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**Novel forms of Organizing for Institutional Work:  
Communities as Powerhouse of Resilience, Trust and  
Positive Social Change**

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## **INTRODUCTION**

History has been marked by changes in trajectory when communities formed of dispersed individuals came together and consciously pushed for change and innovation. Examples include organizational communities of NASA engineers working toward the moon landing, the Civil Rights Movement, the Arab Spring and the recent #MEtoo movement. While such pushes for change may take the form of social movements, the characteristic of such movements is still the dispersed actors, voluntarily gathering together, bound by a common value or cause, and eventually leading to institutional change within a nation, supra-nation and even trans-national.

On other hand, questions are been raised about the nature, work, and viability of many organizations and institutions at an increasingly rate. These include national governments, international bodies, and economic institutions at all level. A number of these institutions have revealed significant vulnerabilities and dangers. Now, more than ever, it is time to examine alternative organizational models such as communities and collectives. Despite the fact that many existing organizations have a traditional, centralized structure, there already exist a number of successful institutions that are organized cooperatively. Presently, such organizations provide 100 million jobs with yearly earnings of more than €1.5 trillion.

These alternative organizations introduce a number of different structures and benefits. They operate democratically when making decisions, for example. They are not structured as a hierarchy and thus work horizontally as an association between many individuals who work as a community. While the organization as a whole sets the goals and aims as a joint enterprise, the members themselves function independently in relation to one another. In addition, as opposed to more homogeneous traditional corporate cultures, alternative

organizations such as communities and cooperatives allow for more diversity in their membership. Of course, the functioning of such an organization requires the invention of a number of new methods and questions about a variety of areas ranging from arriving at a process of democratic decision-making to ensuring efficiency to addressing problems and failures to sustaining member commitment, and, finally, to ensuring the long-term viability of the organization itself.

In the present day, many organizations must address the needs of multiple stakeholders as they address increasingly complex and challenging problems. Urgent societal problems, ranging from economic inequality to environmental crises, are among the most complex of these issues and involve the greatest diversity of stakeholders. In addition to these factors, a further challenge of societal problems is that they have no easy, or even known, solutions. They involve complex settings where economic, societal, cultural, and technological aspects are intertwined and interdependent (Eisenhardt, Graebner, & Sonenshein, 2016; George, Howard-Grenville, Joshi, & Tihanyi, 2016). These present-day challenges, again, point to the need for studies of new forms of organizing that can actively engage in institutional work.

### **Communities for Positive Social Change**

Moving away from their focus on more traditional organizational forms, theorists are now examining social and economic structures that rely on “non-authoritative coordination” (Clemens, 2005). There is a detectable shift in the literature away from large, centralized, hierarchical models and processes to small, decentralized, non-hierarchical ones (e.g., Scott, 1995). Forms of communities have a long history that has been studied in previous work on communes and co-operatives (e.g., Swidler, 1979; Rothschild & Whitt, 1986; Simons & Ingram, 1997; Marwell, 2004, 2007). This

shift in focus has revealed several features of alternative organizations. For example, such communities' actions often occur either outside of or next to already-established traditional governmental and economic organizations (Chen & O'Mahony, 2009: 185).

Communities have been shown to be capable of producing positive effects on their societies as a whole by generating economic growth (Banerjee & Lyer, 2005) and reducing civil unrest (Jha, 2013). Their positive contribution to the wider society comes to the forefront in times of crises where studies have shown that the strength of community cohesion is directly related to their ability to effectively respond to disaster (Kennedy et al. 1998, Norris et al. 2008, Aldrich, 2011; Olshansky et al., 2006 to name a few). The contribution of communities to social movements and public service in many areas, including industrial cooperation, has been established (Marquis, Glynn, & Davis, 2009). Such successful communities have been shown to have i. "A shared ethic of interdependent contribution," ii. "A formalized set of norms of interdependent process management," and iii. "An interactive social character and identity" (Heckscher & Adler, 2006, p. 2).

On the negative side, scholars have argued that, historically, such community-based forms of organization have a low rate of survival (Kanter, 1972; Rothschild-Whitt, 1979; Swidler, 1979; Rothschild & Whitt, 1986; Simons & Ingram, 1997). Despite the existing literature and the recent rise of new forms of community organizing, organizational scholars have only just begun to study and understand the structure and processes of both new and existing communities and cooperatives, and how these communities engage into institutional work.

### ***Communal Organizing vs. Organizational Communities***

Every organization works by certain organizing principles irrespective of its success. An organizing principle can be defined as the logic by which institutional work is structured and processed and the information produced by it is disseminated (Zander & Kogut, 1995). Such a principle presents a pattern for individuals to follow, organizing how they select necessary information and coordinate with other actors to pursue their goals. Examples of such principles provided by the literature are market, hierarchy, and clan (Ouchi 1980) or authority, price, and norms (Adler, 2001; Bradach & Eccles, 1989; Powell, 1990). Such principles provide guidelines and create mechanisms, for example, to shape economic behaviors.

Of course, traditional organizations and communities are not in different categories: for example, there are communities in organizations. In fact, much organizational theory examines the relationship between organizations and communities. Such studies include work on organizational networks (Sytych et al., 2012), organizational fields (Scott, 1987), and geographical clusters (Audia et al., 2006). In their book *The Starfish and the Spider*, Braffman & Beckstrom (2006) discuss leaderless, decentralized organizations, such as Youtube, and their advantages over traditionally organized ones. Yet they strongly rely on internet-era examples and provide no real-world examples. Moreover, Youtube is a centralized organization where the control mechanisms still lie with Google. Only the content (which in turn is their main output) is generated outside the organization, instead of within the traditional boundaries of the organization.

Instead, much less work has been done on cooperative communities outside of traditional organizations, although some work has been done on how they differ in their levels of trust. It has also



been established that democratically-organized communities can form clearly-defined identities and create the support structures they need to deal with the resistance of external entities such as state agencies and commercial enterprises (Ingram et al., 2010; Molotch et al., 2000). In the case of communities and cooperatives, such principles must address the issues of interdependence and uncertainty. Communities have also shown strength in forming exchange relations that ensure the viability of the organizational forms they depend upon (Audia et al. 2006; Uzzi, 1996). Previous research has established that particular features that strengthen communities and their ability to act collectively and cohesively are: early organizational founding's (Greve & Rao, 2012), voluntary associations (Putnam et al., 1993), strong intra-community ties (Jha, 2013), learning to create new organizational forms (Greve & Rao, 2012).

### **Communities for Institutional Change**

Just like organizations, communities may also have a leader who gives a voice and identity to and develops the strategy for the community. But it is the absence of any formal contracts or obligations, unlike in organizations (which I classify as formally-structured communities bounded by contractual obligations), that makes the organizing of the informal-yet-legitimate community ever more interesting. Organizational and institutional scholars have studied communities in an intermittent manner primarily because of the lack of legitimacy for communities as a level of analysis, the lack of a substantial definition for community as a construct and, maybe, the lack of access to empirical evidence of communities leading to successful change in organizations. Moreover, it seems that the study of traditional, formal communities (i.e., organizations) provides an ease of analysis and, therefore, management scholars prefer to study them rather than non-traditional communities. Therefore, while organizational scholars

have established how organizations and actors within organizations can lead to institutional change, the research on how communities lead to institutional change is still shallow.

On other hand, when examining professional communities and communities of entrepreneurs, such as economic niches in craft beer, coffee, or software or even an event such as Burning Man, some basic inherent qualities of communities become evident. For example, such communities consist predominantly of actors who are not marginalized, and, therefore, actors with sufficient resources or easy access to resources. Such communities face little, if any, institutional opposition and pressure. If such opposition was present, they are still able to deal with it by using the resources and skills at their disposal. Such actors, being skilled and resourceful, could even procure, adapt, or mimic some of the existing organizational practices to gain legitimacy and acceptance.

I depart from this academic reality and instead agree with Marti & Mair (2009) who have rightfully suggested that institutional research has regularly ignored the work of individuals who are seen as “powerless, disenfranchised, and under-resourced, who seemingly have no choice other than compliance,” but they argue that such individuals are “also doing important institutional work”. Although undertheorized, their work further suggests that there is way in which to study how individuals work to free themselves from existing institutional structures by creating new ones.

Thus, in my study I look at how marginalized actors create communities amid environments which do not want them to become a strong collective and how, in absence of ease of access to resources and skills, they develop both, the skills and build resources; and then are able to channel them to change existing institutions and to build

new institutional arrangements. In doing so, they also become more resilient as an organizational form which operates in ways unlike conventional organizing based on contracts.

### **Communities as Powerhouse of Trust & Societal Resilience**

It has been established that members of communities are more likely to trust each other in uncertain circumstances (Guseva & Ronatas, 2001), to the extent that they are resilient and effective in response to such events as natural disasters (Kleinberg, 2003). The response to a crisis can be seen as a test of the level of trust in a community, trust both between individual members and members and the community as a whole. The level of trust also directly relates to a community's ability to organize collective action. Again, a crisis, such as a natural disaster, provides a test case for a community's cohesiveness. Will it be able to respond effectively in such a situation? It will need to come up with solutions to critical problems, some of which may prove insolvable. Its ability to effectively respond to the present crisis will also affect its future capacity to solve other problems: "Each problem successfully met leaves its residue of sentiments and organization; without these sentiments and organization, future problems could not be solved" (Coleman, 1961, p. 574). It is inevitable that community responses to problems and crisis involve collective action (Stevenson & Greenberg, 2000; Wright & Schaffer-Boudet, 2012), which relies on community members' willingness to cooperate with others. In fact, such willingness is contagious: members' willingness to engage in a joint effort inspires still others to join.

My study examine how communities' engage in Institutional work to

- i. Become resilient to initiate and sustain institutional change*

- ii. Build new mechanisms for effective collective governance using trust as organizing principle and,*
- iii. Restructure their own organizing model to become highly-resilient organizational forms.*

Thus, my first and third chapter look into how communities can become a force for socio-political change by ensuring that its individual members are resilient, who, in turn, contribute to the resilience of the collective. I believe that understanding and contributing to social-movement literature is even more important in today's era because social movements seem to be the way for citizens both to take back their rights and to discover what is right for them.

For both these studies, using an ethnographic approach and an indepth case study of SEWA, I examine how organizations can structure themselves and their chosen activities when working with collectives. Collective action has become more evident as a predominant method of taking power back from institutions and resisting them in order to force them to change. While most collective actions and social movements have clear goals to achieve, I propose that they do not make their strategy and their members resilient enough in the following ways: i.) Strong enough to withstand the resistance that might emerge from the organization/institution being protested, ii.) Adaptable enough to adopt new strategies in the midst of such bi-directional resistance and counter-resistance, and iii.) Broadly successful enough that, when the moment achieves its specific desired outcome, the individuals who form it do not become worse off than they were before they joined the movement.

Thus, to the social-movement literature I propose: 1.) the 5-stage institutional change model which can help them to decide their strategy and further action based on their current environment; ii.) the

construct of structural resilience which helps them to ensure that their members stay strong during the resistance, irrespective of the outcome; and iii.) strategic resilience, to ensure that they are able to organize themselves by analyzing the current environment but also by forecasting the possible resistance and ,thereby, taking specific actions towards the desired outcome without having to compromise, settle, or, even worse, withdraw.

Resilience does not happen in pockets. It does not just emerge from an individual or limit itself to organizational contexts. Resilience eventually become a societal resilience, appearing as community resilience. This has become more useful in the last decade which has witnessed the rise of social movements, although none produced any strong institutional change or even met their desired goals. My first chapter discusses how actors build resilience, not just at an individual but also at the collective level. I demonstrate that such resilience-building is complementary, enabling organizational resilience to overcome the resistance and harassment from various institutional factors and leading to institutional change.

In my second chapter I look inward and investigate how collectives govern themselves. In the absence of any contractual agreements, I show if and how a collective i.) Handles conflicts differently and efficiently, ii.) Ensures constant development and restoration of trust among the individuals comprising the collective, and iii.) Builds and sustains participatory mechanisms of governance. For this study I investigate a community set in the southern part of India on the borders of the state of Tamil Nadu and the French colonial town and Union Territory<sup>1</sup> of Pondicherry, Auroville.

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<sup>1</sup> India has twenty-nine states and seven union territories as administrative divisions. These states are federated states and have high level of autonomy and regional governments. Union territories are ruled directly by the Central Government.

While many such initiatives and intentional communities have emerged across the globe to address one or more of the issues mentioned above, Auroville has active involvement in all of them, albeit in unconventional or novel ways. From the concept of ‘lack of private ownership’ of land and monetary resources, to the participatory model of governance and selection of governing bodies, to the prominent level of entrepreneurship in green and sustainable technologies, to a township formed of citizens from 49 countries, Auroville, as an organized community, presents unconventional forms of organizing to address the various issues that traditional societies, towns and cities are facing at large. Furthermore, the scale and temporality of Auroville, combined with its scientific approach to recording and archiving of its data, makes it an interesting setting for further investigation.

One of the basic tenets of the 4-point charter<sup>2</sup> provided by the founder of Auroville is the lack of private ownership. Thus, Auroville is a unique setting, not just in the nature of its processes and products, but also in its form of organization. The presence of collective, instead of private, ownership of land and business creates a situation similar to the concept of the ‘commons’, made popular à la Hardin (1968). Auroville is also a testing ground for questions about trust, how it is evolved, sustained and questioned in an organizational context. Also, what practices are used to prevent trust violations and facilitate trust restoration and repair. In the past, institutional theory has often

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Auroville is geographically located on the borders of the state of Tamil Nadu in India with some parts in the Union territory of Puducherry. It is 10 km north of Puducherry and therefore more connected to Puducherry.(Profile, India at a Glance, State Portal [National portal of India]. Retrieved August 21, 2017, from <https://india.gov.in/india-glance/profile>)

<sup>2</sup>The Auroville Charter, Retrieved November 27, 2016 from <http://www.auroville.org/contents/1>

focused exclusively on how institution-wide constraints impact lower-level action. However, some theorists have come to examine how institutional structures and individual actors influence one another (Cardinale, 2018). In this perspective, agency is embedded and can work from both directions, top-down and-bottom up (Tolbert, 1988; Zucker, 1983).

# Chapter 1: Community Resilience Building for Institutional Work<sup>3</sup>

## INTRODUCTION

Many institutions and institutional processes built over the years are seemingly inadequate as we face the aftermath of the global financial crisis, the migration crisis, and the rise of political instabilities. The lack of proper institutions, which are resilient to the economic, social and political disruptions occurring in recent decades, has led to an increasing call for institutional change by several actors, including organizations and individuals. Demands for such changes have also led to various social movements, directed primarily towards reform of socio-economic and socio-political institutions (Snow et al., 2008).

However, being taken-for-granted, binding structures, whose “repetitive social behaviour is underpinned by normative systems and cognitive understandings” (Greenwood et al., 2008), institutions are usually hard to change. In fact, few of the efforts and actions that have been initiated to promote institutional change have been successful. For example, many recent social movements have lost their momentum en route, or have led to only minor changes, with negligible impact. Movements like Occupy Wall Street and Arab Spring, notwithstanding the global attention and support they received from citizens, have to date resulted in negligible or no institutional change. Therefore, it is clear that, not only may institutional change become a complex process, but it may also demand highly coordinated efforts by multiple and often powerful actors.

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<sup>3</sup> This chapter is based on the paper with the same title co-authored with Tomislav Rimac, Francesca Capo and Kerem Gurses. The paper has won the Best Student Paper at the Academy of Management 2018, Chicago (IL) at its Social Issues in Management Division.



Extant literature has more recently dwelled on the idea of actors able to promote change within institutions, referring to them as “institutional entrepreneurs” (DiMaggio, 1988; Battilana & D’Aunno, 2009; Battilana et al., 2009). Institutional entrepreneurs have been defined as “organized actors who envision new institutions as a means of advancing interests they value highly yet that are suppressed by extant logics” (Greenwood and Suddaby, 2006: 29). Work on institutional entrepreneurship also describes the collective dimension of institutional change and the involvement of a variety of actors (Battilana et al., 2009; Dorado, 2005; Wijen & Ansari 2006), arguing that a lone actor is “unlikely” to be solely responsible for institutional entrepreneurship (Maguire et al. 2004, p. 173).

While these works have advanced the field of institutional change through the role of institutional entrepreneurs, they are strongly built upon the notion of actors that are empowered and resourceful enough, not just to engage, but also to sustain themselves, during the usually long and complex process of institutional change. However, we still do not know what it takes for weak and marginalized actors to change institutions. These actors may, in fact, face elevated levels of uncertainty, resistance and barriers from an ill-defined and outdated regulatory framework, making them highly vulnerable and socio-economically marginalized, further inhibiting them from promoting any institutional change.

Often the regulatory framework and socio-political environment create unwarranted jolts for such actors and inhibit or disrupt their daily living, thereby further weakening their socio-economic conditions. While literature has referred to how individuals, and even organizations, handle, cope with and eventually emerge from such uncontrolled and sometimes even unwarranted disruptions as a reflection of their resilience (Sutcliffe & Vogus, 2003, Coutu, 2002),

we do not sufficiently know what role resilience plays in institutional change. Moreover, the process of changing institutions can become even more difficult for individuals belonging to the bottom of the pyramid, who are deprived of even basic resources to sustain themselves, let alone engage in a complex process of institutional change. This study builds on these research gaps and ask the following research question - *How do marginalised actors build resilience when they engage in institutional work?*

To try to answer this question, a process model is presented which highlights the role of resilience-building mechanisms in successful institutional change. The empirical context is that of street vendors in India. Digging into this extremely peculiar context through interviews and archival data shows that, while individual resilience helps in facing the disruptions caused through environmental or societal elements, it may not be sufficient for institutional change. Individual actors need to come together and develop collective resilience to change the institutions that work against them, instead of supporting them. Based on the findings of research into the street vendors' situation, a framework is presented consisting of resilience-building mechanisms, that were initiated over a period of forty years by an organization called the Self Employed Women's Association (SEWA), which worked closely with street vendors, and was instrumental in passing The Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, 2014.

## **THEORETICAL GROUNDING**

Based on the above broad objectives, a review was conducted of literature on the informal economy and institutions. The role of institutional entrepreneurs was also reviewed, together with the embedded conditions of how institutional entrepreneurs can lead to institutional change. While literature on the informal economy and street vendors produced information about the lack of resources of the actors in such settings, the literature on institutional entrepreneurs highlighted the ingrained notion of resourcefulness of actors who engage in institutional change. This led to a focus on whether and how actors who are marginalized, and often lacking resources can drive institutional change.

### **Informal economy**

The informal economy encompasses economic activities outside of formal institutional boundaries, but still within informal institutional boundaries for large groups of the society (Castells and Portes, 1989; Webb et al., 2009). Thus, a simplistic view of informality comprises economic activities that are unregistered yet produce legal goods (Nichter and Goldmark 2009). The informal economy complements the formal economy by contributing approximately 10–20% of annual gross domestic product in mature economies and up to 60% in emerging economies (Schneider, 2002). The GDP estimates of the informal economy translate to 65% employment in Asia, 51% in Latin America, and 72% in Sub Saharan Africa (ILO, 2002).

Large groups of society may consider informal economic activities as ‘legitimate’, although they may not be considered ‘legal’ by the established formal institutions (Bingham, Eisenhardt, & Furr, 2007; Mair, 2014.; J W Webb et al., 2009; Williams, 2013; Williams & Gurtoo, 2012). In fact, the informal economy also incorporates

largely unregulated, poorly paid and insecure types of work by marginalized populations (Bhowmik, 2012; International Labour Organization, 2013; Petesch, Smulovitz, & Walton, 2005; Williams, 2013). It becomes evident that participation in the informal economy is a manifestation of work for survival-based needs, rather than a rational choice to participate in that market (Castells and Portes, 1989; Davis, 2006; Gallin, 2001; Hudson, 2005; Sassen, 1996; Williams, 2013). Informal self-employment usually emerges through subsistence-oriented entrepreneurship (Justin W Webb, Bruton, Tihanyi, & Ireland, 2013). On other hand, various socio-economic institutional factors, compounded by modernization and economic fluctuations (e.g., downsizing, outsourcing), prevent many individuals from participating in the formal economy (Alsop, 2004; Stephan et al., 2015; Williams, 2013).

Having been excluded from other formal economy opportunities, entrepreneurship within the informal economy remains as the only solution for such participants, rather than engaging in criminal activities or remaining unemployed (Kingdon and Knight, 2004).

### **Entrepreneurship in the Informal economy**

Entrepreneurship occurs at the nexus of individuals and opportunities. (Shane and Venkataraman, 2000). However, not all opportunities lie in legally formal, and socially legitimate, economical areas; at times, opportunities also lie in informal and yet socially legitimate activities. Out of various reasons, many actors engage in such informal economy, while complying with formal laws and regulations such as paying taxes or registration of their businesses would greatly undermine their ability to survive, especially given that there are limited benefits associated with compliance. (Webb et al., 2014).

Thus, there are questions about the validity of a strong belief in formalization of the informal economy, built on the assumption that actors engage in informality to skirt formal institutions (Bingham et al., 2007; Roever, 2014; Sutter, Webb, Kistruck, & Bailey, 2013; Vanek, Chen, Carre, Heintz, & Hussmanns, 2014; Justin W Webb et al., 2013). The approach proposed by these studies is that formalization can occur by bringing informal firms and entrepreneurs into compliance with formal rules and policies that exist for formal firms, and thus convert an informal firm to a formal one. In addition, this view inherently implies that all formal institutions required for complete market participation exist; and if they do, they are fully developed and sufficiently matured to cater to a variety of needs, and types of actors. However, not only may formal institutions, by their embedded definitions and policies, marginalize certain actors while favouring others, but also, in certain developing markets, the absence of formal institutions (i.e., when there are institutional voids) may leave no choice to entrepreneurs but to engage in the informal economy.

### **Institutional Theory and Informal Economy**

Although there exists a diverse body of knowledge on the informal economy, it still remains largely fragmented. Researchers working in various domains (e.g., anthropology, economics, sociology, etc.) have tried to understand the causes and effects of informal economies across the globe, so that possible solutions can be devised to transition them to the formal economy. While sociology scholars have tried to explain the informal economy from the perspective of empowerment, or rather the lack of empowerment to participate in formal economy (Portes, Castells, & Benton, 1989, 2006; Gallin, 2001; Hudson, 2005; Sassen, 1996), development scholars have emphasized the need for helping people who are

involved with the informal economy, especially in emerging economies, to participate in markets. Organizational scholars have also contributed, mainly through three main theories; institutional theory (North, 1990); motivation-related theories from a sociological perspective (Merton, 1968; Passas and Agnew, 1997); and resource allocation theory (Kanfer and Ackerman, 1989). They have also studied entrepreneurship in the informal economy (De Castro et al., 2008; Honig, 1998; Khavul et al., 2009; Siqueira and Bruton, 2010; Webb et al., 2009, De Castro et al., 2014; Uzo and Mair, 2014; Lee and Hung, 2014; Roeber, 2006; Garcia-Rincon, 2007).

