted in South India reveals that the quest for stability in consumption drives the process of change through entrepreneurial action. This is effectuated through a discursive process that treads the middle ground between complete institutional determinism and unbridled agency, thus balancing the competing forces of continuity and change. I label this process as negotiated agency and clarify its inner structure in this essay.

Negotiated agency is defined as a discursive process, involving interaction with oneself (intrapersonal) and others (interpersonal), which determines what institutionally prescribed practices are to be changed and what practices are to be maintained. Furthermore, I theorize the empowering consequences that accrue to the individual as a result of this negotiated agency. I focus my attention on the concomitant outcomes of extrinsic transformations in agency (actions) as well as the intrinsic psychological transformations at the level of beliefs and attitudes.

1.7 Chapter 4: Institutional Work Across Boundaries: How External Social Marketing Enterprises Catalyse Institutional Change in Local Communities

Local communities in subsistence marketplaces across the world are increasingly facing threats to their ability in meeting basic needs. In response, these communities are left in a position of changing the very institutions that guide their collective behaviours and community life. In this essay, I study the process through which social marketing enterprises enable local communities to effect such institutional change. I theorize the notion of facilitated institutional work - defined as the process in which an external organization, originating in a different institutional context, acts as an enabler of embedded agency on the part of local subsistence communities. I conceptually situate the social enterprise as the catalyst in this process of facilitated institutional work. Using qualitative data from 19 social enterprises, I identify and elaborate four distinct stages of the facilitated institutional work process.
1.8 Axiological Underpinnings of the Dissertation

“Problems with which inquiry into social subject and matter is concerned must, if they satisfy the conditions of scientific method, (1) grow out of actual social tensions, needs, ‘troubles’; (2) have their subject-matter determined by the conditions that are material means of bringing about a unified situation, and (3) be related to some hypothesis, which is a plan and policy for existential resolution of the conflicting social situation.” (Dewey, 1981, p. 409)

Axiology refers to the overarching values that guide the scientific enterprise (Gopaldas, 2013). John Dewey’s threefold prescription for social scientific research, captured in the quote above, guide the research reported in this dissertation. All the three essays are rooted in important social problems related to consumption and entrepreneurship and begin with a detailed understanding of the phenomenon. I examine important theoretical mechanisms that are at play in these contexts. Subsequently, the essays draw upon the emerging understudying to advance or investigate hypotheses that are aimed at resolving the social issues. The deliberate emphasis placed on a) studying, b) understanding and c) ameliorating important social issues is a crosscutting theme across all the essays.

Another feature that underlies this dissertation is the central place it accords to the voices of the poor in informing academic theories. Most academic theories archived in the marketing literature are evolved in western, affluent contexts (Chakarvarti, 2006). Consequently, extant theories have limited explanatory or predictive power in subsistence contexts (Martin and Hill, 2012). Theories and theoretical constructs advanced in this dissertation strive to be grounded in the realities of the poor, at the level of individual life circumstances as well as institutional realities. The key goal is to evolve context preserving theories (Bonoma, 1985).

1.9 Implications

Within marketing academia, the shift in emphasis from affluent markets to subsistence marketplaces has necessitated a change in focus from ‘market-orientation’ to ‘market-development’ (Sheth, 2011; Viswanathan and Sridharan, 2012). This shift is marked by an interest in market-creating and market-sustaining activities of actors in subsistence contexts, which facilitate the provisioning of essential goods and services to poor consumers. The study of this phenomenon requires a new perspective that blends insights from marketing and entrepreneurship within a single mode of inquiry. The present dissertation attempts to achieve such a synthesis. Each of the essays in
this dissertation highlights how consumption and entrepreneurship are finely intertwined in subsistence contexts. In turn, insights from subsistence marketplaces have important theoretical and practical implications in all marketplaces.
CHAPTER 2

Consumption Constraints and Entrepreneurial Intentions in Subsistence Marketplaces

2.1 Introduction

In many rural areas of developing nations, the harvest festival is celebrated with much pomp and fanfare as marginal farmers experience temporary respite from the extreme financial constraints that characterize their poverty. During other periods of the cultivation cycle, they invest a majority of their financial resources into their farm, leaving them constrained in their ability to consume for day-to-day needs. They alleviate this constraint by borrowing at unfavourable terms from powerful middle men. In the landscape of urban poverty, families eagerly look forward to the beginning of the month as it brings in the pay-check and credit payments from customers. The overdue bills can now be paid and the family pantry replenished. A consideration of these experiences of the poor suggests that consumption constraints in poverty can be of different types in terms of temporal variability - chronic or transient, and more specifically with the latter, periodic. In this essay I decompose constraints in poverty into chronic and periodic constraints and examine their interplay in influencing entrepreneurial intention in subsistence marketplaces.

A majority of entrepreneurs in the world live in contexts of poverty and run subsistence enterprises for economic survival (Prahalad, 2009). In emerging markets, subsistence-enterprises operating in the informal economy account for over 60% of the GDP, underscoring the pervasiveness of the phenomenon (Webb et al., 2013). These entrepreneurs, also referred to as subsistence consumer-merchants, experience a consumer-entrepreneur duality wherein, there is a blurring of boundaries between the household-consumption domain and the business domain (Viswanathan et al., 2009b; Viswanathan et al., 2010a). Their business ventures represent both an adaptational struggle and an agentic action to overcome consumption constraints engendered by poverty (Viswanathan et al., 2010a).

The dominant narrative on entrepreneurship in the western context suggests a clear delineation between personal economic lives of the entrepreneur and the economic life of the
business-venture (Aldrich and Cliff, 2003). This delineation is an artificial separation that has little empirical validity beyond the most affluent segment of entrepreneurs operating in the formal economy (Webb et al., 2009). The reality of most entrepreneurs in the world is one where they are required to continuously balance the demands of business and household-consumption needs by fluidly moving resources across these two domains (Acs et al., 2004; Viswanathan et al., 2010a). This reality presents a picture where the roles of consumer and entrepreneur are inextricably intertwined. The forced separation between entrepreneur and consumer has rendered the domain of entrepreneurship studies a preserve of management scholars (Webb et al., 2011). Consequently, our theoretical knowledge base in marketing on the nexus between household consumption constraints arising from poverty and entrepreneurial behaviour is sparse. Scholarly investigation of this entrepreneur-consumer nexus promises to be a rich domain of inquiry for marketing and public policy.

Consider the situation of a potential entrepreneur in poverty. Do consumption constraints arising from poverty provide an impetus for this individual to start a business? Or does the debilitating effect of poverty suppress the intention to start a business? This essay studies entrepreneurial intentions of those living in poverty by examining contextually relevant factors. Taking a sociologically embedded approach, I ground the inquiry within the institutional realities of subsistence marketplaces where entrepreneurship in the informal economy is a viable pathway available to the poor (Viswanathan et al., 2010a; Viswanathan et al., 2012). More specifically, I examine the link between consumption constraints in poverty and entrepreneurial intentions. Extant research in economics has highlighted the difference between chronic and transient poverty, the latter being temporal variability in being in poverty (Jalan and Ravallion, 1998). I focus on the temporal nature of constraints in poverty (rather than the temporal nature of being in and out of poverty) by decomposing consumption constraints into chronic and periodic constraints and examining their interplay in determining entrepreneurial intention. This approach is in contrast with past research in consumer research that treats financial constraint as a uni-dimensional construct (Mani et al., 2013; Morewedge et al., 2007; Sharma and Alter, 2012). My study context taps into a state of life where financial constraints threaten the ability to meet basic needs of life. My goal is to examine the impact
of constraints (chronic and periodic) under these stark conditions. I contrast my approach from extant research that has looked at constraints in affluent contexts with theoretical lenses such as a) scarcity – gap between one’s needs and resources available to fulfil them (Mullainathan and Shafir, 2013), b) financial deprivation - perceived deprivation relative to a reference group (Sharma and Alter, 2012), and c) accessible accounts effect - activation of small mental accounts (of available resources) (Morewedge et al., 2007). My focus on distinctive types of constraints is crucial in unpacking the intersection of poverty and marketplaces with a bottom-up approach that defines the subsistence marketplaces stream.

To further our conceptual understanding, I explore the efficacy of interventions from external organizations to promote entrepreneurial action in poverty. Drawing from extant literature on consumer and entrepreneurial marketplace literacy, the present study examines the impact of a marketplace literacy program in enhancing entrepreneurial intention and alleviating the deleterious effects of periodic constraints. In this regard, recent publication of six randomized-control-trials on micro-finance showing their lack of significant developmental impact has created much introspection among scholars (Banerjee et al., 2015). Marketing researchers have long argued for the necessity of addressing both marketplace-literacy and access to finance in order to spur entrepreneurship in subsistence marketplaces (Viswanathan et al., 2008a). It is indeed timely to study how policy implications originating in marketing literature could be coupled with extant economic interventions to promote entrepreneurship in subsistence marketplaces.

This essay makes a key contribution to the literature by bringing together consumer and entrepreneurship research and advancing a conceptualization of consumer-entrepreneur duality, with factors in one domain triggering effects in the other, thus highlighting a promising domain where more scholarly research could be productively focused. In addition, the essay presents investigations of how contextually salient consumption side constraints (chronic and periodic) impact entrepreneurial intention among the poor.
Drawing from my research, I outline specific policy recommendations for business, social enterprise, and government that hold the potential to remove barriers to, and facilitate entrepreneurship in subsistence marketplaces. The most specific policy implications to flow from this research relate to the role of different types of temporal consumption (financial) constraints in impacting entrepreneurial intentions, and the role of enhanced entrepreneurial-self-efficacy (through marketplace literacy education) in attenuating the effects of constraints on entrepreneurial intentions. Thus, my policy implications center around attenuating the negative effects of temporal consumption constraints while enhancing positive effects, as well as the interplay between cognitive constraints and consumption constraints as elaborated in the concluding discussion. I organize the policy recommendations around four themes namely – a) Supporting ground-up informal mechanisms through financial services and ecosystems, b) alleviating cognitive constraints, c) developing markets for supportive services and d) addressing consumption versus entrepreneurial loans.

The remainder of this essay is organized as follows. First, I review extant literature on consumer-entrepreneur duality and two distinctive consumption constraints (chronic and periodic constraints). Building on a synthesis of the literature, I then describe the hypotheses and two field experiments. Finally, I close with theoretical and practical implications for marketers and policy makers concerning facilitating entrepreneurship in subsistence marketplaces.

2.2 Conceptual Background

2.2.1 The Consumer-Entrepreneur Duality

Subsistence entrepreneurship often emerges in an environment where the formal economy fails to provide opportunities for subsistence, rendering entrepreneurship as a legitimate means of survival (Webb et al., 2013). The subsistence-entrepreneur moves resources fluidly between the domains of business (supplier, customer) and family, thereby blurring the boundaries between the economic and the personal (Viswanathan et al., 2010a). This sociologically embedded view of subsistence-entrepreneurship is in line with the Granovetter’s (1985) assertion that all economic action is embedded within social structures. Extant research has also noted that treating family and
business as disconnected institutions neglects the crucial role played by family in determining business outcomes (Aldrich and Cliff, 2003). Scholars examining this issue from a resource allocation theory perspective have asserted that the nexus of household and business represents a synergistic allocation of constrained resources to balance business and household needs. Empirical evidence substantiates this assertion. For example, a quantitative examination of micro-enterprises in Nairobi found that family resources are significant determinants of business performance (Gulyani and Talukdar, 2010). An immersive program of research conducted by Viswanathan and colleagues in South India reveals that resources are moved from the enterprise domain to the household consumption domain under times of consumption pressures and resources are moved in the opposite direction when the demands of business gain priority (Viswanathan et al., 2010a). Similar findings have also been reported from South Africa (Rogerson, 1996). Highlighting the role of household consumption-constraints on the start-up decision, Rogerson (1996) notes:

“…survivalist enterprises which represent a set of activities undertaken by people unable to secure regular wage employment or access to an economic sector of their choice……Overall, poverty and a desperate attempt to survive are the prime defining features of these enterprises.” – (Rogerson 1996, p. 171)

Such findings have not been restricted to emerging markets alone. In a study of flea market entrepreneurs in California, Lozano (1989) finds that a substantial fraction of the entrepreneurs start enterprises as a response to life-circumstances such as job-loss, indebtedness and insufficiency of income to meet living expenses. Given this nexus between the domains of enterprise and household, factors in the consumer domain would be likely to impact outcomes in the entrepreneurial domain and vice-versa. For example, prior studies have found that the buyer-seller duality in subsistence marketplaces enables individuals to transfer consumer skills into entrepreneurial domain and vice-versa (Viswanathan et al., 2009b). This notion of nexus forms the conceptual cornerstone guiding the empirical examinations in this study, where I examine how consumption-side constraints in the personal domain impacts entrepreneurial intention.
2.2.2 Chronic and Periodic Constraints

The literature in development economics distinguishes between chronic and transient poverty (Jalan and Ravallion, 1998). Chronic poverty relates to the mean component of consumption over an extended time period (Jalan and Ravallion, 2000), whereas, transient poverty is attributed to ‘inter-temporal variability in consumption’, which is caused by income and expenditure shocks (Jalan and Ravallion, 1998). I focus here on a defining aspect of poverty –constraints. As the subsistence marketplaces literature has identified, such constraints relate not only to physical and financial resources but extend to the cognitive as well. I focus on consumption constraints arising from lack of financial resources, which threaten the ability to meet one’s basic needs. Specifically, I introduce the notion of periodic consumption constraints that refer to inter-temporal variability in constraints that nevertheless, occur in regular patterns, such as at the beginning and end of a month for those on monthly income. By doing so, we begin to understand transient constraints, although with a regular pattern, thus opening the door to future work on transient constraints arising from unexpected financial shocks. As a starting point, I study chronic (constant) versus periodically varying constraints. In this regard, the poor are disproportionately more vulnerable to income and expenditure shocks (Dercon, 2002). Variability in obtaining work for a wage-labourer or weather-related shocks for a marginal farmer are examples of income side shocks to poor households, whereas, ‘catastrophic health expenditures’ is an example of consumption side shocks (Flores et al., 2008). Middle and higher income individuals have access to credit markets that enables them to borrow from the future to smoothen their consumption patterns in the present. However, in subsistence marketplaces, the poor lack access to formal credit markets, which hinders them from achieving such smoothening of consumption (Dercon, 2002). They do evolve bottom-up informal mechanisms to cope with transient constraints such as a) need-based moving of resources across household, business, vendor and customer domains, b) diversifying income streams, c) harnessing social capital and d) increasing hours worked (Banerjee and Duflo, 2007; Kochar, 1999; Townsend, 1995; Viswanathan et al., 2010a). However, these informal mechanisms are insufficient in eliminating variability (Townsend, 1995). The poor often pay a premium to mitigate the risk of income and expenditure shocks. For example, marginal farmers in India paid higher rates for bullocks, used for tilling their fields, because it offered
them the ability to swiftly liquidate the asset in order to smoothen consumption in the face of shocks (Rosenzweig and Wolpin, 1993). The impact of chronic and periodic constraints, the latter being a type of transient constraint, has different psychological implications that should be disentangled. Periodic constraints represent a subset of transient constraints where the temporal pattern is expected and predictable (pre and post harvest or beginning versus end of the month). Although expected, they lead to stress and uncertainty in coping. In contrast though, the level of stress and uncertainty associated with an unexpected emergency would be even more significant. I note also that periodic constraints provide a gateway to a deeper understanding of all transient constraints as they can be studied through field experiments. Transient constraints arising from unexpected emergencies, by definition, would be very difficult to study as they are unpredictable.

I delineate my focus on chronic and periodic constraints from approaches adopted in prior research. The psychology literature posits two pathways through which poverty impacts behaviours. Mullainathan and Shafir (2013) take the view that living in poverty depletes cognitive resources, thereby impeding cognitive functioning. In a similar vein, Vohs (2013) speculates that those who are poor might be left with less self-control as a result of constantly dealing with budgetary constraints. Haushofer and Fehr (2014) on the other hand argue for an affect-based approach, suggesting that negative affect and stress may render the poor short-sighted and risk-averse. Haushofer and Fehr (2014), however, does not conduct any direct empirical study in contexts of poverty, to test their theoretical claims.

Mani et al. (2013) use the naturally occurring periodic-constraints in farming (poor before harvest and rich after harvest) to suggest that poverty impedes cognitive functioning. The authors use poverty and constraints interchangeably, which differs from my approach. The subsistence marketplaces literature has unpacked poverty in terms of a variety of constraints. Through systematically studying the effect of low literacy, cognitive predilections such as concrete thinking and pictographic thinking have been identified. Unique here is a grounded approach with insights emerging from deep understanding of a variety of factors in poverty. This should be contrasted with relatively top-down approaches that begin with theories on cognition and affect.
My study is in a similar vein. I focus on one type of constraint – consumption constraints arising from lack of financial resources – and examine the impact of chronic versus periodic constraints in this category. In my study, I examine chronic and periodic constraints in a sample of individuals living in subsistence marketplaces. In doing so, I follow the tradition of research in subsistence marketplaces that has examined the impact of contextually salient factors in subsistence marketplaces, such as low-literacy and social relationships on important outcome variables. I also examine how addressing cognitive constraints through educational interventions can, in turn, impact the effect of consumption constraints.

2.3 Conceptual Model and Hypotheses

2.3.1 Chronic Constraints and Entrepreneurial Intention

Poverty has been widely studied in both economic and sociological literature and represents one of the most important economic stresses on the lives of individuals (Lewis, 1966; Liem and Liem, 1978; Sen, 1983). Individuals living in poverty face severe resource constraints in meeting the most basic needs of life (Viswanathan and Rosa, 2007). In the face of severe consumption constraints created by poverty, betterment of economic life circumstances becomes the primary motivation underlying behaviours (Viswanathan et al., 2009a). Chronic poverty, therefore, is a serious threat to the goal of betterment of life circumstances. In the institutional context of subsistence, starting a subsistence enterprise, with the meagre means available, is a viable option for economic advancement (Viswanathan et al., 2010a; Webb et al., 2013). Several qualitative studies provide evidence to substantiate this line of reasoning. Viswanathan, Rosa and Ruth (2010a) finds that in subsistence marketplaces of South India, individuals confronted with poverty take recourse to entrepreneurship as a way of ameliorating their consumption constraints. At a macro level, the GEM study across 35 countries also finds that during times of economic recession, necessity entrepreneurship increases significantly (Bosma et al., 2010). Entrepreneurship represents a means of empowerment for the poor, through marketplace engagement. Therefore, I propose the following hypothesis.
HI: Individuals with more chronic constraints will have greater entrepreneurial intention in subsistence marketplaces than those with less chronic constraints.

I note the limits of this prediction in conditions of such extreme constraints that entrepreneurial intentions are decreased, and the contingency of the hypothesis on the range of constraints I examine.

2.3.2 Periodic Constraints and Entrepreneurial Intention

Temporal patterns of income and expenses leads to households experiencing periodic constraints at different time periods, which is accentuated in subsistence marketplaces. To illustrate, rice farmers in south India experience a high degree of constraints during the seeding season due to heavy investments in farm inputs such as fertilizers and pesticides. However, they experience fewer constraints after selling their produce in the marketplace during the harvest season (Mani et al., 2013).

In this section I bring focus into the issue of periodic constraints that typically is concomitant to chronic constraints in poverty (Viswanathan and Rosa, 2007). As noted, whereas transient constraints can arise from a variety of factors, such as unexpected and significant emergencies, I focus on one type of transient consumption constraints – periodic constraints – in this research, as a starting point. On one side of the equation, changes in income becomes all the more accentuated for low-income households which have limited buffers, in terms of assets, savings, and access to credit. On the expenditure or consumption side, households also experience constraints by way of expenditure shocks. Prior research on catastrophic health expenditures highlights that the poor are more vulnerable to health expenditure shocks (Xu et al., 2003).

When individuals in poverty experience periodic constraints it threatens their ability to meet their basic consumption needs. Periodic constraints engender a sense of uncertainty (Viswanathan et al., 2014a), which hampers the ability of individuals in envisioning cogent pathways to better their circumstances (Shafir and Tversky, 1992). The appraisal theory of stress suggests that, in the face of environmental stress, individuals appraise their ability to cope with the cause of the stress (Lazarus, 2006). If they are unable to envision a pathway for coping then it leads to an emotion of threat, which
has been associated with the response of avoidance as a coping strategy (Duhachek, 2005). Based on this reasoning I hypothesize the following.

\[ H2: \text{An increase in periodic constraints will lead to a decrease in entrepreneurial intention in subsistence marketplaces.} \]

As noted earlier, periodic constraints are, in this regard, a milder form of extreme constraints arising from unexpected directions – a health emergency or the death of a bread winner for instance. They lead to less uncertainty as they have a predictable temporal pattern. As a counterargument to this prediction, people living in poverty are used to overcoming constraints and thus, periodic constraints should not have an impact. I reiterate that such constraints are not unexpected and do not represent a huge shock such as from, say, a health emergency. In theoretical terms of appraisal of coping mechanisms, the fight response (rather than flight) may have been learned by constant exposure to such constraints.

**2.3.3 Interplay Between Chronic and Periodic Constraints**

The impact of discrete events such as periodic constraints interact with chronic life circumstances in causing stress (Pearlin et al., 1981), as chronic life circumstances provide meaning to the discrete event experienced by the individual (Pearlin et al., 1981). For individuals experiencing more chronic constraints, the impact of periodic constraints would be more negative, leading to greater uncertainty and making situation-specific barriers to becoming entrepreneurs more salient. In contrast, those experiencing less chronic constraints would be able to absorb shocks of periodic constraints (i.e., buffering effect). Taken together, these considerations suggest that, although individuals with more chronic constraints (vs. those with less chronic constraints) are more motivated to become entrepreneurs, the effect of chronic constraints on entrepreneurial intention would be contingent on the level of periodic constraints. Specifically, an increase in periodic constraints would lead to a greater reduction in entrepreneurial intention for individuals more chronically constrained as compared to those less chronically constrained.
**H3:** Periodic constraints moderate the relationship between chronic constraints and entrepreneurial intention such that an increase in periodic constraints reduces the strength of the positive relationship between chronic and transient constraints.

### 2.3.4 Mediating Role of Entrepreneurial Self-Efficacy

Self-efficacy is a belief about one’s ability to complete given tasks, and plays a pivotal role in enabling agentic actions and reaching goals (Bandura, 2006). Prior research in entrepreneurship has revealed that entrepreneurial self-efficacy is an important mediator of entrepreneurial intention (Zhao et al., 2005). In a similar vein, I further hypothesize that the effects of chronic and periodic constraints on entrepreneurial intention would be mediated by entrepreneurial self-efficacy. As noted earlier, when the level of periodic constraints is low individuals with more chronic constraints would be more likely than those with less chronic constraints to take agentic actions, having higher entrepreneurial self-efficacy. However, when the level of periodic constraints is high, individuals with more chronic constraints would be more likely than those with less chronic constraints to experience greater uncertainty and more barriers surrounding managing their livelihoods and becoming entrepreneurs. Therefore, individuals with more chronic constraints facing high periodic constraints would believe that becoming entrepreneurs is harder than it actually is (low entrepreneurial self-efficacy), in turn resulting in diminishing entrepreneurial self-efficacy and intentions:

**H4:** The effect of chronic and periodic constraints on entrepreneurial intention will be mediated by entrepreneurial self-efficacy.

### 2.3.5 Impact of Marketplace Literacy Education

To further test my conceptualization, I investigate the efficacy of a marketplace literacy program in promoting entrepreneurial activity in contexts of poverty. More specifically, my purpose is to examine whether and how the marketplace literacy program attenuated the negative effect of periodic constraints on entrepreneurial intention for individuals with more chronic constraints. My theoretical purpose here is to examine how the deleterious effects of periodic constraints could be overcome by an educational program that addresses entrepreneurial self-efficacy.

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Marketplace literacy education, strives for consumer and entrepreneurial development by offering abstract and concrete marketplace skills, self-confidence, and awareness of rights as both consumers and entrepreneurs (Viswanathan et al., 2009b). Individuals in subsistence marketplaces often lack important consumer and entrepreneurial skills, leaving them vulnerable to the vagaries of their economic environment (Viswanathan et al., 2008a). In a situation such as this, imparting education regarding abstract principles governing marketplace exchange has the potential to reduce uncertainty by enhancing entrepreneurial self-efficacy and in turn, entrepreneurial intention in subsistence marketplaces. The educational program addresses know-why or a broader understanding of the marketplace in addition to know-how and know-what (what to buy or what vocation to pursue).

