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# Women entrepreneurs in the Indian informal sector

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# Women entrepreneurs in the Indian informal sector

## Marginalisation dynamics or institutional rational choice?

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### Abstract

**Purpose** – Studies on women entrepreneurs either view women through a structuralist lens, as marginalised populations engaged in low-quality work, or through a neo-liberal lens, as engaged in relatively higher quality endeavour more as a rational choice. The aim of this paper is to evaluate critically these explanations in relation to women entrepreneurs in the informal sector in India.

**Design/methodology/approach** – To evaluate the contrasting explanations of structuralist and neo liberal approaches, questionnaire surveys were conducted in two phases, namely 2007 and 2010, over a period of several months. The sample design was stratified random and the sample was taken from a range of cities in different parts of India.

**Findings** – The survey of 457 women entrepreneurs of the informal sector shows that although the structuralist representation is largely appropriate for women working as waged informal employees, it is not as valid for women informal entrepreneurs working on a self-employed basis. The results challenge the traditional understanding of the informal sector, and self-employed women in particular, and are discussed in the light of the institutional rational choice framework.

**Research limitations/implications** – The analysis highlights how the decision of entrepreneurship does not stand in isolation from other decisions and choices, is in line with normative considerations, and is a collective rational choice for women entrepreneurs in the informal sector. This analysis is a first of its kind and calls for additional surveys to be undertaken of female (and male) informal entrepreneurs in other countries to establish this concept.

**Originality/value** – The analysis critically evaluates established explanations in relation to women entrepreneurs in the informal sector through an empirical survey and establishes new explanations on women entrepreneurship.

**Keywords** Entrepreneurs, Women, India, Contingent workers, Self employed workers

**Paper type** Research paper



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## 1. Introduction

Over the past decade, it has been widely recognised that informal employment is a sizeable and growing feature of the contemporary global economy (Charmes, 2009; Feige and Urban, 2008; ILO, 2002a, b; Jütting and Laiglesia, 2009; Rodgers and Williams, 2009; Schneider, 2008). Indeed, a recent OECD report finds that out of a global working population of some three billion, nearly two-thirds (1.8 billion) are informal workers (Jütting and Laiglesia, 2009). Informal work can be described as monetary transactions not declared to the state for tax and/or benefit purposes but which are legal in all other respects (European Commission, 2007; Evans *et al.*, 2006; Williams, 2006). Conventionally, such work was assumed to be low-paid, waged employment. Recently, however, it has been shown that a large proportion has been undertaken on a self-employed basis, with such workers being portrayed as entrepreneurs and displaying entrepreneurial attributes, traits and qualities (Small Business Council, 2004; Venkatesh, 2006; Webb *et al.*, 2009; Williams, 2006, 2007).

The aim of this paper is to contribute to the literature on informal entrepreneurship by reporting on findings from a study of women informal entrepreneurs in India. Until now, a widespread assumption has been that these women were necessity-entrepreneurs participating in low-paid, menial and exploitative work due to the absence of an alternative means of livelihood (Chen *et al.*, 2004; ILO, 2002a). The objective of this paper is to evaluate critically whether this is always the case.

We begin by briefly reviewing the extant literature on entrepreneurs operating in the informal economy in general and, more specifically, women informal entrepreneurs. Section 2 of the paper outlines the methodology used to study women informal entrepreneurs in India, and this is followed in Section 3 by the findings and discussion. This analysis will show that all women operating in the informal economy cannot be portrayed as conducting low-paid poor quality work out of economic necessity. Rather, our findings reveal that both necessity and choice are co-present motives for the women entrepreneurs. For example, while the women entrepreneurs may have entered the informal system due to economic necessity, many now operate within this sector as a rational economic choice. Social and informal institutional arrangements of credit, space and tradition were found to be significant drivers of their choice.

## 2. Women and entrepreneurship in the informal sector

For most of the twentieth century, it was commonly assumed that there was an extensive and growing formal economy and that entrepreneurs operating in the informal economy, such as street hawkers and peddlers, were simply a residue or leftover from an earlier mode of production and were rapidly disappearing. Conceptualised in this manner, the persistence of informal entrepreneurs signalled “under development”, “traditionalism” and “backwardness” whilst the advent of the formal economy represented “progress”, “development” and “advancement” (Geertz, 1963; Carr and Chen, 2002, 2004).

