Breaking the myth of being informal:
Transforming poor settings into inclusive informal markets

DISSERTATION
of the University of St. Gallen,
School of Management,
Economics, Law, Social Sciences,
International Affairs and Computer Science,
to obtain the title of
Doctor of Philosophy in Organizational
Studies and Cultural Theory

submitted by
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Dissertation no. 5080

Difo-Druck GmbH, Untersiemau 2021

The University of St. Gallen, School of Management, Economics, Law, Social Sciences, International Affairs and Computer Science, hereby consents to the printing of the present dissertation, without hereby expressing any opinion on the views herein expressed.

St. Gallen, October 20, 2020

The President:

Prof. Dr. Bernhard Ehrenzeller

Acknowledgements

Pursuing a PhD has been one of the most arduous tasks I have ever endeavored. It has pushed me beyond my limits and, in many ways, defined my place in this world. Like any creative work, the words that are written here belong not only to the author, but also all those who have been part of his path. We experience this world more as thresholds than as trees.[1]

I first want to extend a special thanks to VIVA Idea, the organization I worked with during my PhD years and which provided practical applications for the ideas that emerged throughout my research efforts to make a purposeful impact in Latin America. Furthermore, a significant portion of this research was financed by the organization, for which I am immensely grateful. VIVA Idea has shown me that organizations can be simultaneously hardworking, flexible, and innovative. I am immensely grateful to VIVA Idea and its founder, Stephan Schmidheiny, for creating a space in which rigorous, groundbreaking research fosters the contextualized knowledge that is so needed in the Latin American region, where imported solutions have largely fallen short.

Then, there are my family and friends. Thanks to my mom, who has loved me unconditionally without needing to understand my actions or decisions. Love was enough. Thanks to my dad, who has always taught me to look to the stars and experience life as a continual mystery. To my sister, for accompanying me on a similar, yet wholly unique path. To my brother, for always accepting and loving me despite the physical distance that has sometimes separated us. To my *Nana*, who cared for me as if I were her own child and who unwittingly gave me the opportunity to explore places outside my origin, which have contributed immensely toward walking an authentic

[1] This sentence is a slightly changed excerpt from the upcoming novel *Raíz* ("Roots"), written by the author of this thesis ("*Vinimos a este mundo más como umbrales que como árboles*") (In English, "We came to this world more as thresholds than as trees"). It is also used in the beginning of the last chapter of this thesis. The novel will be officially published in 2021 or 2022.

journey. To my friends, in all the countries I have lived. They have taught me that no space is relevant if not shared with others. A special thanks to Francisco and José Ignacio, two of my oldest friends, who, through Skype calls between Miami, San José, and Concón, kept me sane in my loneliest moments. To my girlfriend, Raquel, who patiently and lovingly listens, time and again, to my myriad ideas and words. She has effortlessly labored to help me remember that love is impossible to grasp, as it is always in between.

And then there are those who played key roles during my research. I want to thank Corentin Larue, a research team member who previously worked in Talamanca, and who so generously helped me with this thesis. I trust that the friendship that developed as a result will continue through the years. I also want to thank all those in Talamanca and La Carpio who expressed their perspectives, talked openly, and shared their time with me. A large part of this thesis was only possible thanks to them. And a special thanks to Johnny, who opened the invisible doors of La Carpio for me, giving a new perspective to my ideas.

I would also like to add a note of gratitude to Stephanie Ament and Joselyne Hoffmann, who edited and revised the English version of this thesis. Without them, the quality of this work would have been much lower. Their efforts to understand my ideas not only reflects their skills as professional translators, but also as dedicated crafters who polished and gave stronger value to every word and idea I intended to express.

Academics who served as mentors also played an important role in forging these pages. I am grateful for professors such as George Bennett, who provided me with a foundation from which to study the philosophy of science, and who so kindly and generously shared his knowledge. Thanks to Oana Branzei, for letting me be part of the best PhD consortium I could have asked for, and for introducing me to multiple future colleagues and current high-level academics who have inspired in me a profound sense of hard work, community, and friendship. To Jeffrey York, for his refreshing perspective on academia and writing, and for encouraging me to maintain and enlarge the rebelliousness of my ideas. To all the PhD students I met along the road—we

all faced similar challenges, and sharing our ideas, hopes, and frustrations helped me immensely.

I would also like to thank Chris Steyaert. His courses, as well as his personal advice, have had a profound impact on my way of thinking and being in the world. Chris connects with his students in a way that fosters a truly magical atmosphere, where knowledge can emerge in a way I had never experienced. I am deeply thankful for every moment I shared with him.

To Thomas Dyllick, who, as co-supervisor of this thesis, provided important advice when I needed it, guiding my work toward more fruitful outcomes. Thank you, Thomas, for lending me a hand throughout my PhD.

I would like to conclude by thanking Urs Jäger, my supervisor, and—I can now say—my dear friend. Thank you, Urs, for having faith in my ideas when few people did. Thank you for being my steadfast mentor, and for helping me find my place in the world instead of repeating someone else's thoughts and ideas. You have opened such a vast horizon for me, which I look forward to exploring in the years ahead. You have challenged me in subtle and elegant ways, nudged my courage so that I could see what I was not prepared to see, say what I was not prepared to say, and be what I was not prepared to be.

Santiago, May 31, 2020 Felipe Symmes

Table of Contents

ABSTRACT 12
KURZFASSUNG 13
PREFACE 14
CHAPTER 1 – INTRODUCTION 17
CHAPTER 2 – PROBLEMATIZING INCLUSIVE MARKETS BY ANALYZING INFORMAL MARKETS IN DEVELOPING COUNTRIES AND THEIR CONNECTION WITH FORMAL MARKETS 31
2.1. Formalization as a means of escaping from poverty: Helping the poor or harming them? 33
2.1.1. The informal initiatives of the poor 33
2.1.2. Critiques on formalizing the entrepreneurial initiatives of the poor 36
2.1.3. Informality as a reaction to the exclusion of the poor in developing countries 41
2.2. The institutions that allow informal markets to function and enable the poor to thrive in developing countries 47
2.2.1. Normative and cognitive pillars that constitute informal institutions 47
2.2.2. Informal markets that function based on informal institutions 53
2.2.3. The role of informal institutions for market activity when formal institutions are exclusionary 57
2.3. Cooperations between formal and informal markets 61
2.3.1. Developing countries configured by developed-formal and developing-informal areas 62
2.3.2. Cooperations between formal and informal markets formed by connecting developed-formal and developing-informal areas 64
2.3.3. Institutional differences and asymmetries of power hindering the emergence of inclusive cooperations 67
2.4. Conclusion 73
CHAPTER 3 – USING INSTITUTIONAL AND BOUNDARY WORK TO UNVEIL HOW INCLUSIVE MARKETS EMERGE AND FUNCTION 76
3.1. How institutional work enhances the positive side of informality 77
3.1.1. Recursion between action and institutions as a means of explaining institutional work 78

3.1.2. Actions and interactions towards creating institutions 82
3.1.3. Relations that impact the ontology of actors and their contexts 91
3.2. How boundary work connects formal and informal markets through inclusive cooperations 99
3.2.1. Boundary work for creating barriers between actors in different institutional settings 99
3.2.2. Using the lens of boundary work to explore relations between actors from different institutional settings 102
3.3. Conclusion 105
CHAPTER 4 – METHODOLOGY 108
4.1. Indigenous communities and urban slums as extreme examples that illustrate the diversity of informal markets 109
4.2. Case studies as a methodological approach 112
4.3. Methodology of Case Study I: Cooperations between FT and indigenous Bribri banana producers 115
4.3.1. Research setting 115
4.3.2. Data collection 123
4.3.3. Data analysis 126
4.4. Methodology of Case Study II: Cooperations between used clothing importers and entrepreneurs in the La Carpio slum 131
4.4.1. Research setting 132
4.4.2. Data collection 144
4.4.3. Data analysis 147
4.5. Comparison of case studies 154
4.6. Conclusion 158
CHAPTER 5 – FINDINGS AND THEORIZATION OF CASE STUDY I: INCLUSIVE BANANA MARKET EMERGING THROUGH RESPECTING WORK 161
5.1. Phase 1: Training the Bribri to adapt to international standards and develop more efficient performance 164
5.2. Crisis: When two extremely different cultures collide 172
5.3. Phase 2: Working together in the field and experiencing moments of encountering 193
5.4. Theorization: Respecting work between indigenous communities and multinationals 203
5.4.1. Culture as a way of "becoming" and an ontological institutional level that frames informal market activities in indigenous communities 204

5.4.2. Respecting work to develop inclusive cooperations between indigenous communities and multinationals 208
5.5. Conclusion 220
CHAPTER 6 – FINDINGS AND THEORIZATION OF CASE STUDY II: INCLUSIVE USED CLOTHING MARKET EMERGING THROUGH INFORMALIZING WORK 222
6.1. Phase 1: Community building 225
6.2. Phase 2: Financial inrushing from the city 232
6.3. Phase 3: Informalizing products 239
6.4. Phase 4: Competing in the La Carpio used clothing market 249
6.5. Theorization: Informalizing work between entrepreneurs in urban slums and local companies and small-medium enterprises in the city 258
6.5.1. Entrepreneurs "becoming" the blending of formality and informality as an ontological institutional level that frames informal market activities in slums 259
6.5.2. Informalizing work to develop inclusive cooperations between entrepreneurs in urban slums and local companies and small-medium enterprises 266
6.6. Conclusion 285
CHAPTER 7. COMPARATIVE THEORETICAL CASE STUDY ANALYSIS 287
7.1. Extreme cultural differences that enhance market activity in indigenous contexts vs. Blended ambiguous formal and informal institutions that enhance market activity in urban slums 289
7.2. Top-down respecting work vs. Bottom-up informalizing work 301
7.3. Conclusion 321
CHAPTER 8 – THEORETICAL CONTRIBUTIONS 325
8.1. Contributions toward the concept of inclusive markets, informal markets, and cooperations between formal and informal markets 327
8.1.1. Informal markets emerging by institutionally connecting to formal markets and transforming poor and informal settings 327
8.1.2. Understanding informal market activity through ontological, normative, and cognitive institutions 334

8.1.3. Inclusive informal markets forged via cooperations with formal markets as a desired activity in developing countries 342
8.2. Contributions toward the concepts of institutional work and boundary work 350
8.2.1. Ontological work as the strongest level of institutional work 350
8.2.2. Exploring and experiencing beyond boundaries by respecting diversity and working over exclusionary structures 363
8.3. Conclusion 369
CHAPTER 9. CONCLUSIONS 371
9.1. The nuances of socially desirable market activity in poverty and informality 372
9.2. Public policy recommendations 374
9.3. Contextual methods for studying market activity in poverty and informality 381
9.4. Closing remarks 389
REFERENCES 392
Curriculum Vitae 428

List of Tables

Table 1. Interview data for Case Study I 126
Table 2. Interview data for Case Study II 147
Table 3. Culture clash between the project team and the Bribri community 174
Table 4. Institutional dynamics that explain the emergence and functioning of market activity in indigenous communities and urban slums 290
Table 5. Differences between respecting work and informalizing work ... 305

List of Figures

Figure 1. Organizations involved in the CSV project. 121
Figure 2. Organizations involved in the “American clothing” market in La Carpio. 140

Figure 3. Phases of the CSV project.....163
Figure 4. Respecting work between multinationals and indigenous communities.....212
Figure 5. Phases of market cooperations with mutual gains between entrepreneurs in La Carpio and importers in the city, and the emergence of the used clothing market in the slum.....224
Figure 6. Informalizing work between entrepreneurs in slums and local companies and small-medium enterprises.....270
Figure 7. Top-bottom respecting boundary work.....302
Figure 8. Bottom-up informalizing work.....303

List of Images

Image 1. Bribri house. Note the lack of walls in most of the structure. 117
Image 2. Living room of a Bribri house. 118
Image 3. A Bribri producer supports a banana plant with a length of bamboo. 119
Image 4. Banana transportation chain. 120
Image 5. Project team members and two Bribri producers (left to right). .122
Image 6. An UCANEHU community event aiming to strengthen relations with the Bribri. 122
Image 7. International buyers receive banana from Bribri producers. 124
Image 8. Neighbors help one another to prepare banana for sale. 124
Image 9. Geographical location of La Carpio and its connection to San José via one road out/in. 133
Image 10. Road connecting the La Carpio slum to the city of San José. ..134
Image 11. BIUSA buses transporting residents of La Carpio to the city...134
Image 12. A typical residency in La Carpio (in blue).....135
Image 13. Used clothing importer Paca Loca, located in the city of San José. 136
Image 14. Example 1 of a used clothing store inside La Carpio. 137

Image 15. Example 2 of a used clothing store inside La Carpio. 137
Image 16. Example 3 of a used clothing store inside La Carpio. 138
Image 17. Advertising by used clothing importer Paca Loca, in the city of San José..... 141
Image 18. Facebook advertising by used clothing importer Mavi, listing prices per bale type. 141
Image 19. Facebook advertising by used clothing importer Mavi, promoting the pecuniary and non-pecuniary benefits of commercializing merchandise. 142
Image 20. Facebook advertising by used clothing importer Mavi, offering sales for bulk purchases. 142
Image 21. Facebook advertising by used clothing importer Mavi, offering delivery of packages throughout the country. 143
Image 22. Facebook advertising by used clothing importer Mavi, offering no-interest payments for smaller distributors..... 143
Image 23. Facebook advertising for used clothing importer Mavi, offering rags that can be used to wash cars or for other gas station, construction, or industrial uses. 143
Image 24. Facebook advertising by used clothing importer Merche, promoting entrepreneurship opportunities to buy and sell used clothing. . 144
Image 25. SIFAIS offices. 146

Abstract

Aiming to fill the gaps in the literature on informal markets and cooperations between formal and informal markets in developing countries, this thesis links the theoretical lenses of institutional work and boundary work to answer the question: *How can markets emerge as inclusive arenas for the poor?* Mainly participatory observations and ethnographic methods were used to gather and analyze data from two case studies in Costa Rica. The first case focuses on the banana market and cooperations between the Bribri indigenous community and the multinational corporation FT. The second focuses on the used clothing market and cooperations between entrepreneurs in the La Carpio urban slum and local companies and small-medium enterprises. Both cases evidence how the actions-relations-institutions trident explains the emergence and functioning of inclusive markets at different institutional levels. In the first case, multinational actors enhance "respecting work" when cooperating with indigenous communities and, therefore, promote the emergence of inclusive markets mainly at cognitive and normative levels. The second case shows a different phenomenon, as entrepreneurs selling used clothing in urban slums enhance "informalizing work" by embodying the continuous institutional connection between formal and informal markets, which promotes the advent of inclusive informal markets, mainly at the ontological level. The difference between poor and informal settings, informal markets, and *inclusive* informal markets is one of the core outcomes of this thesis. This difference suggests that transforming poor and informal settings into inclusive informal markets is an institutional challenge. Nevertheless, it is not one in which formal institutions are the protagonists, nor are philanthropic or normative ethical obligations to cooperate with weaker and poorer counterparts. Poverty and informality have value, which needs to be explored by a broad diversity of actors emerging at different institutional levels, including both those who reside in these contexts and those who do not.

Keywords: informal markets, inclusive markets, cooperations, institutions, institutional work, ontology, boundaries, relations

Kurzfassung

Die vorliegende Dissertation verbindet die theoretischen Brillengläser der Institutions- und der Grenzarbeit, um die folgende Frage zu beantworten: *Wie können Märkte zu integrativen Räumen werden?* Partizipatorische Beobachtungen und ethnographische Methoden wurden bei Datensammlung und -analyse von zwei Fallstudien in Costa Rica verwendet. Die erste Fallstudie fokussiert auf die Marktorganisation für Bananen und die Kooperationen von Bribri-Gemeinschaften und dem Konzern Gerber. Die zweite behandelt den Altkleidermarkt und die Kooperation von Unternehmern in Elendsgebieten in La Carpio mit kleinen lokalen Unternehmen. Aus beiden Fällen ist es festzuhalten, wie der Dreizack aus Aktionen-Verhältnissen-Institutionen die Entstehung und das Funktionieren integrativer Märkte auf verschiedenen institutionellen Ebenen erklärt. Bei erster Fallstudie fördern multinationale Akteure die Rücksicht vielfältiger Lebensstilen bezüglich der Kooperation mit indigenen Gemeinschaften, infolgedessen die Entstehung integrativer Märkte zumeist auf kognitiven und normativen Ebenen ermöglicht wird. Die zweite Fallstudie weist ein verschiedenes Phänomen auf. Dabei verstärken Unternehmen, die Altkleider in Elendsgebieten verkaufen, die Informalisierung der Arbeit durch die Verkörperung durchgängiger institutionellen Verbindungen zwischen formellen und informellen Märkten. Das begünstigt die Ankunft integrativ informeller Märkte, überhaupt auf der ontologischen Ebene. Der Unterschied zwischen armen und informellen Einstellungen, informellen Märkten und *integrativ* informellen Märkten ist eines der bedeutendsten Ergebnisse dieser Dissertation. Armut und Informalität haben einen Wert, dessen Beachtung seitens einer breiten Vielfalt von Akteuren aus verschiedenen institutionellen Ebenen verdient. Dies betrifft ohnehin die Sorge deren, die in diesen Zusammenhängen leben und die nicht.

Schlüsselworte: informelle Märkte, integrative Märkte, Kooperationen, Institutionen, institutionelle Arbeit, Ontologie, Grenzen, Verhältnisse

Preface

Years ago, while studying at La Sorbonne in France, some university friends told me that the only place I could renew my student VISA was in a municipal building located along the border between Paris and its *banlieus*. I took the metro, then the RER, and arrived at 5:30 a.m. A large line of immigrants, mainly Africans and Latin Americans, were already waiting in line for the doors to open. The office only handled VISA renewals from 9:00 a.m. to 12:30 p.m. I got in line, and opened *Dr. Zhivago*, a book I often carried with me, and settled myself into the patience I expected I'd need to wait hours.

It was cold. Despite my eagerness to read what had become one of my favorite novels, I couldn't focus. After a few minutes, I felt something new arise. It wasn't just the frigid temperatures that mainly affected my hands, which were exposed so I could hold the book open. The feelings were intense and, at first, I couldn't make sense of them. More time passed and looking around I realized what I was feeling—a sense of desperation, shared by the others standing in line with me. It was the desperation of not being included in the French system. If we wanted to participate in benefits such as social security, access to employment, and the right to study, we needed to be included. All we wanted was to be part of that system.

Everyone in line was filled with anxiety, because of how the formal system controlled our fate in that country. Long hours lay ahead. Would we be allowed in before the municipality closed its doors for the day? Would acceptance be granted? What would we do if rejected? Hours oscillated between attempting to focus on *Dr. Zhivago*'s love-tormented story during the Russian revolution and experiencing the anxiety of the line. Lucky for me, just before closing I was ushered into the municipality and was able to renew my VISA. The hundreds that arrived later than I did, though still early, weren't so fortunate, and were told by the authorities that they would need to come back another day. Some people complained, but not many, and then everyone walked away in the snow.

The streets were completely white, contrasting the colors of their skin. I thought I saw Kamut, an African immigrant with whom I'd washed dishes all summer in the little village of Valloire in the Alps, and beside him was a woman I'd met few nights earlier during my shift as a watchman at a hostel at Montmartre. She had asked me if she could sleep on the floor of the hostel for a few hours before sunrise. "I need to get out of the cold, and I have no money," she had told me. "Please, have pity." I had, even if it implied risking my only source of income. I sat in the hostel reception area and studied for my exam while she snored exhaustedly on the floor. The municipal guard pushed me through the door, as I watched Kamut and the woman recede into the snow. "Impossible," I thought. The two had never met.

Inside the municipality, I waited another hour or more. I felt my body warming in the heated room. Eventually, I handed my documents to a civil officer, who interviewed me. With a serious posture and a gruff voice, he told me that everything looked in order. However, in the cubicle next to me, I watched an African immigrant from one of the French colonies get turned away. He didn't understand, he told the official; he had all the papers they requested. He argued and argued but nobody seemed to listen. He started to be carried away outside of the building and eventually lost all rational thought. He shouted in a language none of the officials understood. The police escorted him out the door.

When I arrived home to the apartment near Place d'Italie that I shared with some friends, I wrote furiously. I wrote poetry, and free-flowing prose. I had to articulate what I'd experienced that morning. I wrote a narrative, in the form of an essay. What eventually emerged was a comparison of what I felt that morning with my experiences in developing countries, where, in contrast, I neither felt nor witnessed any sense of desperation to be accepted by the formal system.

The street vendors who sell their products each day on the border between Nicaragua and Costa Rica, the indigenous communities in Bolivia known for their commercial skills, the artisans in Mexico who have developed their craft over generations—all seemed to avoid the formal system at all costs. In Chile, my

Nana, who helped my family with domestic duties for more than thirty years, and whom I consider my second mother, lived in the poorest area of Santiago after having migrated from the rural part of the country in search of a better life. But she was never particularly eager to be part of the formal system. Nevertheless, she endeavored to access opportunities to thrive. She worked in her poor neighborhood and forged relationships with families like ours that were located in the wealthier zones of the city, until she passed away more than a decade ago. Even I, the son of employees of multinational companies, who, after becoming economically self-sustaining, has moved frequently and lived outside my home country for many years, would negotiate my labor contracts as an independent professional in the most informal way possible. I've been able to earn a living by working in contexts of poverty and conducting research that attempts to make an impact in these settings. In many ways, I have gained an innovative perspective on the challenges of sustainable development by relating closely to people living in poverty, which has allowed me to differentiate myself within an extremely competitive academic and practitioner-focused development market.

There was something extremely valuable that all of us were trying to retain by keeping ourselves out of the formal system, and that something did not exist in France. In fact, it wasn't a "thing" at all. It was about moving forward—about living, surviving, and thriving.

Chapter 1 – Introduction

Je suis l'autre.[2]
Arthur Rimbaud

I don't recall when I first encountered this sentence. It was likely when I was living in France; maybe before, maybe after. Regardless, it's a line of poetry that has never left me. I return to it often, but never thought I would be using it to convey my ideas about management and organizational studies at an academic level. The sentence, *Je suis l'autre* ("I am the other"), reflects the human experience as being simultaneously individual and collective. The limits between the two are a timeless and universal mystery. More importantly, it reflects that relations—that is, the ways that we interact and relate to one another—are a key part of the human experience. They profoundly affect our thoughts, our actions, and our being.

This thesis explores relations that have so far received little academic attention: those that allow markets to emerge as inclusive, participatory arenas for the poor. Markets have increasingly been considered to be an important tool for the development of excluded groups and individuals, such as those living in poverty and outside the formal economy (WorldBank, 2013). The concept of *inclusive markets* has, therefore, mainly been discussed by researchers and practitioners who argue that markets can emerge as participatory arenas for social interaction and economic exchange for the poor and other excluded categories of people (Mair, Marti, & Ventresca, 2012; Mendoza & Thelen, 2008). Markets can be places where the disadvantaged are able to develop abilities, opportunities, and dignity that ultimately allow them to realize their potentials (Sen, 2000; WorldBank, 2013).

[2] "I am the other."

Most perspectives on market mechanisms for inclusion propose formalizing the poor's entrepreneurial initiatives (Godfrey, 2011; Hart, 2010; Klassen & Vereecke, 2012; Saatcioglu & Ozanne, 2013; Schuster & Holtbrügge, 2014; VanSandt & Sud, 2012). The fact that the poor lack market knowledge (London, Anupindi, & Sheth, 2010) and that their initiatives fail to adhere to established formal institutional rules (Feige, 1990) such as property rights, regulatory frameworks, legal systems, and infrastructure, inhibits efficient and transparent market exchanges (Arnold & Quelch, 1998; Greif, 2006; Khanna & Palepu, 1997; Schuster & Holtbrügge, 2014; Wright, Filatotchev, Hoskisson, & Peng, 2005). This perspective assumes that formal markets enable the poor and disadvantaged in informal contexts to improve their abilities, opportunities, and dignity by being included in the formal sector, which in turn increases the quality of their initiatives and promotes cooperations with formal markets.

However, this perspective of formalization fails to grasp that, due to the complexities of poverty and exclusion, formalization does not necessarily promote the emergence of inclusive markets. There are two reasons for this. First, formalization ignores the positive characteristics of informality, such as the innovations involved with launching initiatives with limited resources, adaptations to cultural diversity, and the flexibility of organizational models (Baker & Nelson, 2005; Godfrey, 2011; Sen, 1999). The very terms *poor* and *informal* reflect the conceptualization of these phenomena in negative terms (Goertz, 2006) by defining them as *non-formal* markets, thus overlooking the institutional arrangements that allow them to function. Furthermore, the poor are defined as a burden, and multinationals, local companies, and small-medium enterprises do not find value in generating market cooperations with them unless they transition to the formal sector. Second, perspectives of formalization do not consider the failed formal institutional settings that are common in most developing countries, and which are characterized by extremely rigid, inefficient, and corrupt formal institutions (de Soto, 1989) and which neither include nor favor the poor and other disadvantaged groups (Easterly, 2010) such as members of indigenous communities or slums.

Therefore, formalizing the poor in developing countries often implies including them in formal institutional settings that do not favor their development.

This thesis explores an emergent approach, arguing that markets can be made more inclusive by promoting the independent economic activities developed by the poor in informal markets and enhancing cooperations between these initiatives and formal markets, such as with multinationals, local companies, and small-medium enterprises. This understanding follows the logic of Sen (2000), who suggests that the inclusion-exclusion dynamic is both relational and processual, implying that it is the lack of relations—or, more specifically, a certain quality of these relations—constructed by the poor that leads to their capability failure. It can, therefore, be argued that the act of the informal becoming formal simplifies inclusion analyses, as this process does not necessarily benefit the poor. A different, more positive side of informality exists, which has not been sufficiently studied and which questions the assumption that these markets are negative scenarios for market activity, particularly in developing countries, and that they emerge, rather, as places ripe with potential opportunities (Sen, 2000; WorldBank, 2013). This calls for an approach that considers the opportunities generated by the cooperations that occur between informal markets and formal markets, which are not limited to formalizing the informal.

Unveiling the positive side of informality and how market cooperations can achieve tangible benefits for entrepreneurs in informal markets, ultimately helping them to climb out of poverty, seems to be the most important aspect for studying the emergence and functioning of inclusive markets. Informal institutions allow informal markets to function outside of the law and promote the emergence of market activities that favor the poor (Webb, Tihanyi, Ireland, & Sirmon, 2009). These initiatives are strongly connected with cooperations with formal markets. Formal and informal markets function due to institutions with vastly different characteristics (Mair et al., 2012; Reinecke, Donaghey, Wilkinson, & Wood, 2018) reflecting asymmetric positions of power, and therefore these cooperations usually develop under unfavorable terms for the poor (Sen, 2000), and can even

exhibit an exploitative character (Chakrabarti, 2016; Sen, 1999). However, these barriers can be overcome by enhancing inclusive relations between formal and informal markets. In this sense, an inclusive market approach that focuses on the positive aspect of informality and cooperations between formal and informal markets differs from the literature that has understood inclusion with different lenses, mainly been led by researchers from developed countries. Such literature discusses inclusion only in terms of employment inclusion within companies (Nishii, 2013) that employ people with disabilities (Fujimoto, Rentschler, Le, Edwards, & Härtel, 2014); inclusion through social enterprises (Austin, Gutiérrez, Ogliastri, & Reficco, 2006; Austin, Stevenson, & Wei-Skillern, 2006; Vidal, 2005); the inclusion of small-medium enterprises in established markets (ECLAC, 2011); or inclusion as an ethical issue (Akaah, 1992).

Studies on inclusive markets in developing countries have mainly unfolded along two streams of literature: that of informal markets, and that of cooperations between formal and informal markets. These two streams have largely developed in isolation, which has hampered more profound analyses on the emergence and functioning of inclusive markets. The first stream—research on informal markets—has focused on the character of the informal institutions that allow them to function (Webb et al., 2009). Although this perspective has made great advances in showing the positive side of informal markets in terms of helping the poor to flourish in their inherently challenging contexts, it has ignored three issues. First, it focuses on the normative and cognitive levels of informal institutions, ignoring more abstract and general levels related to the institutional discussions in ontological terms. Second, most studies in this stream focus on unveiling the institutions that frame informal market activity, not on understanding the processual dynamics that contributed to their emergence. Third, studies in this stream have assumed that informal markets develop in isolation (Portes & Jensen, 1989; Shantz, Kistruck, & Zietsma, 2018; Wilson & Portes, 1980), neglecting the impact of cooperations on their emergence and functioning. Meanwhile, in recent years the second stream of literature—that of cooperations between formal and

informal markets—has mainly been limited to cooperations across different institutional settings in globalization processes (Reinecke et al., 2018). These discussions have largely ignored the perspective of the entrepreneurs in informal markets who are involved in these cooperations (Branzei & Abdelnour, 2010), assuming them to be passive counterparts for whom cooperations with richer formal counterparts are always beneficiary. These gaps indicate opportunities for new research that focuses on understanding the complexity of how inclusive markets emerge and function.

The literature on informal markets has been particularly helpful in differentiating between formal and informal institutions and the importance of the latter for the functioning of informal markets. Formal institutions are regulative and protective mechanisms represented by explicit coercive rules that shape market interactions (North, 1990; Scott, 2001), and are enforced by governmental authorities (Webb et al., 2009). In contrast, informal institutions are defined as normative and cognitive mechanisms that function outside the formal regulatory and protective institutional frameworks promoted by the state (Scott, 2001; Webb et al., 2009). Normative and cognitive institutions are, therefore, interdependent pillars that endow institutional legitimacy to market interactions in these settings (Webb et al., 2009).

Due to malfunctioning or non-existent formal institutions in developing countries (de Soto, 1989; Easterly, 2010), informal institutions are particularly important for growth because they help the poor face their inherently challenging contexts (Rindova, Barry, & Ketchen Jr., 2009). Several empirical works suggest specific normative and cognitive institutions that allow informal markets to function. Solidarity ties (Boisot & Child, 1996; Portes & Schauffler, 1993), informal networks (Godfrey, 2011; Portes & Schauffler, 1993) and trust (Portes & Haller, 2005), for example, have been proposed as the main normative institutions that underpin informal markets. With respect to the cognitive pillar, studies suggest that there are specific skills that entrepreneurs need in order to recognize and explore opportunities (Cornelissen & Clarke, 2010; Jelinek & Litterer, 1995) in poor and informal settings (Hall, Matos, Sheehan, & Silvestre, 2012). Additionally, some

studies have focused on the negative influence of non-western cultures on developing cognitive entrepreneurial capabilities for identifying and exploiting market opportunities (Holmes Jr., Miller, Hitt, & Salmador, 2013; Mair et al., 2012; Shantz et al., 2018).

This research stream has been enlightening in terms of destigmatizing informal markets as negative scenarios for market activity, highlighting the intense institutional dynamics of poverty contexts. However, as mentioned above, three issues have not yet been addressed in this regard: 1) It focuses on the normative and cognitive levels of informal institutions, ignoring the more abstract and general levels related to the institutional discussions in ontological terms; for example, studies do not address the possibility that relations in poverty settings could intensely affect ways of being of specific individuals and groups, or that indigenous communities are culturally distinct from western cultures in ontological terms; 2) most studies have focused on unveiling the institutions that frame informal market activity, failing to understand the processual dynamics that contributed to their emergence; 3) informal markets do not necessarily emerge in isolation, as cooperations with formal markets are an intrinsic part of their institutional dynamics.

The research stream on cooperations between formal and informal markets in developing countries has begun to fill the third gap in the literature on informal markets, based on the fact that developing countries are configured by developed-formal and developing-informal arenas that are distinctly dependent from one another (Webb, Kistruck, Ireland, & Ketchen, 2010). These researchers followed the line of the economists that have largely led this discussion, showing that formal and informal markets in developing countries are extremely interdependent (Beneria, 1989; Benton, 1989; Chakrabarti, 2016). Globalization has allowed market cooperations to increasingly emerge across national and institutional borders, and formal market players find value in cooperating with entrepreneurs in informal markets (Reinecke et al., 2018). For example, the positive role of multinationals in opening markets within poor and informal settings (due to their economic and non-economic resources) has been highlighted (London

et al., 2010; London & Hart, 2004). While few studies have taken into account the importance of local companies and small-medium enterprises in cooperations with entrepreneurs in informal markets, in developing countries these organizations are more socially embedded in local contexts (Karnani, 2007) and, therefore, seem to deal more effectively with informal institutions that allow market activities to function in contexts of poverty (Mesquita & Lazzarini, 2008).

Despite these contributions, this stream of research does not clarify how cooperations with formal markets promote the emergence and functioning of inclusive markets. It has been argued that asymmetries of power between such dissimilar institutional environments (Mair et al., 2012; Reinecke et al., 2018) do not allow entrepreneurs in informal markets to benefit from cooperations with their richer, formal counterparts (Cardoso, 1976). Moreover, studies that follow this stream often explicitly or implicitly assign no value to poverty and informality, so cooperations are more often viewed as an abuse of the power by richer, formal counterparts to reduce costs (Chakrabarti, 2016; Sen, 1999) or a normative ethical obligation to cooperate with weaker, informal players (Khavul & Bruton, 2013; London & Hart, 2004).

This brief analysis of these two research streams shows the main gaps that exist in understanding the emergence and functioning of inclusive markets in its full complexity. On the one hand, studies on informal markets have focused on the normative and cognitive institutions that allow informal markets to function, ignoring the institutional discussion in ontological terms. Furthermore, studies have mainly defined institutions as static entities and, therefore, have not approached the processual dynamics of these markets. On the other hand, studies on cooperations between formal and informal markets have neglected the potential role of these cooperations in informal market institutional dynamics and their inclusive character, thus have missed the opportunity to contribute to an understanding of how formality and informality can best benefit from one another and explain the emergence of inclusive markets.

To attend to these gaps, this thesis links the theoretical lenses of institutional work and boundary work through a two-fold approach by asking the question, *How can markets emerge as inclusive arenas for the poor?* Case studies in different settings of informal markets were endeavored. As informal markets are an undertheorized subject (Godfrey, 2011; Portes & Haller, 2005; Portes & Schauffler, 1993), case study methods were used to advance the creation of theory (George & Bennett, 2005) in informal markets and how their institutional dynamics are linked with cooperations with their formal counterparts and with the emergence of markets as inclusive arenas for the poor. Specifically, two cases in Costa Rica were chosen. Case Study I focuses on the banana market and cooperations between the multinational food corporation FT[3] and indigenous Bribri banana producers residing in the extremely rural region of Talamanca. This case focuses specifically on a shared value initiative in which FT, which for many years had purchased bananas from the Bribri producers for its international production processes, intended to ameliorate the quality of these cooperations. Case Study II focuses on cooperations between local used clothing importation companies and small-medium enterprises and entrepreneurs of the urban slum of La Carpio who act as their distributors in extreme poverty settings. This case illustrates the emergence of the slum beside the capital city of San José, and how entrepreneurs within it were able to enhance cooperations with formal markets in the city to increase market activity within the slum. In both cases, ethnographical and participatory observations (Czarniawska, 1997; Kunda, 1992; Zilber, 2008) were used to account for a deeper understanding of informality and cooperations between entrepreneurs in informal markets and their formal counterparts.

The results of this thesis show that in indigenous contexts, markets emerge due to extreme institutional differences from formal markets, and the

[3] FT is an acronym used to protect the real name of the company involved in this case study.

value found in those differences. In urban slums, market activity emerges as a reaction to exclusion from formal markets and as a process of blending formal and informal institutions for their survival. Also, results show that boundary work was a complex process of market valuing the context of poverty and informality, which is disvalued by the status quo perspectives held by formal market actors. Boundary work emerged in different contextualized forms. In the indigenous settings illustrated by Case Study I, a *top-down respecting work* was grounded in the efforts of formal market actors to include isolated informal actors such as indigenous communities by momentarily connecting with them within their institutional environments to experience their institutions firsthand, gain mutual respect, and learn from one another. In contrast, in the urban slum contexts illustrated by Case Study II, entrepreneurs in informal markets enhanced a *bottom-up informalizing work* that emerged to permanently connect the two settings via market interactions with mutual gains.

The findings of this thesis suggest that *informal markets are not just non-formal markets* (Goertz, 2006) *that need to be formalized*, *but markets that emerge by connecting to formal markets and institutionally transforming poor and informal settings*. This directly criticizes the institutional voids and formalization perspectives, showing that they ignore the complex institutional dynamics of poor and informal settings and how they transform into informal markets. Furthermore, it suggests that a large part of the relational problem of poverty in developing countries (Sen, 2000) resides in the exclusionary character of formal institutions (Easterly, 2010), as they frame poverty and informality as a disadvantage and, therefore, do not promote the exploration and exploitation of potential market value in the interaction with informal institutions in developing countries. Therefore, the path suggested by this thesis when working in poor and informal contexts is to encourage relations across formal markets and poor and informal settings to enhance the growth of *inclusive informal market activity*. Informal institutions enhance the emergence of the potential value embedded in poverty and informality that connects formal and informal markets in

inclusive market cooperations, tackling the root causes of relational obstacles between them (Sen, 2000). In this sense, inclusive markets are not just markets that benefit the poor and the informal (Mair et al., 2012; Mendoza & Thelen, 2008), but markets that benefit both formal and informal actors.

The difference between poor and informal settings, informal markets, and inclusive informal markets is, therefore, one of the core arguments of this thesis. This difference suggests that transforming poor and informal settings into inclusive informal markets is an institutional challenge (Popper, 1945). Nevertheless, it is not one in which formal institutions are the protagonists, nor are philanthropic or normative ethical obligations to cooperate with weaker and poorer counterparts (Khavul & Bruton, 2013; London & Hart, 2004). Poverty and informality have value, which needs to be explored by a broad diversity of actors, including both those who reside in these contexts and those who do not.