In delivering the education, marketplace literacy program adopts the approach of localizing and concretizing the content (Viswanathan et al., 2008a) to be consistent with the cognitive tendencies observed in subsistence marketplaces (Viswanathan et al., 2005). It enables peer learning by socializing the process of education, thereby harnessing the tendency to rely on social networks in subsistence marketplaces (see appendix A for a list of topics covered). These features of the marketplace literacy education enhance entrepreneurial self-efficacy and enable participants to escape the concrete focus on the ‘here-and-now’ and develop a more abstract mindset regarding their economic situation as a buyer and a seller (Viswanathan et al., 2009b). Such an abstract mindset enables seeking out coping mechanisms (entrepreneurship in this case), and in turn reducing the uncertainty engendered by periodic constraints. The following hypothesis follows from the arguments.

\[ H5: \text{Marketplace literacy education will increase entrepreneurial self-efficacy and entrepreneurial intention by reducing the negative effects of high periodic constraints.} \]

2.4 Method

2.4.1 Measures and Manipulations

*Chronic constraints:* Scholars have used different indices such as monthly income, expenditures and assets to measure chronic constraints. Despite the existence of multiple measures, there is a broad consensus in the development economics literature on employing consumption-based...
expenditure data as a measure of chronic poverty (Jalan and Ravallion, 2000). The income patterns of those living in poverty often show ample variance in income over time, and monthly income data tend to be less reliable than consumption-based monthly expenditure data. Therefore, I use the average monthly expenditure data as a consumption-based measure of chronic constraints. I measured chronic constraints with a single item measure: “What is your average monthly household expenditure?” Higher average monthly expenditure represents lower chronic constraints whereas lower average monthly expenditure represents higher chronic constraints.

Periodic constraints: Periodic constraints were manipulated by administering the survey either at the end of the month or beginning of the month. Such natural and subtle manipulation of periodic economic shocks has been employed in prior studies (Mani et al., 2013). For example, periodic constraint for a sample of low-income farmers has been manipulated by administering measures before and after harvest (Mani et al., 2013). These manipulations are based on the cash flow patterns experienced by low-income households over time. For most households, income flows in during the beginning of the month whereas expenditures are incurred throughout the month. Consequently, households face more transient constraints during the latter half of the month, although I note that these are periodic patterns as distinct from other types of transient constraints that are unanticipated. In line with this reasoning, I randomly assigned participants to two conditions - one in which they were administered the survey within the first 15 days of the month or the other in which they were administered the survey in the last 15 days of the month. Employing such natural and subtle manipulations is in line with the ethical considerations of administering intrusive interventions with vulnerable consumer groups. For a manipulation check, I adapted an affective insecurity scale (Borg and Elizur, 1992) consisting of two items (α = .57) such as “I feel insecure about being able to pay all our monthly bills” and “I am concerned about the possibility of not being able to meet my family’s basic needs.”

A factorial GLM with the periodic constraints (timing of survey administration: first vs. second half) and the chronic constraints (standardized average monthly expenditure) indicated that participants in the second-half-month group experienced more affective income insecurity than those
in the first-half-month group ($M = 4.86$ vs. $M = 3.97$; $F(1, 152) = 20.75$, $p < .0001$). However, neither the main effect of chronic constraints nor its interaction with periodic constraints was significant ($Fs < 1$). Taken together, these results suggest that my manipulation of periodic constraints was successful and chronic/periodic constraints are distinctive constructs.

*Entrepreneurial intention:* Several measures have been used by researchers to measure entrepreneurial intention. For example, Zhao, Seibert and Hills (2005) use a 4-item measure with items asking how interested participants were in engaging in starting and acquiring a business or company (e.g., “how interested in acquiring and building a company into a high growth business”). This measure of entrepreneurial intention fits better with institutional context of the formal economy and is unsuitable for entrepreneurship in the informal economy, within which subsistence entrepreneurs operate. Therefore, I used a broader measure of EI (Chen, Greene and Crick, 1998). The measure includes five items: a) “How interested are you in setting up your own business?” (1 = not interested at all, 5 = very interested), b) “To what extent have you considered setting up your own business?” (1 = not at all, 5 = to a great extent), c) “To what extent have you been preparing to set up your own business?” (1 = not at all, 5 = to a great extent), d) “How likely is it that you are going to try hard to set up your own business?” (1 = very unlikely, 5 = very likely) and e) “How soon are you likely to set up your own business?” (1 = not very soon, 5 = very soon) ($α = .86$)

*Entrepreneurial self-efficacy:* Several measures of entrepreneurial self-efficacy (ESE hereafter) exist in the literature, which vary in their level of generality. Chen, Greene and Crick (1998) employ a measure of ESE that is task specific and measures self-efficacy related to tasks such as marketing, innovation, management, risk-taking, and financial controls. This task-oriented measure of ESE is very similar to the roles of an effective manager. Therefore, I employed a broader measure of ESE proposed by Zhao, Seibert and Hills (2005). They measure ESE through the following 4 items: “How confident are you in successfully identifying new business opportunities?”, “How confident are you in creating new products/services?”, “How confident are you in thinking creatively?” and “How confident are you in commercializing an idea or new development?” (5 point response scale: 1 = no confidence, 5 = complete confidence: $α = .87$).
Marketplace literacy education: All subjects participating in the study were administered three-day long marketplace education after the survey was administered. This educational program aims to enhance entrepreneurial self-efficacy, and more generally skills, self-confidence, and awareness of rights. The video-based educational modules as well as the surveys were administered by field coordinators of the non-profit organization, with detailed supervision by a core research team. I note that the field coordinators are not involved in teaching the program but rather facilitating it. The educational program is on video with a teacher on the screen. The core research team supervising the field coordinators has experience dating back to almost a decade and a half and in turn has trained field coordinators on how to conduct research. Such in-house research with full-time employees, I argue, leads to better quality control than out-sourcing, the survey to a third party in a geographically distant setting. Some of the specifics of the program are beyond the scope of this essay and have been documented elsewhere (Viswanathan et al., 2008a: see Appendix A for a detailed list of topics covered in the training). Once the participants completed the educational program, focal measures such as ESE and EI were administered again. The educational program focuses on imparting learning about the marketplace that would make the participants more informed consumers and entrepreneurs. For my empirical study, I collected data before and after the consumer literacy modules (stage 1 of the program) and not the entrepreneurial literacy modules. This was to ensure that the effects were driven by the marketplace related learning from the modules and not merely an activation of the entrepreneurship concept.

2.4.2 Sample and Procedures

The participants in the study were 156 low-income women from an urban low-income community in South India. The monthly expenditures ranged from Rs. 1000– Rs. 25000 (approx. $20– $500 USD), constituting a narrow range of poverty level. Participants were selected from within a narrow range of monthly expenditure levels in order to ensure that all participants belonged to the same socio-economic context. I note that my operationalization related to expenditure and not income, the latter being provided for descriptive purposes in table 2.1. Ages of the participants varied from 19 years to 57 years and education levels ranged between no-education to bachelor’s degree. The number
of members in the household ranged between one to eight members, with the average being around four. Out of 156 participants in the study, 106 reported that their household has a fixed monthly income. Table 2.1 provides the descriptive statistics characterizing the sample.

Table 2.1 – Descriptive Summary of Study Sample

<table>
<thead>
<tr>
<th></th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Income</td>
<td>2000</td>
<td>30,000</td>
<td>12,230.77</td>
<td>5,355.848</td>
</tr>
<tr>
<td>Monthly Expenditure</td>
<td>1000</td>
<td>25,000</td>
<td>10,477.56</td>
<td>4,426.949</td>
</tr>
<tr>
<td>Age</td>
<td>19</td>
<td>57</td>
<td>38.08</td>
<td>8.300</td>
</tr>
<tr>
<td>Education Level</td>
<td>0</td>
<td>13</td>
<td>7.42</td>
<td>3.712</td>
</tr>
<tr>
<td>Household size</td>
<td>1</td>
<td>8</td>
<td>3.97</td>
<td>1.003</td>
</tr>
</tbody>
</table>

The participants were all members of self-help-groups affiliated with a non-profit organization that I worked with. Women’s self-help-groups are unregistered groups of 10 to 20 women who are affiliated to a registered not-for-profit. The women often share similar life circumstances and reside in the same neighbourhood. The members constitute the group themselves and engage in saving and credit activities. The not-for-profit they are associated with provides multiple support services such as education and linkages to financial institutions.

Established measures for all the relevant constructs were employed and a survey instrument was compiled in English. The survey was then translated into Tamil with the help of research assistants who hail from the same cultural context that my participants inhabit. This allowed me to ensure that the translated version of the questionnaire was culturally suitable for my participants. The translation process involved several iterations to ensure that the meaning of the measures was preserved while ensuring cultural appropriateness. Once the translated version of the questionnaire was finalized, a pilot test was conducted with three participants. The pilot test provided several insights related to both the phrasing of the questions and potential best practices to administer the
survey. Discussions were held with the three research assistants to incorporate feedback and arrive at a consensus for uniform administration of the survey. The survey was administered in the local language (Tamil) by reading out the questions and recording the answers. This was important because of the low to moderate literacy levels of the participants. The survey was also administered 1-on-1 to participants. Prior research with low-income, low-literate participants has highlighted the importance of a 1-on-1 administration given the potential anxiety that may be experienced by participants and issues with literacy (Viswanathan et al., 2008b). Participants were paid Rs. 100 to compensate for the time they spent on answering the survey. The survey took between 30-40 minutes to complete.

All the participants were administered the survey twice, before (Study 1a) and after attending the marketplace literacy education program (Study 1b). Repeated administration assessed whether understanding of know-why and enhanced entrepreneurial self-efficacy through marketplace literacy education would attenuate the moderating effect of periodic constraints on the relationship between chronic constraints and entrepreneurial intention.

Table 2.2: Analysis Summary

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Corroborated (Yes/No)</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Individuals with more chronic constraints will have greater entrepreneurial intention in subsistence marketplaces than those with less chronic constraints</td>
<td>No</td>
</tr>
<tr>
<td>H2: An increase in periodic constraints will lead to a decrease in entrepreneurial intention in subsistence marketplaces</td>
<td>Yes</td>
</tr>
<tr>
<td>H3: Periodic constraints moderate the relationship between chronic constraints and entrepreneurial intention such that an increase in periodic constraints reduces the strength of the positive relationship between chronic and transient constraints.</td>
<td>Yes</td>
</tr>
<tr>
<td>H4: The effect of chronic and periodic constraints on entrepreneurial intention will be mediated by entrepreneurial self-efficacy.</td>
<td>Yes</td>
</tr>
<tr>
<td>H5: Marketplace literacy education will increase entrepreneurial self-efficacy and entrepreneurial intention by reducing the negative effects of high periodic constraints.</td>
<td>Yes</td>
</tr>
</tbody>
</table>

2.5 Results

2.5.1 Study 1A – Before Marketplace Literacy Program
Entrepreneurial Intention: Using data before the marketplace literacy education, GLM with chronic constraints (standardized) and periodic constraints generated a significant main effect of periodic constraints \( (F(1, 152) = 4.38, p < .05) \) and a significant interaction on entrepreneurial intention \( (F(1, 152) = 6.03, p < .05) \). A spot analysis (see figure 2.1) indicates that when experiencing less periodic constraints, participants with more chronic constraints showed greater entrepreneurial intention than did those with less chronic constraints \( (M_{\text{high, chronic}} = 3.93 \text{ vs. } M_{\text{low, chronic}} = 3.40; b = -.27, SE = .12, t = -2.31, p < .05) \). However, when experiencing more periodic constraints, the reverse was directionally the case, although the difference was not statistically significant \( (M_{\text{high, chronic}} = 3.02 \text{ vs. } M_{\text{low, chronic}} = 3.50; b = .24, SE = .17, t = 1.40, p = .16) \).

Figure 2.1: Entrepreneurial Intention at T1 as a Function of Chronic and Periodic Constraints

In other words, for participants with less chronic constraints, periodic constraints had no effect on entrepreneurial intention \( (M_{\text{low, periodic}} = 3.40 \text{ vs. } M_{\text{high, periodic}} = 3.50; t < 1) \). Participants with more chronic constraints, however, showed greater entrepreneurial intention when the periodic constraints were low than when they were high \( (M_{\text{low, periodic}} = 3.93 \text{ vs. } M_{\text{high, periodic}} = 3.03; t = -3.40, p < .001) \). It should be noted that the interaction between chronic and periodic constraints on entrepreneurial intention becomes more significant when controlling for educational attainment and
age \((F(1, 150) = 6.89, p = .01)\). Taken together, these results corroborate my hypotheses (H2 and H3) that chronic and periodic constraints combine to influence entrepreneurial intention. More specifically, when experiencing low periodic constraints, individuals with more chronic constraints are more likely than those with less chronic constraints to form strong entrepreneurial intention. However, when experiencing high periodic constraints, no difference or the opposite pattern was found. This would be because when experiencing high periodic constraints, situation-specific barriers to becoming an entrepreneur would be made more salient for individuals with more chronic constraints, diminishing their agency and entrepreneurial self-efficacy belief.

**Mediation Analysis:** To shed some light on the underlying process behind the reported joint effect of chronic and periodic constraints on entrepreneurial intention, a moderated mediation model was evaluated. As displayed in Figure 2.2, the moderated mediation model include chronic constraints, periodic constraints, and their interaction term as predictors, entrepreneurial self-efficacy as a mediator, and entrepreneurial intention as a criterion while controlling for age and education.

**Figure 2.2: Mediation Analysis Used in Study 1A**

The statistical model consisted of three distinctive sub-models. In the first sub-model in which total effects of chronic constraints (standardized), periodic constraints and their interaction on entrepreneurial intention were estimated. A moderation analysis generated a significant interaction of chronic and periodic constraints \((b = .53, SE = .20, t = 2.62, p = .01)\), suggesting that the effect of chronic constraints on entrepreneurial intention depends on the level of periodic constraints.
Next, the second sub-model in which the effects of chronic constraints (standardized), periodic constraints and their interaction on entrepreneurial self-efficacy were estimated also generated a significant interaction ($b = .54, SE = .18, t = 2.96, p < .01$). This pattern suggests that when experiencing less periodic constraints, participants with more chronic constraints showed greater entrepreneurial self-efficacy than did those with less chronic constraints ($M_{high\_chronic} = 4.43$ vs. $M_{low\_chronic} = 3.87; b = -.28, SE = .10, t = -2.71, p < .01$). When experiencing more periodic constraints, however, a reverse pattern was found although the difference was marginally significant ($M_{high\_chronic} = 3.62$ vs. $M_{low\_chronic} = 4.12; b = .25, SE = .15, t = 1.72, p = .09$). Put differently, participants with less chronic constraints were unaffected by the level of periodic constraints ($M_{high\_periodic} = 4.12$ vs. $M_{low\_periodic} = 3.87; b = .26, SE = .26, t = 1.01, p > .30$) whereas participants with more chronic constraints were significant affected by the level of periodic constraints ($M_{high\_periodic} = 3.62$ vs. $M_{low\_periodic} = 4.43; b = -.82, SE = .24, t = -3.47, p < .001$).

Finally, the third sub-model in which entrepreneurial intention was added to the first sub-model indicated that entrepreneurial efficacy still predicted entrepreneurial intention ($b = .84, SE = .06, t = 13.83, p < .00001$) and the interaction of chronic and periodic constraints was no longer significant ($b = .08, SE = .14, t = .59, p > .55$). Taken together, these results suggest that the effect of chronic and periodic constraints on entrepreneurial intention is mediated by entrepreneurial self-efficacy (indirect effect of the interaction: 95% bootstrap CI with 10,000 resamples = .16 – .81), supporting H4. Table 2.2 provides a summary of support for hypotheses in the study.

### 2.5.2 Study 1B – After Marketplace Literacy Program

I examined whether and how marketplace literacy education attenuated the negative effect of high periodic constraints on entrepreneurial intention for individuals with more chronic constraints. I measured participants’ entrepreneurial intention and entrepreneurial self-efficacy after participants completed the 3-day long training program. A GLM with chronic constraints, periodic constraints, and their interaction, controlling for entrepreneurial intention before the training, age and education, indicated that neither the interaction nor the main effects of chronic and transient constraints were
significant (all $p$s $> .15$). Only education and entrepreneurial intention at T1 (before the training) predicted entrepreneurial intention at T2 ($p$s $< .001$). It should be noted that the level of education predicted both entrepreneurial intention ($b = .06, SE = .02, t = 3.64, p < .001$) and entrepreneurial efficacy at T2 ($b = .06, SE = .02, t = 3.52, p < .001$), controlling for entrepreneurial intention and entrepreneurial efficacy at T1. These findings suggest that with marketplace literacy program individuals with more educational attainment are able to overcome cognitive or situational barriers more effectively than those with less educational attainment.

**Figure 2.3: Changes in Entrepreneurial Intention Before and After Marketplace Literacy Training**

Next, I compared the entrepreneurial intentions before and after the marketplace literacy program. As shown in the Figure 2.3, there was a significant increase in entrepreneurial intention after the marketplace literacy program (a repeated measure ANOVA: $M_{before} = 3.43$ vs. $M_{after} = 4.06$; $F (1, 155) = 55.99, p < .0001$). Both the negative effect of low periodic constraints for participants with less chronic constraints and the negative effect of high periodic constraints for participants with more chronic constraints were no longer present after the marketplace literacy program, supporting H5. I also computed the change in entrepreneurial intention and entrepreneurial self-efficacy. As expected, an increase in change in entrepreneurial efficacy was positively correlated with an increase in change in entrepreneurial intention ($r = .65, p < .00001$). Taken together, these results suggest that the marketplace literacy program indeed enhanced participants’ belief about their ability to become
successful entrepreneurs and overcome perceived or expected barriers caused by chronic and/or periodic constraints.

2.6 General Discussion

2.6.1 Summary

In this essay I examined the interplay between chronic and periodic consumption constraints in determining entrepreneurial intention in subsistence contexts. The field experiment showed that under low periodic constraints entrepreneurial intention increases with an increase in chronic constraints. This outcome is because entrepreneurship represents a pathway for the poor to ameliorate the stress of chronic constraints. However, an increase in periodic constraints reverses the relationship between chronic constraints and entrepreneurial intention. This result is attributed to the uncertainty engendered by periodic constraints, which is greater for those who are chronically more constrained. The uncertainty in turn hinders the envisioning of pathways out of poverty, thereby diminishing entrepreneurial intention. These effects were found to be mediated by entrepreneurial self-efficacy.

2.6.2 Theoretical Implications

The key theoretical contribution of the essay is through decomposition of constraints, specifically consumption constraints arising out of lack of financial resources—a defining characteristic of poverty. I examine periodic and chronic consumption constraints, which are concomitant in poverty, and their interplay. High chronic constraints could spark agentic action as a means of ameliorating one’s condition; however, this response is contingent on the uncertainty engendered by periodic constraints. I also show that education aimed at addressing cognitive constraints can attenuate the joint effects of chronic and periodic consumption constraints. The pathway in achieving this outcome is empirically shown to be through enhanced entrepreneurial self-efficacy. Whereas, prior research has identified the debilitating impact of constraints on cognitive functioning and status-enhancing coping behaviours (Mani et al., 2013; Sharma and Alter, 2012), I focus here on agentic actions triggered by constraints in poverty.
At a broader level, my theoretical implications extend to the study of entrepreneurship - a process that is embedded within the sociological context of the household, and the broader social network (Thornton, 1999). Consequently, the domains of personal consumption and entrepreneurship are inextricably intertwined. This research advances a conceptualization emphasizing the consumer-entrepreneur duality in subsistence marketplaces. In addition, it provides empirical evidence revealing how factors in the personal consumption domain impact entrepreneurial intention. Prior research in entrepreneurship has focused on affluent contexts, which has led to a decoupling between the personal life and the business life of an entrepreneur (Aldrich and Cliff, 2003).

In this study, I introduce essential features of the institutional environment in subsistence context into the theoretical formulation advanced. My theorizing brings together literature on a) the institutional context in subsistence and b) chronic and periodic constraints to advance contextually informed hypotheses. Consumer researchers have documented that context provides meaning to actions and objects; however, a majority of psychological research implicitly assumes the institutional environment of western, affluent contexts or of middle and upper class consumers elsewhere. Research that tests theoretical formulations within diverse institutional contexts holds the potential to make explicit tacit assumptions in doing research and suggests pathways for future research. Being aware of implicit assumptions in conducting psychological research also serves to temper claims to generality.

2.6.3 Policy Implications

Whereas the notion of entrepreneurship arising based on need in conditions of poverty has been discussed in prior research, my essay empirically examines this notion, and does so within the narrow range of low income. My research shows that chronic constraints in poverty can lead to agentic responses on the part of the poor to ameliorate their own circumstances. However, the presence of periodic constraints dampens this effect. Both chronic and periodic consumption constraints occur in poverty and need to be understood in order to design policy measures. Periodic constraints plague the lives of the poor living in subsistence contexts across geographies, cultures and
institutional contexts (Chambers et al., 1981). These periodic constraints can stem from factors such as seasonal variation in agriculture, and seasonal food shortages or cyclical nature of pay (Chambers et al., 1981; Collins, 2005; Dostie et al., 2002). As a case in point, high periodic constraints often lead people to fall into deep debt and high interest payments. In an agricultural setting, this may mean turning over the farm produce to the money lender rather than even consider options such as speculating and selling at a higher price a few weeks down the road. In an urban setting, high periodic constraints, say, near the end of the month, may lead to borrowing at high interest rates, and potentially beginning the negative spiral into deeper debt. Needless to say, unexpected transient constraints may pose an even bigger burden. These periodic constraints render the poor more vulnerable to the vagaries of life and limit their ability to envision pathways to better their own circumstances. Policy measures that smoothen these periodic constraints would go a long way in harnessing the nascent entrepreneurial drive of the poor in enhancing the standard of living of both individuals and communities they are a part of. I highlight below some specific policy implications that stem from my research. I also summarize my policy recommendations in Table 2.3.
### Table 2.3: Policy Implication

<table>
<thead>
<tr>
<th>Domain of Policy</th>
<th>Actors</th>
<th>Specific Recommendation</th>
<th>Key Research Insight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supporting ground-up informal mechanisms</td>
<td>Subsistence consumers</td>
<td>Proactive development of collective savings and credit schemes to ameliorate their periodic constraints</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Informal savings groups</td>
<td>Set-aside funds for designated periodic needs such as children’s school fees</td>
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</tr>
<tr>
<td></td>
<td>Subsistence entrepreneurs</td>
<td>Diversification of revenue streams to ensure smoothing of income at a portfolio level</td>
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</tr>
<tr>
<td></td>
<td>Social enterprises and microfinance firms</td>
<td>Understanding context specific cyclical constraints and designing loans specifically for them</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Social enterprises, businesses, and NGOs</td>
<td>Linkage of informal credit groups to external sources of formal finance to meet unfulfilled financial needs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Social enterprises, businesses, NGOs and Government</td>
<td>Accessibility to markets for rural milk collectives to provide a small but steady source of income</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Government</td>
<td>Legal registration of farmer collectives to enable formal linkage with supportive services such as finance and farm technologies</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Businesses, public-private partnerships, social enterprises</td>
<td>Provision of crop insurance to marginal farmers to ameliorate the impact of crop failures</td>
<td>Reducing incidence of periodic constraints</td>
</tr>
<tr>
<td>Market development for supportive services</td>
<td>Government</td>
<td>Policies to promote market development investment on the part of private sector (building basic physical or informational infrastructure that have positive externality for businesses)</td>
<td>Reducing impact of periodic constraints</td>
</tr>
<tr>
<td></td>
<td>Grassroots NGOs</td>
<td>Awareness building regarding the benefits of insurance at grassroots level through communication mechanisms that fit the local context (eg. street plays in urban slums; awareness campaign in weekly markets in rural areas)</td>
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<tr>
<td></td>
<td>Investors of social enterprises</td>
<td>Not being focused on short term returns during market development</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Government</td>
<td>Monitoring of opportunistic behaviour toward vulnerable, low-income customers</td>
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<td></td>
<td></td>
<td>Responsive grievance management mechanism</td>
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</table>
Table 2.3 (cont.)