Although the demography of actors participating in the informal economy is similar across countries, the institutional arrangements and conditions differ substantially from one country to another. Therefore, researchers have recently taken an interest in the informal economy from an institutional perspective (Battilana, Leca, & Boxenbaum, 2009b; Bruton, Ahlstrom, & Li, 2010; De Soto, 1990; Khanna & Palepu, 2010, Lawrence, Leca, & Zilber, 2013; Mair, Martí, & Ganly, 2007; Mair, Martí, & Ventresca, 2012; Stephan, Uhlander, & Stride, 2015;). Scholars have also started taking into account the importance of intermediaries and institutions at meso level, because of a large gap between the macro level, consisting of state, legal frameworks, national financial institutions, and the micro level, i.e., individuals, who are the actual actors in the informal economy (Battilana, Leca, & Boxenbaum, 2009a; Lee & Hung, 2014; Mair et al., 2012; Seelos, Ganly, & Mair, 2006; Roelants, 2000; Elsner, 2010). Studies so far have subtly established that the role of meso-level institutions is to reinforce informality (De Castro, Khavul, & Bruton, 2014) or, at best, to enable marginalized citizens to access markets (Mair, Martí, & Ventresca, 2012; Martí & Mair, 2009; Seelos & Mair, 2007; Stephan, Patterson, Kelly, & Mair, 2016). While this is

equally true depending on the meso institutions at work, this study suggests that such intermediaries at meso level can be crucial and highly effective in empowering the informal actors to move from the informal to the formal economy. Moreover, most existing studies tend to focus on the meso level either together with actors at the micro level, or in its relationship with the macro level (De Castro et al., 2014; Dieleman & Sachs, 2008; Droege & Johnson, 2007; B Roelants, 2000; Bruno Roelants, 2000; Suhomlinova, 2006; Viterna & Robertson, 2015; J W Webb, Tihanyi, Ireland, & Sirmon, 2009); *there is very little research on the bi-directional role of intermediaries at the meso level.* The dual role that meso-level intermediaries can play to make marginalized actors resilient, improve their socio-economic conditions, and reshape the macro level, is understudied. There is no significant evidence on how such individuals and organizations can become resilient to existing disruptions, and then go on to change the very institutions that cause this exclusion, so that government policies work for improving the conditions of marginalized actors. (Ostrom, 1990; Pierson & Skocpol, 2002).

## **RESEARCH CONTEXT**

In India, the informal sector accounts for 90 percent of non-agricultural employment, and at least half of India's \$1.85-trillion economy (Barman, 2013). The informal sector constitutes 75 percent of all Indian businesses, making this one of the largest informal economies in the world. Due to their tiny size and unauthorized operations, informal enterprises in India do not come under the purview of the incentives or social security system offered by government and state institutions. The informal economy in India allows a large portion of the society to engage in entrepreneurial activities that sustain their livelihood. An important part of this

informal economy – Street Vending – was, until recently, viewed as illegal by formal institutions. Street vendors represent 2.5 % of the urban population in the Indian economy, selling items such as clothes and hosiery, household goods and food items, manufactured by home-based workers who have no other channels for marketing the products that they produce<sup>4</sup>. With rising urbanization, this illegal yet legitimate street vending activity has been increasing steadily across India in recent decades.

### **Street Vendors’ Life on the Streets**

Since hawking on the streets or in public spaces is illegal, and because most vendors tend to form pop-up markets which get crowded during certain hours of the day and may cause traffic congestion, civic authorities, town planners and other law makers consider them nuisances and anti-social elements. (Bhowmik, 2012; Vyas, & Mishra, 2014; Kumar, 2012; Williams & Gurtoo, 2012). The authorities then resort to various forms of harassment, from extorting bribes to let them vend in a certain area, to punishing them with fines, removing them from their place of vending or even confiscating their goods and carts. Table 1(a) depicts the laws under the Constitution of India, which entitle every citizen with a right to earn a living. Table 1(b), however, lists some of the sections of the laws that the police and municipal authorities would use against the street-

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<sup>4</sup> Street Vendors’ Laws and Legal Issues in India”.  
<http://wiego.org/sites/wiego.org/files/resources/files/Street%20Vendors%E2%80%99%20Laws%20and%20Legal%20Issues%20in%20India.pdf>. Last accessed: May 9, 2016



Table 1(A) – Laws and Sections in Constitution acting in favour of Street Vendors

Table 1(B) - Laws and Sections in Constitution used against Street Vendors

**TABLE 1(A)**

**Laws and Sections in the Constitution of India, in favor of Street vendors**

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**Constitution of India**

**Fundamental Principles:**

Article 14 – Equality before law

Article 19 (1) (g) – Protection of certain rights regarding freedom to practice any profession, or to carry on any occupation, trade or business

Article 21 – Protection of life and personal liberty

Article 32 – Remedies for enforcement of rights conferred by this Part

Article 39 – Certain principles of policy to be followed by the State

**Directive Principles of State Policy**

Article 37 – Application of the principles contained in this Part

Article 38 – State to secure a social order for the promotion of welfare of the people

Article 39 – Certain principles of policy to be followed by the State

Article 41 – Right to work, to education and to public assistance in certain cases

**The High Courts in the States**

Article 226 – Power of High Courts to issue certain writs

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**Table 1(b)**

**Laws and Sections under various acts, which were used against Street vendors**

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**Bombay Provincial Municipal Corporation Act, 1949**

S. 209. Power to acquire premises for improvement of public streets.

Section 226. Prohibition of projections upon streets, etc.

Section 229. Prohibition of structure or fixtures which cause obstruction in streets.

Section 231. Commissioner may, without notice, remove anything erected, deposited or hawked or exposed for sale in contravention of Act.

Section 234. Commissioner may permit booths, etc. to be erected on streets on festivals.

Section 328. Provision of new municipal markets and slaughter-houses.

Section 330. Prohibition of sale of commodities sold in municipal markets

Section 377. Prohibition of sale in municipal markets without license of Commissioner.

Section 378. Private markets not to be kept open without license

Section 379. Prohibition of sale in unauthorized private markets

Section 383. License required for dealing in dairy produce

Section 431. Complaint concerning nuisances

Section 466. Making of standing orders by Commissioner

**Bombay Police Act, 1951, Motor Vehicle Act, 1988**

Section 67. Police to regulate traffic, etc., in streets.

Section 102. Causing any obstruction in a street

Motor Vehicle Act, 1988

Section 201. Penalty for causing obstruction to free flow of traffic

**Criminal Procedure Code, 1973**

Section 151. Arrest to prevent the commission of cognizable offences

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vendors. At the same time, with rising urbanization, illegal yet legitimate street vending activity has been increasing steadily across India in recent decades.

On May 1<sup>st</sup>, 2014, the Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, 2014 came into force in India. While this was a moment of victory and progress for around 476 million street vendors across India, there were hardly any celebrations. After all, nearly all of them were busy in their daily vending and many could not read newspapers, much less understand the technical jargon of government bills. In the city of Ahmedabad (population: approx. 8 million), where SEWA's head office is currently based, 40% of the 150,000 street vendors are women (Bhowmik, 2005). Street vendors are legitimate businesses in the eyes of their customers and suppliers; however, their activities were deemed illegal until the passage of the Street Vendors Act 2014, as illustrated by the following quotes:

*“Earlier they did not allow us to spread our goods on the ground, then they removed us from Manekchowk” – Vendor, Manekchowk*

*“We have been vending here since last 40 years. Earlier the police and municipality used to harass us a lot, and when this plaza was being constructed, they kicked us out.” – Vendor, Bhadra Plaza,*

Street Vendors were not only unable to earn a living without fear of harassment, but they were also unable to access various other institutions which could have helped them to pursue their trade. Either there were barriers for the street vendors to access these institutions (opening a bank account (only possible if the account holder is literate

and has a certain basic amount of savings), hiring a lawyer to fight their case, etc.), or such institutions did not exist at all (worker insurance, health insurance, etc.). Other institutions were not designed around the needs of the marginalized (e.g., local public transport).

*“The biggest issue is of capital. Most of vendors are financially weak. Many vendors have to raise capital on interest from private lenders.” – Vendor, Bhadra inner market*

Moreover, most of them came from an economic stratum where even a single day of loss of work in protesting or going to government offices meant loss of livelihood and sometimes dinner for that day.

*“We go to nobody, most of the time we just run with our carts, that’s it” – Vendor*

*“What to do? We do what Police says. If they want money, we give money and if things then that [our products, without being paid]” – Vendor*

### **Case Study Method and Selection**

India’s institutional arrangements and large informal economy make it a strong analytic case in which to explore the role of resilience in institutional change. Using an ‘organization-rich’ view of an actual intermediary, this study emphasises the role of various resilience-building mechanisms that bridge the gap between the macro and the micro, by institutional reforms. On this basis, a generalizable model is attempted. To examine the effects of resilience in changing the institutions by legalization of the informal economy, the study makes an in-depth case analysis of SEWA and its role in the Street Vendors

Act, 2014, which legalized the legitimate, yet informal, economy of street vendors in India. SEWA was chosen due to its strong presence in Gujarat (483,012 members), where there is a lot of street vendor activity, and since a relatively large number of its members (11%) are registered as hawkers and vendors. SEWA initiated its activities in 1972 as a trade union, which allowed it to have more legal influence on protecting the rights of self-employed women and empowering them. Though it was conceived as a trade union, the Registrar of Trade Unions of India would not consider self-employed women, most of them home-based, and nearly all working in the informal economy as ‘workers’ and, hence, would not initially allow it to register as a Trade Union. After overcoming all the bureaucratic challenges, SEWA went on to become the largest trade union across India, with 10 independent branches in 2004. As of 2014, SEWA had 1.9 million members. *“We were unique in the sense we represented the informal sector of economy. The rest of the unions only talked about the public sectors that are already protected and most often the mouthpieces of the political parties,”* Ela Bhatt as quoted in (Mehrotra, 2012).

## **Approach and Data Collection**

Despite familiarity with the local and geographical context, there were limitations on methods of data collection. Since street vendors live in very diverse geographic areas within a city but converge at a certain market place for their vending, they were interviewed at their workplace. This also permitted a realistic view of the actual mechanisms of the market and the dynamics among the various actors present there. A semi-structured interview method was employed with the vendors, and all the interviews were audio-recorded. Qualitative techniques were employed in order to capture the narrative account along with its historical context. Themes and categories would emerge from these rich qualitative data sets.

The research process was divided into three phases, involving four major sources of data - participant observation, retrieval of archival documents, and in-depth interviews with the SEWA team and street vendors. Starting with archival data to understand the impact of the informal economy, the state of street vendors and the legal implications of their situation, a wide range of documents were collected, including secondary, historical, political and legal studies. Various other surveys of street vendors in India and other countries across the world were consulted. An extensive study of SEWA as an organization was conducted from similar documents to achieve a clear understanding before formally approaching SEWA.

After the first phase of field interviews, in mid-2016, an approach was made to SEWA leadership. The then president of the street vendors' team at SEWA granted us access and introduced the various group leaders, "Aagevans", and 'organizers' at SEWA. Detailed interviews with them gave an understanding, not just of the role SEWA played, but also of the daily life and socio-economic situations of the street vendors in general. Moreover, the discussion

with leaders also allowed a holistic understanding of the various markets that exist in the city of Ahmedabad. The members of SEWA, in turn, helped with contacts of local market committee leaders in various areas of the city. A detailed interview with SEWA's legal team explained the legal challenges faced by street vendors and the action taken by SEWA on their behalf. With this greater understanding, I conducted a second interview with the president of SEWA, who also provided access to various reports and details involving street vendors, generated by the research and legal teams of SEWA during the previous two decades. The appendix lists all the interviews conducted with the SEWA team and the street vendors.

The initial inputs from the SEWA team provided the basis of a semi-structured interview survey. Since the interviews had to be conducted in the local regional language, in which the author is well versed, the assistance of the SEWA team was engaged to refine the terminology that the vendors use, to help them to understand.

A walk-through approach was followed to conduct interviews with street vendors in their markets. Four markets were selected, where SEWA had a strong presence and which were also locations of major harassment and court cases between street vendors and the legal authorities. Surveys were also conducted in three other markets, which were not in SEWA's catchment area, to compare data and identify substantive points of synergy or juxtaposition (Glaser & Strauss, 1967). While all the interviews with the SEWA team were conducted by the author, a team of 5 local members was hired and trained to conduct interviews with street vendors in addition to the author. All the interviews were audio recorded with the permission of the vendors. All our interviews were conducted in Gujarati or Hindi (according to the choice of the participants). Each interview lasted between 10 minutes and 20 minutes, and followed a standard protocol

(Spradley, 1979; Strauss & Corbin, 1998). Interviews were audio recorded and later transcribed verbatim. After transcription, they were translated into English for data analysis.

While the vendors provided detailed descriptions of the ground realities, market dynamics and their association with SEWA, if any, their market leaders and organisers were able to explain their roles as market leaders, and how SEWA mediates between them and the legal institutions. Interviews with SEWA team provided information about various other services that SEWA provides for its members, many of which were specifically initiated by suggestions and needs of their street vendor members. Based on these narratives and the documents obtained, it was possible to triangulate the role that SEWA played as an intermediary. Table 2 lists details of the data and their sources.

**TABLE 2**  
**Data Sources for Study & Analysis**

Source	Interviews (individuals)	Pages
<i>Informants</i>		
Street Vendors (From 6 natural Markets) <sup>#</sup>	38	73
Committee Members* (From 4 natural Markets)	7	11
Market Leaders* (From 10 natural Markets)	18	68
Current SEWA officials	5	22
Ex- SEWA officials	3	13
Field Notes by Authors	N.A.	14
<b>Total</b>		<b>201</b>
<i>Archival (SEWA or Street Vendors)</i>		
Reports and documents provided by SEWA	34	549
Reports gathered from external sources, about SEWA	23	543
Reports gathered from external sources, about Street Vendors	32	1858
<b>Total</b>	<b>89</b>	<b>2950</b>

\*Committee Members and Market Leaders continue to work as Street Vendors also but were interviewed separately.

<sup>#</sup> 286 Valid Street Vendor interviews were conducted in October, 2017. 38 were selected for this study who provided a detailed narrative.



## **FINDINGS**

### **Understanding disruption: Marginal Actor Perspective**

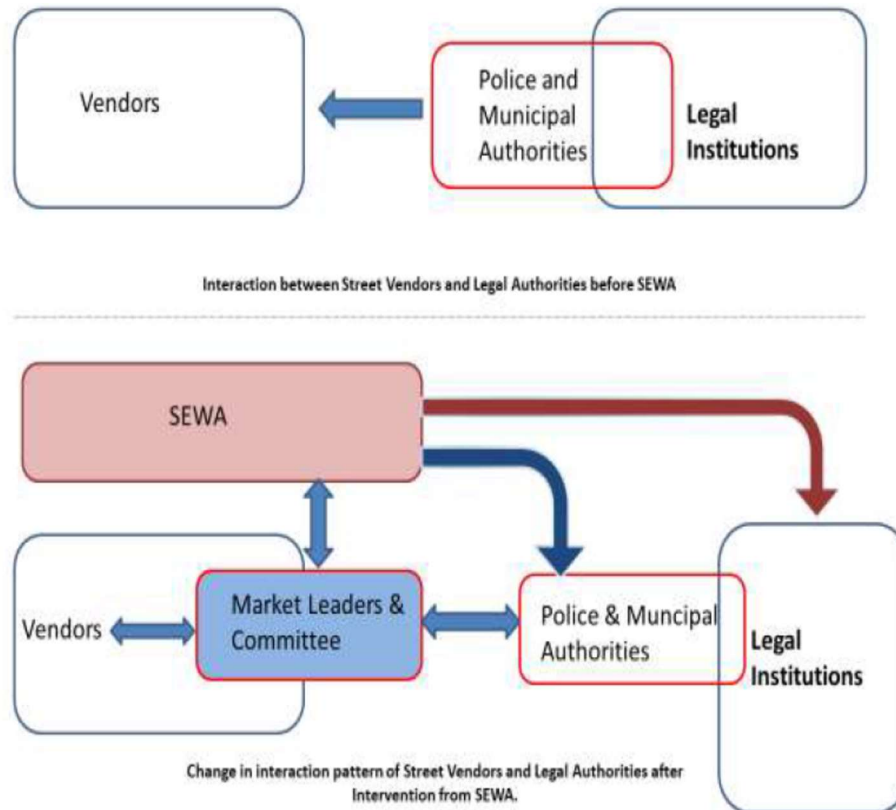
In interviews with members who had been working as street vendors for more than twenty years, many of whom were the second generation in this trade, everyone mentioned harassment from police and municipal authorities. This harassment would take various forms: illegal bribes on a random basis; regular extortion money in some markets as an illegal and informal rent for using the market space; rude and harsh behaviour by the police personnel with the vendors, including female vendors; confiscation of goods and weighing scales by municipal authorities; forceful eviction from a market space, with police hitting the vendors randomly with sticks, arresting them and placing them in jail. All the leaders in their interviews confirmed facing most of these forms of harassment, including four of them who had been arrested for one or more days and held in police lockups.

Since street vendors operate on very low profit margins, with most of them buying their goods on credit, with interest payable, from wholesalers or money lenders, a single day of such disruption or additional costs in terms of fines and bribes was affecting them seriously economically. While continuing to work under constant fear of the police, authorities and sudden eviction drives, they started to feel morally as if they were unwanted and criminal elements of the society. It should be noted that there is no mention of street vending or hawking as an illegal occupation or activity in the Indian regulatory framework. Police and municipal authorities would, instead, use laws designed for vehicles and traffic against the street vendors, since street vendors would usually

operate on the sides of roads and often in markets with greater footfall and visitor numbers.

It was only after such eviction drives increased in frequency and when some vendors were physically beaten up by the police, in one of the markets included in this survey, that a female vendor who knew about the existence of SEWA as a women's organization, approached SEWA to intervene and to listen to their issues. When an organization encounters such a situation, where it must act on behalf of another group, it still may not be clear what role it could play. It might just act as a provider of certain solutions itself, or it might be required to voice their grievances at higher levels. At times, it might even be unable to act because of the distance of the organization from the issue with which it is approached. Though SEWA was an informal women workers' organization, it had no experience in dealing with the issues of street vendors, nor did it know how it could support them, let alone bring about any large-scale change or improvement in their working conditions.

Further analysis of the data and the narratives collected made it clear that, with the existing socio-economic conditions of vendors during earlier days, they were unable and weak to face and resist the disruption caused by institutional forces. Thus, while SEWA needed to understand and decide the role it played for the cause of street vendors, it had to



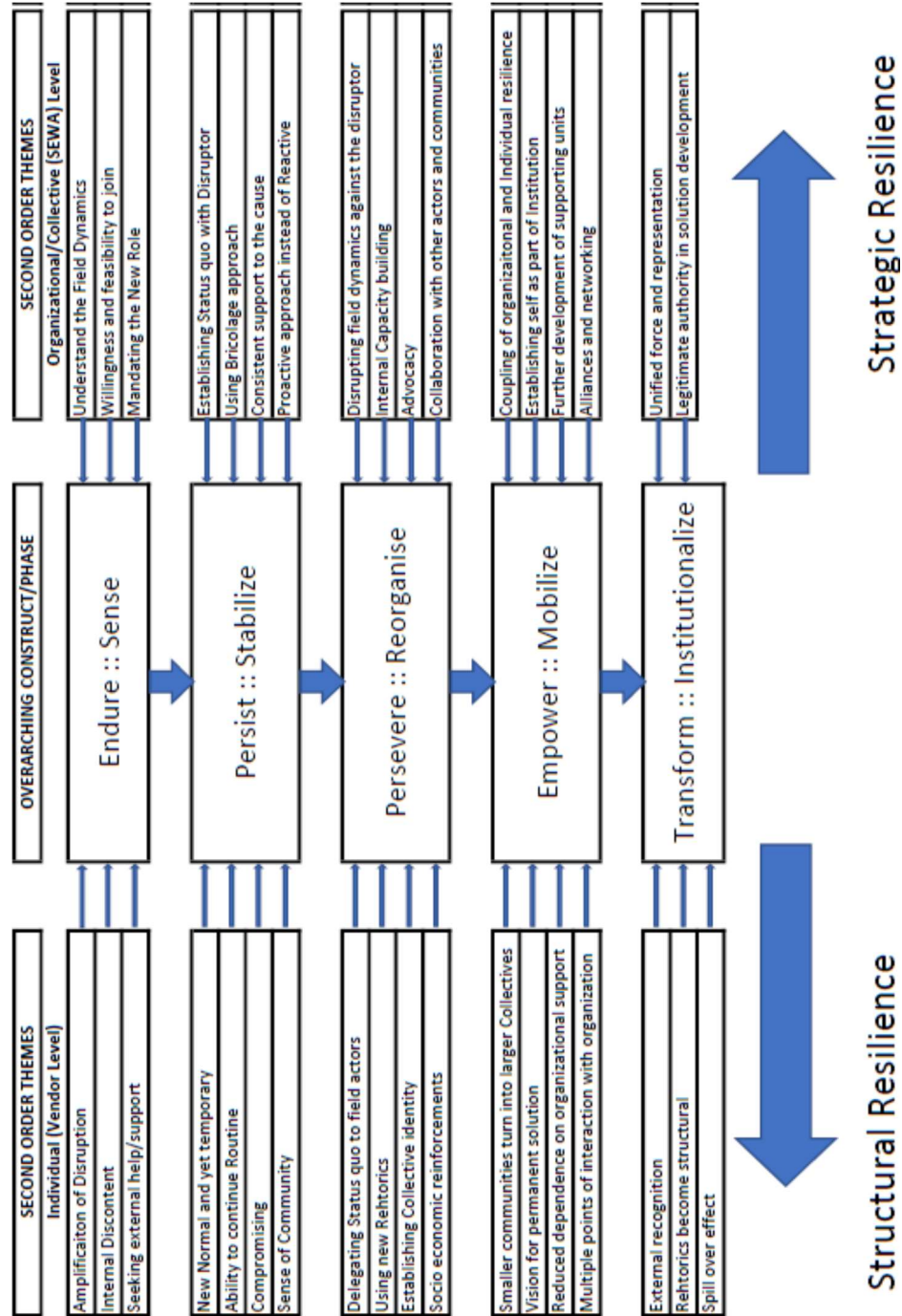
**Figure 2: SEWA intervening between street vendors and legal authorities (police or municipality)**

understand the bigger picture of why the street vendors were highly vulnerable. While its initial action plan was to understand the field dynamics between the vendors and the legal authorities, and help vendors on an ad-hoc basis, this was not sustainable at individual level or for the organization on a longer term. As time progressed, and it became evident from the various activities initiated by SEWA, and from the field interviews, that SEWA used a two-prong approach to make its members ‘resilient’ to institutional forces. This is presented in figure 2. *SEWA realized that the only way forward was i.) to make members stronger and*

*thereby more resilient against major disruptions and vulnerabilities and ii.) to re-align institutional force, as facilitators instead of oppressors, by engaging in institutional work for institutional change.*

Keeping this dual approach in mind, analysis of the various data sources revealed the following themes. Figure 3 explains the various stages based on second-order constructs. It should be noted that, between the “Sense” and “Institutionalize” phase, all the events and activities that occurred at the individual level of the vendors and at the organizational level of SEWA, are classified as Resilience-Building Mechanisms.

Figure 3- Data Structure of emergent themes with selective quotes.