The thesis is organized as follows. Following this introduction, Chapter 2 focuses on problematizing inclusive markets by analyzing the institutions that frame informal market activity and cooperations between formal and informal markets. The chapter is divided into four sections. Section 2.1 focuses on the exclusion of the poor and identifying how most poor initiatives emerge outside of formal law. This section also generates conceptual and empirical critiques on the formalization perspective. Section 2.2 focuses on literature that studies the informal institutions that allow informal markets to function, highlighting the normative and cognitive institutional pillars and their main differences with formal institutions. Section 2.3 analyzes the literature on cooperations between formal and informal markets, generating a discussion on how these are key to the emergence and functioning of informal markets. Section 2.4 summarizes the main ideas of the chapter to clarify gaps in the current literature and the need for a more contextual and processual lens through which to understand the emergence of inclusive markets.

Chapter 3 explains the theoretical lens of linking the related research streams of institutional work and boundary work to unveil the processes related to the emergence and functioning of inclusive markets forged in

informal markets and their cooperations with formal markets. This chapter is divided into three sections. Section 3.1 describes the institutional work lens and its perspective on institutions as processes that emerge in the recursive relationship of both actions and institutions and relational dynamics and patterns. Section 3.2 depicts the boundary work stream, specifically highlighting actions that aim to influence institutional boundaries and the conceptualization of boundaries as both barriers that separate different institutional settings and junctures through which to explore cooperations and where relational patterns emerge. Section 3.3 draws associated conclusions.

Chapter 4 dives into the methodology and is divided into six sections. Section 4.1 presents an analysis of rural indigenous communities and urban slums as two extreme examples that illustrate the diversity of informal markets. Section 4.2 depicts the case-study-based method this thesis follows and introduces the two cases endeavored. Sections 4.3 and 4.4 describe the methodology used for each case, detailing the research setting, data collection, and data analysis of each. Section 4.5 describes the three theoretical categories under which these cases are compared, and Section 4.6 summarizes the chapter and highlights the most important components of the methodology section.

Chapter 5 shows the findings, results, and theorization of Case Study I on cooperations between the multinational FT and indigenous Bribri producers in Talamanca. The chapter is divided into five sections. Section 5.1 shows Phase 1 of the project, in which the project team aimed to increase the productivity of Bribri producers and the management capacity of UCANEHU, the Bribri cooperative from which FT had purchased bananas for decades. Section 5.2 describes the crisis that emerged, caused by differing understandings of key aspects of the project, highlighting the vast cultural difference between the FT project team and the Bribri producers. Section 5.3 focuses on the lessons learned on the part of the project team as a result of this crisis, and their implementation in Phase 2, which allowed them to achieve successful results and ameliorate the quality of the cooperations, aiming for mutually-beneficial outcomes for all actors involved. Section 5.4

theorizes the work done by the project team, which allowed it to achieve mutual gains in its cooperations with Bribri producers and promote the emergence of inclusive markets. Section 5.5 concludes the chapter and highlights the most important aspects of this case study.

Chapter 6 shows the findings, results, and theorization of Case Study II on cooperations between used clothing entrepreneurs in the La Carpio slum and local used clothing importation companies and small-medium enterprises. The chapter is divided into six sections. Section 6.1 analyzes Phase 1 of this case study, which highlights the positive value of moving to La Carpio as owning a plot of land and having the opportunity to enter into relations with neighbors based on community ties, which in turn allowed residents to survive and organize enough to negotiate with the government. Section 6.2 focuses on Phase 2, in which the residents of La Carpio engaged in a daily commute to find and exploit job opportunities in the city, defining the positive value of being near the city and the option to use its resources to secure jobs so that they could build and ameliorate their homes, access food and other basic needs, and even start their own entrepreneurial endeavors. Section 6.3 depicts Phase 3 of this case study, in which informal entrepreneurs began to recognize and leverage the opportunity to purchase used clothing during their daily commute to the city, establishing transacting relations with formal market actors (importers) and selling the clothing to neighbors and friends within the slum. Section 6.4 analyzes Phase 4, which consists of entrepreneurs expanding their network within and outside the slum and differentiating themselves from their competitors by providing a better service, price, quality, and diversity of products to their clients. Section 6.5 theorizes the work used clothing entrepreneurs endeavored to enhance cooperations with importers, and which promoted the emergence of an inclusive market. Section 6.6 concludes the chapter and highlights the most important aspects of this case study.

Chapter 7 compares the two cases and is divided into three sections. Section 7.1 focuses on the institutional dynamics that allowed informal markets to function in indigenous communities in rural settings and urban

slums, respectively. Section 7.2 focuses on the boundary work that emerged in each case and the institutional aim of change of this work. Section 7.3 concludes the main theoretical findings of the comparison.

Chapter 8 exposes the theoretical contributions of this thesis, aimed to enrich the discussion on inclusive markets, informal markets, cooperations between formal and informal markets, and institutional work and boundary work. This chapter is divided in two sections. Section 8.1 analyzes how poor and informal settings are institutionally transformed into informal markets forged in cooperations with formal markets. Section 8.2 centers on the discussion of institutional and boundary work, and how studying these phenomena enrich it. Section 8.3 is a discussion on the importance of these contributions to the goals of management and organizational studies, which aim to study the contexts of developing countries.

Chapter 9 is the final chapter of this thesis and aims to share closing thoughts on the three main issues that emerged during this research adventure, and which promise to open new doors for emerging research. The chapter is divided into four sections. Section 9.1 offers some final comments regarding the difference between informal markets and inclusive informal markets, suggesting the nuance to understand when and how informal markets are a desirable activity in developing countries. Section 9.2 offers public policy recommendations for developing countries as compared with developed countries when trying to tackle development challenges such as inclusion. Section 9.3 discusses methodological perspectives when endeavoring research in phenomena such as poverty, informality, informal markets, and inclusion. Section 9.4 concludes the chapter and provides some final remarks for this thesis.

Like this introduction, each chapter begins with a poem or other literary citation that illustrates, in a few words, its main focus. The chapters that address research streams, theoretical lens, and methods (Chapters 2, 3, and 4) open with a quote that intends to concisely illustrate the purpose and content of the chapter that follows. The chapters that address the findings, theoretical contributions, and conclusion (Chapters 5, 6, 7, 8, and 9), open with a quote from the literary and poetic writings of the author of this thesis, and intend to

complement its rigorous academic interpretation. This is done to reconcile different expressions of language (the poetic and theoretical/academic), illustrating the bridging between the formal and the informal that unfolds along these pages.

Chapter 2 – Problematizing inclusive markets by analyzing informal markets in developing countries and their connection with formal markets

Death does not exist. Death is not in us.
You have spoken of intelligence,
and this is something else,
a thing of ours, accessible to us.
Intelligence, talent,
in the broadest and widest sense,
is the gift of life.
Dr. Zhivago, Boris Pasternak

This chapter is focused on problematizing the current literature on informal markets and cooperations between formal and informal markets, exploring how markets emerge as participatory and inclusive arenas for the poor and excluded. The chapter, therefore, presents an analysis of two streams of literature: 1) research on informal markets, and 2) research on cooperations between formal and informal markets. The analysis intends to make evident existing gaps in these two streams of literature, which opens the opportunity to endeavor research that clarifies the positive and inclusionary character of informality for the poor, and how cooperations between formal and informal markets are part of this complex dynamic. The chapter is divided into four sections. Section 2.1 offers a critique on the formalization of the poor. This critique is conceptual and empirical, focusing on the exclusionary character of formal institutions in developing countries,[4] which leads to the failure of formalization to support the

[4] In this thesis, the term "developing countries" and "developed countries" is used to differentiate the types of countries in terms of their economic and social development. While other terms, such

poor's efforts to thrive and, ultimately, overcome poverty. Developing entrepreneurial endeavors in informality, thus, can be conceived as a form of emancipation from the formal systems and markets that exclude them. Section 2.2 analyzes the institutional approach taken to understand how entrepreneurs in informal markets can develop entrepreneurial initiatives outside the boundaries of legal and governmental regulations and protective institutions. Normative and cognitive institutional pillars allow these markets to function, neglecting the regulatory aspect that defines formal institutions, and revealing a more positive and inclusive institutional side of informality that has, until now, been only somewhat explored. However, three issues have not been addressed by this literature. First, it does not address the more abstract and general levels related to the institutional discussions in ontological terms. Second, most studies have focused on unveiling the institutions that frame informal market activity, not paying sufficient attention to the processual dynamics that contributed to their emergence. Third, informal markets do not necessarily emerge in isolation, as cooperations with formal markets are an intrinsic part of their institutional dynamics. Section 2.3 analyzes the interdependency of formal and informal markets in developing countries and the intense cooperations that exist between entrepreneurs in informal markets and multinationals, local companies, and small-medium enterprises. Despite the significant advancements made by this stream of literature, the fact that cooperations that benefit the poor are possible despite the vast institutional barriers and asymmetries of power is an issue that has until now been insufficiently addressed by practitioners and academics alike. Finally, the chapter concludes by exposing the need for a more contextual institutional lens that provides a new and refreshing perspective on how independent economic

as "emerging countries," have been used by international organizations like the World Bank to classify and categorize countries in a more specific way, this thesis prefers to define countries as either "developed" or "developing," as it facilitates the thesis's target topic of poverty and exclusion. Furthermore, the findings of this thesis suggest that the term "inclusive countries" and "non-inclusive countries" may be more appropriate terms for the challenges of the twenty-first century. This will be analyzed in Chapter 9, the final chapter of this thesis.

activities of the poor in informal markets emerge in connection with cooperations with formal markets, facilitating the emergence of the inclusive character of markets.

2.1. Formalization as a means of escaping from poverty: Helping the poor or harming them?

Practitioners and academics have long argued that one of the most important steps to escaping poverty is to formalize the economic activities of the poor. This section challenges this normative belief, particularly with respect to developing countries, due to their lack of inclusionary formal institutions. In these contexts, entrepreneurial initiatives develop in informal settings in which formal institutions such as legal and governmental regulations do not exist or do not function properly. Therefore, this section analyzes conceptual and empirical critiques on the perspective of formalizing the poor. Specifically, it introduces a positive side of informality, which has largely been ignored and which provides a new lens through which to understand the complex dynamics of informality by defining it as a reaction against formal exclusionary systems and institutions.

2.1.1. The informal initiatives of the poor

Throughout human history, poverty has always been a problematic issue to discuss, particularly in today's complex, modern societies. Poverty has been broadly defined as those individuals or groups with little or no access to economic resources (such as money) and non-economic resources (such as health and education) and other drivers that determine success and inclusion (WorldBank, 2013). With the advent of globalization, the interest in poverty as a pressing challenge to resolve has arisen as one of the most important conversations of our time. In response, organizational scholarship (particularly that related to sustainable development) has been increasingly

attempting to understand market dynamics and endeavors among poor populations (Pearce, 2005).

Despite the vast advantages for economic growth that globalization has brought to many, one of the main gaps that research has been trying to resolve is that the trickle-down effect from economic growth to inclusion of the poor is illusory (Alzugaray, Mederos, & Sutz, 2012). As the WorldBank (2013: xx) puts it, "In every country, certain groups—whether illegal immigrants, indigenous people, or other minorities—confront barriers that prevent them from fully participating in their nation's political, economic, and social life." Therefore, an issue that has been increasingly analyzed as one of the main causes of poverty is the exclusion of the poor from formal markets. The poor can be excluded in various ways, some more direct than others. Consumers with a low purchasing capacity are excluded if they cannot keep up with a consumption level that allows them to fulfill their basic needs, for example, if the products and services they need are inexistent in the marketplaces they have access to. Furthermore, the poor can be excluded economically and politically if they lack property rights for the land they live on, and/or lack social bonds that would allow them to fully participate in their society (Saatcioglu & Ozanne, 2013). As an additional category, entrepreneurs residing in poverty settings are excluded when they are denied opportunities to thrive, considering the great disadvantages they face in creating economically sustainable businesses in their contexts with scarce resources and infrastructure, no clearly-defined property rights, and (most likely) operating outside the law. People living in poverty are also excluded from workplaces if they cannot find jobs due to their limited skill level.

Specific cases of, on the one side, indigenous communities and, on the other, poor residents of urban slums, provide useful illustrations of the exclusion of the poor. Indigenous communities are isolated from the modern world and mainly reside in rural areas. Many of these communities are among the poorest in the world and struggle to thrive in modern economies (Olabisi, Kwesiga, Juma, & Tang, 2015). Indigenous communities, particularly those in developing countries, do not hold formal property rights, and their economic

and political activities function outside of formal law (Banerjee, 2000; Calvano, 2008; Whiteman, 2009). More importantly, they have strong cultural ties and often prefer to remain isolated from the global process of economic development in order to retain their identity (Bruijn & Whiteman, 2010).

A vastly different situation occurs in the poor urban areas that comprise city slums, which are effectively unruled by government and legal agencies. Urban slums have been defined as "densely populated urban areas characterized by poor-quality housing, a lack of adequate living space and public services, and accommodating large numbers of informal residents with generally insecure tenure" (Marx, Stoker, & Suri, 2013: 187). The urban slums of Brazil, for example, are a visual testimony of an exclusion that territorially divides the rich from the poor (WorldBank, 2013). Even the police cannot enter many of these territories, as they are governed by criminal gangs that control economic and political activities, as well as define property ownership and other rights. Slums, therefore, become cities in their own right, with markets and political activities that function independently from their formal counterparts. As slums are typically situated near cities, their residents can both see and experience the differences between the contexts in which they live and the richer, more formal ones beside them. In this sense, exclusion is more visibly apparent in cities than in rural indigenous areas, as the richest and the poorest populations live in close proximity to one another, making exclusion tangible (Macedo, 2012).

These two examples show that when we talk of the "poor," we talk also of the "informal." In other words, the poor live and develop economic activities in a context that is excluded from formal systems and markets, and are negatively affected by this. Furthermore, both examples (indigenous communities and urban slums) point to the fact that the poor and the informal are not homogeneous, but differentiated on the basis of characteristics such as occupation, ethnicity, place of residence, origin, and race (WorldBank, 2013). Nor are the poor/informal fixed in time and space. On the contrary, they exist in a continuous play of inclusion-exclusion from formal systems and markets. Demographic characteristics of societies change. Migration,

urbanization, climate change, economic crises, and other transitions produced by globalization and other social and economic forces dynamically create new opportunities and barriers for inclusion (WorldBank, 2013).

2.1.2. Critiques on formalizing the entrepreneurial initiatives of the poor

One aspect of the poor that is captivating the attention of practitioners and scholars is the entrepreneurial activities that emerge outside legal and market regulations. The entrepreneurial activities of the poor are considered part of the informal economy, or what this thesis refers to as informal markets.

Mainstream management and economy scholars have agreed on the term "institutional voids" to define informal markets (Khanna & Palepu, 1997; Sutter, Webb, Kistruck, & Bailey, 2013). These are environments in which institutions that formally structure market interactions (laws, government agencies, and government regulation of markets) are weak or absent and where entrepreneurs primarily operate informally and, therefore, are outside of functioning formal institutions (Hart, 2010; North, 1990). Poor entrepreneurs face multiple constraints in developing their businesses within these contexts, such as a lack of access to investment capital (VanSandt & Sud, 2012), a lack of infrastructure (Schuster & Holtbrügge, 2014), a lack of property rights, and a lack of legal systems (Arnold & Quelch, 1998; Wright et al., 2005). Poor entrepreneurs have little education and business training, and are typically running micro-sized enterprises that have difficultly lasting for more than ten years (Farazi, 2014).

Due to the challenging situations faced by entrepreneurs in informal markets, it is a widespread opinion among practitioners and dominant segments of academia that formalizing these entrepreneurs will help them to overcome poverty. Formalization is defined as formally and legally registering businesses to obtain the benefits of participating in formal markets and legal systems. This argument maintains that informality is the main cause of poverty, and that by working outside the law these entrepreneurs are missing an opportunity to receive the benefits of economic development.

Indeed, most academic authors and government programs support the idea of formalizing entrepreneurs in informal markets, viewing informality as an evolutionary process towards formality (Siqueira, Webb, & Bruton, 2016).

One of the first academic works that founded the basis for the argument of formalization to help the poor was made by Lewis (1954/1958), who developed the dual-economy model to explain the differences in economic growth between developed and developing countries. Lewis argued that the high productivity of formal capitalistic forms of production displace more traditional forms of economic organization that are inefficient and that would eventually disappear with the growth of their more efficient formal counterparts. Based on this study, many discussions related to development economics at the academic and practitioner level over the last half century have focused on formalizing the informal, assuming that through formalization their initiatives would eventually grow enough to allow them to overcome poverty (Ray, 1998).

Many management and organization scholars have followed this line of thought, arguing that formalization allows entrepreneurs in informal markets to access financial and human capital, partners, and customers, supporting the growth of their initiatives (Assenova & Sorenson, 2017; Kistruck, Webb, Sutter, & Bailey, 2015). Formalization drives poor entrepreneurs to be more performative, motivated by economic goals and incentives, and participatory in societal norms through acts such as paying taxes and obtaining employment security (Assenova & Sorenson, 2017; Thai & Turkina, 2014). Furthermore, governments have an interest in mitigating the extent to which informal activities do not play under fair game rules and, as a result, undermine institutional efficacy, draining human and natural resources away from socially desirable formal activities (Mathias, Russell Crook, Autry, & Zaretzki, 2015).

Formalizing also offers financial benefits to the poor, by increasing their ease of access, availability, and usage of the formal financial system. It provides avenues for safe and secure savings practices, facilitating a whole range of financial services that could enhance the efficiency of their initiatives and, ultimately, their individual and collective social and economic

welfare (Sarma & Pais, 2011). Financial inclusion offers incremental solutions to poverty, and promotes inclusive development (Chibba, 2009). Formalization needs to be supported by financial literacy trainings, however, as the poor are often unaware of available financial services or carry prejudices against them and lack financial discipline and saving habits (Kumar, Mathur, & Lal, 2013).

All of this acknowledged, arguing that formalization always helps the poor, in every time and context, has two fundamental flaws—one conceptual and the other empirical. The first critique is concerned with the theoretical approach to the "poor" and the "informal." The literature on formalization summarized in the previous paragraphs conceptually defines the poor as *non-reliable market actors* and informal markets as *non-formal markets*. Under this assumption, lifting poor entrepreneurs out of informality is the best way to enable them to participate in markets and ensure that they receive the benefits of economic development and globalization. Furthermore, it argues that formalization allows them to become trustworthy for cooperation with formally registered multinationals, local companies, and small-medium enterprises and partake in the game rules of formal markets.

This means, very explicitly, that negative concepts or non-concepts (Goertz, 2006) have historically been used to define the poor and their endeavors as compared with formal markets in order to determine *what the poor/informal are not*. For example, poor entrepreneurs do not have ample economic or noneconomic resources, and the markets in which they develop their initiatives do not function under the rule of law and formal regulations. These approaches have identified what informal markets are lacking in an economic and institutional sense as compared to formal markets but have failed to define what informal markets *are* and why they persist. In other words, the phenomenon of poverty has been reduced and simplified through terms such as "institutional voids" (a lack of institutions), "the poor" (a lack of economic resources), and "informal market activity" (a lack of formality). By defining informal

markets as contexts of poverty and lack, such approaches intended to simplify a complex phenomenon (Godfrey, 2011). Thus, questions such as how poor entrepreneurs can develop market initiatives despite their extreme lack of resources, or how informal markets function despite their lack of formal laws and regulations, have remained fuzzy.

Much of this conceptual failure can be explained by a second, more empirical critique that, in fact, informality proves to be a robust and enduring phenomenon, evidenced by the fact that poor entrepreneurs resist the process of formalization. Entrepreneurs in informal markets even resist top-down policy pressure to transition to the formal sector (Godfrey, 2011). Empirical data has been found to explain this resistance, showing that formalization does not necessarily support the poor in their entrepreneurial endeavors and that, in many cases, can be detrimental in that it puts too much pressure on their initiatives to comply with legal standards, taxes, and payments. Farazi (2014) argues that most entrepreneurs working in poverty and informality would like to become formal, but to do so would require them to pay taxes they can scarcely afford. A study by Dau and Cuervo-Cazurra (2014) showed that liberalization policies promoting formalization in developing countries has a positive impact on formal entrepreneurship, but a negative impact on entrepreneurial initiatives in informal markets. These policies reduce informal initiatives to a greater extent than they increase formal entrepreneurship, resulting in a net reduction in entrepreneurial activity, as formalization induces entrepreneurs to create formal businesses and to formalize informal ones, but also forces many informal entrepreneurs to join the labor market as employees instead of retaining their own initiatives (Dau & Cuervo-Cazurra, 2014).

This is not just an argument of formalization being associated with greater costs for the poor, but also fewer financial benefits. Williams, Kedir, and Martínez-Pérez (2017) proved that registered enterprises that were initially unregistered, and had been operating for some time before registering, had significantly higher subsequent annual sales, employment, and productivity growth rates than those that started out formally registered.

The financial support of formal financial organizations when the poor formalize their initiatives is also illusory. Even organizations that are focused on working for the poor, such as microfinance organizations, increase the difficulties of entrepreneurs by putting on them under pressure of over-indebtedness and increasing money lending practices among predatory informal lenders (Barman, Mathur, & Kalra, 2009). The poor are required to repay the micro-loans, so often end up borrowing from informal lenders to comply with the initially agreed-upon repayment schedules. Therefore, despite the top-down pressure for the use of loans and bank accounts by the poor to start and grow their endeavors, their real utilization is minimal and a vast majority continues to finance their day-to-day operations through sources other than formal financial institutions, such as internal funds, moneylenders, family, and friends (Farazi, 2014).

Both critiques (the conceptual and the empirical) are evidence that mainstream academics who have defended formalization perspectives grasp the phenomenon of informality and poverty with too much of an academic—even colonial—lens (Banerjee, 2000; Mösching, 2019; Sen, 2000). It is too far removed from reality, and too normative in nature. Indeed, plenty of works have shown that formalization fails to explain the real processes that the poor engage in to create and trade goods and services and to produce economic growth, especially in developing countries (Godfrey, 2011; Hart, 1973, 1990; Sen, 2000). It is no surprise, then, that many people claim that the world is much more complex and dynamic than how academic theory often frames it. Management and organizational scholars must begin to generate theory that does not lose sight of significant facets of reality in the abstract process of theorizing. To do this, however, we must leave behind some of the past assumptions that forged our theories in order to gain new, novel insights and more accurate explanations of complex phenomena (George, 2016).

This is especially true when studying topics that we know little about, such as poverty and informality, particularly with respect to developing countries. In order to theorize poverty and informality in a way that accurately

reflects its dynamics, rather than those of the developed contexts in which most theorists reside, we need a much more contextual lens (Godfrey, 2011). Most mainstream academic theorists and practitioners from developed countries propose normative approaches that define solutions to transforming poor contexts based on their own contexts. We need, rather, to go into the field where poverty and informality exist—even experience it ourselves. It is indeed both interesting and disappointing to see how far current methods for theorizing poverty and informality are from these grassroot methodological approaches. Most theories on poverty and informality were—and continue to be—forged from within the headquarter offices of international organizations situated in New York, Paris, or Zurich, for example, or by university scholars located in the richest countries in the world. Perhaps even more problematic are those academics who work in business and economic schools in developing countries, replicating the assumptions of universities of developed countries, and who themselves are often formulating their arguments from behind a desk.

2.1.3. Informality as a reaction to the exclusion of the poor in developing countries

Recently, some authors have proposed that the outcomes of formalization depend on context, showing that obtaining positive outcomes from formalization largely rests on the degrees of trust in formal government institutions (Assenova & Sorenson, 2017; Thai & Turkina, 2014), which is particularly low in developing countries (WorldBank, 2018). These countries are characterized by formal institutional settings that are primarily inefficient and do not necessarily favor or include the poor and other disadvantaged groups such as indigenous communities and slum residents. This means that formalization efforts can expect different results, depending on the strength, soundness, and inclusiveness of the formal institutions that the poor are being

encouraged to be part of, as resistance can be great and considered completely rational behavior.[5]

In Latin America, for example, the constitutions created when the nation-states emerged in the nineteenth and twentieth centuries were a direct copy of the North American and European constitutions, and did not reflect the complexity of their own territorial contexts, which comprised a vast multicultural diversity and large portions of populations living in extreme poverty (Touraine, 1988). The emergence of state and market institutions over the last two centuries has, thus, led to national societies that exclude large segments of the population from economic development processes (Jäger, Symmes, & Gutiérrez, 2020).

The formal institutions enforced by government authorities in developing countries have provided a sociopolitical legitimacy to this exclusion; thus, legal and judicial institutions do not necessarily contribute to the inclusion of the poor (Dani & de Haan, 2008). Furthermore, in many of these countries, democratic institutions are weak or nonexistent in terms of political and economic participation (Easterly, 2010). Governments are frequently dominated by specific interest groups, making the state institutionally corrupt and only benefiting certain individuals, organizations, companies, and/or territories (de Soto, 1989). This implies that laws and regulations are not made under inclusive terms that provide opportunities for all members of society.

This situation causes a negative perception of the legitimacy of paying taxes in these countries, as the state does not return through services to citizens the taxes paid by them (McMillan, 2002; Zinnes, 2009), state structures are viewed as corrupt (Nwabuzor, 2005), and the market game rules (North, 1990) are not perceived as equal for every member of these societies. In Costa Rica, for example, judicial government officials receive a monthly pension of more than USD 30,000 (Rodríguez, 2019), whereas the country's average annual income

[5] This thesis does not claim that formal institutions in developed countries are perfectly inclusionary and democratic. It is, rather, argued that compared with developing countries they are significantly more inclusive toward the poor and excluded who can enter the formal system or are already part of it.

is only USD 12,000 (WorldBank, 2019). Chile has a similar situation, featuring continuous acts of corruption on the part of pharmaceutical distribution companies, who collude to fix the prices of chronic disease medications, economically benefiting the countries three largest companies by more than USD 40 million. The leaders of these companies were found guilty of price fixing, yet were not imputed with prison; rather, they were assigned "ethical trainings" as punishment for their behavior (Fries, 2015).

The poor are the main parties affected by these formal exclusionary situation, as they are society's "weak spot" and have neither the economic nor the political power to counteract it or create formal institutional settings that favor them (de Soto, 2003). They are, thus, extremely powerless in these contexts, while the formal institutions powered by the government and certain privileged groups defend the enactment of laws and regulations that maintain their economic and social positions. The poor are also typically denied opportunities in formal labor markets due to their low skill levels (Sen, 2000), which can be argued is an attack on the freedom to work and expresses both enforced and hidden forms of exclusion.

Formal institutions in these countries can be understood as defending a double standard: rights for the rich, and not for the poor (Easterly, 2010); thus, democratic institutions are incomplete and themselves exclusionary (You, 2016). In addition, the limited infrastructure of developing countries—particularly in the underdeveloped and/or rural regions within them—separate the poor from the rest of society and physically illuminate their exclusion. Perceptions of inequity and frustration with formal economic, social, and political institutions are typical among poor populations in these countries. Formalizing the poor in developing countries often implies including them in formal institutional settings that do not necessarily favor them and, therefore, formalization efforts should be exercised with caution in developing countries (Fall, 1989). Some authors argue that the correct path is to encourage cooperation and networking and allow informal endeavors to grow sufficiently to obtain the necessary economic resources (De Clercq,

Lim, & Oh, 2013) before forcing them to transition to the formal sector (Thai & Turkina, 2014).

Based on this analysis, informality in developing countries can be viewed as a two-sided coin. On one side, it can be understood as having been forced upon entrepreneurs by the weak institutional frameworks of the countries in which they reside. Formal institutions in developing countries are ambiguous, bureaucratic, and costly (de Soto, 1989); thus, they exclude a large portion of struggling entrepreneurs who end up working outside formal arrangements that do not seem to benefit them (Kim & Li, 2014; Webb et al., 2009). On the other side—and, in fact, as a reaction to this situation—informality can be viewed as an economic decision of cost and risk reduction that is made by entrepreneurs who face formal institutional settings that exclude them (Siqueira et al., 2016). Informality is, therefore, perceived to be more efficient because the benefits provided by formality in developing countries are less than its associated costs, such as taxes, regulatory constraints, and registration fees (Webb, Bruton, Tihanyi, & Duane Ireland, 2013). In this sense, informality could even be considered an act of freedom (Sen, 1999).

The above argument suggests that there is a different, more positive side of informality that has not yet been sufficiently explored, and that questions the assumption that these markets are negative scenarios for market activity, particularly in developing countries, suggesting that informality is a reaction against the exclusion established by formal systems and markets. This calls for an approach that supports entrepreneurial initiatives in informal markets, but not necessarily through their formalization. Rather, we must consider more creative and complex ways to promote the inclusion of entrepreneurial initiatives that allow them to obtain tangible benefits and strive to overcome poverty.

The economic benefits of informality—such as the non-payment of taxes, adaptation, flexibility, and other non-economic value criteria—show that informality can be a free choice due to weak formal institutional contexts that do not promote their inclusion. As Godfrey (2011) points out: "…actors will choose those arrangements with the highest perceived utility, irrespective of property-rights protections, scalability, or a bureaucratic internal structure.

When informal elements carry efficiency properties rational actors will choose informal structures" (Godfrey, 2011: 255). de Soto (1989) also follows this argument, and defines informality as a reaction to the exaggeratedly restrictive regulations (Portes & Schauffler, 1993) of mercantilist states that are dominant in developing countries, which grant participation in the economy to a small elite group (Portes & Haller, 2005). In other words, when the benefits of participating in formal institutional arrangements are low, it makes no sense to become formal. Moreover, despite well-functioning and inclusive formal institutions, the need to preserve their identity and their own forms of economic, social, and political institutions can drive to remain in informal markets, as is the case for many indigenous communities (Banerjee & Linstead, 2004). Whether based on instrumentality or autonomy, in many cases formality can be considered a weakness by individuals, groups, and organizations and is actively avoided.

All these reasons are motivations to pursue an analysis of informal markets in developing countries (and the entrepreneurial initiatives within them) in their own merit, without assuming that they are negative for economic growth. This is especially important due to the significance of informal markets in the national economies of developing countries (Godfrey, 2011, 2015; Schneider, 2002). In Latin America, Asia, and Africa, for example, 50-72% of the nonagricultural workforce is informal (Chen, 2006) and 30-66% of economic outputs come from informal market activity (Schneider, 2012). Informal markets in these regions are, therefore, critical to economic growth (Chen, 2006; Hart, 2006; Schneider, 2002, 2012).

An approach that views informal markets as positive, both for the development of national economies and for the inclusion of the poor, could be an enriching path to understanding the causes of the high degrees of informality in developing countries, in some cases (such as that of Bolivia) representing more than 60% of the GDP (Medina & Schneider, 2018). In these countries, entrepreneurs in informal markets seem to be the main protagonists and key drivers of economic growth (Dencker, Bacq, Gruber, & Haas, 2019; Webb et al., 2010). In Lima, Peru, for example, entrepreneurs in

informal markets provide 95% of transportation, build 90% of housing, produce 80% of clothing, and craft 60% of furniture (Azmat & Samaratunge, 2009; Kramer, 2001). As these entrepreneurs create a large number of job opportunities because ventures in poverty contexts are labor-intensive (Kappel & Ishengoma, 2006; Thomas & Mueller, 2000), they can promote an economic growth that is more effective in fostering poverty reduction because it increases the demand for unskilled labor (WorldBank, 2015).

Therefore, a more positive approach to informal markets in developing countries sees them as different institutional settings for the emergence and development of market activity. Informal markets encompass economic activities that function in institutional settings marked by resource scarcity and that are outside of government laws and regulations. How these markets function and how entrepreneurs are able to possess the innovation, flexibility, and adaptation capabilities to endure in such contexts are relevant questions under this approach (Godfrey, 2011; Sen, 1999).

A stream of management research is taking an anthropological and sociological approach to informal markets and the institutions that permits them to function. The studies within this stream have shifted theoretical discussions toward a more contextual understanding of these markets, defining why informality is such a persistent characteristic of entrepreneurs in these institutional settings, and focusing on its inclusive advantages for the poor in developing countries. This approach poses an interesting institutional discussion, as it defends the existence of legitimate market activity that develops outside of legal frameworks, based on the fact that it is not imposed by coercion through violence, crime, or any other anti-social intent (de Soto, 1989; Godfrey, 2011; Webb et al., 2013). Rather, market activity in these contexts has institutional legitimacy based on efforts of the poor to overcome poverty (Webb et al., 2009).

2.2. The institutions that allow informal markets to function and enable the poor to thrive in developing countries

This section delves into an analysis of the institutions that allow informal markets to function differently from formal markets. It begins with an overview of institutional theory and the current understanding of the normative and cognitive pillars that constitute informal institutions. The definition of informal markets based on informal institutions and different conceptual and empirical studies on this phenomenon is then discussed. The section continues with an overview of the importance of market activity inclusivity among informal institutions when formal institutions are weak and exclusionary for the poor. Here it is highlighted that, despite the contributions of this stream of literature to destigmatize informal markets as negative scenarios for market activity, three gaps remain. First, the literature focus on normative and cognitive levels of informal institutions, ignoring the more abstract and general levels related to the institutional discussions in ontological terms, which can reveal the complexity of institutionalization dynamics in informal markets. Second, most studies have focused on unveiling the institutions that frame informal market activity, not on understanding the processual dynamics that contributed to their emergence. Third, informal markets do not necessarily emerge in isolation, as cooperations with formal markets are an intrinsic part of their institutional dynamics.

2.2.1. Normative and cognitive pillars that constitute informal institutions

Institutional theory has been highly influential in social science fields such as economics, sociology, political science, management, and organizational studies. In fact, over the last two centuries, it has emerged as one of the most important theoretical lenses for understanding human behavior and explaining the unequal levels of economic and social development evident in different contexts. According to this theoretical

perspective, political, social, and economic circumstances are determined by institutions (Popper, 1945), which represents a significant shift from the more simplistic neoclassical perspective that economy and social interactions are solely shaped by individual behavior and individual preferences and choices (Scott, 2013). Therefore, institutions rule human activity, and, through various studies, researchers have tried to understand why and how institutions affect individual and organizational behavior.

The following extract succinctly summarizes the question that institutional theory aims to resolve:

> *"Why do individuals and organizations conform to institutions? Is it because they are rewarded for doing so, because they believe they are morally obligated to obey, or because they can conceive of no other way of behaving?* (Scott, 2013: xi)

Institutional theory establishes the conceptual limits and levels between institutions and individuals, and proposes how institutional structures can either determine or strongly condition organizational forms and modes of individual behavior (DiMaggio & Powell, 1983; Greenwood & Hinings, 1996). In other words, institutions provide the underlying rules that allow organizations and individuals to socially come into existence, evolve, and relate to one another (North, 1990). Various studies have analyzed how institutions coordinate collective behavior, interaction, and shared understanding in a variety of contexts and degrees of analysis, including intra-organizational, interorganizational, and international (Scott, 2013).

The difference between formal and informal institutions, which is key to understanding how informal markets function, was defined early on in institutional theoretical discussions across different disciplines in the social sciences. However, at certain key moments it lost momentum. For example, the work of Tocqueville (1835/2004, 1856/1998, 2001) distinguished between institutions that represented laws enforced by the state and other

institutions representing norms, attitudes, and opinions common to groups and individuals. He also highlighted possible dissonance between these two types of institutions, which can distance the former (state frameworks) from the latter (individual and societal behavior and interactions). According to Tocqueville, these differences do not always have negative consequences, however, such as in the United States, where the weakness of the state led to the development of active civil society organizations. The citizens of France, in contrast, were so reliant on the state that they ceased freely pursuing their own endeavors (Tocqueville, 1835/2004). This key insight on the importance of informal institutions (though not defined as such at the time) and their conceptual and instrumental differences from formal institutions such as state frameworks—an insight that could open a rich comparative analysis between different market contexts in terms of the institutions that enable them—was obscured, either by scholars who emphasized the importance of formal institutions (with particular attention to the legal frameworks that characterize nation-state structures), or by neoclassical perspectives centered around views of asocial individuals (Scott, 2013).

In organizational and management studies, a similar phenomenon occurred with respect to discussions of the formal and informal institutions that allow markets to function. In this case, explicit conceptual differentiations between formal and informal institutions and their importance for either promoting or constraining market activity have only emerged in the last three decades. Previous (as well as present) approaches assign an increasing level of importance to the legal structures that could potentially frame and facilitate the development and strengthening of market activity in different contexts. The existence of markets that function outside formal frameworks was either ignored or conceived in negative terms, directly or implicitly stating that informal institutions are unimportant to the development of market activity. The research stream on "institutional voids," analyzed above (Khanna & Palepu, 1997; Sutter et al., 2013), is illustrative of this issue, as it defines developing regions and countries as those with little

or no institutions capable of promoting market activity and, therefore, defining the main reason for their poverty as a lack of formal institutions.

Analyzing informal markets in developing countries drives the discussion in the exact opposite direction of these mainstream perceptions that prioritize formal institutions. This opens the door to a more profound understanding of the difference between formal and informal institutions and the significance of the latter for the emergence and endurance of market activity in these contexts. The formal and informal institutions that allow markets to function are differentiated in many regards, mainly determined by their origin and nature. Formal institutions are defined as regulative mechanisms, represented by explicit, codified rules, laws, and incentives that shape market interaction in a determined context (North, 1990; Scott, 2001). The regulatory function of formal institutions is expressed via coercive rules that impose authority and result in modification and strongly influence the direction of organizational behavior (Edelman & Stryker, 2005). Formal institutions are enforced by government authorities and supposedly shape market game rules through a top-down perspective (Webb et al., 2009).[6]

The logic of formal institutions is mainly instrumental (Scott, 2013), as they intend to release the creative energy of organizations (and the individuals and groups leading them) in order to develop market activity (Hurst, 1956). For example, the specific laws of regulating markets represent formal institutions that allow entrepreneurs to launch their endeavors in a less bureaucratic manner (Kim & Li, 2014). Likewise, government agencies that promote entrepreneurship by offering economic incentives to entrepreneurs to fund, develop, and grow their organizations can be considered formal institutions that promote market activity.

[6] Regulatory institutional mechanisms can emerge as well from multiple informal rule-setting actors, such as entrepreneurs, organizations, families, and others (Ostrom, E. 2005. ***Understanding institutional diversity***. Princeton, NJ: Princeton University Press. In this thesis, however, they are defined as regulations promoted by the state.