<table>
<thead>
<tr>
<th>Alleviating cognitive constraints</th>
<th>Microfinance firms</th>
<th>NGOs Businesses</th>
<th>Government</th>
<th>Educators</th>
<th>Consumption versus enterprise loans</th>
<th>Microfinance firms</th>
<th>NGOs Businesses</th>
<th>Government</th>
<th>Enhancing self-efficacy</th>
<th>Consumer-entrepreneur duality</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Educational services to customers in addition to finance.</td>
<td>Administration of marketplace literacy education to build capacity</td>
<td>Education services to beneficiaries of government based enterprise loans</td>
<td>Creation of context sensitive multi-media based education modules that can be scaled in subsistence marketplaces</td>
<td>Two-fold focus on consumption and enterprise loans</td>
<td>Promotion of savings to prevent channelling of resources from business to consumption needs</td>
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2.6.3.1 Supporting Ground-Up Informal Mechanisms Through Financial Services and Ecosystems

The poor themselves evolve informal mechanisms to limit the effects of periodic constraints. Women’s savings groups (ROSCA) are an example of such informal savings mechanisms. The women’s self-help-group movement has tapped into this pre-existing drive that exists in subsistence contexts by assisting women-groups in starting and managing their own group savings plan which enables a low interest source of loans. Typically geared to emergency needs with individuals bidding to obtain money based on need, such loans could also be designed to be useful to smooth over periodic constraints. Although highly useful, these self-evolved groups are limited to small scale operation and only partially fulfil the needs. Moreover, insights from this research can enable such groups to factor in periodic consumption constraints. For instance, low-interest loans could be reserved for end of month needs repayable soon after. A regular cycle of lending and repayment could be set up for wider use by all participants rather than what is often an emphasis on unexpected expenditures or expected but one-of-a-kind expenditures.

Such financial linkages could be provided through innovative practices by social enterprises along with governmental support. Social enterprises can formally link groups to external sources of low-interest finance such as national banks or even retail lenders while influencing design and delivery of financial services to address periodic constraints and consumption constraints in addition to entrepreneurial loans. The social enterprises would act as guarantors who absorb the risk of default on the part of the groups. They could manage the risk by providing capacity building services to the groups in the form of educational programs, creating a win-win as demonstrated here by Study 1b. Structurally, such NGO-SHG linkages are beginning to appear at the field level (Bansal, 2003). However, in designing the linkages, the nature of consumption constraints I outline need to be considered. End-of-cycle relief needs to be built into a number of services.

In rural settings and the agricultural realm, communities often come up with local solutions to the problem of seasonal constraints such as farmer collectives, milk-cooperatives or communal
management of irrigation ponds (Ostrom, 1990). The sale of milk provides a steady income to farmers who are otherwise caught in the grips of agriculture’s natural cyclical rhythms. Governments, social enterprises, and related businesses can provide the technology and space for the collection and procurement of milk from milk-cooperatives with a specific eye toward smoothing over periodic constraints.

Farmer collectives involve pooling of resources on the part of farmers to access shared facilities such as weather protected storage facilities, which are otherwise unavailable to them. Access to such storage facilities relieves the pressures on the part of the farmers to sell their produce immediately for the fear of post-harvest damage. Farmers could keep ownership, store and then sell their produce in calibrated amounts depending on prevailing prices to provide a more steady income stream. Local-government bodies could work with farmer collectives in providing access to such services as cold storage that further alleviate the need for one-shot sales of agricultural produce. Marginal farmers lack the resources to own or rent mechanical harvesters or trucks for moving their produce to the marketplace. Powerful middlemen in villages often provide these services in exchange for the farmers selling their produce to them at a below-market rate. The farmer collectives attempt to reduce the dependence on middlemen by pooling resources and renting technology such as mechanical harvesters. If such farmer collectives are registered with the government, they would become recognized legal entities that could then borrow from formal banks in supporting many of its activities. Underlying these issues is the need to provide a financial ecosystem that frees the farmer up from the negative spiral of deep debt arising from periodic constraints.

2.6.3.2 Market Development for Supportive Services

Policy measures that enable the poor to withstand the impact of periodic constraints will also play a key role in reducing uncertainty. For example, consider the situation of a marginal farmer who is dependent on rain for irrigation. Periodic rainfall shortages lead to an experience of periodic constraints associated with the vagaries of the weather, which can be dramatically reduced by providing crop-insurance. Similarly on the consumption side, making health insurance accessible and
affordable to low income households will enable them to buffer against health expenditures that are known to have a seasonal character as well (Behrman and Deolalikar, 1986). Countries such as India have already started providing health insurance to below-poverty families through programs such as the “Rashtriya Swasthya BimaYojana”. However, access to crop and health insurance are bound to reduce periodic constraints by smoothing the income of the household; the market for such insurance products does not exist in many low-income rural contexts. There is not a pre-existing demand for such products in subsistence marketplaces that marketers could ‘sense and respond to’. The demand for such products with both social and economic impact must be cultivated by enlightened companies that do not see profits and social good to be antithetical. The development of markets for such capacity building services may be less profitable in the short run but lucrative and impactful in the long run. Market development activities of such a nature could be under taken in the public-private-partnership model where the government plays a key role in aiding marketers in the development of the insurance markets as a whole in subsistence marketplaces. This includes educational campaigns and monitoring of opportunistic behaviours on the part of firms.

Access to finance can smoothen present expenditures by borrowing from the future and can go a long way in reducing uncertainty as evidenced by the wide spread of microfinance initiatives. In rural settings and the agricultural realm, non-profit, governmental, or service provider alternatives to financial intermediaries to tide over periodic constraints such as before harvest would be helpful to farmers in maintaining ownership of their crops and be more entrepreneurial in selling them based on varying prices. For subsistence entrepreneurs in general, family is often the buffer when dealing with customers and suppliers (Viswanathan et al., 2010a) with periodic constraints putting strain in this domain and curtailing their ability to sustain and grow their businesses. A financial ecosystem geared to provide a buffer would be very helpful here as well. Specifically, provision of distress finance will be immensely valuable to the poor in addressing their periodic constraints. Indeed, as my results show, periodic constraints, although not perhaps leading to as much uncertainty as unexpected emergencies, do reduce entrepreneurial intentions. Financial services can also be geared to address periodic constraints, a phenomenon that occurs informally within communities where lenders are
aware of periodic constraints and are often exploitative. However, more formal design of services that aim to smoothen periodic constraints, say in timing and division of loans, and repayment, can go a long way to addressing this issue.

2.6.3.3 Alleviating Cognitive Constraints

My specific policy implications also derive from Study 1b and the importance of entrepreneurial education in enhancing entrepreneurial self-efficacy and alleviating the effects of periodic constraints. The marketplace literacy education in question here emphasizes a deeper understanding of the marketplace, thus broadening individuals’ outlook in this realm. The education emphasizes know-why, broadening participants’ perspectives in envisioning the role of the marketplace, as well their roles as consumers and entrepreneurs. Participants begin to think beyond the immediate and consider geographically dispersed value chains. Such education aims for skills, self-confidence, and awareness of rights. Marketplace literacy education was uniquely developed in light of the complete absence of education about the marketplace that focuses on know-why. The educational program does not focus as much on what to buy or sell, but how and most importantly why. Whereas, low literacy and low income have been associated with concrete thinking and the immediacy of the here and now, such education provides perspective, including in times of high periodic constraints, attenuating the effects of constraints by enhancing understanding and coping.

In this essay, I specifically demonstrate the pathway of entrepreneurial self-efficacy in attenuating the effects of chronic and periodic constraints. Addressing constraints of a different type, i.e., cognitive constraints can attenuate the relationship between chronic and periodic consumption constraints and entrepreneurial intentions. Of particular significance is the mode of delivery of marketplace literacy education that was employed in my study. A key concern with educational interventions in subsistence contexts is their scalability. I show that self-administered video based modules, which can be scaled more easily than instructor led approaches, could also be effective in subsistence marketplaces. Given the scale of the challenge in developing economies, scalability is an important aspect of the intervention.
It is well known that microfinance loans that are given out for enterprise development are often used up to meet consumption needs arising from periodic constraints such as school fees for children. My finding further reinforces the importance of coupling micro-financing with marketplace literacy education, empirically showing how attenuation of entrepreneurial intentions in the face of the joint effects of chronic and periodic consumption constraints arising out of lack of financial resources can be nullified. Whereas the literature on subsistence marketplaces has highlighted the importance of marketplace literacy, I isolate and study the independent and dependent variables as well as the mediator. In addition to this specific form of education, enhancing entrepreneurial self-efficacy through other means are also germane. For instance, social enterprises and businesses promoting entrepreneurship can provide support networks that focus on enhancing self-efficacy and related variables, aligning such support with the nature of periodic constraints as well as, more broadly, transient constraints. In fact, such support can be built into educational programs offered by governments, non-profit organizations, and businesses. Businesses that work with farmers and local entrepreneurs as partners can create a win-win scenario by educating individuals through marketplace literacy and providing support services that aim to enhance entrepreneurial self-efficacy. By doing so, they strengthen the partnership as well as the outcomes that flow. I emphasize the need to address cognitive constraints in tandem with a financial ecosystem that addresses consumption constraints.

2.6.3.4 Addressing Consumption versus Entrepreneurial Loans

The broadest implications relate to considering both consumption constraints and entrepreneurial intentions. By studying both jointly, I illustrate the interplay between the two. I note that entrepreneurial loans used for consumption needs are often frowned upon by organizations. As a result, the demand for high-interest money lenders with exploitative collection methods has remained stable even in the presence of microfinance (Brau and Woller, 2004). When consumption constraints are not addressed, they can lead to long-term negative impact for families and a deep spiral of debt that prevents entrepreneurship or impedes reinvestment to grow businesses. Thus, different approaches ranging from separating but bundling these two types of loans to understanding the fungibility of resources and the need to provide buffers at the right times during high periodic
constraints are measures to consider. In this regard, the importance of a bottom-up approach in uncovering micro-level dynamics has been noted in past research (Viswanathan et al., 2010a) and my work is very much in the same vein. Credit arrangements at local shops are another arena where a more generalized form of credit may help individual customers. Local shopkeepers span the range from being understanding and helpful to exploitative. A form of credit that is independent of the shopkeeper may lead to a number of advantages for the customer.

The policy measures outlined above will enable support of those living in subsistence conditions in changing their own circumstances, complementing macro-economic progress in prosperity and growth. Individuals living in subsistence conditions are typically motivated to improve their own standards of living through entrepreneurial intentions that policies need to encourage and support. My research also underscores the importance of eschewing ideological positions that characterize the poor either as lazy or as natural entrepreneurs.

2.7 Limitations and Future Research

This research uses entrepreneurial intention as the key dependent variable. In affluent contexts, EI has been used as a valid indicator of actual entrepreneurial behaviour (Chen et al., 1998; Zhao et al., 2005). However, given the multifaceted constraints in subsistence, the etiological link between EI and actual entrepreneurial behaviour may involve several intervening factors. Although entrepreneurial intention captures the motivation to start a venture, more research is needed to investigate the strength of the relationship between EI and entrepreneurial behaviour in subsistence. Another limitation of the research stems from its usage of only women in the sample. This can lead to some concerns regarding the generalizability of the results across gender. That said, prior research in evolutionary psychology has argued that women tend to adopt a strategy of “tend and befriend” in response to threat, as opposed to men who adopt a strategy of “fight versus flight” (Taylor et al., 2000). Given that this research primarily used a “fight versus flight” distinction of response to threat, it may be easier to find the hypothesized effects for a sample of males than females.
In this study, I follow the convention of using monthly expenditure data as a way of operationalizing chronic constraints. However, I note that periodic and chronic constraints can be operationalized in multiple ways including asset-ownership, income, social resources and so forth. The subsistence literature acknowledges the multi-dimensional nature of poverty and cautions against reducing poverty to unitary factors such as monthly expenditure or monthly income. Therefore, future research must examine other ways of operationalizing constraints in poverty.

The entrepreneurial process is constituted by distinct phases such as a) entrepreneurial alertness, b) opportunity recognition, c) opportunity exploitation and d) Growth (Shane and Venkataraman, 2000). Future research can offer more nuanced insights on the role of important contextual factors such as social support by examining the impact of different sources and types of social support on different states of the entrepreneurship process.

Extant research has highlighted that several community level factors might also have an impact on important outcomes for those living in subsistence (Sampson, Raudenbush and Earls, 1997; Viswanathan et al., 2010a). Given the socially embedded nature of entrepreneurship in subsistence, research examining the impact of community level factors, such as social cohesion and collective efficacy, can shine light on how broader community/neighbourhood level factors can influence the entrepreneurship process.

2.8 Conclusion

Understanding the psychology of poverty is important both from a theoretical standpoint as well as from a practical standpoint (Chakravarti, 2006). Traditionally, research in psychology has been restricted to affluent, western contexts. However, over the past few decades there has been an increasing emphasis on cross cultural psychology which studies the systematic differences in thinking styles across cultures. The growing body of work in cross cultural psychology has advanced our understanding of different cultures, but our understanding of differences across economic classes within the cultures has remained limited. This research focuses its attention on examining important contextual factors in poverty that impact entrepreneurship within these contexts. A majority of the
entrepreneurs in the world operate in the informal economy (Prahalad, 2009), and as Hunt (2002) observes, the test of generality of marketing theory stems from the vastness of the domain of phenomenon it explains.

A bottom-up orientation to consumption and entrepreneurship in poverty reveals the nuanced interconnections between the two. It reveals the tendency of the poor to exhibit agentic actions to gain some personal control over their circumstances, which are characterized by multifaceted constraints. That said, the research also captures factors such as transient constraints that inhibit this agentic action on the part of the poor. It is crucial to obtain a fine grained understanding of the triggers, enablers and suppressors of entrepreneurship in subsistence. However, much of academic and popular discourses on poverty oscillate between a romantic and a pathological view of poverty (Bertrand et al., 2006). Scholarly research on consumption and entrepreneurship in poverty must also be sensitive to the plurality of motivations and social structures that emerge within contexts of poverty rather than imposing pre-existing theories evolved in affluent contexts of the west.

Public debates regarding the poor often tend to be driven by ideology rather than an understanding of the realities of the poor. It must be acknowledged that there is considerable cultural distance between the middle-class and the poor (Newman and Massengill, 2006). Consequently, there is a need for more academic research that brings to surface a nuanced understanding of the lives and contexts of the poor. Such research can fruitfully inform public policy by grounding public debates in scientific findings rather than ideology. In this enterprise, consumer researchers can play a significant role, complementing the role of researchers from other disciplines. Understanding psychological factors in poverty is crucial for creating business and policy interventions that enhance the welfare of the impoverished (Chakravarti, 2006). Consumer behaviour scholars are suitably placed to play a substantial role in this enterprise. Increasing understanding of poverty from multiple perspectives is instrumental in transforming subsistence marketplaces to sustainable marketplaces (Viswanathan and Sridharan, 2009).
CHAPTER 3

Breaking Through Institutional Barriers: Consumption Crisis as a Driver of Negotiated Agency among Female Subsistence Entrepreneurs

3.1 Introduction

“He [my husband] told me not to start my business. He said that if you do this [business] you would become very rude and you would start arguing and you would not give respect to me……. I told him that if we run this business we could earn some money for our children and we also can put the children in good school. We can even buy a vehicle for you and you can drive it…… But now he says that – “Amudha, we can buy it very soon”. Now he talks like that. Before he used to say too much that I should not go out anywhere”

“Before I started this business [selling bottled pickles], we would not get food also to eat and whatever we get to eat we would eat. But now we are eating foods like vegetables and buying Horlicks and Boost [health drinks] for kids”

“We should lead a respected life and even if we are illiterate we should make our kids study well. We should be respected. They [community members] tell that before [business] Amudha did not know about anything and now after doing business Amudha is good.” - Amudha, Female bottled pickles seller, South India.

Amudha hails from an underprivileged family in one of Chennai’s large low-income neighbourhood. She has been married for 15 years and her husband works as a driver. She has two children, a daughter and a son. Like most mothers in her community, she harbours the aspiration that her children will go to English medium schools and have bright futures. Three years ago her household was engaged in a constant struggle to obtain adequate food. Vegetables were considered luxuries. Her children went to government-run schools that were free but of low quality.

Three years ago was also the time when Amudha convinced those around her to let her start a subsistence enterprise selling bottled pickles in her community. It was a remarkable feat in itself given that the local institutional environment limits women in the community from working outside the thresholds of the house. Amudha makes an average monthly income of Rs. 1500 (roughly $ 25) from her business out of which she dutifully saves Rs. 100 (roughly $ 1.7) every month towards her children’s education. This act gives her immense pride because she never before had her own money to spend in any way of her own choosing. Her husband initially resisted her business venture, worrying that she would ‘stop respecting him’. But now, she thinks he is supportive of her because he realizes that she is capable of contributing to her family’s well-being. According to Amudha, her community members who thought she ‘did not know anything’, now treat her with respect and
dignity. Amudha’s challenges were multifaceted – extreme poverty, subordination in a predominantly patriarchal social system, and low literacy. In the final analysis, however, her story is one of self-empowering through subsistence entrepreneurship.

Amudha, and millions of other women subsistence entrepreneurs like her (Prahalad, 2009) are embedded in strong patriarchal social systems where the place for women is considered to be within the house. This pervasive phenomenon motivates the research questions that I examine in this essay - a) why and how do these low-income women overcome the ‘iron cage’ of institutional norms and engage in entrepreneurial action? and b) what are the consequences of entrepreneurial action in their lives? These questions represent the principal challenge for institutional theory in explaining embedded change (Garud et al., 2007). That is, if institutions govern the way we understand the world (cognitive schemas), feel about the world (values) and act in the world (practices) (Scott, 1995), then how are these women able to overcome institutional barriers that limit their exercise of individual agency through entrepreneurship?

I gathered and analysed longitudinal qualitative data from 25 women subsistence entrepreneurs over multiple years to answer these questions. The data reveal that, paradoxically, the quest for stability in consumption, in a context of a consumption crisis, drives the process of change through entrepreneurial action. Consumption crisis is defined as circumstances under which the household’s basic consumption goals are under threat. Given that the institutions governing consumption and entrepreneurship are intertwined in subsistence contexts (Venugopal, Viswanathan and Jung, 2015), the motivation to safeguard one aspect of life (consumption) provides the institutional allowance for change in other aspects of life (entrepreneurial action). This change is effectuated through a discursive process that treads the middle ground between complete institutional determinism and unbridled agency, thus balancing the competing forces of continuity and change. I label this process as negotiated agency and clarify its inner structure in this essay. I define negotiated agency as a discursive process, involving interaction with oneself (intrapersonal) and others (interpersonal), which determines what institutionally prescribed practices are to be changed and what practices are to be maintained (Chaturvedi et al., 2009; Evans, 2002). In other words, it is the process
of reconciling continuity with change, where past patterns of behaviour are always considered in determining the way forward. Negotiated agency results in new behaviours that represent a partial departure from institutionally derived action scripts. This form of agency must be distinguished from actions that merely reproduce past patterns as well as actions that completely reject past patterns of behaviours (Emirbayer and Mische, 1998). Furthermore, I theorize the empowering consequences that accrue to the individual as a result of this negotiated agency. I focus my attention on the concomitant outcomes of extrinsic transformations in agency (actions) as well as the intrinsic psychological transformations at the level of beliefs and attitudes.

This research makes several important contributions. Theoretically, the essay sheds light on how the quest for stability in one aspect of life provides the spark for overcoming institutional barriers in other facets of life. Further, the essay elaborates on the process through which individual actors resolve the age old tension between agency and structure through a discursive process. Although institutional theory literature has focused on macro-level changes at the institutional level, I focus here on the much neglected micro-foundations of the agency-structure debate. This understanding is crucial because individual actors provide the micro-level mechanisms through which macro-level institutions are reproduced or transformed (Lawrence and Suddaby, 2006).

Substantively, I situate my research within the broader discussion surrounding empowerment in the marketplace that is gaining increasing attention in consumer research (Mick, 2006). Past consumer research has made considerable advances in understanding the empowering effects of temporary escape from the marketplace in contexts where marketplace engagement is the default condition (Chatzidakis and Lee, 2013; Kozinets, 2002). In this research, I reverse the line of inquiry and focus my attention on the empowering effects of marketplace engagement (as sellers) on low-income women entrepreneurs facing multi-faceted constraints. My research on women subsistence entrepreneurs also deals explicitly with the intersectionality of class, gender and literacy – thus helping us understand the impact of multiple intersecting sources of hardship.
This research also holds important policy implications. Prior work in economics has labelled subsistence entrepreneurship “under-productive” and lacking in “explosive growth” (La Porta and Shleifer, 2008; Schoar, 2010). I submit in this essay that subsistence entrepreneurship is a potent mechanism for bottom-up change. It is an agentic action on the part of poor women, who are underprivileged on multiple fronts, to transform their own condition. By focussing exclusively on economic aspects, we may miss much of what is truly transformational about subsistence entrepreneurship.

3.2 Literature Review

This section reviews and synthesizes the literature on three streams of research that provide the conceptual ingredients for the essay. The first sub-section reviews the literature on institutional theory, paying special attention to the problem of structure versus agency. The subsequent section presents a review of the literature on subsistence entrepreneurship, which is the phenomenon under investigation. Finally, a brief literature review on empowerment is presented.

3.2.1 Institutional Theory and the Structure-Agency Problem

Institutions can be construed as shared social structures that influence how we understand the world (cognitive schemas), feel about the world (values) and act in the world (practices) (Scott, 1995). They guide some actions while constraining others, and in the process, reduce the uncertainty inherent to all social exchange (North, 1990). Institutions contain action scripts that are repeatedly performed by actors because these actions are seen as legitimate within the local context (Garud et al., 2007). Consequently, institutions ensure that patterns of the past extend into the future. They normalize the status-quo in order to maintain stability in social order. A longstanding theoretical puzzle in institutional theory has been the agency-structure problem (Scott, 1995). The agency-structure problem grapples with the paradox of how individual agency can be explained within a theoretical formulation where structure governs the actions of all actors.

Human agency is conceptualized as a contextually and temporally embedded process, wherein future possibilities are envisaged in view of past routines and situational contingencies
Therefore, the idea of agency has to be understood in relation to structures within which agency is exercised. Structures are constituted by institutionally derived cognitive schemas and material resources that pattern social behaviours across time and space (Sewell, 1992). Human agency, therefore, is both constrained and enabled by institutional structures (Emirbayer and Mische, 1998). I use the term ‘agency’ to refer specifically to actions that represent a departure from institutionally derived action-scripts (Battilana et al., 2009). This is important to clarify because the notion of ‘agency’ has been invoked to study multifarious types of phenomenon in consumer research (Otnes et al., 2014). According to our conceptualization, agency is always embedded within an institution, and therefore, the agency exercised by actors can never be completely disentangled from the institutional structures (Emirbayer and Mische, 1998). This view is distinct from a decontextualized conceptualization of agency as a free, goal-directed action as proposed in social-psychology literature (Bandura, 2001). I take the perspective that individual agency and social-structure are interdependent. Further, I see agency as the central mechanism that allows for action to emerge in between the extremes of structural determinism and unbridled agency.

Situational contingencies often circumscribe the scope of agency that can be exercised by embedded actors. For example, Chaturvedi and colleagues (2009) find evidence for negotiable fate belief among low-literate, low-income women in India. The phrase ‘negotiable fate belief’ captures the belief developed by individuals that although fate has significant influence on one’s future outcomes, a limited degree of autonomy could be exercised in shaping one’s own future. Similar findings have also been reported in studies of young adults transitioning into the labour market (Evans, 2002). The studies find that young-adults exhibit a tendency called ‘bounded agency’, which captures the emic interpretation of respondents that although economic and social structures have a bearing on their opportunity set, they can exercise limited agency to control their own outcomes. The phenomenon of negotiable or bounded agency is seen an adaptive response on the part of individuals to reconcile the effects of social, cultural and economic structures with the contingencies of their own situations (Chaturvedi et al., 2009). I build on, and extend, this stream of research by elaborating the process through which negotiated agency is achieved by individual actors.
As noted earlier, female subsistence entrepreneurs operate within a strongly patriarchal institutional structure where the place of the women is considered to be within the house. Being a home-maker is seen as the legitimate role of women and they are expected to manage the household responsibilities and ensure that the household’s consumption goals are met. There are many normative restrictions on women’s behaviours motivated by the goal of protecting women’s moral reputation and the household’s status (Viswanathan et al., 2010a). Given this institutional environment, how do millions of low-income women overcome institutional structures and exercise agency as entrepreneurs in the marketplace?

3.2.2 Subsistence Entrepreneurship

At the institutional level, scholars have noted that as a society becomes more affluent, it develops more specialized institutions to organize different facets of life (Granovetter, 1985). However, financially constrained subsistence marketplaces are characterized by undifferentiated institutions (Granovetter, 1985), with little differentiation between the economic and noneconomic facets of life. That is, households in subsistence contexts are both units of consumption and production at the same time (Scott, 1977). Therefore, while studying consumption and entrepreneurship, it is important to consider the institutional context within which individuals construct a business enterprise. The institutional contexts in subsistence marketplaces do not allow for a clear demarcation between the domains of consumption and entrepreneurship. This intertwined nature of consumption and entrepreneurship in subsistence marketplaces has been termed consumer-entrepreneur duality (Venugopal, Viswanathan and Jung, 2015) and forms the conceptual cornerstone guiding the empirical examinations in this essay.