Since the beginning of the twenty-first century, however, a small but growing school of thought has started to move beyond this traditional depiction of informal entrepreneurship as a residue and disappearing. Instead, a growing number of studies have shown that both the informal economy in general (Charmes, 2009; Feige and Urban, 2008; ILO, 2002a, b; Jütting and Laiglesia, 2009; OECD, 2002; Schneider, 2008; Williams, 2006), and informal entrepreneurship in particular (De Soto, 2001; Minard, 2009; Small Business Council, 2004; Venkatesh, 2006; Volkov, 2002; Webb *et al.*, 2009;

Williams, 2006, 2007; Williams and Round, 2007, 2008; Williams *et al.*, 2009), is extensive, persistent and even growing in many populations. The result has been the advent of various new explanations for the continuation and expansion of informal entrepreneurship.

Perhaps, the most dominant portrayal of informal entrepreneurship depicts it as a form of low-quality work conducted under poor conditions for low pay by populations marginalised from the formal economy. Such endeavour is conducted out of necessity in the absence of alternative means of livelihood. From this perspective, modern-day informal entrepreneurship is often believed to have emerged as a direct by-product of the advent of a de-regulated open world economy (Amin *et al.*, 2002; Castells and Portes, 1989; Gallin, 2001; Hudson, 2005; Portes, 1994; Sassen, 1997). From street sellers in the Dominican Republic (Itzigsohn, 2000) and Somalia (Little, 2003), through informal self-employment in the garment businesses in India (Das, 2003; Unni and Rani, 2003) and the Philippines (Doane *et al.*, 2003), to home-based micro-enterprises in Mexico (Staudt, 1998) and Martinique (Browne, 2004), the common belief is that this is a sphere which people enter out of necessity as a survival strategy and that it is low-paid insecure work conducted under poor conditions (Itzigsohn, 2000; Otero, 1994; Rakowski, 1994). Informal entrepreneurs, put another way, are depicted as unwilling and unfortunate pawns within an exploitative global economic order in which working conditions are becoming ever more precarious and poorly paid.

This structuralist explanation is particularly prevalent when discussing the informal economy in India, in which around 93 percent of India's working population is employed; furthermore, some 30 percent of this workforce are women (ILO, 2002a, b). Viewed through this lens, such entrepreneurship is portrayed as an absorber of surplus labour, provider of income-earning opportunities for the poor and a primary means of maintaining a low cost of living by providing cheaper goods and services (Bhatt, 2006; Kapoor, 2007; Pradhan, 1989; Williams, 2005a, b; Nelson and Bruijn, 2005). Indeed, although the correlation is not perfect, jobs like cart vending, hawking, small-store vendors, road side cobbling, pedal rickshaw driving and domestic home-help are seen as heavily interrelated to poverty, and such entrepreneurship is portrayed as comprising highly insecure and unstable work, long hours, poor conditions, no legal or social protection, limited access to credit and very limited bargaining power (ILO, 2002a, b; Lund and Srinivas, 2000; Kapoor, 2007).

On the other hand, however, a rather different representation of informal entrepreneurship has emerged which explains its continuation and growth akin to the rational choice framework of Ostrom (1999). For a group of neo-liberal commentators, the growth of informal entrepreneurship clearly shows how large numbers of people have voluntarily decided to not participate in the formal economy. For these neo-liberals, therefore, informal entrepreneurs are not the product of involuntary exclusion, rather they are people casting off the shackles of a burdensome state as a thought through rational choice (Sauvy, 1984; De Soto, 1989) and as a direct result of the over-regulation of the market (Minc, 1980; Sauvy, 1984; De Soto, 1989). Informal entrepreneurs, in consequence, are seen to voluntarily choose to operate off-the-books so as to avoid the costs, time and effort of formal registration (Cross and Morales, 2007; De Soto, 1989, 2001; Perry and Maloney, 2007; Small Business Council, 2004). For De Soto (1989, p. 255) in consequence, "the real problem is not so much informality as formality".