Although most prior research on formal institutions and market activity has focused on the relationship between supportive regulatory environments and entrepreneurship, the protective function of formal institutions is also important (Kim & Li, 2014). Institutions under this function are defined as the "rights individuals appropriate over their labor and the goods and services they possess" (North, 1990: 33). In formal markets, effective legal systems define property rights protections, allow parties to conduct market transactions, and make formal pathways available to parties to settle disputes and disagreements (North, 1990; Weber, 1978). Property rights, such as the legal right to land or other private property, are therefore key to the development of markets (de Soto, 1989, 2003; North, 1990). The protective aspect of formal institutions allows modern societies to enhance impersonal ties for market activity, because personal relations (such as family ties or friendships) are not needed to engage in market transactions. This drives the growth of formal markets and their organizations to be at the heart of economic and social development (Tönnies, 1957).

The definition and role of informal institutions for the development of market activity lies in stark contrast to the above. Informal institutions are defined as normative and cognitive mechanisms that promote or constrain the development of market activity, and function outside formal regulative and protective coercive institutional frameworks promoted by the state. Both pillars (normative and cognitive) range from more to less abstract and subconscious ways in which institutions are internalized and frame the behavior of individuals and organizations.

The normative pillar has been thoroughly discussed by organizational literature, and analyzes normative mechanisms, which are constituted by the norms and values that allow the development of market activities through mutually-reinforced obligations (Scott, 2013). Norms and values are intrinsically intertwined. Norms "define legitimate means to pursue valued ends" (Scott, 2013: 63). Norms constrain action, but also empower it. Therefore, norms are appropriated in normative and moral terms, in mutually-reinforced obligations that differ from the instrumentality of the interests that

characterize formal institutions (Scott, 2013). Illustrative cases of this pillar include networks, kinship groups, religious systems, standard-setting organizations, and any other mechanism that establishes how things *should* be done by organizations and individuals to develop market activity (Lawrence & Suddaby, 2006). Examples can also include norms that frame the market behavior of certain immigrant groups, which determine a stronger propensity to take risks (Kourtit, Nijkamp, & Arribas-Bel, 2015). In poor contexts, the value of these norms in promoting entrepreneurial activities is often to gain socio-political legitimacy by adhering to certain social norms and political centers of power (Aldrich & Fiol, 1994).

The second pillar is more abstract than the above, as it is constituted by cognitive mechanisms that determine how individuals and organizations develop schemas for making sense of reality, grasping it, and coping with it through learning and perception. These elements reflect shared meanings of the socially-constructed reality that allows individuals in a society to relate to and understand one another and, therefore, establish market interactions (Reinecke et al., 2018). Cognitive institutions act as symbolic systems that frame market activity in a process of sense-making (Weick, 2004), transforming into constitutive schemas that assign meaning and certainty to action (Scott, 2013). While normative institutions can be unconsciously internalized, cognitive institutions are more deeply unconscious and are, thus, usually taken for granted (Scott, 2013).

Entrepreneurs, for example, who are highly explorative and follow their intuition are more effective in recognizing and acting on business opportunities than other groups (Ardichvili, Cardozo, & Ray, 2003). Entrepreneurs also often rely on certain cognitive ways of dealing with uncertainty to handle the development of their businesses, as compared with employees (Keh, Foo, & Lim, 2002; Simon, Houghton, & Aquino, 2000). Along these same lines, Shane (2003) argues that alertness to market opportunities is dependent upon cognitive capacities such as intelligence and creativity. Particularly in poor contexts, opportunities emerge for entrepreneurs to establish cognitive legitimacy,

expressed through their knowledge and actions to succeed in such precarious contexts (Hall et al., 2012).

Most studies that have focused on the cognitive pillar of informal institutions define its link with culture, and, therefore, state that cognitive and cultural aspects should be lumped into the same level of analysis (Reinecke et al., 2018; Scott, 2013). As Scott (2013: 67) put it, "interpretive processes are shaped by external cultural frameworks." In other words, culture is one of the main aspects of cognitive mechanisms; it establishes the predispositions and scripts of individual and organizational actions. Culture has been defined in these terms as symbolic patterns (Meyer & Rowan, 1977) and taken-for-granted values (Marquis, Glynn, & Davis, 2007). Culture shapes thought and ideas (Metcalfe & Mischel, 1999), and conditioning processes can, therefore, be assumed to influence cognitive actions (Phillips & Malhotra, 2008: 717). Culture is much like a toolkit that offers different repertoires of action (Swidler, 1986). Some authors have even argued that culture is also intertwined with normative institutional aspects (Gardberg & Fombrun, 2006). Culture has a norming institutional effect (Caprar & Neville, 2012), acting as the foundational structure for institutions to emerge (Scott, 2013). Many studies have, therefore, focused on national contexts to understand the influence of cultures on their market activities.

As outlined above, informal institutions have been historically framed as normative and cognitive mechanisms. Furthermore, culture has been strongly linked with the cognitive pillar of institutions. Various empirical studies have explored how this conceptualization of informal institutions implies a definition of informal markets, which will be analyzed below.

2.2.2. Informal markets that function based on informal institutions

Based on this institutional theoretical perspective, and consistent with the theoretical premise that markets are social places in which economic exchanges occur between buyers and sellers under a given set of institutions (Fligstein & Dauter, 2007; Geertz, 1978), the literature has defined informal markets as

those comprising economic activities that function outside of formal institutions such as laws and government regulations and, rather, function due to informal institutions that give them legitimacy (Fligstein, 2001; Lawrence & Suddaby, 2006; Scott, 2001; Webb et al., 2009). This means that, in informal markets, formal regulations, such as legal systems and government authorities that promote or constrain the functioning of markets are weak or non-existent, and, therefore, informal institutions dominate because contextually-specific rules at a lower, more grass-roots institutional levels allow markets to function (Batjargal et al., 2013). Informal markets are defined by different institutional arrangements that are outside of formal institutional boundaries (Webb et al., 2009), and that give legitimacy to the economic activities of entrepreneurial endeavors with diverse market players such as consumers, suppliers, and employees (Rutherford & Buller, 2007; Siqueira et al., 2016). Normative and cognitive institutions are not isolated pillars, but are interdependent, and explain the functioning of informal markets and the development of entrepreneurial endeavors within them.

Most empirical studies have focused on the normative pillar of informal institutions to explain how entrepreneurs in informal markets develop market activity. For example, solidarity ties seem key in informal markets, as they serve as social capital that enables access to labor and economic resources (Boisot & Child, 1996; Portes & Schauffler, 1993). Opportunity enclaves for the excluded—particularly immigrants—cluster in certain geographical areas, driving these groups to concentrate within the local markets they use to survive and thrive (Portes & Jensen, 1989; Wilson & Portes, 1980). Khavul, Bruton, and Wood (2009) showed that entrepreneurs use both strong family and strong community ties to establish and grow their businesses. Some quantitative studies, such as those conducted by Gras and Nason (2015), support these findings, arguing that family ties can even have positive cognitive consequences by facilitating creativity and routinization in their economic endeavors.

Informal networks and flexible work assignments also equip informal endeavors with greater adaptiveness and flexibility, which is key when

organizations face uncertain and resource-scarce environments (Godfrey, 2011; Portes & Schauffler, 1993). Batjargal et al. (2013) examined the effects of the confluence of formal regulatory institutions on new venture growth, finding that, when these are weak and inefficient, entrepreneurs use networks as substitutes. Other studies have suggested that competitive goal structures generally lead to higher levels of motivation within a resource scarce environment, but cooperative goal structures are preferred when groups are unfamiliar with one another (Kistruck, Lount Jr., Smith, Bergman Jr., & Moss, 2016). Also, alternative informal financial institutions arise based on community bonds and networks. Often, poor entrepreneurs not only find exploitive institutional arrangements with abusive money lenders, but also convenient ones for engaging in the transactions necessary to provide for themselves and their households, save for future needs, and access credit (Figart, 2013).

Due to the lack of legally enforceable contracts, other empirical studies have shown that trust allows market interactions in these contexts (Portes & Haller, 2005). Formal property titles are not essential to enforcing rights in informal contexts; rather, what really works in practice are informal property rights (Durand-Lasserve, Fernandes, Payne, & Rakodi, May 2007; Lanjouw & Levy, 2002; Payne, Durand-Lasserve, & Rakodi, 2008). Organizational scholars as Kim and Li (2014) follow this idea, proposing that it is the moderating role of trust that defines how entrepreneurs cope with uncertain business conditions and counteract the weak formal institutions that inhibit business start-up actions in developing countries.

The cognitive pillar has received considerably less attention in empirical studies, but shows promising results. Baker and Nelson (2005) developed an interesting study that, while not expressly focused on developing countries, highlighted the cognitive aspects of entrepreneurship in informal markets. Based on bricolage theory, Baker and Nelson proposed that the products and services entrepreneurs create and distribute in informal markets are profoundly diverse—so much so that they can be adapted to uses other than what they were originally intended for, even when they are considered useless in other contexts.

For example, indigenous communities might be more interested in using Coca-Cola cans as hammers instead of drinks, or might recover used clothing from the garbage to sell. Entrepreneurs can also provide counterfeit goods to customers who cannot afford to pay brand-name prices but seek the heightened social status that owning such products affords (Webb et al., 2013).

Studies such as that of Baker and Nelson (2005) illustrate the abilities of entrepreneurs to create value in precarious contexts by putting together a new set of products and services that differs from its original intent (Penrose, 1959), showing that they are capable of engaging in vibrant market activities and able to thrive in very difficult situations. Entrepreneurs are especially able to grasp market opportunities in which there is no value creation or value capture constraints (London et al., 2010). Market activities for which accessibility to raw materials is easy, investments are small, and there is a continuity of market interactions are, therefore, ideal for these endeavors (Baker & Nelson, 2005). Sensemaking and entrepreneurial learning with respect to recognizing and exploiting opportunities is shaped by the social context within which entrepreneurs are immersed (Cornelissen & Clarke, 2010; Jelinek & Litterer, 1995). In the case of entrepreneurs in informal markets, this is often embedded within resource scarcity settings and corrupt, unstable, and weak formal institutional environments (Hall et al., 2012).

The influence of culture on the cognitive capacities of organizations and individuals has mainly been grasped implicitly through empirical studies that consider culture as a variable for market activity. These studies have usually framed non-western culture in negative terms, arguing that certain populations or groups do not have a market culture. Holmes Jr. et al. (2013), for example, have argued that cultures are the foundations on which formal institutions emerge and develop, and reason that cultures with more collectivistic values influence the creation of less democratic formal institutions that do not facilitate the participation of individuals in political and economic processes. Through a case study of rural Bangladesh, Mair et al. (2012) have studied how political, community,

cultural, and religious institutional spheres interact and impede the development of market activities in informal markets, highlighting more grounded institutional dynamics in poor and informal contexts. Along the same lines, in a case study with entrepreneurs in rural Ghana, Shantz et al. (2018) have shown that normative institutions drive entrepreneurs to develop low cognitive capacities for entrepreneurship due to "fatalism." The types of opportunities pursued are inherited, rather than individually chosen, which damages innovation. Entrepreneurs thus face limitations on agency associated with a fatalistic acceptance of traditional or spiritually-appropriate paths, and are bounded by how successful they can be without attracting illegitimacy. Mexico offers another example of informal institutions reflected in cultural features, in which case entrepreneurs that endeavor economic initiatives in informality are not used to formally saving economic resources and, therefore, inhibit the effective performance of the financial organizations in charge of their pensions (Díaz & Vargas-Hernández, 2015).

As demonstrated above, empirical studies have focused on the normative and cognitive pillars that allow informal markets to function, showing the importance of these mechanisms for market activity. This opens the door to a discussion on the types of interactions between formal and informal institutions that enhance the economic and social development of developing regions as differentiated from more developed contexts.

2.2.3. The role of informal institutions for market activity when formal institutions are exclusionary

The literature review above shows that, while formal and informal institutions are different, they both determine how market activities deploy. This aims to provide a foundational understanding of formal institutions as regulative and protective mechanisms, and informal institutions as constitutive of two institutional pillars (normative and cognitive), which solidifies a view of markets that clarifies and makes more concrete the role

that both formal and informal institutions play in causing economic and social development differences between countries.

In large part, the strength of the economic and social development of countries and regions lies on their institutional flexibility and malleability and how formal and informal institutions interact and facilitate the functioning of markets in a way that benefits all members of society (Marc, Willman, Alslam, Rebosio, & Balasuriya, 2012). Formal institutions, such as those governing access to land, promoting laws that are inclusive for all members of a society, and providing just, functioning legal systems, must be able to take into account informal institutions that reflect the norms and cognitive schemas of different groups, organizations, and individuals, including diverse lifestyles and cultures. The formal institutions that establish the political and economic systems on which an economy is built must have enough legitimacy and inclusiveness to allow for broad political and economic participation (WorldBank, 2013). The ideal for any country would be to possess strong formal and informal institutions that facilitate the development of market activities for all members of a determined society (Acemoglu & Robinson, 2012). This means that creativity—which is at the core of the emergence and development of market activity (Schumpeter, 1947)—should be accessible to any group or individual through their participation in markets if entrepreneurship is to be an emancipation tool (Welter, Baker, Audretsch, & Gartner, 2017).

The importance of both formal and informal institutions for market activity explains more recent research that has shown that the relationship between formal institutions and entrepreneurship is more nuanced, exhibiting a nonlinear pattern (Chowdhury, Audretsch, & Belitski, 2019). The connections and interactions between formal and informal institutions are what determine economic growth. Wealthy/developed countries are those capable of developing strong and sound institutions (both formal and informal) for market activity, while poor/developing countries, in contrast, are those that possess formal and informal institutions that inhibit the emergence and growth of market activity (North, 1990).

However, as shown in subsections above, in most developing countries, formal institutions have excluded a great portion of society from economic development processes. Poor entrepreneurs in developing countries exhibit a distrust and disidentification toward formal institutions (Webb et al., 2013; Webb et al., 2009). These countries have built formal institutions that benefit the rich and powerful, and that do not necessarily favor the development of the market initiatives of the poor (Easterly, 2009; Easterly, 2010). Entrepreneurial transformation of formal institutions (McMullen, 2011) is an impossible endeavor for the poor, due to their limited economic resources and marginalized position. Furthermore, the poor do not have the necessary economic or noneconomic resources to confront weak formal institutional settings, while the rich, on the contrary, are capable of coping with them. De Clercq et al. (2013) have shown, for example, that entrepreneurs with abundant personal income are not greatly affected by the institutional context of their countries when they decide to start a new business. It is often the more privileged and powerful individuals and groups that can construct informal institutional arrangements (e.g., networks or family ties) that help protect them from weak formal institutional environments. In the same line, Ocampa (2004) argued that many companies in Latin American economies during the 1990s were capable of integrating into the global economy, but most smaller and informal businesses did not, and the national percentage of informality continued to increase.

Because of this weakness and exclusionary aspect of formal institutions in developing countries, the best option for entrepreneurs such as street vendors, handicraft manufacturers, indigenous producers, food store owners, retailers, and small neighborhood shop owners is to develop their activities within informal markets; that is, outside legal frameworks. These entrepreneurs are typically self-employed (Hart, 1973, 1990; Portes & Haller, 2005), and most are forced into existence by the necessity of survival (Dencker et al., 2019; GEM, 2018). Others follow traditional forms of production, organization, and commercialization that are strongly linked to their personal ties and lifestyles (Gaughan & Ferman, 1987; Geertz, 1963).

The endurance of informal markets can, therefore, be understood as the institutional legitimacy of individuals and groups to pull themselves out of poverty (Webb et al., 2009) and pursue their freedom to prosper (Easterly, 2009) by breaking the constraints caused by limited economic resources and formal institutional settings and creating social and economic relationships that will help them develop activities that have market value (Rindova et al., 2009), allowing them to overcome poverty (Prahalad, 2004). It also highlights the crucial role that entrepreneurs in informal markets can play in the development of impoverished contexts (Calton, Werhane, Hartman, & Bevan, 2013; Khalid & Seuring, 2017; London & Hart, 2004). The literature discussed in this section shows that normative and cognitive informal institutions are the basis for these entrepreneurs to develop market initiatives that function outside of formal boundaries and demonstrate the potentially inclusive character of these markets.

Although the stream of literature on informal markets in developing countries discussed in this section has offered significant advancements, it is still in its embryonic stages (Sartor & Beamish, 2014). More specifically, most of the studies in this stream of literature have so far failed to address three key issues, and ignoring these inhibits a full understanding of the phenomenon of informal markets and their potentially inclusive character in its full complexity. These issues include 1) the institutional discussion in ontological terms, 2) the processual dynamics of institutions, and 3) how these dynamics are connected with formal markets.

First, these studies have focused on normative and cognitive levels of informal institutions, ignoring the more abstract and general levels related to institutional discussions in ontological terms. For example, the literature does not address the possibility that relations in poverty settings develop as a different experience from that of formal contexts, or that indigenous communities reflect distinctly different cultures in comparison with western cultures in ontological terms. Furthermore, most studies have framed non-western cultures negatively with respect to the development of market activity.

Second, most studies have focused on understanding the institutions that frame informal market activity, rather than focusing on the processual dynamics that contributed to their emergence. The research stream on informal markets and the informal institutions that allow them to function has mainly viewed institutions as static entities and, therefore, has largely overlooked the question of how poor and informal settings are transformed into markets. Furthermore, no studies have focused on understanding when and how markets can emerge as inclusive or exclusionary arenas for the poor and their initiatives.

Third, informal markets do not necessarily emerge or function in isolation, as cooperations with formal markets is often an intrinsic part of their institutional dynamics. The fact that developing countries are composed of both more-developed and less-developed areas shows that an analysis of cooperations with formal markets is needed to gain a more complete understanding of the nature of informal markets and their potentially inclusive dynamics. These cooperations can also reveal a different aspect of relational obstacles (Sen, 2000) to the emergence of markets as participatory and inclusive arenas for the poor (Mair et al., 2012; Mendoza & Thelen, 2008) due to their potential exploitative character.

The first two gaps have not yet been addressed by any literature, and, as will be shown in Chapter 3, are an important part of the focus of this thesis. Literature on cooperations between formal and informal markets in developing countries, however, has considered this third gap in the literature on informal markets, described in Section 2.3, below.

2.3. Cooperations between formal and informal markets

This section focuses on cooperations between entrepreneurs in informal markets and multinationals, local companies, and small-medium enterprises in formal markets. The analysis is based on the fact that developing countries are configured by developed-formal and developing-informal areas that are strongly dependent on one another. This contradicts studies that have either

defended the isolation of informal markets or argued the need for formal market players to enter and cooperate with entrepreneurs in informal markets in order to disengage inclusive market-building processes, as if no prior connection existed or that no markets exist within developing areas of developing countries. The fact is that cooperations between formal and informal markets do currently exist, especially along global value chains that connect developed and developing areas inside developing countries as well as different institutional settings across the globe. The literature has not yet made clear, however, how these cooperations provide gains for the poor despite institutional barriers and asymmetries of power with their formal counterparts. Also absent from current academic discussions is how entrepreneurs in informal markets develop the agency to connect with formal markets to create informal market activity.

2.3.1. Developing countries configured by developed-formal and developing-informal areas

One of the main shortcomings of existing academic research regarding informal markets in developing countries, as introduced above, is that they have mainly been studied in isolation, without analyzing their connection with formal markets. Previous studies in mainstream academia have generalized the existence of either institutional voids or weak institutions to the entire territory of developing countries or regions (Khanna & Palepu, 1997; Sutter et al., 2013), assuming that there are no formal markets within developing countries, or that, if existent, they do not connect with informal markets through market transactions. Furthermore, most studies have adopted the position that the poor are not part of economic globalization.

One of the most illustrative examples of this perspective is a study by Shantz et al. (2018) with entrepreneurs in rural Ghana, in which the authors have concluded that these entrepreneurs worked in dense social clusters within their settings, but had few or no links to the more formal external settings, referring to these informal institutional ties as “island networks.”

Other authors have emphasized that isolation can also happen in urban settings by way of clustering in certain geographical areas, especially for immigrants, who concentrate and develop market activities based on solidarity ties (Portes & Jensen, 1989; Wilson & Portes, 1980).

Although extreme isolation can be true for many indigenous communities that live in completely isolation from globalization and modernization processes, or of entrepreneurs in less-developed urban areas, it is problematic to generalize this situation for every context of informality. Analyzing the institutional contexts of developing countries more profoundly, in fact, suggests a different scenario in terms on how formal and informal contexts interact.

Developing countries have complex and diverse environments (Godfrey, 2011) that are not simply configured by informal markets that function in isolation. Rather, these countries are composed of more developed areas, in which formal institutions function (at least minimally or sufficiently enough), and less developed areas, in which poverty and the lack of infrastructure makes difficult for markets to perform under formal contracts, property rights, and enforcement of law (Webb et al., 2010). Developed markets within developing countries function much like those in developed countries, and are connected to the global economy. However, the poor are acutely excluded from these areas and thrive in informal markets that function outside legal and governmental regulations.

Economists specializing in developing contexts have led the discussion regarding the interaction between formal-developed and informal-developing areas in developing countries, determining that they exhibit complex relations of interdependency (Beneria, 1989; Benton, 1989; Chakrabarti, 2016). Only a handful of management and organizational scholars have questioned the perspective that informal markets emerge and develop in isolation from formal markets. These areas are strongly linked with geographically-adjacent formal markets within the same country (Chakrabarti, 2016), while also connected with long-distance formal markets in other countries (Reinecke et al., 2018). Moreover, the institutional diversity of informal markets (for example, rural indigenous communities and urban slums), further widens the

institutional distance between two different contexts of informality (Webb et al., 2010). This means that not all informal markets function according to the same informal institutions, and cooperations do not necessarily emerge spontaneously between them.

Informality and formality can even be considered two poles of a continuum that eludes clear definitions in these contexts (Godfrey, 2011). Formal and informal markets can blend in productive ways to support economic activities across value chains (Darbi, Hall, & Knott, 2016). This can be partly due to modernization processes in developing countries (Touraine, 1988), which superposed formal institutions over previous traditional institutions and other institutional forms that existed previously (Swanson & Bruni-Bossio, 2018).

How developed-formal areas and developing-informal areas interact despite their distinct institutional settings is an emerging issue in the literature. As will be shown in the subsection below, the scholars who have studied these interactions have mainly analyzed cooperations within global value chains.

2.3.2. Cooperations between formal and informal markets formed by connecting developed-formal and developing-informal areas

The intensification of globalization in recent decades has connected producers, suppliers, distributors, and consumers around the world, linking both developed and developing countries (Buckley & Ghauri, 2004; Levy, 2008). Developed and developing sub-regions within countries are connected to one another, as well as connected to other regions of other countries, incorporating entrepreneurs and excluded groups who are living in extreme poverty (Mösching, 2019). Individuals and organizations are increasingly developing market cooperations across both national and institutional frontiers, regardless of whether they are poor or rich, formal or informal (Reinecke et al., 2018).

Multinationals, local companies, and small-medium enterprises are, therefore, interacting with entrepreneurs in informal markets in developing economies, and cooperations occur across the value chains of

various products and services. Indigenous producers in Latin America, for example, develop market cooperations with international food companies and retailers in developed countries (Robinson, 2010). Multinational brands in the fashion industry externalize their production to Asian countries due to the low production costs they offer (Brooks, 2015). The same dynamic occurs in the computer industry (Portes & Haller, 2005). On the distribution end of global value chains are street vendors, food store owners, retailers, and distributors of consumer goods through small neighborhood shops in poor regions, who sell products that originate in other parts of the world by cooperating with local companies that import various goods (Vunder Fontana, 2008). In this sense, multinational corporations, local companies, and small-medium enterprises increasingly rely on partnering with poor entrepreneurs residing in informality in developing regions for their supply and distribution operations (George, Howard-Grenville, Joshi, & Tihanyi, 2016).

As Reinecke et al. (2018: 460) puts it:

> *"Global supply chains*[7] *are not just instruments for the exchange of economic goods and flow of capital across borders. They also connect people in unprecedented ways across culture, class, age, gender, race, ethnicity, citizenship, and religion, and have created new, interrelated webs of social relationships. Supply chains have become sites for interaction between individuals who are themselves socially embedded in the norms, institutions, and values inherent to distinct geographical origins, professions, business regimes and cultures. This has not only changed the landscape of global production but also the world of the social relations involved. Through the globalization of*

[7] Although the authors use the term "global supply chains," they are referring here to the supply and distribution sides of global value chains.

production, a fashion shopper or chocolate lover in the UK can become connected to a garment worker in Bangladesh or a cocoa grower in Ghana. And they may be outraged by the sweatshop or child labour involved and challenge retailers' purchasing practices in relation to their suppliers in developing countries."

Power and resources are an important aspect of how cooperations deploy across global value chains. The role of multinationals in opening markets in poor settings has been highlighted as positive, due to their economic and market power and the pivotal role in global value chains that they play (London et al., 2010; London & Hart, 2004). Cooperations can emerge through upstream relations with suppliers in production operations, as well as downstream relations with distributors in sales operations to reach poor consumers (Guide, 2018; Hart, 2010; Sodhi & Tang, 2014). Of particular importance are multinationals from developing countries, as they are accustomed to operating in informal markets. Compared with multinationals in developed countries, these organizations are smaller in size and possess less-developed technology and resources (Bartlett & Goshai, 2000; Cuervo-Cazurra & Genc, 2008; Wells, 1983).

A few studies have taken into account the importance of local companies and local small-medium enterprises that enter into cooperations with entrepreneurs in informal markets. Mesquita and Lazzarini (2008) discovered that cooperations among small-medium enterprises in environments featuring weak formal institutions help them achieve greater collective efficiencies. Furthermore, they discovered that these small-medium enterprises seem to run better with cooperations under informal rules and unwritten schemas of conduct. In addition, Karnani (2007) emphasized the benefits of the social embeddedness of local companies and small-medium enterprises in developing contexts and, therefore, their improved position for taking advantage of business opportunities in poor and informal settings.

It is interesting to note these studies have largely neglected the point of view of entrepreneurs in informal markets (Branzei & Abdelnour, 2010). One of the main negative consequences of this is that cooperations are conceived as one-way relations, in which the formal market counterparts are the protagonists and establish the terms. Poor entrepreneurs are understood as passive market participants that *need* to be included in economic globalization. Informal entrepreneurs' capacity of agency, which would allow them to create connections with formal markets in global value chains, is assumed to be inexistent. Also missing is a critique of the view that relations with formal markets is beneficial for entrepreneurs of informal markets. As will be shown below, many informal entrepreneurs, in fact, claim that because they are viewed as the weak link, they are being exploited by the globalized order of the economy.

2.3.3. Institutional differences and asymmetries of power hindering the emergence of inclusive cooperations

Although global value chains are opening up new cooperations across formal and informal markets, asymmetries of power between participants of such dissimilar institutional environments do not often allow entrepreneurs in informal markets to benefit from these relations. Exploitative relationships in terms of labor and capital exist between high-wage, high-productivity economic activity (mainly in developed countries) and low-wage, low-productivity economic activity (mainly in developing countries). In addition, exploitative relationships develop between more-developed and less-developed areas within developing countries. The fact that cooperations across formal and informal markets are increasing does not necessarily mean that they are fair in terms of the benefits gained; thus, their inclusive character can be questioned.

This negative view on cooperations between formal and informal markets is long-standing. In Latin America, it was initially called the "dependency theory" and was a particularly common argument in the sixties and seventies used to explain why the region was unable to

develop (Cardoso, 1976). The view maintained that developed countries are at the center, with developing countries as the peripheries that depend on them (Touraine, 1988). Other more recent studies, mainly stemming from economists, have highlighted the negative aspects of the high levels of economic and social inequality in developing countries, showing that developed areas within developing countries connect to the global economy and have high growth, whilst the developing areas of these same countries remain in poverty (Chakrabarti, 2016; Sen, 1999).

Many researchers and practitioners have highlighted this issue, arguing that market cooperations with formal markets are not necessarily beneficial for the poor entrepreneurs who run their endeavors in informal contexts. Worldwide, local producers are paid low prices by intermediaries (Robinson, 2010) and companies often exploit informal workers (Sassen-Koob, 1989). Poverty and informality can lead to an alienation of the work carried out, and not necessarily to creativity and greater levels of freedom and wellbeing (Marx, 1992). Participating in global markets can, therefore, be a disadvantage for poor, isolated individuals and communities to participate in global markets (WorldBank, 2013). Also, the fact that organizations in formal markets are better positioned in terms of networks and economic power (London et al., 2010; London & Hart, 2004) does not give the poor a viable opportunity to negotiate better trade terms or develop their potential (Chakrabarti, 2016; Sen, 2000).

More specific examples showing the difficulties of generating cooperations that benefit the poor and the informal point to institutional differences and asymmetries of power between formal and informal markets. For example, traditional indigenous groups socialized through personal, traditional, and solidary bonds, have usually been excluded (or self-excluded) from the processes of global economic development. On the contrary, to participate in formal markets impersonal ties are key (Tönnies, 1957). Thus, it is difficult to build ties with indigenous communities that organize and socialize under a different set of personal and community bonds. Furthermore, indigenous people tend to have a different understanding of

time (Ali, 2016) and commonly derive their individual and collective identity from the natural environment (Whiteman, 2009). Due to these extreme institutional differences, most relations between formal markets and indigenous communities have been conflictive, and have showed the exploitative part of these cooperations (Lertzman & Vredenburg, 2005). The lower economic and noneconomic power of indigenous communities has driven them to fight for the legal rights to their land and to protest against the damage inflicted on the territories they live in, particularly in the case of the mining industry (Sethi, Lowry, Veral, Shapiro, & Emelianova, 2011). Furthermore, even market cooperations with good intentions do not necessarily generate clear benefits in indigenous communities and can damage cultural identity and produce intractable conflicts (Lewicki, Gray, & Elliot, 2003). In this vein, Robinson (2010) pointed out that despite commitments made by both UK supermarkets and indigenous producers in Costa Rica to emphasize health and safety regulations established by UK labor law, problems emerged when the latter are forced to meet arduous production schedules. Thus, Robinson suggests that, when supermarkets in developed countries put pressure on local producers to reduce costs, a downward spiral of working conditions is created regardless of the corporate social responsibility policies in place. This suggests there can be no basis for cooperative relations unless mutual benefits can be identified and explored (Lertzman & Vredenburg, 2005).

Also, the contexts of urban slums show different institutional settings compared with formal markets, which affects the outcomes of cooperations. Entrepreneurs in urban slums develop their own independent economic activities, such as installing a restaurant within their home or selling food cooked in their kitchen based on solidarity ties with neighbors. These activities are considered by their formal counterparts to be poor, low skilled, and possessing no clear economic value (Vunder Fontana, 2008). The institutions that enable markets to function in informal contexts are extremely different from those that enable markets to function in formal ones (Reinecke et al., 2018). These informal arrangements are complex for formal

market counterparts, particularly because working in informal markets in developing countries implies some level of uncertainty and complexity (Klassen & Vereecke, 2012).

Due to these institutional differences between formal and informal contexts, most cooperations have been framed as one-way relations, in which the principles and frameworks of cooperations are designed to reduce formal counterparts' uncertainty and enable them to receive the weight of benefit from the relation, without considering the goals and interests of the poor and informal. Entrepreneurs in informal markets feel manipulated by formal market counterparts' interests (Alghababsheh, Gallear, & Rahman, 2018) and, therefore, are not included in equal terms in cooperations. This does not contribute to the achievement of outcomes that benefit both parties and therefore their inclusive character is not clear.

Other authors have argued that, rather, in order for the innovations introduced in developing countries to stick, they need to be designed in partnership with local customers, networks, and business ecosystems (Khavul & Bruton, 2013). This suggests that multinationals and other organizations in formal markets that want to work in contexts of poverty and informality must develop cooperations with poor partners, co-inventing custom solutions and building local capacity (London & Hart, 2004). These authors highlight that actors involved in cooperations can learn from one another and create contextualized, inclusive solutions.

Most of these studies (primarily categorized as the "base of the pyramid" stream) have, however, taken a normative approach that assumes that formal market participants *should* explore these cooperations. In addition, most are focused on multinationals. As argued in previous subsections, however, the interdependency between formal and informal markets in developing countries, in fact, shows that they mainly relate to one another across global value chains and, therefore, the normative perspective of these studies contrasts with the increasing number of cooperations between formal and informal markets in a globalized order. A perspective that analyzes how to transform these

relationships, which usually have an exploitative character, into inclusive cooperations that benefit the poor, is lacking.

To fill this gap, authors have increasingly proposed instruments that could ameliorate these cooperations. Godfrey (2011), for example, argued that informal governance mechanisms based on trust are a logical way to create and sustain competitive advantages for actors involved in cooperations between formal and informal markets, without forcing entrepreneurs to abandon their nonlegal status. The influence of formal markets can also be leveraged by creating markets that enable the poor to earn higher incomes (Mair et al., 2012; VanSandt & Sud, 2012), increasing their productivity through supplier development programs (Alghababsheh et al., 2018; Guide, 2018; London et al., 2010; Spencer, 2008), as well as establishing ways of sharing information with entrepreneurs in informal markets (Adekambi, Ingenbleek, & Van Trijp, 2015). Furthermore, shared-value practices (Guide, 2018), as well as resource and knowledge sharing (Alghababsheh et al., 2018), can benefit participants on both sides by developing their abilities, opportunities, and dignity in a way that helps them to realize their full potential, especially in the case of the poor (Sen, 2000; WorldBank, 2013).

These are promising approaches to establishing formal-informal cooperations that include the perspectives of both sides. However, despite their contributions to the literature, studies have not yet made clear how cooperations with formal markets promote the emergence of inclusive markets by overcoming asymmetries of power between participants from such dissimilar institutional environments (Mair et al., 2012; Reinecke et al., 2018). Moreover, as argued above, most studies that follow the stream of literature on cooperations between formal and informal markets explicitly or implicitly assigned no value to poverty and informality, often assuming the posture that cooperations are either an abuse of power by formal and richer counterparts to reduce their production costs (Chakrabarti, 2016; Sen, 1999) or a normative ethical obligation to cooperate with weaker, and informal players (Khavul & Bruton, 2013; London & Hart, 2004). What is

still missing are studies that center the analysis on the complexities of these cooperations and how they are linked to the emergence of informal markets and the institutions that allow them to function. The next step is to define a lens that facilitates a more profound understanding of how to develop market cooperations that benefit the poor and the informal and, in turn, promote the emergence of inclusive markets, understood as participatory arenas for the poor and other excluded individuals and groups (Mair et al., 2012; Mendoza & Thelen, 2008). This lens must help us "unpack" the root causes of relational facilitators and obstacles (Sen, 2000) to unleashing the inclusive character of markets. This new lens should help unveil how, despite different—and often opposing—institutional settings (the different institutions that allow formal versus informal markets to function), entrepreneurs in informal markets are able to cooperate with their formal counterparts in a way that is mutually-beneficial.

This is a particularly useful perspective for our present-day globalized world, in which the formal regulatory coercive power of nation-states is in decline (Beck, 2000; Kobrin, 2001) and, therefore, standards for business behavior are increasingly shifting from state institutions to individuals, groups, and organizations who experience global environments and pressures that do not necessarily come from these centers of power (Scherer, Palazzo, & Seidl, 2013). As a result, the environment for market cooperations has emerged as highly complex and ambiguous (Child & Rodrigues, 2011; Smith & Lewis, 2011), leaving the poorer and less powerful more vulnerable to these situations. It seems of extreme importance, therefore, to reflect on the challenge of developing market cooperations that are beneficial for multinationals, local companies, and small-medium enterprises living in the formal economy, on the one side, and indigenous communities and poor entrepreneurs in urban slums who reside in poverty and informality on the other. The benefits of market cooperations are not simply a challenge of economic income, but related to the development of abilities, opportunities, and dignity that will allow individuals, organizations and communities to realize their full potential (Sen, 2000; WorldBank, 2013).

2.4. Conclusion

This chapter has problematized the challenge of inclusive markets by reviewing the existing literature on informal markets and cooperations between formal and informal markets. The analysis intends to illustrate the gaps that exist in the two streams of literature—that of informal markets and that of cooperations between formal and informal markets—in order to understand the positive and inclusionary character of informality for the poor, and how cooperations between formal and informal markets are part of this complex dynamic. The chapter began with a profound yet straightforward conceptual and empirical critique of the view that formalization initiatives help the poor to overcome poverty. Formal institutions in developing countries are inefficient and exclusionary, thus formalizing the poor implies that they are forced to compete under rules that they do not necessarily benefit from. Therefore, this chapter proposes defining informality as a reaction against the exclusionary characteristics established by formal institutions. Based on the above review of literature, informal markets are proposed to be places of vibrant market activity that lie at the heart of many developing economies. Furthermore, initiatives in informal markets are seemingly more efficient than formal ones with respect to helping the poor to lift themselves out of poverty.

The existence and persistence of informal markets in developing countries has brought up an interesting discussion within institutional theory: vibrant market activity can be developed due to informal institutions. Regulatory formal institutions have pushed forward a top-down perspective that is not relevant for understanding market activity in poor settings. These formal institutions, such as government regulations, can even be harmful to the development and growth of initiatives of the poor. As formal institutions are exclusionary and, in most developing countries, solely benefit the rich and powerful, they do not promote an exploration of the entrepreneurial potentials of the poor. Therefore, entrepreneurs in the informal markets of developing countries react against this exclusion and, in turn, develop

initiatives based on normative and cognitive mechanisms that allow informal markets to function.

While studies in the stream of literature of informal institutions have offered significant advancements to understand informal markets in developing countries, three issues have prevented us from grasping the phenomenon of informal markets in its full complexity, including its potentially inclusive character. First, these studies focus on the normative and cognitive levels of informal institutions, ignoring the more abstract and general levels related to institutional discussions in ontological terms. Second, most of the studies have focused on understanding the institutions that frame informal market activity and have not focused on the processual dynamics that contribute to their emergence by analyzing how poor and informal settings are transformed into markets. Furthermore, studies in this stream have not focused on understanding when and how markets can emerge as inclusive or exclusionary arenas for the poor and their respective initiatives. Third, informal markets do not necessarily emerge or function in isolation, as cooperations with formal markets are an intrinsic part of their institutional dynamics.