As consumers, subsistence-entrepreneurs face resource constraints that are multi-faceted and span domains such as material resources, education, health and access to basic infrastructure (Viswanathan et al., 2010a; Xu et al., 2003). The primary constraint is financial, which renders them unable to meet even basic needs (Viswanathan et al., 2009a). An additional layer of complexity is created by uncertainty in different realms of life. There are uncertainties related to financial shocks
(both on income and expenditure side) and access to basic services such as transportation, water, electricity and health care (Morduch, 1995; Viswanathan et al., 2009a). Although in most instances satisfying immediate basic-needs are a priority, subsistence-entrepreneurs do make sacrifices in the present to enhance security in the future, especially in the case of education for their children (Gray and Moseley, 2005; Viswanathan et al., 2010a). Betterment of life-circumstances is a key motivator in determining consumption behaviour (Viswanathan et al., 2009a). Given the low-levels of literacy of subsistence entrepreneurs, they depend on social sources of information to both develop consumer skills and overcome limitations arising from low-literacy (Viswanathan et al., 2010a). The role of social networks goes beyond just providing information and also acts as an informal source of finance during times of needs. Given the lack of access to formal capital (Webb et al, 2013), subsistence entrepreneurs access informal capital from social networks, with social networks including their customers (Narayan-Parker and Petesch, 2002; Viswanathan et al., 2010a). In addition to the larger social network, family is an important sub-system for subsistence-entrepreneurs. Family often contributes labour and absorbs transient economic shocks (Viswanathan et al., 2010a).

Subsistence entrepreneurship is a potent mechanism for bottom-up change (Venugopal, Viswanathan and Jung, 2015). It is an agentic action on the part of poor women, who are underprivileged on multiple fronts, to transform their own condition and empower themselves in the process. The following section presents a review of the concept of empowerment.

3.2.3 Empowerment

The term, empowerment, has been defined in multiple ways based on the context in which it has been investigated (Rappaport, 1984). Those interested in human development have defined empowerment as the freedom of choice and action in shaping one’s own life (Narayan-Parker, 2005). This is a relativist view of empowerment that investigates the freedom of choice of individuals in the presence of other powerful agents who structure choice (Kabeer, 1999). The person is seen as being embedded within a system, and therefore, subject to the operation of power within the system (Shankar et al., 2006). Empowerment, from this perspective, cannot be understood without an
understanding of how power operates in the system (Hardy and Leiba-O’Sullivan, 1998). Power originates from four principal sources namely a) control over resources, b) control over decision making, c) control over meanings and d) control over cognitive frames that help us view and understand the world (Hardy and Leiba-O’Sullivan, 1998). Although the operation of power can never be escaped, the primary goal of the process of empowerment is to reduce power disparity between actors in the system (Hardy and Leiba-O’Sullivan, 1998). For example, extant consumer research has examined how marginalized consumers influence the marketplace collectively in order to gain greater acceptance in the marketplace (Scaraboto and Fischer, 2013).

Empowerment can also be studied at the level of individual cognitions (Thomas and Velthouse, 1990). Psychological empowerment is defined as the feeling of efficacy and enhanced motivation to exert control on the part of an individual (Zimmerman, 1990). The forces of empowerment at higher levels of analysis, such as in communities and organization, are mediated by the psychological empowerment that takes place at the level of individual cognitions (Spreitzer, 1996). At the individual level, empowerment is a gestalt of four cognitions namely a) self-determination, b) meaningfulness, c) competence and d) impact (Thomas and Velthouse, 1990). Self-determination refers to the ability to initiate and regulate one’s own actions (Ryan and Deci, 2000), whereas meaningfulness captures the fit between the individual’s beliefs and the requirements of a course of action (Spreitzer, 1996). Whereas competence captures the belief regarding one’s own ability to successfully carry out a course of action (Bandura, 1977), ‘impact’ refers to degree to which outcomes are determined by individual actions (Spreitzer et al., 1997). Exercise of control (action) and psychological empowerment (cognitions) have been found to be in a relationship of reciprocal causation as exercise of control boosts one’s sense of empowerment and empowerment in turn enhances one’s engagement and participation (Chavis and Wandersman, 1990). In this essay, I primarily focus on the efficacy/competence dimension of empowerment in explaining the empowering outcomes of entrepreneurial agency on the part of low-income women.
3.3 Method

The empirical context for my research is Chennai, India, which is one of the four large metropolitan cities in India. The overall population that lives in slums of Chennai is estimated to be over 1 million persons, accounting for around 26% of the total population. Over 67% of dwellings in these slums are one-room tenements and over 34% of dwellings have no latrines (Chandramouli, 2003). Access to basic services such as electricity and drinking water is inadequate, with over 74% of the population not having access to drinking water within their premises and 21% not having access to electricity (Chandramouli, 2003).

Table 3.1: Informant Details

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Education</th>
<th>Type of Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMUDHA</td>
<td>36</td>
<td>8th grade</td>
<td>Pickle</td>
</tr>
<tr>
<td>PACHA</td>
<td>44</td>
<td>8th grade</td>
<td>Flower seller</td>
</tr>
<tr>
<td>GAYATRI</td>
<td>37</td>
<td>10th grade</td>
<td>Tailor</td>
</tr>
<tr>
<td>KAVITHA</td>
<td>29</td>
<td>10th grade</td>
<td>Tailor</td>
</tr>
<tr>
<td>KAMALA*</td>
<td>34</td>
<td>8th grade</td>
<td>Flower seller</td>
</tr>
<tr>
<td>PREMA</td>
<td>32</td>
<td>5th grade</td>
<td>Appalam (snacks) sales</td>
</tr>
<tr>
<td>MOHANA*</td>
<td>34</td>
<td>5th grade</td>
<td>Food shop</td>
</tr>
<tr>
<td>MEENA*</td>
<td>42</td>
<td>7th grade</td>
<td>Petty shop</td>
</tr>
<tr>
<td>KANTA</td>
<td>38</td>
<td>10th grade</td>
<td>Imitation jewellery sales</td>
</tr>
<tr>
<td>RANI*</td>
<td>52</td>
<td>Illiterate</td>
<td>Petty shop</td>
</tr>
<tr>
<td>NIMALA*</td>
<td>38</td>
<td>7th grade</td>
<td>Chicken shop (butcher)</td>
</tr>
<tr>
<td>SHIELA*</td>
<td>35</td>
<td>5th grade</td>
<td>Idly (food) shop</td>
</tr>
<tr>
<td>SUNDARI*</td>
<td>52</td>
<td>8th grade</td>
<td>Cut fabric sales</td>
</tr>
<tr>
<td>RAJESWARI</td>
<td>43</td>
<td>10th grade</td>
<td>Tailor</td>
</tr>
<tr>
<td>THENMOZHI</td>
<td>30</td>
<td>10th grade</td>
<td>Tailor</td>
</tr>
<tr>
<td>KALIYAMMAL*</td>
<td>51</td>
<td>5th grade</td>
<td>Flower farming</td>
</tr>
<tr>
<td>NAGAVALLI</td>
<td>34</td>
<td>8th grade</td>
<td>Petty shop</td>
</tr>
<tr>
<td>MOHANASUNDARI</td>
<td>43</td>
<td>NA</td>
<td>Chit fund</td>
</tr>
<tr>
<td>NANDINI*</td>
<td>22</td>
<td>9th grade</td>
<td>Toys sales in beach</td>
</tr>
<tr>
<td>BANU*</td>
<td>30</td>
<td>8th grade</td>
<td>Balloon shooting in beach</td>
</tr>
<tr>
<td>PREMA</td>
<td>42</td>
<td>8th grade</td>
<td>Chit fund</td>
</tr>
<tr>
<td>RAJESHWARI</td>
<td>50</td>
<td>NA</td>
<td>Chit fund</td>
</tr>
<tr>
<td>MANIAMMAL</td>
<td>NA</td>
<td>NA</td>
<td>Butter milk sales</td>
</tr>
<tr>
<td>KALAIWANI</td>
<td>NA</td>
<td>NA</td>
<td>Flower seller</td>
</tr>
<tr>
<td>AMBIKA</td>
<td>NA</td>
<td>10th grade</td>
<td>Computer center</td>
</tr>
</tbody>
</table>

* Primary breadwinner

The informants for this research were 25 low-income women from Chennai’s various low-income neighbourhoods who are running subsistence enterprises. Most of my informants had low literacy levels owing to lack of resources and opportunities for education in the local context.
(Viswanathan et al., 2010b). The informants are also embedded within the larger cultural context of South India, where women are expected to stay at home and manage household affairs while the male partner provides income to run the household (Viswanathan et al., 2010a). All of the informants faced multifaceted constraints arising from their poverty, low-literacy and gender based subordination.

### Table 3.2: Sample Characteristics

<table>
<thead>
<tr>
<th>Variable</th>
<th>Value (N = 17)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per capita daily income</td>
<td>Rs. 96 (USD 1.6)</td>
</tr>
<tr>
<td>Average weekly sales</td>
<td>Rs. 1335 (USD 22.25 - Max 83.33; Min 3.33)</td>
</tr>
<tr>
<td>% running multiple businesses</td>
<td>41%</td>
</tr>
<tr>
<td>Average length of business</td>
<td>4 years (Max 10; Min 2)</td>
</tr>
<tr>
<td>Sources of Business finance</td>
<td>Local money lender = 47%</td>
</tr>
<tr>
<td></td>
<td>Microfinance = 41%</td>
</tr>
<tr>
<td></td>
<td>Pawn broker = 24%</td>
</tr>
<tr>
<td></td>
<td>Family = 18%</td>
</tr>
<tr>
<td></td>
<td>Formal Banks = 0 %</td>
</tr>
<tr>
<td>Top 3 expenditures for which business income is used</td>
<td>Education 76%</td>
</tr>
<tr>
<td></td>
<td>Family running 82%</td>
</tr>
<tr>
<td></td>
<td>Hospital 41%</td>
</tr>
<tr>
<td>Average age</td>
<td>39 years (Min 29; Max 52)</td>
</tr>
<tr>
<td>Average years of education</td>
<td>7.3 (Max 10; Min 0)</td>
</tr>
<tr>
<td>Average household size</td>
<td>4.23 (Max 11; Min 3)</td>
</tr>
<tr>
<td>Number married</td>
<td>16 out of the 17 (4 widows)</td>
</tr>
<tr>
<td>Primary breadwinner</td>
<td>8 out of 17</td>
</tr>
<tr>
<td>Business location</td>
<td>12% within household; 65% within community; 24% outside community</td>
</tr>
</tbody>
</table>

*1 USD = Rs. 60 (conversion rate between INR and USD)

In-depth interviews were conducted with these women in the local language of Tamil. These interviews were conducted in two phases with an intervening gap of one year. In the first phase, I interviewed 20 women entrepreneurs (see table 3.2 for sample characteristics and Table 3.1 for informant details). I interviewed 12 of these entrepreneurs again after one year and added five new entrepreneurs as negative cases to challenge the emerging theoretical model. A total of 37 interviews were conducted with the 25 respondents. No translators were employed since the author is conversant in spoken Tamil. The interviews consisted of two parts. In the first part, I asked questions regarding the informant’s general life condition and in the second part I honed in on the domain of entrepreneurship. This was important so that I could interpret informant’s comments regarding their enterprise in light of their general life circumstances (Viswanathan et al., 2012). I also employed various elicitation techniques such as role-plays within my interviews. Since many of my participants
had difficulties with abstractions, I used role-plays in order to make the situations concrete (Viswanathan, 2011). This aided in eliciting more nuanced information. These techniques enabled me to elicit the voices of even the least powerful members of the communities, and not just the most articulate voices from these contexts (Chambers, 1983). Further, since individuals might prefer different modes of self-expression, informants were given the opportunity to express themselves through other modes. For example, I gave some papers and markers to my informants to take home and either draw or write about how their life has changes after starting a subsistence enterprise. The picture exhibited in figure 3.1 is from one of the respondents who is not conversant in written English but who enlisted the help of her daughter to articulate her thoughts in English.

**Figure 3.1: Life Changes Post Business**

Another exercise I used is called ‘major life events’ chart where I ask respondents to make a time line and mark some important events in their life. This exercise gave me many insights into the life course of my informants. For example, Sakthi (see picture in figure 3.4) married at the age of 19, five years after finishing her 10th grade education, started her business at the age of 35. Her life course (see figure 3.2) provided important contextual background for me while reading her interview.
transcripts. I also gathered important information regarding events that were cultural deemed important. For example, Sakthi presents the time-line when she and her two daughters attained puberty. This is mentioned alongside events such as weddings and starting business, conveying the cultural importance placed on such events. I was also interested in understanding my informant’s view of what constitutes a family (see figure 3.3). Therefore, I asked them to draw their family tree but did not tell them whom to include. The family trees that were drawn were fairly elaborate including many extended relatives. This gave me a sense of the importance of kinship networks in the context, within which entrepreneurial activities are undertaken. Informants were given Rs. 100 as compensation for their time. The exercises were administered only to the 12 women who were interviewed twice with a gap of one year.

Figure 3.2: Major Life Events
Data were collected over six field visits spanning over four years. Each field visit lasted more than 14 days in duration. My field visits also consisted of observations in communities that many of my informants hailed from. This was carried out to gain a realistic understanding of my informant’s local realities (Bronfenbrenner, 1992). In order to understand my informant’s world (business, household, community) better, I obtained several pictures of informant’s house and business. This aided me by providing a background understanding of my informant’s world in a visual manner, in light of which I could analyse and interpret their statements during the interview.
The recorded interviews were translated and transcribed into text documents for further analysis. I continued the data collection process for this research till I reached a point of theoretical saturation (Corbin and Strauss, 2008). Analysis and data collection were conducted in parallel.

The multiple forms of data were analyzed by the author. The recommendations of grounded theory development were employed to abstract general themes from the data (Corbin and Strauss, 2008). A process of constant comparison was employed to arrive at abstract and recurrent themes (Fischer and Otnes, 2006). The themes evolved in level of abstraction over multiple iterations. The initial set of codes was concrete in nature but over time many of these codes were combined under a more abstract categorical code. The key goal in the analysis process was to stay true to the voices and life stories of my informants. While maintaining standards of methodological rigor recommended for grounded-theory, I subjected my analysis to an additional test – would my informants feel that I comprehend their world and understand their stories if I shared with them my insights from the essay? This helped me stay firmly rooted in my informant’s worlds.

3.4 Findings

Figure 3.5 pictorially depicts the findings of the study. The process model captures three key stages with each stage addressing a research question. Stage one captures how the perception of
consumption crisis is precipitated and explains why consumption crisis acts as the driving force for agentic action through entrepreneurship. Stage two illuminates the inner structure of negotiated agency capturing how informants overcome the institutional constraints to agentic action through entrepreneurship. Finally, stage three captures the empowering consequences of engaging in entrepreneurial action paying attention to both intrinsic and extrinsic transformation that are concomitant and reinforce each other.

3.4.1 Consumption Crisis: Triggers of Agentic Action

The data reveal two important categories of triggers that precipitate a perception of consumption crisis, defined here as situations where household’s consumption goals are under threat. Extant research has identified such consumption crisis, arising from consumption inadequacies, as a critical factor in consumer research (Martin and Hill, 2012). Under the presence of supportive resources, these triggers often ignite the process of subsistence entrepreneurship among low-income women (Sridharan et al., 2014). Extant research underscores the role of environmental triggers (both positive and negative) in precipitating entrepreneurial action (Sridharan et al., 2014). The following section elaborates on two distinct but interrelated categories of triggers.
3.4.1.1 Un-Sustainable Status-Quo

The most common trigger for entrepreneurship cited by my informants was the un-sustainable nature of their life circumstances prior to starting their business. Such situations have often been labelled as ‘crisis’, which jeopardizes the most important goals of an individual or collective social unit such as a household (Weick, 1988). Betterment of life circumstances is one of the most important goals in poverty (Viswanathan et al., 2009a) and therefore, situations that threaten this basic goal constitute an unsustainable condition (Viswanathan and Rosa, 2007). Such shocks or stresses are known to engender a search for coping strategies as a way of ameliorating the stress (Lazarus, 2006).

The informants suggested that subsistence entrepreneurship was one of the most salient pathways available to them to gain more control over their lives. Given the low barriers to entry and low investment requirements in the informal economy, many of the informants were able to leverage their meagre resources and skills in starting a small business venture. I observed many causes that rendered the life circumstances of my informants un-sustainable. Shiela is a 33 years old subsistence entrepreneur who runs a small food shop. She started her business when her husband dislocated his shoulder, which put an end to his career as a tailor doing embroidery work.

_I am 33 years old. I prepare idli [rice pancakes] and sell tiffin at home. My husband does embroidery work. His bone got eroded and his shoulder got dislocated. Because of that he could not move his hands. And we were at very difficult time. Then I started idly shop [South Indian food item] near my house._

Shiela’s business brings in a meagre income that would be inadequate to escape from subsistence life conditions. However, her business holds value for her in how it enabled her to confront the threatening circumstances that faced her household.

Although in Shiela’s case it was an unforeseeable accident that rendered her economic situation untenable, some of the other informants spoke of chronic reasons that made their situations unviable. Kamala’s husband was a wage labourer whose income was not only low but also uncertain. To add to the complications, he was addicted to alcohol which left the family in a precarious situation as a result of their inability to meet even basic needs. Kamala has been running a clothes reselling
business for over five years. The following quote from Kamala shows the circumstances that provoked her into starting a business.

My husband will drink alcohol and he is doing daily wages, weekly once or twice only he goes to work. We eat only with my income and we take care of house rent. To get income only I started the business. I have to give rent, current bill, I cannot depend on my husband and I also have to earn and so I started this business.

My qualitative findings in this essay resonate with the findings in essay one where chronic and periodic constraints were found to be important determinants of entrepreneurial intention in subsistence context (Venugopal, Viswanathan and Jung, 2015). Often times, changing situational factors also leave one’s circumstances un-sustainable. Amudha talks about how increase in family size and increasing prices could be cause for financial turmoil for the family. In her case, inflation and increasing family size made it an economic imperative for her to start a business to supplement her husband’s income. Amudha explains her rationale underlying her decision to start a business in the following quote.

First he [husband] used to look after the family and before we used to buy (groceries) for 50 rupees. Now we cannot run a family with 50 rupees. Because, if we buy things with 100 rupees then only four of us can eat. And we have to pay rent. Before the rent was 600 rupees but now they charge 4000 to 5000. We are giving that much rent and if we have more earning then only we can lead a good life.

Whatever may be the underlying cause, when household circumstances become untenable, it creates a driving force for action in the form of subsistence entrepreneurship among low-income women.

3.4.1.2 Vision of a Better Future

A complementary theme of ‘vision of a better future’ also emerged as an important source of trigger for subsistence entrepreneurship. The belief that one could aspire for a brighter future for one’s children and oneself was identified as a salient driver for entrepreneurial action. In this case, the sense of consumption crisis was fostered by newly evolved consumption goals that were no longer satiated by prevailing practises. The process of envisioning a vivid picture of a future bereft of constant deprivation was often engendered by exposure to the outside world and the lives of others. Such
exposure was also brought about by self-help-groups, where women get an opportunity to meet other underprivileged women like themselves. The ability to envision a better future has been found to be an important source of change (Mazzucato and Niemeijer, 2002). Studies have reported that traditional tribal community members in Africa, who have historically resisted engaging with the formal economy, have even evolved a monetary system in order to access modern medicines (Homewood et al., 2009). This transformation was triggered when formal marketplaces appeared near the communities and members could concretely perceive the benefits of modern medicine (Mazzucato and Niemeijer, 2002).

Exposure to similar others who take alternative pathways is an important factor that engenders critical reflection and foster an urge for change. Consider the situation of Amudha who attended women’s self-help-group meetings and interacted with other low-income women who had started businesses despite many hardships. These individuals were able to expand Amudha’s horizons and sensitize her to the possibilities of running a business as a way of changing her situation in a meaningful way.

I meet many people and talk to them. There has been a meeting for about 3 days and we came to know that how efficient they are even if their husband is a drunkard and how they can do the business and how it can be run were all seen there. And we had that interest in doing something

Resonant with past research in this arena (Viswanathan and Rosa, 2007), the dream for a bright future for children was the single most salient aspiration that fuelled entrepreneurship. Informants often mentioned that they were willing to make many sacrifices in order for their children to have a brighter future. Consider the situation of Gayatri, who runs a tailoring business from her home. Gayatri has studied until 9th grade and feels that her low-literate status is an important impediment to her advancement in life. She acknowledges this issue and yearns for her children to pursue higher education and obtain good jobs. Gayatri is willing to make sacrifices in order for her children to have a good life. For her, running her tailoring business means she can contribute towards her dream of educating her children.
We don’t have anything for us, we don’t have education also, and we want children to study well, so my children should be like other children and that is my aim. It should go to school like other kids are going

What also stands out in Gayatri’s statement is comparison with a social reference group. She wants her children to be like ‘other’ children who are obtaining a good education. This exposure to others appeared to be an important process leading to the formation of new aspirations. It is in this context that the fascination with English emerged. Many of the respondents wanted their children to have an English education. This emphasis on English derives from the fact that the English language is perceived as a ticket to a ‘respectable’ formal economy job, which entails sitting and working in front of a computer. The following quote from Kanta reflects this sentiment.

Because she [daughter] has learnt English she is able to talk fluently in English with others and understand what they are saying. We are not able to talk like that. We know only Tamil and we don’t know any other language. When she talks to her teachers in English we feel happy that she is doing something that I could not do and that is why we want them to be educated and go for job in big company. They should not do small business like us and they should sit in front of the computer and work well and for all that education is a must. If we ask for such jobs we will not get but if they are educated they can get that job and that’s why they should study.

Ultimately, entrepreneurship was seen by many of my respondents as a way of bringing about intergenerational changes through investing in their children’s future. The two themes of triggers identified herein are not mutually exclusive. They might be analytically distinct but empirically they are intertwined. I often noted both these types of triggers operating in the lives of my informants.

The current section focused on the general categories of triggers of subsistence entrepreneurship among women that foster a sense of consumption crisis. The two categories of triggers capture both ‘push’ and ‘pull’ forces for engaging in entrepreneurial action. Together, they create a sense of crisis in the domain of consumption and provide the impetus for change in other aspects of life (entrepreneurial action) in the quest for consumption stability. The precipitation of a sense of consumption crisis brings into question the meaning of current institutional practises as they are found to be inadequate in helping the household meet its core consumption goals.

3.4.2 Negotiated Agency
Although the triggers noted in the previous section create the motivation for engaging in entrepreneurial action, the process of effectuating change faces many institutional constraints. Overcoming these institutional constraints is an effortful process. This process is labelled as negotiated agency, adapting from past work on negotiable fate belief (Chaturvedi et al., 2009). Negotiated agency features a discursive process of interaction with oneself and others, and aims to reconcile continuity with change. Both of these aspects are elaborated upon below. Whereas past research has focused on the phenomenological state of negotiated agency, the focus of this section is on the sub-process that underpins the exercise of negotiated agency.

3.4.2.1 Discursive Processes

Although the perception of consumption crisis creates the motivation for taking agentic action through entrepreneurship, our informants face many institutional barriers in effectuating the change. In order to overcome these constraints our informants engaged in discursive processes with other relational partners as well as with themselves in order to legitimize or give meaning to new actions that represent a departure from institutionally sanctioned behaviours. The discursive processes are oral interactions that employ specific utterances in referring to practises, and in the process infuse them with new meaning (Philips et al., 2004). Such discursive processes have been identified as important mechanisms in bringing about changes in individual’s consciousness because they help individuals become aware of and adjust to new realities (Phillips, Lawrence and Hardy, 2004).

To cite an example, Meena is a single mother, whose husband abandoned her. Meena makes a living by selling low-cost toys in one of Chennai’s many beaches. Her business requires her to place wares on a piece of cloth spread over the sand. She then has to sell the toys by attracting the attention of families with children. She talks about her ‘shyness’ in being seen doing business in public. Her shyness stems from the gender norms in the society regarding women working outside their homes (Viswanathan et al., 2010a). Such social norms impose structural disadvantages for women in the context. The following quote captures the essence of her predicament with the situation.
I had shyness, when I placed this shop first. Now I don’t have shyness. I hesitated at first whether anyone will laugh at me seeing me lifting this bag and all [doing business in public]. Now I don’t have any hesitation and shyness. I am now getting food to eat because of this business only.