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Informal entrepreneurship is thus viewed as the people's "spontaneous and creative response to the state's incapacity to satisfy the basic needs of the impoverished masses" (De Soto, 1989, pp. xiv-xv), emerges as a populist reaction to over-regulation and government oppression, and is seen to offer potential benefits not found in the formal economy, including flexible hours, training, an opportunity for economic independence, better wages and avoidance of taxes and inefficient government regulation (Maloney, 2004). It is a rational economic strategy pursued by entrepreneurs whose spirit is stifled by state-imposed institutional constraints.

Until now, although some studies have evaluated the validity of these contrasting explanations in relation to Western economies and transition states such as East-Central European nations (Williams and Windebank, 2003; Williams, 2009a, b; Aldrich, 1999; Aldrich *et al.*, 1989; Nelson and Bruijn, 2005; Jütting and Laiglesia, 2009), few, if any, have evaluated their validity in relation to developing nations, and even fewer have identified which of them is most relevant in relation to women informal entrepreneurs. Indeed, the only instance in which this has been investigated is in post-Soviet Ukraine, where it was found that women were largely "reluctant" entrepreneurs and men more commonly "willing" entrepreneurs (Williams, 2009b). Here, in consequence, the validity of these contrasting explanations is evaluated with regard to women informal entrepreneurs in India.

Previous studies in India have identified how several women engaged in the informal sector participate in entrepreneurial endeavour (ILO, 2006a, b; Bhatt, 2006; Mehrotra and Biggeri, 2002). However, most of this literature on women informal entrepreneurs has concentrated on measuring the amount and nature of their access to credit, welfare funds, insurance and so forth. These studies reveal four key findings. First, their work typically operates at very low levels of organization and scale, and they have little or no access to institutional credit (Schneider and Bajada, 2005). Second, they lack formal space for operations, have to protect themselves from harassment by local authorities, and face a number of serious health and safety risks including dangerous working conditions and gendered violence (ILO, 2002a, 2006b; Bhatt, 2006; Nelson, 1997). Third, often their work is not constituted as a separate legal entity, independent from the household (Chen *et al.*, 1999, 2004; Bhatt, 2006; Charmes, 1998a, b). However, these transactions are totally market based, conceded by any formal system or government intervention (Williams and Windebank, 2003; Williams, 2009b; Carr and Chen, 2002, 2004). Fourth and finally, their activities tend to get locked within the traditional roles such as selling flowers at the temple and keeping a basket of fruit. Mobility in search of a better location and more customers is limited as they balance vending with taking care of their children (Bhatt, 2006; Kapoor, 2007). Hence, they often contend with insufficient infrastructure and a range of time and space constraints for productivity (Lund and Srinivas, 2000; Chant, 2007a, b; Gates, 2002).

Until now, in consequence, such work has not been studied with the aim of evaluating the validity of these contrasting explanations and to seek to understand whether there is heterogeneity within this sector. In this study, we do so by:

- exploring occupational variations for women within this sector;
- investigating the self-employed/entrepreneur women and her work-life perceptions more particularly; and
- evaluating the adequacy of existing explanations to understand the informal sector.

### 3. Methodology

To evaluate the contrasting explanations, surveys were conducted in two phases, namely 2007 and 2010, over a period of several months. The questionnaires were administered in the form of a face-to-face interview. The interview proved essential mainly because of the low literacy levels of the respondents and the sensitivity of the subject matter under investigation.

In the first phase of the survey (2006-2007), a questionnaire was administered to 323 women working in the Indian informal economy. The questionnaire was designed mainly to capture the workplace structures, economic status, characteristics of operations, the socio-business environment, fears and nature of concerns. The sample design was stratified random sampling, with convenience sampling at the local level. The sample was taken from a range of cities (first, second and third tier) in different parts of India. The sample cities were tier 1 – Mumbai, Bangalore and Delhi, tier 2 – Nagpur and Jhansi and tier 3 – Jodhpur and Gulbarga. Four occupational categories are common among informal sector women entrepreneurs, and these constituted a significant sample, namely, vendors, home helpers, office assistants and shop assistants.

In the second phase of the survey (2010), another questionnaire was administered to only self-employed female vendors in the informal economy. The sample size was 134 and was taken from the city of Bangalore. The second phase was designed primarily to further explore the results found in the first phase of the survey concerning women informal entrepreneurs. The second questionnaire specifically explored the workplace motivations, concerns and requirements/needs of these female entrepreneurs. The sampling design was stratified random. The sample was taken from two industrial, commercial and residential areas each.