While the first two gaps remain unaddressed, the literature on cooperations between formal and informal markets in developing countries has acknowledged the third gap in the literature on informal markets. Developing countries are configured by developed-formal and developing-informal areas that are mutually interdependent. Moreover, in a globalized economy, developed and developing countries are inherently connected, as are developed and developing areas within countries. Cooperations between formal and informal markets not only occur, but increase across global value chains that connect these areas and regions together.

However, this chapter also shows that many authors have argued that these cooperations are primarily exploitative and that their inclusive character can be questioned. Formal market counterparts abuse of the power derived from possessing greater economic and noneconomic resources; thus, they are often the sole beneficiaries of these cooperations. An alternative lens is needed—one

that shows how institutional differences and asymmetries of power between formal and informal markets that mainly negative affect the poor and their endeavors can be overcome and, therefore, unleash processes of inclusion.

The analysis of the two streams of literature shows the main gaps that exist understanding the full complexity of how inclusive markets emerge and function. On one side, the literature on informal markets has focused on the normative and cognitive institutions, ignoring the institutional discussion in ontological terms and perceiving institutions in informal markets as static structures and, therefore, failing to account for their processual dynamics. Furthermore, the omission of an institutional discussion in ontological terms inhibits the opportunity to understand these complex institutional dynamics that emerge in informality. In this sense, ontology can be key to showing how poor and informal settings are transformed into markets through processual dynamics. On the other side, the literature on cooperations between formal and informal markets has taken into consideration the interdependency between formal and informal markets, but has neglected the potential role of these cooperations in informal market institutional dynamics and their inclusive character. How cooperations contribute to the emergence of the inclusive character of markets by overcoming institutional differences and asymmetries of power is, therefore, ignored in the discussion. Furthermore, these studies have largely assigned no value to informal contexts and have defined the entrepreneurs within them as passive market participants with no capacity of agency to change their situation. These gaps in the two streams of literature open the door to the question of how inclusive markets emerge and function.

Chapter 3 – Using institutional and boundary work to unveil how inclusive markets emerge and function

El cielo no es alto ni bajo.
Está encima y debajo de nosotros al mismo tiempo.[8]
Carlos Fuentes, "Aura"

This chapter links the theoretical lenses of institutional work and boundary work to examine how inclusive markets emerge and function. The lens of institutional work is useful for analyzing the dynamics that drive informal market activities that lead to the more positive side of informality, which, as mentioned above, has been previously neglected in the literature. However, as informal markets are also tightly linked with formal markets, institutional work, at least in part, occurs within the boundaries between the two. Therefore, the lens of boundary work as a form of institutional work can help explain how cooperations between formal and informal markets are part of the institutional dynamics of informal markets, and how these cooperations can promote the emergence of markets as inclusive arenas for the poor so that institutional differences and power asymmetries can be overcome in both settings. The chapter is divided into two sections. Section 3.1 provides an analysis of the theory of institutional work, which links the work of actors—understood as their purposeful action—with a processual understanding of institutions, reflecting the roles that specific actions, interactions, and relations play in creating, maintaining, and disrupting institutions. The section outlines various theoretical perspectives on institutional work to illustrate the complexity of institutional dynamics, particularly with respect to creating institutions at the regulative, normative, and cognitive levels. The

[8] "The sky is neither high nor low. It is over us and under us at the same time."

section then goes on to highlight a stream of literature that criticizes studies that assign a central role to the institutional effects of actions carried out by actors, understood as specific individuals and groups. These authors argue that theories of institutional change must include the ontological aspect of institutions and focus on the essential features of actors and their contexts. This perspective does not distinguish actors and the contexts they work in as separate entities. Rather it has a stronger relational perspective, arguing that actors and contexts share essential features which define their emergence across space and time. Section 3.2 depicts the theoretical lens of boundary work as a form of institutional work that affects institutional boundaries. An analysis of the theoretical discussion on boundary work and how it relates to the broader stream of institutional work is provided. It is then proposed that boundaries can manifest as either barriers that hinder the relations of actors in different institutional settings or as junctures that promote relations between them. Boundaries can be understood at various institutional levels, implying that distinct efforts must be made to connect different settings. The chapter ends with a summary of the key ideas presented and an overview of the main guiding question and associated sub-questions of this thesis.

3.1. How institutional work enhances the positive side of informality

This section provides an analysis of the theoretic lens of institutional work, defined as the actions and interactions of actors that engage in processes of creating, maintaining, and disrupting institutions. Institutional work theory is part of an ongoing discussion between structure and agency that has troubled philosophers, sociologists, economists, and management researchers since the genesis of social theory. Most studies on institutional work have focused on the actions that specific individuals and groups carry out to create institutions at the regulative, normative, and cognitive levels, mainly influenced by institutional entrepreneurship inheritance. However, a critique to these perspectives of institutional work has recently emerged,

proposing to analyze the ontology of actors and the settings in which they are involved to better understand processes of institutional change.

3.1.1. Recursion between action and institutions as a means of explaining institutional work

Since Meyer and Rowan (1977), institutional authors have increasingly adopted a process-based perspective on institutions. Process theories view phenomena in terms of movement and temporal change (Langley, 2007), which, when applied to institutional theory, opens the door to a new understanding of how institutions evolve in a complex, continual process of *institutionalization* (Surachaikulwattana & Phillips, 2016). Institutionalization is defined as the process by which institutions come to be taken for granted (Zucker, 1977), crystallizing the adoption of certain institutions by different actors so that they are viewed as more of a requirement than a choice (Scott, 2013). Thus, institutional analysis has shifted from theories that take institutions for granted by trying to explain isomorphism (DiMaggio & Powell, 1983; Meyer & Rowan, 1977) to ones that focus on the process dynamics and practices that formed them in the first place (Lawrence, Suddaby, & Leca, 2009).

Additionally, management and organization scholars that focus on institutional theories have begun to place greater emphasis on the notion of *work*. This turn of perspective involves the analysis of how individuals and groups affect their institutional contexts. The use of the term "work" is not incidental, as it reflects that many researchers have begun to acknowledge the importance of the purposeful and effortful character of actions carried out by various agents on institutions (Phillips & Lawrence, 2012). Actors carry out goal-directed actions and reflexive efforts with the goal of intentionally changing their institutional settings in a way that will help them face their present challenges (Phillips & Lawrence, 2012). The use of peripheral notions such as "purpose" and "reflexivity" explains the precise choice of the term "work"—over "action," for example—making clear the physical,

emotional, and/or intellectual efforts realized by specific actors in order to produce specific institutional outcomes (Lawrence et al., 2009). In other words, discussions on institutional theory have undergone a transition from analyzing individuals and groups that conform to their institutional contexts to analyzing how they can emerge as actors possessing both the choice and the agency to create, re-create, and/or change their institutional settings across space and time (Lawrence & Suddaby, 2006).

Institutional work is, thus, the processual term that encompasses these two transitions in the discussion on institutional theory. It specifically hones in on the actions that create, stabilize, and/or disrupt institutions (Lawrence & Suddaby, 2006). It is a concept that views institutions not just as contextual elements, but as dynamic mechanisms that are constructed by the actions and interactions of specific actors (Lawrence, Leca, & Zilber, 2013). This processual view of institutional work is explicitly expressed by the active language of "creating, maintaining, and disrupting institutions," rather than the passive language of "the creation, maintenance, and disruption of institutions" (Lawrence et al., 2009). Thus, the theory of institutional work has injected agency into what had previously been a static view of institutions (Gawer & Phillips, 2013; Lawrence et al., 2013).

The theoretical stream of institutional work has endeavored to not only dig deeper into the complexity of how agents are constrained by the institutional contexts in which they are embedded, but also into how these contexts are affected by agents. Institutional theory argues that institutions are both the structures that frame individual and organizational agency and the products of their actions (Lawrence & Suddaby, 2006). The paradox of embedded agency in institutional change is expressed by the following question: How are the actors, whose actions are constrained by institutions, able to change these same institutions? (Holm, 1995). Thus, the lens of institutional work has revived a long-standing question of the social sciences—one that has attempted to unveil the paradox that the actor is both cause and effect of the institution (Cooley, 1902/1956). Action and institutions have a recursive relationship (Archer, 1995; Barley & Tolbert,

1997; Blackler & Regan, 2006; Fairclough, 1992), in which some contexts are deeply institutionalized and, thus, strongly constrain action, whereas other contexts are less institutionalized and, thus, agents are capable of changing their institutional settings through intentional actions (Morrill, 2017). Therefore, institutional work is a microfoundation theory that emerged to link the macro and micro perspective of institutional theory. Felin, Foss, and Ployhart (2015: 579) explain the difference between micro and macro theories as such: *"On the one hand, [macro theories] emphasize the role that history, culture, and structure play in explaining economic outcomes, whereas micro explanations, on the other hand, focus on individual actions and interactions.*" In microfoundations theory, the actions and interactions of individuals and groups are the cause of more macro constructs (Coleman, 1990).

The literature stream of institutional work has, therefore, organized and grouped studies on the interdependence of action and institutions that emerged in a scattered manner, calling for the integration of complex institutional dynamics under the same framework (Lawrence et al., 2013). For example, it has grouped a set of previous studies that have directly and indirectly tackled the discussion on institutional entrepreneurship (Greenwood & Suddaby, 2006; Hardy & Maguire, 2008), diffusion (Green, 2004; Kennedy & Fiss, 2009), legitimation (Suddaby & Greenwood, 2005), and deinstitutionalization (Ahmadjian & Robinson, 2001). The institutional work stream has also grouped studies based on the distinct steps that represent the emergence and disappearance of institutions over time (Langley, Smallman, Tsoukas, & Van de & Ven, 2013). Institutional work is typically configured by different stages, such as pre-institutionalization (Greenwood, Suddaby, & Hinings, 2002), the creation of proto-institutions that enable the emergence of institutions (Lawrence, Hardy, & Phillips, 2002), institutionalization and re-institutionalization (Surachaikulwattana & Phillips, 2016), and deinstitutionalization (Oliver, 1992). Although these stages cannot be considered exhaustive, they are useful in pointing out the complex process of institutionalization, characterized by steep changes, continuities, and discontinuities.

The lens of institutional work has also clarified the role and participation of a diverse set of actors in processes of institutionalization. From the perspective of institutional entrepreneurship, which highlights the heroic, intentional work of actors with agent attributes (Hardy & Maguire, 2008), to that of the day-to-day work (Raviola & Norbäck, 2013) of less skilled and powerful actors who do not necessarily possess high degrees of agency (Martí & Fernández, 2013), institutional work focuses on the institutional arrangements that are created, maintained, and/or disrupted in different contexts. It intends, therefore, to establish a more nuanced vision of agency and institutions that avoids defining actors either as completely determined by institutional arrangements or as superheroes with unlimited agency over their contexts, and, rather, acknowledges that the direction from actions to institutions is problematic and complex (Lawrence et al., 2009).

The complexity of institutionalization under the lens of institutional work comes mainly from its processual and relational aspect. Institutional work has placed particular emphasis on the different types of agency that emerge across space and time (Emirbayer & Mische, 1998), intending to better grasp how and when the individual work of specific actors, or the multiple relations of multiple actors, might explain institutional change at different levels. In other words, institutional researchers have begun to look at agency in specific contexts in order to better understand how, where, and why agents interact with the institutional settings in which they are embedded (Thoenig, 1998). This approach complexifies linear analyses that view agency as an individual attribute and that separate actors that have agency from those that do not.

Furthermore, complexity also stems from the conscious and unconscious sides of institutional change (Giddens, 1979; Scott, 2013). Most agents do not fully understand their situation, nor the consequences that follow from the decisions they make and the relations they experience; therefore, even if their action is purposeful and reflexive towards obtaining institutional outcomes that benefit them, they cannot necessarily explain the reasons for their actions (Emirbayer & Mische, 1998; Voronov & Vince, 2012). Therefore, agency

varies in degrees of consciousness, depending on the context, and evolves over time (Battilana & D'Aunno, 2009).

Three types of agency have been defined in the literature to show how agents and contexts interact through time: projective, practical evaluative, and iterative (Emirbayer & Mische, 1998). First, projective agency involves the vision of future trajectories of action configured via actors' hopes, fears, and desires (Emirbayer & Mische, 1998), much in line with the institutional entrepreneurship inheritance that assigned centrality to powerful and knowledgeable actors, and not to their interactions and relations (Battilana & D'Aunno, 2009; Perkmann & Spicer, 2008). Second, a much less-considered perspective in institutional work studies has been practical-evaluative agency, which is present-oriented and lies in the deliberation with others and oneself about situations experienced. In this type of agency, institutionalization is a primarily unconscious process in which activities evolve as multiple actors attempt to make sense of their shared situation, and then develop responses that, over time, are reciprocally reinforced and passed on to others. Institutions emerge from the collective, sense-making, problem solving behavior of actors confronting common situations (Strang & Sine, 2002). Third, iterative agency is when agents learn from their past interactions to help them confront new situations. Agents are capable of collectively reflecting on their past experiences and relations to face their present and future situations. When taken together, these three types of agency conceive a "temporally embedded process of social engagement, informed by the past (in its habitual aspect), but also oriented toward the future (as a capacity to imagine alternative possibilities) and toward the present (as a capacity to contextualize past habits and future projects within the contingencies of the moment)" (Battilana & D'Aunno, 2009: 47).

3.1.2. Actions and interactions towards creating institutions

Discussions surrounding institutional work have mainly unfolded along the lines of creating, maintaining, and/or disrupting institutions at the regulative, normative, and cognitive levels analyzed in the previous chapter (Lawrence et al., 2013; Scott, 2001; Zietsma & Lawrence, 2010). The

perspective of creating institutions has been most heavily researched under the lens of institutional work. Since a study by DiMaggio and Powell (1983) that focused on institutional entrepreneurship, a major interest has been taken in how agents change their institutional contexts. Centering the perspective of institutional work around creating institutions does not exclude the perspective of maintaining and disrupting institutions, as most institutional processes incorporate links between these processes (Lawrence et al., 2013).

Lawrence and Suddaby (2006), in a fruitful conceptual study that for the first time proposed the conceptual term "institutional work," defined three categories of institutional work aimed toward creating institutions. These three categories tackle institutionalization at the three institutional pillars (regulative, normative, and cognitive), and have, therefore, been useful for organizing previous and subsequent studies on institutional work. Furthermore, social skills and positions (Fligstein, 2001) aim to endow specific actors with protagonist roles in institutional change. Although most studies focus on the institutional work carried out by powerful actors with high capacity of agency, some studies have focused on the work of marginalized actors in the developing world as a response to coercive institutional orders, such as survival efforts or the preservation of dignity (Martí & Fernández, 2013). This latter example enables new perspectives on entrepreneurship related to emancipation (Lawrence et al., 2009).

The first category defined by Lawrence and Suddaby (2006) is the purposeful action aimed toward creating regulatory institutions. Regulative elements are constructed via the work of actors to design rules via deliberative rationalizing processes (Scott, 2013) that allow them to negotiate and analyze their potential returns (North, 1990). The formalization of rules and regulations systems is based on the obligation to obey, because behavior is subject to scrutiny by powerful parties such as the state (Jepperson & Meyer, 1991) and is, thus, based on the fear of failing to comply with these institutions (Scott, 2013). Governments, in particular, are an example of this phenomenon, as they exercise their power of authority over individuals and groups (Lindblom, 1977).

Lawrence and Suddaby (2006) expressed that it is mainly political work that is carried out by agents to influence regulatory institutions through the practices of advocating, defining, and vesting. These three processes explain the role of coercive authority that endows rights to different actors for them to develop their activities.[9] Advocating practices are particularly useful for gaining the regulatory support of claims and facilitating legislation. The process of defining institutional practices has also focused on formal institutionalization processes such as accreditation by formal authorities. Vesting is focused on the practices that confer property rights (Roy, 1981; Russo, 2001) and, therefore, give priority to the protective status of formal institutions. These three processes show that formal institutional actors are often the designers of these same institutions (Scott, 2013). The central role of state agency leaders seems particularly important with respect to how this role affects regulatory institutions (Selznick, 1957). However, while these actors aim to control the outcomes of the institutions they work to create, the true result often differs from their intent, particularly in the long run. This translates to unanticipated outcomes, because the situations to which the work has been applied have undergone changes with the passage of time (Pierson, 2004). Furthermore, some actors will avoid these formal institutions altogether (Oliver, 1992), or even defy them (Scott, 2013), as they find it very difficult to conform to requirements or regulations that do not facilitate their actions within these contexts.

The second category of institutional work proposed by Lawrence and Suddaby (2006) focuses on the practices that aim to create normative institutions. These are based on the increasing commitments of actors to engage in actions that normalize their behavior and activities (Selznick, 1957). In organizations, the normative pillar seems to be most affected by leaders and other high hierarchical levels (Kraatz, 2009; Riaz, Buchanan, & Bapuji, 2011), which is in line with the idea that professionals in modern economies have been particularly important in shaping institutions and establishing their interests

[9] Although it has been highlighted that coercive authorities are not always related to the state, most studies in this category assign great importance to state actors in processes of institutionalization.

(Scott, 2013). In this sense, the leaders of state and professional entities are the main rationalizers of regulatory and normative institutions (DiMaggio & Powell, 1983). Furthermore, the term "work" suggests that most actors engage in creating new institutional arrangements within their job settings and based on their abilities. Researchers have studied how professionals use their expertise, social capital, and legitimacy to challenge current institutional arrangements and create new ones (Suddaby & Viale, 2011). For example, journalists, public relations experts, advertising agencies, and academics engage in political work by affecting public opinions and perceptions (Campbell, 2004). Top executives and professionals such as global banking lawyers and bank executives can also be protagonists of institutional work in complex international settings (Riaz et al., 2011; Smets & Jarzabkowski, 2013). Currie, Lockett, Finn, Martin, and Waring (2012) also illustrated how specialized physicians respond to the introduction of new nursing roles by defending themselves from substitution and delegating routine tasks to nurses. Lefsrud and Meyer (2012) have shown that institutional work among rival and competitive professionals with diverse expertise can involve other parties in a way that makes their own abilities evident while attacking these new parties as non-experts. Marginalized actors can also affect normative institutions. Gaughan and Ferman (1987) and Villar (1994) argued that entrepreneurs in informal markets drive social cohesion and offer employment alternatives to otherwise excluded individuals and groups.

Lawrence and Suddaby (2006) suggested that constructing identities, changing normative associations, and constructing normative networks can create or change norms and values. With respect to the concept of constructing identities, the collective identities of certain groups and organizations are especially important for developing the agency to change institutional contexts. Organizations have the capacity to influence their contexts by "finding and maintaining a collective identity of a set of social groups and the effort to shape and meet the interests of those groups" (Fligstein, 1997: 398). Along the same lines, Wry, Lounsbury, and Glynn (2011) have examined the processes by which collective identities establish

a common purpose and legitimize themselves. Also, less powerful actors such as entrepreneurs in informal markets can construct collective identities to create informal institutions that allow them to develop market activity (Webb et al., 2009). The creation of standard-setting organizations can as well emerge as the target of this category of institutional work (Perkmann & Spicer, 2008). Such organizations are typically relatively open to stakeholders that are interested in standardizing certain practices (Lehr, 1992). This provides significant opportunity for those who are able to promote cooperations and collaborations amongst a range of players to pursue a collective goal (Botzem & Quack, 2006). Networks are also part of this category of institutional work, as they can be considered proto-institutions that provide solid ground for the emergence of new institutions (Lawrence et al., 2002; Leblebici, Salancik, Copay, & King, 1991). Marginalized actors can play an important role in such networks. For example, entrepreneurs in informal markets engage in networks to counteract the weak or nonexistent formal institutions that promote their activities (Batjargal et al., 2013), or leverage strong family and community ties to establish and grow their businesses (Gras & Nason, 2015; Khavul et al., 2009).

The third category of institutional work proposed by Lawrence and Suddaby (2006) addresses the creation of institutions "primarily on the cognitive side of institutions—the beliefs, assumptions, and frames that inform action by providing meaningful and understandable interaction patterns to be followed" (Lawrence & Suddaby, 2006: 228). Institutional work aimed at the cognitive institutional pillar is related to incorporating meaningful action and the immaterial component of practices (Meyer, 2008; Zilber, 2008). Agents undergo cognitive processes in order to face the challenges and pressures before them so that they can change existing institutional arrangements (Beckert, 1999) and construct shared understandings (Schatzki, Knorr Cetina, & Von Savigny, 2001). Cognitive skills are most likely concentrated amongst actors with expert competencies and knowledge, such as consultants, academics, and other professionals

(Perkmann & Spicer, 2008). However, marginalized actors are also able to affect cognitive institutions. For example, actors can develop advocating practices to achieve normative and cognitive legitimacy and, if successful, can formalize them through specific laws (Suchman, 1995). Rindova et al. (2009) have shown that entrepreneurs in informal markets develop norms and the cognitive capacity for innovation, flexibility, and adaptation that is necessary to persevere by challenging the formal institutional and resource constraints in their contexts. Some scholars also define bricolage as the main cognitive ability developed by entrepreneurs in informal markets, as they tackle their problems by intending to capitalize on what they have at hand (Baker & Nelson, 2005) and mainly through the practical-evaluative form of agency (Battilana & D'Aunno, 2009). Smets and Jarzabkowski (2013) also argued that different types of actors develop different forms of agency through the day-to-day practices and relations they engage in.

Lawrence and Suddaby (2006) have argued that mimicry, theorizing, and educating are the main actions designed to change the abstract understanding upon which meanings depend in different contexts. Mimicry is related to reducing the gaps between current institutional arrangements and new innovations to make them understandable for everyone. For example, disadvantaged groups such as indigenous communities or other non-western cultures are particularly prone to using this form of institutional work, as it can help them mimic their counterparts' western culture in order to achieve positive outcomes when working together as individuals or cooperating within and between organizations (Bhabha, 1994; Frenkel, 2008). The action of theorizing is related to "the development and specification of abstract categories and the elaborations of cause and effect" (Greenwood et al., 2002: 60), which contributes to objectification (Tolbert & Zucker, 1996). Theorization is also related to collective sense-making activities to interpret, diagnose, and propose solutions to recurrent problems when there is no useful path available (Suchman, 1995). The action of educating refers to transferring the knowledge and skills needed to understand and face specific institutional settings.

The argument that culture and cognitive aspects are strongly linked (Scott, 2008) asserts that cognitive efforts emerge in subtle ways within cultures. To frame research on cultural work, most studies have proposed using actors' efforts to target other actors' belief systems by shaping their identities (Creed, Scully, & Austin, 2002). These tasks rely on cultural skills to frame institutions in broader terms by creating common identities (Ansell, 1997; Perkmann & Spicer, 2008). Actors possessing these skills tend to concentrate in groups that can monitor and manipulate public opinion and perceptions (Campbell, 2004). To illustrate the possibility that companies can engage in cultural work, Maurer, Bansal, and Crossan (2011) argued that economic value is forged via social values and, therefore, it is the possibility of creating cultural bridges with them that creates value for different stakeholders. The possibility to achieve this largely depends on a given society's cultural diversity and how companies explore potential bridges with it, creating value for stakeholders (Maurer et al., 2011).

Other authors have taken a different approach, focusing on the necessary distance that specific actors need from one another to shift cultures and meanings. Through intense reflexivity, actors can attain cognitive and critical distance from the cultures in which they are embedded. Transformative action is then possible because institutional contradictions emerge, triggering a reflexive shift in actors' perspectives and beliefs and providing alternative meanings that allow them to change their schemas to accomplish their goals (Creed, DeJordy, & Lok, 2010). Research has shown that actors that are external and are not strongly embedded in certain institutional settings are those who explain change (Greenwood & Hinings, 1996). Change agents link the meanings available in the broader society in which they live and compare them to their own interests and situations. When they experience a contradiction between their own reality and broader institutional contexts, a change in their beliefs and perspectives is produced. (Seo & Creed, 2002). The experience of marginalization in particular can cause actors to develop reflexivity within established institutions and, in turn, be driven to criticize them (Creed et al., 2010; Friedland & Alford, 1991).

Many studies on institutional work not only reflect the processes of creating institutions that address any one of the three institutional pillars, but also consider a more grounded approach that begins to address the complexity of how actions affect multiple institutional pillars during the institutionalization process. Furthermore, the multidimensionality and complexity of institutionalization suggests that the consequences are stronger when all three institutional pillars are at play and multiple types of institutional work are deployed (Perkmann & Spicer, 2008). For example, agents who desire to change established regulatory institutions are not only involved in political work, but also in cultural work (Greenwood et al., 2002), showing that normative and cognitive aspects are being mutually reinforced in order to change formal institutions. Perkmann and Spicer (2008) have also identified political work, technical work, and cultural work that simultaneously addresses the regulative, normative, and cognitive institutional pillars in order to establish a certain management approach as the industry norm. In this scenario, political work is aimed toward redefining rules and property rights, and technical work is aimed toward designing frameworks that guide courses of action. Cultural work establishes or changes belief systems and values by presenting an institution in a way that appeals to a wider audience, beyond those who have an immediate interest, often grounding practices in broader normative and regulative frameworks (Perkmann & Spicer, 2008). Moreover, the complexity of institutional work focused on creating institutions at diverse institutional levels is reinforced by the fact that the institutionalization process can involve both the maintenance and disruption of institutions (Creed et al., 2010). For example, the practical definition of compliance with formal rules is determined by the actors who these institutions are designated to regulate (Dobbin & Sutton, 1998). The resulting concept of compliance is a more informal, symbolic sense-making process (Weick, 2004) that can potentially conflict with the sense-giving process led by formal authorities (Gioa & Chittipeddi, 1991).

Certain authors have argued that, despite the contributions of previous empirical studies on institutional work, its main component has been less

empirically studied; that is, that institutions are not created by individuals or groups in isolation, but are created by interactions (Lawrence et al., 2013) and relational forms of agency that emerge across space and time (Emirbayer & Mische, 1998). Most studies on institutional work have taken an approach that focuses on the actions taken towards creating institutions at the regulative, normative, and cognitive levels, largely influenced by the institutional entrepreneurship inheritance. Relational mechanisms that function as carriers of institutions (passing them from one individual to the other, or from one group to another) have not been sufficiently studied (Scott, 2013). Furthermore, the construction of institutions follows a processual logic, in which one practice builds upon the results of previous ones, typically pursued by different actors with distinct goals and purposes (Leblebici et al., 1991). A diverse set of actors bring together a set of organizations interested in change (Dorado, 2005) and the institutionalization effect is strongest when the skill sets of the actors involved are varied (Perkmann & Spicer, 2008).

Some studies have taken this approach to institutional work, highlighting the interactions that occur between diverse actors in institutionalization processes. Dorado (2013), for example, studying a commercial microfinance organization in Bolivia, showed how group dynamics enable individuals to engage in institutional work. In the same vein, Perkmann and Spicer (2008) provided an account of the roles played by diverse actors, each with different interests and skills, who were involved in propagating an institution associated with a given management approach. More recently, studies have shown that institutionalization in transnational processes is driven by the actions of public and private entities working as networks, rather than in hierarchical and/or isolated forms (Morth, 2004). Particularly, analytical skills that allow actors to create abstract models are needed to link diverse actors together and understand their motivations for creating institutional change (Strang & Meyer, 1993). Also, as actors' day-to day occupational tasks can be critical to institutional work (Kaghan & Lounsburu, 2011), recent studies have shown that institutionalization can be driven by the market practices of individuals and groups, featuring a decentralized logic that manifests through market

cooperations and collaborations (Perkmann & Spicer, 2008). The division of labor amongst different groups seeking institutional change can be particularly helpful for creating institutions (Campbell, 2004). Despite the contributions of these emerging studies, they have mostly omitted stronger relational perspectives of institutional work that account for the ontology of actors and institutional change.

3.1.3. Relations that impact the ontology of actors and their contexts

As shown above, since the proposal of Lawrence and Suddaby (2006), most studies on institutional work have focused on the actions of specific actors and the impact of their actions at distinct institutional levels on the contexts in which they work. Despite the suggestion to view institutional work in terms of the complexity of institutionalization processes, most studies have seemed unable to escape ontological and epistemological assumptions (Bansal, Kim, & Wood, 2018; Hassard & Cox, 2013; Zundel, Holt, & Cornelissen, 2012), which endow significant centrality to actors, understood as individuals and groups in specific contexts. Furthermore, the few studies that have taken more evidently relational perspectives on institutional work, have understood relations as carriers of institutions affecting just regulative, normative and cognitive pillars. As such, discussions on institutional work have largely focused on understanding actors as individuals and groups that act as units that explain outcomes at these institutional levels—rather than actors as outcomes of their contexts in recursive relationships—and, thus, define a certain form of methodological individualism (Hwang & Colyvas, 2014), simplifying the analysis of agency and institutional change.

Most studies on institutional work show, in this sense, a misunderstanding of the microfoundations approach to institutional theory by, as Lawrence, Suddaby, and Leca (2011) put it, "bringing individuals back" to the institutional discussion, and, therefore, understanding them and the broader contexts they work in as separate entities (Willmott, 2011; Zundel et al., 2012). In these studies, individuals and groups are the locus of power

over institutional change, though in actuality they are socially constructed representations of reality (Berger & Luckmann, 1967). Furthermore, agency is attributed to them, particularly with respect to institutional work developed in modern and western contexts (Willmott, 2011). Individuals and groups, however, are not objective constructions with clear limits between one another and the contexts they work in (Willmott, 2011). Rather, human beings have an intrinsically biological world openness (Berger & Luckmann, 1967) that enables the formation of institutions when humans are penetrated by the world via social and material relations, facilitating the possibility of externalization, objectivation, and internalization of institutions (Willmott, 2011). Institutions, although a product of relations, are experienced as objective. Although subjectively formed, they become collectively crystallized in a process that no one is capable of controlling (Berger & Luckmann, 1967). In this sense, institutions and power are forged and emerge via relations in specific contexts. However, in which specific contexts these emerge has remained unclear (Felin et al., 2015); thus, there has been a call for less coercive categories for understanding processes of institutional work as well as linking them with critical studies to understand these processes as conceptualizations of the emancipation of specific actors becoming agents, particularly the excluded and disadvantaged (Hwang & Colyvas, 2014; Willmott, 2011).

This reflection has led to a greater complexity of relational perspectives of agency (projective, practical-evaluative, and iterative) (Emirbayer & Mische, 1998) and their impact at higher levels of institutional change. Specifically, most studies on institutional work have seemingly omitted discussions of agency and structure at more abstract and general levels, implying that regulative, normative, and cognitive institutional levels of change are insufficient for unveiling the complex process of institutionalization. The micro-foundations of most studies on institutional work have viewed institutional change as lower levels impacting macro ones, "locating (theoretically and empirically) the proximate causes of a phenomenon (or explanations of an outcome) at a level of analysis lower that

the phenomenon itself" (Felin et al., 2015: 586). Much in line with the structure and agency paradox previously described, however, it has not been acknowledged that microfoundations are a multilevel and multidirectional approach, implying that higher levels of generality and macro contexts can be causes of micro ones, and vice versa (Felin et al., 2015; Kozlowski & Klein, 2013). This has led to an analysis of how intentions, values, and other institutional factors aggregate into more general and collective wholes and "might take a life on their own" (Felin et al., 2015: 617), which has enhanced the re-emergence of the importance of ontology in such theoretical discussions (Hwang & Colyvas, 2014).

Giddens (1979) has been one of the main authors who argued the importance of ontology (or the "theory of being") for discussions on institutionalization. His well-known theory of structuration treats practices as part of social structures, while social structures are part of practices, deliberately eschewing epistemological concerns (or the "theory of knowing") in favor of ontological ones (Cook & Brown, 1999). The impact of specific actors on their contexts cannot be considered separate from the structures within which their actions are embedded, as the actor *is* part of the structure and the structure *is* part of the actor.

As of late, this ontological perspective has been taken up by certain economic, management, and organizational researchers working in the stream of institutional theory. These discussions have mainly centered on the fact that the actors that carry out actions toward institutionalization are not, in fact, impenetrable by their contexts, as these contexts bring them into being (Padgett & Powell, 2012). These studies have pushed forward more recent innovations in institutional theory, understanding institutions not only as instantiations (Thornton, Ocasio, & Lounsbury, 2012; Thornton & Ocasio, 1999, 2008) and inhabited (Hallet, 2010; Hallet & Ventresca, 2006), but redirecting institutional discussions to the essential features that define the emergence of actors within their contextual forms. Institutions define the fundamental features of actors and the contexts in which they are embedded, revealing a previously-neglected ontological side of institutions that is forged

in social and material relations (Hwang & Colyvas, 2014). This perspective argues that there is an agentic bias in the institutional change discussion that gives a centrality to actors as individuals and groups (Voronov & Vince, 2012) and inhibits us from seeing that the essential features of actors largely emerge from the contexts in which they are embedded. At the core of the institutional change discussion is a constructive ontology of actors and the social and material relations they experience in their contexts (Hwang & Colyvas, 2014). Actors are not just individuals and groups, but emerge as abstractions at different levels of generalization (Hwang & Colyvas, 2014). For example, an actor can be an individual, an organization, a group of organizations, or even entrepreneurs with characteristics that define them as a particular abstraction. In the interest of this thesis, actors experiencing poverty can be defined as the poor, as communities, or as entrepreneurs depending on the essential features of their emergence. Actors emerge by pushing and pulling each other through relations and producing institutional outcomes at different levels (Hwang & Colyvas, 2014), implying that agency is strongly relational compared with other forms. Agency varies, depending on the emergence of different relational patterns (Zundel et al., 2012), resulting in a temporal and relational approach to institutions (Granqvist & Gustafsson, 2016) at different levels of generality (Stinchcombe, 1991). Individuals and their organizations flourish by receiving feedback from yet wider institutional settings (Zundel et al., 2012) and transforming into greater assemblages (Hirschman & Reed, 2014) that define their constitution as potential actors with capacity of agency (or in other words, "agents"). Institutional change unfolds as actors emerge at different levels of generality and abstraction. Thus, if we are to identify the actors and institutional dynamics involved, we must understand how actors emerge at the intersection of different levels of generality (Stinchcombe, 1991). Distilling the essential features of not only actors but also essential features of the outcome context with which the actor operates is an integral part of their ontology and of institutional change (Hwang & Colyvas, 2014).

This perspective gives a more complex lens to the relations that exist in specific contexts and how human beings are vulnerable to them in order to transform themselves into actors with agency at more general institutional levels. For example, the analysis of non-western cultures in ontological terms has been tackled by certain academics, who argue that culture cannot be considered in normative and cognitive terms alone. Indigenous communities and other non-western cultures that exhibit extreme cultural differences compared with modern societies are a case-in-point illustration. Many studies have argued that non-western actors frame market interactions differently, recognizing and exploiting market opportunities that are often opposed to mainstream western culture, a fact that reflects acute differences in culturally-imbedded interactions and relations (Banerjee & Linstead, 2004). Most indigenous communities do not view mining as a market opportunity, for example, as it is opposes both their cosmovision and way of life (Bruijn & Whiteman, 2010). Thus, the differences between cultures cannot be solely viewed at the cognitive and normative levels of culture, as they imply different ontologies (Banerjee & Linstead, 2004). In the same vein, in many Asian societies, informal institutions are relationship-centered, viewing people as relational beings who determine their own manners of organization and market activity (Barkema, Chen, George, Luo, & Tsuj, 2015). Under this lens, different cultures can be understood as patterns that emerge through action and interaction, which, in turn, affects future action and interaction (Adams & Markus, 2004).

Other studies have focused on emotions as key to understanding how human beings are vulnerable to their contexts, implying complex process of institutional change. Human beings are not just rationally cognitive but also emotional beings when experiencing relations, and their desires are not reducible to rational interests (Voronov & Vince, 2012). Emotions are not only theorized as cognitive, as they reflect a nuance in their potential impact on the ontology of actors and the contexts they work in (Voronov & Vince, 2012), suggesting a fusion between people and institutions (Voronov & Weber, 2016). Depending on the context people work in, emotions can

disengage processes of institutionalization at different levels. A greater understanding is needed of what and how agents experience institutions (Voronov & Vince, 2012). There has, therefore, been a call for new ontologies of actors and institutions (Padgett & Powell, 2012; Smets, Aristidou, & Whittington, 2017) that incorporate missing elements such as emotions and relations into existing conceptualizations (Lok, Creed, DeJordy, & Voronov, 2017; Voronov & Weber, 2016).

A few empirical studies on institutional work have emerged along these lines. Gehman, Treviño, and Garud (2013), for example, showed that values emerge according to actors and the relations they engaged in, showing that agency for institutional change is distributed across social and material elements. In the same vein, Zundel et al. (2012) showed that relational patterns continually emerge in institutionalization processes and are, therefore, at their core. Padgett and Powell (2012: 2) pushed the ontological relational argument further, explaining the emergence of markets by arguing that "in the short run actors create relations," and, conversely, enlarged the temporal variable by stating that, "in the long run, relations create actors." In a more contradictory and subtle manner, most of the previously analyzed studies on identity work have not seemed to clarify a stand between epistemological and ontological aspects in the formation of individual and collective identities (Fligstein, 1997; Webb et al., 2009; Wry et al., 2011), and target the ontological aspect of institutions mostly indirectly. This is especially true of studies that have focused on the embodiment of institutions and the importance of emotions (Creed et al., 2010; Gawer & Phillips, 2013). Identity work suggests that identities are not just individual but conditioned and relational (Creed et al., 2010; Voronov & Vince, 2012) and, therefore, showing that endeavoring for institutional change is an embodied and emotional process that enables them to transform into agents of change (Creed et al., 2010).

