



# Informal Enterprise for Establishing Deviant Ideology

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**Major Research Project** - A Case Study Focusing on the Interaction of Informal and Formal Market Arrangements for Sustainable Growth

## Abstract

The study aims to understand the act of leveraging informal mechanisms to initiate the process of establishing deviant, non-conformist ideologies. We often see the persistence of such mechanisms concerning political and business actions (kindly note here actions are being stated instead of ideology). For example, the involvement of non-registered political campaigners as influences with purposeful disassociation through informality, to have the power not to be held accountable. Similarly, in the business space, it can be seen in practices of Multinational Corporations (MNCs), who would hide their 'questionable' actions through outsourcing to an informal enterprise. This study intends to trace this aspect in the form of ideological deviance, undertaken with the aim to re-establish the structural norms. To arrive at a conclusion, the study has recognized Ragi Kana, a sustainable living *Sunday Santhe*, to trace the existence of the proposed mechanisms. The methodology of primary enquiry and assessment of secondary literature is taken to establish the proposed link. Under primary enquiry, the stakeholder's motivations and incentives are understood, with regard to their ideological rationale. Also, the

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secondary sources recording the ideological rationale are leveraged. The study also aims to establish the result within the framework of conflict theory and labelling theory in deviance sociology.

**Keyword:** Informal Economy, Deviance, Conflict Theory, Labeling Theory

## 1. Introduction

The study aims to understand whether informal institutions could be used as leverage for establishing deviant ideologies. We first begin with understanding - deviant to what? For that, we need to understand in which society the institutions in question are referred to as informal. For the study, ILO's definition of the informal economy is being adopted, wherein it comprises all economic activities by workers and economic units not covered or inadequately covered in law or in practice by formal arrangements (ILO, 2003). We would be focusing more specifically on the institutions not covered in *law* by legal provisions. And, in that context, the deviant behaviour would be seen with respect to the law and policy of the country in question. The study will try to associate the deviant ideology with the informal institution in question - Ragi Kana, a sustainable *Sunday Santhe* - through tracing the theoretical framework of deviance in the discourse of its stakeholders.

## 2. The perception of the informal economy

The informal economy is seen as the bane of society, a transitory mechanism of an economy to be done away with the occurrence of development. It is perceived that without undoing the informal economies, it is difficult to achieve decent work for all and equity in society (ILO, 2015). In that respect, it becomes a key focus of countries to undertake measures to enable policy in the dimension of formalization of the economy. Formalization is therefore seen as a process of leveraging legal and regulatory frameworks to get the participant of the informal sector out of manipulative working conditions. While it is largely justified to associate the organization of the informal economy as manipulative of its participant, that as a

blanket application to all scenarios might be misleading. Here the study is trying to ask three questions. First, is the organization of the informal economy should always be seen as a compulsion that the participant institutions are forced into? In other words, is the informal economy, something that, given the resources and mechanism, all the participants would like to undo? Second, are all the participants of the informal economy always in a disadvantaged position, a position of getting manipulated? Third, is the informal economy in all situations a bane to the economy? While trying to answer these questions, the study would like to clarify that, by no means, the study would undermine the negative impact that such institutions have upon the economy and its people, including those working in the informal economy.

In the study, we take up the case of Ragi Kana to answer the above questions. A sustainable living *Santhe* organized every Sunday in the Bangalore south region. The same is done by interviewing the mentors and organizers of the santhe. The stakeholder organizations undertake observation of the events. Before we discuss the pattern within Ragi Kana, I would like to present the discourse emerging from pre-existent literature.

## **2.1 Where have we seen informality being leveraged to pursue deviant ideology?**

For more than a decade, the narrative of sweatshops has been mortified in the media coverage for their substandard working conditions, and have shown linkages to big corporations (Tara J. Radin, 2006). Despite the prominent negative critique, a significant reason for sweatshops' continued existence could be that it serves the interest of the capitalists or that it is the only viable option right now to get out of abject poverty for many. In either case, sadly, it gets the bad reputation of being perceived as a bane to society, for it often manifests inadequate working conditions. Sweatshops and petty street vendors have become the face of the informal economy. While many operating in the informal economy may prefer the social security of the formal economy, their very existence would point towards stark deviance from the center (signifying the central authority in the country and metaphorically the core of the social value system). This instance points towards the existence of the informal establishment being leveraged for undertaking a social

measure otherwise not acceptable. For example, in a country where having a registered enterprise is the norm, then a group of people getting together to form a startup from their garage would be deviant. The level of deviance can range from selling illegal goods to having low levels of tax compliance, from having a bureaucratic form to family-style organisational setup.