Having internalized the institutionally derived social norms, Meena struggled with her own understanding of whether doing business is an appropriate activity for a women, which explains her initial hesitation. However, she uses her quest for stability in the consumption domain (‘I am getting food to eat because of this business only’) as a legitimate argument to rationalize her new actions and in the process reaches a new state of consciousness. This is a noteworthy process because embedded actors in institutions often have to overcome their own institutionally implanted cognitive schemas to derive legitimacy for new forms of actions or practises. This involves a discursive process with oneself in which actors use legitimate arguments from within the institutional field to catalyse change in their own minds. Changing one’s own cognitive schemas often precedes the discursive processes with important others in the institutional environment.

Given that all of our informants are embedded in strongly patriarchal institutions, spouses were considered to be the most important actors whose acquiescence had to be garnered prior to engaging in entrepreneurial activity. This again featured a discursive strategy on the part of our informants. Amudha, a bottled pickle seller, notes that her husband was unfavourably disposed to the idea of her starting a business because he thought she would become arrogant and start talking back to him. Amudha had to convince him that she only wanted to start a business so that they could provide a better education for their children and enhance the well-being of the family.

He [my husband] told me not to do the business. He said that if you do this [business] you would become very rude and you would start arguing and you would not give respect to me… I told him that if we run this business we could earn some money for our children and we also can put the children in good school. We can even buy a vehicle for you and you can drive it……. But now he says that – Amudha, we can buy it very soon. Now he talks like that. Before he used to talk too much that I should not go out anywhere

It is interesting to note that Amudha frames her proposed entrepreneurial actions not as a rejection of or a revolt against prevailing institutional norms but rather as improving the consumption status of the household. Another noteworthy feature of Amudha’s rhetorical strategy is the use of the word “we” in her statements. She frames the entrepreneurial activity as something “we” will engage
in so as to enhance the life circumstances of ‘our’ family. Given that managing household consumption is seen as the preserve of the women of the house, invoking the argument of enhancing the household’s consumption status is a legitimate argument within the institutional environment. Such discursive processes are an important tool that underprivileged women have access to in order to change their conditions. Similar findings have been reported from Bangladesh where conservative Muslim women engaged in such discursive process with their spouses in order to gain their support to work in factories (Kabeer, 1999).

3.4.2.2 Reconciling Continuity and Change

As noted above, one important dimension of negotiated agency is the process of discourse with oneself and others. The other important dimension of negotiated agency is reconciling prevailing institutionally prescribed roles and practices with proposed changes. In this regard, one important factor is the need to balance one’s responsibilities as a mother, while running a business. The respondents exhibited a tendency wherein they made trade-off decisions that enabled them to manage both roles. This notion of reconciling continuity with change is underscored in Nagamma decision making. Being a mother, Nagamma prefers to run a business rather than obtaining formal employment because of the independence granted by subsistence entrepreneurship. Nagamma runs her own petty shop and therefore she is in control of her own time. The effort and time devoted towards managing the household and managing the business is of her own choosing.

If I am doing my own business I will be there at home I can do house hold work and I can take care of the child and the cows and the petty shop, where as if I have to go and work in the company I have to leave behind everything and it will take a whole day to go and come

Nagamma’s case underscores the notion that exercise of agency is not free of considerations of prevailing social arrangements and practices. It would not have been easy for Nagamma to abandon her responsibilities in taking care of the children and the cows if she were to decide to work in a factory. Negotiated agency makes salient the tensions that individuals need to resolve in determining what aspects of the current practices are to be continued and what aspects must be changed to account for changing realities. The concept of negotiated agency is also conceptually similar to the idea of negotiated fate belief among low-income women in South India wherein individuals believe that
although their lives are controlled by fate, they still have some agency in impacting their own lives (Chaturvedi et al., 2009).

Prior research has also underscored the importance of maintaining pride in subsistence contexts (Viswanathan et al., 2010a). It is difficult for actors to engage in actions that are not accorded respect and dignity within the local environment. For example, in the following quote, Karpagam maintains that running a small flower shop rather than working somewhere as a housemaid was a more suitable option for her because of the social stigma associated with working in other people’s house.

*If I go to do household works doing job, then people nearby or relatives would not think well about me. Then others will not respect me. It would be very shameful but they respect me, if I run a shop and even if I don’t have husband I am doing business from this shop and its better than going for house hold work and that humiliation is not there.*

This finding further bolsters the observation that the portfolio of new actions available to individual actors is conditioned by prevailing institutional norms. Some departures from institutionally derived action scripts are more acceptable than others, and this consideration informs the negotiated agency exercised by individuals.

### 3.4.3 Empowering Consequences of Subsistence Entrepreneurship: Intra-Personal Level

I observed in the data several transformations that occurred as a result of running a subsistence enterprise. These transformations resolved into two broad categories namely intrinsic and extrinsic transformations. Intrinsic transformations were related to transformations in how the entrepreneur viewed herself, whereas extrinsic transformation pertains to the entrepreneur’s ability to exercise agency at an individual level. I discuss both types below, placing special emphasis on understanding the intersectionality of multiple sources of hardship that women in the sample experience. It also emerges from the data that intrinsic and extrinsic transformations are in a cyclical relationship with each other. It is worth noting that the themes in the model employ a process-terminology rather than an outcome-terminology as running a subsistence enterprise leads to an ongoing process of transformation, not the attainment of a specified static state.
3.4.3.1 Augmenting Individual Agency at Intra-Personal Level

Being agentic entails taking deliberate action in order to attain desired goals and avoid undesirable outcomes (Bandura, 2001). Being agentic also requires access to resources and capabilities, in order to achieve important ends (Bandura, 2006). In this section I examine how subsistence entrepreneurship enables women entrepreneurs to bolster their resources and capabilities, thereby augmenting their ability to be agentic individuals.

One of the most critical, as well as palpable, limitations faced by women in the sample was financial constraints in meeting basic needs of life. Paying rent, buying food and paying children’s school fees, on an ongoing basis imposed considerable burdens on these women. Financial resources were not only limited but were also unpredictable owing to uncertainties in finding wage labour or due to unforeseen expenditure shocks, a finding that is consistent with prior research in this arena (Viswanathan et al., 2014). Gayatri, a 40 year old, mother of two children, notes that her decision to start her tailoring business was driven by the financial constraints her family confronted in the face of uncertainty in her husband’s income. In response to her family’s situation, Gayatri decided to learn tailoring so that she could start a tailoring business supplement her family’s income. Most of the women in the sample noted that their ability to manage some of the basic consumption expenses was considerably enhanced ever since they started their business venture. Even if the income made from the business was meagre, it supplemented the regular income of the family and consequently, contributed that much more in easing the financial burden of the family. Here is Gayatri again, articulating how she makes use of her income from her tailoring business to meet her family’s basic needs such as rent and food. Of importance here is how subsistence entrepreneurship enables agentic action at the household level.

At home we don’t have facility, rent is also high, my husband does not have work daily, during raining season he did not have work, so with my salary we paid rent, fees, eating.

Like Gayatri, many other women in the sample attempt to engage with the marketplace as an entrepreneur. In order to compensate for lack of specific skills, many women were provoked into learning new skills, typically from friends and family or other informal, but locally available resource
persons. Access to formal training institutes is generally curtailed due to combinations of reasons such as lack of awareness, apprehensions, lack of affordability, and lack of convenience access. In the case of Gayatri, she intentionally developed her skill as a tailor in order to generate a livelihood for herself. The informants faced constraints in the nature of skills they could acquire informally in the local environment. Often, the decision making involves optimizing within a constrained choice set of options.

Literacy level places additional constraints on starting a business. Many of the informants were keenly aware of the limitations fostered by their low-literate status and therefore chose businesses wherein their literacy level would not be a salient handicap. Businesses such as selling flowers, selling food items, tailoring service or even farming do not require high levels of education and therefore enabled the informants to circumvent the constraints imposed by low-literacy levels and earn an income. Kaliyammal words below demonstrate an acute understanding of the limitations of lack of education. She informed me that her lack of education rendered many business opportunities in-accessible to her, but for farming, which is her ancestral occupation.

*If we have studied and gone to work then our kids would also go for job. We don’t have much education. Since my parents did farming, I am also doing the farming.*

In summary, entrepreneurial engagement with the marketplace enabled women subsistence entrepreneurs to augment their personal agency through pathways such as a) augmenting financial resources, b) developing concrete skills, and c) circumventing limitations such as literacy level.

3.4.3.2 Intrinsic Transformation: What I believe about my own efficacy

All informants were born and raised in resource-constrained and strongly patriarchal contexts. These conditions imposed several material and cultural constraints on the informants, leading to deleterious effect on their beliefs about their own capabilities and strengths. Such self-referent beliefs are known to be important mediators of agentic action (Bandura, 1982). Analysis revealed that engaging in entrepreneurial activities assisted the study participants to dramatically enhance their self-efficacy beliefs. I observed enhancements in both general self-efficacy as well as entrepreneurial self-efficacy.
Meena spoke at length about her initial lack of confidence in running a business. Although Meena was initially concerned about others' judgment of her, she subsequently came to develop a view that there was no point in her being worried about other people's judgments. She now comes across as someone who has overcome her inherent shyness and gained a lot in confidence. This confidence was engendered by continuing to do business in a public area. Indeed, Meena now seems to take a lot of pride in making a respectable living. The following quote from Meena captures these issues.

“There is no person to help us in need. So this hesitation is waste. I can’t do this job if I have hesitation. I am now getting food to eat by this business only. So I don’t have the hesitation and shyness now. I am not stealing. I am doing a job respectfully. So I am ready to face the difficulties in this job.

Mina’s situation speaks to gains in general self-efficacy. I also observed widespread examples of gains in entrepreneurial self-efficacy, which is a more concrete, domain-specific self-efficacy belief (Chen et al., 1998). The central psychological impediment to starting a business was whether one would be in a position to operate a business, while balancing multi-dimensional constraints. A crucial factor in allaying these fears and bolstering entrepreneurial self-efficacy was observation of other women in the social circle, who were operating businesses despite their multifarious constraints. Running a subsistence enterprise enables women to cross the threshold of their own homes and engage and interact with other women with similar life-circumstances. Extant research has highlighted the important role of group consciousness as a process of empowerment among disadvantaged women (Gutierrez, 1990). Amudha provides a vivid example of how the group consciousness affected her. She informed me that meeting with other women subsistence entrepreneurs’ from her community, as part of a self-help-group meeting, bolstered her courage in running an enterprise. In her own voice, she contrasts the difference between staying at home and becoming part of a larger group united by the common goal of fostering subsistence entrepreneurship among women.

When we talk with others we get courage and if we are at home then we talk to people at home and we would be sleeping and watching TV and like that only. We would think that what can we do? When we talk to others we are able to understand the difficulties of others and there will be a chance to share our problems which we cannot share even with parents. We get income and we have a time pass and in all ways it’s beneficial.
An important factor in Amudha’s case was that the other women who inspired her were individuals she could identify with and whose broad life circumstances she shared. This sparked the ‘if they can do it I can do it’ type of reasoning. Furthermore, when informants experienced enhanced self-efficacy in doing business, it also enhanced their belief in their ability to contribute towards the family’s consumption needs. In other words, increase in entrepreneurial self-efficacy also increased their efficacy beliefs as a consumer. This is consonant with extant research on subsistence marketplaces that maintains that the domains of consumption and entrepreneurship are inextricably intertwined in subsistence contexts (Viswanathan et al., 2010a).

In addition to a general strengthening of entrepreneurial self-efficacy, informants also reported concrete examples of how they enhanced their confidence in specific skills required for running the business. Chitra, a tailor, conveyed to me how she would initially stitch free of cost for friends and relatives in order to gain confidence in her own ability. Over time, her confidence grew and so did her customer network. She now sells to a much wider clientele and charges a reasonable price for her services.

*When I started I did not expect much to get and stitch. First I wanted to be confident to stitch my own blouse, I wanted to stitch freely to my close relatives, if it is nice then I can get outside and stitch. This is what I thought.*

Gaining confidence in specific skills or ‘know-how’ appears to be as important as the more generalized types of self-efficacy beliefs of increasing abstractness such as entrepreneurial self-efficacy as well as global self-efficacy. This finding is indeed consonant with extant research on marketplace literacy which suggests that importance of both know-how and know-why in subsistence entrepreneurship (Viswanathan et al., 2009b).

By way of explicating the synergistic interplay between the intrinsic and extrinsic transformation, intrinsic and extrinsic transformations have a reciprocal relationship, where gain in one realm fosters improvements in the other, and vice versa. For example, gain in entrepreneurial self-efficacy could enhance income from the business. Reciprocally, increase in financial performance of
the business could increase entrepreneurial self-efficacy. I capture this interplay through the two-sided arrow in the model.

3.4.4 Empowering Consequences of Subsistence Entrepreneurship: Inter-Personal Level

The inter-personal level deals with dyadic relationships with important relational partners such as spouse, individual family members and friends. At the interpersonal level, I detected transformations of two types. In terms of the intrinsic, the informants were able to transform the way their relationship partners viewed them – particularly their efficacy/competence. In terms of the extrinsic, the informants were able to augment and exercise their interpersonal agency. I elaborate on both these themes in the following section.

3.4.4.1 Extrinsic Transformation: Augmenting Agency at the Inter-Personal Level

Interpersonal agency refers to the ability of attaining desired goals through relationship partners (Smith et al., 2000). Subsistence entrepreneurship was a way for many of the informants to augment their interpersonal agency. Since poverty is a condition that plagues the entire household, other members of the household are the most important relationship partners in the shared struggle for subsistence (Viswanathan et al., 2010a). I observed many instances in the data where informants harnessed the skills and resources of their relationship partners to attain valued outcomes. An example of this could be enlisting the support of the husband, who has greater physical mobility, to purchase inventory for the business or seeking the support of educated children in maintaining accounts.

Amudha, the bottled pickles seller, describes how she convinced her unwilling husband to assist her in her business. Although initially he was unwilling to contribute towards running her business, he gradually changed his mind after seeing that she was creating value for the household. Amudha’s words below speak to this point.

*in the beginning he[my husband] was not willing to allow me to do business. But now since I have started earning money he says that he will also help me. He would get the pickles on Sunday of every week. And also once in a month he would get the coconut oil. He does not ask questions now. We are doing some expenses and also saving money for the kids, and I do all these things through earnings from my business.*
An undercurrent in Amudha’s case is the tacit shift in power disparity between the husband and the wife. Embedded in an entrenched patriarchal system, support on the part of the spouse cannot always be counted upon. This was indeed the case with many of the informants. As a contributing member of a struggling household, Amudha is gaining in importance within the household, which enables her to harness more of the household level relational resources. In subsistence contexts, where access to financial resources is severely limited, being able to mobilize interpersonal relationships is an important ingredient for success (Viswanathan et al., 2010a).

Interpersonal agency does not always entail harnessing of strengths from an interpersonal relationship. I learned from the informants that one important way of augmenting interpersonal agency is by limiting the deleterious impact of an interpersonal relationship. Consider the example of Karpagam, who sells flowers outside a temple. She relied on her husband for all her financial needs, which often left her with very little money in her hands to spend on her own terms. For her, the complete financial dependence on her husband was a constraining factor. Starting the flower business has granted her a semblance of financial autonomy. Curtailing the limiting potential of interpersonal relationships emerged as another important way of augmenting interpersonal agency. Karpagam shares her plight with me through the following words.

*First I used to manage with the money he gives and it would be very difficult. And completing one month is very difficult and I have to depend on him for everything. But now I have money in my hand and I can spend money for my son also. And I am spending now*

The quote above demonstrates the intertwined nature of exercising agentic action and transforming one’s own efficacy beliefs. For example, Karpagam’s ability to eke out a living transformed her belief in her own ability to care for her son.

I also observed in the informants a tendency to harness interpersonal resources in overcoming their own weaknesses or shortfalls. I noted this particularly in activity that requires high literacy levels. Many members in the sample depended on their children, who were likely to be more educated than them, to maintain accounts or maintain any sort of documentation that was necessary for the business. The following quotes from Keerthana illustrate how interpersonal relationships from important others are suitably harnessed in advancing one’s objectives.
...and I have studied only till seventh standard only and I have lost so much of money unknowingly. My daughter goes to work in the morning 9.30 am itself. She will teach me calculation.

We don’t know how to write and so someone else would write and the names would be written by my daughter. And other accounts will be written by one brother. That brother came and taught us on how to maintain the accounts.

Informants also tapped into their interpersonal relationships to further their business. This was particularly the case when the business was in the initial stages. Kanta, who is a reseller of low-cost gold-plated jewellery, expanded into a new neighbourhood through her Aunt who lives there. She would sell her products to customers in those communities through her aunt and collect payments through her as well. I have observed this tendency to use trusted relationship partners as spokespersons of one’s business widely in the data. The following quote from Kanta underscored this point.

Till now I have not done any advertising but my auntie’s house is in Ayanbakkam. I will go and give to her and she will sell there for me and collect the money. I will go there once a month and give her some jewels and collect the money.

Interpersonal relationships are known to be of critical importance in running subsistence enterprises (Viswanathan et al., 2012). The findings go a step further and suggest that subsistence entrepreneurship is one way of augmenting one’s interpersonal agency in subsistence contexts.

3.4.4.2 Intrinsic Transformation: What I think my relational partner believes about my efficacy

The relationship partner’s belief in one’s efficacy is an important enabler of access to resources contained in interpersonal relationships. Bandura (2001) observes that a socially mediated mode of agency relies heavily on perceived social efficacy of individuals. Stated in simple terms, the stronger the belief of a relationship partner in one’s capabilities, the more likely they are to act as proxies on one’s behalf.

By virtue of running a subsistence enterprise, women entrepreneurs experienced a change in their own views regarding what their relational partners believed about their efficacy. The relationship partners my informants spoke about often were spouses, children and other friends or family members. Running a subsistence enterprise and contributing towards the struggle of the household for
well-being enhanced the respect important family members placed in the entrepreneurs. I also observed instances where entrepreneurs felt that they were treated with more dignity. Consider the example of Kamala, whose daughter appreciates her mother’s constant struggle to improve her family’s condition. Simply put, women subsistence entrepreneurs gained in stature in the eyes of important relationship partners by taking definitive action in the face of adversity that plagues the entire family. The quote below offers a vivid example of this transformation and what it means for women entrepreneurs. Noteworthy here is the role of agency in bringing about the change in beliefs. Kamala believes that her daughter accords her more respect because her daughter is privy to her entrepreneurial actions.

And so I started this shop and my daughter is also satisfied that I am running a shop. She respects me for looking after her without the help of my husband. Even if we don’t have a male support she feels that mother is working hard to take care and she is proud and she is very happy now. And I feel that for that happiness it’s enough. That only is needed.

The increase in stature could also arise from the demonstrations of one’s capabilities. In the case of Amudha, her husband was always averse to her starting a business. But once he witnesses her showing competence and making instrumental contributions to the family, he shifted his stance towards her and offered more support as to her as a result. In the following quote Amudha describes in her own words this transformation.

No, there are no hindrances and even my husband is helping me. First he did not do and now after seeing he thinks that I am working hard [for the family] and so he also buys me things.

The shift in the beliefs of relationship partners was not only triggered through positive contributions towards the household well-being or observable demonstrations of one’s capabilities but also by limiting the vulnerability to detrimental effects of poverty. To cite an example, high degrees of financial debt is pervasive in contexts of poverty. Given the densely social nature of subsistence marketplaces, debt has repercussions for not only the borrower but also his/her relationship partners. Consequently, amelioration of exposure to such risks is an important ingredient of strengthening interpersonal ties. Consider the case of Kamala who notes how she has been able to reduce her daughter’s exposure to the risks of household debt by running a subsistence enterprise.
Our body would be same for some day and if I become sick, then my daughter has to repay the loan. I have to look for my daughter and till now they are suffering only. I don’t want to make my daughter repay the loan. I should not have any loan at all. They should not think that mother has left so much debt.

Interpersonal relationships are of crucial importance in subsistence marketplaces and contribute immensely to individual and household well-being. They act as buffers that absorb shocks that those living in poverty are often exposed to (Townsend, 1995). Interpersonal relationships bolster one’s resilience toward hardships in subsistence marketplaces (Viswanathan et al., 2012). In this section of the essay, I focused my attention on how engagement with the marketplaces, leads to a set of processes that aid subsistence entrepreneurs to grow in stature in the eyes of important relationship partners. The crucial insight stemming from this finding is that the sense of psychological empowerment is not just about how we see ourselves but also about how others see us. In other words, we often see ourselves through the eyes of others in judging our own capabilities.

3.5 Summary of Findings

I outline in the model both intrinsic and extrinsic transformations that occur in the lives of women subsistence entrepreneurs, by virtue of engaging with the marketplace as sellers. The findings clearly suggest that the intrinsic and extrinsic transformations exhibit a reciprocal relationship. I also organize the findings across two nested planes – intrapersonal and interpersonal. I adopt such a model because in running a subsistence enterprise, entrepreneurs harness resources that reside in all of these levels. There are important dependencies across levels in the model. For example, enhancing one’s individual agency also enables one to augment interpersonal agency, and vice versa, signifying that the boundaries in the model are all porous. In the model, I attempt to uncover the transformative potential of subsistence entrepreneurship for underprivileged women. This should not be confused to mean that running a subsistence enterprise always leads to a positive outcome. Indeed, many women subsistence entrepreneurs fail in their endeavour to run an enterprise, due to various reasons. The cause for transformation, as outlined in this essay, is not the success of the business venture per-se, but the mere fact of taking agentic action for the first time in a realm that was hitherto inaccessible. I noticed this in the negative-case interviews that I conducted. The entrepreneurs reported closing down the business in response to factors such as inability to compete and lack of labour. For example,
Santhi, a 36 year old street food seller, informed me that she would have continued to run her business if it had been possible for her to obtain more support in terms of labour.

*Four of us have to eat and if there is no business it is not good. So I thought when there is someone to help for grinding [rice] then I can do that [business]. If 2 of us were doing it [business] that would be good but alone I cannot do anything.*

Although these causes that led to closure of business impacted entrepreneurial self-efficacy, they did not impact general self-efficacy beliefs. The impact of having taken action in a new realm seems to have an enduring impact in itself.

In the following section, I discuss the core conceptual insights of the findings to derive important policy implications.

3.6 Discussion and Implications

Many important implications follow from my investigation of women’s subsistence entrepreneurship. Low-income women in subsistence contexts across the world are plagued by underprivileged status on many fronts including, but not limited to, economic, social and political (Dollar and Gatti, 1999). They often occupy the lower rungs of the social ladder in many communities and suffer from significant gender disparities in domains such as education, health and livelihood (Lopez-Carlos and Zahidi, 2005). Subsistence entrepreneurship is a pathway that millions of low-income women across the world tread upon, to ameliorate their circumstances (Chen et al., 2004). To illustrate, over 72% of all non-agricultural informal employment for women in North Africa is accounted for by subsistence entrepreneurship, with the numbers being 58% and 63% for Latin America and Asia respectively (Chen et al., 2004). The scale of this socio-economic phenomenon renders it important for marketing scholars to study and offer nuanced policy implications. In this section I offer some concrete implications that follow from my investigation.

3.6.1 The Problems of an Interventionist Mindset

Most scholars and policy organizations studying subsistence marketplaces originate in contexts of affluence (Viswanathan, 2011) and approach subsistence marketplaces with a mindset of
creating an intervention that would change the lives of the poor for the better. This strain of thought could be detected in studies that call for empowering the poor “through access to products and services” or “through access to jobs” (Karnani, 2007; Prahalad, 2009). The external actors have a tendency to perceive themselves as the agents of change, often failing to take notice of bottom-up forces of positive change that are already at play in subsistence contexts (Sirolli, 1999). Subsistence entrepreneurship is one such force whose transformative potential has been neglected or misunderstood by scholars and policy experts alike. My bottom-up inquiry into women’s subsistence entrepreneurship illuminates the many facets of transformation it brings about across multiple levels. It builds on the life experiences of women subsistence entrepreneurs and frames the phenomenon as an endogenous force for change, driven by underprivileged women themselves. Although I am not arguing against an interventionist mindset per se, I maintain that policies and approaches have tended to predominantly emphasize external interventions such as microfinance or market access, while neglecting the agentic action on the part of subsistence enterprisers themselves. Moreover, interventionist mindsets should be informed by the bottom-up insights I bring out here. The poor are likely to be the most interested parties in positively transforming their own circumstances (Narayan-Parker, 2005). Therefore, policy measures that fail to take notice of this insight and fail to maintain a healthy balance between top-down interventions and bottom-up forces of transformation would be limited in their transformative potential. The implication could be stated simply as this - in our keenness to help, we should not turn a blind eye towards how people are helping themselves already.