Viewing institutional work in ontological terms does not mean removing process perspectives from these discussions. Ontologies vary, as the things that exist now did not always exist, and most likely will not exist again in the

future and, therefore, associations and assemblages vary through space and time and are constantly being transformed (Hirschman & Reed, 2014). Furthermore, new things are re-combinations of the past (Kaplan & Vakili, 2015; Padgett & Powell, 2012; Stark, 1996). For example, entrepreneurial endeavors are the assembling of existing things in novel ways in order to adapt to a new context (Chandler & Hwang, 2015). The recursive relationship between the emergence and the institutionalization of new actors by their social and material relations, as well as how actors affect their surroundings, provides a window onto a world in motion and the complex processes that emerge hand in hand across space and time (Kennedy & Fiss, 2013). Furthermore, the process character of the ontological perspective has supported discussions of the conscious and unconscious aspects of institutionalization processes across space and time forged in relations, as actors are mainly unconscious of the actions that constitute their being in the world (Giddens, 1979) .

In summary, creating institutions should be regarded as the endpoint of a continuum along which institutional work occurs at different institutional levels. How the agency of actors unfolds is dependent on the institutional environment (Bourdieu, 1977; Giddens, 1984), thus, actors are affected at different levels—and even penetrated—by their environments, but are also capable of responding to them during their emergence (Scott, 2013). Depending on the case, different phenomena can also be explained along this continuum. For example, regulatory institutions are the most consciously crafted, while normative elements are more likely to be constructed more unconsciously in obligatory expectations that develop in the course of repeated interactions, and cognitive institutions emerge in even more unconscious processes (Scott, 2013). Furthermore, emotions and relations seem to explain institutional processes in mainly ontological terms, showing an even more abstract component of institutions that has largely been ignored and that emerges via social and material recursive relations between actors and the contexts they are embedded in (Hwang & Colyvas, 2014).

As the aim of this thesis is to answer the question, *How can markets emerge as inclusive arenas for the poor?*, the lens of institutional work is particularly useful for analyzing how institutions emerge in poor and informal settings through actions of specific actors and the relations they experience through conscious or unconscious institutionalization processes at various levels. This is especially important for less-developed areas within developing countries, as these cannot always be considered markets. In many poor and informal settings that are configured by people who cannot meet even their most basic needs, market activity is completely absent (Karnani, 2007). Institutions must first be created to transform these settings into markets and, more importantly, into inclusive arenas for the poor. On one side, institutional work can be viewed from the normative and cognitive institutional levels to understand the role of specific actors and their interactions and how these unleash institutional change in poor and informal settings. This allows us to understand the agency of specific actors and their interactions and how these markets affect the cognitive and normative institutional levels previously defined by the literature on informal markets. On the other side, stronger relational perspectives on institutional work can offer a more complex understanding of the processes of actors and the contexts in which they work, especially at the ontological level, explaining how actors and contexts become both (the actor and the context) at similar levels of generality and in the same process. This is in line with ontological approaches that aim to grasp the phenomenon of poverty and informality in its full complexity. Understanding how this legitimacy unfolds in the complex dynamics associated with the institutionalization (Surachaikulwattana & Phillips, 2016) of informal markets will help unveil how the inclusive character of market activity emerges outside the law. Therefore, through the theoretical lens of institutional work analyzed above, this thesis aims to address the sub-question: *How does the inclusive character of informality emerge at different institutional levels?*

However, as also analyzed above, the institutionalization dynamics of informal markets cannot be conceived without analyzing its links with formal markets. Furthermore, these links are often key to the emergence of market

activity in poor and informal settings and to how they come together to create markets. Thus, this thesis proposes to enlarge the institutional work perspective and link it to the discussion of a specific form of institutional work that focuses on the work that occurs across institutional boundaries.

3.2. How boundary work connects formal and informal markets through inclusive cooperations

This section proposes using the theoretical lens of boundary work, as a form of institutional work, to analyze how cooperations emerge and develop between actors in formal and informal markets despite the institutional barriers that hinder them at different levels and asymmetries of power, ultimately showing how informal market activity is linked to formal markets and how relational patterns can emerge across these boundaries in a way that promotes the emergence of the inclusive character of markets. The term "boundary work" describes the work carried out by different actors at the boundaries of different institutional settings. Boundaries can be conceived as both the barriers that impede relations between actors and the junctures that facilitate their exploration. Entrepreneurs in informal markets, as well as multinationals, local companies, and small-medium enterprises residing in formal markets, connect with one another by engaging in practices and relations at the boundaries between formal and informal markets. This illustrates how the institutional dynamics of informal markets are linked with formal markets, and can facilitate a more complete understanding of how the positive character of informality emerges and, in turn, allows markets to emerge and function as inclusive arenas for the poor.

3.2.1. Boundary work for creating barriers between actors in different institutional settings

Boundary work is an important type of institutional work that is carried out by actors at the intersections of various institutional settings (Zietsma &

Lawrence, 2010). It can be defined as the purposeful effort of actors to influence institutional boundaries (Langley et al., 2019). The theoretical lens of boundary work suggests that actors often work at the interfaces of where institutions are negotiated, contested, and created; therefore, explaining institutional change (Fligstein, 2001; Lawrence & Suddaby, 2006). As institutional work, boundary work is a process-oriented conceptual term describing boundaries as continually emerging due to the work of these actors (Langley et al., 2019; Langley & Tsoukas, 2016).

The notion of boundary work was originally used to analyze strategies that aim to demarcate science from non-science practices and legitimize scientific authority (Gieryn, 1983). Since its inception, the notion of boundary has, thus, been geared toward understanding the process of how creating boundaries defines members and non-members to specific settings according to a certain set of practices and institutions (Burri, 2008; Greenwood et al., 2002; Scott, 1994, 2001; Zietsma & Lawrence, 2010). Boundary work points to the inherent complexity of institutional intersections because of the uneasy co-existence of different institutions (Furnari, 2016; Owen-Smith & Powell, 2008; Rao, Morril, & Zald, 2000).

The lens of boundary work has been particularly helpful, highlighting power dynamics in the institutionalism discussion. The concept of boundary work helps us to understand how power dynamics that benefit only certain groups are commonly reproduced (Apesoa-Varano & Varano, 2014). Boundaries are historical institutional barriers that include or exclude different types of actors (Bourdieu, 1977), as they act as tools over which actors struggle and, ultimately, agree or disagree upon definitions of reality (Lamont & Molnár, 2002). Boundaries between different actors can, therefore, translate into the unequal access and distribution of resources and opportunities (Lamont & Molnár, 2002).

Boundaries between actors point to both concrete and abstract differences between different institutional settings. On one hand, boundaries show concrete physical and material dissimilarities (Johansson & Lundgren, 2015). On the other hand, differences can express dissimilar normative and meaning systems

(Zietsma & Lawrence, 2010). Furthermore, as suggested by the institutional change discussion, boundaries can imply different ontologies, showing even more abstract differences (Hwang & Colyvas, 2014).

Boundaries, in this sense, explain relational patterns in different contexts (Zundel et al., 2012). For example, the culture of indigenous communities is extremely different from that of western societies; thus, conflicts often arise when formal market actors coming from modern scenarios work with indigenous communities (Bruijn & Whiteman, 2010). Institutional difficulties emerge when actors from these extremely disparate contexts work together (Furnari, 2014). Therefore, in market cooperations, the concept of boundaries is related to the idea that the most-benefited actors in the division of labor take advantage of their position (Strauss, 1978), and asymmetries of power and opposing institutions between actors can affect which parties receive the full benefits of trading (Kellogg, Orlikowski, & Yates, 2006). Therefore, institutional boundaries at different levels reflect the difficulties and complexities of developing functioning relations between actors from formal and informal markets, which usually occurs along global value chains (Reinecke et al., 2018) .

A diverse set of actors can be involved in the power dynamics that occur at the boundaries of different institutional settings. Some actors, for example, might be interested in maintaining boundaries that allow them to gain the advantage in their contexts (Kreiner, Hollensbe, & Sheep, 2009), while others might be interested in removing those same boundaries to better position themselves (Gieryn, 1983, 1999). In other words, the actors that dominate and benefit from their current situation work to reinforce existing boundaries, whilst those who are challenged by their current situation (referred to as "challengers") work to weaken these boundaries and even create new ones that will help them achieve their goals. Challengers can also form successful coalitions for change (Langley et al., 2019) as a means of overcoming a specific set of actors' resistance to change (Huising, 2014). To this effect, previous studies have suggested that powerful actors can create social distance from less powerful actors, as illustrated, for example, in the

territorial exclusion of urban ghettos (Martí & Fernández, 2013). Other studies, however, have also highlighted the possibility of power reversals over time (Helfen, 2015), implying that actors can change existing boundaries in order to obtain benefits.

3.2.2. Using the lens of boundary work to explore relations between actors from different institutional settings

Boundaries are not always barriers of exclusion but can also be conceived as junctures for potential inclusion among actors from different institutional settings, in which relations can promote institutional change at different levels. Therefore, boundary work can be understood as the work carried out to create or maintain barriers (Langley et al., 2019), as well as to establish connections at and across boundaries (Quick & Feldman, 2014), ultimately promoting cooperations between different institutional settings (Ozcan & Santos, 2014). At boundaries, practices and institutions are loosened from their taken-for-granted status and alternatives can emerge, particularly in the face of institutional failure (Morrill, 2017).

Some of the researchers interested in identifying how successful cooperations occur despite institutional differences have begun to view boundaries as negotiated by the practices of actors through boundary work (Kaplan, Milde, & Cowan, 2017; Levina & Vaast, 2005). The day-to-day activities of actors either remove or reframe boundaries, allowing for constant cooperations and collaborations (Allen, 1997; Bechky, 2006). Zietsma and Lawrence (2010), for example, identified practices that connect boundaries between forestry companies and decision-makers.

To facilitate cooperations in the workplace, boundaries can also be blurred and/or downplayed. Allen (1997) showed how health care assistants do the work of other actors (e.g., doctors or nurses) as needed to ensure patient care, resulting in a process of unclear role differentiation. Similarly, a study by Bechky (2006) on film crews showed how repeated practices of gratitude and

kindness indicate the roles, responsibilities, and activities that each group or individual needs to endeavor at different given moments in time.

A more innovative perspective has been suggested by Zundel et al. (2012), who proposed that transgressing boundaries is the only way for new relational patterns to emerge. Actors engage in processes of "wandering" in unknown settings, which allows them to enter into relations they had not previously experienced. This, in turn, enhances the emergence of new relational patterns (Zundel et al., 2012). Furnari (2014) also argued that actors from different institutional settings can occasionally interact around common activities, temporarily breaking free from their institutions and opening themselves up to new interactions that serve as the foundation for institutional change. These types of interactions between different institutional settings can also increase the quality of relations between different actors with respect to which cooperative goals are endeavored (Collins-Dogrul, 2012). Actors can establish shared reference points, particularly in cases of extremely disparate institutional settings, facilitating coordination at and across boundaries while allowing for flexibility and maintaining distinct institutional identities (Reinecke et al., 2018).

In the same vein, certain researchers have argued that boundary work sometimes needs to be embodied, much in line with the ontological aspect of institutions neglected in most studies on institutional work. Some actors connecting boundaries can be conceived as boundary workers or "boundary spanners" and organizations working at and across boundaries as "boundary organizations" (Langley et al., 2019). This was taken in to account in the ethnographic study led by Yagi and Kleinberg (2011), which highlighted the experience of employees of a Japanese subsidiary in the United States, who work at multiple intra-organizational, inter-cultural, and inter-national boundaries. Likewise, a study by Ellis and Ybema (2010) showed that managers can embody boundaries, as they fluidly recreate the boundaries of the organization and the market, defining themselves as belonging or not belonging to the organization and the market, depending on the situation. Guston (2001) preferred to focus on defining the importance of boundary organizations in

environmental policy and science. Boundary organizations in the environmental industry exist at "the frontier of the two relatively different social worlds of politics and science" (Guston, 2001: 401) and, therefore, provide opportunities for connection involving actors from both sides.

In the interest of this thesis to explore the question, *How can markets emerge as inclusive arenas for the poor?,* using the lens of boundary work and linking it to the discussion on institutional work is useful for analyzing cooperations between formal and informal markets and how they are at the core of the institutional dynamics that allow the positive side of informality to unfold. Boundary work opens the door to a new and refreshing analysis of how inclusive cooperations develop between formal and informal markets. As boundaries can either be barriers that separate or junctures that connect, depending on the practices and relations of different actors, it is interesting to examine how actors are capable of transforming boundaries into places of connection in order to unleash benefits for the poor, and at which institutional levels they aim their work. This perspective is in line with studies such as that led by Soundarajan, Khan, and Tarba (2018), which examined garment supply chains and how the boundary work carried out by Indian sourcing agents aimed to either dismantle or bridge the boundaries affecting the interactions between western buyers and local suppliers. Boundary work is, therefore, a promising lens for analyzing how to overcome the institutional differences and power asymmetries between formal and informal markets without adopting a perspective of formalization that is based on potential conflictive relations. According to Sen (2000) and the WorldBank (2013), inclusive cooperations are understood as those that that permit the development of abilities, opportunities, and dignity for the poor and the informal. The second sub-question of this thesis, thus, intends to grasp how inclusive cooperations emerge between formal and informal markets: *How do inclusive cooperations between formal and informal markets develop despite their different institutional contexts and asymmetries of power?*

This thesis places emphasis on unveiling how these cooperations explain the positive side of informality and informal market dynamics. As formal markets have received significant attention in economy, management, and organizational

studies, this thesis places focus on marginalized actors, such as entrepreneurs in informal markets, that have been largely ignored by mainstream academia.

3.3. Conclusion

This chapter has argued the benefits of linking the lenses of institutional work and boundary work to understand the emergence of inclusive markets in developing countries. As was thoroughly analyzed in Chapters 1 and 2, inclusive markets are defined as participatory arenas for the poor and excluded, and have mainly been studied in two streams of literature: 1) institutions that establish the functioning of informal markets and 2) cooperations between formal and informal markets. Therefore, the main guiding question of this thesis is: *How can markets emerge as inclusive arenas for the poor?* This is a process question, as it considers the phenomena of inclusive markets in terms of movement and change through space and time. The question focuses on micro-process dynamics that unveil the emergence of markets in which the poor can develop their potentials.

After outlining the main guiding question of this thesis in Chapter 2, Chapter 3 problematized it via two sub-questions that can be answered by linking the theoretical lenses of institutional work and boundary work. The concepts of institutional work and boundary work are employed in institutional theory to describe the emergence of processes across space and time and, therefore, are useful for exploring the complex mechanisms that explain how the inclusive character of markets emerges and functions. Thus, this chapter first analyzed the broader theory of institutional work that can enlighten the emergence of the more positive side of informality by explaining the actions and relations that facilitate the institutional dynamics of informal markets at different institutional levels. The creation of institutions and the actors engaged in institutional work was highlighted, as was a newly emerging perspective that argues that the ontological aspect of institutions is strongly forged in relations when comparing it with other levels. The lens of institutional work is particularly enlightening, as

institutions at different levels must be created to transform poor and informal settings into markets and, particularly, inclusive markets. Therefore, by adopting the lens of institutional work, the first sub-question was introduced: *How does the inclusive character of informality emerge at different institutional levels?*

The second section of this chapter then analyzed boundary work as a form of institutional work that can unveil the emergence of market cooperations between formal and informal markets that benefit the poor and their initiatives despite the institutional differences and power asymmetries that act as barriers to success. Boundaries are dynamic entities that, depending on the work of given actors, can either be considered barriers that separate actors or junctures that facilitate the exploration of benefits through cooperations. Therefore, this lens can shed light on the complex emergence of the inclusive character of these cooperations and how they are linked with informal market dynamics. As was analyzed in Chapter 2, the institutional dynamics of informal markets are deeply connected with formal markets. However, formal and informal markets constitute extremely different institutional settings. Both formal and informal markets group "organizations that, in the aggregate, constitute a recognized area of institutional life" (DiMaggio & Powell, 1983: 48). Individuals and organizations in formal and informal markets are socially embedded in different institutions that shape and enable their emergence as actors that can engage in market activity. Furthermore, these institutional differences imply power asymmetries. Entrepreneurs in informal markets are embedded in poverty settings that do not necessarily have the economic resources, infrastructure, or other resources needed to facilitate the development of market activity. This has resulted in cooperations between formal and informal markets that produce unfair gains for certain actors, with entrepreneurs in informal markets being the "weak spot," and, thus, often exploited by their formal counterparts. Boundary work is, therefore, a promising lens for analyzing how to overcome the institutional differences and power asymmetries that exist between formal and informal markets without having to adopt the perspective of formalization as potential

conflictive relations. The second sub-question, which intends to grasp how inclusive cooperations emerge between formal and informal markets, was introduced: *How do inclusive cooperations between formal and informal markets develop despite their different institutional contexts and asymmetries of power?*

One important point to highlight here, is that the theoretical lens chosen by this study is a link between institutional work and boundary work used to answer the guiding question, *How can markets emerge as inclusive arenas for the poor?* The fact that informal markets are deeply connected with formal markets makes the integration of both the institutional work and boundary work lenses a useful tool for grasping the complexity of the phenomena under study. This is achieved through the two aforementioned sub-questions, which intend to grasp distinct aspects of the emergence of inclusive markets (specifically, the institutional dynamics that allow informal markets to emerge and function, and the cooperations that occur with more powerful, formal counterparts) and, therefore, together support the main guiding question of this thesis.

Chapter 4 – Methodology

La memoria no es lo que recordamos, sino lo que nos recuerda.
La memoria es un presente que nunca acaba de pasar.[10]
Octavio Paz

This chapter depicts the methods used in this thesis to answer the question of how markets can emerge as inclusive arenas for the poor. It is structured as follows. In Section 4.1, an analysis of indigenous communities in rural settings and urban slums is presented using two extreme examples that illustrate the diversity of informal markets. The main characteristics of these examples of informal settings are then depicted. In Section 4.2, the case-study-based method is described. The selection of two case studies on cooperations between formal and informal markets in Costa Rica is explained, positing it as an effort to link the phenomena of connections between the institutional dynamics of informal markets and the cooperations that occur between formal and informal institutional settings. Case Study I analyzes cooperations between the multinational FT and Bribri indigenous banana producers in the region of Talamanca. Case Study II focuses on cooperations between local and small-medium enterprises that import used clothing (otherwise known as *Ropa Americana*, or "American clothing") and entrepreneurs from the urban slum of La Carpio who act as their distributors within a context of extreme poverty. The section then goes on to explain how, while the two cases use different research designs, the units of analysis are the same and equally address the main guiding question of this thesis. Furthermore, both case studies can be theoretically interpreted under the joint theoretical lens of institutional work and boundary work. Sections 4.3 and 4.4 present the methods used for Case Study I and II, respectively. The research setting, data collection, and data analysis of the two

[10] "Memory is not what we remember, but that which remembers us. Memory is a present that never stops passing."

case studies are also analyzed in these sections. Section 4.5 describes the two theoretical categories under which these cases are compared, which align with the two theoretical lenses (institutional work and boundary work) described in Chapter 3. These are: 1) the emergence and functioning of informal institutions that allow informal markets to function, and 2) the boundary work at different institutional levels that enhances the emergence of inclusive cooperations between formal and informal markets. Section 4.6 summarizes the chapter and highlights the key components of the methodology.

4.1. Indigenous communities and urban slums as extreme examples that illustrate the diversity of informal markets

To deepen the analysis of how markets can emerge as inclusive arenas for the poor, we must analyze the vastly different settings in which informal markets emerge. Informal markets are diverse phenomena and, therefore, cannot be considered homogenous across all contexts. Nonetheless, many studies have generalized the term *informal markets* to encompass entire countries or regions (Khanna & Palepu, 1997; Sutter et al., 2013), ignoring their heterogeneity. These studies have taken mainly macro and normative perspectives, neglecting the economic complexity of developing countries. As argued in Chapter 2, developing countries are configured by developed-formal and developing-informal areas and, therefore, not all market activity in developing countries can be considered informal. Furthermore, informal markets in different geographical locations are characterized by institutional diversity (Webb et al., 2010), further reflecting the multifarity of these markets (Godfrey, 2011).

The acute differences between indigenous communities and urban slums illustrate the heterogeneity of informal markets. Producers in rural, indigenous communities and entrepreneurs in urban slums both carry out economic activities outside the authority of law. Thus, both can be categorized as entrepreneurs operating in informal markets. However,

although both reside in extreme poverty situations and are operating outside of formal laws and regulations, they have profound differences.

Indigenous communities comprise 5% of the global population and account for roughly 15% of the extreme poor (WorldBank, 2018). Depending on the specific region and country, these percentages can be much higher. For example, Latin America has an indigenous population of 45 million, representing 8.3% of the region's population. Some countries in this region have even higher percentages. For example, 22% of the Mexican population, 40% of the Guatemalan population, and 48% of the Bolivian population is indigenous (Berger, 2019).

Notwithstanding their demographic relevance and the importance of national and international efforts for their inclusion, these communities experience poverty and stigmatization and are, in reality, largely excluded from national and regional economic development strategies (CEPAL, 2014). Indigenous communities mainly reside in rural areas and have been increasingly displaced from their original territories for the formation of nation-states since the nineteenth and twentieth centuries. Throughout this time, indigenous communities have endeavored a long and continual struggle for the right to their ancestral lands (Banerjee, 2000; Calvano, 2008; Whiteman, 2009), arguing that their culture and identity is vastly different from modern western culture (Bruijn & Whiteman, 2010), most often related to their embeddedness with the natural world (Whiteman & Cooper, 2000, 2011). Market interactions in which indigenous communities engage typically aim to respect this cultural identity (Banerjee & Linstead, 2004).

A different case is found in the informal markets created by poor populations residing in slums on the outskirts of cities. Urbanization has been one of the most dramatic transitions of the nineteenth and twentieth centuries, and half of the world's population currently lives in urban areas. This extreme transition has created exclusion enclaves, where extremely poor populations reside (WorldBank, 2013). Thirty-three percent of the world's urban population—accounting for 800 million people—lives in slums, mainly in the

developing world. Of these 800 million slum-dwellers, 110 million pertain to the urban slums of Latin America (UNFPA, 2011).

Urban slums lack access to public services and have no formal legal or political recognition by government authorities. Their residents suffer employment discrimination and are most often representatives of minority groups such as poor day laborers, rural immigrants, and peoples or groups displaced by internal or external conflicts (WorldBank, 2013). Entrepreneurs in these areas, therefore, suffer conditions of extreme poverty and, despite their geographical proximity to cities, are excluded from economic development and operate according to distinct economic dynamics. Slums, therefore, can be considered cities in their own right, with political and market-based activities that function independently from formal political, legal, and market systems.

Because of these dynamics, rural indigenous communities and urban slums illustrate two extreme examples of informal markets, and, thus, facilitate a broader understanding of how inclusive markets emerge in different informal settings. On one hand, studying both settings provides a contextual understanding of the institutional dynamics of informality in the settings where the poor reside and develop their economic activities and, therefore, a deeper understanding of the positive character of markets reflected in the emergence of informal institutions. On the other hand, cooperations with formal markets likely involve different efforts in each of these settings toward enhancing the benefits experienced by the poor. In this regard, this thesis is a response to the recent call from organizational and management scholars to analyze diverse and extreme settings (Bamberger & Pratt, 2010; Eisenhardt & Graebner, 2007; Ibarra-Colado, 2006; Martí & Fernández, 2013; Pettigrew, 1990; Pina e Cunha, Rego, & Clegg, 2010) in order to resolve the narrow spectrum of contexts studied in the current literature (Clegg, Courpasson, & Phillips, 2006; Dover & Lawrence, 2010; Perrow, 1986), particularly with respect to the poor and the marginalized and their environments (Martí & Fernández, 2013). Often, extreme contexts contain more valuable information than average contexts (Stinchcombe,

2005), as they help us shift knowledge status quos and break away from habitual assumptions (Clegg et al., 2006). Thus, studying these two cases provides a window onto the complex and diverse institutional dynamics that allow inclusive markets to emerge and function.

4.2. Case studies as a methodological approach

As explained in the previous chapters, inclusive markets and the unfolding of related discussions on informal markets and their cooperations with formal markets are an undertheorized subject (Godfrey, 2011; Portes & Haller, 2005; Portes & Schauffler, 1993). This thesis proposes that a case study methodology can help to advance the creation of theories (George & Bennett, 2005) that support a deeper understanding of how informal market dynamics are connected with formal markets and how both formal and informal markets can explain the emergence of inclusive markets.

Two case studies were endeavored for this thesis. Case Study I is on cooperations between the food multinational FT and indigenous Bribri banana producers residing in the region of Talamanca. This case study has two points of focus. First, it describes the emergence of an informal organic banana market within an indigenous reservation. Second, it analyzes how cooperations with multinationals explains both the dynamics and the inclusive character of this market. Case Study II is on cooperations between used clothing importation companies and small-medium enterprises and the poor entrepreneurs from the urban slum of La Carpio who act as their distributors. This also has two points of focus; first, the emergence of an informal used clothing market within the slum; and second, how cooperations with used clothing importers in an adjacent formal market are linked to its emergence.

Both case studies were conducted in Costa Rica, for several reasons. First, the author of this thesis resided there from June 2015 until January 2020; thus, the PhD project was strongly embedded in the country's culture. Second, the supervisor of this thesis has worked in Costa Rica for the last six years and has a vast network of contacts that helped facilitate associated fieldwork and

the case selection process. Third, while technically considered a middle-income country, Costa Rica struggles with steeply increasing rates of inequality and extreme poverty and, thus, resides between the limits of a developing and an emerging country (UNDP, 2018). It exhibits developed-formal areas, such as its capital city of San José and the Greater Metropolitan Area, as well as the extreme poverty of urban slums and severe exclusion of rural indigenous communities. Fourth, the author of this thesis, Chilean by birth, has worked for the last sixteen years in multicultural and poverty contexts throughout the Latin American region, and was, thus, in a position to interpret the results of these case studies with a mixture of a local lens, a broader contextual-experiential knowledge, and high-level theorization.

The two case studies were endeavored at different moments of the research process. Case Study I, on cooperations between the multinational FT and indigenous Bribri banana producers residing in rural Talamanca, was conducted with the idea that its findings could provide a clearer ground for selecting the second case, establishing a baseline for comparison between rural and urban poverty settings and cooperations with their respective formal counterparts. The findings of Case Study I were largely related to the difficulties of establishing cooperations that would clearly benefit indigenous communities, due to barriers such as cultural differences and differing approaches to market activities. The La Carpio urban slum was then chosen as an ideal setting to contrast these findings. As will be explored in the sections below, after much deliberation and fieldwork, it was decided that Case Study II would focus on cooperations between informal entrepreneurs in La Carpio who act as distributors for formal importers.

While the respective contexts of these two cases were quite different, the theoretical anchor for analyzing them would need to be similar, to facilitate an accurate understanding of the phenomena under study. This led to an analysis of literature on inclusive markets. After an in-depth review of key writings, it was clear that the bulk of associated research has unfolded within the stream of informal markets, which inevitably turned the literature review toward the institutional discussion and how market activity is endeavored in

these settings. The literature stream on cooperations between formal and informal markets, and how it is possible for participants from such dissimilar institutional environments to be able to work together, was also reviewed. The conclusion of this in-depth literature review was that that the two streams—that of informal markets and that of cooperations between formal and informal markets—have largely developed in complete isolation from one another (Branzei & Abdelnour, 2010), and that integrating them would be key to understanding the complex dynamics of inclusive markets. This analysis enabled the author of this thesis to construct the research questions in an informed and theoretical manner, and in a way that would direct this thesis toward understanding the phenomena of both cases.

At this point, a theoretical lens through which to answer the main question and the two sub-questions was also chosen. After revising numerous streams of literature, institutional work and boundary work were identified as two theories that could help unveil the emergence of inclusive markets by analyzing the positive character of informal institutions that establish market activity in poor and informal settings, and how these are connected with cooperations between formal and informal markets.

As detailed in the methodology section of each case study, ethnographical and participatory observations (Czarniawska, 1997; Kunda, 1992; Zilber, 2008) were used to enable a more in-depth understanding of informality and cooperations with formal counterparts in both Case Study I and Case Study II. These qualitative methods provided a micro-analytical perspective (Kouamé & Langley, 2018) for analyzing the institutions (Lawrence et al., 2013; Raviola & Norbäck, 2013) present in different settings of informality and how inclusive cooperations with formal markets are attained.

4.3. Methodology of Case Study I: Cooperations between FT and indigenous Bribri banana producers[11]

The first case study is focused on the emergence of an informal organic banana market and cooperations between the multinational FT and indigenous Bribri banana producers residing in the rural region of Talamanca, Costa Rica. Specifically, it consists of a shared value project that is focused on increasing production certainty within the Bribri community. The research setting, data collection, and data analysis of this case are analyzed below.

4.3.1. Research setting

The case study was based on a shared-value initiative developed by FT, a multinational food producer, with the indigenous Bribri community of Talamanca, Costa Rica. FT is an example of a multinational corporation that obtains raw materials from rural indigenous communities for its food production process. This setting was selected because it provides an ideal illustration of complex informal contexts in which multinationals work and cooperate with indigenous communities along their supply chain, and how these multinationals are connected with the informal market dynamics of these communities. In addition, the PhD supervisor for this thesis has connections with FUNDES, one of the organizations involved in the project, which allowed access to relevant data at various stages of the thesis.

[11] Three paper versions of this case have been written. The first was for Dr. Yvette Sánchez's PhD course, "Transcultural Workspaces," and was entirely written by the author of this thesis. The second was a paper sent to the *Academy Management Journal (AMJ)* in late 2017 and was co-authored with the PhD supervisor of this thesis, Dr. Urs Jäger. An R&R was received, and a revised version sent to *AMJ*. Ultimately, the paper was not published. A new version is currently being prepared for *Organization Science*. The interpretation of this case study described in this thesis shows a different theoretical interpretation from the abovementioned versions.

In 2007, FT was bought by FNY[12] for USD 5.5 billion. After the buyout, FNY executed its corporate view on sustainable management of supply chains within FT by implementing "Creating Shared Value" (CSV) projects with providers. FT was required to lead projects that aligned with this strategy and chose to implement a CSV project in Talamanca, a rural region in southern Costa Rica. The project aimed to create business solutions that would generate benefits for both FT and the Bribri producers. At the time of this decision, FT had been cooperating with Bribri indigenous communities in Talamanca for more than two decades, purchasing organic bananas (mainly via the indigenous cooperative UCANEHU) as a raw material used to produce many of its food products, which were then marketed around the world. FT highly values the Bribri's bananas, claiming that they are among the best-quality organic bananas in the region. The company has a processing plant in the city of Cartago (about 135 km from Talamanca), which processes organic bananas from Talamanca into what the company calls a "smashed banana mixture" that is then used for various products in other FT plants around the world. At the time of this thesis, FT felt that it did not have many other options for high-quality organic bananas.

The total indigenous population of Talamanca is estimated at roughly 11,000, and it is considered the region with the highest poverty rates in the country (WHO-AIMS, 2008). Most of this represents populations affected by pervasive poverty and lacking access to services that meet their basic human needs such as housing, sanitation, electricity, education, and health care (Images 1 and 2). The Bribri are the largest indigenous community in Costa Rica, and have inhabited the country since long before Spanish conquistadors settled there in the sixteenth century. At the end of the twentieth century, the state designated reservation land to the Bribri, with specific territorial delimitations. However, conflict still exists for the rights to their ancestral lands. In 2011, a land recovery movement began in the Bribri

[12] FNY is an acronym to protect the real name of the company.

territory and spread to the neighboring territories of Cabagra, Térraba, and Rey Curré, with repeated outbreaks of violence between Bribri members and non-indigenous landholders (Berger, 2019).



Image 1. Bribri house. Note the lack of walls in most of the structure.



Image 2. Living room of a Bribri house.

The Bribri population is distributed among different communities across the reservation. Some of these are easily accessed due to their location near the Yorkin River (the only element that separates much of the reservation from the modern world), while others are nearly unreachable due to other natural barriers. Agriculture is the Bribri's principal economic activity, and many families achieve self-sufficiency through subsistence farming. Farming is an essential component of Bribri culture, nutrition, economy, and work. Low-tech tools such as machetes and shovels are exclusively used, illustrating a vastly different workstyle from conventional forms of banana production that rely on chemical fertilizers and modern machinery for efficiency and productivity (Image 3). Bananas constitute a key source of revenue for the Bribri community, which are almost entirely made up of local producers. Smaller scale production crops include plantains and cacao.



Image 3. A Bribri producer supports a banana plant with a length of bamboo.

Two companies (Trobanex/HiPP and Frutilight S.A.) purchase bananas from Bribri producers for national and international consumption, as well as two indigenous cooperatives (UCANEHU and APPTA), who, in turn, sell the bananas they purchase to international buyers such as FT. Both the Costa Rica-based companies and the cooperatives (composed of producer members) purchase organic bananas by establishing quotas for producers; that is, by establishing a pre-defined number of bananas that will be produced and purchased each month. The companies that purchase from the Bribri, including FT, deploy large trucks to Suretka, a small town within the reservation, where they stop at the banks of the Yorkin (the same river that separates much of the reservation from the modern world). There, small, narrow boats ferry bananas to the awaiting trucks. The members of these organizations rarely or never enter the reservation; rather, they conduct transactions with the Bribri from the other side of the river. As southeast Costa Rica lacks paved roads, the Bribri

producers must transport their bananas to the pickup point on foot or horseback, then small trucks, then by boat to arrive where the purchasing organization's larger trucks await supply (Image 4). These producers work in highly informal ways. Although a membership registration is required for producers to sell to the cooperatives, even these linkages are not defined by clear accountability in either economic or membership terms.



Image 4. Banana transportation chain.

Despite having purchased bananas from the residents of Talamanca for many years, FT managers in Costa Rica found that they did not have the human resources needed to implement a Creating Shared Value (CSV) project that aimed to develop a situation of more explicit mutual gains for cooperations with the Bribri producers. To meet this need, they hired FUNDES, a consulting company with more than 20 years of experience in supporting the economic growth of small-medium enterprises in Latin America, mostly those residing in formal and informal urban areas. After initial discussions, FT and FUNDES created a project team composed of members from both organizations and determined that the project would focus on providing technical trainings to banana producers who were UCANEHU members. Likewise, it would also provide management trainings to UCANEHU leaders so that they could deliver greater certainty with respect to the quantity and quality of their production, one of FT's ongoing needs. These two components would be complemented by workshops that addressed

common social problems that the community struggled with, such as domestic violence and alcoholism. This project structure would also benefit UCANEHU, as its producers would be able to improve their economic wellbeing by improving productivity, producing more bananas, and, therefore, earning more income. The project lasted from 2011 to 2014 and was, as mentioned above, defined by the three components: technical training for producers, management training for UCANEHU leaders, and community workshops focused on addressing social problems. The goal was to work with 179 producers, which would be chosen by UCANEHU. The project team was composed of FUNDES managers and consultants (all experts in banana production) and FT managers (see Image 5 and Figure 1).

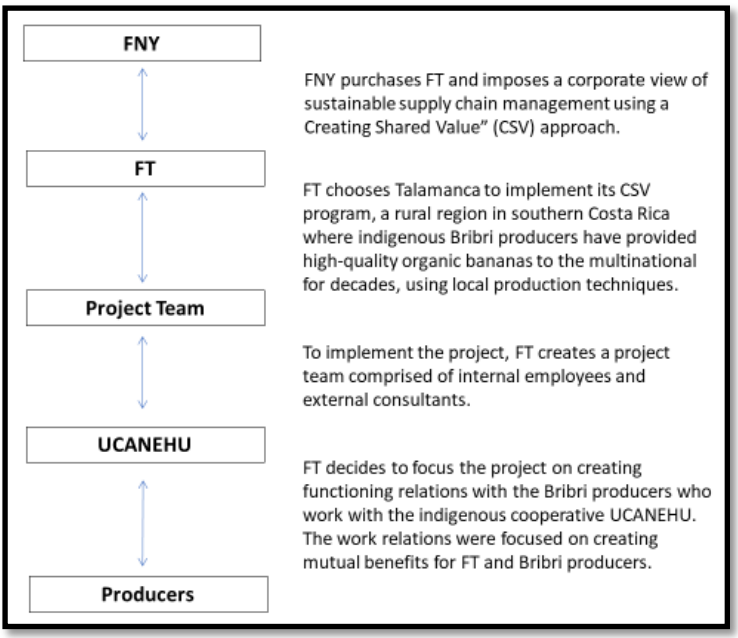


Figure 1. Organizations involved in the CSV project.



Image 5. Project team members and two Bribri producers (left to right).



Image 6. An UCANEHU community event aiming to strengthen relations with the Bribri.

Despite the project's detailed planning and conceptualization, it ultimately failed to produce the expected results. As will be shown in the data analysis section, this is categorized as Phase 1 of the project, which refers to the period of time in which the project team began to work with the Bribri producers but were unable to carry out the project. A "Crisis" phase then emerged in the project cycle, in which the project team members recognized their gaps in understanding with respect to cooperating with Bribri culture, and had to reframe their interventions. They suspended the UCANEHU management trainings and decided to remain attentive to the nuances of Bribri culture. In Phase 2, the project team decided to focus on providing technical trainings for 40 producers who had showed interest in attending during Phase 1, but adjusted the characteristics of these trainings to better suit Bribri culture. The team also reframed the community workshops as open settings in which to develop new projects with a market perspective. The project eventually showed successful results for 18 producers, who increased their productivity.

4.3.2. Data collection

Data collection for this case study was grounded in the previous efforts of researchers who had worked within FT-Bribri relationship in the Talamanca region since 2011, and who closely followed Phase 1, Crisis, and Phase 2 of the project. The author of this thesis was added to this research team and, when this PhD project officially began in February 2017, reviewed pre-collected interview data that had been produced during both Phase 1 and the subsequent Crisis phase. These interviews were considered secondary data in the form of the informal observations of researchers, interview transcripts from Bribri participants and project team members (which had not yet been coded), and photographic images that proved helpful for interpretation. At this stage, the data collection focused on what the initial research team had called "following the banana" from "production" (production efforts by Bribri members), to "transportation within the reservation" (transportation by foot, horseback, small trucks, and boats), to

"reception" (receipt of bananas by international buyers on the opposite side of the river) (Images 4, 7, and 8).



Image 7. International buyers receive banana from Bribri producers.



Image 8. Neighbors help one another to prepare banana for sale.