## **Role of Resilience in Institutional Change**

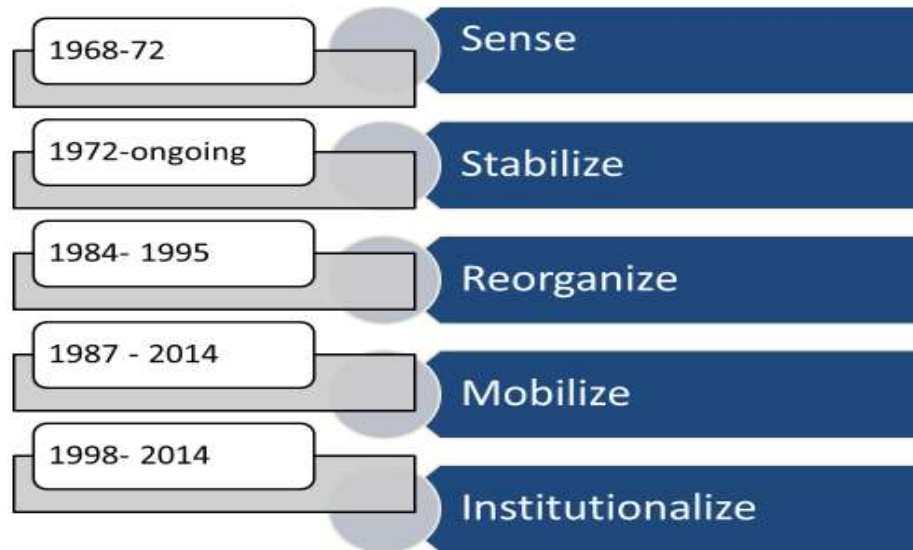
*“It is clear from our Ahmedabad experience that street vendors in the cities of India need a comprehensive policy that will integrate their livelihood and their concerns for market space, licenses and financial and civic services into urban planning. To be effective, such a policy must be formulated with substantial input from the vendors themselves; their voice and representation are crucial.”* (Ela Bhatt, We Are Poor but So Many)

As the data analysis progressed, the dual-prong approach of SEWA in its processes and strategies became evident. There were some initiatives which were specifically carried out to support the members of SEWA in their daily lives. Moreover, with street vendors, SEWA started to use a different approach in terms of how they organized themselves at market level. By doing so, they were better capable of handling the disruptions from authorities, as and when they occurred. Thus, the aim of these initiatives was to provide much-needed infrastructure for vendors, reducing their vulnerability, thereby giving them capacity not to break down during the times of disruption, and to get back to their business as fast as they can. However, these initiatives were developed over time, as SEWA understood the dynamics of the lives of Street Vendors more closely. I call this category as **“Structural Resilience Mechanisms”**, since they were basically ensuring that the socio-economic conditions of the lives of street vendors was resilient enough to handle disruptions created through various sources in their life and in their trade as street vendors.

As the field dynamics became clearer for SEWA, with more vendors becoming SEWA members, and, at the same time, an increase in

disruptions caused by legal authorities, SEWA also realized the need for policy-level changes. However, to do so, SEWA had to develop strategies for structuring its internal operations while simultaneously developing new initiatives for its members. Externally, SEWA had to take up the advocacy role and engage through the legal route to find, initially, temporary solutions and, eventually, permanent solutions for the issue of street vendors. All such initiatives are categorised as “***Strategic Resilient Mechanisms***” as these organizational-level strategies were directly or indirectly making the street vendors resilient against ongoing disruptions, and eventually for upgrading the existing Institutional framework.

At the same time, it becomes evident from the data that institutional change does not take place overnight; more so, in situations where enforcers of the institutions are part of these institutions and consider the actors as anti-institution. Thus, a process model was developed which categorises various phases that the institutional change process goes through, under similar circumstances. Each phase, in turn, consists of structural and strategic resilience mechanisms. While structural resilience mechanisms might be directed towards individual actors, though not necessarily, strategic resilience mechanisms are initiated at organizational level, and can be directed either towards its members (individual actors) or towards the institution (macro). Thus, each phase is labelled, using a word combination which identifies the individual purpose of these mechanisms. Figure 4 shows the temporality of these stages.



**Figure 4: - SEWA's Role over the years for Institutional Change**

**Sense :: Endure**

Organizing the data in chronological order leads to Sensing as the first stage, where the intervening actor understands the field reality, and studies all the existing actors involved and the dynamics between them. It is only after deciding to take up the cause that the actor becomes an intermediary. During this phase, when the vendors used to face harassment, they would at best bear it themselves (bribes, short term eviction, fines), or, at worse, they would leave the markets for some hours or even days, till the situation returned to normal. However, they did not have the capacity to stand against the police personnel, or to envision a solution.

*“The police and the municipal vans would come, and they would start beating us with their sticks. We would run into the side streets with whatever we could take with us. They would take*



*away our weighing scales, and throw rest of your products” – Vendor 114, Male*

*“The police used to use such a bad language. They would call us thieves and lower caste. If we try to argue, they would hit us with their sticks. I am an uneducated woman. How can I dare to speak or approach him?” – Vendor 84, Female*

When some vendors approached SEWA in 1976, it decided to intervene on their behalf, and helped them to recover their goods<sup>5</sup>. SEWA got involved in the process of empowering street vendors indirectly, due to its commitment to empowering its women members.

*“When my mother used to work here in Manekchowk as a vendor, we used to get harassed a lot. So, we started to move around a lot and to look for solution. So, some working members said to get in touch with SEWA and so we went to SEWA and met Ilaben and there were meetings organized and then we became the member.” Leader 2, Bhadrachowk*

*“Earlier there used to be Leader 1 and Leader 2. And earlier there was lot of harassment here. So, we used to go to SEWA office, conduct meetings with them and report whichever harassment we used to face. And since then they have been helping us” – Vendor, Manekchowk*

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<sup>5</sup> Interview with Sewa leaders and from the biographical book by MsElaBhat, Founder, SEWA (Bhatt, 2005).

Thus, structurally, SEWA provided a venue for voicing the issues faced by the street vendors. While vendors were still enduring harassment and disruption from the legal authorities, strategically, SEWA had to decide if it wanted to intervene in this issue or turn the street vendors away. The involvement of SEWA had to be based on its internal capacity to handle such a situation, and a decision on how to further align itself. At this stage, SEWA as an organization also did not have additional resources, but it would eventually develop them through various strategic initiatives.

**Stabilize :: Persist**

*“Sometimes you take one step back, to go two steps forward”* –  
Ancient Indian Quote

Within a year of first getting involved in the issue of street vendors, SEWA was able to convince police and municipal authorities that, in case of eviction and confiscation, they should only confiscate the vending setup and issue a fine, but should return the fresh produce to the vendor immediately, who could then further sell it and not incur more losses. This was the first victory for SEWA and, indirectly, for street vendors. It was also the beginning of SEWA’s long-term association with the cause of street vendors and their empowerment with the legal authorities and the regulatory framework of the government. Appendix 1 lists the various initiatives and major actions taken by SEWA, since its inception, in chronological manner. While SEWA caters to a larger group of informal workers in general, and women workers in particular, there is a link at the macro level between the way these initiatives impacted the street vendors and SEWA as a legitimate intermediary representing street vendors at the micro level.

*“For 5 years we just roamed around and because we were SEWA members, we went to SEWA and those women helped us. They went to Police, went to court and brought a decision in our favour.”* Market committee Leader, Bhadhra market

*“When we started to say we are from SEWA, they would stop to harass us and just ask us to stand on the side of the road in a proper manner”. – Vendor 21, 28, Female*

*“They organized us with proper marking of space, asked us to behave in nice and courteous manner and asked us to form groups, with a representative from among us. This reduced the harassment and if police came, the leader would go and politely talk to them and ask for reason.” – Leader 3, Danapith Market*

SEWA recognized early on that it was better for the micro-level individuals to retreat than to perish. This phase becomes even more significant when the micro-level individuals are highly fragmented and disempowered in various other societal aspects. With this phase, SEWA started conscious resilience-building mechanisms.

Structurally, SEWA asked them not to be suppressed by legal authorities or fear them. It showed its continuous presence and support every time the vendors would need SEWA members to intervene. It also visited markets and asked the actors to organize and position themselves systematically. It created market-level groups of vendors, who would in turn select their representative. This representative would remain in touch with SEWA officials and contact them if need be.

Strategically, SEWA started to communicate with higher authorities and tried to present them a humane picture of street vendors. It explained to them the socio-economic situation of the vendors and why vending was important to them, for their survival. This brought temporary relief to the vendors and their faith in SEWA increased. This understanding is further supported by growing SEWA membership among the vendors.

### **Re-organize :: Persevere**

In 1981, the founder of SEWA, Ela Bhatt wrote a letter to Supreme Court Justice and Chair of the Free Legal Aid Committee, P.N. Bhagwati, reporting the injustice done to street vendors. Justice Bhagwati turned the letter into a public-interest petition and asked SEWA to engage a lawyer, and file a litigation. SEWA, along with four other street vendor members, filed a case in the Supreme Court of India against the municipal commissioner, the police commissioner, and the state of Gujarat. Thus, SEWA changed its role from a mediator and intervenor to an advocate for the cause of street vendors. This was a strategic shift in the functioning of SEWA, but it became more evident that the street vendors needed to be made more resilient in the coming long process.

Within a short time of becoming involved in the case of the street vendors, SEWA became more aware of the reality on the ground. It was able to realize that the street vendors were not just legally disempowered and, therefore, faced harassment from the police and other legal authorities, but they were excluded from various other institutions that could have enabled them to achieve full employment.

As a strategic resilience-building mechanism, SEWA became active in creating a collective identity among the dispersed group of street

vendors. SEWA created local-level market committees from members of their own community in each market. These committee leaders are the point of contact between individual vendor members and SEWA as an organization. This serves two purposes.

- Any minor dispute among the vendors, or between the police and vendors, could be resolved on the spot, by the market committee leader. By approaching the police, along with the leaders of vendor and other market committees, they felt less threatened and more empowered. Moreover, if the issue would escalate, they could always call upon the SEWA team to arrive and intervene. This reduced the routine intervention of SEWA for minor issues.
- By creating their own market committees, SEWA empowered the vendors to manage themselves, without relying on others. This increased the sense of community among the vendors. Instead of being individually fragmented vendors, they now started handling the issues in a more collective manner.

Thus, this minor re-organization among the vendors empowered them at group level. SEWA started various training programs and awareness campaigns to educate its members about their legal rights and duties, especially in civic spaces and related to their trade – street vending. Additional to this legal empowerment, SEWA strengthened the “Cultural infrastructure” by training the vendors on customer relationship and management, keeping produce fresh and in an organized manner, maintaining hygiene and cleanliness of their space and surroundings, so as not to draw attention or give a reason to authorities to evict them, and to have a cooperative spirit among themselves and not have any internal

fight (Helmke and Levitsky, 2004). This was also needed and beneficial for the street vendors, since one of the biggest excuses the legal authorities were using to evict them was of the vendors creating a nuisance in the market/public space and being a hindrance for the traffic (Greenwood et al., 2002; van Wijk et al., 2013).

*“We used to save as little as 10 rs. [current USD 0.15 per day]. They told us that if we save, we can also take a loan from bank. I built my house, I was able to send my kids to school and I got my daughter married, by taking loans from the SEWA Bank. And I always paid back my loans without any fine. My husband also feels proud of me.” – Vendor 28, Female*

*“We were taught to not be afraid of police, we were taught which sections of law were applicable to us, that police cannot arrest a woman in evening, which department to go in police station and which form to fill, if our goods were confiscated. I went twice for my own goods, and I have accompanied other vendors also when needed. Why should we fear police? We are doing an honest business and a service to the society” – Committee member, Hatkeshwar market.*

*“For small issues we do not involve SEWA. Any vendor who faces a problem, comes to me and I accompany them and talk to police, try to understand the concern, and then mediate and find a solution. I request policeman politely, but if they don't understand, I am now not scared to talk back. They know if I make one phone call, all SEWA Sisters will come and stand by me here.*

*They know we are not alone anymore. Even their tone of voice and wordings have changed” – Market Leader 4, Jamalpur Market*

With member vendors becoming more aware of their rights and the legal implications of the laws under which they could be fined, their confidence to interact with the police also increased. This was already a major bridge by means of behavioural change and empowerment.

At this stage, SEWA also started to reorganize the existing structures surrounding the vendors’ daily life. SEWA discovered that vendors had an issue of raising capital and also of savings. Moreover, because their business was informal and they were self-employed, they were not covered under any insurance for personal or work-related hazards. Women vendors who had to be in the market for long hours also had issues of looking after their young children.

To resolve this, SEWA started creating various units and initiatives for its members and for other self-employed women as well. The various structural resilience-building mechanisms were carried out through creating self- sustaining units that were independent and autonomous, but linked to the core organization in their mission and focus, and developed according to the needs of the target members. SEWA created ‘supporting infrastructure’ (e.g.: SEWA Insurance, Gujarat Mahila Housing SEWA Trust, SEWA Manager’s School, SEWA Bank, etc.) to support members who the formal institutions had failed to cater for. Table 4 lists all of the initiatives and units started by SEWA to support its members.

SEWA has been a pioneer for various models of social inclusion, which eventually were replicated by other formal organizations. SEWA

also innovated various processes to envelope this large, yet marginalized, section of the society (Seelos et al, 2006). One such example was to handle the issue of illiteracy and hence inability to sign their names; SEWA started issuing bank passbooks with the picture of the account holder and their account numbers in the same photo. The concept of having a photo has now been replicated across banks, but previously the banks had refused to open up an account for anyone who could not sign their name, thus preventing the large illiterate section of the society from accessing financial institutions. By creating these organizations around the needs of its members, which traditional institutions either neglected or were slow in responding to, SEWA evolved into the provider of an integrated eco-system. By reorganizing the micro-level actors, and by providing access to various institutions and organizations, helping individuals to participate fully in the market, thereby improving their socio-economic conditions, SEWA continued to bridge the gap by bringing the marginalized into the mainstream.

**Mobilize:: Empower**

By stabilizing and reorganizing the vendors, SEWA ensured that vendors' livelihood was not affected, and they were economically and legally empowered. However, harassment continued in various places and under different excuses. During this period, the founder of SEWA, Ms. Ela Bhat, having attended various conferences, realized that the only solution was to get a formal and legal identity for street vendors, like other entrepreneurs of the formal economy. Moreover, the harassment faced by street vendors was not limited to the city of Ahmedabad but was repeated across India, albeit with different intensity and frequency.



This legalization process started in 1985, when the Supreme Court ruled in the case of *Bombay Hawkers' Union v. Bombay Municipal Corporation* that street vending was a constitutionally protected practice. In addition, there was a call for legalization in the international arena as well. In 1995, The Bellagio International Declaration of Street Vendors, signed by street vendor representatives, called on governments to establish national street vending policies. Following the Bellagio Conference, street vendors and allied organizations in India formed a national organization to propel the vendors' struggle onto the national stage. The workshop conducted in Ahmedabad and steered by SEWA, led to creation of a separate body from SEWA, called NASVI. NASVI is a coalition of Trade Unions, Community-Based Organizations (CBOs), NGOs and professionals. Thus, SEWA could continue with its core focus on all kinds of self-employed women, while NASVI focused on Street Vendors, including male street vendors. Self-employed women who were engaged in the street vending profession could be a member of both SEWA and NASVI. SEWA was also instrumental in the creation of StreetNet International, a body to voice the issues faced by street vendors across the world, mobilizing their local resources to push their governments for formalization. SEWA increased its national and global influence, working closely with various organizations like Women's World Banking, IRC, International Labour Organization (ILO) and research bodies like the National Council of Applied Economic Research and the Gujarat Institute of Development Research, as well as many other educational, agricultural and management institutes. It worked closely with CEPT University to create a master plan for various markets of

Ahmedabad, keeping vendors' needs and presence in mind, along with the town planners.

With all these initiatives, SEWA engaged actively with the larger society and mobilized resources to raise a voice against the unjust macro environment. During this course, SEWA also engaged legally and filed various court cases against legal authorities for unjust treatment towards its member street vendors.

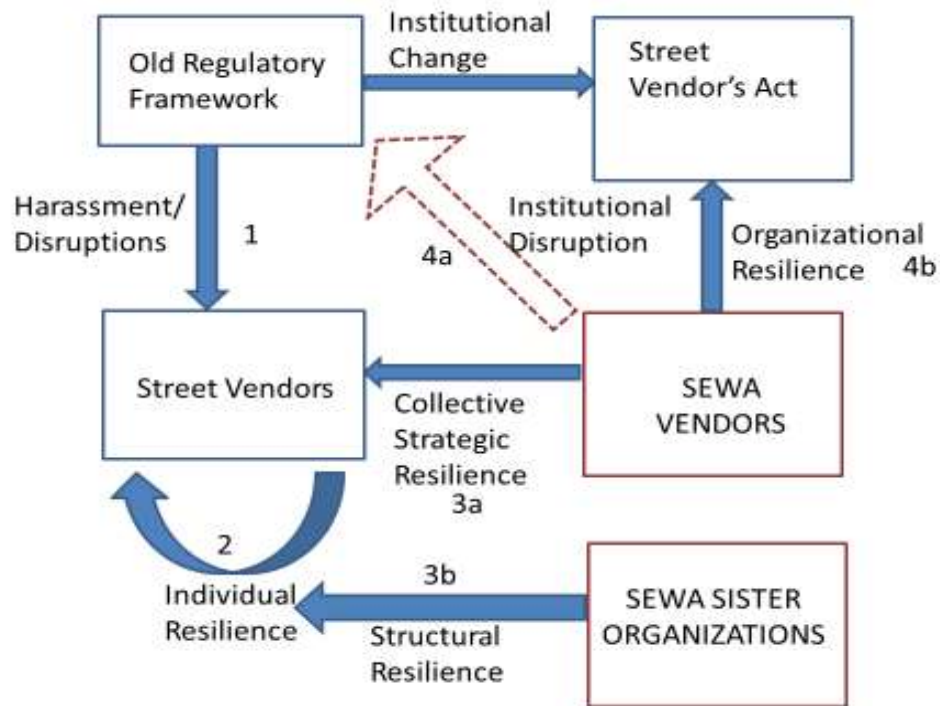
### **Institutionalize:: Transform**

Following the large-scale activism SEWA and the street vendors, representatives of SEWA were invited to create a draft policy in 2004, which was revised in 2009 as “National Policy on Urban Street Vendors, 2009”. Finally, after years of activism, the Government of India passed the Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, in 2014. With SEWA's engagement in legally expanding the definition of a worker<sup>6</sup> it made sure that street vendors were also covered under this definition, thereby making them entitled to the basic rights that come with the title of worker and leading them from illegality to legality.

The act benefits not only the SEWA street vendor members, but all street vendors across India. By influencing changes at the legal institutional level, SEWA, using a two-pronged approach of resilience-building mechanisms, made sure that the street vendors were empowered, not just legally, but through socio-economic inclusion, and resilient enough to face any major disruption in their lives. Figure 5 summarises the process of Resilience Building, Institutional work and Institutional Change using example of SEWA and Street Vendors.

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<sup>6</sup> <http://www.prsindia.org/billtrack/the-unorganised-sector-workers-social-security-bill-2007-434/> accessed on May 6<sup>th</sup>, 2016



**Figure 5: Role of Resilience in Institutional Change**

### **Way forward: Cycle of Institutionalization**

The Act passed by the central government has passed the responsibility to the respective state governments to create Town Vending Committees (TVC) to conduct surveys of all vendors under their jurisdiction. Ironically, this has created another institutional incongruity; the bill leaves the burden of creating the schemes to the local municipalities of the states, which defeats the purpose of a central legislation. Moreover, while some cities in India have started conducting surveys, most are still waiting for the committees to be formed. In addition, the draft bill had proposed 40 percent representation of street vendors in TVC, but vendors have no representation in the present bill. On the contrary, the civic authorities have again been made the final authority on all issues, rehabilitation and resettlement plans. The SEWA

team, along with NASVI, at present observing how the policy is implemented. Thus, it returns to the Sensing stage. While the situation is in limbo and harassment continues, SEWA continues to focus on stabilizing the market for street vendors, gearing up to mobilize them and push for further reforms.

## **DISCUSSION**

Frequently, informal economy actors are denied full economic citizenship and face various forms of social marginalization. Accessing the opportunities associated with full economic citizenship and removing attempts to deny access can be attained through the process of institutional change. Resilience is the capacity of individuals, groups and/or communities to take control of their circumstances, and the process by which, individually and collectively, they are able to help themselves and improve the quality of their lives (Adams, 2008: xvi), exercise power and achieve their own goals. Resilience building can be accomplished either directly by actors, or through the help of non-marginalized others. It entails a change process of disrupting the existing status quo by removing unjust inequalities in the capacity of an actor to make choices (Haugh and Talwar, 2014). By undermining the prevailing economic and social practices, the resilience-building process provides insight into how norms change (Murphy et al., 2008).

Resilience can have various dimensions, such as economic resilience through access to income, social resilience from increased status in the community, and legal resilience through law, legal system and justice mechanisms aimed at transforming the social, political, or economic situation. There is a logical association between poverty and resilience because an insufficiency of means for meeting one's basic

needs often rules out the ability to exercise meaningful choices. Testing the resilience of the poor involves exposing the ways in which the power of existing social relations shapes choices and opportunities for the poor. Thus, the process of building the resilience of the poor enables the poor to individually and collectively exercise more power to shape their lives, refine and extend what is possible for them to do (Mosedale, 2005) and hope for a different future (Branzei, 2012).

According to Kebeer (1999), exercising choices involves resources, agency, and achievements. Resources include not only material resources, but also the various human and social resources which serve to enhance the ability to exercise choices. Agency is introduced into institutional change through the process of translating resources into the realization of choice. It concerns the freedom to define one's choices and goals and act upon them, even in the face of opposition from others. Agency can have both positive and negative. In the positive sense, it refers to people's capacity to define their own life-choices and pursue their own goals. In the more negative sense, it can indicate the capacity of an actor to override the agency of others. Resources and agency together constitute capabilities, the potential that people have for living the lives they want (Sen, 1985). The outcome of the combination of resources and agency is manifested in achievements. Direct evidence of resilience rests in the extent to which resources and agency have altered prevailing inequalities.

While many research streams, from institutional economics and legal anthropology to the analysis of market failure, provide valuable insights into the most promising strategies for providing access to justice, there is still limited understanding of the process and impact of building

the socio-economic and legal resilience of the poor in the informal economy. The fact that legal tools for securing local resource rights are enshrined in the legal system, does not necessarily mean that local resource users are in a position to use them and benefit from them (Cotula, 2007).

Through this case study, three processes were identified through which the non-marginalized street vendor actors achieve resilience: (i) creation of structural resilience among street vendors; (ii) strategic resilience-building mechanisms that involve initiating and influencing the creation of national laws regulating street vendor activities; and, (iii) making sure that the law becomes available and meaningful to the vendors. Thus, the non-marginalized intermediary diminishes prevailing inequalities by spanning macro and micro institutional levels, formal and informal economy, and enabling the poor to become full citizens, able to use local resources, realize choices, and enjoy their rights enshrined in the legal system.

## **CONCLUSION**

This paper, using an institutional theory perspective, contributes to the body of knowledge about the process of transition from the informal to the formal economy through the study of SEWA's involvement in reducing the harassment of street vendors in India. Situating the research in the context of institutional voids and deep poverty draws attention to the role of non-marginalized actors in empowering the disempowered actors in an informal economy and making them resilient to various disruptions, specifically socio-economic. The study starts from the premises that poverty is a symptom of a lack of the capabilities required to achieve full economic and social citizenship

and that institutional voids also include contexts where institutions may exist but are not broadly enforced. From this starting point, it focuses on problems of the marginalization of informal economy participants as an important, however understudied, aspect of the informal economy. The study highlights the importance of resilience in institutional change by presenting various resilience-building mechanisms over various phases, eventually leading to institutional change.

## **Chapter 2: Effective Community Building by Trusting as Institutional Work**

### **INTRODUCTION**

Collaboration between individuals is generating novel, understudied organizational forms (Gulati, Puranam, & Tushman, 2012; Puranam, Alexy, & Reitzig, 2014). In these newly-created organizational forms, ‘matter matters’ (Carlile & Langley, 2013) and materiality gains a central role (de Vaujany & Mitev, 2013). With the failure of many capitalist-based models of organizing, both societies and communities are experimenting with new modes of collaborating. In many developing countries, for example, institutional changes in resource management have shifted from central government to community-based control, resulting in better local governance and improvements in the condition of the resources. (Ballet, Koffi, & Komena ; 2009).