But, the study does not intend to review such organizations, but instead the ones driven by ideological deviation, attempting to re-establish the structural norms. An informal economy can broadly be understood as a semi-autonomous part of a capitalistic whole, and its complicated relationship with capitalistic institutions being positive, negative, mutually supportive, and mutually destructive (Henry, 1987). We will discuss the institutions who's perusal is not an attempt to hide behind the curtain of informality but to hold up to their value system and practice their deviance with a strong belief in the moral grounding of it. The ones who, in its essence, carry the message of challenging core structures. For example, self-help groups (SHGs) emerged as a deviance from the institutional support systems like that of counselors, advisors, therapists, etc. (to their dismay). The complex nature of this theme can be seen as within SHGs emerged a dependence on the very capitalistic structure it opposed (Henry, 1987).

The study closest to the aim this paper is trying to achieve has been one on immigrant Roma in Sicily, where they look at the informal economy not as a measure of poverty and backwardness. But, as a case of enabling social advancement, which wouldn't have been possible without having the informal mechanisms at hand (Saitta, 2010). The gap in the literature emerges as none of the studies talk about a socially advancing deviant action being promoted under the measure of the informal economy. Though, in bits and pieces, there has been empirical evidence for both the existence of informal economy for advancement and its existence to go against the core structures. *What needs to be kept in mind while associating Informal Economy to the act of deviance?*

Before discussing its relevance to this study, the caveat would be that to entirely attribute the act of informality to that of resistance might be misleading. A measure of check, borrowed from Saitta (2010) could be, stating the informal enterprise as an act of

resistance only when the actors and observers are equally aware of the resistance act. Meaning if a government official is observing a busker playing music in return for monetary donations, he should be able to perceive that act not as a mundane task for sustenance, but that of resistance to the established authority. The person undertaking the act should be equally dedicated to the cause in the name of it as a resistance, and not be pushed into the condition by means usually suspected – that of economic backwardness. If there is a financial struggle that is given alongside the informal enterprise, then the idea of it being driven by the act of resistance becomes weaker (Saitta, 2010).

## **2.2 What is the theoretical framework of deviance?**

To study patterns of deviance in an informal enterprise, it would be helpful first to establish what are the trends seen in the very act of deviance. By knowing the theories in deviance, we can understand whether within this case study are those patterns replicated that point towards the existence of a deviant ideology. The two theories that can be implemented in a transactional setup of the informal economy are that of – conflict theory and labelling theory. The conflict theory draws attention to power differentials. These power differentials could be seen as class conflicts and having contrast to historically dominant ideologies. The inequality could be social, political, and economical, or also a combination of all three. Within this theory, the institution's ability to change or determine norms, wealth, or status, is being challenged by the deviant individual. Conflict theory goes to the extent of ascertaining crime as fundamental to the social and economic forces existing in the economy (Cullen, 1984).

In 1969 Blumer, emphasized the way that meaning arises in social interaction through communication, using language and symbols. The focus of this perspective is the interaction between individuals in society, which is the basis for meanings within that society. These theorists suggested that influential individuals and the state create a crime by labelling some behaviours as inappropriate. Social groups create deviance by making the rules whose infraction constitutes deviance, and by applying those rules to particular people and labeling them as outsiders. In this respect, the labelling

causes a certain withholding factor for adaptability of the secluding formulator (Goode, 2014).