The data analysis and discussions with the initial research team provided the author a detailed understanding of the data collection process endeavored. In August 2011, during Phase 1 of the project, the research team accompanied the project team for thirteen days. Independently from the project team, they also followed the banana supply chain from the FT production site downstream to the producers and their communities. Throughout this process, they conducted interviews with FT managers, UCANEHU leaders and members, producers who were not members of UCANEHU, and community leaders. A Bribri community member guided the research team when traveling within the Bribri reservation. Interviews were conducted and photographs were taken during daylight hours. At night, the researchers recorded observations and kept detailed diaries. A total of 34 interviews were conducted during this phase.

Once the Crisis phase was evident, the initial research team began to conduct interviews with FUNDES leaders and FT managers to reconstruct the understanding of the informal market in which FT, FUNDES, and the project team operated. In addition, from 2012 to 2014, conversations were held with FUNDES and FT managers roughly every two months, focused on their experiences with other consulting projects and the insights they had thus far gained from the FT project in order to track how they referred to their Talamanca experience over time.

The author of this thesis was brought on as a researcher in 2015, when the research team had recently re-entered the field for a nine-day stay. After the Crisis phase, the project team had reframed the project and implemented Phase 2, achieving positive results with 18 producers. A total of 42 interviews were conducted, observations made, and diaries recorded as in Phase 1. The author visited the region twice with the research team to understand the context and be able to better theorize the data.

Three processual phases were categorized to organize the data collection, findings, and results: Phase 1, Crisis, and Phase 2. In Phase 1, the interviews were mainly focused on understanding the Bribri context and its social and economic activities, as well as the cooperations with FT along the

banana supply chain. The Crisis phase emerged when the project team members realized that they did not fully understood the Bribri context, and were failing to accomplish the expected results. Phase 2 was the reframing of the project and its subsequent implementation by the project team, achieving positive results for 18 producers.

In total, the research team spent 26 days (including the author's four days on site) conducting ethnographical and participatory observation fieldwork. A total of 83 interviews (resulting in 711 pages of transcription) were gathered (Table 1).

Table 1. Interview data for Case Study I

Phase 1		*34*
- UCANEHU producers		8
- UCANEHU leadership		5
- Other Bribri participants		21
Crisis		*7*
- FUNDES and FT Managers		7
Phase 2		*42*
- UCANEHU producers		18
- UCANEHU leadership		5
- Project team members		3
- Other Bribri participants		16
Number of interviews	**Total**	**83**

4.3.3. Data analysis

The analysis of the data for this case study was structured as a hybrid iterative process between qualitative data coding and deductive interpretations for theorization (Goertz, 2006). Field visits were also conducted, and discussions with other researchers provided the means to a theoretical reflection that followed a logic of inductive theory building (Strauss, 2003). Furthermore, as the process of theory building was mainly

done in later stages, iterating between empirical data and different theoretical streams, analytical abduction was also a key part of the theoretical process (Orton, 1997).

The analysis was organized in the following manner. First, a comparative analysis of the interviews, images, and observations collected during Phase 1, Crisis, and Phase 2 was endeavored. This was complemented by discussions with the initial research team. Second, as the data collected in the form of interview transcripts had not yet been coded under any conceptual framework (these were referred to as "raw transcripts"), the author analyzed and coded them. In this regard, the author of this thesis built upon the initial research team's prior work, focusing on the coding analysis and interpretation of the data gathered.

To counteract the lack of embeddedness within the research setting during the data collection process in the initial states of the project, a particular sensitivity to contextual fieldwork issues and reciprocity with the object of study was intended in order to obtain a quality research criteria (Maanen, 1988). This was achieved through field visits during Phase 2 (between June 2015 and June 2016) and complementary visits (between February 2017 and December 2019). In addition, from June 2016 to August 2018, the author of this thesis worked as a consultant to FUNDES, the organization that implemented the project in collaboration with FT, allowing him a more holistic understanding of the project. Furthermore, the author conducted interviews with various consultancy project leaders at FUNDES, who managed projects similar to FT's, particularly focusing on those geared toward creating shared value and featuring complex contextual characteristics.

Discussions with the supervisor of this thesis, who was on the initial research team, were key for gaining a comprehensive understanding of the theoretical reflections and interpretations of the case.[13] The focus of the case

[13] This was done during the writing of two papers previously referenced.

study was defined as addressing how the FT initiative changed the Bribri production and lifestyle and how, in turn, the project team changed its interventions as a result of the Crisis phase. All phenomena that did not influence the banana supply chain were excluded. The different experiences and somewhat opposing understandings of various reference points between the Bribri and the project team were found to be key aspects of Phase 1. This was marked as an interesting observation pertaining to this case study, as it identified different points of reference for the market behavior and joint work of the Bribri and the project team. These insights were then used in various workshop settings that the author of this thesis conducted with business students from Europe, the United States, and Latin America.

To deepen the analysis, interviews were coded according to three phases (Phase 1, Crisis, Phase 2) using MAXQDA coding software, and thick descriptions of the phenomena under study were developed (Miller & Salkind, 2002). After coding and organizing the data according to this three-phased process, it was confirmed that differing experiences and understandings of reference points were a key factor in the project's failure during Phase 1. These reference points explain the various institutions that established informal market activity in the indigenous Bribri community and how they collided with the institutions that framed associated formal markets. Specific reasons for the Crisis phase were coded, as well as how the project team reframed the intervention after it occurred. The project team's lessons learned during this process, and how the project was implemented, was also coded. Of particular relevance was the change that occurred in the project team in terms of a) acknowledging their uncertainty regarding the Bribri context and remaining open to exploring new opportunities, and b) creating settings in which to encounter and respect the Bribri culture.

After using various theoretical lenses to identify the "gem" of the phenomenon under study, it was determined that institutional work and boundary work could be helpful in unveiling how an inclusive banana market emerged from this process. The theoretical lens of institutional work was useful for understanding the emergence of informal institutions set in the

social and material relations within the Bribri culture that facilitated both their extreme isolation and the production of a product (organic banana) that was highly valuable for multinationals. As analyzed in Chapter 3, institutional change unfolds as actors emerge at different levels of generality and abstraction (Stinchcombe, 1991). On one side, institutional work can be viewed from the normative and cognitive institutional levels to understand the role of specific actors and their interactions and how these unleash institutional change in poor and informal settings. On the other side, the ontological level can explain how actors and contexts become both (the actor and the context) at similar levels of generality and in the same process, which in this case is noted in terms of the Bribri culture, that is ontologically different from the modern western culture. An analysis that encompassed the observed outcome (the Bribri culture and market activities), and traced it back through the process dynamics that produced it, was carried out (Langley & Tsoukas, 2016).

For interpreting these different levels of institutional emergence, the researcher was especially cautious to do it through ethnographic observations and analysis of the coding of the interviews. This was mainly shown through the collision of the understanding and experiences of key elements of the project such as the banana market, organic production, time, and productivity. These shared reference points of the project illustrated extreme different cultures of the Bribri and the multinational. Particularly important was empirically operationalizing the ontological level in the form of culture. For this, quotes that reflected a different way of being illustrated in the spiritual and strong relational bonds the Bribri had with nature and with other human beings, as well as their own cultural identity and its difference with the western culture, were considered. For example, many quotes stated that the Bribri producers *are* one with nature and that they have a different understanding of time that is more focused on their connection with the past and the act of being present together. Also, observations of their practices and quotes of their explanations on how the Bribri production methods aim to ensure that there are no disruptions to natural growing processes were important, as these

reflected that from the Bribri perspective, all human and non-human entities originate from nature and emerge, thus, at the same level of importance. Rooted in this belief is the Bribri's nature-based philosophy, which centers around their god, *Sibu*, who they consider to be expressed in everything that lives, including plants, animals, and humans. In terms of their social relations, it was observed the strong relational perspective of UCANEHU management practices, as maintaining relations with every Bribri producer was more important for them than its own financial sustainability as an organization. The quotes of UCANEHU leadership that stated that its producers had to follow their own will to satisfy their own needs and wellbeing and that not pushing someone else to achieve something was part of the Bribri philosophy, were as well considered. All these observations and quotes suggested that a separation between Bribri community members as individual entities, a community, or an environment was neither clear nor understandable for them, which reflects an ontological aspect of culture previously ignored in most studies.

The theoretical lens of boundary work as a form of institutional work was useful for explaining how the inclusive character of markets emerged along the course of the shared value project despite the institutional differences and power asymmetries that act as barriers to success between formal and informal markets. Therefore, this lens can shed light on the complex emergence of the inclusive character of these cooperations. The research team followed the project as it emerged and, therefore, endeavored an analysis that would capture it in the course of its development (Langley & Tsoukas, 2016). Although the author of this thesis was included as an active participant of the research team and then continued the analysis of the project on his own, he did not emerge with the project and, therefore, had to trace its process dynamics backwards.

The analysis was mainly focused on understanding the different institutional levels involved in the emergence of the cooperation along the shared value project. As was previously argued, for interpreting these different levels of institutional emergence, the researcher was especially

cautious to do it through participatory observations and quotes of the interviews. Especially important were the ontological differences between the Bribri and the modern western culture of the project team. These differences implied that for cooperations to develop mutual benefits, momentary connections at cognitive and normative levels were necessary along the project. Explanations of the importance of the learning process and increasing participation of indigenous communities to share their knowledge on organic production were key for unveiling the unsurmountable ontological barrier of culture. Quotes that expressed the importance of protecting the Bribri cultural identity and the cultural differences with the western culture were considered as well.

4.4. Methodology of Case Study II: Cooperations between used clothing importers and entrepreneurs in the La Carpio slum[14]

The second case study is focused on the distribution chain for used "American clothing," or *Ropa Americana* stores in Costa Rica's largest urban slum, located at a 20-minute drive from the country's capital city of San José. This used clothing distribution chain relies on cooperations between formal and informal markets, as the clothing is first imported by local companies and small-medium enterprises, and then (at least in part) distributed by poor entrepreneurs from La Carpio, who neither pay taxes nor possess property rights for the stores or houses they own. The research setting, data collection, and data analysis of this case study are analyzed below.

[14] In November 2019, a paper based on this case study, of which this author was the first author listed, was presented to the ARCS PhD Academy in Canada. The interpretation of the case study for that paper was different from the one presented here.

4.4.1. Research setting

Case Study II took place in the used clothing market, referred to as *Ropa Americana*, or "American clothing," in the urban slum of La Carpio, near San José, Costa Rica. The local companies and small-medium enterprises that import used clothing from developed countries are examples of businesses that interact with informal distribution channels such as entrepreneurs in La Carpio to achieve economic success. This case is useful for illustrating a context in which local companies and small-medium enterprises interact with entrepreneurs from urban slums along their distribution chain, and how these cooperations relate to the informal market dynamics of slums. Moreover, the fact that urban slums have globally skyrocketed, particularly in developing countries (Marx et al., 2013), gives the urban context of La Carpio a strategic relevance to research on informal markets.

La Carpio is Costa Rica's largest urban slum, agglomerating more than 50,000 residents, according to the 2011 Census.[15] The residents of La Carpio do not possess formal property rights for the houses they have constructed, nor do they pay taxes for any businesses they develop within the slum. La Carpio is mainly constituted by poor Costa Ricans (50%) and poor immigrants, particularly Nicaraguans (50%). A total of 51.9% of households are considered to be of the slum type, and 44.26% of the residents are living in overcrowded conditions (CLACDS, 2018). While most of the area has access to public services such as water and electricity, these are of low quality.

La Carpio is located in the city of San José, in the district of La Uruca. It is approximately 23 square kilometers in size and is bordered to the north by the Torres River and to the south by the Virilla River. To the west, it borders a large landfill run by the municipality of San José in collaboration with a private company called EBI (a subsidiary of the Canadian business group Berthierville). The landfill was installed in the year 2000. Its eastern side leads to the only street exit, which travels to the *Hospital Mexico* area,

[15] www.inec.cr

roughly 20 minutes by car from the slum border. On this road, BIUSA buses continually transport slum residents back and forth to the city. EBI's trucks also enter La Carpio through this single entry/exit point, and traverse the slum to deposit refuse from the entire Greater Metropolitan Area (GAM), composed of the municipalities of Heredia, San Jose, Cartago, and Alajuela where, collectively, half of the country's population (2.5 million residents) resides. An estimated 700 tons of solid waste is deposited at the landfill each day (Vinda Solano, 2013). Since 2014, La Carpio has also been the destination of the capital's so called "black waters" (water contaminated with human waste or other hazardous materials).



Image 9. Geographical location of La Carpio and its connection to San José via one road out/in.



Image 10. Road connecting the La Carpio slum to the city of San José.[16]



Image 11. BIUSA buses transporting residents of La Carpio to the city.

[16] Pictures for this case study were taken by the author of this thesis.



Image 12. A typical residency in La Carpio (in blue).

La Carpio emerged in late 1993, when 25 families, led by social activist Aurelio Carpio, illegally settled on a plot of government-owned land (Sandoval, 2005). It is considered a slum, as from the time of its initial settlement it developed in complete exclusion from the institutional frameworks of what is considered "the city" (San José and the other municipalities of the GAM). In other words, it developed without any clear formal authority from the state. Today, while home to thousands of people living in extreme poverty, it is bustling with economic activities that operate outside the law, are not legally registered, and do not pay taxes.

The current formal owner of the La Carpio territory is the Mixed Institute of Social Assistance (IMAS), a governmental institution. Through IMAS, in the first years of the twenty-first century, the government pushed for the creation and participation of a single association that would manage negotiations related to land titling, administration, and other demands of La Carpio residents. This association was called the Integral Development Association Finca La Caja (ADIFICA). However, ADIFICA lacked legitimacy within La Carpio and, in 2006, was replaced by the Community Development Council of La Carpio

(CODECA), a hybrid product between what the diversity of La Carpio's residents aspired to in terms of representation and what the government of Costa Rica wanted for La Carpio (Vinda Solano, 2013). In the time following, several CODECA leaders were denounced for having been co-opted by EBI to facilitate the entry of the landfill, as CODECA is responsible for managing a trust that receives monthly payments from EBI to the effect of USD 9,000 per month for installing and operating the landfill, which is located nearly inside of the La Carpio slum. Community leaders of associations and committees focused on resolving specific problems faced by different parts of the slum claim that EBI is a corrupt organization, blaming the government for this. According to these community leaders, the government is also guilty of taking advantage of the La Carpio residents' challenging and impoverished context, as EBI's involvement was enabled in accordance with tripartite agreements (between EBI, the Costa Rican government, and La Carpio residents) that involved promises to support the infrastructure of La Carpio and, more importantly, provide its residents with property rights to the houses built within it, a promise that has yet to be fulfilled.



Image 13. Used clothing importer Paca Loca, located in the city of San José.

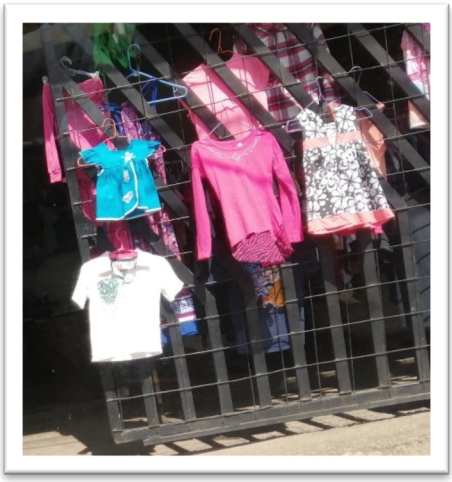


Image 14. Example 1 of a used clothing store inside La Carpio.



Image 15. Example 2 of a used clothing store inside La Carpio.



Image 16. Example 3 of a used clothing store inside La Carpio.

One of La Carpio's main economic activities comprises the "American clothing," or *Ropa Americana* stores that sell used clothing imported mainly from the United States and Canada. Although there is no formal data to rely on (data on La Carpio is unavailable because its businesses are unregistered), it was evident during field work that these stores pervade the slum. The used clothing industry emerged in Costa Rica in the 1970s. According to data published by Brenes and Morales (2013) in the prestigious Costa Rican newspaper *El Financiero*, 87% of the used clothing that enters the country originates in the United States and 10% comes from Canada (thus, "used clothing" has been understood as synonymous with the term *Ropa Americana*, or "American clothing"). The used clothing market starts with North American NGOs such as Goodwill or The Salvation Army, which receive clothing donations to help the poor (Brenes & Morales, 2013). Goodwill operates 2,700 stores throughout the United States and Canada, while The Salvation Army runs some 1,500 stores in the United States alone. Despite this huge number of points of sale, the quantity of such donations is so high that the NGOs end up selling a significant amount of what they receive to intermediaries, who then sell it abroad (Brenes, 2017). Importers in developing countries such as Costa Rica negotiate with intermediaries in North America to purchase the garments, which they later sell locally. The

merchandise is selected either according to each importer's standards or by accepting the pre-packaged *pacas*, or "bales," prepared by the intermediaries, in which case the importer does not have the opportunity to see them in advance. "Premium" clothing (selected per the importer's standards) is purchased at an average price of USD 4.95 per garment, while "raw" clothing (purchased in pre-packaged bales) is purchased at approximately USD 0.30. Roughly 35% of the clothing imported to Costa Rica is premium (Brenes & Morales, 2013). The garments are then re-classified by the importers in Costa Rica. Examples of Costa Rican importers of American clothing include Cleveland, SINAÍ, GYG, Paca Loca, Renovación, Importadora Mavi, Orange Blue chains, ByB, Mundo Americano, California, and Best Choice. These importers either reach consumers through their own distribution chains in stores throughout the country, or by selling the clothing stored in their warehouses to smaller distributors such as entrepreneurs in La Carpio. To attract these smaller distributors, they offer competitive prices, and in recent years have begun to use online social networks to offer various types of products to sell. Some individuals also open their own small stores, relying on personal contacts who live abroad to compete with the main importers. According to data from the Ministry of Finance, 248 importers of various sizes were taxed in 2012, generating at least USD 125 million and contributing USD 2.1 million in taxes (Brenes & Morales, 2013). While the used clothing industry has had its critics, who mainly cite the demands of unfair competition, the public, as well as many economic and political leaders, assert that these used clothing stores eliminate privilege and democratize access to decent-quality clothing at prices ranging from USD 2 to USD 10 (Brenes, 2017) for people living in extreme poverty and informal contexts such as La Carpio (Figure 2).

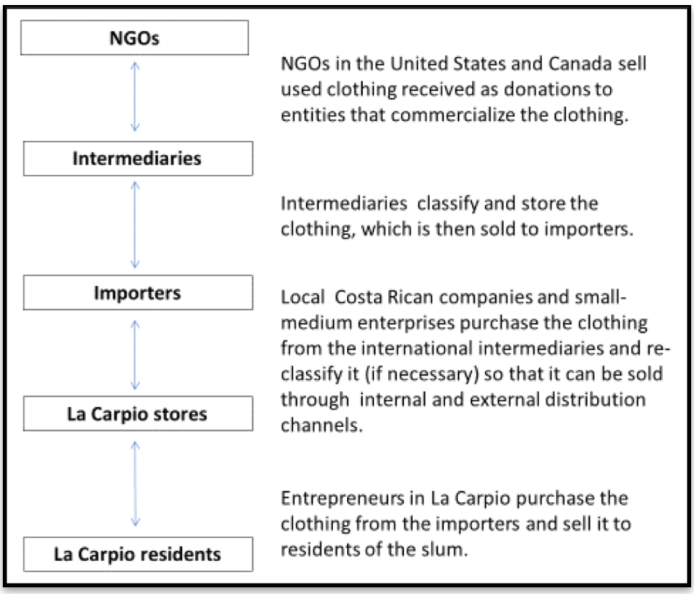


Figure 2. Organizations involved in the "American clothing" market in La Carpio.



Image 17. Advertising by used clothing importer Paca Loca, in the city of San José.



Image 18. Facebook advertising by used clothing importer Mavi, listing prices per bale type.



Image 19. Facebook advertising by used clothing importer Mavi, promoting the pecuniary and non-pecuniary benefits of commercializing merchandise.

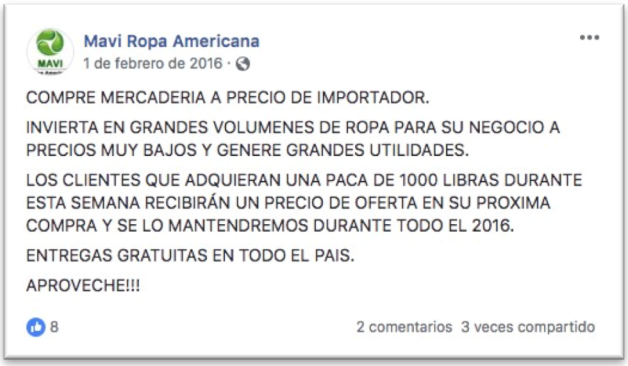


Image 20. Facebook advertising by used clothing importer Mavi, offering sales for bulk purchases.



Image 21. Facebook advertising by used clothing importer Mavi, offering delivery of packages throughout the country.



Image 22. Facebook advertising by used clothing importer Mavi, offering no-interest payments for smaller distributors.



Image 23. Facebook advertising for used clothing importer Mavi, offering rags that can be used to wash cars or for other gas station, construction, or industrial uses.



Image 24. Facebook advertising by used clothing importer Merche, promoting entrepreneurship opportunities to buy and sell used clothing.

The focus of this case study was to gain an in-depth understanding of this market's distribution, particularly with respect to cooperations between formal importers and entrepreneurs in La Carpio that found opportunities to sell used clothing. Questions such as: *How did these parties arrive at an agreement to work together?*, *How is this arrangement convenient for importers?*, and *How has it impacted the quality of life of people living at La Carpio?* comprised the interest of this case study.

4.4.2. Data collection

SIFAIS, an NGO working with the entrepreneurs of La Carpio, helped the author to safely access the complex setting of La Carpio, which has a reputation for criminality and violence. SIFAIS is a nationally recognized

organization in Costa Rica that promotes the sustainable development of La Carpio residents through a business model that is sustained by donations and operates via volunteers who lead workshops on specific skills in disciplines such as music, dressmaking, sewing, and sports. The project has been so successful that in recent years the organization has been designing an entrepreneurship incubator for various initiatives in La Carpio, such as an orchestra, a clothing-making business, and others. SIFAIS's offices are situated in one of the more dangerous areas of the slum.

A SIFAIS representative who grew up in La Carpio joined the author for the fieldwork associated with this case study, which lasted from February to August 2018 and consisted of weekly visits to the slum. During these visits, information was gathered via interviews, photographs, and observations. A total of 55 interviews were executed, entirely carried out by the author of this thesis as part of his PhD project. Initially, the intent was to explore how poor entrepreneurs export products from the informal setting of La Carpio into the formal market of San Jose and other cities of Costa Rica. Six interviews with the slum's original founders and current social leaders were conducted to gain a contextual understanding of the slum's history. Nine interviews were then conducted with entrepreneurs living in La Carpio to understand how they were able to launch initiatives that generated products and services in such an extreme situation of poverty.



Image 25. SIFAIS offices.

At this point in the thesis project, however, only one entrepreneur was identified as selling products in formal markets—a gentleman who produced and sold T-shirts, had a store in La Carpio, and had recently founded a second in the city of San José. During these initial field visits and interviews, it also became evident that one of La Carpio's main economic activities was the "American clothing" stores founded by poor entrepreneurs who purchased used clothing in San José and then sold it in the slum. Thus, after discussing these observations with his thesis supervisor, the author decided to refocus the case study on used clothing entrepreneurs in La Carpio, as this represents one of the main economic activities carried out by entrepreneurs in the slum to ameliorate their income and quality of life.

Table 2. Interview data for Case Study II

American clothing entrepreneurs in La Carpio		*24*
American clothing consumers in La Carpio		15
Other entrepreneurs		6
La Carpio founders and leaders		9
American clothing importers		1
Salvation Army Costa Rica leaders		1
Number of interviews	**Total**	**56**

Twenty-four "American clothing" entrepreneurs in La Carpio were interviewed in order to gain an understanding of how they came to settle in the slum and then launch and subsequently develop used clothing endeavors, as well as how they connected with importers in formal markets. These entrepreneurs are considered informal because they do not operate under legal guidelines, do not pay taxes, and are living in situations of poverty. Fifteen "American clothing" consumers from La Carpio were also interviewed to understand the value that these products have for them. To analyze how the used clothing market has evolved in the country, an extensive interview was conducted with a used clothing importer who has worked for one of Costa Rica's largest "American clothing" companies for the last forty years. An interview with representatives of The Salvation Army in Costa Rica was also carried out to better understand the role of NGOs in the used clothing market in Costa Rica and throughout the Latin American region (see Table 2). Finally, to gain a more complete comprehension of the international used clothing market, the author of this thesis spent one week in June of 2018 sorting used clothing that had been donated to an NGO in Canada.

4.4.3. Data analysis

As in Case Study I, the data analysis for Case Study II was structured as a hybrid iterative process between qualitative data coding and deductive interpretations for theorization (Goertz, 2006). An ethnographical and

participatory observation approach through field visits was followed, which enabled theoretical reflections that adhered to a reasoning of inductive theory building (Strauss, 2003). During the case study period the author's home was located half an hour from the settlement. This allowed for a deeper embeddedness in the context and a more profound understanding of the complex interactions between the formal and informal markets that represent a significant part of economic activity in developing countries such as Costa Rica. Furthermore, as the process of theory building was mainly carried out in later stages (iterating between empirical data and different theoretical streams) analytical abduction was also a key part of the theoretical process (Orton, 1997).

During the first two months of field visits, initial interpretations of the data were made. As explained above, the fieldwork for this case initially began with the aim of understanding how informal entrepreneurs generate products and services and sell them in the formal economy—that is, outside of the slum. The aim of this initial approach was to gain a better understanding of informal market dynamics by analyzing how poor entrepreneurs create cooperations with the formal sector to distribute their own products and services (that is, those that originate within the slum). Interviews with entrepreneurs, founders, and leaders of La Carpio, however, soon dispelled the notion that poor entrepreneurs sell products created in the informal setting of La Carpio to clients in the formal market of San José and other Costa Rican cities. Rather, the initial findings were two-fold: 1) the interviews with La Carpio founders and leaders showed that the early days of the slum were not characterized as a market, but as a geographical area inhabited by poor households and surrounded by rivers, wildlife, and undeveloped land, and as a setting with strong community ties; and 2) that the entrepreneurs who succeeded during the subsequent years, such as restaurant owners, vegetable vendors in street markets, and used clothing store owners, sold their products mainly to clients within the slum.

The next step was to review the few existent academic and journalistic documents depicting the history of La Carpio, triangulating the information

with the interviews and other data from the initial fieldwork and outlining key milestones in its development. Particularly important were the various articles published over the preceding decade by the prestigious Costa Rican newspaper *El Financiero*, which analyzed the used clothing market's advantages and disadvantages for the country. In addition, a Master's thesis from the University of Costa Rica focused on the conflict between La Carpio residents and the Costa Rican government helped outline the slum's complex setting (Vinda Solano, 2013). Particularly, it became clear that government officials had taken advantage of the fragility of the La Carpio population to negotiate the entrance of EBI and resolve the problem of garbage disposal for the country's Greater Metropolitan Area (GAM).

It was then decided that the next three months of fieldwork would focus on the entrepreneurial processes of used clothing entrepreneurs and how they were able to develop their endeavors in this complex setting. "American clothing" stores were scattered throughout the slum and were clearly key to understanding how entrepreneurs can survive in such difficult situations through their own market initiatives. The preliminary guiding questions at this point were: *Why did these entrepreneurs identify the sales of used American clothing as a good market opportunity?* and *How did these endeavors emerge over time?*

Guided by these questions, the subsequent three months of fieldwork focused on interviewing used clothing entrepreneurs and consumers in La Carpio. Also interviewed were one importer and one representative of the Costa Rican branch of The Salvation Army. After having conducted these interviews, an analysis that fixed the observed outcome (stores scattered throughout the slum) and traced it back through the process that produced it (Langley & Tsoukas, 2016) was carried out through a triangulation of biographical interviews, participatory observations, document analyses, and informal conversations. This step widened the reflection, leading to a deeper understanding of how La Carpio emerged as a market and the role of entrepreneurs in this process. Specifically, it was understood that: 1) La Carpio was an "empty place" when it was first founded, 2) that community

ties were subsequently developed so that residents could help one another survive and collectively negotiate with authorities to secure tenure and access basic services, and 3) that over time entrepreneurs began to recognize opportunities to purchase products such as used clothing in the city and sell these products within La Carpio.

The research analysis was specifically focused on 24 entrepreneurs that sell used "American clothing" within the urban slum of La Carpio, and on the history of La Carpio as far as it is important to understanding how entrepreneurs who live in extreme poverty and informal settings develop practices that enable them to thrive via their market endeavors. The analysis focused on the biography, clients, neighbors, families, and formal market suppliers of the used closing entrepreneurs, as well as their historical trajectory in La Carpio. At this point, a working paper was written to discuss these findings with other academics and practitioner experts in the field of informal markets. A seminar with international academics who were invited to visit La Carpio personally to showcase the findings was also organized, and was very well received.

MAXQDA software was then used to transcribe and code all interviews from the case study and thick descriptions of observations and findings were developed (Miller & Salkind, 2002). The first step of the coding analysis was useful for describing the most relevant aspects related to the context and history of La Carpio, the first economic initiatives that emerged in the slum, led by entrepreneurs of diverse initiatives, and the specific case of the used "American clothing" market, particularly with respect to the role of entrepreneurs in creating market opportunities in La Carpio and how these entrepreneurs established connections with formal markets in the city by importing products from the formal to the informal market. Then a more refined analysis allowed the author of this thesis to reorganize the coding according to a four-stage process carried out for the development of market activity: *community building*, *financial inflow*, *product inflow*, and *competition*. These stages are not strictly time-differentiated from one another by specific events. However, three milestones in the history of La

Carpio were helpful for organizing the process into a timeline: 1) the installation of the garbage dump in the year 2000 by EBI, a Canadian company that manages solid waste for the entire Greater Metropolitan Area (GAM), 2) the foundation of the La Carpio Community Development Council (CODECA) in 2006 that managed the relationship between La Carpio and the government, and 3) the connection established between La Carpio and the city of San José through a BIUSA bus line in roughly 2013.

Next, a review of the literature on informal markets and the different theoretical lenses that could help shine light on the process of entrepreneurship in informal markets in urban slums in developing countries was conducted. This provided a means through which to analyze the data more deeply and in a theoretically informed manner. After revising numerous theoretical streams, it was determined that the best way to interpret the findings was to analyze informal institutions operating in informal markets through the lenses of institutional work and boundary work. The four-stage process previously depicted was interpreted based on the theoretical lens of institutional work for understanding the emergence of informal institutions set in the social and material relations developed by residents of La Carpio that allowed a market to institutionally emerge at different levels. As analyzed in Chapter 3, institutional change unfolds as actors emerge at different levels of generality and abstraction (Stinchcombe, 1991). On one side, institutional work can be viewed from the normative and cognitive institutional levels to understand the role of specific actors and their interactions and how these unleash institutional change in poor and informal settings. On the other side, the ontological level can explain how actors and contexts become both (the actor and the context) at similar levels of generality and in the same process, which in this case is noted in terms of those residents of La Carpio that emerged as entrepreneurs of American used clothing and who connected through their day to day tasks and market activities the formal and the informal.

For interpreting these different levels of institutional emergence, the researcher was especially cautious to do it through ethnographic observations

and analysis of the coding of the interviews. Particularly important was empirically operationalizing the ontological level in the form of entrepreneurs of American used clothing emerging as an assemblage that connected La Carpio and the city. The four-stage process previously described showed how entrepreneurs increasingly become relationally embedded between an emerging world between the formal and the informal. These actors are capable of emerging not just as residents of the slum or as low skilled labor force that worked in the city of San José, but rather as the institutional connection between both settings by developing their personal and market activities. Quotes of the interviews that illustrated the personal biographical stories of entrepreneurs were considered, which showed how their whole experience of life emerged between the formal and the informal and that their entrepreneurial endeavors are strongly linked with other more personal areas of their lives. Quotes that illustrated how their endeavors allowed them to constantly achieve goals of survival and even give a better quality of life to their children were as well important for accounting for this level of emergence. Also, interviews that explained that the recommendations regarding where and from whom to purchase clothing primarily came from friends who were living in similar situations of poverty, and who found selling American clothing to be a quick, solid, and profitable opportunity, were considered. These quotes were as well supported by observations. American used clothing stores were located usually in their homes and at least part of their labor force and consumers was family related. These experiences of entrepreneurs cannot be solely viewed at the cognitive and normative levels, as they imply increasingly strong relational and emotional experiences with their contexts in terms of a fusion between people and institutions (Voronov & Weber, 2016), reflecting a nuance in the potential impact on their ontology (Voronov & Vince, 2012).

Also, quotes of the interviews that illustrated the emergence of La Carpio as a place full of opportunities and as a context that was not clearly differentiated from the city were considered to operationalize the ontological level. Observations and interviews that showed that the economic

development of the slum made it a much more similar setting to other poor and middle-income areas of the city and therefore made the institutional difference between the city and slum less noticeable, were considered. This is as well expressed in the images showed in this section of the chapter, which illustrate that as La Carpio developed, poor areas of the city were not as institutionally dissimilar from the slum (especially this can be seen in images 7 and 11 that show the urban setting of stores and their publicity in the city). Quotes that assessed the opportunities of the slum as comparable to the city of San José in terms of the commercialization of products, were important to understand the increasingly similar levels of emergence of the slum and the city. Furthermore, some of the houses in the city were not notably unique from those in La Carpio. The slum was increasingly economically developed, and even if its differences from the city were still significant, the poorer areas of San José shared many similarities with the La Carpio settlement. Clearly, markets such as used clothing helped the settlement to develop itself and the entrepreneurs within it to find opportunities to thrive. Also, formal buses that connected with the city showed this emergence at nearer levels of existence.

The theoretical lens of boundary work as a form of institutional work was useful for explaining how the inclusive character of markets emerged along the course of cooperations between importers and entrepreneurs in the slum. Therefore, this lens can shed light on the complex emergence of the inclusive character of these cooperations. Particularly important for the analysis was to understand the institutional level of emergence of the cooperations. For example, how some residents of La Carpio emerged as entrepreneurs and not just a residents of the slum or as low skilled labor force of the city of San José, was considered. Furthermore, it was specially noted along the case how these entrepreneurs experienced their market endeavors and their personal situations in a world that emerged between the formal and the informal, connecting formal and informal markets in inclusive ways. Observations and quotes from the interviews were used to interpret these different levels of emergence, and especially, the more complex ontological level. For example, how entrepreneurs of the slum were able to develop more

similar practices and institutions to local companies and small-medium enterprises that were importers of used clothing was highlighted. The analysis centered on entrepreneurs of urban slums, as they have been the least studied spot of these cooperations in previous studies. However, an interview with an importer was key to reflect the practices and institutions of local companies and small-medium enterprises and which show, as previous studies have suggested, that they are more used to work in contexts of informality and therefore have more institutional similarities with these contexts (Karnani, 2007; Mesquita & Lazzarini, 2008). Also important were the identification of entrepreneurs of La Carpio as a place full of opportunities for American used clothing endeavors and how entrepreneurs increasingly embodied the institutional connection between the formal and the informal, which was at the core of these cooperations.

4.5. Comparison of case studies

The decision to compare the emergence of market activity in poor settings through case studies depicting both rural and urban contexts was established at the start of this PhD project. However, as stated in Section 4.2, the comparative cases followed a logic of inductive thinking (Strauss, 2003). In other words, the categories to be compared were not pre-defined, but explored as the case study process progressed. Furthermore, as stated in Sections 4.3 and 4.4, the theoretical lenses of both cases also followed a logic of abductive theorization (Orton, 1997) and, therefore, the categories to be compared were based on the theoretical lens chosen.

The research process for conducting the comparative case study analysis was the following. First, Case Study I was conducted with the idea that its findings would provide a clearer ground for selecting an appropriate setting for Case Study II and establish comparisons between market activity in rural and urban poverty settings. The findings for Case Study I were largely related to the difficulties of establishing cooperations in supply chains between multinationals and indigenous communities due to differing cultures and

approaches to market activities. Also relevant was how the isolation of indigenous communities enabled them to develop products of high value to multinationals (organic banana). Other findings were related to how indigenous communities are excluded—and even self-excluded via their embracing of the barrier caused by a large river that separated them from the modern world—from the formal economy, and how this exclusion was key to understanding the difficulties in accessing cooperations that could benefit them.

Second, the initial findings in Case Study I established that *informality* was a key conceptual term to explore and could theoretically frame the phenomena under study in both cases, thus, could help define the units of analysis to be compared. To define a similar unit of analysis in comparison with Case Study I, which focused on cooperations in which entrepreneurs in informal markets are both producers and suppliers in global value chains, the question of interest for Case Study II was initially set as how entrepreneurs in the La Carpio slum are able to develop products and services and establish cooperations with formal markets to distribute these products and services outside of the slum. However, as explained above, it was discovered during the course of the research that there are very few of these types of entrepreneurs; rather, entrepreneurs in La Carpio much more commonly import products from the city and sell them in the slum. This meant shifting the focus to how entrepreneurs in the slum act as distributors of products created in formal markets. These entrepreneurs seem to see this role as a significant economic opportunity for their survival. An in-depth discussion on inclusive markets was then conducted, leading to the recognition that understanding markets as participatory and inclusive arenas for the poor was an emerging concept. Furthermore, it became evident that the discussion has mainly unfolded through two streams of literature: 1) that of informal markets and the informal institutions that determine how they function, and 2) that on cooperations between formal and informal markets. However, these streams have in large part developed separately from one another, and have not supported a more in-depth analysis of the inclusive character of markets for the poor and informal. This analysis, thus, enabled the author to define

theoretically informed units of analysis for comparison. Case Study I would focus on the cooperations between formal markets and entrepreneurs in informal markets (specifically, indigenous producers), with the entrepreneurs acting as suppliers, and would analyze how these cooperations are connected with the informal market dynamics of rural indigenous communities; Case Study II would focus on the cooperations between formal markets with entrepreneurs in informal markets (specifically, entrepreneurs in urban slums), with the entrepreneurs acting as distributors, and would analyze how these cooperations are connected with the informal market dynamics of urban slums. More specifically, in Case Study I, a multinational requires raw material for its food production process; thus, this case focuses on supply chain cooperations with informal rural markets; whereas, in Case Study II, entrepreneurs in the La Carpio slum are part of the used clothing distribution chain and cooperate with importers; thus, this case focuses on distribution chain cooperations with informal urban-adjacent markets. Therefore, both cases analyze how cooperations between formal markets and entrepreneurs in informal markets relate to the emergence and functioning of informal market activity. Furthermore, both cases exemplify how these complex connections enhance the emergence of the inclusive character of markets.