The emergence of new modes of organizing has been accompanied by the blurring of traditional organizational boundaries. These organization forms can be seen as more democratic, having the features of being broadly participatory, more multilateral and deliberative, and productive of alternative models of governance. The governance models produced are highly dependent on the cohesion within and among collaborators and stakeholders in order to function effectively, especially in contrast to traditional hierarchical organizational models. The new governance processes promote collaboration among immediate stakeholders and civil society at large by increasing citizen engagement and dialogue, leading to improved decision-making and fairness, and,



thereby, validating the decisions arrived at through a process of consensus by an informed citizenry.

At the same time, “these processes promote individual liberty while maintaining accountability for collective decisions; advance political equality while educating citizens; foster a better understanding of competing interests while contributing to citizens’ moral development; and orient an atomized citizenry toward the collective good.” (Bingham, Nabatchi, & O’Leary, 2005). Thus, the institutionalization of a collective decision-making process is central to the definition of collaborative governance.

Research on participatory approaches to organizations and governance are largely concentrated in the environmental and sustainable development fields. One result of this research is that participatory approaches are more and more advocated in the areas of grass-root development in order to produce positive social change. The production of such coordinated actions becomes possible with adequate attention to the internalized norms and resulting self-control of the clan form (community) (Ouchi, 1980). Participatory forms predominantly rely on trust as an organizing principle (Ouchi, 1980) and produce a reciprocal relationship where trust also shapes the forms of organizing (McEvily, Perrone, & Zaheer; 2003).

Trust as an organizing principle is not just limited to the social context of clans or communities. Research in the field of management has demonstrated that organizational arrangements where there are mixed motives among the participants—for example, strategic alliances (Gulati, 1995); buyer-supplier relationships (Dyer & Chu); and temporary groups in organizations (Meyerson et al., 1996)—depend on trust for their

success. Furthermore, in situations where monitoring and formal controls are difficult and costly, trust represents an efficient choice. “In other situations, trust may be relied upon due to social, rather than efficiency, considerations. For instance, achieving a sense of personal belonging within a collectivity (Podolny & Barron, 1997) and the desire to develop and maintain rewarding social attachments (Granovetter, 1985) may serve as the impetus for relying on trust as an organizing principle” (McEvily et al., 2003). It should be noted that trust at the collective level may be more than the simple sum of individuals’ trust (Gulati & Nickerson, 2008; Zaheer & Harris, 2006).

While researchers have noted the ways in which trust operates on many levels (e.g. Rousseau, Sitkin, Burt, & Camerer, 1998), they have seldom considered the ways in which the operation of trust at the level of organizations and institutions differs from its operation between individuals or at the interpersonal level. Similarly, while trust between individuals has been well-researched, relatively few attempts have been made to study impersonal trust (for some prominent exceptions, see Bachmann & Inkpen, 2011; Shapiro, 1987; Zucker, 1986) and how macro- and micro-level forces can influence the dynamics of trust at work in organizations and institutions.

Another area that needs further theoretical exploration and case-study level research is the mechanisms by which trust is damaged and repaired at the macro level (Dirks, Lewicki, & Zaheer, 2009; Kramer & Lewicki, 2010). There exists a substantial body research that focuses primarily on the processes of trust damage and repair for individuals or small groups using a psychological approach to analyze micro-level phenomena. However, such research can only questionably be applied to

the processes of trust repair at the organizational level as demonstrated by Gillespie & Dietz (2009) who show that the restoration of trust at the organizational level cannot be compared to the process in interpersonal contexts. In addition, how communities operationalize and leverage trust are largely under-studied.

An understudied aspect of emerging organizations is the operation of consensus-based decision-making. The research on strategic consensus, such as Kellermanns, Walter, Lechner, & Floyd (2005), hints at the benefits strategic consensus provides, but research studies provide contrasting analyses about how it is operationalized (Rapert, Velliquette, & Garretson, 2002; van den Hove, 2006). According to Rapert et al. (2002), the definition of strategic consensus is a “shared understanding about strategic priorities” without implying that there is an agreement or commitment to the priorities. Moreover, reaching a consensus is not always achievable, and, therefore, the consensus process can become a compromise-based negotiation. In a compromise-oriented negotiation, there is a combination of conflict and cooperation. The conflict itself is not necessarily negative since ignoring or eliminating it might lead to stagnation. Although organizations may employ dispute resolution or mediation to reduce social or political conflict, these techniques are also used to resolve strictly private conflicts. Moreover, public dispute resolution or mediation may be designed merely to resolve private disputes.

Recent developments across the globe have damaged social trust in a number of powerful institutions across a wide variety of areas, including political, economic, social, and religious organizations. (Kramer, 1999; Bachmann, Gillespie, & Priem, 2015). Such a trust deficit

can undermine the operations that a society or economic system depends upon because an acceptable level of trust is necessary for the smooth functioning of a wide variety of important transactions in the economic market and between and among organizations and their members and stakeholders (e.g., Dirks & Ferrin, 2001; Dyer & Chu, 2003; Fukuyama, 1995; Fulmer & Gelfand, 2012). A society can be seriously damaged and even rendered non-functional by a large trust deficit (Harris, Moriarty, & Wicks, 2014; Putnam, 2000). At the same time, we must realize that trust can be misplaced and have a negative impact in some situations. There are situations where distrust can be a positive, reasoned response in the face of untrustworthy conduct (Lewicki, McAllister, & Bies, 1998; Skinner, Dietz, & Weibel, 2014). Therefore, failures of trust can raise serious questions at the individual, organizational, institutional, and societal levels and can also provide valuable learning insights.

For example, Bachman's work on trust and its loss is presented as an outcome of a situation where one or more party fails to fulfil its contracts and creates a financial crisis. This seems like a post-facto analysis, primarily examining the loss of trust through trust betrayal acts. While this work advances our understanding how micro-level trust operates in organizations and institutions, we still do not know how trust operationalizes at the community level. At times, communities emerge when individuals come together around a common cause. Such communities of collective nature can be analyzed at sub-meso level, rather than individual level and, yet, not as an organization which we consider works at a meso-level. Thus, while communities may become highly organized and take a legitimate and legal form as an organization, I strongly believe that communities are birthed at the sub meso level,

which is higher than the micro level where individuals operate and lower than the meso level where formal organizations operate.

This brings us to the central problem of the mechanisms by which trust in organizations or institutions can be repaired when it has been damaged or lost, but recent research on trust repair centers primarily on the interpersonal level and provides only glimpses of how such repair processes might operate on the larger level of organizations and institutions or across different levels.. Thus, we ask ourselves, how does habitual trusting evolve, and how is it sustained (or questioned) in context of community? I doing so, what kind of trust violations occur and what practices prevent such violations or facilitate trust restoration and repair? *Thus, how do communities operationalize trust to carry out institutional work?*

To address these questions, I investigate a self-governed ‘intentional community’<sup>7</sup>, Auroville, in India. Using an institutional theory lens, I posit trust as an active and ongoing mechanism within institutions which helps to make communities operate in the absence of formal contracts. Moreover, I find that no single trust repair mechanism (e.g., increased regulation, greater transparency, or a renewed focus on ethical culture) offers an ultimate, stand-alone solution to the weakening of trust; rather, a combination of approaches is required. Therefore, I present a multi-stage trust maintenance model which combines both a top-down and bottom-up approach and affirms the dyadic and dual nature of trust. My proposed conceptual framework builds upon the past research on various strategies for and approaches to restoring

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<sup>7</sup> Intentional community: “A group of people who live together or share common facilities and who regularly associate with each other on the basis of explicit common values,” as defined by Fellowship for Intentional Community

organizational and institutional trust. Specifically, I show how communities can use trust as an organizing principle to structure themselves, which, in turn, affects the maintenance of trust. I conclude with the theoretical implications of the cross-level model for collaborative and community governance literature and propose important avenues for future research.

I first affirm the need for more multi-level trust research and introduce an embedded-agency perspective as a guiding framework for the analysis of cross-level trust development. Second, I advance a multi-level model of trust development. I start by analyzing how organizational structures influence individuals' trust and then turn to an analysis of how individuals' trust can manifest itself in organizational structures. Finally, I discuss the theoretical implications of my multi-level model of trust development for the literature on trust and propose important avenues for future research.

## **THEORETICAL GROUNDING**

Trust plays an important role in every society. Delhey & Newton (2004) state that a society's measurement of the trustworthiness of its members correlates with its understanding and assessment of its moral standards. For this reason, a lack of trust in social institutions and in fellow citizens forms an impediment to the creation of social programs that might help the society. When citizens do not trust each other, they will lack a sense that each of them faces similar problems and challenges.

In societies that have a rigid hierarchy, social trust can be particularly difficult to establish (Seligman, 1977). For example, social trust is difficult to develop in societies in which citizens believe that have no or

little control over the directions of their lives (e.g. caste-based societies) or in which wealth and power are inherited, rather than earned. It is not surprising, then, that the countries which measure the highest level of social trust also have the highest economic equality (e.g, the countries of Northern Europe such as Denmark and Norway and Canada. This category excludes countries with a communist government or background because those countries have been demonstrated to have a low level of social trust. Countries with a trust deficit often find themselves trapped by this fact because, on the one hand, trust cannot be developed due to the citizens' sense of structural inequality, while, on the hand, public policies that might address inequality cannot be successfully implemented due to the citizens' lack of social trust.

This research employs the definition of social trust developed by Mayer, Davis, Schoorman, & Schoorman (1995): social trust is “a willingness to be vulnerable to actions of another party based on the expectation that the other will perform a particular action important to the them, irrespective of the ability to monitor or control that other party”. This definition indicates that social trust is both dyadic, involving two parties and their relationship to one another, and operative over time, meaning that change and development can occur but trust endures and adapts to new circumstances (Bachmann et al., 2015; Mayer et al., 1995). The nature of social trust, its ability to change and adapt to new situations, indicates that its development can be traced through time and might be thought of as existing on a continuum. Therefore, trust is “an ongoing process that must be initiated, maintained, sometimes restored and continuously authenticated” (Flores & Solomon, 1998, p. 206). In a example of this process from the world of business, the parties involved

may make repeated decisions to trust each other or not based on new information about, or experience, of their situations (Wicks et al., 1999).<sup>1</sup> Trust, therefore, could be considered as operating on a feedback loop in which positive outcome increase trust while negative outcomes decrease it. There is a constant process of evaluating risks and outcomes in order to build trust over the long term.

Weick, Sutcliffe, & Obstfeld (2005) call the monitoring of social trust ‘sense-making.’ ‘Sense-making’ occurs in a society when citizens learn from their society’s past by studying and coming to an understanding of their situational cues. Yet, when citizens of a country lack social trust in each other and their institutions, they cannot sense-make and arrive at a common understanding of their history. Instead, such citizens will fear that other parts of society will behave unjustly, taking advantage of the situation. Only the development of trust can overcome such fear (Henry & Dietz, 2011). It should also be noted that, in any society, trust seems to increase with the level of education as well as the diminishing of inequalities due to governmental policies (Rothstein & Uslaner, 2005).

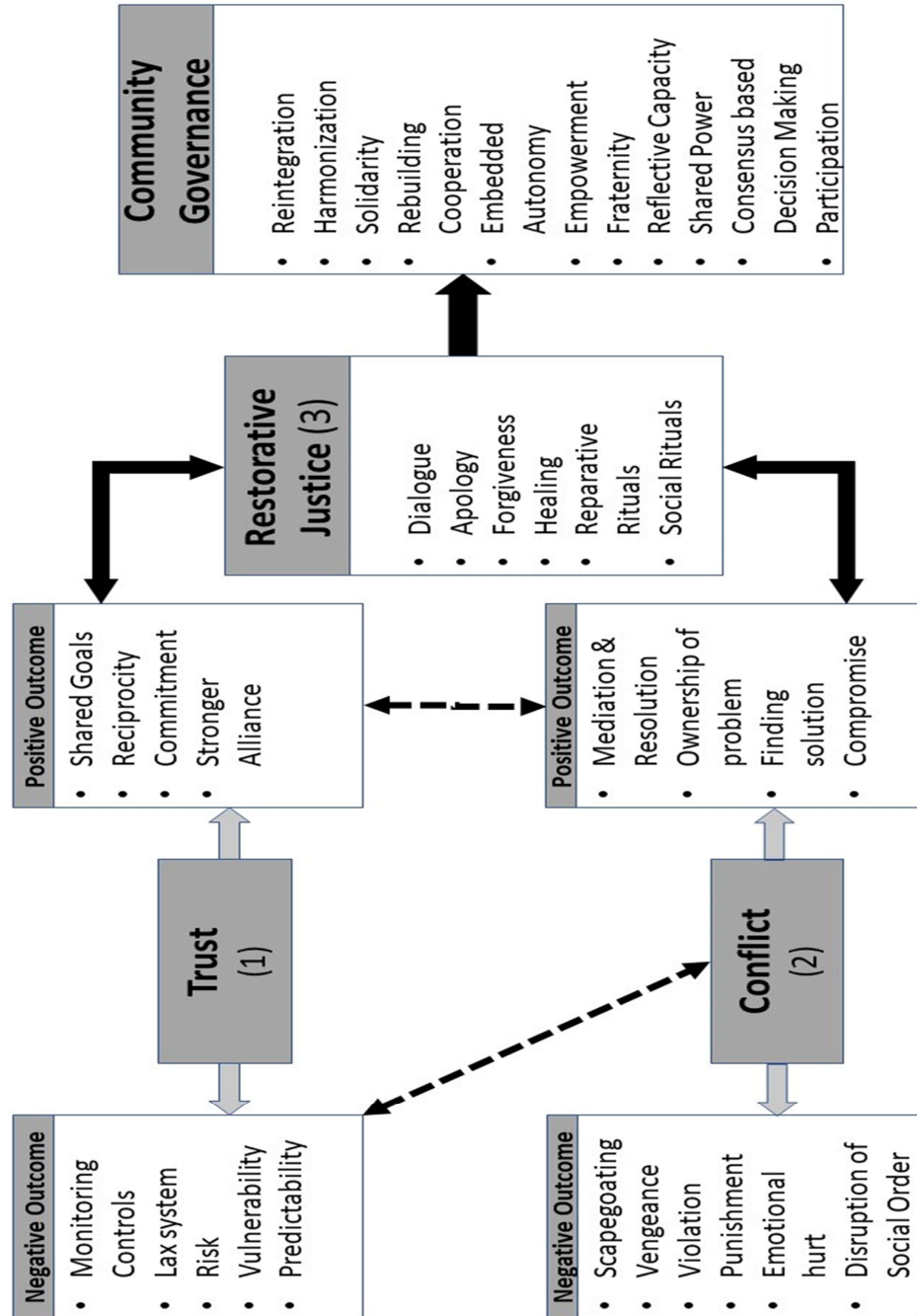
It is important to distinguish this definition of social trust from other commonly-used terms in research literature. For example, words such as cooperation have been used interchangeably with trust in some research articles. Mayer, Davis, & Schoorman (1995) differentiate trust from the following terms: cooperation (which does not involve risks for both parties); confidence (where parties do not believe any risk is present); and predictability (where pressure is used to influence a party to cooperate).



By positing social trust as a central dynamic in societies and their operation, I believe researchers are re-conceptualizing how organizations function. For example, trust is an organic force in an organization, ensuring that the organizations members are not reliant on structural mechanisms, imposed from outside, or impersonal rules in order to work together when faced with challenges. The idea of trust as a central principle sheds light on the structure of organizations, then, especially because the form of an organization is directly related to its dominant organizing principle in theory. Recent studies of business organizations focused on the ways in which trust operates and how it can be measured include both qualitative and quantitative studies. Gillespie (2003), for example, defines trust's operations in project teams as involving both reliance on others and the willingness to disclose sensitive information to other members. In other words, the first operation is an instance of "reliance-based" trust; the second an instance of "disclosure-based trust." This dyadic description of trust behaviors draws on work by Zand (1972) who identified the acceptance of influence and the sharing of information as expressions of trust. This two sided definition of trust's operations is also supported by the observation that individuals can choose to trust in some ways but not in others (e.g., Gabarro, 1978; Lewis & Weigert, 1985). An example of this behavior provided by Gillespie (2003) is an instance when a team member chooses to reveal that personal problems are affecting his/her work to a peer, but, at the same time, is not willing to rely on the same peer to complete the job. In another study, Cummings and Bromiley (1996) identified and measured three instances of trustworthy behavior: keeping commitments, negotiating honestly, and avoiding taking excessive advantage of partner organizations. Figure 2.1

shows the reconstruction of various constructs from previous literature that I summarize further.

**Figure 2.1 Graphical representation and linking of past literature on Trust, Conflict, Restorative Justice and Community Governance**



### **Trust Violation, Distrust and Conflict**

Once trust becomes acknowledged as an important organizational principle, the ways it can be maintained or damaged can be studied. Clearly, the more an organization fulfils the expectations it sets, the more trust its members and stakeholders will have in it. According to research by Weibel, Den Hartog, Gillespie, Searle, & Skinner (2015) established mechanisms and procedures can increase employees' trust in their organization, but only if they are not excessively rigid, applied unfairly, or used to support untrustworthy behavior. Trust, once lost, is difficult to repair and losses of trust very costly. Ongoing conflict can paralyze governmental bodies (Sundaramurthy & Lewis, 2003) and decrease positive outcome in a relationship (Laurson & Hafen, 2010). Williamson (1985, 1991) even argues that rigid hierarchies are produced in response to market failures, claiming that "in a world without transaction costs all activities would be carried out as exchanges between units, and it is due to the failure of markets, or arenas of exchange, to allow exchanges without prohibitively high governance costs that organizations come to exist".

Bottom, Gibson, Daniels, & Murnighan (2002) argue that the larger the violation of an expectation, the stronger the reaction to it. They describe the powerful emotions, such as anger and disappointment, provoked by the violation and state that these emotions can produce a desire for revenge which would harm any effort to rebuild trust. Other studies investigate the nature of trust violations and how they can harm relationships within and between organizations. (Elangovan & Shapiro, 1998; Lewicki, McAllister, & Bies, 1998; Robinson, 1996; Zaheer,

Lofstrom, & George, 2002). Still others analyze such violations from the perspective of psychological contracts (Morrison & Robinson, 1997).

At this point, it is important to state that conflict in and of itself is no necessarily bad. According to Cremin, Sellman, & McCluskey (2012), there are two types of conflict, destructive and non-destructive. Their analysis lines up with Laursen & Hafen (2010) who define 3 types of conflicts: coercive conflicts, where power assertion, coercive tactics, and unequal outcomes are present; constructive conflicts, where cooperation, negotiation and equal outcomes are present; and unresolved conflicts where no clear resolution occurs. Therefore, not all conflict is negative; it can be constructive, even necessary for progress. Amason (1996) explores the conflict's paradoxical role in strategic decision-making by distinguishing between affective (emotional) and cognitive (task-related) conflict. He argues that affective conflict is negative, often paralyzing governing bodies because when criticism becomes emotional and personal, political gamesmanship and distrust intensify, reinforcing each other in a vicious spiral. By contrast, cognitive conflict facilitates cooperation because criticism is directed at tasks, not individuals. Lindsley et al. (1995) agrees, arguing that "such constructive conflict aids learning by helping executives and directors understand causes of changes in firm performance."

In fact, trust and conflict often exist in positive interaction with each other: "Trust and conflict offer potentially vital means of enabling self-correction while simultaneously harboring the seeds of reinforcing cycles. Trust facilitates collaboration and complements rational controls, serving as an 'important lubricant of a social system'" (Arrow, quoted in Bradach & Eccles, 1989, p. 104). It is also true, however, that too much

trust, however, may be a negative element, encouraging extreme cohesion. This is where conflict can provide a positive counterbalance as it stimulates criticism of groupthink. Promoting trust and conflict requires paradoxical understandings of these intricate concepts, as well as their interplay. As Lewicki, McAllister, and Beis (1998) argue, the functional coexistence of trust and distrust lies at the crux of high performing teams. Team members learn "not only when to trust others, and in what respects, but when to monitor others closely" (Lewicki et al., 1998, p. 453).

### **Punishments and Trust Repair**

Organizations often use control mechanisms to prevent or punish opportunistic actions (Clegg, 2010). According to Bachmann, Gillespie, & Priem (2015), punishments can function as an important signal to others that opportunistic actions are unacceptable and will be punished, therefore decreasing their occurrence. However, Bachmann et al. (2015) go on to point out that punishments, which they name "reparative rituals," may produce problems if they are not sensitive to the context in which they take place or if they are not tailored to the needs of each individual case. While investigation and punishment are meant to repair trust, they may produce the opposite effect. For example, they might uncover even more serious wrong-doing, further damaging trust (Bachmann et al., 2015). Another negative outcome could be the resolution of a conflict by "scapegoating" where an individual or a small group is blamed while the cause of trust failure is still left untouched though hidden from the public. All of these studies agree that finding the balance is the key to resolving issues after a loss of trust. The balance has to take into account the context of the relationship and violation and needs to impose a suitable punishment in order to effectively repair trust. One way to keep such a

balance is described by Stevens, MacDuffie, and Helper (2015) who suggest that organizations should keep trust on an optimal level that is neither too low nor too high. This makes the restoration of trust less costly because it can be repaired through smaller, less expensive actions, and it avoids massive trust failures. Such a maintenance of a basic level of trust matches Weick et al.'s concept of sensemaking as individuals, societies, and organizations review points of contact to arrive at a mutual understanding of history. Through this, research studies describe the dynamic nature of trust, how it develops and moves along a continuum (Mayer's continuum?). This process offers identifying when, why and what went wrong and from that analysis a solution can be created.

### **Mechanisms for Trust Repair**

There is considerable existing research on the topic of trust repair describing strategies organizations could use in the aftermath of a public breach of trust. According to Bachmann, Gillespie, & Priem (2015), such strategies include “publicly acknowledging the events/failure, offering explanations and candidly communicating what is known, and then launching investigations and cooperating with any public inquiries.” While taking those actions is important, their perceived sincerity is equally important in order to repair public trust. If the public senses a problem with credibility or bias, the effort to repair trust may fail. In such a case, recommended solutions could be to offer amnesties to staff to honestly describe the situation or to use the reporting of outside parties who are seen as unbiased and independent. Other researchers, such as Goffman (1971) and Bachmann et al. (2015) state that the explanation provided for the breach needs to be proportional to the damage it has caused in order to be effective. Also, a breach of trust may be perceived

in different ways by the victims as opposed to the wrongdoer, but a verbal apology might reduce the conflict's level and negative reactions to it (Mehlman & Snyder, 1985; Shapiro, 199; Bies & Shapiro, 1987). The effectiveness of trust repair depends on the way the violation is being remedied. There is an increase in effectiveness if apologies are accompanied by actions such as compensation (Bottom et al., 2002).

A parallel area to consider are recent experiences in the use of national reparations or restorative justice. Restorative justice to victims provides an alternative to punishments of offenders and often draws support across the political spectrum as well as the general public (Richards, 2011; Roach, 2000). They support this conclusion by citing "the effortless passage of restorative justice legislation through parliaments in many jurisdictions of the West". What does restorative justice entail? According to Richards (2011), the literature on restorative justice emphasizes its empowerment of all participants from victims and offenders to the wider community. All of these groups participate in the processes of restoration, meaning they are empowered to making decision about the reparation of the offense.