3.6.2 The Problems of Imposing Ill-Fitting Conceptual Lenses

Scholars across several disciplines have studied subsistence entrepreneurship. A common motif underlying these investigations is that they privilege either the economic, sociological or psychological aspects of the phenomenon based on their disciplinary allegiance. For the present essay, my primary allegiance is to the voices and life-stories of my informants. Consequently, the model draws on multiple disciplinary views in advancing a model that captures psychological, sociological and economic aspects of the phenomenon. This is harmonious with extant research that views
subsistence entrepreneurship as a phenomenon wherein the psychological, the economic and the social aspects are intricately interlaced (Viswanathan et al., 2014).

There are multiple problems that arise when we essentialize subsistence entrepreneurship as a predominantly economic phenomenon. To illustrate, Schoar (2010) delineates between subsistence enterprises, which do not bring about economic growth, and transformative enterprises, which create economic surplus. The essay asserts that subsistence entrepreneurs run enterprises merely to support their consumption and consequently lack “explosive growth” potential. Following this line of reasoning, a call is made for investing greater resources on transformative entrepreneurs as a way of creating economic growth. The issue with this line of reasoning is that it confounds economic growth with positive social change. There is little evidence to believe that creation of economic surplus on the part of transformative entrepreneurs alone would lead to socio-economic upliftment of the underprivileged in subsistence communities. In another study carried out by the Brookings Institute, La Porta and Shleifer (2008) submit that subsistence enterprises have levels of productivity and therefore, more investment ought to be channelled towards bigger enterprises that operate at higher levels of productivity. It is evident that these uni-dimensional analyses miss much of the phenomenon that is truly of importance, namely the social transformations. Again, I am not arguing against policy measures that are supportive of transformative entrepreneurs. I merely raise a cautionary note about inordinate focus on transformative entrepreneurs to the detriment of subsistence entrepreneurs. In this regard, other authors have noted the importance of studying transformative subsistence entrepreneurs (Sridharan et al., 2014).

An overly rigid disciplinary focus would lead to conceptual models that are divorced from the experienced reality of individuals to whom the models are supposed to apply to. Indeed, the lives of women subsistence entrepreneurs I interacted with over the last four years are certainly not lived on the basis of disciplinary silos. Therefore, the openness to allowing experienced reality and voice from the field to inform conceptual models would lead to insights that are firmly anchored in the realities of the poor and therefore, have much greater potential to inform useful policy formulations. As an academic field, marketing would be well served by remaining open to marginalized voices and letting
them inform our understanding of the broader marketplace exchange phenomenon. This openness would allow us to conduct research that transforms the lives of marginalized marketplace actors (Mick, 2006). But more importantly, it would reciprocally transform and enrich our own discipline of marketing.

3.6.3 The Problems of Ignoring Intersectionality

A key feature of the subsistence marketplaces literature has been the study of intersectionality between economic status, gender and low-literacy (Chaturvedi et al., 2009; Viswanathan et al., 2005). Intersectionality is a notion that advocates a deeper consideration of multiple sources of underprivileged status arising from social identity structure such as class, gender, literacy, race and so forth (Gopaldas, 2013). Intersectionality research calls for viewing experiences of marginalized informants through a socio-structurally sensitive lens, thereby, preventing homogenized conclusions or grand narratives. Indeed, the subjective experience of entrepreneurship for a low-caste, low-literate female subsistence entrepreneur from rural India would be drastically different from that of an upper class, educated, male subsistence entrepreneur. My express focus on intersectionality between gender, literacy and economic status in this research shows how social structure is interwoven with women’s subsistence entrepreneurship. In addition, I find that economic action is, indeed, embedded within layered social structures (household and community) and consequently, there is a reciprocal relationship between women’s subsistence entrepreneurship and changes in social structure. The data show that social structure imposes many constraints for informants and subsistence entrepreneurship is one means for them to break through some of these barriers in a non-confrontational manner. What also emerges from analysis is the notion that intrinsic empowerment and extrinsic empowerment ought to go hand-in-hand in order for women subsistence entrepreneurs to effect sustainable change. These two facets of empowerment seem to have creative complementarities that catalyze the process of change.
CHAPTER 4
Institutional Work Across Boundaries: How External Social Marketing Enterprises Catalyse

Institutional Change in Local Communities

“Education becomes important as this is a new generation, new era. Before, Maasai [tribe] had lot of cattle but not anymore. …… [Before] we had much rains and cattle had much grass… and earlier we lived in bush with cattle…. but now we don’t have much. Even the lands have buildings and there are no lands for grazing cows. So we don’t have many cows like before, that’s why they [community members] try to find education and schools try to change our culture a bit.” - Jacob, A Maasai tribe leader

4.1 Introduction

The Maasai are a nomadic, pastoralist tribe from East Africa. Their way-of-life revolves around their livestock, and depends on continuous migration as a community, in search of water and pastures (Kituyi, 1990). The upper limit to their way-of-life (livestock ownership) is set by the ability of the natural environment to support their livestock. The lower limit to their way-of-life is set by the community’s ability to subsist (Evangelou, 1984). Rapid changes in the physical and economic environment have threatened the sustainability of their traditional mode of living (Kituyi, 1990). In response, the Maasai are faced with the challenge of changing the traditional institutions that underlie their way-of-life. For example, the Maasai are increasingly engaging with the cash based economy, moving away from the traditional barter system (Homewood et al., 2009). Further, they are beginning to embrace modern education instead of educating the children in the traditional way of life (Coast, 2001). The situation faced by the Maasai is shared by many communities across the world, whose ability to meet their basic needs is threatened by changes around them. These communities are left in a position of changing the very institutions that have historically guided their collective behaviours and community life. This increasingly pervasive phenomenon raises several important theoretical questions that extant research does not address. For example, a) How can communities change the very institutions within which they are embedded (the problem of embedded agency), and b) how does this process of institutional change unfold? I investigate these questions in this essay.

Institutions are based on shared social realities, which are, in turn, constructed through human interactions (Scott, 1987). Institutions provide us with the shared mental models to structure and organize the uncertain environment we inhabit (North, 1993). If institutions govern the cognitions and
behaviours of entities embedded within them, then how can communities change the very institutions that guide their thinking and behaviours? I investigate this question within the context of social marketing enterprises (social enterprises from here on) working with local communities in subsistence marketplaces. Social marketing enterprises are marketing organizations that originate in the formal economy and operate in subsistence contexts with the intention of creating social and economic value (Viswanathan et al., 2009a). In my theorizing, I adopt a broader conceptualization of marketing organizations that encompasses the creation of both social and economic value in society, a position bearing strong support within marketing research tradition (Andreasen, 2002; Hunt, 2002; Kotler and Zaltman, 1971; Lazer, 1969; Viswanathan and Sridharan, 2009). I show that organizations, such as social enterprises, that cross institutional boundaries and operate in new institutional environments, can act as catalysts enabling communities to bring about institutional change – a process I label facilitated institutional work. The institutional work perspective that is offered involves a protracted and effortful discursive process featuring multiple actors who collectively create, maintain and transform aspects of the institutional environment (Suddaby, 2010). The process model involves four distinct stages involving social enterprises – a) legitimating themselves within the local environment in order to participate in institutional work, b) disrupting aspects of the local institutional environment by sparking contestation around certain problematic practices, c) aiding re-envisioning of institutional structures through a political process and d) resourcing institutional change process and maintenance of new institutional order.

The process model developed in this essay holds two key theoretical implications. First, extant research has explored institutional changes that are triggered by exogenous shocks such as technological changes, social movements or laws (Zietsma and Lawrence, 2010) or endogenous changes driven by either low-status or high-status actors within institutions (Scaraboto and Fischer, 2013). In this research, however, I study a process wherein actors crossing disparate institutional boundaries catalyse changes in local institutional environment. The process model is actor centric in that it captures the stages through which social enterprises traverse when they enter local subsistence contexts. The grounded theory building approach adopted in the essay allows for the emergence of a
nuanced model that captures different stages of the process and the constituent forces that shape the process. Secondly, the essay conceptualizes social enterprises as the catalysts in the process of facilitated institutional work. This is an important contribution because extant research sheds little light on the distinct character of social entrepreneurship vis-à-vis economic entrepreneurship (Dacin et al., 2010). Bringing about social change in subsistence contexts often necessitates institutional change. For example, promoting girls’ education necessitates not just provisioning of affordable education services, but also altering of traditional institutional structures that support and reward the behaviour of taking girls out of school (for example, the institution of child marriage among Maasai tribe). The conceptualization of social enterprises as catalysts in the process of institutional change driven by local communities is a first attempt at theorizing the unique role of social enterprises. An important implication stemming from the findings is that even if new institutional practises offer superior economic value, institutional work on the part of social enterprises is necessary in order for communities to perceive and adopt these new practises. In this regard, the essay does not reject the importance of economic benefits, but rather posits institutional change process as a necessary mediating mechanism to assist communities in realizing the economic value of new institutional arrangements.

In addition to the theoretical implications, the process-based understanding presented in this essay offers nuanced insights for social and commercial enterprises in terms of a) product-development for subsistence marketplaces, b) scaling of solutions, c) market entry strategy and d) communication strategy. From a policy standpoint, the essay provides a theoretical basis for understanding the limitations of social entrepreneurship, wherein local communities are adversely impacted by the actions of social enterprises.

I have structured the essay as follows. In the next section I outline the phenomenon of social entrepreneurship in subsistence marketplaces and summarize key insights from the two dominant perspectives on the phenomenon. In the following section I outline the core features of the institutional work perspective that is employed to theoretically frame the phenomenon of interest. I then describe in detail the methodology as well as the rationale for using certain methodological tools.
The method section is followed by a detailed exposition of core findings. I conclude the essay with discussions on a) marketing implications of the research, b) future research and c) broader implications of the research.

4.2 The Phenomenon

In this section, I review two dominant perspectives on the phenomenon of social entrepreneurship in subsistence marketplaces. The Base-of-the-pyramid literature approaches the phenomenon from the vantage point of the social enterprise entering subsistence marketplaces. Consequently, it places emphasis on organizational action in subsistence contexts (Simanis et al., 2008). The subsistence marketplaces literature, on the other hand, emphasizes a bottom-up understanding of individuals and communities in subsistence contexts (Viswanathan et al., 2012). I review both perspectives here as my conceptualization strives to capture the social dynamics that ensue when external social enterprises enter local communities in subsistence marketplaces and attempt to co-create institutional change.

4.2.1 Bottom-of-the-Pyramid (BoP) Strategy

Out of the global population of over 7 billion, around 4 billion live on less than $2 a day (Prahalad, 2009). Traditionally, these low-income markets have been the central object of study in development economics. However, the past decade has seen a burgeoning of interest in low-income markets (called subsistence marketplaces or base-of-the-pyramid markets), both in the business academic and practitioner circles (Hammond and Prahalad, 2004). The Base-of-the-Pyramid (BoP) is seen as an under-exploited market, holding tremendous potential, but also imposing daunting challenges. Engagement of corporations with low-income markets has come to be seen as a way of generating both economic and social value, complementing the role of government and NGOs operating in these markets (Prahalad, 2009). Despite the growing scholarly work on low income markets, external organizations working in poverty contexts have experienced limited success in terms of being able to successfully offer essential products and services such as health care and education over long time periods (Ritchie and Sridharan, 2007).
Prior research on entrepreneurship in BoP markets has drawn from theories and perspectives such as agency theory (Ritchie and Sridharan, 2007), co-creation (London and Hart, 2004), social embeddedness (Hart and London, 2005) and social entrepreneurship (Battilana and Dorado, 2010). The central challenge of social entrepreneurship is that organizations seeking to enter local subsistence contexts originate in formal-institutional contexts, shaped by laws, regulators and mainstream media. However, subsistence marketplaces operate within a web of locally evolved informal-institutions, shaped by social interactions (Viswanathan et al., 2012; Webb et al., 2009). Consequently, there are stark differences in norms, values and beliefs across these contexts (Ostrom, 2005; Viswanathan, 2011; Webb et al., 2009). Extant research offers a number of prescriptions for organizations operating in subsistence marketplaces to negotiate these institutional differences. For example, scholars have noted that organization catering to subsistence marketplaces need to become indigenous (Hart and London, 2005). In other words, corporations must hear the voices of those living in subsistence marketplaces and strive to become locally embedded by developing solutions that are sensitive to local diversity (Hart and London, 2005). Although insightful, the theoretical underpinnings of these prescriptions are underdeveloped. Despite the emerging understanding that institutional change is of core concern with regard to engagement with BoP markets, the literature is mostly silent on the issue and offers little by way of theory to understand the phenomenon.

4.2.2 Subsistence Marketplaces Perspective

The subsistence marketplaces literature adopts a micro-level, bottom-up approach to understanding subsistence marketplaces (Viswanathan and Venugopal, 2015). The micro perspective highlights the impact of resource constraints and uncertainty and brings out the intensely social nature of marketplace exchange in low-income markets (Viswanathan et al., 2012). Social capital has emerged as one of the cardinal constructs of interest and prior research illuminates the role of cognitive, structural and relational social capital in marketplace exchange (Viswanathan et al., 2014). The micro level perspectives reveal that low-income markets should not be seen as untapped markets but rather as pre-existing marketplaces constituted by a multitude of micro enterprises operating in the informal economy guided by community evolved norms. In his book “The moral economy of the
peasant”, Scott (1977) highlights how poor agrarian villages evolve social norms, values and beliefs that reflect the goals of the poor and guide economic exchange. These social norms, values and beliefs, which are self-evolved by the community of poor, conflicts with the norms, values and beliefs of external, formal market institutions where social enterprises originate (Webb et al., 2009). The emphasis on norms, values and beliefs makes institutional analysis germane to the issue at hand. In using the theoretical lens of institutional theory, subsistence marketplaces are viewed as pre-existing social systems which external enterprises have to cogently negotiate in order to operate successfully (Viswanathan and Sridharan, 2012). The subsistence marketplaces perspective places emphasis on understanding the psychosocial realities of local subsistence marketplaces in building solutions. One of the key imports from the subsistence literature is that social marketing organizations must focus on creating social value through their core business activities in order to operate successfully in resource constrained subsistence marketplaces (Viswanathan et al., 2009a).

In advancing the theoretical model, I draw from both BoP and subsistence marketplaces literatures in order to capture the interplay between local communities and social enterprises.

4.3 Theoretical Orientation: Institutional Work

In this section I outline the essential features of institutional theory, in general and review perspectives on institutional change, in particular. Institutions are humanly devised ‘rules of the game’, which guide collective behaviour and reduce uncertainty in human exchange (North, 1991). Institutions could be either formal, such as laws, or informal, such as social norms (North, 1993). Formal institutions are defined as humanly devised constraints such as laws, property rights and constitution that shape economic and social exchange in a society of interdependent members (North, 1990). Informal institutions on the other hand are ‘social norms; customary laws and codes of conduct; and their enforcement mechanisms, such as social networks’ that collectively guide the behaviour of individuals in communities (Mazzucato and Niemeijer, 2002, p. 172). In the absence of formal institutional mechanisms, communities evolve and sustain informal institutions to guide and support co-operative behaviour (Tsai, 2007). Institutions are composed of values, beliefs, norms and
enforcement mechanisms (Scott, 2008). An important import from the literature on institutional theory is that the success and survival of embedded actors depend more on their socially derived legitimacy than their economic efficiency (Tolbert and Zucker, 1983).

The principal problem in institutional theory is the tension between structure and agency (Battilana et al., 2009). Institutional theory was evolved to explain stability and continuity in the social world. However, theoretical fault lines begin to appear in institutional theory when it is invoked to explain processes of institutional change (Scott, 1995). It is precisely these fault lines that have paved the way for two interrelated streams of research, namely institutional entrepreneurship and institutional work (Battilana, 2006; Lawrence and Suddaby, 2006), both of which aim to explain the process of institutional change. Institutional entrepreneurship research emphasizes the agentic role of specific actors called institutional entrepreneurs in creating new institutional structures. The position of institutional entrepreneurs in the institutional field has been used as the defining feature to explain the change process. For example, actors on the periphery of a field are more likely to bring about institutional change because they are less embedded and consequently, have greater freedom to change (Leblebici et al., 1991). Alternatively, actors occupying boundary locations are more likely to act as institutional entrepreneurs because they are exposed to alternative institutional practises (Greenwood and Suddaby, 2006). The unifying insight characterizing the body of work is that less embedded actors are in an institutional field, more likely they are to act as institutional entrepreneurs (Reay et al., 2006).

The institutional work perspective, on the other hand, involves the study of not just creation of new institutions but also the ongoing maintenance and disruption of institutions (Lawrence and Suddaby, 2006). The institutional change process is viewed as being effortful, protracted and discursive in nature, involving multiple stakeholders. It deliberately avoids grand and heroic narratives of individual actors and maintains a multi-party focus (Lawrence, Suddaby and Leca, 2011). The actors are conceptually situated as the protagonists collectively shaping the process of change (Lawrence, Suddaby and Leca, 2011). Agency is viewed as being distributed across actors and is an emergent property of collective institutional work. Institutional work has been classified on the
basis of the aspect of institutions that are transformed, disrupted or created (Zietsma and Lawrence, 2010). For example, actors could engage in boundary work that deals with grouping of actors within an institutional field and practice work that deals with shared routines (Zietsma and Lawrence, 2010). At the micro-foundations of institutional work is the cognitive work that actors have to engage in so as to generate new cognitive schemas that support and sustain the new macro institutional order (Lawrence and Suddaby, 2006). In this research, I articulate the phenomenon of institutional change in subsistence marketplaces within the grammar of institutional work perspective. The institutional work perspective provides a suitable theoretical lens to study the phenomenon of social entrepreneurship because it allows for multiple actors working together to in order to create, disrupt and transform prevailing institutions.

4.4 Method

Qualitative research was employed as the research methodology because it lends itself to the study of processes – a key goal of this research (Lofland and Lofland, 1995). Data were gathered from 19 social enterprises and not-for-profits, 8 of which were from India, 5 from Tanzania and 6 from Argentina. 33 individuals, spread across these 19 organizations, were interviewed. I selected enterprises that have been fairly successful in bringing about change in local communities. Such a sampling strategy serves the research goal of understanding how some enterprises are able to successfully negotiate the formal-informal institutional differences in creating positive social change in subsistence contexts. Field observations and interactions were conducted with beneficiaries of seven of these organizations, enabling bottom-up insight. Open ended interviews were conducted and, given the focus on process, informants were asked to reconstruct their field experiences in a chronological order. Formal interviews lasted anywhere between 30 minutes to 60 minutes. Informants were compensated for their time in cash or kind depending on what was culturally appropriate in the local context. Interviews were mostly conducted in the local language unless the informants spoke fluent English. Translators were used wherever necessary and were instructed to translate verbatim without adding their own interpretations. The interviews were then transcribed to create textual data. Transcribers were instructed not to add their interpretations during the
transcription process. I have refrain from editing the quotes to preserve the ‘voice from the field’ to the extent possible. Detailed field notes were maintained. Field notes included researcher’s observations, feelings, methodological notes and theoretical notes (Taylor and Bogdan, 1984). Participants for interviews were members of the social enterprise who worked at the field level. This theoretical sampling strategy was adopted because the focus of the research was to understand field level issues rather than strategic issues. The choice of three countries was determined by the criteria of accessibility (Taylor and Bogdan, 1984). The researchers had the capacity to conduct research as well as prior relationships with key informants from those countries. Key informants knew the local landscape and were able to provide access to the field sites, field workers, and community members. Key informants had been working in the communities for many years and, therefore, possessed a lot of goodwill in the community. This goodwill was a crucial factor that helped me gain access to community members and field workers. Approaching other informants through the key informant assisted in establishing trust, thereby enabling me to collect data which would have been very difficult otherwise.

Given the focus of research on institutions, observational data from the context and dyadic data covering both organizational and community perspectives were collected to assist in developing a richer theory. Such an emergent approach to data collection is common in qualitative methodology and is consistent with qualitative researchers as bricoleurs (Denzin and Lincoln, 2011). The dyadic design is similar to that adopted by Parasuraman et al., (1985), wherein they incorporate insights from both exchange partners to develop a conceptual model of service quality. Further, institutional processes are highly context dependent and prior research has looked at institutional changes in one industry or community (Greenwood and Suddaby, 2006). The objective of this research, however, is to capture, not just the institutional details, but also aspects of the process of facilitated institutional work that are generalizable across geographical contexts and substantive domains. To serve this end, organizations were sampled across multiple geographies and multiple substantive domains such as health, education, livelihoods, microfinance, rural development, marketplace literacy and environment. Multi-context studies are particularly useful for studying the micro-macro relationships,
which is a core focus of this essay (Ekström, 2006). Extant research also notes that, when conducting multi context research, more effort must be invested in acquiring contextual background information of the research sites. I used a multi-pronged approach to obtaining more background information. For example, in one community I used community maps drawn by a community member to obtain an understanding of the perceived local environment (See figure 4.1). In other contexts, I spoke to key informants in order to gather more contextual information. Secondary sources of data, such as history text books and reports by NGOs, were also gathered to supplement contextual knowledge. Table 4.1 furnishes details regarding sample characteristics.

**Figure 4.1: Village Map**
Table 4.1: Sample Description

<table>
<thead>
<tr>
<th>S.no</th>
<th>Organization</th>
<th>Geography</th>
<th>Domain</th>
<th>No. of interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>A</td>
<td>TN, India</td>
<td>Primary education</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>B</td>
<td>TN, India</td>
<td>Rural handicraft</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>C</td>
<td>TN &amp; Bhopal</td>
<td>Environmental activism</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>D*</td>
<td>TN, India</td>
<td>Livelihoods</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>E*</td>
<td>TN, India</td>
<td>Marketplace literacy</td>
<td>2</td>
</tr>
<tr>
<td>6</td>
<td>F*</td>
<td>TN, India</td>
<td>Community development</td>
<td>1</td>
</tr>
<tr>
<td>7</td>
<td>G</td>
<td>TN, India</td>
<td>Health</td>
<td>2</td>
</tr>
<tr>
<td>8</td>
<td>H</td>
<td>TN, India</td>
<td>Community development</td>
<td>1</td>
</tr>
<tr>
<td>9</td>
<td>I*</td>
<td>Arusha, TZ</td>
<td>Environment</td>
<td>2</td>
</tr>
<tr>
<td>10</td>
<td>J</td>
<td>Arusha, TZ</td>
<td>Wildlife conservation</td>
<td>1</td>
</tr>
<tr>
<td>11</td>
<td>K*</td>
<td>Arusha, TZ</td>
<td>Livelihoods</td>
<td>1</td>
</tr>
<tr>
<td>12</td>
<td>L</td>
<td>Arusha, TZ</td>
<td>Tribal community development</td>
<td>3</td>
</tr>
<tr>
<td>13</td>
<td>M</td>
<td>Arusha, TZ</td>
<td>Community organization</td>
<td>1</td>
</tr>
<tr>
<td>14</td>
<td>N</td>
<td>Argentina</td>
<td>Health</td>
<td>1</td>
</tr>
<tr>
<td>15</td>
<td>O*</td>
<td>Argentina</td>
<td>Community development</td>
<td>3</td>
</tr>
<tr>
<td>16</td>
<td>P*</td>
<td>Argentina</td>
<td>Community development</td>
<td>2</td>
</tr>
<tr>
<td>17</td>
<td>Q</td>
<td>Argentina</td>
<td>Micro finance</td>
<td>3</td>
</tr>
<tr>
<td>18</td>
<td>R*</td>
<td>Argentina</td>
<td>Rural development</td>
<td>2</td>
</tr>
<tr>
<td>19</td>
<td>S</td>
<td>Argentina</td>
<td>Environment conservation</td>
<td>1</td>
</tr>
</tbody>
</table>

* - context observations or interaction with beneficiaries

Three features of the data are noteworthy. The first feature is that of privileging the voices of community members in informing theory development. Most research studying marketing in subsistence contexts take the perspective of the enterprise, and consequently, emphasize the organization’s construction of reality. In this research I wanted to explicitly allow informants from subsistence contexts to inform the theoretical models. Second, I rely on multiple sources of data (participant observations, village maps, secondary data and interviews) in arriving at interpretations. This allowed me to have ecologically valid representations of informants’ reality, in light of which I interpreted their interview quotes. Thirdly, I sample from diverse geographies, contexts and business.
domains in evolving the theoretical model. For example, I cover diverse contexts such as urban low-income communities, agrarian villages and tribal communities. I cover diverse national contexts and diverse domains of business such as education, healthcare and finance.