Frequency distribution, Kendall's  $W$ ,  $\chi^2$  and binomial test were used depending upon the degree of freedom. The first set of analyses was done to compare and contrast women entrepreneurs with other occupations. The second set of analysis explored the specific concerns and motivations of the women entrepreneurs. Kendall's  $W$  and  $\chi^2$  tests are interpretable as the coefficient of concordance, which is a measure of agreement among raters. As the data captured respondent agreements and perceptions, and the samples were limited and did not meet the condition of normality, these tests were considered appropriate for the analysis.

We acknowledge that, considering the cultural and geographical spread of the informal sector in India, the survey may not be representative of either the Indian women workforce or the informal sector at the national scale. Nevertheless, it does provide cross-sectional data of various types of informal work and is one of the first surveys to explore workplace heterogeneity and differences in informal work in India.

### 4. Results

Before examining the results, the validity of the data-collection method needs to be briefly discussed. Collecting work-life data from women in the informal economy was a difficult task. Separating work issues from their family issues was tough for the respondents. For example, in their perception, personal insurance for them was not separated from their family insurance, and infants and small children were an integral part of the workplace (for several vendors and home helpers). The survey found that women were, however, very open to discussion about their workplace issues.

4.1 What characterizes women informal sector entrepreneurs and employees?

The face-to-face interview results revealed the existence of several women entrepreneurs in the Indian informal economy. Of the people surveyed, 50 percent worked as home helpers, 24 percent were self-employed entrepreneurs and some 26 percent worked in offices and commercial shops as assistants. Analysis of the economic variables highlighted subtle but significant differences between these women based on their occupations. Table I illustrates the results. On the one hand, the income of the self-employed or entrepreneurial women was significantly higher than the other groups. The average monthly income of these self-employed vendors was nearly 50 percent more than the other groups. On the other hand, these women had no access to funds from any bank or government lending institution, rather, they depended on friends and money lenders. This would significantly limit their growth because ventures need capital to expand (ILO, 2006a, b; Government of India, 2001).

Analysis of their perceptions of work revealed three interesting differences. First, the work-life attitude of self-employed women clearly distinguished them from the rest of the informal economy participants. These women did not highlight job insecurity as a very significant concern, were significantly confident about their earning potential, wanted formal training and sought support structures to improve their work. This was not found significant in other categories of informal workers. Second, they sought support structures based more in the local community and local professional groups, than traditionally institutionalized trade unions. Third, and perhaps most significantly, they highlighted lack of alternate employment as a significant concern (as did home helpers). Tables II and III illustrate these results.

Other significant results revealed by Tables II and III are that two-thirds (66 percent) of these self-employed/entrepreneurial women were migrants who had moved to their current city of residence in search of better opportunities and marriage. Comparing these women with those in other professions indicates “employment” as a significant reason for migrating to another city. Moreover, the education level of these women was significantly

	Home helpers	Office assistants	Shop assistants	Entrepreneurs/self-employed vendors	Kendall's W-test of sig.
Average monthly income (INR)	1,824	1,810	1,926	2,554	13.24 (0.004)
Credit from friends/family (%)	84.6	81.5	85	43.4	NA
Credit from bank/institution (%)	4.9	7.4	0	0	NA
Credit from money lenders/contractors (%)	10.5	11.1	15	38.15	NA
Percent migrants	83	19.6	36	66.4	28.85 (0.000)
Main reasons for migration <sup>a</sup> (<50%)	Parents moved/marriage	Parents moved/marriage	Marriage	Marriage/better opportunities	NA
Percentage with no formal education	60.2	39.1	20.3	53.9	11.58 (0.009)