The main difference between traditional punishments and restorative justice is, according to Zehr (1990; 2003) the fact that restorative processes demand active engagement by the offenders. This could be the reason why restorative practices decrease recidivism (Zhang, Roberts, & Callanan, 2006). AS Richards (2011) explains many researches see the engagement and active participation of all stakeholders as the ideal of restorative justice as well as one of its principle objectives. On the other hand, such empowerment of groups can produce additional, unintended consequences. problems According to Richards (2011), the



empowerment of “disempowered” groups, such as minorities, might turn them into targets or make them responsible for criminal activity. In addition, other groups might be completely removed from the restorative processes because they are believed to be less likely to complete them. Richards argues that these areas are important to address in order for restorative justice to continue to flourish.

Trust repair scholars also discuss the ways in which different kinds of processes interact in such situations. According to Dirks et al. (2009) and Kramer & Lewicki (2010) there are three levels of processes that have an impact. First, attributional processes are used in an attempt to alter the psychological perspective of the injured party toward the party that it believes has injured it. Second, social equilibrium processes address the relative standing of the parties, as well as the conventions and norms that govern their relationship. Third, structural processes address the formal organizational systems involved and their incentives. In my cross-case comparison, I map the concepts of reorientation and recalibration to these three perspectives.

Scientific studies, however, are just beginning to give the issue of trust repair attention. A small but growing body of work has directly examined this issue (Ferrin, Kim, Cooper, & Dirks, 2007; Kim, Dirks, Cooper, & Ferrin, 2006; Kim, Ferrin, Cooper, & Dirks, 2004; Nakayachi & Watabe, 2005; Schweitzer, Hershey, & Bradlow, 2006; Sitkin & Roth, 1993). Also, research has addressed a number of closely related topics, such as the interpersonal and structural factors that promote forgiveness (Aquino, Tripp, & Bies, 2006; McCullough, Worthington, & Rachal, 1997), the responses mistrusted parties can provide to facilitate reconciliation and the restoration of cooperation (Bottom et al., 2002;

Tomlinson, Dineen, & Lewicki, 2004), and the use of verbal accounts to mitigate the negative consequences of a violation (Ohbuchi, Kameda, & Agarie, 1989; Riordan, Marlin, & Kellogg, 1983; Sigal, Hsu, Foodim, & Betman, 1988).

## **RESEARCH CONTEXT**

### **Community of Auroville**

Located in the southern part of India on the borders of the state of Tamil Nadu and the French colonial town and Union Territory<sup>8</sup> of Pondicherry, Auroville celebrated the 50th anniversary of its inception in March 2018. Although it had a spiritual movement at its origin, Auroville is now a secular, non-religious township. It is unique in its existence, because unlike other ‘intentional communities,’<sup>9</sup>Auroville is legally recognized by the Government of India through the Auroville Foundation Act (AFA)<sup>10</sup> of 1988 and remains a functioning and expanding project. Lately, the unique features of the governance model of the Auroville have been in the media and national and international news. There is increasing interest in understanding and evaluating the ‘Auroville Model’ as a new alternative to the existing governance models of various cities and towns across the world which are facing a myriad of problems ranging from

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<sup>8</sup> India has twenty-nine states and seven union territories as administrative divisions. The states are federated states and have a high level of autonomy as well as regional governments. Union territories are ruled directly by the Central Government. Auroville is geographically located on the borders of the state of Tamil Nadu in India with some parts in the Union territory of Puducherry. It is 10 km north of Puducherry and therefore more connected to Puducherry (Profile, India at a Glance, State Portal [National portal of India]. Retrieved August 21, 2017, from <https://india.gov.in/india-glance/profile>).

<sup>9</sup> Intentional community: “A group of people who live together or share common facilities and who regularly associate with each other on the basis of explicit common values,” as defined by Fellowship for Intentional Community

cultural assimilation and environmental sustainability to increases in crime and societal differences.

Auroville consists of around 2500 members who are at par with “citizens” in other parts of the world and are known as Aurovillians. Of these, two thirds are of Indian, French and German nationality, with the rest coming from approximately 49 other countries. Thus, this is an ethnically diverse group from multiple countries around the world, who are settled in Auroville, although many are not citizens of India. This makes Auroville unique, not just as an organization but also when compared to various other cooperative societies and ‘intentional communities’ around the world, which usually have a relatively homogenous demographic composition. It should be noted that while membership in Auroville follows a set of guidelines, Auroville, at large, is an open, non-gated community, attracting thousands of visitors and volunteers from around the world, some of whom eventually choose to join the community. This further adds to the dynamic composition of its members.

From its concept of the ‘lack of private ownership’ of land and monetary resources, to its participatory model of governance and selection of governing bodies, to its prominent level of entrepreneurship in green and sustainable technologies, to its unique status as a township formed of citizens from more than 49 countries, the community of Auroville presents unconventional forms of organizing to address the same issues that traditional societies, towns, and cities are facing around the world. Furthermore, the scale and temporality of Auroville (being a legitimate, ongoing social experiment for 50 years) combined with its

scientific approach to recording and archiving of its data makes it an ideal setting for investigation.<sup>11</sup>

One of the basic tenets of the 4-point charter<sup>12</sup> provided by the founder of Auroville is the lack of private ownership of land and immovable assets. The key tenets of the charter are: 1) Auroville should not belong to any individual in particular; 2) Constant focus on education and progress, 3) Connecting past and future, through learnings from past and discovering future, 4) Site of material and spiritual research. This charter, along with a few other writings of the founder, acts as a guiding force in designing and implementing any new policies for the overall governance of the community. Moreover, over the years, the charter has become instrumental in shaping the social, cultural, and value system of the community of Auroville, helping it to establish itself as an institution.

Various projects and commercial units established by members of the community also contribute to the socio-economic growth of the township. These units can be considered on a par with business organizations or firms and have legal recognition under the AFA. While the individuals responsible for establishing them are primary stewards of these units, it should be noted that, just like all the land and other assets, these business units eventually belong to the whole community. In total, there are around 700 units (both commercial and service) in Auroville of which 170 are social enterprises<sup>13</sup>. For legal purposes, all of the Aurovilles' housing and units belong to the Auroville Foundation which is the main governing

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<sup>11</sup> Auroville has an active intranet which has various forums and blogs, where members post about their ongoings and any issue they want to draw the attention to, of the community, which the community members can comment on. Moreover, the governing bodies within Auroville also use this platform for communication and feedback.

<sup>12</sup>The Auroville Charter, Retrieved November 27, 2016 from

<http://www.auroville.org/contents/1>

<sup>13</sup> <https://www.auroville.org/contents/3371>

body of Auroville. While most of the activities and processes carried out within Auroville are guided by the various policies developed in consultation with the community, there is a high level of informal agreement and understanding within the community when it comes to everyday transactions, instead of detailed contracts and legal agreements.

Most of the services and facilities within Auroville are largely free or subsidized for the Aurovillians, and the members receive a basic monthly 'maintenance' (currently, 10,500 rs., approx. \$164) for full-time work<sup>14</sup>, and half of that for part-time employment (and for children payment for child care) deposited directly into their bank accounts. It becomes evident that there exists a spirit of altruism about the development of the collective and the community rather than just a focus on personal growth and wealth accumulation. Moreover, this collective spirit is not just observed in income generation but also in setting up new enterprises and constructing houses and other units. Through the creation of new units (commercial or service), Aurovillians channel their entrepreneurial spirit and co-create a mechanism of income generation for the entire community.

### **Governance Model of Auroville**

The structure of Auroville as a socio-legal organization, though not unique in its individual components, is an uncommon model in the sum total of its components. The Auroville Foundation is Auroville's legal entity. The Auroville Foundation is comprised of three primary bodies: i. The International Advisory Council (IAC); ii. The Governing Board (GB); and iii. The Residents' Assembly (RAS). This governance structure

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<sup>14</sup> Full time work is defined as 8 hours of work per day, and 5 days per week in all Auroville units, bodies or services.

is akin to the traditional organizational structure of a Board of Directors (IAC), Top Management (Governing Board), and Middle and Line Management (RAS). It is the unique composition of the various committees, their selection mechanisms, and the system of maintenance (all administrative tasks related to the smooth functioning of the collective and the community) that exist within the Auroville Foundation that makes them worth studying.

Moreover, though Auroville is a self-governed township, it does not have any political affiliation, police force, or judicial system although an appeals system has been recently created in case of internal conflicts. When dealing with ‘outside Auroville’ issues, it does engage and interact with Indian government and judicial systems<sup>15</sup>. Thus, the governance of Auroville draws highly from the social capital it has built over the years within the community and among the community members. There exists a strong notion of ‘trust’ within the community for many of its dealings, a trust which in the outside world might require contractual and legal arrangements. This trust is akin to organizational trust (Myer et al., 1995; Cummings & Bromiley, 1996; Huff & Kelley, 2003). Organizational trust is expressed in the practices and processes that the members of an organization, or organizations as collective actors, engage in. These practices build, maintain, mobilize, prevent, destroy, or repair the trust within and between organizations over time. Manifestations of organizational trust are not fixed but constantly evolving, shaped by prior trust as well as by new and ongoing influences and dynamics on organizational relationships.

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<sup>15</sup> During the land encroachment case or in case of any accident or theft within Auroville.

### **Case Study Method and Selection**

A comparative case study approach is particularly suited to gaining deep understanding (Eisenhardt, 1989; Van Maanen, 1979; Yin, 2003) and to developing grounded theory (Glaser & Strauss, 1967). I would like to specifically highlight the research context and the setting of the case. I believe that to understand how trust emerges, sustains, and restores itself, the setting should be such that it has also contains all of the possible elements that might challenge the notion of how trust can operate in first place. Our research context does this for the following reasons.

First of all, Auroville is a diverse community with people coming from all walks of life and countries to live in the same geographic region. While the community has a common value system, there is no stringent structure to enforce those values. In fact, a large amount of freedom is given to individuals to align themselves to Auroville's value system as much as they can. This non-enforcement actually acts in a positive manner, as individuals self-select into the system, rather than it being imposed on them.

Secondly, since the governance structures and policies are set by the community itself, they are also much more open to revision, adaptation, and change, as and when needed, by following certain processes which, again, are structured by the community itself. I believe this is the second strength of our setting, since it lets us see and capture how organizational structures emerge and collapse while being in a reciprocal relationship with trust maintenance. For example, the community can adopt a new formal structural element to enhance trust maintenance when an informal trust maintenance experiment is proven successful.

Thirdly, since the community exists within a certain geographic location, its members are actively engaged in the maintenance of the community and its governance. For example, they develop various activities within the community for the community members and outsiders, and they carry out various economic activities in line with the community's guiding principle, thereby, contributing to the sustenance of the community economically. Further, there is a close interlink between members who act just as citizens and members who might be playing one of the above roles. In fact, except for children under 18, the disabled, and the elderly, most members of this community are engaged in at least one, if not more, of these activities. (Drawing on an embedded agency perspective, I advocate a cross-level analysis of trust development that links the individual and organizational levels within the same conceptual framework to show how and why micro and macro factors do not work in isolation but are fundamentally intertwined.).

Finally, this setting gives us chance to look at, not just how trust emerges and is maintained, but also how distrust can emerge and is handled. For this situation I posit that a high level of distrust will manifest itself in some form of conflict. This conflict may not necessarily be dyadic, but conflicting issues can be voiced about another individual or the community at large. I posit that it depends on the 2<sup>nd</sup> party how they wish to engage with this and if they wish to respond. This response provides a setting in which to see how distrust and conflicts are handled and what leads to either further reinforcement of distrust and conflict or if mechanisms are used to reduce the distrust and eventually engage in trust restoration. Because of the presence of certain systems and structural elements in our research setting and our access to archival documents



about past instances of distrust / voicing, I am able to extrapolate what causal pathways lead to which kind of outcomes.

### **Approach and Data Collection**

Our study aims at understanding Auroville as a new form of collaboration. It does so by analyzing Auroville at different levels: Auroville as a single entity or the community level; individual business units and governing boards in Auroville or the unit/firm level, and, lastly, various relationships and interaction among Aurovillians at individual level or the interpersonal level. The study employs experiential sampling so it can examine the patterns of change and trust in different phases from building to dissolution to repair (Alliger & Williams, 1993). Since Auroville is not just an organizational community but also a functional society, I decided to use ethnography combined with our qualitative approach. I was based in Auroville from October 2016 to March 2017 for the first round of data collection. To ensure that I had a legitimate access and presence in the community, I applied to work with the SAVI unit within Auroville. This organizational unit is set up to facilitate the process of volunteering within the community of Auroville and handles such processes as collecting requirements for volunteer positions from all units of Auroville and matching them with potential volunteer applicants from across the world. Once the match takes place, SAVI also facilitates visa applications for international candidate and manages their arrival and initial settling-down period. Thus, it was an ideal position to meet the new volunteers who arrive in Auroville, some of whom eventually decided to become an Aurovillian. In addition, this unit was known to nearly everyone in Auroville and thus contacting the Aurovillians for detailed discussion became easier. After analysis of the data collected

from round one and the emergence of various themes, I decided to pursue certain themes with a deeper investigation in round two during my second visit and stay. This time I was based in Auroville from December 2016 to March 2017 and was hosted by the Social Research Center (SRC), headed by Ms. Harini. Being associated with the SRC gave further credibility to the study as a scientific and serious study for the community.

### **Data Sources**

Data was gathered primarily from three main sources: i.) Newsletters, official documents and other texts from the Auroville website; ii.) Interviews with various individuals in Auroville; and iii.) Various blogposts made by Aurovillians on their intranet. Since there is a 'Comment' feature, I use those as response, reaction, and feedback by Aurovillians towards any topic that had been posted. Apart from that, I gathered various other archival material, news articles, official documents from the Auroville Library, and other media sources. These were actively collected over the period of December 2016 to May 2018, especially since intranet was a live and active medium for communication which acted as an up-to-date data source for our study. Based on the information gathered and the overall understanding of Auroville and the active ongoing discussions within the community, certain themes were picked up and then finalized. The selection criteria was to shortlist the practices within the field of management and governance that Auroville had institutionalized, while doing it differently from the regular society. Based on this, the individuals who either held the positions in those areas within Auroville or were active members within the community were contacted for an open-ended discussion.

Using the snowball technique for purposive data sampling, 70 individuals to be interviewed were selected and contacted based on references presented by the hosting units of Savi and SRC. These sources, in turn, provided and redirected me to a few other individuals who they felt would suit the needs of the study. For the study purpose, the names, office positions, and unit names have been anonymized. Post-interview, all the participants were provided with the transcripts of their meetings for verification and clarity. Except for 2 participants, all were willing to share their identity and credentials. I successfully interviewed 46 Aurovillians, and 4 long-term volunteers (who lived and volunteered in Auroville for more than 1 year). These participants, in turn, were/are associated with 19 different units across Auroville and 7 boards and committees. Since English is widely spoken in the community, all the interviews were conducted in English, audio recorded, and transcribed. The interviews were conducted at various sites within the community, from office and meeting rooms to private residences and cafes. Each interview followed a standard protocol. The overarching themes during these open-ended discussions were primarily focused on the participants' thoughts about i.) their personal experience and journey within Auroville; ii.) the roles of governance and decision-making in Auroville; iii.) their conflict and trust issues and relationship with neighboring villages; iv.) Auroville's selection processes and mechanisms; and v.) their work-related background and role. I also attended various formal discussions and workshops, 2 large scale meetings and presentations, and a first 'Experimental Collaborative Research Conference' (The Bridge<sup>16</sup>) organized within Auroville, where a number of scholars and presenters

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<sup>16</sup> <http://thebridge.auroville.org/>

were invited from across the globe. Overall, this resulted in a total of 38 hours of audio interviews and meetings transcribed, along with xx pages of archival material from the sources mentioned. Based on this, the data was coded into various themes and categories derived from the literature.

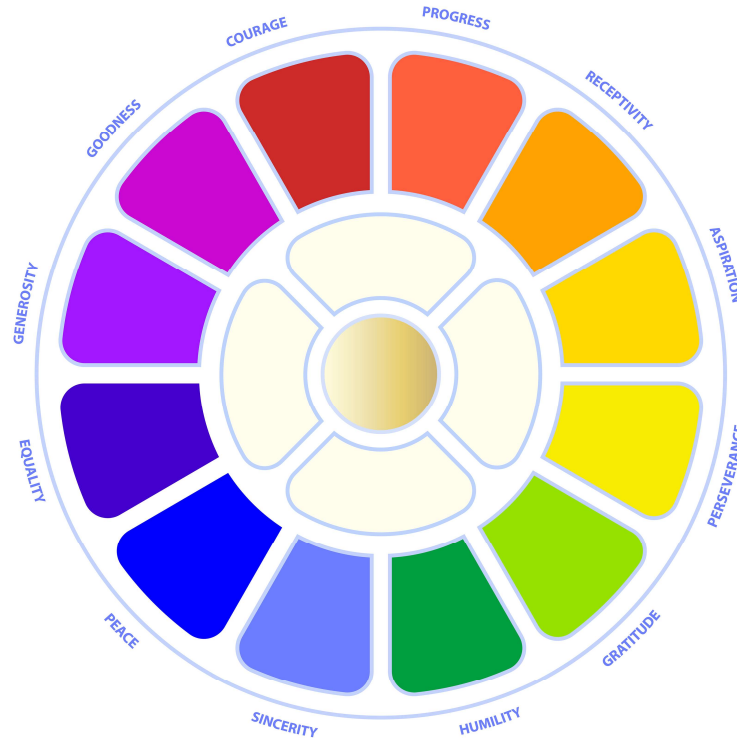
### **Data Analysis**

Based on all the data collected from the interviews and text from other sources, I coded it into first- order themes. These themes were largely related to interviewees' experience in Auroville, the impact of Auroville on them, and how they perceive trust, conflict and the governance principles and mechanisms in Auroville. Based on this, and using the previously-developed framework from the literature, I abstracted it into higher-order themes. These were, then, matched with the various characteristics of the governance mechanisms that had emerged during the data analysis.

## **FINDINGS**

Our initial findings indicate a high level of voluntary initiatives taken by the members of the Auroville community towards the 'common good'. Our data attests to the notion of a 'service spirit' for the 'common good' of the collective. In taking these initiatives, in the absence of formal contracts, the community operationalizes trust for its functioning and governance. This is partially attributed to the 12-point value system that helps to structure the community (Figure 2.2). Members engage in

trust-maintenance work on an ongoing basis, further attesting to the idea



**Figure 2.2: The 12 point value system and a commonly used symbol within the community, which represents the community.**

that trust is a continuum and, hence, needs to be kept at a certain level. Our initial findings also confirm that trust is not a static state, resource, or medium within which interactions take place, but rather “an ongoing process that must be initiated, maintained, sometimes restored and continuously authenticated” (Flores & Solomon, 1998, p. 206). At the same time, based on our data, community members do not specifically focus on trust as an end point of the outcome, but they believe trust is a means to ‘harmonization’.

*“And there is a lot of work done, meeting etiquette, trying to understand each other, on harmonizing and [person A is a star specialist in that] but we have many people coming in and [...] who were talking about harmonizing, how to manifest your ideals in a better way. Also, people have different viewpoints. So, I think they are making progress.”*

Thus, trust is not just an ultimate state to be achieved at a certain level, but an operational/instrumental construct which helps to lead to various other outcomes such as harmony, solidarity, and fraternity within the community.

Since trust is a continuum and dyadic, it can be rightfully derived that, within the community, the level of trust would differ for each tie between the individuals, but also between the individuals and the community and between subgroups within the community. Our findings attest to this with community members acknowledging the different levels of trust existing within the community and community members. I classify these levels into three stages. While these three stages are linear, they are not defined by temporality. An individual within the community may spend varying time in each stage while interacting with a certain individual or community body, depending on various factors. I lay out these stages/levels/phases and mechanisms in the Figure 2.3. Moreover, I also look into what trust-rectification mechanisms are used in case there is conflict.

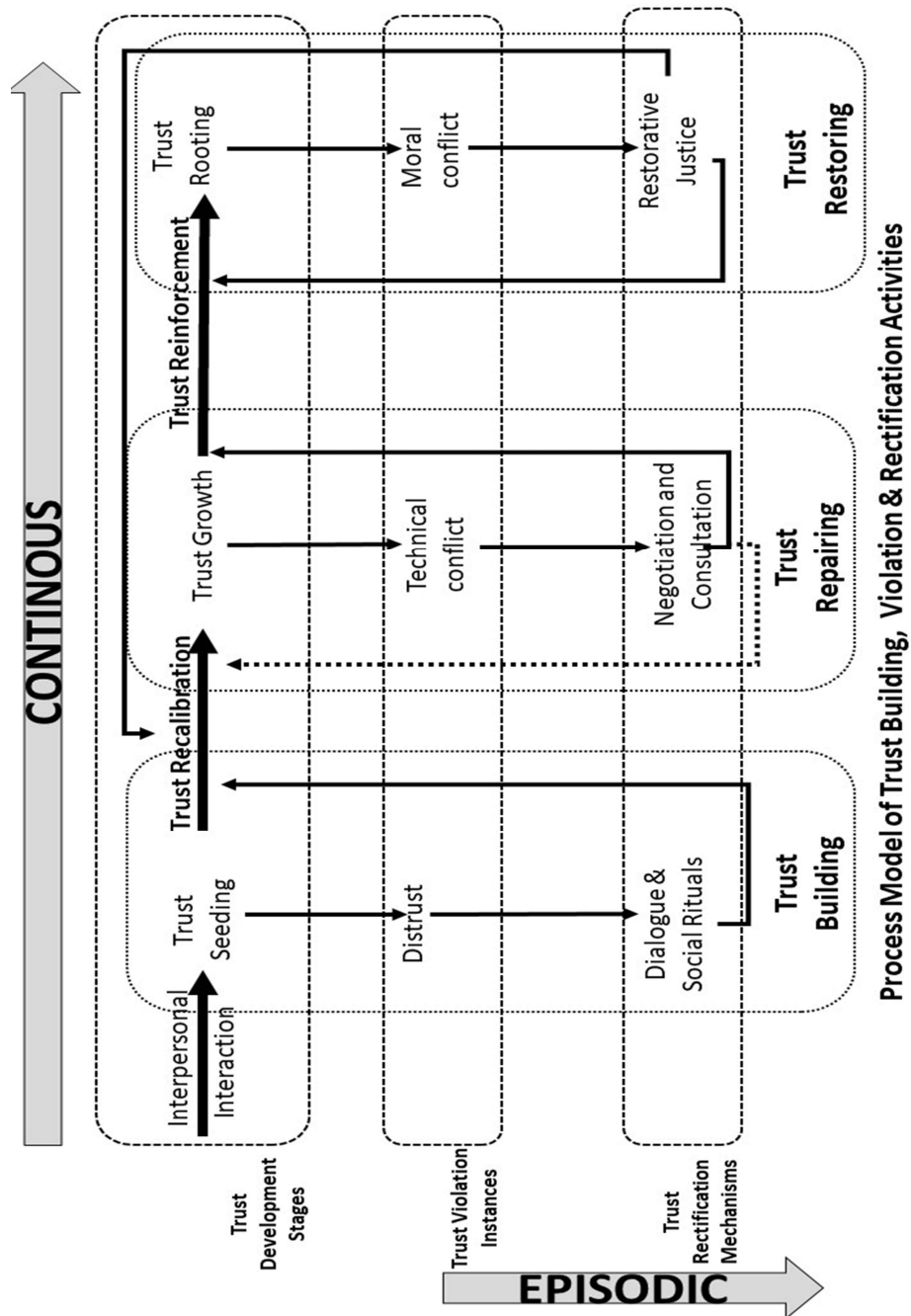


Figure 2.3 Stages and Process of Trust Building, Repairing and Restoration

*Conflict is a natural part of living together especially in a community. We need healthy, open and transparent processes and facilitators to work with conflict in order to achieve growth.*

While trust maintenance is a continuum, I find that conflict and trust rectification mechanisms are episodic; i.e., they are actively sought out only when an incident occurs in the form of a conflict. Moreover, the type of trust rectification required is directly related to the nature and intensity of the conflict. On the other hand, trust rectification activities, though carried out episodically, have been actively embedded into the governance principles of Auroville. Thus, while they are operational only on an on-need basis, their structuration into the governance principles has an impact on how trust building as an organizing principle is operationalized.