Third, similarities and differences were defined between the two cases, providing ample opportunity for comparison. Both cases illustrate how informal market institutional dynamics and cooperations with their formal counterparts enhance the emergence of inclusive markets. However, the parties involved, and the institutional settings of informality are vastly different. In Case Study I, multinational corporations on the formal side and indigenous communities on the informal side; in Case Study II they are local companies and small-medium enterprises on the formal side, and entrepreneurs in urban slums on the informal side. Furthermore, entrepreneurs in rural settings, such as those residing in indigenous communities, illustrate extreme cultural differences from multinationals and, therefore, must overcome significant barriers to establish cooperations that favor them. On the contrary, cooperations between entrepreneurs in urban

slums such as La Carpio on the formal side, and local companies and small-medium enterprises on the informal side seem to emerge spontaneously when both sides identify advantages to these types of cooperations. At this point, the guiding question for the comparison was: *Why do cooperations involving indigenous communities evidence more significant barriers to overcome than cooperations involving urban slums?*

Fourth, informed by the literature on inclusive markets, informal markets, and informal institutions and cooperations between formal and informal markets, the main guiding question for this thesis was established as: *How can markets emerge as inclusive arenas for the poor?* After revising numerous streams of literature, the author determined that institutional work and boundary work could provide an integrated lens through which to unveil how the inclusive character of markets emerges. Institutional work could be used to better understand the actions, interactions, and relations that enable the emergence of informal institutions in poor and informal settings, whilst boundary work as a form of institutional work could help unveil how cooperations between formal and informal markets are part of informal market institutional dynamics. As informal market institutional dynamics are connected with formal markets, the two lenses were integrated to facilitate an understanding of the complex emergence of inclusive markets.

Fifth, based on the lenses of institutional work and boundary work, theoretical categories of comparison that could best inform an in-depth contextual understanding of the emergence of inclusive markets were chosen. This provided a theoretical means through which to develop the argument based on the emergence of the positive character of informality in informal institutions and illustrate the challenges of cooperations between a diverse set of participants of formal markets (such as multinationals, local companies, and small-medium enterprises) and entrepreneurs in distinct settings of informality (such as indigenous communities in rural areas and entrepreneurs in urban slums).

The first category of comparison considers the institutionalization dynamics in informal markets that allow them to function in both rural

indigenous communities and urban slums, exploring the idea that informality manifests as different phenomena depending on the setting. This category is, thus, related to the first sub-question of this thesis. *How does the inclusive character of informality emerge at different institutional levels?* In indigenous contexts, culture frames market activity, defining a clear boundary between formal and informal markets and allowing the development of an extremely valuable product that serves to connect them with formal markets (Case Study I). In contrast, in urban slums, blended formal and informal institutions make markets emerge and function, and formal and informal markets are largely intermeshed in these contexts, with less differentiation between one another in geographical and institutional terms (Case Study II).

The second category of comparison considers the practices and relations at and across the boundaries between formal and informal markets that enables them to cooperate. This category is, thus, related to the second sub-question of this thesis. *How do inclusive cooperations between formal and informal markets develop despite their different institutional contexts and asymmetries of power?* This enables a deeper understanding through a micro-level perspective (Kouamé & Langley, 2018) on the work of actors to connect formal and informal markets via cooperations, and how these are related to the informal institutions that establish the positive character of informality discussed in the first category, above. The institutional level that emerges when working at and across boundaries between formal and informal markets is also included in this category.

4.6. Conclusion

This chapter analyzed the methods used in this thesis to analyze the emergence of the inclusive character of markets; that is, how markets can emerge as inclusive arenas for the poor. The selection of a case study focused on a rural indigenous community and a case study focused on an urban slum as two different extreme examples of informal market settings to explore the institutional positive

aspect of informality, as well as how it is connected to cooperations with formal markets, was explained. The research setting, data collection, and data analysis for Case study I, focusing on cooperations between the multinational FT and indigenous Bribri banana producers in the region of Talamanca, Costa Rica, was then described, followed by Case Study II, focusing on the cooperation between local used clothing importation companies and small-medium enterprises and poor entrepreneurs in the urban slum of La Carpio who act as distributors in extreme poverty settings.

Comparison between the two cases is possible because they can be addressed by the same research questions and units of analysis. However, the cases also illustrate differences that allow for a rich comparison in terms of understanding the contextual aspects of informality and how cooperations with mutual gains emerge and develop. In Case Study I, cooperations establish the role of indigenous producers as suppliers of raw material for multinationals; in Case Study II, cooperations establish the role of poor entrepreneurs in urban slums as distributors for local companies. Furthermore, different formal market participants are analyzed in each case. In Case Study I, multinationals cooperate with indigenous communities; in Case Study II, local companies and small-medium enterprises cooperate with poor entrepreneurs in urban slums.

These differences are key for generating a theoretical comparison under two categories, leading to two sub-questions for this thesis. The question for the first category of comparison is, *How does the inclusive character of informality emerge at different institutional levels?* This implies that indigenous communities and urban slums represent distinct institutional settings, which could imply that different institutions frame how their markets emerge and function. This category of comparison can facilitate a contextual approach to informality and produce new insights on this aspect. The second category of comparison pertains to the boundary work that allows cooperations between formal and informal markets to function. As the formal and informal counterparts involved are different (again, multinationals and indigenous communities in Case Study I and local companies, small-medium enterprises, and poor entrepreneurs in urban slums in Case Study II), their roles, actions, and even the relations that connect them to their

institutional settings are different. This category of comparison helps answer the question, *How do inclusive cooperations between formal and informal markets develop despite their different institutional contexts and asymmetries of power?*

In the next two chapters (Chapters 5 and 6), the findings and theorization of each case are analyzed. In Chapter 7, the comparative analysis will be depicted.

Chapter 5 – Findings and theorization of Case Study I: Inclusive banana market emerging through respecting work

Es el calor, es el mar, es la costa.
Es la esperanza del reencuentro
Que al encuentro no se le parece en nada.[17]

This chapter shows the findings and theorization for the case study on cooperations between the multinational FT and indigenous Bribri banana producers in Talamanca, Costa Rica, and how these cooperations are linked to the emergence of informal market activity. As was shown in the previous chapter, the case focuses on a Creating Shared Value (CSV) project that aimed to increase the certainty and volume of Bribri banana production, with the explicit objective of generating mutual gains for both parties. The chapter is organized as follows. Section 5.1 describes the history of the banana market in the region of Talamanca and Phase 1 of the project, pertaining to when the project team attempted to increase the productivity of Bribri producers and strengthen the management capacity of UCANEHU leadership in order to ensure certainty with respect to both the quality and quantity of its product. However, the approach used in Phase 1 failed to deliver the expected results, causing a Crisis phase, which is analyzed in Section 5.2. The cause of this crisis was identified as differing experiences of key aspects of the project, which illustrated the extremely disparate cultures of FT and the project team on one side, and Bribri producers on the other. This included opposing views

[17] It's the heat, it's the sea, it's the coast.
It's the hope of a reencounter
That the encounter does not resemble.

This poem was published by Caligrama of Penguin Random House in 2016 in the book *Escritos de un hombre perdido* ("Writings of a Lost Man"), by Felipe Symmes, the author of this thesis.

of the market, organic production methods, time, and productivity, expressed via the extremely different cultures in which both parties were embedded, a factor that prevented them from working together effectively. Section 5.3 focuses on the lessons the project team learned from this crisis and their subsequent implementation in Phase 2. In this phase, the project team adjusted its member composition, its intervention strategy, and its tactics. Thus, the team acknowledged the insurmountably extreme cultural difference between themselves and the Bribri community, and searched for momentary connectedness within the indigenous context through four specific actions: 1) strengthening common experience based on previous common interest; 2) learning together and utilizing local knowledge, workstyle, and language; and 3) remaining open to opportunities for other economic activities; 4) accepting different interpretations of success. This change in the initiative led to what the project team called "limited success."[18] Figure 3 illustrates the different phases of the project.

[18] Although the interviews from Phase 1, Crisis, and Phase 2, were endeavored at these respective instances of the project, citations from all three phases are used in this thesis to illustrate the various characteristics and changes that occurred during any of the three. This reflects the project's complex unfolding, as, in many cases, the interviewees referred to moments outside of the specific phase in which the interview was being conducted.

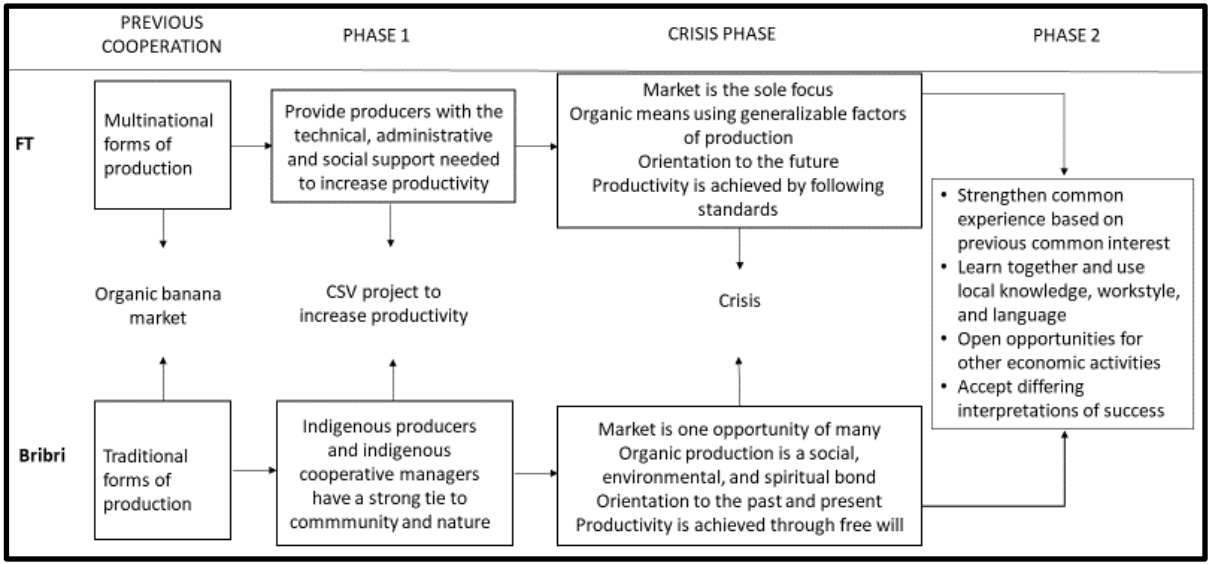


Figure 3. Phases of the CSV project.

Section 5.4 theorizes the findings under the combined lens of institutional work and boundary work. This includes a theorization of the work carried out by the project team, which allowed it to achieve mutual gains and enhance the emergence of the inclusive character of markets. The chapter ends with a conclusion that highlights key aspects of this case study.

5.1. Phase 1: Training the Bribri to adapt to international standards and develop more efficient performance

Before the CSV project began, cooperations between FT and the Bribri producers were based on formal contracts, labor codes, and environmental certifications. FT viewed the Talamanca region as an uncertain context with no additional business opportunities aside from the high-quality organic bananas produced by the Bribri community and, therefore, used these instruments to protect the company against the uncertainty of working in this context. Due to FT's need for higher quantities of banana than what the Bribri were currently producing, and FNY's pressure to develop shared value initiatives with its suppliers, FT endeavored a project to increase the certainty of Bribri organic production. This demonstrated the company's willingness to develop explicitly cooperative relations with the Bribri that had mutual gains. The goals of the project were to increase the productivity of the Bribri producers in accordance with FT's definition of organic production (thus, ensuring production certainty) and develop the management capacity of UCANEHU, the producer cooperative that acted as an intermediary between producers and buyers. The Bribri agreed to participate in the project and were on board with its focus to increase productivity. Banana production was one of the community's most longstanding economic activities, and generated a significant portion of its residents' income.

> *"We have always had bananas. Always. They're our culture. It [producing bananas] has been passed down from my*

grandparents. It comes from them" (Other indigenous, interview Nº 8, Phase 2).

This statement shows that banana production is a long-standing traditional activity for the Bribri and represents an inherent part of their culture. Because Talamanca is such an isolated location, banana plantations were traditionally used solely for personal use, in the form of human consumption and animal feed. Some producers expressed that years ago they had little interest in planting greater quantities of banana, since they did not maintain banana plantations that were solely dedicated to producing bananas for market sale. Rather, the perspective was one of self-sustenance. As one UCANEHU manager commented.

> *"I said to myself, 'I'd better start planting bananas. Let's grow something for the land, so that the land can give us something to eat'" (UCANEHU leadership, interview Nº 3, Phase 1).*

However, over the last two decades producing bananas has increasingly become a key market activity for the Bribri. Talamanca's banana market initially developed when several international buyers began purchasing bananas from the region. In the interviews, the producers, some of whom had been farming the land for several decades, explained how a market based on selling bananas to buyers outside the reservation emerged.

> *"When we noticed there was market demand [from outside the reservation], we began to create plantations that were solely focused on producing bananas for market sale" (UCANEHU producers, interview Nº 16, Phase 1).*

> *"Then, the families began to clean [the land], to plant and grow the bananas, and to sell them. The market demand [from outside the reservation] grew, and everyone worked […] A certification*

was created, and then they visited the plantations" (UCANEHU producers, interview Nº 3, Phase 1).

International buyers such as Trobanex and Frutilight S.A. and indigenous cooperatives such as UCANEHU and APPTA emerged in the region, purchasing bananas directly from the producers. Furthermore, FT started to show interest in the Bribri's bananas and began to work directly with UCANEHU. These buyers were most interested in the quality of the organic bananas produced in the reservation.

> *"By tradition, we produce [our bananas] organically, and then people from outside the region showed up, and they bought our product, and they told us they were only interested in buying organic" (UCANEHU producers, interview Nº 11, Phase 1).*

The Bribri producers favored organic banana production because they saw it as an opportunity to earn income while respecting nature and their long-standing cultural traditions. For FT, the opportunity was part of a rising international market demand that was pressuring them to use organic raw materials in their supply chain processes. The two sides seemed to coincide in their interest in organic banana production. The Bribri community's traditional production methods, combined with its cultural traditions, produced an extremely high-quality organic product that was of significant value for FT. The Bribri producers fulfilled the ecological production techniques needed for the organic certification that FT needed to conform to international market standards.

> *"Sure, we could abandon it [the relation with UCANEHU and its producers], but the product is good; it meets all the certification requirements" (Project team members, interview Nº 1, Phase 2).*

Although FT was satisfied with the quality of the Bribri product, it needed UCANEHU to increase its supply (and, thus, for UCANEHU producers to increase their production) while preserving quality in order to meet both its production plan and international market standards (expressed via organic certification requirements) and satisfy FT's need for production certainty. Until that point, FT's production needs had only partially been met, because the company was unsure how to best work with UCANEHU and the Bribri producers.

> *"Before the project, FT had a lot of uncertainty regarding [...] UCANEHU in terms of increasing quantity and quality" (Project team members, interview Nº 2, Phase 2).*

According to the FT managers, UCANEHU lacked management capacity. For example, it kept handwritten records and did not own computers, which inhibited the certainty FT needed to conform to international standards. Despite this, the quality of the product motivated FT to remain in the region. Creating functioning work relations between FT and UCANEHU and its Bribri producers was, therefore, a key outcome expected from the shared value project. FT was mainly interested in increasing banana production by training Bribri producers and developing the management capacity of UCANEHU leadership. UCANEHU and its producers understood this goal.

> *"They [the project team] came to give us trainings that would increase production, because FT needed a better product [meaning, to reduce uncertainty by increasing production volume while maintaining quality]" (UCANEHU producers, interview Nº 2, Phase 2).*

The project team, therefore, aimed to train both UCANEHU and its producers during the project so that they would be capable of consistently conforming to the expectations of the international markets in which FT sold

its products. While the bananas were high quality, FT needed to reduce uncertainty with respect to production and organic certification requirements. Therefore, the project team strongly defended the notion that strengthening management capacity was the way to deliver the outcome of "good suppliers with long-term high-quality relations" with FT. FUNDES's International Development and Research Manager explained the issue as such:

> *"If we train the small-medium enterprises, we help them bridge the gap to international markets" (FUNDES and FT managers, interview Nº 2, Crisis).*

Bridging the gap between FT and the Bribri producers in both the technical and management areas was, therefore, the project's main goal. The first component of the project was the technical trainings that focused on improving the producers' productivity and increasing the quantity while consistently maintaining the quality of the banana product. These interventions aimed to reduce uncertainty along FT's supply chain and guarantee both quality and volume.

> *"It was a project with 100% business indicators. What does that mean? [It means] that what FT expected before the project began was to reduce uncertainty in terms of quality and quantity regarding UCANEHU. Then, FT saw an opportunity [to work] with FUNDES and really improve its business relationship with its supplier, UCANEHU, mainly to guarantee both quality and volume. That's what FT wanted" (Project team members, interview Nº 2, Phase 2).*

To meet these expectations, FT formed a project team that included agricultural specialists in banana production, who were hired to share their technical knowledge with the Bribri producers.

> *"They [the project team leaders] hired people who were experts in bananas, organic production and true productivity. […] They were people who were accustomed to working on land owned by large companies and improving the productivity of these properties, but those [types of] plantations have a lot more facilities than those in Talamanca. We initially chose [to include] these types of professional because we wanted people with significant experience who could provide guidance for the agricultural component" (Project team member, interview Nº 3, Phase 2).*

Another project team members mentioned that the agricultural specialists proposed the installation of "bio-factories" that would allow the Bribri to store an organic liquid fertilizer to be used on the banana plantations in order to increase productivity and ensure quality per FT's standards.

> *"It was determined that there would be a bio-factory in the upper portion of each farm, so that the liquid could be dispersed by gravity. We really liked the idea. It was innovative. […] However, because there was no budget for the project, only five bio-factories were purchased" (Project team members, interview Nº 2, Phase 2).*

While the aim of the technical trainings was to address the technical gaps in production, the management trainings focused on addressing gaps in administrative skills among UCANEHU leadership. Administration, programming, and computer courses were provided to strengthen basic skills in operations and cost management. More importantly, the management trainings intended to give the UCANEHU leaders planning skills that could be used to develop organizational strategies for the future.

> *"The first thing the project team worked on was the strategic planning issue. What path would it [UCANEHU] need to take for the next three years at least, and what were the most critical aspects to resolve so that it could strengthen its management capacity?" (Project team members, interview Nº 2, Phase 2).*

UCANEHU's survival as a cooperative of indigenous producers was challenging, according to the project team. Most of the associations and cooperatives in the region had gone bankrupt, so many producers had abandoned them. Therefore, instilling the capacity to follow strategies that would allow the cooperative to negotiate with clients like FT, as well as retain producers, were key components of the management trainings provided to UCANEHU leaders. The project team established a specific focus of helping the producers sell their product to international markets, because, as one project team member stated, "training is all about sales and accountability." The UCANEHU leaders also argued the importance of addressing the issue that very few producers had access to credit; thus, the project team highlighted this aspect through the trainings as a way of empowering UCANEHU to access economic resources in the formal financing market.

> *"With UCANEHU, we worked on strategic planning issues. It [UCANEHU] operated as an association. Some of the associations in Talamanca were dissolving. One of UCANEHU's challenges was to define the value proposition it would offer producers so that they [the producers] didn't feel the need to leave the association. Also, it needed to address how it would negotiate with FT" (Project team members, interview Nº 3, Phase 2).*

The project team strongly defended the notion that strengthening management capacity was the way to deliver FT's outcome of "good

suppliers with long-term high-quality relations." Therefore, UCANEHU would have to attend trainings to adapt to these standards.

> *"When we began to align with UCANEHU's objectives, we first worked on the quality standards and objectives that FT required and that UCANEHU would respond to. We explained to them [UCAHEHU members] the importance of the bananas having certain quality-related characteristics. Also, we explained that we wanted them to monitor the production of each of their producers. We even proposed a production forecast tool so they could set a monthly production quota for each producer" (Project team members, interview Nº 2, Phase 2).*

The project also included a third component: social workshops. The goal of these workshops was to address specific social problems faced by the Bribri community. Based on experiences in other Latin American regions, the project team defined the issues that would be imparted during these workshops as follows.

> *"The social component was incorporated into the diagnosis, which lasted roughly three months, then into the project operation [roughly six months]. They [the workshops] dealt primarily with social problems that existed in the area, such as [domestic] violence and alcoholism" (Project team members, interview Nº 3, Phase 2).*

The project team emphasized that the social workshops were open to everyone, since they were designed to help the Bribri community as a whole. UCANEHU and its producers could attend the workshops, but their content had no clear link with the technical and management trainings for UCANEHU leaders and producers.

> *"From the beginning, there was this social component proposed by FT. No one asked me how the social part would help producers; it was just because alcoholism was a problem in the area" (Project team members, interview Nº 3, Phase 2).*

Despite the team's efforts, these interventions did not produce the results that FT and the project team expected. The UCANEHU leaders continued to work according to their traditional management practices, which the project team considered insufficient. They were reticent to plan long-term strategies or to apply what they had learned during the management trainings with respect to planning, customer relations and producer recruiting, finance, and cost management. After a few sessions, the project team suspended the management trainings. Similarly, the project team only conducted a few social workshops due to lack of interest among the Bribri community.

Technical trainings were the only one of the three project components that had an initial limited success, engaging a small portion of producers (18 of the 179 producers the project intended to address). Most producers rejected the technical trainings, however, because they did not consider them to be useful for their banana plantations.

5.2. Crisis: When two extremely different cultures collide

> *"The producers had their own workstyle, and they [the project team members] brought their own workstyle. They didn't agree. That affects us [our work] a lot" (UCANEHU producers, interview Nº 14, Phase 2).*

This statement, expressed by a banana producer, portrays how the project team and the Bribri producers had extremely different workstyles, which originated in the somewhat opposing cultures in which they were respectively embedded. When the two collided, it affected FT's expected

productivity outcomes and made the Bribri community feel taken advantage of. On one side was the project team, originating from a western culture that is accustomed to working in formal markets that have sufficient resources, functional infrastructure, and de-personalized ties. The agricultural experience that the specialists possessed was based on previous projects they had carried out with small-medium enterprises in the Latin American region in efforts to make them part of multinational supply chains. On the other side was UCANEHU and its producers, originating from a rich history of subsistence and small-scale farming in a rural, isolated region, in which they grasp any opportunity that emerged but hold strong to a nature-based culture and a collective workstyle. These experiences implied differing expectations, motivations, and interests for engaging in the CSV project.

When the project team did not achieve the expected results, the project fell into a Crisis phase. The findings from this case study show that the crisis was caused by a collision of two extremely different cultures, which is illustrated by the differing understanding of key elements such as the banana market, organic production, time, and productivity (Table 3).

Table 3. Culture clash between the project team and the Bribri community

CONCEPT OF…	BRIBRI CULTURE (as expressed through UCANEHU and its producers)	WESTERN CULTURE (as expressed through FT and the CSV project team)
Market	**MARKET IS ONE OPPORTUNITY OF MANY** Marketing banana is viewed as one of several options for survival. *"Any help that we [Bribri] can receive is attractive to us." (Bribri producer)* *"Nothing is wasted. Banana we don't sell is fed to the pigs or eaten at home." (Bribri producer)*	**MARKET IS THE SOLE FOCUS** Banana is a resource that must be effectively exploited and marketed. *"Then, FT saw an opportunity to be able to really improve its commercial relationship with UCANEHU, its supplier, mainly to guarantee quality and volume [of banana]. That's what FT wanted." (Project team member)* *"In the end, FT's goal aligned with UCANEHU's goals, and UCANEHU's goals with those of its producers. Everyone needed to understand what quality of banana FT could purchase, and what it could not, so that FT could say, 'well, we estimate that X amount is what we'll receive from each producer.'" (Project team member)*

Organic production	**ORGANIC PRODUCTION DEFINED AS A SOCIAL, ENVIRONMENTAL, AND SPIRITUAL BOND** Organic production expresses strong, long-lasting social, environmental, and spiritual bonds with nature. *"Because we work in harmony with the earth […] we know that the earth is our mother, so we don't provoke or mistreat it; we live with it." (Bribri producer)* *"We want to earn a slightly better living, without poisoning other people." (Bribri producer)*	**ORGANIC PRODUCTION DEFINED AS USING GENERALIZABLE FACTORS OF PRODUCTION** Organic production is defined as knowing and using generalizable factors of production in different contexts and with different actors. *"So, if I go to your country, which is different from our culture, or if I go to a nearby town, I have to learn from you in order for you to understand my message, and I feel this was not done in the project. I can't come and give you a message of how I learned, how I grew up, without first getting to know you." (UCANEHU leadership)* *"In the first part of the project, most of the project team members were used to working in offices; they were more like academics." (Project team member)*
Time	**ORIENTATION TO THE PAST AND PRESENT** The project must respect tradition and is experienced together in the field.	**ORIENTATION TO THE FUTURE** The project and its outcomes must be planned prior to entering the field.

	"As indigenous people, we've always worked organically." (Bribri producer) *"Sibu tells us what we have to do, how to sow." (Bribri producer)* *"[I participated in the Project] to experience new ideas." (Bribri producer)*	*"First, we organized all the information we had and made a diagnosis. Then we planned out the solution." (Project team member)* *"Initially, what FT wanted was control—that is, to have much more reliable suppliers in terms of quality, quantity, and delivery." (Project team member)*
Productivity	**PRODUCTIVITY IS ACHIEVED THROUGH FREE WILL** Increasing productivity means supporting one's free will to thrive. *"We all live in harmony with each other's judgement. That is our [UCANEHU's] methodology. It's why producers search for us, not us for them." (UCANEHU leadership).* *"No one should tell another person what to do, or that he or she doesn't meet their expectations." (UCANEHU leadership)*	**PRODUCTIVITY IS ACHIEVED BY FOLLOWING STANDARDS** Increasing productivity means implementing international economic and agricultural standards. *"The best way for corporations to make sure they have good suppliers is to strengthen the skills of the small companies." (Project team member)* *"FT's indicators for success were 100% business-related." (Project team members)*

- *Market as one opportunity of many vs. Market as the sole focus*

Bribri producers are experienced farmers of cacao, beans, bananas, and other products, all of which provide food for their families. They perceived trading with FT as an added opportunity for their banana production efforts. The technical trainings provided by the project team were relevant with respect to including new techniques that could impact the outcomes of their banana plantations.

> *"I would like to have trainings on the plantation, [about] how to plant and work, as we [the Bribri producers] know this, but definitely not that well" (UCANEHU producers, interview Nº 2, Phase 1).*

Marketing banana to outsiders is an important economic opportunity for the Bribri. When the banana market initially developed, income also emerged as an associated opportunity. In the interviews, the Bribri producers made statements such as, "selling bananas brings in money; every 15 days we receive money," "bananas have helped economically sustain our families," and "every producer tries to get a better price," evidencing that the Bribri see income as a direct and immediate improvement to their wellbeing.

In addition to trade, however, the Bribri producers are open to the multiple opportunities their banana plantations provided. Nothing is wasted. Even the bananas that are too old to market because they do not conform to buyers' expectations are fed to family pigs or used for home consumption. As mentioned above, some producers iterated in the interviews that when they first started planting bananas, they had little interest in increasing production, since they did not have banana plantations that were "solely dedicated to producing bananas for market sale." Banana plantations for the Bribri are, thus, for human consumption, animal feed, and market sales. Moreover, any activity in addition to banana production that potentially produces economic results is seen as an opportunity.

> *"I analyze each activity I could do and that could produce income, and if I can earn [money], I do it" (UCANEHU producers, interview Nº 1, Phase 1).*

Furthermore, according to the Bribri producers, any help from outside the reservation is welcomed. Some even demand greater levels of assistance from the foreign companies that come to Talamanca to purchase bananas. One producer stated that, "since the companies depend on us, they should help us more." Another added:

> *"Companies should help us [producers] more, not only with banana production, but with other products as well, such as cacao, so that we can diversify production" (UCANEHU producers, interview Nº 19, Phase 1).*

External help is also desirable in terms of providing producers with guidance:

> *"I want to push forward, to come up with new ideas, to thrive, and I can't. But if someone comes and helps guide us, then we can move forward and persevere" (Other indigenous, interview Nº 3, Phase 1).*

Thus, the Bribri producers considered the technical trainings to be relevant and helpful, but no more important than other initiatives such as self-sustenance via household-level banana consumption, bananas used as animal feed, crop diversity, intra-community relations, or welcoming visiting tourists who could teach them about life outside the reservation. These were all considered opportunities that would assist them in their day-to-day existence. "Any help that we [Bribri] can receive is attractive to us," one producer explained.

The project team, however, did not work with the Bribri to explore opportunities outside banana production. Rather, it implemented trainings to foster pre-defined technical skills, which would, in turn, improve productive certainty and close the perceived gap between the Bribri producers and

international buyers. According to this approach, the producers needed to view success in terms of a future increase in their economic resources generated by exploiting their available natural resources (bananas) while adapting to FT's supply chain needs.

Many Bribri producers, however, did not consider the technical trainings to be as interesting as other opportunities. For example, they did not seem to understand why FT and the project team were unwilling to pay a higher price for their bananas instead of (or in addition to) the trainings. The promise to earn more income in the future if they increased productivity was a complex concept for the Bribri to understand and, rather than seeing this an opportunity, they felt manipulated by the project team.

> *"I've felt [...] pressured by them [FT and the project team members]. I say this because that's how they've treated me; they punish this and punish that. 'The quality is bad this time,' they say; yet they want it [the product]—they need it—but they're not willing to increase the price they pay us. And the product is organic!" (UCANEHU producers, interview N° 7, Phase 1).*

The previous excerpt exemplifies a producer who not only had issues with respect to volume, but also quality per FT's standards. He felt that his product was extremely organic already and did not understand why it was sometimes not accepted. Furthermore, the lack of alignment between a focus on present opportunities (the Bribri producers) and creating future value (FT) caused the producers to view the trainings as undue pressure to adapt to FT's objectives. The producers did not see an immediate benefit to cooperating with the project team, because they would only receive more income in the future if they exploited their natural resources in what the project team considered to be a more productive approach. The Bribri producers, thus, viewed this as a manipulative practice to achieve FT's objective, not one that they were co-owners of.

> *"We [the Bribri producers] must improve and do what FT is asking. If FT needs more bananas, we must produce more bananas" (UCANEHU producers, interview Nº 2, Phase 1).*

The clash between the project team and the Bribri producers emerged from their extremely different understandings of market priority as an opportunity. For the producers, increased banana production was one possibility of many to cover their daily needs; for FT and the project team, it was the sole focus of the project.

- *Organic production is a social, environmental, and spiritual bond vs. Organic production is using generalizable production factors*

The Bribri's focus on organic production originates from its strong, long-lasting bonds with nature, which also manifest when engaging in economic activities. In this sense, the Bribri define themselves not as poor people, but rather as people who survive through their bonds. Organic production has an inherently practical interest for them, since abusing nature—for example by using what they consider to be non-organic methods—would directly affect their wellbeing and inhibit the outcomes they could receive from their land. They avoid activities that produce a negative effect on nature. As one producer explained, "…when land gets tired, we let the plantation rest and continue producing bananas in another location." Bribri production methods aim to ensure that there are no disruptions to natural growing processes. Moreover, from the Bribri perspective, all human and non-human entities originate from nature and emerge, thus, at the same level of importance.

> *"Nature is a cosmovision. It includes everything. All that was born. It also includes animals. It's wonderful to live here. Each plant is the same as we are. That's why you have to take care of them [the plants], keep them, protect them.*

They are the same [as us]. They have the same spirituality as we do" (Other indigenous, interview Nº 6, Phase 2).

Rooted in this belief is the Bribri's nature-based philosophy, which centers around their god, *Sibu*, who they consider to be expressed in everything that lives, including plants, animals, and humans.

"The only thing Sibu left down here [for us] to coexist with is nature. We cannot endanger something that doesn't belong to us. It's not in our power" (UCANEHU producers, interview Nº 1, Phase 1).

Another producer added:

"Sibu tells us what we have to do; what and how to plant" (Other indigenous, interview Nº 1, Phase 2).

Another producer commented:

"We are organic; we never use chemicals. It's traditional; whatever the land decides" (UCANEHU producers, interview Nº 7, Phase 1).

The strong spiritual roots of the Bribri producers are among the reasons they solely rely on organic production methods, arguing that conventional production "goes against *Sibu*." Thus, they strongly reject any practice that they consider a non-organic form of production per their deeply nature-based standards. "Every project [in Talamanca] must respect what the creator has left us," one producer commented. Another highlighted the damage that chemicals cause to the land and to the Bribri themselves in terms of health. The following comments are illustrative:

"Organic agriculture is health because Sibu allows us to work the land without poisoning it" (UCANEHU producers, interview Nº 1, Phase 1).

"Organic is used to prevent diseases" (Other indigenous, interview Nº 6, Phase 2).

"First of all, I never like working with chemicals, because the Earth is the one that keeps me going. Not the poison. She [the Earth] is so good! So, it's better with organic! That's better!" (UCANEHU producers, interview Nº 11, Phase 2).

This Bribri perspective on organic production strongly collided with the project team's definition of organic, which was based on the organic certification standards required by international markets. The project team neither recognized the Bribri's experience nor their ancestral and experiential knowledge of organic production methods. The team assumed that the Bribri's skills were irrelevant to the project and, therefore, predetermined organic productivity success factors based on its own experiences with other suppliers. The team members felt that the decision to include agricultural specialists was key, as they assumed that academically-educated experts would be the most effect means of transferring knowledge to the Bribri banana producers. The team, thus, exhibited an acute lack of interest in understanding the local context since it did not affect the transfer of technical knowledge. As one UCANEHU leader explained:

"So, if I go to your country, which is different from our culture, or if I go to a nearby town, I have to learn from you in order for you to understand my message, and I feel this was not done in the project. I can't come and give you a message of how I learned, how I grew up, without first getting to know you" (UCANEHU leadership, interview Nº 3, Phase 2).

He continued, comparing the behavior of one member of the research team with that of the project team:

> *"An example is when you [the research team member conducting the interview] arrived. You spent time with people in the area. I suppose—I don't know—that your idea in that moment was to get to know what the people were like, to try to understand a little about their concept of life, their way of acting, their way of thinking. In other words, their background, their idea of being. You didn't come to spend a bad night, but to learn something" (UCANEHU leadership, interview Nº 3, Phase 2).*

Thus, the Crisis phase occurred when the project team failed to understand the Bribri's reciprocal bonds between individuals, between individuals and their community, and between both individuals and the community and nature, all of which have a direct effect on the way they approach organic production activities. This culture of reciprocity and solidarity was expressed, for example, when UCANEHU management purchased bananas from producers in distant communities[19]. For UCANEHU, maintaining relations with every Bribri producer was more important than its own financial sustainability. The project team did not understand this behavior, as it felt that purchasing banana product from geographically distant producers had high transportation costs and significant losses of product along the way; therefore, it was both economically inefficient and logistically unsustainable. One FT manager commented:

[19] Although the Bribri described themsleves as a community (Bribri community) in the interviews, they also referred to it in plural (Bribri communities) when referring to the different families that were scattered throughout different geographic areas of the reserve.

> *"Yorkin is a long way off. It's inefficient to buy bananas there. But UCANEHU's leaders lack the management skills to identify these types of issues" (Project team members, interview Nº 1, Phase 2).*

The UCANEHU's leaders, however, explained this behavior differently. Referring to these same bonds, the UCANEHU leaders explained that the cooperative's main premise is to be part of the Bribri community and to engage with its members through solidarity and reciprocity. For UCANEHU, purchasing banana products from producers is based on solidarity. UCANEHU does not operate like an intermediary that purchases product every "X" amount of days, and only from accessible communities. Rather, UCANEHU purchases even from Bribri producers in remote communities such as Yorkin, where transportation costs are so high that profit is impossible. According to one UCANEHU leader, "that's why we don't perform better [economically]." Another leader commented, "UCANEHU wants its producers to see it like a father figure who will always be there." Nevertheless, the UCANEHU leaders also explained that what the cooperative paid its producers provided little economic support. The UCANEHU leaders were clear on this fact, but also stated that "needs will continue to grow, so we [UCANEHU] try to contribute, even if the contribution isn't great." To this issue, one producer commented:

> *"UCANEHU has helped me a lot with many things. It has helped me a lot. It has trained producers on many terms. It has also helped me economically. When people need money for emergencies and things like that, there's some money [lent by UCANEHU], and then it's returned [by the producers]" (UCANEHU producers, interview Nº 2, Phase 2).*

The Bribri also assign importance, however, to relations with international buyers such as FT. During the study, they described their relationship with FT as a "close friendship." Specific outcomes, such as

productivity, were not as important as reciprocity and solidarity. As one producer explained, "I think that, since we started working with FT, it hasn't abandoned us; we've had a very close relationship." The following comments are also illustrative:

> *"As with UCANEHU, we like our friendship with FT, and all people who want to come and visit us" (UCANEHU producers, interview Nº 1, Phase 1).*

> *"UCANEHU is faithful to FT. We're like a marriage" (UCANEHU producers, interview Nº 19, Phase 1).*

Moreover, the project team was not aware that the Bribri producers do not solely see their bananas as a means of income. Rather, due to their strong bond with nature, they see their bananas as a part of nature that they need to care for faithfully, because otherwise the bananas will cease to be a consistent opportunity, affecting the Bribri community's welfare.