Notes: <sup>a</sup>At least 50 percent of the respondents; NA – not applicable

**Table I.**  
Economic and social support: by women's occupation

	Home helpers	Office assistants	Shop assistants	Vendors
Advantages of your profession	Children not neglected Opportunity to work in various jobs Community feeling among same profession people	Flexibility of work Opportunity to work in various jobs Few experts in the field	Flexibility of work Children are not neglected Low and irregular income Long hours	Flexibility of work Community feeling among same profession people Low setup cost of business Low and irregular income Long hours Competition from large units and traders Lack of alternate employment
Disadvantages of your profession	Low and irregular income Long hours Lack of benefits/social protection Lack of alternative employment	Low and irregular income Long hours	Low and irregular income Long hours	Low and irregular income Long hours Competition from large units and traders Lack of alternate employment
Important aspects of a job	Nice co-workers Suitable training opportunities Employer contributions to child care and health service	Nice co-workers Employer contributions to pension and long-term economic security Suitable leave arrangements other than holidays	Nice co-workers Employer contributions to pension and long-term economic security Suitable leave arrangements other than holidays	Nice co-workers Employer contributions to pension and long-term economic security Suitable training opportunities

**Table II.**  
Attitude and orientation towards work<sup>a</sup> – 1

**Note:** <sup>a</sup>Marked by more than 50 percent of the respondents

**Table III.**  
Percentage responses on profession-related variables – 2

	Home helpers	Office assistants	Shop assistants	Vendors	Kendall's W-test of sig.
Worry about job security	64.0	87.3	95.0	43.4	14.16 (0.003)
Sufficient support from seniors	42.2	62.9	90.0	11.84	11.46 (0.009)
Satisfied/happy to work in this occupation	34.8	38.1	87.0	64.2	11.11 (0.009)
Find training for the job would be worthwhile	24.22	7.1	20.0	53.2	16.50 (0.001)
Confident will get money on time	19.3	10.9	12.13	79.1	20.29 (0.000)
Confident that earnings will keep up with the cost of living	25.4	> 1.0	> 1.0	74.2	44.32 (0.000)

lower than women in other professions. These entrepreneurs/self-employed women were largely uneducated; they had not experienced any formal schooling. Studies on migration show the impact of this on women; indeed, many of those who migrate to cities in search of jobs find work in the informal (rather than the formal) economy (Carr and Chen, 2002, 2004; Charmes, 1998a, b, 2009; Government of India, 2001).

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These differences clearly illustrate that depicting informal sector women entrepreneurs as similar to informal sector waged workers is too simplistic and ignores the heterogeneity existing within this sector. In contrast to the structuralist depiction of marginalisation, informal sector entrepreneurial women were not so poorly off in their living conditions, and their attitudes towards work differed to informal employees. Rather, issues of choice had combined with their necessity-driven initial situation to generate a rational economic orientation and attitude for work. While they may have entered the informal economy due to a lack of choice, they were positive about the future and were happy to work in this profession. The dynamics inherent in entrepreneurship may have changed the situation and outlook for them. The popular depiction of informal sector that draws upon the marginalization approach clearly ignores this agency orientation or how agency influences people and work situations to create its own significant dynamics.

As these results significantly differ from earlier depictions of the informal sector entrepreneurial women, they require further exploration. The second survey was conducted primarily to investigate the work-life motivations and preferences of the informal sector women entrepreneurs *vis-a-vis* the formal economy. For example, why did they get into this work and what motivated them to continue? Would they prefer a salaried/waged job? Do they want formal recognition and, if so, why? These were some of the questions to which answers were sought.

#### *4.2 Main motivations for engaging in micro-entrepreneurship*

The results of the second survey to specifically investigate informal sector female entrepreneurs provided some interesting insights. First, the main motivation for getting into this profession (versus any other) appeared to relate to the ease of establishing oneself as self-employed. This reason is also highlighted in the women's responses regarding advantages of their profession (Table II). Other noteworthy reasons included informal entrepreneurship as a family tradition and the need for flexibility. Second, family tradition was also highlighted as one of the important reasons for continuing in this profession; and higher income did not present as a significant reason. Table IV highlights these results.

What could explain the need to follow family tradition? Data relating to access to credit (Table I) and provision for space to sell (Table V) provided an explanation for this unusual result. Women entrepreneurs in the informal sector have no access to formal credit. A significant 43.4 percent of these women relied on their family and community to get credit. None of the women interviewed had access to banks. Similarly, the provision of space to sell and exchange their goods came from the family. About 50 percent of the women worked in an area/location which was handed down from their family. Consequently, family support was a significant reason for family and tradition being cited as important factors for the women entrepreneurs to be in this profession rather than one with a higher income.