I employed grounded theory as a methodological theory to guide theory development (Corbin and Strauss, 2008). Theory development began with analysing the data and coding for analytic themes that emerged from the data. This process of analysing data and identifying themes was iterative. Although data were accorded primacy in the theory development efforts, I treated prior awareness of extant literature as if it were another informant (Goulding, 1998). Care was taken to ensure that the analytic themes that were evolved reflected the nuances of the data (Pratt, 2000). I analysed the data independently and discussed individual cases with colleagues to arrive at common interpretations. The analysis focused on identifying dynamic process-constructs rather than state-based static-constructs (Suddaby, 2010). I also focus on identifying forces that shape the process and organized them within broader categories. The analysis adopts a holistic perspective, and the forces identified operate within larger contextual factors. Although the forces identified generalize across contexts, the outcomes of these forces are emergent in nature and are interactively determined within each context (Pettigrew, 1997).

**4.5 Findings**

In this section I first delineate the broad contours of the process model that emerged from the data analysis and subsequently, delve deeper into each sub component of the model. In doing so, the emergent findings are linked to both the theoretical and empirical literature on the subject of institutional change and marketing in subsistence marketplaces. A majority of the constructs outlined are process constructs representing constituent forces that shape the overall process of facilitated institutional work. These forces play out within the local contexts and the contextual factors have a bearing on the outcomes of these sub-processes. In other words, the proposed model is process-centric in that it attempts to capture the sequence of events involved in the process of facilitated institutional work. This epistemic orientation must be distinguished from a ‘state-centric’ approach that explains
under what circumstances a certain empirical ‘state’ is likely to be attained (Van de Ven, 2007).

Further, the process model conceptualizes the stages traversed by social enterprises when they enter subsistence contexts. The model is not focused on explaining a specific type of institutional change.

The model presents constructs at varying degree of abstraction, in a nested fashion (Corley and Gioia, 2004). Constructs such as ‘legitimacy through association’ are more directly grounded in the data. However, constructs such as ‘facilitated institutional work’ are etic interpretations operating at a higher degree of abstraction. This section present a brief summary of the model, followed by an elaborate discussion of each aspect of the model.

4.5.1 Model Summary

The proposed model has four distinct stages that are pictorially depicted in figure 4.2. The first stage involves external social enterprise gaining legitimacy within local communities in subsistence marketplaces. This is crucial because social enterprises need to be accepted within local communities before they can play a role in the social processes of institutional change (Maguire, Hardy and Lawrence, 2004). Subsequently, being embedded in two different institutional environments (formal economy and local subsistence contexts), social enterprises perceive institutional contradictions that provoke them to bring certain institutional practises (eg. Child marriage) into contestation. They do so by initiating a process of institutional disruption through education and dialogue that create the motivation for bringing about institutional change. When the motivation for engendering institutional change is fostered, communities engage in a political process of re-envisioning. This process involves determining what aspects of the local institution must be changed and what aspects must to be preserved. The aforementioned political process is aided by social enterprises, which make communities aware of alternative structures and practises (Greenwood and Suddaby, 2006). Once the direction and pace of change are determined, local communities need to mobilize and apply resources in order to effect the changes. The resources in question could be in the form of material or social resources. As boundary spanners, social enterprises play an important role in providing access to important resource bases, which subsistence communities otherwise might
not have access to. Through all stages of the process, there is a continuous dialogue between the social enterprise and local communities in order to maintain trust and resolve conflicts that emerge owing to institutional differences. This is necessary for on-going maintenance of legitimacy within local environments.

**Figure 4.2: Facilitated Institutional Work**

4.5.2 Legitimating

Legitimacy refers to the evaluation of a social object as being useful and proper within a social system (Suchman, 1995). When social enterprises enter subsistence contexts, they do not possess legitimacy as they are external to the social system they are entering. Consequently, in order to embed themselves within the local context, they must engage in activities that assist them in acquiring legitimacy. Organizations frequently enter local contexts by associating themselves with high status gatekeepers such as elected representatives, traditional leaders or government
representatives. This allows them to gain initial legitimacy through association with other legitimate actors in the local ecosystem. This is akin to findings in the entrepreneurship literature describing how entrepreneurs lacking in reputation in a particular industry are able to acquire legitimacy through association with strategic partners (Starr and MacMillan, 1990). An employee of an education enterprise from South India describes below how his organization gained legitimacy through association with local leaders while entering a village. Legitimate high-status actors within communities act as gatekeepers for an organization to enter and operate within local environments.

*I have to meet the village leader and I have [to] tell them in detail about my motto and about how long I am going to stay there. Village comprises of 400 to 500 people. I cannot go and come out of the village easily. A leader can easily lead to those 400 people.* - Organization #5, Marketplace literacy, India

As high status actors, the gatekeepers are in a better position to convince the community regarding the benefits of allowing the social enterprise to enter and work in the community. When a social enterprise entered a Maasai community through its leader, who provided land to the enterprise to operate from, there was growing concern among the community members. The leader had to persuade the community members of the benefits of the social enterprise operating in their midst by claiming that the social enterprise will bring them access important facilities such as school and water.

*As a community they blamed me a lot for selling the land .... ‘why are you selling this place [to white people]? What is the purpose and what do you want to do? Because it will become a problem as white people will come, they will plan and take this place’…… [I convinced them by saying] it is must [for them] to live here as we need to get school and water*

Gatekeepers provide social enterprises a conduit into the community. However, in the process of acquiring legitimacy, it is important to establish one’s identity more broadly within the community post entry. Informants spoke at length about how they organized community meetings wherein they would discuss about who they are, what their background is and what their goals are. Establishing identity is important to help community members cognitively categorize the role of the new entrant in the context. Establishing identity is also important because the community could then hold the new entrant accountable for their actions. Communities see the organization as legitimate as long as the identity and actions of the organization are harmonious with each other. This is termed cognitive
legitimacy, which captures the comprehensibility of organizational action within the host environment (Suchman, 1995). A field worker at a community development organization from India elaborates on this point below. He describes the organization of public meetings in which the organization’s history and objectives are clearly articulated to community members in order to garner their support.

*first it will be an introductory meeting to tell them [community members] who are we; where are we coming from; What is our social service; what are we going to talk today; Which organization we belong to; Where it is; How it started; In how many villages we are working in; Like that if we share all the information then only they will belief us and come along with us.* - Organization #6, Community development, India

While entering communities, organizations have to be sensitive to the socio-political realities in the local context in order to refrain from causing unintended disruptions or flouting norms that are perceived as sacrosanct within local contexts. Organizations need to become aware of local norms and act in a manner that is judged as being in conformance to these norms. This is particularly difficult because these norms are tacit and require ongoing interactions with local actors to understand. One of the informants from an education enterprise spoke about how community members evaluate whether the organizational action will act in conformance with the norms of the caste-system within the village. An organization that overtly rejects or disrupts these norms will lack normative legitimacy and consequently will be rejected by community members. The following quote from an employee of a vocational training social enterprise in India bears testimony to this assertion.

*[People in village will think] ‘If I belong to a certain community and caste and if a training centre has come [to my village], it should not affect my caste, community and my [political] party. [If these conditions are met] then I am accepted.* - Organization #5, Marketplace literacy, India

Every community holds certain practises and norms as sacrosanct, which hold together the fabric of the community. New actors coming into the local environment are constantly evaluated on whether they represent a threat to the foundational norms that are central to the community’s self-identity and social cohesion.

Strong institutional boundaries insulate a society from changes in the broader social environment and act as institutionally driven segregation (Rao et al., 2005). For example, the Maasai
tribe have resisted the monetary economy and modern education for centuries. Under such circumstances, outside actors must enter and embed themselves within local contexts in order to participate as legitimate actors in the institutional work process. The legitimization of external entities reduces the forces of segregation. This, in turn, enables the diffusion of practices across institutional boundaries (Rao et al., 2005). The set of activities or processes described above allow the social enterprise to obtain legitimacy within the local context. This legitimacy is crucial in the process of social enterprise embedding itself in the local context. The BoP literature has underscored the importance of local embedding in subsistence contexts (Simanis et al., 2008). The process model provides a theoretical rationale for why this activity is essential. Embedding is also important because it makes the social enterprise accountable to the local communities. Tsai (2007) provides examples of how even non-elected government actors in China become accountable to community members by being socially embedded within those communities. The local social norms and regulatory mechanisms begin to have a bearing on the organization once it becomes a part of the local environment. The process of embedding allows the organization to become a legitimate actor and a participant in the process of local institutional change. Once the process of legitimating and embedding is completed, social enterprises initiate the process of disrupting the institutional set-up.

4.5.3 Disrupting

Institutions are resilient in nature and therefore have a tendency of enduring even though their practical utility has worn off (Scott, 1995). After social enterprises gain legitimacy and embed themselves locally, they attempt to play a catalytic role in effecting change by initiating dialogue within the community on important issues. Coming from the formal economy, social enterprises have exposure to norms, values and beliefs that are distinct from that of local communities they are operating in. Outsiders, by virtue of being partially dis-embedded from local institutions, can often identify problematic patterns of behaviours or practices within local environments, which diminish overall well-being. These problematic aspects are difficult for embedded actors to discern because of the taken-for-granted nature of institutionally derived practices. For example, Sen (2001) notes that oppressed lower caste members in Indian society are often socialized into accepting their lower status.
position in society as the ‘natural’ order. The following quote illustrates how an organization had to initiate dialogue on the issue of girl’s education in Maasai villages. This was an important issue to organize a dialogue around because girls were getting married off at a very young age in the community, after which they had to manage household duties. This reality prevented young girls from having access to formal education. The central goal of creating a dialogue around this issue was to make local community members envision alternative and debate realities that could potentially enhance their collective well-being. The literature on community action research affirms the importance of such dialogue (Ozanne and Anderson, 2010).

After calling the meeting we tell them we are here, we are so and so, we are a registered organization, we support [girls] education and so we have come to your community, we want to support you, support education, this is important, if you send a girl to school, she will be employed, she’ll get a lot of money and will support the community.... We have to persuade them from their view, some will really agree and some will not.- Organization # 12, Tribal community development, Tanzania

Institutional theory views organizations as enactors of the social rules codified in the institutions they are embedded in (Handelman and Arnold, 1999). Therefore, the problems that social enterprises choose to create discussions around are influenced by the norms, values and beliefs of the context in which they originated. The focus on girls education described above was an act on the part of the social enterprise originating in the formal economy to reconcile disparities in values and norms across institutional boundaries.

Social enterprises employ different story-telling strategies in the disruption process. Symbolic narratives such as stories are important means of communication in arriving at a shared understanding (Rosa et al., 1999). Stories are also seen as important ingredients in how practises are socially constructed (Santos and Eisenhardt, 2009). Stories and rhetoric are also used as means to discredit institutional norms or practises that have outlasted their usefulness (Thornton and Ocasio, 2008). The following informant from the health sector informed me about how her organization uses different forms of storytelling to communicate with local community members regarding reproductive health issues.
we also play stage dramas to show why you get such diseases[STDs] .. if you go through that you will get to know; you should not give birth to many children; you should be like one lady for one man; all these information we give through the stage plays…….. people will respond as “Oh, is it so; we will get diseases like this is it? We will contact you if we get any such diseases” – Organization 6, Community development, India

In initiating dialogue, it is important to be aware of all the factions in the community and attempt to integrate them all into the dialogue. In stratified communities, it is easy to alienate groups with less power from the process. Institutions affect all stakeholder groups that operate within its field. Therefore, integrating various groups is important in order to account for everyone’s interests. Messages that resonate only with certain sub-groups lack the broad-based support required to bring about institutional change (Maguire, Hardy and Lawrence, 2004). Such actions are referred to as boundary work in institutional work literature (Zietsma and Lawrence, 2010). An effective institutional environment is one that maximizes the gains from cooperative solutions and minimizes the risk of defection (North, 1991). Therefore, integrating various social factions becomes very important during the process of institutional change. One of the informants quoted below illustrates that social enterprises pay careful attention to even micro-level decisions, such as the choice of physical location for conducting meetings, in order to not alienate certain social groups. For example, holding a meeting in a temple might exclude lower caste members or members of other religions in the local community.

we will ask people in which location if we conduct a program will you attend it? Whether in a school, or in a temple or under a tree or in a common place on the road side? We always conduct in such a place where people get together; we won’t conduct these programs in any house or something like that; people will have problem among themselves and thus I will not come if you conduct a program in his place and he will not come if you conduct a program in my place- Organization 6, Community development, India

Critical theorists have viewed the process of positive social change as a zero-sum game where there is a reduction of power differences across groups in the community. Chambers (2006), however, argues that it is possible to conceive of development as a win-win for all stakeholders within the community. There are indeed some institutional norms that are suboptimal for all stakeholders and provide opportunities for attaining a solution that enhances well-being for all stakeholders. Indeed,
without a broad based support from actors across the institutional field, it is difficult to enable and sustain a process of institutional change.

Social enterprises often bring in new knowledge to aid in the process of dialogue around social issues. This is an important function because integration of new knowledge is often necessary to reach a new state of understanding within local institutional contexts. Education provides the knowledge of the ‘why’ allowing individuals and communities to envision alternative realities and empower themselves in the process (Viswanathan et al., 2009b). Education and counselling have been a central component of many development projects in domains such as health, education and financial management. The following quote from an educational organization discusses how provision of new knowledge regarding child-nutrition is crucial to help mothers discern problems in their child’s health and take necessary measures to address the problem.

*If we say health wise the child is malnourished, they [mothers] say my child eats well and goes to school and plays well what else is required. They do not understand that the child is malnourished – does not have enough weight and there are other problems due to that, these are not known to them at all. They say their child is healthy. Only when we show the weight and height chart they understand* - Organization # 1, Primary education and health, India

Discourse and education are indeed essential processes in undermining taken-for-granted assumptions and beliefs. The process of education increases the perceived costs of conformity to old practices and reduces the perceived cost of change (Lawrence and Suddaby, 2006). For example, external actors such as activists and NGOs have played an important role in deinstitutionalizing the use of DDT in United States. This was achieved through a process a) triggered by problematizing the practice of DDT use by disseminating scientific knowledge, and b) effectuated through public discourse to delegitimize DDT use (Maguire and Hardy, 2009).

Practices that diminish well-being can continue to linger within institutions because institutionally derived cognitive schemas normalize the status-quo and limit diagnostic capabilities of individuals and communities (Seo and Creed, 2002). Consequently, problematic social arrangements and practices from the past can continue to extend into the future. External organizations that are not completely socialized within local environments can help problematize prevailing practices and foster
a gradual reshaping of consciousness regarding the same (Seo and Creed, 2002). This process entails bringing into awareness the existence of institutional contradictions and precipitating a sense of institutional crisis with regard to problematic practices or social arrangements.

4.5.4 Re-envisioning

Once changes in perceptions occur in the community, a political process of internal dialogue is initiated, which attempts to resolve conflicts and evolve new shared understandings. Ozanne and Anderson (2010) make similar arguments regarding the enterprise of community action research. They maintain that the community as a whole is the appropriate level of analysis as problems are complex and culturally embedded and require the participation of multiple stakeholders. This is a distinguishing feature of institutional theory where socially desirable goals are viewed as being determined endogenously within the social system through a political process (Scott, 1995). This lies in contrast to the neo-classical economic perspective where goals worth striving for are exogenously determined and therefore independent of the nature of the social system (Scott, 1995). Other scholars have also highlighted the need for social as opposed to legal contracts in subsistence marketplaces (Hart and London, 2005). The following quote from one of the informants from Tanzania captures the emphasis places on dialogue in local subsistence communities. The quote also illustrates the limited utility of legal processes, which play a large role in the formal economy.

peoples’ tradition is dialogue and [legal] documents are not important, it is something that is imposed [from the outside] ….. for a new NGO [reliance on] legal process and documents is viewed as a threat rather than a tool to resolve- Organization # 9, Environment conservation, Tanzania

Social enterprises have a role to play in the re-envisioning process by bringing into discussion alternative lifestyles and modes of organizing affairs (alternative institutional logics) that deviate from the traditional modes. Exposure to such alternative modes could create a potent desire to challenge traditional norms on certain dimensions where there is building discontent. The following quote from a community member illustrates how exposure gained from institutions such as school and church formed a compelling force for young community members to eschew polygamy. This echoes findings from prior work that argues that tapping into aspirational needs, that involve envisioning beyond
immediate circumstances, are important for social enterprises to succeed in subsistence marketplaces (Viswanathan and Sridharan, 2012).

Traditionally your parents only will choose a wife for you, you cannot choose yourself. But now children meet at school and they try to learn and they try to move, so now parents don’t choose…. it is important and also church. They learn in the church that you cannot have many wives. In Maasai culture you can have many wives if you are rich, which depends on how many cows you have… – A Maasai Leader, Tanzania

Our informants point out that, although social enterprises can play a facilitating role in the political dialogue, the eventual direction of change, energy for change and pace of change have to be determined by the community and not outsiders. This finding is closely related to the concept of community entrepreneurship which refers to organizing a venture with the primary goal of community development (Johannisson and Nilsson, 1989). It involves harnessing community resources such as culture and social capital in bringing about sustainable local development (Peredo and Chrisman, 2006). It sees the community as the prime-mover in the enterprise of positive social change. The informant quoted below echoes this sentiment by suggesting that, for sustainable change to be brought about, local community members must be the drivers of change.

Not to romanticize that the people have answers to everything. There are very many issues in which they don’t have answers. But ultimately the guide of the change should be the people and not others [external parties] - Organization #7, Health, India

Once new goals and directions for change are determined, adjustments are made to institutional structures to accommodate for change. Prior research on institutional change characterizes this task as ‘creating an environment to successfully enact the claims of a new public theory’ (Thornton and Ocasio, 2008, p. 115). For example, the following quote illustrates how institutional norms related to women’s ownership of land were adjusted in villages of Tanzania. The quote is from the context of the Maasai tribe, who have traditionally not granted property ownership rights to women. The informant is outlining how even these entrenched institutional practices are subject to change once communities realize the need for change.

that is what we call a local dialogue, we expand it to involve several families and then it goes to villages … eroding the stereotype about the women starts to dilute then later majority of people come and say ok fine it is ok if women own land and then we have had lot of success
related to that work and majority of women are now applying for land- Organization #12, Tribal community development, Tanzania

The re-envisioning stage represents the process through which a community collectively chooses what aspects of its institutions to change and what aspects to preserve.

Institutions could be seen as a social technology to structure an uncertain reality and to enable exchange (Besley, 1995). That said, institutions need not always be benevolent. Over time, they could acquire problems and outlast their usefulness (Lewis, 1966). The process of political dialogue is necessary for communities to constantly reflect on the prevailing institutional norms and build consensus for change. Once a consensus for direction of change and pace of change is determined, communities need to engage in a process of re-institutionalizing, which entails formalization of new institutional beliefs and practises. But to support these new institutional structures, communities require tangible resources. For example, choosing to educate the girl child requires access to resources to enact the change. As boundary spanners, social enterprises can play a major role in this process of mobilizing and applying various types of resources to enable the process of institutional change. I describe this process below.

4.5.5 Resourcing

This phase involves mobilizing material, social and informational resources to sustain the new institutional structures. This process has also been referred to as ‘advocacy’ in the organizational literature (Lawrence and Suddaby, 2006). As compared to resource constrained subsistence communities, social enterprises have enhanced ability to ‘provide technical resources, investment, and global learning, native capability’ (Hart and London, 2005, p. 30). This capability of social enterprises plays a crucial role in the process of bringing about institutional change. The importance of this resource has been observed across different empirical contexts. For example, in the context of HIV treatment advocacy in Canada, Maguire and colleagues (2004) argue that the ability to bridge diverse networks of stakeholders and resources is important for bringing about institutional change. In the following section I describe several sub-dimensions of resourcing that emerged from the data.
The organizations I sampled acknowledge that external entities such as social enterprises could play a crucial role in facilitating the process of change that is self-determined by local communities. There are some critical resources that local communities lack and that would be crucial in negotiating the change in the intended direction. Many of these resources come with scale such as technology and capital. An employee from a rural handicraft social enterprise described to me the challenges local artisans face when they decide to start selling their products in the formal marketplace. The traditional technologies used by the artisans were geared towards meeting the needs of the local village market. However, shifting focus to external marketplaces required changes in the underlying production technologies in order to meet the volume and quality requirements. As boundary spanners, the social enterprise supported the artisans by providing them access to appropriate technologies and external marketplaces.

*We will work with artisans in Tamil Nadu, where we provide them support in getting them orders [market access], helping them in terms of technology [technology access].* - Organization 2, Rural handicraft, India

Social enterprises could also act as conduits for local communities to reach out to external networks such as government agencies or marketplaces. As local communities move to marketplaces outside the community, the efficacy of informal institutions decreases as dense social networks and the intimate understanding of other people’s life circumstances cannot be relied upon with the same effect (North, 1991). Consequently, social enterprises could play an important role in connecting the community to important stakeholders outside. In the following quote, one of the informants explains how they had to negotiate with government authorities to construct public toilets in an urban low income neighbourhood in south India to support the institutional changes related to sanitation practises.

*there were no toilets at all, they were dependant on the public toilets or the open area, then we went and spoke to the people at metro water [government agency]..... we negotiated and they said if we gave them the assurance that as middle men we would not cheat them, they would let us do it, we accepted and gave the assurance and then finishing all the formality we built the toilets,* - Organization 4, Livelihoods development, India
Capacity building products and services must be distinguished from consumption products or services. Capacity building products and services are crucial in empowering communities and fuelling the process of change. Capacity building services could be in such forms as educational programs and access to finance (Viswanathan et al., 2009b; Yunus, 1997). Subsistence marketplaces often lack the requisite capacity building services such as health care, education, vocational training and finance (Viswanathan and Rosa, 2007). These services build self-efficacy and enable agentic action on the part of individuals within communities. The following quote illustrates the importance of training the teachers who work at the community level.

*a training for these teachers, so that they will know they are not alone and it is conducted for all the teachers together in that block[region], they get to meet other people and they can share and compare, the problems faced by them and how others faced and solved similar problems-* Organization #1, Primary education and health, India

Institutional change must be accompanied by cognitive work (education and training) to maintain stability (Lawrence and Suddaby, 2006). New knowledge might be required in order to maintain a newly realized institutional arrangement so as to prevent decay over time. For example, researchers have found a growing need for marketplace literacy education among communities that have recently begun engaging in the formal monetary marketplace.

In the preceding section I described the four sequential stages involved in the process of facilitated institutional work. In the following section I identify key themes that pervade all four stages of the process.

4.5.6 Maintaining Legitimacy

The process of on-going maintenance of legitimacy permeates all stages of the process and plays a key role in building trust, addressing conflicts and enabling mutual learning. This process is necessary in the face of institutional differences between the social enterprise’s host environment and originating environment. These aspects are elaborated upon below.

As outsiders in a community with strong social norms, the issue of trust deficit is a constant threat that social enterprises have to overcome. Informants reiterated the difficulty of gaining trust in local communities. One salient source of trust deficit resides in the community’s historical
experiences and could manifest itself in many ways based on contextual factors. Many subsistence communities have historical experiences of being exploited by outsiders. This could be rooted in diverse experiences such as colonial rule or exploitation of community’s natural resources by commercial firms. For example, one informant from India who works for a women’s empowerment organization spoke about how the men in the community were concerned that the organization was gathering the women in the community to hand over to ‘the English people’. In a context like India, there are also concerns regarding forced religious conversion.

*When we call them [women] as a gathering and talk there have been lots of protest against that saying that you are gathering all women and going to hand over to the English people; you are being bribed by those foreigners and you are now doing this; you should not go for this gathering.* Organization #6, Community development, India

In the face of such mistrust, constant dialogue plays a central role in allaying fears and building trust. The dialogue is informal, and often involves one-to-one interactions, which is a common mode of interaction in the community. One of the informants working with rural artisans spoke about how simple social exchange at a personal level played an important role in strengthening relationships locally. This is consistent with extant arguments that, in subsistence marketplaces, the social and economic lives of individuals are often intertwined (Viswanathan et al., 2010a).

*I think one to one interaction created that element of trust. Initially whichever entity that I would meet, whether it is master weaver, artisan or service provider, anybody they were bit hesitant some were apprehensive some were indifferent at my presence over there , but when I started talking to them, started meeting them often, a trust, a relation started getting developed. Most of the discussions were majorly on the person front – Organization #2, Rural handicraft, India*

Given the differences in values, norms and beliefs between the social enterprise’s context of origin and context of operation, conflicts could arise frequently (Webb et al., 2009). Constant dialogue plays a central role in ameliorating concerns and smoothing relationships with the local community. One informant outlined how holding joint classes for male and female students from different villages ruffled feathers in a conservative south Indian region. The conflict arises from the cultural norm of gender segregation in order to prevent marriages across caste or community lines.
..the village elders came to find out how the males and females could study together and they refused to send the people from their village [to our classes], there were norms like they could talk with only the males from their own village, such problems were there, then we explained about the modules to the village people- Organization #4, Livelihoods development, India

The informants helped understand how constant dialogue helps them learn from the community and change themselves in the process. In the following quote an informant is talking about how she learned from the community about using ash, cow dung and wet soil to prevent certain weeds. The organization incorporated this into their knowledge base and stopped advocating for chemicals to address the weed problem. As in any relational context, the mindset of mutual learning is of central importance for success in subsistence marketplaces (Viswanathan, 2011).