*All conflict, whether it is personal or between Working Groups, reflects our community. Koodam's offer to help any of these conflicts highly contributes to a greater harmony and maybe even a bit of growth for the individuals taking part in any of the processes/facilitation.*

## **Phases of Trust**

### **Seeding of Trust, Distrust, and Social Rituals**

As mentioned earlier, Auroville is an open and dynamic community with new members joining each year, along with long-term volunteers who live and work within the community. The level of trust of these newcomers towards other members and towards the community differs from the members who have been part of the community for a



longer period and are, hence, more embedded within the community. When a new member (visitor, volunteer) joins the community, the initial trust is formed by interpersonal interactions with individuals, value systems, processes, and, overall, the community itself. I label this as the ‘seeding’ stage during which a basic level of trust is established. By this, I mean that the individual will be willing to be more vulnerable and open towards the members and the community. At the same time, this would also result in a willingness to engage in further instances of interaction and, hopefully, collaboration. In case of distrust, or to avoid instances of distrust, the community has developed various initiatives and mechanisms to ensure that the new members are guided and provided support to establish themselves within the community. At the same time, they are also given platforms to interact with the community, so that community can also form trust in them. This is done through various social rituals and dialogue. The same mechanisms are also used to help members recover from distrust and to have a second chance in forming opinions about the community or an individual.

*When emotions and agendas are very strong, it is helpful to have a third party to facilitate dialogue. Koodam shows skill and understanding in creating a neutral space.*

While there is an inherent self-selection, and, therefore, an initial level of trustworthiness, in choosing to visit and, eventually, live in Auroville, this initial feeling of trust can easily turn into ‘distrust’ in the case of any negative experience. These experiences may not necessarily be even interpersonal; they can be perceptive, residing in the mind of only one party. Since new members may come from different cultural

backgrounds and have different conditioning, they add to the existing heterophily of the community. Therefore, trust-seeding practices become even more important to ensure that there are communal instances of connecting with and within the community. Thus, how a person eventually navigates within the community in the long term depends on the seeding stage.

### **Growth of Trust, Transactional Conflicts and Mediation**

By the end of the seeding stage, members have established themselves within the community to some extent. Distrust during that period is resolved through dialogue and various social rituals. It is at this stage that each member reevaluates his/her trust towards other members and the community. Those with more positive experiences choose to increase their trust while those with some unpleasant experiences choose to be more cautious in their future dealings. Thus, in the second stage, as mentioned by CITATIONXX, trust is recalibrated.

*Koodam provides community members with what I would call an advanced listening service: a facilitating presence that allows disputing parties to recalibrate their listening for each other. This is a deeply important role to serve in a place with so much cross-cultural complexity!*

*Koodam believes conflict resolution should be born from self-responsibility and inner awareness instead of a right-or-wrong or us-versus-them approach. In this way, people come to Koodam to build their own justice, since working through differences to find unity and compromise upholds the ideals and Charter of Auroville.*

Another distinguishing characteristic during this stage is that, while a member has identified his/her patterns of interaction and engagement within the community and, hence, feels a sense of settling down, he/she still may not feel as one with the community. There continues to be a stronger sense of self, which, though embedded within, is yet distinct from the community. At the same time, since the member has already spent considerable time within the community and, hence, the feeling of community citizenship emerges, trust is reinforced by further positive interactions and experiences. In return, the community also acknowledges the member as an indispensable, important, and contributing member in the growth and development of the community.

In a case of trust violation during this stage, particularly if the proportion of trust violation is significant, then the member seeks a conflict-resolution service within the community. At this stage, the trustee usually has issues with the technical nature of the conflict, and, therefore, towards the unmet expectations of the task or transaction and not necessarily with interpersonal feelings. The member feels he/she has certain rights within the community and that their rights have been violated. In such cases, the individual is still given a higher priority than the community. The expectation is for the individual to be heard and acknowledged and for the main issue to be resolved, without consideration about the interpersonal connection with the other member(s) or the community at large.

*When there is a feeling of power imbalance or differences in opinion and a solution cannot be reached together, Koodam provides the safe and neutral space to find common ground.*

*Auroville’s philosophy states that Auroville should exist without law, courts, police, and other traditional justice systems, but many still come to AVC and Koodam with justice-type issues—neighborhood and workplace conflicts, ownership, land, fences.*

*“It is a constant work for us all to drop our background conversations about each other and deal with conflict in an impartial space of non-judgement and non-reaction.”*

In case of an unsatisfactory outcome from the conflict-resolution service, the individual might seek legalistic actions available outside the community. Doing so, however, further reinforces the demarcation between ‘them’ and the ‘community’. This can escalate into a person feeling excluded from the community and may eventually result in a person exiting the community altogether.

*“Keep up this crucial work... It is one of the reasons for me to not move out of the community. Thank you!”*

A successful resolution occurs when both the parties reach a formal agreement or, if no agreement is reached, the conflict is deescalated and, therefore, assumed to be resolved. Based on our data, I discover that this conflict resolution still sets the parties back in terms of trust development. They need to reengage in trust-seeding and growing mechanisms although this time they might be able to reestablish trust within a shorter period of time.

### **Rooting of Trust, Critical Conflict and Restorative Justice**

A third distinct subgroup within the community is made up of individuals who have ‘surrendered’ to the collective. These members acknowledge the fusing of their individual identity with the identity of the entire community. They strongly feel one with the community and, therefore, with each member of that subgroup who, they perceive, resonates with the same feeling. The interaction between the individual and the community changes from being transactional to shared power with a human touch. It is akin to what Gulati (1995) describes as a “‘mutual hostage’ situation in which shared equity helps align the interests of all the partners.” It is at this stage that transactions become easier because of a higher engagement, and the sense of community is further reinforced.

When such members face trust violations, they handle it differently, based on the intensity of the violation. For minor conflicts which are more transactional in nature, they find it easier to resolve them with a dialogue that arrives at a solution aimed at the “common good”. They realize that the other party is also a part of their own collective, and, hence, they will not be better off with a “win-loss” situation. Thus, a “winner–loser” perspective that always carries the potential for renewed or additional conflict is avoided.

*“Another deep understanding of mine is, we're only going to make it in Auroville or on the planet together. We're not going to make it if we're apart. And we're not going to make it if I try to find all the bad people and put them, you know, in a big fire and fire them. Because they're going to try to do the same to me. So, then we're back in war”.*

On the other hand, when such members face ‘critical conflict,’ they may turn to a stronger conflict-resolution mechanism. If it is an ongoing conflict, members approach Koodam to act as mediator. While Koodam can help them arrive at an agreeable outcome, members acknowledge that, though this might resolve a conflict and eventually repair trust to an acceptable level so that they can co-exist, it may not fully restore trust. At this point, in order to bring harmony back to the parties and the community, the members use a restorative circle. There is a possibility that one party might still feel hurt, even after the conflict is resolved. Moreover, at times during a conflict, the members who are not directly involved may still feel their trust is violated. In this case, they cannot use the mediation service of Koodam, since there are no 2 parties in conflict, just a single entity.

*But if Party B doesn't want to come to the mediation, the mediation doesn't happen. So, they have veto power.*

*Nobody has veto power. Uhm, because you don't have Party A and Party B, you have anybody in the community who is named, and everybody gets a chance to name people.*

By using a restorative circle at this moment, conflict resolution does not just take place at the level of individuals facing conflict, but the community as a whole can also be included. By taking this action, the community members who are peripheral to the conflict also get a chance to voice their violation and seek healing.

*So, the conflict might start between you and me, but 15 people might show up at the circle. So even if you don't come, the*

*circle still goes ahead; so that you don't have veto power and I still have some chances of moving forward. And the more people in the room, the more creativity.*

*A person can be held strongly accountable, but everybody has agreed to it. So, wouldn't that be more like, okay, it is at a consensus basis and not at one judge taking a decision or one party*

*"Oh well, if we can't punish then people get away with anything." But we don't want to punish because we're in Auroville. And so, it's not about restorative justice, doesn't mean that you don't hold people accountable. I can be very, very strong, you know. The outcomes can be very strong, but they have been derived of.... they have...gotten to together, you know, through dialogue and not through some expert saying what should happen.*

Through the continuous use of these processes and mechanisms, the community members arrive at fuller harmony with the community and consciously choose resolution over conflict. Therefore, I sort the processes and mechanisms in two levels based on their manifestation: i.) Cognitive and ii.) Practice. I arrived at these two categories by examining how members perceived or interpreted the processes and mechanisms they had participated in. Internal changes in viewpoint are grouped under 'cognitive' while mechanisms that had direct applications or related implications, either at an individual or collective level, are grouped under 'practice' mechanisms.

## **DISCUSSION**

To summarize our findings at this point, this study analyzes the complications of trust development, maintenance, and restoration and also describes in detail Auroville's unique status as a community that has established new processes for achieving these goals. Auroville's experience demonstrates that trust in the community can have both positive and negative outcomes based on whether members believe or do not believe in its goals. As opposed to many studies that only consider the impact of organizational trust when it is broken, our study outlines how trust can be developed and maintained as a proactive strategy. In addition, the extensive existing literature on trust repair focuses almost exclusively on a handful of tactics that might be used when trust is violated. Our research shows how trust exists on a continuum and must be continually supported and recalibrated to changing circumstances. In Auroville, trust maintenance is institutional work. Finally, such mechanisms as the restorative circle introduce new considerations into trust literature. Again, trust repair literature has focused narrowly on the situation of the injured, ignoring, to a large extent, the damage to the offender and to the community as a whole. Even cases of restorative justice can be limited in this regard. Auroville's restorative circle addresses these exclusions and attempts to bring all parties together. It does not see the conflict as limited to the parties directly involved; it see conflict as part of the community. An attack on one is an attack on all and must be dealt with as such. Thus, the mutually reinforcing processes of trust maintenance and restoration are addressed and increased through the restorative circle.

In summarizing our findings, I want to underscore the unique status of our case study and the fact that it yields numerous fresh



perspectives on the development, maintenance, and repair of trust in organizations. Much of the existing literature argues for trust's centrality in the effectiveness of institutional functioning. While topics such as perceived organizational support, trust in organizations, and organizational justice are central pillars in the management and organization research, the broader implications of such studies are limited. Most were conducted in Western countries and, as such, the generalizability of the findings is not clear. In addition, trust has traditionally been analyzed at one single level of analysis at a time (Fulmer & Gelfand, 2012). As a result, much theorizing on trust has been biased toward either overly individualist or overly structural accounts (Kroeger, 2012; Lewis & Weigert, 1985). The former type of account treats trust as a strictly individual phenomenon and often conceptualizes interpersonal trust in a vacuum, thus stripping it from the broader social and organizational context in which it is embedded. Conversely, the latter suffers from a simplistic focus on the broader preconditions for trust and fails to shed light on individuals' agency and the mechanisms through which trust develops. Either focus is problematic when studying trust in organizational settings, because both types fail to reflect the fact that organizations are inherently multi-level entities. Thus, we still know relatively little about how trust develops across levels of analysis and how micro and macro features of trust are interrelated. The relative deficiency of theoretical developments specific to trust development across levels is problematic because 'findings at one level of analysis do not generalize neatly and exactly to other levels of analysis' (Klein & Kozlowski, 2000, p. 213).

While there has been relatively little work detailing the development and maintenance of optimal levels of institutional trust, there is considerable literature on the dynamics of trust repair. For example, studies have investigated an assortment of tactics that can be used following a violation, including apologies (e.g., Kim et al., 2006; Tomlinson et al., 2004), denials (e.g., Kim et al., 2006; Sigal et al., 1988), promises (Schweitzer et al., 2006), excuses (Shapiro, 1991; Tomlinson et al., 2004), reparations (Bottom et al., 2002), legalistic remedies (Sitkin & Roth, 1993), hostage posting (Nakayachi & Watabe, 2005), and even no response at all (Ferrin et al., 2007). However, each of these studies has focused on just a single or handful of specific tactics, with no comprehensive theoretical account of how various tactics relate to one another or where other as yet unexamined tactics might belong. Second, virtually all of the studies in the trust repair literature have focused on the actions that the mistrusted party (i.e., the trustee) might take to repair trust while portraying the trustor as a relatively passive observer. Finally, these studies often do not analyze the conflict that produced the violation of trust in the first place and the relationship between the specific nature of the conflict and its resolution and trust repair.

Some of the existing literature does discuss the breadth and complicated dynamics of the trust relationship between an organization and its members. An article by Pučėtaitė et al. (2015), for example, argues in that an antecedent of trust in organizations can be the ethical fit of the employee to the organization because trust comes from integrity, benevolence, and openness. This is explained by the theory of person-organization fit in Chatman (1989). Another antecedent of trust can be explained by relational-signaling theory which says that the exchange of

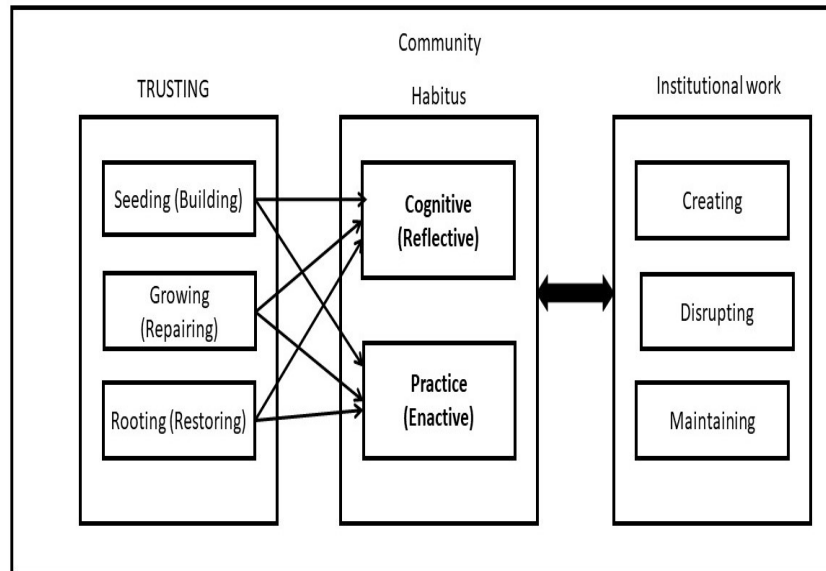
relational signals is performed by following the ethical norms and principles of an organization. These signals are a sign of reciprocity and integrity and are needed for building trust. This idea is confirmed by qualitative research that demonstrates that the ethical culture of an organization positively affects organizational trust and the leadership relationship which mediates the relationship. This has been confirmed only in the private sector. This is, perhaps, due to the high standardization of bureaucracy in the public sector and the fact that the public-sector sample is a big company, unlike the small to medium samples of the private sector. The study further argues that the public-sector sample could be considered a low-trust societal context where further training enhancing antecedents of trust are needed. In another study which resonates with our work, Wong, Wong, & Ngo (2012) proposed and tested models which aim to describe the relationship between perceived organizational support (POS) and trust. They found that perceived organizational support (POS) and trust in organizations are distinct from each other and have a different role in social exchange. POS affects both trust in organizations and organizational justice, with organizational justice being affected directly. The most important finding was that POS is an antecedent of trust in organizations and could, therefore, be used as a predictor. (Wong, Wong, & Ngo, 2012). I extend on this work by specifying in detail how trust is established and the variety of mechanisms and processes that are employed in the specific case of Auroville to encourage its growth and to repair it when it is damaged.

My study adds significantly to this literature on trust. In presenting my work, I affirm the need for more multi-level trust research and introduce an embedded-agency perspective as a guiding framework

for the analysis of cross-level trust development. Then, we advance a multi-level model of trust development. We start by analyzing how Auroville's organizational structures influence individuals' trust and then turn to an analysis of how individuals' trust can manifest in organizational structures. Finally, we discuss the theoretical implications of our multi-level model of trust development for the trust literature and propose important avenues for future research.

As institutional work, my findings demonstrate that trust develops as an interplay between ongoing trust building and the episodic trust rectifications caused by trust violations. Trust maintenance as an Institutional work is carried out by individual members cognitively and by the community through established practices. Cognition is defined as how an event affects the logic of an individual. Practices reassemble the community logic and become an important approach to handling conflicts in many cases (Smets & Jabrowski, 2013). Moreover, the members and the community continuously influence each other. Members develop new practices for trust maintenance, based on how they have experienced trust maintenance in the past and how they cognitively desire the future to be. In turn, these social and collective practices alter their understanding of trust and, depending on circumstances, may result in either an increase or a decrease in individual trust. Thus, as institutional work, trust is carried out jointly by individuals within the community and the community as an entity. Figure 2.4 links trusting as an Institutional work carried out in the setting of community. Individuals are responsible for their inner cognition in order to maintain trust at an optimal level. They take remedial actions when they feel there is a deviance in their trust level. To do this, they tap into the various processes and ideals embedded within the community.

This could be a combination of one or more specific formal processes or a community norm. Finally, we emphasize that both individual cognition and community practices of trust maintenance as institutional work are ongoing, while trust restoration and repair is carried out episodically.



**Figure 2.4 Relational Analysis of Trust Building, Repairing and Restoring as Institutional Work (Adapted based on Voronov, M., & Vince, R. (2012).)**

In the case of Auroville, apart from the various demographics and cultural backgrounds, all of the individuals are a part of the same community in that the value system established by Auroville connects them all. Yet, at the same time, trust exists on a continuum, and each individual community member falls at a different point on that continuum. Thus, we demonstrate that trust is built in stages in Auroville. First, there are individuals who are at the initial stage of seeding, in which they are building trust towards the community and, conversely, the

community is building trust towards them. Based on our data, when new members arrive as volunteers, or when members within the community have not interacted with each other in the past and have to work together, they usually start with the seeding stage.

After having spent a considerable time within Auroville and having moved beyond the initial trust building stage, the members still are in an exploratory phase; they are building new ties with other members and units within Auroville. Thus, at this point, they are in the trust-growing stage. Such members, when facing conflict, seek out conflict resolution mechanisms. We find that at this stage, though individuals are a part of the community, they still do not feel completely embedded. They do not become one with the community, and, hence, conflicts arise between the individuals and the community (or other member of community). But, at the same time, they are guided to approach the conflicts in a very rational manner. If the conflict-resolution mechanism is handled effectively in each conflict, the individuals (and the community) revisit their trust relationship both towards the affected and the community.

If the situation is handled positively and the individuals or the community are satisfied with the outcome of the resolution mechanisms, then trust is further reinforced within the community. At this stage, the individuals feel more embedded within the community, and the community becomes more cohesive. The level of trust towards the community as well as the trust building and restoring mechanisms increases in strength. This leads the individuals to arrive at the third stage of the process. In this stage there is implicit trust towards the community as a whole and towards its systems and processes. At this stage, members become one with the community and acknowledge their common fate.

Thus, if a case of conflict occurs, they approach the conflict in a different manner. The goal of the conflict-resolution process, then, becomes not just to resolve the conflict by identifying the guilty and making amends. The goal is also to ensure that overall harmony and the trust lost because of trust violation are restored. Moreover, members at this stage seem to be more adept at resolving technical conflicts using interpersonal skills. Thus, they require minimum or no intervention from conflict-resolution mechanisms. This shows the evolution of the members' trust in the community as well as of their cognitive interpretation of the nature of conflict

The figure 2.3 shows the process model of the stages and mechanisms of trust development and repair. It should be noted that by no means is the third stage the final stage. As mentioned earlier, since trust exists on a continuum, it requires ongoing maintenance to keep it at optimal levels.

## **CONCLUSION**

Our study adds significantly to an understanding of the ways in which trust functions in organizations at every level: its establishment, growth, and maintenance at the individual level, its impact on community processes, and its larger impact on the community itself. As Merieke Stevens argues, trust is a dynamic construct which requires continuous and ongoing maintenance to keep it at optimal levels. Institutions and individuals are presented with opportunities to reorient and recalibrate trust levels. While my findings also support this construct, I build upon it further by demonstrating the linkages between the stages. Our study demonstrates the interdependent nature of communities and their members. Institutions help to build faith and trust and provide a sense of security. When members know that there are institutional mechanisms

which take place in the form of institutional work, the overall faith in the institutions increases. And the members' faith increases the strength of the community. Cognition and institutional mechanisms of trust-building work in tandem. Again, one would have thought that the interplay of perceptions and behavior is already well understood, but the debate on whether trust is primarily a state of mind or a way of interacting – that is, a psychological or social phenomenon – is not over yet (see Kasten (2018)) who, at least, takes it to a more sophisticated level.) I argue that it is both: psychological traits help to initiate a trustworthy behavior while institutional processes of trust- building convert it into social phenomenon. This further reinforces the psychological acceptance and cognition of trust. Thus, social settings help the psychological traits to be enacted and manifested initially. Based on the outcome of these settings, reinforcement of trusting behavior (or distrust) takes place.

With my empirical work, finally, I add significantly to the literature on trust repair. I show how managing trust is not only important for effective governance of a community, but also how trust management combines elements from both conflict resolution and restorative justice as institutional work. Trust repair mechanisms need to be responsive to both the type and intensity of the conflict and the “in-the-moment” state of the affected individual's trust. I also demonstrate how the nature of conflict decides which mechanisms can be deployed to maintain trust. Our study shows that, when recalibration processes are effective, there is no need to change attributions to positive since they never become negative. If trust is kept at an optimal level, in fact, there may be no need to restore social equilibrium since disequilibrium does not occur. In both cases, no structural changes to the community are required when a consistent set of



practices that support the achievement of mutual goals and the sharing of mutual gains is in place.

I also find that mechanisms that lead to the reinforcement of trust may not necessarily work to resolve instances of distrust. Thus, I agree with previous authors who have mentioned that trust and distrust are not necessarily at opposite ends of the spectrum. I do posit that, once distrust has been brought down to a neutral level (a process which requires very different mechanisms), the mechanisms to develop and reinforce trust can take the process from there. I find that applying trust restoration mechanisms during the distrust period might actually have a negative impact. Our data suggests that, while the mechanisms from trust repair do indirectly contribute to trust maintenance and development, the latter includes a larger repertoire. Future work is needed to investigate the relationship and ties between these mechanisms and to test it through empirical work. I suggest structural equation modeling might help.