Reflecting our results, several studies have highlighted reliance on day-to-day profits for survival, with little or no access to institutional credit (Schneider and Bajada, 2005), and the lack of formal space for operations (ILO, 2002a, 2006b; Bhalotra, 2002; Nelson, 1997). Hence, women as a whole had made the rational decision to engage in micro-entrepreneurship as a profession, which for them had family and community support.

Questions	Options	Frequency	Chi/t-value	Sig. level			
Why did you sell? (can choose more than one reason)	Ancestral/family tradition	67	349.462	0.000			
	Loss of agriculture	32					
	Easy means of setting oneself up as self-employed up/low initial invest	120					
	Flexibility in working	62					
	Community feeling from people working in the same area	12					
	Lack of competition from large units/ease of entry	28					
	Why do you continue with this work?	Money/income more than any other job			20	60.955	0.000
		Cannot find an office job			27		
Need flexibility		14					
Common practice among my community/family tradition		66					

**Table IV.**  
Women entrepreneurs:  
motivations for engaging  
in micro-entrepreneurship

#### 4.3 Work preferences and formalisation

Investigations on the work preferences of, and options open to, informal sector women entrepreneurs revealed the following results. On the one hand, few of the women wanted a salaried job; about 88 percent of them did not want to change their profession to a waged/salaried job. As the results of Table III indicate, the women were happy to work in this occupation and were confident of their earnings in this profession. On the other hand, the majority of them wanted formalisation and formal recognition of their work. About 87 percent said they wanted a license from the government to operate, with about 40 percent citing revenue for the government as the reason. This clearly indicated a certain degree of confidence in their earning potential. Nearly, 50 percent cited regulating competition.

Licensing and similar regulatory interventions are effective ways of stopping new entrants to the profession. Old incumbents find it beneficial to promote legislation that increases fixed costs (Dean and Brown, 1996; Cairncross, 1992; Brock and Evans, 1986). The increased financial and regulatory requirements act as a deterrent to the entry of new firms, and this can be used by existing businesses to inhibit entry of new enterprises. Our survey found that 43 percent of the women had indicated this as their motivation for getting licenses to operate in this currently unregulated sector; about 22 percent wanted to operate with a license so that they could have a direct link with the government. Moreover, belonging to a trade union was not a preferred association for most of these women. They either preferred their own vendor association or an association formed by the government. This is a reflection of an ongoing downward slide in the national trade union movement (Gurtoo, 2008a, b) and a further indication of their desire to actively engage with the government in a formal enterprise.

#### 5. Discussion: institutional rational choice

These results clearly illustrate the multi-dimensionality in the work-life issues of these informal sector women entrepreneurs. Overall, the economic and attitude variables reflect the pragmatism and dynamism of these entrepreneurs. They display a certain

Question	Options	Frequency	Chi/t-value	Level of sig.
If offered, would you prefer a salaried/waged job?	Yes	16	113.45	0.000
	No	118		
Would you like the government to give you a formal license to sell?	Yes	116	173.74	0.000
	No	17		
Why do you want a formal government license?	Will generate revenue for the government	40	25.26	0.127
	Better organized/control of street vending	51		
	Can have a direct link with the government	26		
Do you think each vendor must display a sign of their name and other details?	Yes	99	31.76	0.000
	No	34		
How did you obtain this location to sell?	From the community leader	0	43.56	0.012
	Inherited from family	50		
	Saw an empty space and acquired informal rights with time	47		
	Used an empty space when the earlier owner does not show up to work	26		
Which group would you prefer to join, if given a choice?	Vendor association	38	42.702	0.013
	Trade union	3		
	Cooperative	32		
	Government association	43		
Why do you think the customers are attracted to the goods sold by you?	Cheaper than big shops	71	110.62	0.000
	Easily available to them	35		
	It is on their way to work/ reduces their travel	5		
	They can pick and chose	11		

**Table V.**  
Women entrepreneurs:  
work preferences and  
formalisation

degree of economic and social confidence in their attitudes. Moreover, they were ready to engage actively with the government and wanted formal recognition. In this regard, they were significantly different from their waged employee counterparts.