.. we are not masters, we learnt it along the way. We thought we would slow down and listen to them, you go to them, and you try this in their way and it works. – Organization #11, Livelihoods development, Tanzania

4.6 Boundary Conditions for Process Model

It is important to note that many social enterprises do not traverse through the stages specified in the essay. Each stage of the process outlined is important for the evolution of stable institutional environments, which in turn supports positive social change. Negotiating this process is very challenging and requires time, effort and a deep commitment and sensitivity to the local context. Many of the informants noted that there are social enterprises that give-in to the pressures of showing quick results to funders. They overspend money in local contexts to buy conformity from community members instead of engaging in the effortful process of institutional work. This might especially be the case where public funding is used to fuel the activities of social enterprises. Many social enterprises operate through this model either via a public-private-partnership model or a publicly funded social enterprise model.

you see, if I give you money it is easy for me to do what I want. They [beneficiaries] just accept and the project would go so smoothly, I have my outputs, my reports would be superb, but if I don’t give money[to beneficiaries] I would take lot of time to make you do, this time it is project type- Organization #2, Rural handicraft, India
Informants spoke about how certain organizations treat community members not as customers but rather as organizational resources. Conformity of community members is bought and used as a leverage to go after the funding market.

Actually, I came across lot of instances where community was used as a resource rather than providing services to the community - Organization #2, Rural handicraft, India

References were also made to how funding agencies decide, in a top-down fashion, what development objectives are good for communities. The ‘game’ after that is to gain access to funds and then impose the predetermined changes within local communities, without much concern for sustainability or garnering community support.

The interventions and most of the interventions nowadays are pre-defined by the funding agencies themselves. So funding agencies would have the agenda and the NGO would pick up the same agenda ... till the time freebies are flowing people ...are ready to sing the same song what we want them to sing. But once the initiatives are gone, once funding stops and the project is over, then everything collapses.- Organization #2, Rural handicraft, India

The essential question that this raises is one of accountability. Who are the social enterprises accountable to? This problem is all the more salient for social enterprises because they seem to operate in two institutional contexts. The findings suggest that social enterprises could cause harm in local subsistence marketplaces if they hold themselves accountable only to the formal institutional norms. Such an orientation will render them purely top-down organizations with little social engagement in their context of operation. I argue that, by embedding in the informal subsistence marketplaces, social enterprises will hold themselves accountable to local community members, thereby providing checks and balances for their action locally. This is consistent with extant literature that suggests that informal institutions play a critical role in monitoring and enforcing behaviours.

Tsai (2007) finds that, in villages of China where formal accountability of public officials is weak, the public obligations of government officials if enforced by unofficial community norms. This becomes possible because the government officials are embedded within the local social fabric and need to maintain group solidarity.
4.7 Marketing Implications

Several marketing implications follow from the theoretical account of facilitated institutional work. The first implication for social enterprises is regarding the need to focus attention at the institutional level in addition to the product or solution level. This is necessary because institutions provide the shared mental models to make sense of reality. The mental models are taken-for-granted in nature and owe their genesis to convergence of lived experiences in a community (Denzau and North, 1994; Scott, 1995). These mental models are then culturally derived through ‘intergenerational transfer of knowledge, values and norms’ that vary across contexts (North, 1993). Therefore, what seems like a self-evident need to outsiders from formal institutional context might not be perceived at all by those within subsistence context. The following quote from an informant regarding the use of toilets in India illustrates this point.

..millions of toilets are created in villages across India. Many of these are used as store rooms and not as toilets. People don’t use these toilets but rather go out for their necessities in the open. But still private agencies and govt. [are constructing] millions of toilets. The perceived need [for toilets] is not of the community but some other agents outside the community. - Organization #2, Rural handicraft, India

Marketers have long acknowledged that product markets are social constructions, collectively orchestrated by interactions among and between buyers and sellers (Rosa et al., 1999). In the case of marketing in subsistence marketplaces, an important challenge in evolving new products and product markets is the differences in shared mental models of marketers from formal contexts and consumers from informal subsistence contexts.

The second implication is that product development efforts must take into account not only individual level needs, but also the local institutional constraints. The value of the product is not embedded within it but rather depends on the value that can be derived from the product within the context of use (Vargo and Lusch, 2004). There could be institutional barriers preventing consumers from deriving value from the product. This insight is consistent with prior literature on product development for subsistence marketplaces (Viswanathan and Sridharan, 2012).
Institutions are diverse and path dependent. Consequently, seeking a perfect replicable end-solution is unviable in subsistence marketplaces. With regard to scaling, the model suggests that what is replicable is the process of facilitated institutional entrepreneurship, which can lead to evolutions of outcomes that are diverse across contexts but have historical continuities with the local institutional contexts. Amin (1999) echoes a similar insight by calling for a context-specific solution that is sensitive to path dependencies of local institutions. In the resource linking stage, organizations can indeed provide access to what are called ‘platform products’, which are ingredients in the synthesis of final solutions (London, 2008). Microfinance is one such example of a platform product.

The model also illustrates why it is important for external organizations to engage at the community level. Subsistence marketplaces operate within local institutions that guide marketplace exchange (Varman and Costa, 2008). Consequently, seeking change at the individual level without any change in the institutional framework is an arduous task. This is consistent with why most development organizations as well as social enterprises operate at the community level. The process model places importance on the role of dialogue and communication at all stages of the process. As revealed by the data, concretized forms of communication that tap into local realities and local styles of communication are crucial for success. This is consistent with evidence from the literature (Viswanathan et al., 2009b).

The model also underscores the importance of gaining legitimacy within the local communities. Gaining legitimacy enables social enterprises to acquire resources from the social context it is embedded in, thereby bolstering its chances of survival and success (Scott, 1995). The task of engaging at the institutional level and bringing about institutional change might seem outside the scope of a typical social enterprise. However, most forms of entrepreneurship indeed bring about institutional change (Garud et al., 2007). There is extensive literature on institutional entrepreneurship in the field of management that deals with this subject (Garud et al., 2007). The model presents the social enterprise as managing a complex value network composed of multiple stakeholders. This is consistent with the service-dominant-logic of marketing which views a marketing organization as being part of a larger value network (Vargo and Lusch, 2004).
The teleological assertion of profits as the sole motive of a business enterprise has been weakened significantly over the last decade (Prahalad, 2009; Viswanathan et al., 2009a). Scholars have underscored the fact that the opportunities of addressing important social problems such as poverty, through a market-based approach are indeed global in nature (Zahra et al., 2008). Although the scale of poverty is global, the subjective experience of poverty is determined by local factors that are embedded within the local institutional context (Ozanne and Anderson, 2010). Social enterprises, therefore, can play a significant role in the global crusade for poverty reduction by creating not only essential product and solutions, but also by transforming the institutional environments to support their consumption.

4.8 Future Research

The phenomenon of social entrepreneurship in subsistence marketplaces exhibits both managerial relevance and theoretically significance. In this essay, I provide a cogent theoretical lens to frame the phenomenon. I delineate some avenues for future research in the following paragraphs.

In terms of level of analysis, the present essay deals with the phenomenon at a macro-sociological level. Consequently, micro-cognitive processes that underpin the more macro-social processes are not sufficiently emphasized. For example, at a cognitive level, it is worthwhile to ask the question of how individuals make the decision regarding a) whether to change or not and b) which aspects of their institutions ought to be preserved and which aspects are open for change. These are important decisions for both individuals and communities in terms of developmental impact. For example, Viswanathan et al., (2014) discuss how cognitive representations of the physical environment impact individual and community behaviour in relation to the environment. Of particular importance are the shared meaning systems evolved and sustained within local communities. Viswanathan et al. (2014) report how the representation of the farm as ‘a child’ impacts interaction with the farm. This is in line with extant research which underscores the importance of understanding the socio-cognitive dynamics in understanding social construction of the marketplace (Rosa et al., 1999).
In this essay I focus attention on processes that are similar across cultural, geographical and substantive contexts in order to provide an overarching theoretical framework to circumscribe the phenomenon. Future research that examines differences across contexts and provides a fine grained picture will add depth and nuance to the theoretical formulation presented here. To illustrate, in the data, I observed preliminary indications of how the process of facilitated institutional work is conditioned by factors such as strong government involvement (Argentina), strong tribal culture (Tanzania) or strongly entrenched caste system (India). Understanding the interplay of these important social factors will be important for corporations and social enterprises in this era of rapid globalization.

Future research could also delve deeper into each of the sub-processes captured in this research. For example, the process of political dialogue encompasses within it intra-community political heterogeneity, group relations, local leaders and power hierarchies. The construct is complex and warrants a detailed and exclusive examination in its own right. The same is true for other constructs such as resource linking, emergence of new institutional structures and so forth. The literature would benefit from a systematic study of many of these sub-processes.

4.9 Discussion

Subsistence marketplaces globally are coming into contact with formal marketplaces. Consequently, communities are faced with the need to negotiate the tension between the informal and the formal (ways of doing things). Formal institutional contexts and informal subsistence marketplaces are, indeed, worlds apart in terms of institutional structures. It is therefore important for social enterprises from formal institutional contexts to be aware of and actively negotiate these institutional difference. The conceptualization of facilitated institutional work theoretically frames the phenomenon and offers several implications for theory and practise. First, it advances the notion of facilitated institutional work, capturing the process of institutional change that ensues when an external social enterprise enters local communities in subsistence marketplaces. Secondly, the process model advanced in the essay illustrates the richness of the social process that is involved in effecting institutional change. The model offers a firm, sociologically informed conceptualization for social
entrepreneurship. More specifically, I conceptually situate social enterprises as the catalysts in the process of facilitated institutional work. Although the empirical inquiry is set in subsistence marketplaces, it forms the context of discovery for the notion of facilitated institutional work; the theoretical construct has general applicability wherever organizational marketing activity takes place across institutional contexts. The construct of facilitated institutional work, as defined and delineated here, is sufficiently detached from contextual specificities and could be used in explaining phenomenon across contexts.

The conceptualization of facilitated institutional work does not represent a process of linear change from the traditional to the modern. My intention is not to present local subsistence marketplaces as traditional, which are then ‘modernised’ by social enterprises. Nor do I accord a normative ‘higher ground’ to either local institutions or formal institutions. The proposed theory is descriptive in nature and does not treat a particular social order to be more favourable than the other. Local subsistence communities are in a process of continuous endogenous change even without the engagement of external agents (Mazzucato and Niemeijer, 2002). As external agents such as social enterprises engage in this context, they enable the process of facilitated institutional work, which involves mutual influence and dialogue. The new cultural values and structures do not entirely replace the extant values and structures but rather co-exist alongside. This is consistent with the traditional view of social change as a process in which the old and the new co-exist ‘without conflict and even with mutual adaptation’ (Gusfield, 1967, p. 354).

It is also important not to reduce the source of institutional change to merely economic motivations. Embedded marketplace behaviours are known to go beyond a functionalist view and encompass within its scope expressive and moral objectives (Varman and Costa, 2008). Indeed, in the face of multi-dimensional constraints in subsistence marketplaces, engagement at a human level gains in importance (Viswanathan et al., 2010a).

The discourse on development has been divided between the ‘romantics’ and the ‘paternalists’. The romantic notion manifests through works such as ‘Moral economy of the peasant’
(Scott, 1977) and ‘Assault on paradise’ (Kottak, 1992). These works tend to characterize non-industrial subsistence contexts as benign and moral contexts that need to be protected from the homogenizing influence of modern formal economy. On the contrary, the paternalistic view manifests itself through works of certain global development agencies that have prescribed, and in some cases imposed, policy measures with scant regard to local realities (Williamson, 1993). These works also privilege the top-down organizational action in subsistence marketplaces (Karnani, 2007). The current research highlights the need to eschew such ideological polarities and ground theorizing in the realities of individuals and communities living in subsistence contexts. Such a grounded examination, termed a bottom-up approach to subsistence marketplaces, illuminates both strengths and weaknesses within subsistence contexts that need to be harnessed and addressed in building sustainable marketplaces.
REFERENCES


APPENDIX A: Marketplace Literacy – Topics Covered

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<tr>
<td>– Exchange</td>
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<td>– Exchange adding up to a value chain</td>
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<tr>
<td>– Evolution of products and technologies</td>
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<td>– Customer orientation</td>
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<td>– Types of needs</td>
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<td>– Types of products</td>
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<td>– Groupings of customers</td>
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<td>• Consumer Literacy</td>
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<td>– Pitfalls in shopping activities</td>
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<td>– Value as the key concept</td>
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<thead>
<tr>
<th>Educational Program Phase 2 – Offered subsequently</th>
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<tbody>
<tr>
<td>• Entrepreneurial Literacy</td>
</tr>
<tr>
<td>– Evaluating business opportunities</td>
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<td>– Consumer-oriented business philosophy</td>
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<tr>
<td>– Gathering marketplace information</td>
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<td>– Understanding customers</td>
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<td>– Designing products to create benefits</td>
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<td>– Finance and Accounting</td>
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<td>– Sustainable consumption and production</td>
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<td>– Ethics and society</td>
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**APPENDIX B: Illustrative Quotes for Chapter 3**

<table>
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<tr>
<th>Theme</th>
<th>Quote</th>
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<tbody>
<tr>
<td>Un-Sustainable Status-Quo</td>
<td>That income was not enough, we have to spend for kids’ education and also we have to pay the rent. We have to eat and the income was not enough. I was sitting idle at home and so I thought that I can do this.                                                                                          Since I am sitting idle I started this shop and it was very difficult time at home and for food also it was very difficult and so by taking loan on interest basis I have opened this shop? My husband left me before four years. Before that also, he goes off somewhere often. So I had many difficulties on that time. Now also I have many difficulties. But now I am running this small shop (petti kadai) with the help of some people here. So I am earning some money for our food. I am satisfied of having this shop. I have to do the marriage of my daughter and I have to save money for that.</td>
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<tr>
<td>Vision of a Better Future</td>
<td>I go to market around 3am. I sell the flowers in my shop and I come to home in the time gap to do some works and I again go to shop to sell flowers. It is much difficult. I don’t want my children to have this much difficult. They should do some office job and earn money. I have educated my daughter for that purpose only. I want to do agriculture well and earn as much as I can, without getting any loan. We should be able to pay for kids’ education or for work. If they complete 12th they can go to college. We have to work hard and save money. If they are earning 2 rupees then we have to earn 1 rupee and make them study well and get them settled. We should not let them do agriculture like us. They should be sent for a job. They should study more and that’s my wish.</td>
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<tr>
<td>Discursive Processes</td>
<td>First when I started this business my kids and husband did not have a favorable opinion about that. He told me that why are you doing this and not taking care of the kids. But since now am improving in this and I am also earning money, and I am also taking care of kids and my household work is not getting affected. So now he is proud of me. And so they do any help that is possible for them to do. If I ask them to go to shop they would go and now I am getting respect. Yes, I told them that I have much difficulty to meet the expenses since I have to get my daughter married. So my neighbor told me that you are saying that you cannot go out [of home] and you know how to tie flowers so you can tie and sell it [flowers]. Others suggested me to open a small shop (petti kadai) near the school. Then only children and others will buy things from my shop. They also told that in that place there is no need to pay rent also. They also suggested me to get a rent shop after earning some money. So first I kept my shop in that road corner. I didn’t have to pay rent there.</td>
</tr>
<tr>
<td>Reconciling Continuity and Change</td>
<td>I cannot go out and work as timing does not suit, as kids come from school that time,….So I thought I can do tailoring. I bought machine for 10000 and went to tailoring class. We decided to do milk business and there is no other way to do other business. We are not educated and so decided to do this.</td>
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**APPENDIX B (cont.)**

| **Augmenting Individual Agency** | For the past 3 months I have been doing this oil business. My saving is increasing slowly and for paying any amount I need not ask money to my husband for the savings I'm paying it from this. Before opening the shop, I had more loan and I am very much worried about having loan. I used to cry but now I have the confidence that I can manage and I can pay the loan easily.

| **Augmenting Self-Efficacy Beliefs** | I used to simply be at home and get up finish my work and then watch TV and go back to sleep but now when I wake up I start thinking about who I should meet and collect money and if I got and ask today they would give or else she would spend it. So that kind of experience I have gained.

I have got the confidence that I can also do this. And I am facing my difficulties and I am able to manage the small expenses and I have got that self-confidence.

I think I would have been at home only. By doing this business I get the courage and at home I would be lazy and I would just take care of the kids and look after husband and that’s all. I would not have done anything else.

| **Augmenting Interpersonal Agency** | When I told him that I would go to tailoring class he was not that much willing and told me that I should take care of the kids and be at home. And he told me not to go. And when I told him about buying the machine he did not help me in giving the money. He told me there is no need to invest 10000 in that. And he told me that he was doubtful how would you stitch and he wanted me to mind my work. And at that time I joined the group and then got the loan and I did not expect him and then I started stitching and then repaid the loan amount. And so I did not expect him and grew my talent, now whatever I ask he would get it for me and he has that confidence in me. And he thinks that she can do it.

When we talk with others we get courage and if we are at home then we talk to people at home and we would be sleeping and watching TV and like that only. We would think that what can we do? When we talk to others we are able to understand the difficulties of others and there will be a chance to share our problems which we cannot share even with parents. We get income and we have a time pass and in all ways it’s beneficial.”

| **Augmenting Interpersonal Efficacy Beliefs** | What my neighbours would say is that first she was sitting at home and now she is doing business at home and she is earning and taking care of the kids and that is proud thing for me.

First they thought that I would not stitch clothes and can achieve things in life. And my husband told me that and now he is proud of me. First he would tell that I am not a good person to stitch and thought that how she is going to earn and other things. But now he is proud about me that I am able to maintain the family.

First they would think that mother would not do that much work and now when people come to home and get my work done now my small son is saying that mother you are stitching very finely. And he says that he did not think that I would do it in such a good way and my teacher also asked me to come and stitch a blouse with you. And when he says that, I am feeling happy about that. And being at home my name is getting popular.
### APPENDIX C: Illustrative Quotes for Chapter 4

<table>
<thead>
<tr>
<th>Theme</th>
<th>Illustrative Quote</th>
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<tbody>
<tr>
<td><strong>Legitimating Through Association</strong></td>
<td>It may help to have someone influential who is trusted in that area to take you in, so by association I have become a good guy, and I gain a foothold.</td>
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</tbody>
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| **Establishing Identity**     | The chairman of the village is the elected man of the village; he would first get impressed [with our vision] and then we would call for a meeting and explain why we wanted to do this [pursue vision].  

We have mingled with people since we have been there in the same village for a long time now. We know almost everybody in the village. If people from somewhere else come and say something - like if you come and advise them they will not listen to you. Since we are there in the same village for a long time now, if they come and say they will have faith in us and do something for that. [They will feel] if we did not get cured we can go and ask them [social enterprise]: |
| **Socio-Political Sensitivity** | At first some drunkards opposed us asking who we were and why we were speaking with their children. So we meet the village elders and tell them about the foundation and ask them if there are such children who need help and whether we can meet them, if he allows then we take him or other village heads with us if available and proceed  

From being a corporate medical provide to be a social community medicine service provider. It is not only about illness, one has to consider social problems, economic problems etc. |
| **Integrating Stakeholders**  | When we talk to students they say their parents expect them to work, then we ask them to let us meet with their parents and convince them, and when we speak to the parents we try to convince them that education is more important – if they send their children to work at this age then they will feel bad later on, we say they should make their children finish at least tenth standard  

During the tsunami rehabilitation, we went there they had a fisherman’s association office and they offered that space for us and we started, but the community in the next settlement did not participate because there was a rivalry – their children were not allowed to enter this area – that is why we realized why there was always a police surveillance – there was need to avoid clash at any time – then we spoke to the people there and asked them why they should prevent the youth from enjoying the opportunities given to them when the fight was between the elders. |
From that angle we look for various means of communicating with the people, we do some cycling or boating and use some ‘gana’ songs [folk songs] for telling about this [local death toll from environmental issues].

we conducted many training like this even among the male members of the village and advise them not to drink; when you drink the family get spoiled; there would be violence in the family; that should not happen; so we protested like that; we closed down all the liquor shops; we set on fire on all the liquor bottles; after doing all this activities only the cordial relationship started; they started realizing that we are fighting for the people only; then even male members started co-operating with us; when we conducted meeting they did not bother;

Educating and Counselling

When we approach students directly and speak, if we are even a little harsh the students tend to take offence whereas when we go through the headman the students will take it seriously and they will behave well with us and they will have the fear that if they did not study well the complaint will reach the president.

Because you have one of the good ideas and political support, they would not take up the project immediately. They also need some counselling. It is not that people don't want to get out of poverty, but they could have got used to the situation so they need to see how bad their situation is.

We hold public meetings in a new village, we see there is a problem and conduct public meetings, at the public meeting people will come and talk about the problems, challenges they face then we decide how far we can interfere in the problem, I forgot to tell you, it is a part of our principle is all the interactions we want the beneficiary to have visibility so we want to be invisible, want people to talk to leaders so the meetings, we also provide training, we also help them to put their problems in technical language as if they talk without problem presentation they cannot understand in this level, if they have analytical knowledge then there are positive interaction that will go on. So that level we meet, talk together and compose the action of plans

few will say first improve our health condition; few will say that unless we improve our economic status we cannot improve on anything else; like this there will be debate; whether health first or economic status first?
APPENDIX C: (cont.)

| Self-Determination of Ends | One of the things that is remarkable about justice is to enable all communities to speak for themselves. There is an understanding that you do not go and start saying things on behalf of them. So what you do is you build capacity and allow them to speak for themselves. Build capacity doesn’t mean that you are telling them what to speak. You are creating the space. The space will come through media literacy, positioning your information in such a way that it is available for consumption.

will leave this problem to the people for them to give us solution so that we will get their co-operation & involvement also; it is not a program which is purely run by us; people’s co-operation; we need to unite them; then people will all get together

we made a committee to solve the problem faced by the villagers; since we are coming out only the villagers who are living there only can solve that problem; we cannot solve that; like that we have a committee in the village itself which will consist of 2 women and 3 men; so totally it is a 5 member committee which started working; then there was co-operation among them; we started talking about economics among the workers; we should remain healthy; we should eat nutritious food. everybody should wear chapels; we should have toilet and bathrooms at home |

| Emergence of new structures | For example, if the students of this communities, when you ask them ‘do you wash hands’, they say yes. But actually practically, that is not reality. Most of them don’t wash hands. We have started providing these forms to the school clubs. So that forms are at least helping us, so if you see a person who is not washing hands then you put their name and then you put the date, so now the children are scared so now they are trying to practice these things as necessity. |

| Material Resources | Now we have arranged loans from bank for this village to build toilet. The children who have stopped their education after 8th grade, will be taken care of by our trust by giving them books, uniform and hostel facility. Those who have failed in 10th grade will be given special coaching to get through in the next exam. |

| Social Networks | They said [government officials] if there are 60 children then only we will build day-care-center there [village]. When we took a survey there were 45 children. So we fought with them [government officials] saying that even 45 is a minimum number you need to provide one here then they started this day-care-center here. |

| Capacity Building Products/Services | The idea with which it was started was to assist pollution impacted communities to monitor their own environment. Taking actions based on the reports with the ultimate aim of reducing or eliminating the pollution. It is also a means of building democracy from the bottom up where people who ought to have been consulted in the fate of their environment but who haven’t been, a few of the tools that can help them assert them, those tools are in the form of science, media and legal advice and organization to some extent. |
APPENDIX C: (cont.)

| Trust Building | So initially we struggled, when we tried to enter their community they did not accept, and we did not know about them and how they will behave. So we used to approach the community or village head and explain to them. So they openly told us they did not need our interference, when we took photos in that area they got doubts that we were trying to convert them religiously, so we then spent a lot of time talking to the elders of the village,
|
| Conflict Resolving | There are chances to make profit the wrong way in this service sector, I think more than the corporate sector this offers more scope for corruption, and there is suspicion on both sides, they also look at us with suspicion and we look at them with suspicion,
|
| Mutual Learning | It takes a lot of time. When we have grown up in a city, and we go to a village, the language there is different, their culture is different, I won’t say from different planets but definitely different civilizations almost,
|
| Mutual Learning | Culture is changing. In fact you knew about Maasai culture which was 5 years ago is not necessarily the how it is now. You have influence from outside. So it is important to learn and very very important to open up and learn if you want to be successful |