Our study of trust repair and the specific ways it can be enacted takes the literature on the topics in a new direction. Past studies have tended to look at trust repair in non-conflict scenarios or where the conflict element of the process is controlled for or not investigated. But this is a big flaw. In the process of trust failure and before the trust-repair effort starts, a major conflict element has taken place. In fact, it is in the nature of the conflict and how the parties come out of the post-conflict stage that the necessity of trust repair may be felt. Thus, I focus on trust while keeping in mind the element of conflict very much in place. I propose that trust is maintained and restored, not just by how trust building and trust restoring activities are carried out, but also by how the conflict is handled and how

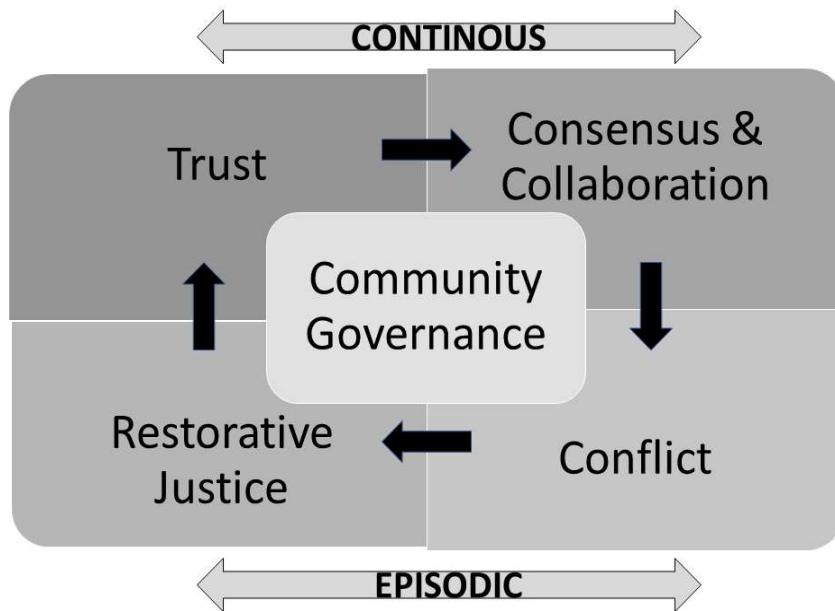
conflict-resolution mechanisms are put in place and implemented. This eventually brings us to the concept of restorative justice.

### **Community and Collaborative Governance**

In addition to trust- and trust-repair research, our research draws upon recent studies of government, especially developments in new governance and more collaborative models. Rosenau (1992) provides a basic definition: “Government occurs when those with legally and formally derived authority and policing power execute and implement activities; governance refers to the creation, execution, and implementation of activities backed by the shared goals of citizens and organizations, who may or may not have formal authority and policing power.” Frederickson has observed that public administration theory is now taking into account the movement “toward theories of cooperation, networking, governance, and institution building and maintenance” in response to the “declining relationship between jurisdiction and public management” in a “fragmented and disarticulated state” (Frederickson, 1999, p. 702).

The second major concept I introduce is that there is an inherent idea that trust is an element of governance that it is to be considered ex-post facto in the case of ineffective governance. With my case study I demonstrate and argue that trust mechanisms should be considered ex ante for effective governance. What I mean is that trust maintenance should be considered proactively for effective governance and not as a reactive tool that is employed only in the case of ineffective governance. Our case strongly demonstrates that, when such institutional work is carried out, the collapse, failure or even complete loss of trust in institutions and its members decreases significantly. Having a myopic

view of trust as a mechanism to be visited and approached only when damage is done might turn out to be the nemesis of organizational scholars. Instead, I push for conscious considerations of trust building and trust-maintaining mechanisms that are proactively designed into the building of institutions. I believe this approach will reduce the instances of institutional trust failure and, when it does happen, make remedial actions faster and more effective. Thus, the restoration of trust will occur without much ado. Instead of just devising recalibration mechanisms, I propose that trust-building mechanisms should be calibrated as a necessary part of institution building and as ongoing institutional work. Figure 2.5 presents it as ongoing work, parts carried out on continuous basis and others episodically, as and when they occur.



**Figure 2.5 Community governance using trust as a mechanism**

Apart from even more complex experiments, this research can, therefore, inspire ethnographic work. Thus, this research supports the shift towards dynamic conceptualizations and process-views of trusting (Möllering, 2013). The most interesting message of the paper, though, is that we have not been paying enough attention to the role of intermediaries in trust research, even though there is seminal work on this topic, notably by Coleman (1990). Surprisingly, this is true even if we include research on third parties in trust in a broader sense (e.g., Burt & Knez, 1995; Castaldo, Möllering, Zerbini, & Grosso, 2010). In other words, there seems to be an untapped potential for further exploration and refinement. Moreover, we need more studies on ‘embedded trust’ in complex network relationships (see Barrera, Buskens, & Raub, 2015; Zolin & Gibbons, 2015).

Recent history has put an emphasis on new governance models. While they have attracted a lot of attention, they are difficult to track completely because they arise from many smaller experiments around the world, often in response to traditional governance failures. For example, collaborative governance models have often emerged as a response to failures of implementation of government policy or and to the high cost and politicization of regulation.

New governance provides an alternative to traditional governance models when they have been paralyzed by the adversarialism of interest group pluralism or where managerialism has failed to accept accountability for its failures (especially as the authority of experts is challenged). On the other hand, to provide a more positive description of its development, we emphasize that the movement toward collaboration is also produced by the growth of both knowledge and institutional capacity.

In other words, knowledge has become both more specialized and more widely distributed while institutions are becoming both more complete and interdependent. These developments demand more collaboration.

Therefore, new governance indicates changes in traditional government models to allow for more shared power. Citizens become involved in decision-making and are even encouraged to be independent actors while processes are created to facilitate broad civic engagement. The overall aim is to ensure the common good. Among the processes created by new governance models are what Bingham, Nabatchi, & O'Leary, (2005) call “quasi-legislative processes” such as deliberative democracy, e-democracy, public conversations, participatory budgeting, citizen juries, study circles, collaborative policy making, and other forms of deliberation and dialogue among groups of stakeholders or citizens.”

The literature makes a distinction between community and field. Fields tend to differentiate and have boundary conditions which separate one field from another. On the other hand, while communities also have boundary conditions and one community is different from another, the purpose of community is to assimilate diverse actors. The notion that communities are and should be homogenous is highly questionable. Future work can empirically validate and extend this. It is diversity within the community, of the individual actors who are yet bound by a common value or goal, which becomes the defining characteristic of a community. Such inclusive diversity makes communities a strong and resilient form of organizing.

## **CHAPTER 3: Collective Social Entrepreneurship for Inclusive Growth: The Case of the Self-Employed Women's Association (SEWA)**

*“At whatever level we are at, we are changing the balance of power in favor of the poor and women. One step is enough. Step by step.” – Ela Bhatt*

### **INTRODUCTION**

Local contexts highly define and shape organizations and institutions (Weick, 1995; Weber & Glynn, 2006). These may be informal like the cultural and social environment or more formal like the economic and political environment. Economic development is one of the categories used to differentiate various nation states. This has led to a global classification into two major categories: developed and developing economies. A unique characteristic of developing economies is the lack of fully-developed institutions (Mair & Marti, 2009; Khanna et. al., 2005). The absence or poor development of institutions in such countries leads to the restriction or even exclusion of many of its citizens from full-market participation. Such restriction or exclusion then results in the economic disadvantaging of these citizens and may eventually lead to their complete socio-economic marginalization.

To address such situations, many governments implemented various innovative programs at the macro-level in order to reach out to people at the bottom of the socio-economic pyramid. A few countries have tried to address this problem with conditional cash payment programs (Bolsa Familia, *Familias en Acción*, *PROGRESA/Oportunidades*, and many others). The main objective of such programs is to increase the human capital and to economically assist

the citizens who are sustenance driven. But sometimes the macro-level nation states, especially in developing countries, do not have sufficient resources or the correct political environment needed to implement such programs. Amid such conditions the citizens and organizations face a unique set of challenges that are uncommon in developed economies. In the absence of supporting institutional infrastructure, sustenance-driven actors engage in illegal yet socially legitimate entrepreneurial activities for their survival (Mair & Marti, 2009; Bhowmik, 2005; Mair et. al., 2012). Since these activities constitute the notorious “informal economy”, these micro-entrepreneurs face a high level of uncertainty, resistance, and barriers from the ill-defined and outdated regulatory framework. Thus, such entrepreneurs are highly vulnerable, both legally and socio-economically.

Empirical studies have examined how entrepreneurs in emerging economies establish trade/market associations to protect the value of their enterprise and to secure larger opportunities. These studies highlight the *collective nature* of informal entrepreneurship by pointing to the fact that, while alone, individual informal entrepreneurs are susceptible to formal institutional enforcement and opportunistic behaviors of other stakeholders, collective efforts can increase their influence within their contexts (Itzigsohn, 2006; Odegaard, 2008; Webb et. al, 2013). Parallel research and work on institutional entrepreneurship also describe the collective dimension of institutional change and the involvement of a variety of actors (Battilana et al. 2009; Dorado, 2005; Wijen & Ansari 2006), arguing that a lone actor is “unlikely” to be solely responsible for institutional entrepreneurship (Maguire et al. 2004, p. 173).

On the other hand, emerging economies at times lack, not just the developed institutions but also the actors and organizations needed to make a positive societal impact. This gap has lately been addressed by the various social enterprises which deploy hybrid strategies in their structure or operations. While not all hybrids are social enterprises, all social enterprises have embedded hybridity. Mair & Martí's (2009) work presents the role social entrepreneurship can play in the presence of institutional voids, albeit not collective in nature. But Sud et al. (2008) argue that the collective and collaborative nature of social enterprise is inevitable since a single social organization cannot solve social problems on a large scale. While most of the social entrepreneurship literature has been focused on the study of either single entrepreneurs or single social enterprises (Dacin et al., 2011; Dacin et al., 2010; Mair et al., 2012; Mair & Martí, 2006), scholars have also started to look into '*collective social entrepreneurship*' (Montgomery, Dacin, & Dacin, 2012). Collective social entrepreneurship is defined as the "... collaboration amongst similar as well as diverse actors for the purpose of applying business principles to solving social problems" (Montgomery et. al., 2012, p. 376).

While most of these studies have looked at the ongoing role played by such individual or collective social enterprises, we know little about how collective social entrepreneurship can engage in institutional work which can then result in both institutional and positive social change. Marginalized entrepreneurs struggle in an environment in which the needed networks and institutions are unwilling to collaborate or are even absent. The question then arises as to how collective entrepreneurs initiate a movement toward positive growth in such a context. Thus, a deeper understanding needs to be developed by studying the various



processes and strategies social enterprises adapt as they move from i.) Identifying the social issue they want to address, ii.) Developing various infrastructure to not only increase the human capital of the community they work with but also sustain themselves, and iii) eventually result in institutional change.

With this paper I draw attention to the role of a hybrid organization which used a collective approach to build the missing institutional infrastructure and support for vulnerable actors in an informal economy. I further build on the work of Montgomery et al. (2012) which describes the possibility of institutional change by ‘Collective Social Entrepreneurship’ by undertaking an in-depth study of the Self-Employed Women’s Association (SEWA), based in India. Using an institutional work framing for our case study of informal sector workers, I discuss in detail the novel organizational form that SEWA built over the years primarily to support its beneficiaries. These developments made the community highly resilient in the face of legal and socio-economic uncertainties. This hybrid organizational form also enabled SEWA to engage in active advocacy and push for various regulatory and institutional changes in an ongoing effort. By doing this, SEWA helped to provide legal recognition to various workers in informal economy.

## **RESEARCH CONTEXT**

In India, the informal sector accounts for 90 percent of non-agricultural employment and at least half of India’s \$1.85-trillion economy (Barman, 2013)., Only sub-Saharan Africa, with a slightly higher 55% contribution, has a larger informal economy than India's. The

informal sector constitutes 75 percent of all Indian businesses, making this one of the largest informal economies in the world. Due to their tiny size and unauthorized operations, the informal enterprises in India do not come under the purview of the incentives or social security system offered by the government and state institutions. The informal economy in India empowers a large portion of the society to be able to engage in entrepreneurial activities that sustain their livelihood. Because of under-developed institutions in India, organizations that operate at a meso-level have taken the initiative to bridge the institutional gap for market participation for these entrepreneurs in the informal economy.

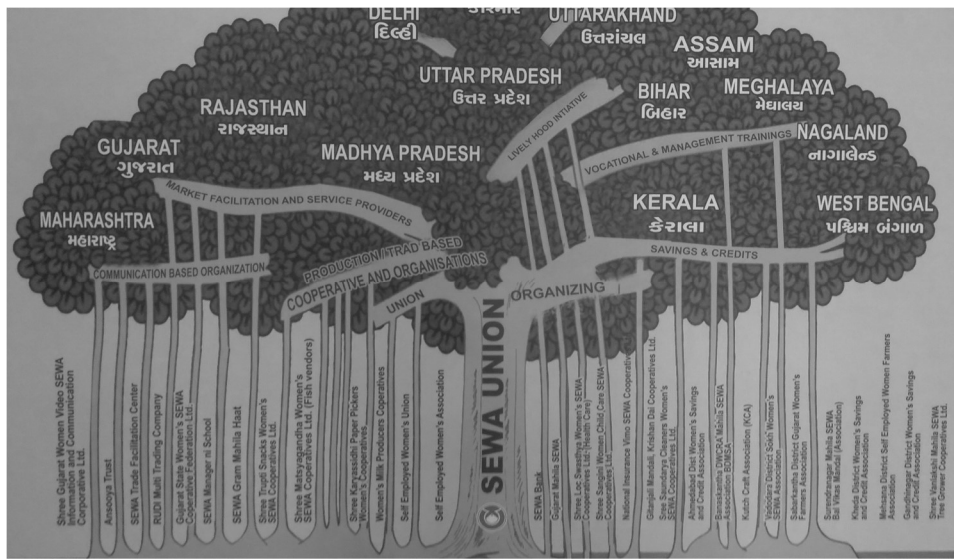
In order to examine the role of a hybrid organization for the inclusive growth of marginalized members of the society who primarily engage in the informal economy, I consider an in-depth case analysis of SEWA, the Self Employed Women's Association. SEWA is one of the largest and most diversified hybrid enterprises in the world, rivalling even the biggest private and public entities in terms of its scale. It is also the largest organization of informal workers in the world (Chen et. al. 2015). It is a self-reliant company which generates enough value to cover its expenses and finance its own growth. SEWA initiated its activities in 1972 as a trade union, which allowed it to have more legal influence on protecting the rights of self-employed women in order to empower them. With its goal of full employment and self-reliance for women in India, SEWA aims to help self-employed women so that they can have work, income, food, and social security. To reach out to a wider group of self-employed women across diverse geographical regions, SEWA has been creating sister organizations which cater to a particular industry, community, or purpose. (e.g., SEWA Insurance, Gujarat Mahila Housing

SEWA Trust, SEWA Manager in School, SEWA Bank, etc.). It has national and global influence working closely with various organizations such as the Friends of Women's World Banking; India, IRC; the International Labor Organization (ILO), and research bodies like the National Council of Applied Economic Research and the Gujarat Institute of Development Research as well as many other educational, agricultural, and management institutes.

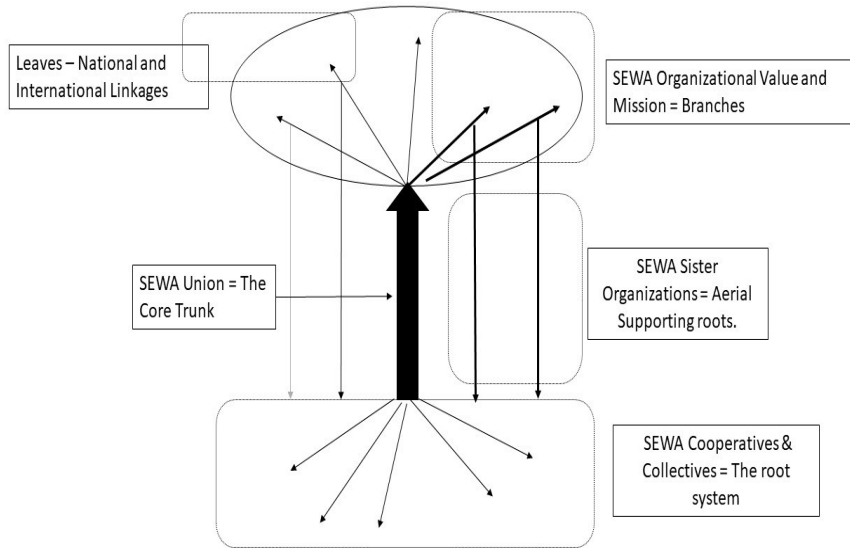
But SEWA is also a social movement and a trade union that fights for the rights of women working in the informal sector. Therefore, its social innovations and social advocacy are a part of its mission and are financed by the surplus generated by SEWA cooperatives, such as the SEWA Bank, one of its earliest and most profitable ventures. SEWA uses the image of a banyan tree (figure 3.1) to represent its organizational structure. It has chosen this metaphorical image because of the unique properties of the Banyan tree<sup>17</sup>. Older banyan trees are characterized by aerial prop roots that mature into thick, woody trunks which can become indistinguishable from the primary trunk with age. The prop roots develop over a considerable area and resemble a grove of trees with every trunk connected directly or indirectly to the primary trunk.

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<sup>17</sup> Banyan Tree: a large fig tree (*Ficus benghalensis*) native to India and Pakistan that starts as an epiphyte and has spreading branches which send out aerial roots that grow down to the ground and form secondary trunks around the host tree ( Meriam webster dictionary); Indian fig tree, *Ficus benghalensis*, whose branches root themselves like new trees over a large area. The roots then give rise to more trunks and branches. Because of this characteristic and its longevity, this tree is considered immortal and is an integral part of the myths and legends of India. Even today, the banyan tree is the focal point of village life and the village council meets under the shade of this tree. ([https://archive.india.gov.in/knowindia/national\\_symbols.php?id=5](https://archive.india.gov.in/knowindia/national_symbols.php?id=5))



**Figure 3.1(a) – Organizational Representation used by SEWA for its members. (Source: [www.sewa.org](http://www.sewa.org))**



**Figure 3.1(b) – Author’s remodeled version adapted from original SEWA organizational representation**

In figure 3.1(b), I have remodeled the original figure to a flow diagram for focus of this study. As shown in figure 3.1(a) and then in 3.1 (b), the main trunk of the tree represents its core organizational unit which sustains all the other sub-units and cooperatives. And yet the sub-units and cooperatives are self-sustaining and autonomous. These units are formed as cooperatives and composed of its members who are also beneficiaries of the services offered by the cooperative. By diversifying, SEWA and its units have been able to provide a closed-loop support mechanism both to its members in particular and to society at large in a way which the formal institutions and organizations have failed to do, largely because they did not foresee the economic benefits of such a venture. But in doing so, SEWA also engaged actively in institutional entrepreneurship by creating new institutions (such as insurance for informal economy workers, micro-financing, artisans' trade association and others) in order to change existing institutions and regulatory frameworks. (e.g., the Street Vendors Act, 2014). Thus, I demonstrate that the hybrid and novel organizational structure of SEWA, although it primarily acts as a social enterprise for its micro- level marginalized members, also engages in institutional work. It does this by playing the role of institutional entrepreneur in certain contexts and intermediary in others, operating at both meso- and macro-levels, and, thereby, it creates the stable supporting infrastructure required for sustainable social empowerment and impact.

## **METHODS**

Our research strategy involves a two-stage process, collecting archival and interview data in India. I selected SEWA for several reasons. First, SEWA has been able to become the largest organization of informal workers in the world. This drew our attention to investigating the organizing practices of SEWA. Second, as we noted earlier, the informal economy in India accounts for a sizeable portion of its GDP. Third, informal workers in India engage in these activities, not to evade taxes or sell illegal goods, but to earn a basic living. Fourth, since its inception SEWA has been able to achieve significant results by impacting the lives of its members through many channels. Fifth, SEWA has also been able to impact and modify many regional and national regulatory frameworks which were creating further marginalization. Last, one of the authors is familiar with the context of the informal sector in India. In this first stage of data collection, I examined the relevant documents tracing the sequence of events that led to many regional and national policy changes. I was able to assemble publicly available archival data that chronicled the various initiatives and milestones achieved by SEWA as a collective.

In the second stage, I collected data through interviews with individual informal workers and members of SEWA. I explored their attitude toward and identification with the collective, complex entity of SEWA. Our focus was to investigate how the structure and collective initiatives are instrumental for hybrid organizations and especially allow them to achieve the inclusive growth of their beneficiaries. I present our findings using analogy of a banyan tree.

## **FINDINGS**

Our case study identifies different ways in which social institutions develop. First, institutions develop in order to define the social issues they want to target. Second, they put in place infrastructure development to increase and sustain the human capital of the communities they work with. Finally, they develop to achieve broad institutional changes. In this way, institutions can serve as intermediaries to address a wide range of inequalities at the macro- and micro-institutional and societal levels. By addressing a range of issues and problems that impact both formal and informal economies, they empower the marginalized groups across multiple levels and enable them to access the services they need to improve their economic standing and, indeed, their entire lives and the lives of those in their family circle.

### **Finding Roots: The Members of SEWA**

SEWA as a trade union specifically for women began under the Textile Labor Association, a trade union for mill workers working in the textile mills in Ahmedabad, India. TLA, India's oldest and largest union of textile workers, was founded in 1920 by a woman, Anasuya Sarabhai. A women's wing was created in 1954 with the purpose of assisting women belonging to households of mill workers and, at that point, its work was focused largely on training and welfare activities. Over the years, SEWA leadership realized that a separate union for women workers had to be created. Thus, SEWA started as a trade union for self-employed women workers, with a focus on assisting women workers in conflict resolution and negotiation with their employers and contractors. In doing so, SEWA also scaled up in terms of its member base. This is akin to the horizontal spread of roots. While it is important to cover a

larger ground, the sturdiness and resilience comes with roots that go deeper. In case of SEWA, it did so by not limiting itself to just assisting its members with employer/ contractor work issues and relations, but also expanded into understanding how other formal and informal institutional barriers were affecting the lives of its members and preventing them from becoming socio-economically independent and self-reliant. Thus, SEWA engaged in re-organizing its core mission and began to permeate other spheres of the lives of its members. SEWA believed early on that holistic solutions could only be designed and provided if a problem was also understood in a holistic manner, instead of just looking at the manifestation of a certain cause. It can be rightfully said that SEWA used systems thinking quite early on. Thus, using the metaphor of the roots of a banyan tree which spread wide but also deep underground, SEWA's focus began to expand to wider aspects of its member's issues (wider roots) and to ensure that it engaged with every member, not just at a surface level or on a single cause. In this way, it could create solutions which would eventually help its members to solve other issues (deep roots) that affect their lives. Thus, SEWA has developed 11 goals, instead of the usual 1 or two goals that organizations develop, to address societal issues. SEWA refers to this as a holistic approach towards solving issues in a long-term manner for its members. Table 3.1 shows the goals and the questions pertaining to each goal that any SEWA initiative tries to address. Goals 1 to 7 are linked to providing full employment to its members. Goals 8 to 11 are related to self-reliance.

### **The Core Trunk – SEWA Union**

For an organization's mission to carry gravitas, the organization has to ensure the mission's legitimacy, not just with their primary stake



**Table 3.1 – Eleven Organizational Diversification Guiding Principle of SEWA**

Eleven Questions of SEWA that guide as Organizing Principles		
1	<b>Employment</b>	Have more members obtained more employment?
2	<b>Income</b>	Has their income increased?
3	<b>Nutritious Food</b>	Have they obtained food and nutrition?
4	<b>Health Care</b>	Has their health been safeguarded?
5	<b>Child Care</b>	Have they obtained child-care?
6	<b>Housing</b>	Have they obtained or improved their housing?
7	<b>Assets</b>	Have their assets increased? (e.g. their own savings, land, house, work-space, tools or work, licenses, identity cards, cattle and share in cooperatives; and all in their own name.
8	<b>Organized Strength</b>	Have the worker’s organizational strength increased?
9	<b>Leadership</b>	Has worker’s leadership increased?
10	<b>Self Reliance</b>	Have they become self-reliant both collectively and individually?
11	<b>Education</b>	Have they become literate?

holders, but also within the society at large. This means dealing with institutional forces that may not always be aligned with the mission and practices of the organization. Because of this, an organization has to take a two-pronged approach. First, it must engage in institutional work to ensure that institutions are eventually reshaped. In doing this, it reduces the marginalization of its organizational stakeholders and beneficiaries. Second, it must ensure that it provides ongoing support to strengthen the

agency of its members while also ensuring that both the organization and its members gain legitimacy within the larger society.