Indeed, jobs like cart vending and hawking absorb surplus labour, provide income-earning opportunities for the poor, and provide cheaper goods and services to a large part of the population (Pradhan, 1989; Williams, 2005a, b; Nelson and Bruijn, 2005). However, the results of the study provided contradictory explanations of occupational decision making in women entrepreneurs versus women in other professions. While social, economic and governance dynamics, as reflected in several studies, were important, informal institutional variables became more important in several contexts. Informal institutional variables such as flexibility, family tradition and community support were found to be significant drivers of choice towards taking up a profession.

What could account for this contradiction? A search for explanations that combined the contradicting scenarios of marginalization and pragmatism led to an understanding that analyzing both results individually neglects the politics of institutional choice, that is, decision making through one set of rules or part of a system also depends on which

other rules or systems are impacting them at that time. These “institutional rules”, i.e. the combination of rules which operate in the several systems that impact them, drive larger group choices (Crawford and Ostrom, 1995; Kiser and Ostrom, 1982). Analyzing the results under these institutional rules helps explain the occupational decisions taken as a whole by the entrepreneurs. Ostrom’s (1999) institutional rational choice framework explains this more comprehensively. Two types of decisions are made, namely, at the operational level where actors interact in the light of incentives they face to generate outcomes directly in the world (action arena), at the policy (or collective-choice) level where they repeatedly have to make policy decisions within the constraints of a set of institutional choice rules (broad evaluating criteria).

These institutional choice rules can be seen in the results of the survey. The informal sector in general, and informal sector women entrepreneurs, confront the physical/material conditions of marginalization and lack of access to formal support institutions, such as access to banks, social security and public health insurance (Gurtoo and Williams, 2009). However, they also live within community attributes of dynamic exchange, support and association, and, on a daily basis, the entrepreneurial rules of risk-taking and market dynamics. These three sets of circumstances have their own rules and operating dynamics. Decision making by informal sector women entrepreneurs requires all three circumstances together (rather than in isolation) to make a rational choice of their profession and their workplace. Therefore, their decision to engage in entrepreneurship is in line with normative considerations and does not stand in isolation to other decisions and choices.

As our findings illustrate, two levels of decision are taken. At the operational level, these women interact at the day-to-day level with the exchange and transactions of the market (market dynamism). At the policy (or collective-choice) level, it is decided to follow tradition and family, as this ensures old client relationships and work space are maintained. This collective policy decision impacts on their economic status, as they would have to deal with different and easier work-life circumstances in a salaried job. However, the decision to engage in entrepreneurship leads to a normative and economic equilibrium. This decision is also situated within a set of institutional choice rules (broad evaluating criteria) that valued the importance of entrepreneurial spirit.

Adopting an institutional rational choice lens, we find an explanation for the contradictions of marginalization versus pragmatism. This multi-layer, multi-arena decision-making framework clarifies two issues: first, it provides an understanding of how marginalization versus pragmatism dynamics exist together, with their own rules and objectives, apparently contradictory, but leading to social and economic equilibrium, and second, it shows how decisions by informal sector women entrepreneurs are institutional rational choices. Moreover, it also leads to the realization that decisions are typically more open and less constrained situations than traditionally understood, and can predict patterns of outcomes which can apparently appear contradictory.

## 6. Conclusions

Our study of women working in the Indian informal sector as entrepreneurs and waged workers illustrates that they cannot all be portrayed in the same way. Although the structuralist representation of informal workers is appropriate for female informal waged workers, the experience of women informal entrepreneurs in India can, perhaps, be better explained by combining aspects of structuralist representation with elements

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of rational economic choice theory (Ostrom, 1990, 1999). Essentially, people make assumptions about resources, situation, value assigned to the resources and the situation, use of knowledge and information. These assumptions prompt the selection of a particular course of action through the social space where individuals interact. Participants are motivated to select particular strategies or chains of actions that jointly lead to stable equilibrium and represent rational choices.

Even if the structuralist representation of these women – as individuals engaged in such endeavour out of economic necessity – is valid, their portrayal as marginalized women, trapped in their particular situation may not be. It is necessary to evaluate whether this new perception of women informal sector entrepreneurs is also valid elsewhere. If this paper consequently leads to additional surveys being undertaken of women (and men) informal entrepreneurs in other countries, and begins to move beyond the structuralist portrayal of such workers as conducting poor quality work out of necessity and as a last resort, then this paper will have achieved its objective.

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