### **3. Analysis and Discussion**

Their idea of sustainable living at Ragi Kana is derived from sustaining the environment, the economy, and the self. It was inaugurated on the 14th of May 2017, with backing from two organizations - Gram Seva Sangh (GSS) and Hulkul Trust (Padmini Ram, 2018). The ideation of Ragi Kana began way before its commencement. It was one significant conversation where Prasanna Heggodu, from GSS, and Narendra from Hulkul Trust, sat down to lay the foundation of the market. The market is set up every Sunday in a school run by the Hulkul Trust. Every Sunday, various vendors, who have been thoroughly screened by the organizers, come to Ragi Kana to set up shop. These vendors come from various walks of life, from small scale to large, those with a background in elite sectors such as information technology to those who have never worked before. The market acts as a platform for them to sell their products, which have to be based on the idea of sustainable living. Ragi Kana is also a cultural hub besides being a market. As part of the cultural hub - the organisers host guest lectures that address issues and key concerns about sustainable living for those visiting the market. They also have workshops for engaging the children with such concerns. The vendors have to pay a nominal rent to set up shop at the market. These rents are progressive, in the sense that a small scale vendor who may need a helping hand to establish their enterprise is charged lower than an established one. Usually, in such cases, the commission per sale would not be charged. There are around 20-30 vendors associated with Ragi Kana, and they are all by some means from the secure network of contacts that the organisers of Ragi Kana have. It has acted as a platform for a few of these enterprises, which started with the inception of Ragi Kana to grow in scale and achieve wider market reach, beyond just this market. The management is divided into three parts: the mentors, organizers, and the paid staff, usually called volunteers. The paid staff mostly starts as a volunteer, and the term seems to stick. The mentors and the organizers are highly invested in the mission of Ragi Kana, though volunteers are there

primarily because of the payout. Ragi Kana is a social enterprise, not a profit-making one, which exists more as a cultural hub promoting the ideology of sustainable living. The profits, if any, are very meager. Any income over expenditure that the market makes is donated to the Hulkul Trust and GSS.

Why is Ragi Kana an informal enterprise? They are a market facilitating sales, wherein the land is that of Hulkul Trust and offered more as a philanthropic act. The sales through duly recorded and accounted for by the stakeholders; the market itself is not registered. The vending space is a makeshift market without a vending permit. Even though they are not a profit-making enterprise, they are creating revenue, and that revenue is not accounted for tax purposes. Even though formal in a lot of their functioning they are informal in context to their accountability to the state.

It can be identified that the choice to stay informal, though definitely not stemming from the inability to access the resources needed to be formed (as most of the participants and managers are well educated), it is informal for creating fluidity in their discussions. It is a viable explanation that leads to a follow-up question – would they have undertaken the risk of being an informal enterprise for greater fluidity, if they were in favour of the existing institutional structures. This discourse emerges as GSS is currently running a nationwide movement on Sacred Economy, asking the government for the structural reforms in the system. The Sacred Economy, as they put it, is a social liberal set up, with the features of a “social and solidarity economy.” The movement has panned out in the form of fasting and rallies. If there is one narrative that ‘labels’ the members of Ragi Kana, it is their incredulity in capitalistic systems. They are a strong supporter of having frameworks without any capitalistic fervour, and anything that sounds remotely capitalistic to them is rejected. For example, every time the organizers would be asked about whether they would like Ragi Kana to get more formalized, as it sounds like a business-oriented and capitalistic term – they would say that it’s not formalization that they are looking towards, but being more organized.

Moreover, they would replace the word formal with an alternative usage, or a synonym of sorts. This points towards a certain degree of resistance to the established structures. In their narrative against capitalism emerges the conflict with the core system. If the feeling of disassociation is strong, the organization doesn't have the incentive of putting in the effort of being a registered entity.

#### 4. Conclusion

The case of Ragi Kana shows a peculiar theme, wherein the informal economy is not being used to manipulate, but rather to promote the members within it. It is not an organization that is informal due to its economic inability, but preferably one which has means of being a registered entity well within its capacity. The narratives emerging from the interviews of the members conducted is the reason that is often echoed is the want to "maintain fluidity" but also a certain level of indifference towards the core setup, which is capitalistic. This brings out the complexity that can exist while understanding an informal enterprise and whether it will be able to fit the generic blanket definition, as discussed before. Hence, it becomes very significant for the policymakers to identify all these aspects while trying to move towards formalization. These institutions, from the margin which challenge the core, have an enormous scope of contributing to the evolutionary nature of the society. Still, for that to happen, they need to be assimilated instead of getting further distanced. If the dialogue is initiated, in the likes of what Romilla Thapar talked about in the academic space (Thapar, 2015), in the policy space – it might lead to a conducive process assimilating these institutions.

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