Thus, with its specific focus, SEWA was able to create various cooperatives based on the nature of the skills and work of its members. Simultaneously, all the members of cooperatives were registered under the SEWA union. Thus, by giving them an individual identity and focused support in their respective cooperative and also by inducting each worker into the SEWA union, the members gained legitimacy within the society and were recognized by formal institutions, thereby enabling them to operationalize their agency. Thus, with its focused mission and base of individuals it wanted to work with, SEWA was able to penetrate deeply into Indian working-class society. By creating an organizational structure with the core of the SEWA Union and various cooperatives under the larger union umbrella, SEWA was able to turn into a force to be reckoned with. It had the capacity to provide customized solutions to its members based on their local issues and through its cooperatives, and yet it was also able to mobilize them as and when needed through its collective of the SEWA Union. Thus, the core of the SEWA Union acted like the trunk of the banyan tree, connecting the roots to the branches while also functioning as the strong support structure of the entire tree.

### **The Branches & Aerial Roots: Cooperatives and Sister Organizations**

As SEWA became more instrumental in assisting its female members in their working sphere, the members were able to voice other concerns which did not pertain directly to the main mission of SEWA. One such initial concern was the lack of access to capital and financial institutions. Members described a situation in which, because of their

economic status and inability to provide collateral, they were unable to apply for a loan. Moreover, the managers and even the doormen in such institutions would not allow them to even enter their premises, lest that lead to even discussing a loan application. In the absence of access to capital and with their meagre savings, the workers were unable to make their working conditions more secure by expanding their current work. Since the social structure in India further creates economic expenditure in the form of various social responsibilities and expenses (i.e., wedding gifts for the extended family, organizing and participating in religious and social ceremonies, healthcare expenses, etc.), members were unable to break out of the vicious circle of poverty, even though they were self-employed. This led members to voice their concerns regarding access to capital and savings, which further led to the creation of SEWA bank. Over time, SEWA has initiated various additional organizations which directly or indirectly cater to the needs of its members of a certain economic and social stratum.

While the above organizations provide necessary assistance and support to self-employed women, they are not all sufficient. The women need market access, training, technical assistance, and a range of new policies as well. They need organizations which can bring their concerns to the attention of state, national, and international institutions. Thus, organizations are developed that connect self-employed women to the larger structures of the formal economy and, thus, enable their access to it. The cooperative associations developed have many different structures and purposes, as defined by the primary organization. For example, some might address the need for house while others serve a variety of other needs. Whatever the specific problem they address, they are joined

together in the overall purpose of serving self-employed women and moving them into the economic mainstream. They offer a variety of supportive services to these women, ranging from health insurance, savings and credit, and child care to legal services. The areas of capacity building and communication are also important to these women. Such a range of services is needed in order for these women to achieve full employment and self-reliance. Responding to these wide-ranging needs, SEWA assists the women themselves in organizing collectively to address them. SEWA has also learned to provide these services in the most useful ways, such as providing them in a decentralized manner, making them easy to access, and ensuring their affordability. These services can perform an additional role by providing new means of self-employment. For example, women who work as midwives or in child care can charge for their services. The range of services thus become self-supporting and self-sustaining. Women can pay for the services and this contributes to the services' viability in that they are not exclusively dependent on subsidies or grants. In fact, some supportive services such as child care and savings and credit have created their own cooperatives which are operationally self-sufficient.

By engaging such diversified services, grounded in the needs and requirements of its members, SEWA was able to scale up and spread its reach in terms of the variety of services it provided. Thereby, it created a holistic solution to its members, instead of piecemeal one. It should be noted that while operating in such a domain, the members, especially women, have higher constraints when dealing with organisational members because of social taboos. Women may not be allowed to interact with or outsiders who are not from the same neighbourhood or

community. Or they may be looked down upon if they do. Thus, it becomes difficult for them to deal with the representatives of multiple organizations who might provide them with only one or two of the services that they require. By contrast, in the case of SEWA, strong bonds are formed with because it forms a stronger bond with other female members of SEWA, one SEWA worker can become their single point of contact for all their requirements and needs. This, again, reinforces the notion of “deep roots” as SEWA workers are able to understand the actual situation of members and to develop social capital and a relationship with members, thereby strengthening the community spirit. It was not uncommon for SEWA members to share their personal and familial issues with the workers, who, in turn, would help them to face such challenges by giving them access to, and support from, the larger group and network. Thus, it can be said that the supporting aerial roots of the banyan tree eventually take root as they hit the ground, thereby further strengthening the entire organizational model.

### **The Leaves: National and International Networks**

With its various services and processes established, SEWA was able to expand its operations and reach at a national level initially. Since the poor usually face similar challenges across geographies and have similar patterns of exclusion and oppression in India, SEWA created various local chapters in various Indian states. By doing so, it was better able to reach its own members, at the same time as drawing from the common values and framework of the SEWA Union. The benefits were two-fold. The state-level chapters could benefit from some of the common services of SEWA which were available at the national level. At the same time, SEWA as an organization could benefit from its collective

strength and could mobilize them as and when needed for protests against various institutional policies and practises to change the regulatory framework in some cases (Street Vendor Act, 2014). Moreover, these members could benefit from being associated with SEWA and could access multiple SEWA units or services. For example, a member could be part of a trade group based on the nature of her occupation, be a part of a bank cooperative for savings and loans, and also be a member of the health-care insurance or training and education services. Thus, SEWA was able to provide a basket of services, tailor-made to the needs of its members and spread across geographies.

By adapting its unique organizational model, SEWA, instead of being a hybrid with a strategy resulting from two dominant logics, organised itself to pursue multiple, diverse strategies within each cooperative or organization under the core of the SEWA Union. By doing so, SEWA engaged its members in a holistic manner and created solutions to the multiple issues that often permeate the lives of marginalised individuals who face, not a single sticky problem at a time, but a plethora of problems, each being related to the other.

### **Organization Structure and Institutional Work:**

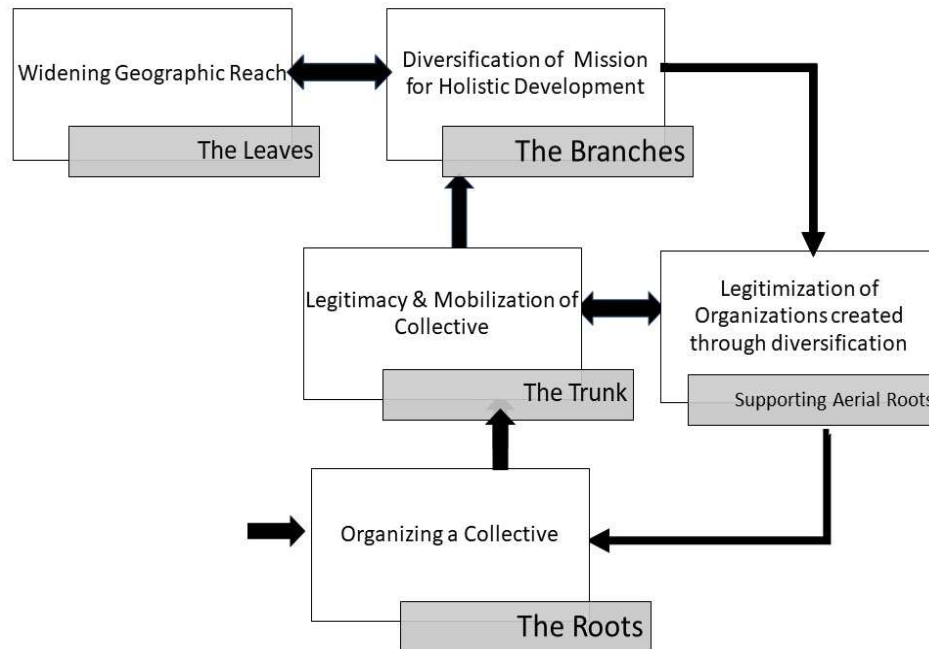
The aforementioned organizational model in figure 3.1(a) of SEWA as a banyan tree has been designed and is currently used by SEWA. I employ an institutional lens to understand how such a model is instrumental in carrying out institutional work. Our findings suggest that SEWA not only engaged in disrupting institutions that were not aligned to cater to the largely marginalised section of society but also was active in creating new institutional practices and maintaining them. Figure 3.2

shows how each of the elements of the banyan tree of SEWA was engaged in some aspect of institutional work.

**Figure 3.2 Community Organizing for Institutional Work & Inclusive and Resilient Collective of Organizations**

**Community as a Force for Institutional Disruption**

As SEWA started organizing at the grassroots level, its primary goal was to break the institutional barriers that excluded its members



from executing their rightful agency. SEWA realised early on that to stand against and overcome institutional inertia and its legacy, it would need to create a strong collective resistance by re-organizing its dispersed individual members. SEWA drew on the concept of collective movement from the Gandhian principle of mobilization of Indians in the form of nonviolent protests that eventually led to the freedom of India from the British Empire in 1947. From small practises such as morning prayer

rituals, to addressing each other as 'Sister to signing up entire neighbourhoods as members to ensuring that the process of selecting leaders and representatives for each local group was largely democratic and participatory, SEWA created a strong community cohesion among its members which helped it to mobilize them on several occasions for pushing for various institutional changes. Thus, the roots and the core trunk are the main areas within the organisational structure that continue to play a significant role for institutional disruption.

### **Hybridity as work for creating Institutions**

As a collective, SEWA is organised and builds into a community of members with various sub-collectives bound by its similar cause. Because of the nature of their trade or the institutional issues they faced, the sub-collectives are still a part of the core SEWA union which has a clear mission for its existence. Though all the sub- groups were also bound together by the similar causes of marginalization and lack of access to various markets and institutional benefits, the diversity of the sub-groups also increased. Thus, SEWA realised that, in addition to its main mission of empowering self-employed workers, it still needed to pursue various missions simultaneously. In doing so, SEWA developed various strategies to tackle such issues. These resulted in the creation of different cooperatives, collectives, and other formal organizations that could address a certain cause or issue. These organizations can be grouped by two criteria: i.) the nature of the trade of its members and ii.) the nature of the product/service it wants to provide to its members. For example, a member could be working as a dairy farmer and, thus, be a part of the dairy cooperative, but this member would also require the services of the SEWA Bank, SEWA Insurance, etc. Thus, while the



SEWA organizations providing the services were open to all its members since all members faced similar issues (like banking, savings, insurance, education, health, and childcare), the cooperatives were customised based on the nature of their employment/trade and in some cases the geographical location. By structuring itself in this way, SEWA introduced the creation of organizations which fulfilled the role that existing institutions either failed to provide altogether or, because of exclusionary practises, failed to offer to certain workers (for example, banks not allowing women to open a bank account at all or requiring allowing them to only with savings over a certain amount).

### **Auxiliary Organizations for Maintenance Work**

Sewa started with an initial mission of protecting the employment rights of its members. But, in due course, it discovered that for its women members to be fully empowered and to become resilient, it needed to support them in various other spheres of their lives. So, while the SEWA union, the umbrella organization whose core mission was to protect its members' rights as self-employed workers, focused on being an intermediary and advocacy role based organization, under its aegis it also established organizations with specific goals and social issues to address. As mentioned earlier, while this led to the creation of new proto-institutions, these organizations, in turn, supported the core trunk, while simultaneously addressing various other needs of its members in their different spheres. At the same time, it should be noted that not all organizations were created to overcome the existing institutional barriers. As SEWA's role and legitimacy increased, not just within its member base, but also in society at large, state and national governments could no longer ignore its presence or the services it to a large section of the

marginalised members of society. Therefore, SEWA become a conduit in carrying out various governmental initiatives and, at times, even proposed or initiated government funded and supported activities. In doing so, SEWA engaged actively in strengthening and maintaining both existing institutions or newly-created established by SEWA itself.

Thus, these organizations, although not the core of the SEWA mission and not necessarily catering to its entire member base, still played specific roles in addressing certain needs of its members within specific geographies and trades, and, thereby, supported them by making them resilient in, not just one particular social or economic sphere, but a holistic manner. These actions, therefore, increased their agency and empowered them to break out of the cycle of poverty.

To restate our contribution then, while Mair, Marti & Ventresca (2012) show building markets as a mechanism for marginalised communities to become more visible and sustain themselves, I extend that work by stating that such actors cannot afford to stop at just market participation but, in the longer run, to maintain the newly-developed space, need to create new institutions that will operate alongside the existing ones.

## **CONTRIBUTIONS**

In this paper, using an institutional-work lens, I contribute to the body of knowledge about the process of collective social entrepreneurship for positive social change. By situating our research in the context of institutional voids. Institutional abandonment, and deep poverty, I draw attention to the role of an intermediary who empowers disempowered actors in an informal economy. Starting from the premises that poverty is a symptom of a lack of capabilities required to achieve full economic and

social citizenship and that institutional voids also include contexts where institutions may be existing but are not broadly available, I focus on the role of collective social enterprises in providing inclusive growth to marginalised participants as an important, however understudied, aspect of the informal economy.

Our work addresses the questions posed by Stephan et al. ( ) who ask how government and economic processes can be structured to be more open and inclusive, thus powering positive social change. Some areas for investigation that their research outlines include cost/benefit analyses of promoting PSC, including impacts on organizational legitimacy and financial performance; development of new leadership styles and their impacts on staff, external stakeholders, and network building; and optimal design of PSC projects. Neo-institutional theory has established that professional actors are necessary to create profound social change (Suddaby et. al; 2013). But the question of how such change can come about in areas where professional actors are not present due to lack of social capital and the existence of systemic oppression is left unanswered.

I present an in-depth descriptive case study of how a collective of organizations, all designed to address the specific needs of actors operating in a similar social space, can lead to stronger outcomes as opposed to more typical cases where organizations try to keep a limited focus by addressing a single or a handful of social issues.

In addition, recent research examines actors who lack professional credentials or status and their relationship to institutional work. Dorado (2013) discusses the interactions between individuals and collective efforts at institutional work in the case of commercial micro-finance in

Bolivia. She finds that the dynamics of the group might be what enables individual members to successfully perform institutional work. The context of institutional work is also important. To that end, Van Dijk et al. (2011) examine micro-institutional affordances and argue that they enable individuals to create and enact radical innovations in a company setting.

Finally, much work has been devoted to studying more integrative models of institutions and their dynamics in order to reveal the wide variety of tasks that institutions develop to create and maintain themselves (Zietsma & Lawrence, 2010). We need to expand our definition of institutional work as only actions aimed at affecting institutions. This definition does not take into account the effectiveness of those actions or whether they lead to unintended consequences (Lawrence et al., 2009). Despite this reservation, however, most studies, even recent ones, concentrate on institutional work's intended effect on the institution and measure its success or failure by examining data or interviews about what happened in the past. This framework limits our understanding of the type and impact of institutional work and how institutions function day by day. There is a need to both expand and deepen our methods and our topics for study. Again, studies often undervalue the efforts of individuals in institutions. They assume expert, professional knowledge is sufficient and ignore the creativity and effort necessary to produce institutional work that is truly creative in the ways it maintains and sustains institutions. This aspect is emphasized by Lawrence & Suddaby (2006) and Lawrence et al. (2009) who name it reflective purposefulness. Our study aligns itself with recent institutional-theory work that moves

beyond academia and places it in contexts with practical relevance (See Dover & Lawrence, 2010b; Munir, 2011).

Many interesting questions emerge from these new perspectives that can add to our knowledge of institutional work. Such questions include the ways in which institutions respond to turbulent times and challenges as well as how they are able to change quickly even in periods of stability. Hybrid institutions, in particular, have been shown to be highly adaptive and able to navigate in uncertain times. They can deploy multiple, diverse strategies, including institutional logics (Mongelli et al., 2017; Pache & Santos, 2013), identities (Glynn, 2000), and organizational forms (Battilana et al., 2015). At the same time, we must note that hybrid institutions are vulnerable to sudden shocks because of their diverse components. So diversity is both a strength and a weakness, depending on circumstance. Finally, we might ask how hybrid institutions can influence and change institutional fields and how both the hybrid institutions and the changes they inspire can achieve legitimacy.

It should be noted that while mobilization is widely studied in social movement and institutional disruption literature, we still know little about how to effectively mobilize communities and groups of people. Though society at large often witnesses mobilization of masses in the form of protests or during disaster relief activities, we still do not see significant mobilization for pursuing causes for the greater good. Future research can investigate what are the micro-processes and mechanisms that are put in place to ensure an effective mobilization of individuals who eventually come together and stay organized as a collective.

Thus, to conclude, our findings suggest that being employed or having a micro-enterprise does not directly lead to escaping the vicious

cycle of poverty. To break this cycle, additional reinforcements are needed. Such reinforcements are not necessarily just in the form of economic and financial aid but also need to address the other spheres of an individual's life. Thus, reinforcements can percolate from the spheres of the health, education, training, and social awareness of the individual to their family and larger social sphere. This results in family members, especially children, who are better educated and healthier, and, therefore, better able to break the cycle of generations of poverty. Our case shows that, when one woman from a family becomes a member of SEWA and receives its guidance and support, she, in turn, helps her entire family to grow socio-economically and become more resilient in their other spheres of life.

## **CONCLUSION**

Since at least the global economic crisis of 2008, if not before, economic and political organizations have been challenged by problems that they have struggled to address. Economic institutions at all levels have failed to address growing inequality and environmental degradation. Political institutions have been unable to show flexibility and creativity in the face of crises. A broad array of institutions have been unable to reach or represent diverse constituencies. These institutional failures have been compounded by violations of trust by major businesses and institutions such as Wall Street, and national and international organizations have struggled to recover from the resulting broad losses of trust. These challenges are a part of what drives research such as ours into understudied/unstudied communities and alternative organizations around the world that might help us to create new, more responsible and responsive institutions.

### **From Linear to Multi-dimensional**

Resilience is not linear, and change is not linear (Warner burke), as a result, organizations do not have to be linear either. Also, crediting the internet era and organizations established during that period as being revolutionary and innovative within an organizational model is a bit over-glorifying the understudied. Many of the so- called newly “invented” organizations are replicating forms of organizing that have existed for a long time, probably just not discovered by academics.

The bulk of organizational theory and research has been focused on traditionally-organized institutions located in the global north. It has studied, in detail, the organizing principles and structures of hierarchical institutions and their patterns of decision-making, maintenance, and

recovery from trust violations. Studies of institutional work have largely focused on professional actors who are empowered by such hierarchies. While the history of organizational theory and research, then, sheds light on traditionally-structured institutions, there is relatively little study of grassroots communities and alternate methods of organizing processes that will address the needs of diverse groups of stakeholders. Even recent work on emerging organizations tends to focus on internet-era developments in the global north, such as Linux, Sun Systems, Youtube, Uber, Airbnb and similar others. While significant in their theoretical contribution, these foci leave out essential developments in alternative organizational forms. Simply by shifting focus to emerging economies in the global south and away from areas of traditional academic study, many important communities and alternative organizations emerge from the shadows. Our research focuses on these understudied or unstudied organizations in the global south. Each of our studies follows the messy, everyday practices of specific, uniquely-organized collectives. In this way, I add to and extend both the theory and research of organizational management.

### **From Leader driven to Collective powered**

All three chapters also try to bridge the institutional theory with strategy research. While engaging in institutional work, organizations and actors develop strategies to materialize their desired institutional change. These might be process-level strategies which operate at the micro-level or organizational strategies which deal with the existing environment and institutional forces. Both of these approaches lead to a stronger, long-term oriented approach, since the actors construct their strategies, not just to



cope with the current surrounding conditions, but by envisioning a long-term, “binding” institutional change.

With my work I present organizations that are not devoid of leaders, but I challenge the glamorous view of power residing only with leaders. Instead, I present a bi-directional flow of information, power, and strategy generation that occurs almost simultaneously. While the individual from any collective has always existed, it is the creation of the organization itself that leads to the formation of the collective, and this, in turn, nurtures and guides the strategy, growth, and mission of the organization.

Our research specifically focuses on two collective organizations in India: SEWA, a collective of self-employed women workers; and Auroville, an established community with a long history of continued success. Through these case studies, I demonstrate the ways in which collectives and alternative organizations can address the problems that traditional organizations at the local, national, and international levels have failed to. Alternative communities show creativity and flexibility in addressing a wide range of problems including: 1) how to represent and support a diverse group of members; 2) how to create resilience among members; 3) how to empower traditionally-marginalized groups to act; 4) how to create structures that are mutually reinforcing; 4) how to create processes for democratic decision-making; and 5) how support community trust at optimal levels, including building trust, maintaining it, and repairing it after violation. I believe our case studies provide important insights into these critical issues.

Our two case studies on SEWA, the Self-Employed Women’s Association, focus, first, on its support for its diverse members in all areas

of their lives. In order to build resilience in both individual members and the organization itself, SEWA discovered ways in which to build support for broad areas of its members' lives, including health, banking, and child care. By supporting these everyday needs in multiple ways, SEWA not only increased resilience but also ensured that it could be passed on to its member's families and children. Thus, SEWA provides a model that is useful for an array of social movements that wish to have an impact on society at large. In another study, we examine the structure of SEWA, which it represents in the symbol of a banyan tree. The tree has a strong central trunk or core but also has underground roots that spread and create new trunks which are yet connected to its core. The banyan tree symbolizes both the strong core principles of SEWA and its ability to spread itself into offshoot organizations that address a wide array of support mechanisms for its members.

Our case study on Auroville examines the unique structure of this community which organizes itself on principles of democratic decision-making, common ownership of land and business, and an overall goal of working for the common good. In particular, Auroville has created processes of trust creation, maintenance, and repair that serve its diverse members, who come from across the globe, well. These processes lead to many suggestions in relation to how other organizations might address the creation of trust and, especially, repair trust after violations.

Many areas of organizational theory contribute to our knowledge of how communities function, and this knowledge becomes critical to an understanding of how societies and economies function in a world where organizational boundaries are shifting and porous. The study of

communities can contribute to many areas of enquiry in organizational theory such as occupational identity, knowledge transfer, sense-making, innovation, and problem-solving. I argue that the most significant contribution that the study of communities makes is in understanding organizing processes by employing a process perspective (e.g., Van de Ven & Poole, 2005; Langley, 1999). These perspectives are important as a foundation for understanding how radical institutional change comes about as well as how social movements can effectively bring about broad social change. By empowering different actors, i.e., those often seen as disempowered, those who are directly affected create the new structures and relationships in the present day as a part of their strategy to bring about change at the societal level (Polletta, 2002). Thus, the invention of “local, collective structures” “anticipate the future liberated society” (Boggs, 1977, p. 103; Epstein, 1991; Yates, 2015).

Our studies contribute new detail and knowledge to the understanding of how alternative organizations can operate and sustain themselves. The processes they use might be adapted to a variety of circumstances and shed light different ways of addressing social issues, creating economic institutions, and empowering underpowered actors and diverse ways of approaching intractable problems. In all of these areas, there are clearly many opportunities for future research. But, if we are to discover new forms of organizing, then we need to investigate the outliers and the organizations, many of which might predominantly exist and function only in emerging-economy contexts or the global south. And only by studying them in their rich individual context, we will be able to discover new theories and constructs which can then, in turn, be

generalizable and further used in different settings and contexts, including in the global north.

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