> *"The mind of the Bribri is to care for that area [the natural world], to seek the best [for it] and to care for it. The white man wants to exploit it. We, on the other hand, do not. If we cut the forest, if we dry the river [...] the land doesn't produce anything because it's very dry; then that's going to hurt us" (Other indigenous, interview Nº 1, Phase 1).*

Thus, a clash emerged between the project team, which assumed it had a generalizable knowledge of organic production that could be transferred to the context of the Bribri, who had a very different definition of "organic" due to their strong cultural bonds with their natural and social environment. The Bribri rejected any conventional forms of production, such as trainings by international banana buyers that did not focus on what the Bribri considered to be true organic production. For them, it was a "good idea to have knowledge" (such as that received during the trainings), "but only if it means

working organically." The Bribri felt that the project trainings, which were entirely based on organic practices as defined by certification standards, went against their own notions of organic.

- *Orientation to the past and presence vs. Orientation to the future*

Bribri elders transfer knowledge of organic farming methods from one generation to the next. These methods are deeply rooted in spirituality. During the study, the producers explained that "nothing has changed; we work [our land] using traditions taught by our parents, our ancestors. They cared for it [the land]. They conserved it. We continue in the same way." New generations follow "all the paths previous generations have learned." So, past generations pass on farming knowledge to present generations, and present generations will pass that knowledge on to future generations. In the Bribri worldview, all generations are interdependent and develop strong bonds between one another.

In addition to their interconnection with nature and with previous generations, Bribri producers also have strong bonds with one another, achieved through working together and sharing presence. In the fields, producers work collectively. They use the term "exchange hands" to explain this concept of reciprocity in work relations. As one producer explained, this means that, "I help you on your plantation when you call me, and then we go to my plantation and you help me." When neighboring producers share their work, they also share their outcomes.

> *"Working like this, with machetes on the farm, and maybe working with many hands together, then I help the others, and sometimes we form a group of eight or ten people to help us to keep the plantations going. In the community, we have a group formed. Not just on the banana farm. Others have cacao farms. Then we help each other, little by little. Just to*

help with the machete. Not with machines or herbicides. Not that" (Other indigenous, interview Nº 6, Phase 2).

Another producer stated that, even if they have not helped one another harvest bananas, they share food when a family or member of the community is in need.

> *"In our community, we have the motto that: 'If you arrive, we give you food.' We cook; we give. If another family arrives, we give them a cooked meal—whatever we have. When there's not enough food, well, how can I explain it? As you can see, sometimes we just say we must share. So, if I have a lot, I don't ask where they [the guests] came from; if they need a bite to eat, we give it to them. And the same thing for when we go to them, they give us something" (UCANEHU producers, interview Nº 3, Phase 1).*

Another of the project team's failures, thus, was not recognizing the relevancy that Bribri producers placed on ancestral knowledge of organic production and the emphasis on a workstyle of shared presence in the field. Rather, the team was focused on the goals of future planning and standards compliance. One UCANEHU leader stated that the project team members came in with the idea that they knew what they were going to do before having even set foot in Talamanca; in other words, that the outcomes of the project were predefined. The project team arrived with a ready-made plan for how to increase productivity, without having first conferred with UCANEHU and its producers. Its profound lack of knowledge of the region did not seem relevant to the project team, as its solutions were pre-conceptualized in offices outside Talamanca.

> *"They [the project team members] didn't give us any information about the project. They simply treated us as people with less value. And we, as indigenous, deserve*

respect and value from them. They didn't give it to us" (UCANEHU leadership, interview Nº 1, Phase 2).

The project team also used this approach in their social workshops, which, according to the Bribri, was similar to the way that many other foreign organizations have worked in the region.

"Institutions from the outside make their plans—their work plans; their annual work plans—and then they come here to Talamanca to insert them" (Other indigenous, interview Nº 8, Phase 1).

The Bribri producers expressed offence for not having been considered in the project planning, explaining that organic production is part of their culture. They have long-standing experience, having worked organically for generations and, therefore, have developed an in-depth knowledge of organic practices that produce high-quality results. As the Bribri producers explained, they use techniques that have been passed down from their ancestors and aim to respect nature.

"A producer learns how to plant and all about farming from his father, and his father from his father" (UCANEHU producers, interview Nº 3, Phase 2).

Furthermore, the Bribri considered FT's standards to be "too theoretical" in their definitions of organic, and expected the project team to work with them in the field during the trainings so that they could cooperate and mutually share practices, experiences, and knowledge on organic production. In other words, the Bribri expected the project team to show them how to work differently, but in a way that respected their knowledge and experience on the subject. "Theory is completely different in the field than on paper," one producer commented. Another stated:

> *"They [the project team members] explained it theoretically, not in practice. It was wrong! If you don't teach me things, how am I going to do them? It needs to be both theoretical and practical" (UCANEHU producers, interview Nº 12, Phase 2).*

Thus, a clash emerged between the project team, which assumed that planning for the future and conforming to standards was key to the success of the project, and the Bribri, who valued a collaborative workstyle and nature-based production practices. The Bribri felt excluded from project decisions and did not perceive itself as allowed to be an active participant in the process.

- *Productivity is achieved through free will vs. Productivity is achieved by conforming to standards*

UCANEHU leadership stated that its producers had to follow their own will to satisfy their own needs and wellbeing. Not pushing someone else to achieve something was part of the Bribri philosophy.

> *"We all live in harmony with each other's judgement. That is our [UCANEHU's] methodology. It's why producers search for us, not us for them" (UCANEHU leadership, interview Nº 1, Phase 2).*

Based on this belief, UCANEHU and its producers argued that the project team's approach did not respect their freedom to make autonomous choices regarding their plantations. Five phenomena expressed this misalignment. First, the project team that worked with the producers in the trainings were—from the producers' perspective—"too bossy and did not respect the producers' knowledge and workstyle on their banana plantations, or the years of experience they had in organic farming." Moreover, the Bribri producers expressed that, while the agricultural specialists aimed to raise their productivity, they did not seem to acknowledge the workstyle that the Bribri

producers had traditionally used to increase production and ensure quality. The producers expressed that the specialists "did not know how to teach," but "only gave orders" on how the producers needed to change their workstyle to achieve the desired productivity. One of UCANEHU's leaders expressed, for example, that the project team did not respect the schedules of the producers, who would start working at sunrise and that usually work from 7:00am to 3:00pm. Also, they complained that the project team would come in from the nearby city of Puerto Viejo, "[have] breakfast and then [come to] work."

> *"Let's say you're an agricultural specialist [from the project team]. You come in and you have a work schedule where you tell me that, on Friday, I am to be with you. But respect me. I'm waiting for you on Friday and you don't show up. You tell me, 'I can't make it [today]; I'll be back on Monday.' I wait for you on Monday. We've already lost two days, right? And if it gets to be 11:00, I've spent all morning waiting. At 11:00, I spend an hour talking to you at the farm and (clap!)" (UCANEHU leadership, interview Nº 2, Phase 2).*

Second, the Bribri producers expressed that while the agricultural specialists on the project team worked on increasing the Bribri producers' productivity within predefined standards, they did not seem to care about understanding the Bribri's approach to organic production. This perspective strongly clashed with the project team's definition of organic, which was strictly defined by conformance with the organic certification requirements needed to enter international markets. The project team aimed to teach production standards within a certain workstyle to the Bribri producers in order to adapt to what FT regarded as the requirements of organic production in increasing volume and reducing uncertainty. However, the producers hold the belief that "there are no experts in organic banana production," and expressed that the project team's experts "didn't spend much time in the field [with them]," so they doubted the usefulness of such expert knowledge for

their specific context. For the Bribri, solutions are discovered in the field and emerge spontaneously by working freely together.

Third, through management trainings, the project team intended to convince UCANEHU leaders to create strategies to recruit producers. However, UCANEHU does not actively recruit producers. They do not even call them. "We do not search for producers. Producers search for us," as one UCANEHU leader stated. UCANEHU felt that the pressure to create a recruitment strategy was disrespectful because it directly contradicted the Bribri belief that all lives have free will.

Fourth, the belief in free will is also expressed in the Bribris' field work: they do not intervene with the banana plants at all. "Organic," for them, means to let the plant grow as it "will," that is, naturally. Interventions are minimal; for example, supporting a banana plant's stem with a bamboo stick if its fruits are heavy. The root of this belief in free will is the Bribri community's nature-based philosophy, based on their god, *Sibu*, who is expressed in everything that lives—in plants, animals, and humans.

> *"Our spirit comes from all the seeds that we see around us. That is why Bribri history says that all nature was born before humans. When we were born, everything was already done and in its place. So, all the seeds that are around us are the spaces where our spirits are" (UCANEHU producers, interviews N°8, Phase 2).*

The strong spiritual roots of the Bribri producers represents a principal reason why they solely rely on organic practices, arguing that conventional production "goes against *Sibu*," and they strongly reject any non-organic form of production. One producer highlighted the damage that chemicals cause to the land and to Bribri themselves in terms of health. As mentioned above, another producer stated:

> *"First of all, I never liked working with chemicals, because the Earth is the one that keeps me going. Not the poison. She*

is so good! Then it's better with organic! That's better! (UCANEHU producers, interview Nº 11, Phase 2).

Fifth, Bribri producers readily change their affiliations to banana organizations that purchase bananas, regardless of whether they are international buyers such as Trobanex or Frutilight S.A., or indigenous cooperatives, such as UCANEHU. That said, this is not an easy decision, because, as one producer commented, "changing a buyer means losing one year of bananas because you need new organic certifications." Thus, producers usually only change buyers if the cooperatives fail to sell to buyers from outside the region, such as FT. Thus, when the indigenous cooperative fail to buy bananas from them, UCANEHU producers sell their products directly to international buyers. For them, the decision to sell to different buyers is not a question of being unfaithful. They feel, rather, that they are free to change buyers because "the decision is the will of each person; the spirit that each person has." The Bribri expressed in the interviews that each producer has the free will to satisfy their own and their family's wellbeing. No producer accepts that someone "tells him or her what to do, or that maybe he or she does not meet their expectations." This is a widely understood practice among the Bribri.

"APPTA stopped buying from us. UCANEHU also stopped buying from us. They did not return to buy here. So, my product was being lost. And I needed to earn money with my product. Frutilight came and offered me the opportunity, so I went with them" (Other indigenous, interview Nº 7 Phase 2).

One strategy that many families pursue is to reduce their risk by affiliating with different banana organizations.

"For me, the question is, What if APTTA is no longer going to buy all of my product? That's why there are many producers in this area. If the mother is with APTTA, she

affiliates her daughter with UCANEHU. That's what's happening right now, so the mother is affiliated with APTTA and her children with UCANEHU. Then, of course, in that way, the family is better off. If one company leaves, the other stays. It's better for us if we keep selling our product" (Other indigenous, interview N° 3, Phase 2).

The clash occurred when, on one hand, the Bribri believed that they thrived both individually and collectively by living as freely as the plants grow naturally and doing whatever they are "willing to" do, and, on the other hand, the project team assumed productivity to be achieved by following generalized standards framed by the pressure of international markets. A clash of cultures occurred when the project team prioritized standards of productivity over the Bribri producers' definition of free will.

In summary, Phase 1 of the project failed because the project team and the Bribri producers had different expectations, interests, and objectives, and did not take into account the fact that these expectations, interests, and objectives were rooted in extremely different cultures. The two cultures were not compatible; thus, the project team had several discussions regarding how to reframe the project. They decided to continue the project with substantial changes, suspending the management trainings with UCANEHU leaders and focusing instead on technical trainings and social workshops with the 40 producers who, during the first phase of the project, had shown positive results and an eagerness to participate in the technical trainings.

5.3. Phase 2: Working together in the field and experiencing moments of encountering

In this project, the differing cultures of the project team and the Bribri producers collided. Realizing that their work approaches were not compatible, the project team decided to continue the project, but with major changes. They eliminated the management trainings with UCANEHU leaders

and decided to focus on technical trainings with the 40 producers who had participated consistently throughout the project. In addition, the team replaced its banana experts with new members who had fieldwork experience with indigenous communities of the region, even though they were not the most qualified technical experts in banana production. The social workshops were also redefined, shifting their focus to helping the producers' families to increase their income and, therefore, linking them with the work that would be carried out in the technical trainings. With these changes, the project team was more effectively able to manage the differing work approaches.

> *"[During the first phase of the project] we had hired technical experts, but we realized that these experts didn't work out because they were very theoretical; what we needed were people who would be there working with the producers. [In the second phase of the project] the team replaced them. They [the new technical experts] were more equal [...] they were people of the community [at least some of them]. So they were able to understand one another better." (Members of the project team, interview Nº 2, Phase 2).*

FT changed its interventions based on four specific actions. First, it strengthened the experience of working together in the field through a shared interest in organic banana production and productivity. Second, the project team learned alongside the Bribri producers and agreed to use their local knowledge, workstyle, and language to facilitate the process of sharing perspectives to increasing productivity. Third, it remained open to supporting opportunities for economic activities other than banana production. Fourth, it accepted different interpretations of success with respect to the project results, which allowed it to better frame the cooperation and its outcomes.

- ***Action 1.*** *Strengthening common experience based on existing common interests*

FT and the Bribri producers had shared interests in the banana market and, specifically, organic banana production. However, they attributed very different meanings to these interests and, therefore, had very different approaches to ameliorate productive certainty. The decision to strengthen work in the field helped the project team to exhibit sensitivity toward cultural differences and to "read between the lines" the importance of organic production in Bribri culture. For the Bribri community, organic production was not something theoretical or abstract, but something to be empirically understood and practiced. As most of Bribri producers are illiterate, they associate organic production with practices they can see and touch, and that are grounded in their nature-based way of living. The project team realized that, for the Bribri, organic production is a sensorial experience that cannot be read in a book or defined by conforming to standards.

> *"With [organic] certification, we have the problem that Ecológica [the certification entity] tells us, 'You have to make a brochure in Bribri and give it to the producers [to teach them the organic certification guidelines].' I say, if you don't speak Chinese or you did not study it; if you did not go to school, what can I tell you with this book? See, here are the indications [for organic production]? If a producer is going to see it [the guidelines for organic production], they're going to see the picture [not the words of the brochure], but [even] that's not easy. What will they say [in response to a brochure they can't read]?" (UCANEHU producers, interview Nº 1, Phase 1).*

Working with the Bribri producers in the field and interacting with their banana plantations legitimized the project team's advice regarding how to

increase organic production, because the new members of the project team contextualized their propositions to increase productivity, and, thus, certainty, in terms that were recognizable to Bribri culture.

> *"We now recognize that the new members [of the project team] really helped kick-start the project, to help us better understand the context, and address it from the same perspective as the Bribri. So, I think the adjustments that were made in the team produced a better [work] environment" (Project team members, interview Nº 3 Phase 2).*

- ***Action 2.*** *Learning together and using local knowledge, workstyle, and language*

The new project team did not come with ready-made recipes for what had to be done to increase productivity. According to one team member, it was important to "have a very solid team on the ground, to be able to guarantee the change [in productivity], which was what failed in the beginning." The new project team engaged with and worked alongside the Bribri producers with an open mind and were aware of their customs and workstyle. They expressed to the producers that they would mutually learn from one another, accepted that they didn't have all the answers, acknowledged their mistakes, and were willing to learn new things about organic production from the Bribri producers.

> *"He [one of the new experts on the project team] responded to everything the producer said. He said, 'Well, I'll take the lead, but you tell me if you see something wrong. Please tell me! [Let me know] if you see that I'm damaging the farm in some way, because I know that's not in line with your culture; it is not your custom....' Our customs are different. We each get to work, but in our own style; then, it works" (UCANEHU producers, interview Nº 15, Phase 2).*

The Bribri producers had their own production techniques, such as harvesting according to the phases of the moon, which says that banana trees should not be cut during the new moon because it causes them to dry out. The new project team respected these techniques, and even considered them efficient.

> *"Well, you [the project team] never noticed the moon part [of the Bribri workstyle] during the trainings, but there were moments when it arose. Because, once, he [the new banana expert] arrived and told me that we were going to work, I said to him, 'I don't do that on my farm because it will kill it [the crop].' He asked me why. I told him, 'The new moon for us is like this tree. You come and take away the leaves, and then in two months it will dry out'" (UCANEHU leadership, interview Nº 2, Phase 2).*

Because some members of the new project team were familiar with the region and had worked previously with Bribri and other indigenous communities, they were able to understand and take into account the Bribri's workstyle and the ancestral knowledge they used with respect to organic production methods. Even when they were unable to fully grasp the indigenous perspective, they always expressed an openness to recognizing that there are alternative solutions for achieving the shared interest of increased productivity.

> *"Some [project team members] had their own farms, and others […] had always been linked to this area and to agriculture. So, each day they went to the farm to visit all of the Bribri producers and worked with them to increase the productivity of their land." (Members of the project team, interview Nº 2, Phase 2).*

When in the field, the project team members dressed like the Bribri producers. Furthermore, they hired assistants to help them speak the Bribri

language, which reinforced respect for the Bribri culture and workstyle and promoted fluent communication in the field. A comment from one member of the project team is illustrative:

> *"One positive thing that was done was to incorporate a [new] person—two people—also in addition to an indigenous Bribri person from the community. So, that also helped, and that's why I say that we were also learning the culture and the best way to enter it—to fine-tune communication with them, [and understand] the issue of why certain traditions are important to them. So, incorporating someone from their own community was extremely key" (Project team members, interview Nº 3, Phase 2).*

The same team member also highlighted the significant advancements in productivity due to this new approach:

> *"In other words, part of the [new] methodology is to teach [new] practices [offsite], but if the next step doesn't happen in the field, there's not going to be much progress" (Project team members, interview Nº 3, Phase 2).*

This approach led to a stronger and more intimate relationship between the project team and the Bribri producers. One producer noted that he "really missed" the project team members who worked with him in the field, reflecting a closer and more emotional relationship that was enabled by having worked side-by-side during this second phase of the project.

- ***Action 3.*** *Opening to opportunities for other economic activities*

In Phase 2, the project team also changed the emphasis of the social workshops, linking them to the technical trainings that focused on productivity. Experiencing the Talamanca context in the field allowed the

team to develop a new sensitivity toward the challenges the Bribri faced and recognize the importance of working not from a philanthropic perspective but, rather, helping the producers to increase their families' income and strengthening interactions within and between families.

> *"What we expected, obviously, was that the social workshops [with the new methodology] would contribute to the productive part of our project. So, we redesigned them hoping to incorporate and work with the producers' families. That's why we tried to understand the roles within families [men, women and children], so that this could feed the productive component in a simpler way" (Members of the project team, interview Nº 3, Phase 2).*

The redesigned social workshops, which now aimed to link the Bribri producers' productivity with its impact on wider household activities, marked a notable difference from the previous approach, in which the social workshops lacked a clear link with the trainings.

> *"It could be that [the Bribri] didn't see the workshops as coordinated; [as] aligned with the other parts of the project, so that the social part was [seen as] completely separate from the technical part. […] The topic of improving the family economy came up during the social workshops, but not the strong link between the social and family economy. That came into play later, but at the end our intervention [the project] was really starting to take effect. […] Usually, projects that address these issues in [such] communities are supported by a diagnosis of the situation in the communities themselves, and this diagnosis usually proves that if you can achieve a better environment, you can also improve the productive part" (Project team members, interview Nº 3, Phase 2).*

Through this fresh approach, new opportunities began to emerge. The project team realized that the producers' families were attempting to realize economic activities other than banana production. Tourism, in particular, was emerging as an opportunity for the Bribri. They were evaluating its pros and cons, as all the economic activities they engaged with had to fit with their lifestyle.

> *"There are a lot of dangers with tourism. […] If we're going to bring tourists into a community, we must also prepare that community. We can designate people to work on that. Why? Because people are going to come in with a different culture, and if we aren't prepared, they're going to damage our culture. And we don't want to damage our environment for a little money. That is not our idea. We want to gain a little help through tourism, but without us absorbing customs from the outside. That's theirs. We are us [Bribri]" (Other indigenous, interview Nª 1, Phase 2).*

The social workshops seemed useful, as they served as a setting in which to discuss new economic opportunities that could shift the wellbeing of families and communities. The project team realized that the prior disjunction of social and production trainings was a mistake. The Bribri expressed gratitude for the new approach, with one producer expressing, for example, that they previously had no guidance for how to grasp emerging opportunities.

- ***Action 4.*** *Accepting different interpretations of success*

> *"We welcomed them [the project team members]; we brought them in, but my idea was that we would meet people, and that [the team members] would get to know the producers. I never expected it to be written up in the national press—and then everything came out in the news. From then on, I felt like it was a show! I asked them [the project team*

members], 'Why did you bring in the press?' They said, 'No, no, no, it's not like that.' Okay, I understand that they [FT] have to advertise, because it's a way for people to know that they exist, but this wasn't the time to do it" (UCANEHU leadership, interview Nº 3, Phase 2).

This interview excerpt illustrates the differing perceptions of success held by the project team and the Bribri before the project had even started. For the project team, the community's acceptance of the project was already a partial success, as it showcased that FT was trying to contribute to the social progress of Costa Rica, independent of its possible outcome. Therefore, at the start of the project, the team decided to invite a national television channel to spread the word of FT's innovative work with the indigenous communities of Talamanca. For UCANEHU and its producers, however, the project was not yet a success, and, therefore, the Bribri producers perceived the press attention as offensive.

By Phase 2 of the project, the team acknowledged the problems with this approach, recognizing that differing perceptions endured and understanding that these illustrated distinct definitions of success. Furthermore, they understood the importance of keeping the definition of success "fuzzy" to include each of the different perspectives. For example, FT's project team evaluated the final results achieved as being partly successful, even though it was unable to include the initially planned 179 Bribri producers in the trainings. The project team recognized that Bribri producers also perceived the achieved results as positive, but for different reasons. Many producers stated that they "felt good" about the trainings. Their positive interpretation did not necessarily refer to a particularly defined outcome, but more to a sense of success and inclusion. For these producers, the main positive consequence was that they started to "work with more love" when going to the field every morning and, therefore, had a "changing lifestyle." For many producers, the success of the project was measured by a change in emotions and mindset, which directly impacted their workstyle.

> *"When it [UCANEHU] was first created, we were all small producers. And, then, we stay here with [meaning producing] any little thing [we can]. And it is not like that [after the project]! We must be big producers; we need to produce! So, the project did open our minds. More people should be producing 2,000, 3,000, 4,000 kilos. Big amounts! Then, it could change from small to big; with that I agree" (UCANEHU producers, interview Nº 15, Phase 2).*

Others, such as UCANEHU leaders and certain Bribri producers, stated that the project was a success because of the techniques they learned, which could be applied to their plantations. Learning the "condom technique" (where plastic is wrapped around the banana plant to push the growth of the plant upward) and the use of "natural fertilizers," such as chicken excrement, were considered important outcomes of the trainings. Other producers looked to even more concrete results in terms of production as an evaluation of success:

> *"Before [the trainings], because of our harvesting methods, our young plants were losing nutrients. The plants became sick. There was no good production. Before, the bananas were smaller. Now, they're bigger and better" (UCANEHU producers, interview Nº 9, Phase 2).*

The following comments are also illustrative:

> *"You see a nice banana, a presentable banana. It's not that much more [in terms of quantity], but it is pretty. This is what's changed" (UCANEHU leadership, interview Nº 2, Phase 2).*

> *"[The project team] came and said that I was wasting space in my plantation. I should plant bananas in those spaces" (UCANEHU producers, interview Nº 11, Phase 2).*

Other producers stated that the concrete results in terms of the quantity and quality of production was that the trainings improved both economic resources and food supply, because, "with more production, you can buy more to eat." These producers strongly valued what the trainings provided for their households, because more food was available for their families and the improvement of their wellbeing was evident. Similarly, the leaders of UCANEHU reported that they were happy with the results, particularly with the 18 producers that showed significant production improvements, but expected the project team to initiate subsequent projects in in a way that allowed them to share knowledge with the original 179 producers.

The key lesson learned, however was that the project team now understood the importance of acknowledging fuzziness when interpreting the results to include various perceptions of success. This allowed the project to continue, and the project team and the producers to continue to work together and share learnings that would support increased productive certainty in organic banana production.

In summary, in Phase 2 of the CSV project both Bribri and FT defined mutual gains through specific actions. All parties felt that the cooperation provided benefits, though expressed in different terms and, therefore, perceived a positive shift as a result of the project.

5.4. Theorization: Respecting work between indigenous communities and multinationals

Case Study I shows the inherent complexity of how the inclusive character of markets emerged in cooperations between multinational and indigenous communities. The theoretical analysis of this case is divided into two parts. The first section argues that the institutional dynamics of market activity in indigenous communities emerged and were framed by a more abstract institutional level, which this thesis calls the *ontological level*, illustrated in the form of culture. The ontological level explains how culture serves as a foundation for the emergence of different

institutions at less abstract levels. Furthermore, it explains how an indigenous community connected with formal markets by generating a product (organic banana) that was attractive to multinationals and other organizations outside the reservation, which in turn enhanced the emergence of an informal market. The second section shows that the banana market did not necessarily produced fair benefits for the Bribri in comparison with the benefits experienced by their formal counterparts, due to ontological institutional boundaries expressed in the form of extreme and insurmountable cultural differences between FT and the Bribri community. Therefore, it was necessary to develop social and material relations between members of the multinational and the Bribri to experience moments of connection within the indigenous institutional boundaries and to overcome extreme institutional differences and asymmetries of power. These efforts enhanced the emergence of the inclusive character of the banana market, showing mutual benefits for all actors involved, especially the Bribri producers.

5.4.1. Culture as a way of "becoming" and an ontological institutional level that frames informal market activities in indigenous communities

The first part of this analysis focuses on the institutional dynamics of the emergence and functioning of informal market activity in an indigenous community. The case shows that the institutions that allow markets to function (Fligstein, 2001; Lawrence & Suddaby, 2006; Scott, 2001; Webb et al., 2009) in an indigenous community emerge at what this thesis calls the *ontological institutional level,* expressed in the form of culture (Banerjee & Linstead, 2004; Hwang & Colyvas, 2014). The Bribri culture is a way of "becoming," forged in the social and material relations (Adams & Markus, 2004; Banerjee & Linstead, 2004; Barkema et al., 2015; Felin et al., 2015; Hwang & Colyvas, 2014; Kozlowski & Klein, 2013; Padgett & Powell, 2012) that its members developed in nearly complete isolation from globalization and modernization processes within the physical boundaries of the reservation land and, therefore, were

extremely different from the western culture in which the multinational FT was embedded (Bruijn & Whiteman, 2010; Shantz et al., 2018). These relations reflect the Bribri experience of living and bonding (Banerjee & Linstead, 2004; Hwang & Colyvas, 2014) and how the Bribri, through their relations, were constantly promoting the emergence of their culture while also being framed by it (Felin et al., 2015; Kozlowski & Klein, 2013) illustrating their informal institutionalization dynamics (Adams & Markus, 2004; Surachaikulwattana & Phillips, 2016). In other words, institutions were forged via the actions of Bribri individuals and the relations between them and their environment, which were primarily unconscious (Emirbayer & Mische, 1998; Giddens, 1979; Scott, 2013), and which defined their culture and experience in the world.

Different aspects of the case study explain the ontological institutional level. For example, the Bribri producers stated that they *are* one with nature, as plants, animals, and humans exist at the same level of experience (Whiteman, 2009; Whiteman & Cooper, 2000, 2011). Furthermore, indigenous people such as the Bribri tend to have an understanding of time (Ali, 2016) that is more focused on their connection with past and the act of "presencing"—that is, being present—together. Also, the notion of free will is at the core of their individual and collective experience of living and reflects the freedom of relating with the world in whatever way they wish while they emerge within it. Indigenous communities experience the world largely through relations (Barkema et al., 2015), which was evidenced in the way that the relations between the Bribri, their ancestors, and their environment affected their ways of being. Therefore, a separation between Bribri community members as individual entities, a community, or an environment was neither clear nor understandable for them. All of these categories existed at same level of experience and were interrelated and ever-emerging (Kennedy & Fiss, 2013; Willmott, 2011; Zundel et al., 2012).

These examples show that the ontological institutional level arose empirically from the data as a more abstract level of emergence to explain the dynamics in indigenous communities (Stinchcombe, 1991), becoming the foundational structure of how institutions emerge at less abstract institutional levels (Scott, 2013), and showing that culture cannot be explained as simply normative (Caprar

& Neville, 2012; Gardberg & Fombrun, 2006) and cognitive institutional mechanisms (Scott, 2013). Culture is more than a "toolkit" that offers different repertoires of action (Swidler, 1986), as it is defined by ontological mechanisms lodged and intertwined in ways of being and relations that operate at the most abstract and unconscious level of experience emerging as an assemblage (Hirschman & Reed, 2014). Ways of being are internalized by individuals, communities and organizations through the relations between them and their environment (Hwang & Colyvas, 2014; Padgett & Powell, 2012), and, therefore, informal institutions in the form of culture define an important aspect of who and what we are in terms of human experience. Culture serves as a foundation for how market activities emerge in indigenous communities to be part of globalization (Buckley & Ghauri, 2004; Levy, 2008) by connecting the local with the global (Mösching, 2019) without losing their identity (Bruijn & Whiteman, 2010).

For example, as the case showed, the Bribri culture was the foundation for constructing collective identities (Lawrence & Suddaby, 2006) that allow certain market activities to develop (Webb et al., 2009). The Bribri culture framed the community's approach to market recognition and exploitation (Banerjee & Linstead, 2004), ideas, and thought processes (Metcalfe & Mischel, 1999), as well as the forms of organizing these through community ties (Boisot & Child, 1996; Portes & Schauffler, 1993) and networks (Lawrence et al., 2002; Leblebici et al., 1991), and the approach to applying various combinations of resources at hand to tackle their economic needs (Baker & Nelson, 2005; Battilana & D'Aunno, 2009), such as cognitive mechanisms of conditioning thinking (Phillips & Malhotra, 2008) forged in cultural relations. Thus, in indigenous communities residing in rural settings, informality could be considered a phenomenon grounded on an ontological level of what a market is and how it is forged in extremely different cultural relational mechanisms in comparison with western culture and the two groups' relative experiences of the market. Informality in indigenous contexts can, therefore, be understood as emerging at the intersection of different levels of generality and abstraction (Stinchcombe, 1991): informality emerges as a different experience of being and relating within a specific culture that is reflected in harmony with nature, relations-centered being, free will (ontological level), a

positive understanding of their way of life, as the Bribri did not consider themselves poor (cognitive level), and the generation of solidarity ties and networks within the indigenous reservation (normative level).

Case Study I shows, however, that these informal institutional dynamics forged at the ontological level within indigenous communities do not necessarily promote market relations, but that market relations are simply one option of many. The market is not the sole institutional force within indigenous contexts and, therefore, their institutional settings cannot necessarily be considered markets in the modern sense of the word (Karnani, 2007). Rather, sustenance activities or simpler forms of trading such as bartering are common among indigenous community members. In the case, paradoxically, this non-market driven culture generated a product that was extremely valued by formal markets (high-quality organic banana), and that became key to the emergence of the informal banana market. The Bribri culture, forged via relations, shaped the producers' capacity for innovation, flexibility, and adaptation (Rindova et al., 2009) in a way that created a market-valuable product. It was the isolation of the Bribri in geographical terms (Bruijn & Whiteman, 2010; Shantz et al., 2018), illustrated, for example, by the river that materially separates them from the modern world, that allowed them to develop the informal institutional dynamics, forged in cultural relations, needed to generate a product that was scarce outside the reservation and that linked them to multinationals via market cooperations. It was the extreme institutional incongruence between the formal markets of multinationals and the informal setting in which in which indigenous communities resided (Webb et al., 2013; Webb et al., 2009; Webb et al., 2010) that gave a potential market value to their relations. Furthermore, the case shows that the multinational strongly depended on the quality of the raw material (organic banana) provided by the Bribri producers for the development of its global supply chain (Buckley & Ghauri, 2004; Levy, 2008). Both actors, thus, relied on one another and on the quality of their relations for the functioning of the banana market in the Talamanca region (Beneria, 1989; Benton, 1989; Chakrabarti, 2016).

5.4.2. Respecting work to develop inclusive cooperations between indigenous communities and multinationals

As the banana market did not necessarily generate mutual gains for all actors involved, the inclusive character of this market could be initially questioned. The western culture in which FT and the project team were embedded led to conflicts and suboptimal outcomes when it collided with the Bribri culture, notwithstanding the intention of cooperating with mutual gains (Lewicki et al., 2003). Institutional boundaries at the ontological level, which also framed material and physical boundaries between multinationals and indigenous communities, negatively affected the outcomes of market cooperations and, therefore, hindered the emergence of the inclusive character of markets, especially for the Bribri. Boundary work as a form of institutional work (Zietsma & Lawrence, 2010) had to be enhanced by the members of the multinational to momentarily connect with the indigenous community within its institutional environments to experience their institutions firsthand (Voronov & Vince, 2012) and respect and learn from one another in order for the inclusive character of markets to emerge.

Boundaries at different institutional levels played roles as barriers (Langley et al., 2019), initially hindering the emergence of inclusive markets. Boundaries at more concrete levels were material and physical (Johansson & Lundgren, 2015) as well as cognitive and normative (Scott, 2013; Zietsma & Lawrence, 2010). Furthermore, a more abstract level framed these institutional differences, as the most important and insurmountable boundaries were reflected at the ontological level expressed in the form of culture (Banerjee & Linstead, 2004). Material boundaries were mainly expressed in the fact that the Bribri live in extreme poverty according to modern standards, and that most indigenous communities struggle to thrive in modern economies (Olabisi et al., 2015). This material institutional situation is different from the modern contexts of multinationals such as FT, which are characterized by greater economic resources. Physical boundaries are illustrated in the river that separates the Bribri from the modern world. The bridge that was constructed to create easy access to the reservation was often intentionally cut off by the Bribri, which illustrates how they

prefer to remain isolated from the global process of economic development in order to preserve their identity (Bruijn & Whiteman, 2010). More importantly, the Bribri culture is based on traditional and solidarity relations and the fact that, like many indigenous communities, they derive their individual and collective experience from the natural environment (Whiteman, 2009). Their social, environmental, and spiritual relations clash with the often impersonal relations of formal market actors such as multinationals (Tönnies, 1957). In this sense, the Bribri context is deeply institutionalized at various levels, constraining their actions (Morrill, 2017). Such boundaries at these different institutional levels, and especially those at the ontological level, affect the full gains of trading when relating with one another (Kellogg et al., 2006), reflecting the difficulties and complexities of developing functioning relations across institutional boundaries (Reinecke et al., 2018) and making market cooperations between multinationals and indigenous communities' entrepreneurial endeavors complex and uncertain (Klassen & Vereecke, 2012).

Different aspects of the case study reveal the institutional boundaries that affected more inclusive cooperations between the Bribri and FT. Before the shared value project started, the banana market was based on transacting relations that did not involve a greater and more intense relational embeddedness between FT and the Bribri. FT members had scarcely set foot in the reservation before the project began, with their trucks typically stopping at the other side of the river to receive the bananas that the Bribri transported to within the reservation. Boundaries, at this point, were mainly understood as physical and material, hindering the emergence of the inclusive character of markets for the Bribri. For example, the Bribri claimed that the price they received for the banana was too low, and that FT abused its position. Furthermore, because the Bribri, as suppliers, were positioned in the weakest part of the division of labor (Strauss, 1978), any power dynamics that negatively affected them reproduced (Apesoa-Varano & Varano, 2014) when including them in global value chains (George, McGahan, & Prabhu, 2012; Reinecke et al., 2018). Once the CSV project started, these boundaries were tackled by the project team by trying to ameliorate the material situation of the Bribri through trainings to increase the certainty and volume of their organic banana production, as well as augmenting their technological capacity (for example with the bio-factories) in order to establish an infrastructure that could better connect physically

with the efficiency needed to access international markets. However, these initiatives failed, as the Bribri rejected opportunities such as increased production and training under FT's definition of organic, expressing that this definition conflicted with their cosmovision of harmony with both nature and free will, which was key to their individual and collective experience of living. Formal market actors such as multinationals and government interventions in the region were perceived by the indigenous to be decontextualized and lacking sufficient cultural embeddedness and, therefore, the Bribri distrusted formal market institutions (Webb et al., 2013; Webb et al., 2009) and avoided them (Oliver, 1992), which increased the problems for generating inclusive informal market dynamics. The Bribri felt manipulated by multinationals and other actors from formal markets (Alghababsheh et al., 2018), as these actors treated them as poor and unknowledgeable actors and they underappreciated their way of living. The project team eventually realized that boundaries ran deeper than just the material and the physical, implying ontological boundaries between the two cultures (Banerjee & Linstead, 2004) and showing the uneasy co-existence of different institutions at different levels (Furnari, 2016; Owen-Smith & Powell, 2008; Rao et al., 2000), which the case illustrated as differences at four dimensions: market, organic production, time, and productivity.

Only through respecting work enhanced by the members of the multinational's project team, consisting of sharing experiences and presence with the indigenous community within its physical and material boundaries (Phillips & Lawrence, 2012), was it possible for the multinational to engage in a shift in its cognitive perceptions and a questioning of its previous understanding of poverty and indigenous lifestyle, in turn allowing it to give value to the indigenous community's practices and way of life (Maurer et al., 2011) and establishing points of mutual learning and enhancing the emergence of inclusive markets in the highly complex and ambiguous business environments of globalization (Child & Rodrigues, 2011; Smith & Lewis, 2011). These experiences allowed for the acknowledgement of insurmountable ontological boundaries between cultures. Physical and material boundaries also implied cultural boundaries that were insurmountable because they illustrated differences at the ontological level between the multinational and the Bribri. Informality (experienced by

the Bribri) and formality (experienced by the multinational) were considered two ends of a continuum that were clearly opposed (Godfrey, 2011).

From the findings described above, a theoretical model was deduced that explains the respecting work enhanced by formal market actors such as multinationals when cooperating with indigenous communities (Figure 4), and how these cooperations allow markets to emerge as mechanisms for the development of these communities and their members (Mair et al., 2012; Mendoza & Thelen, 2008; WorldBank, 2013). Boundary work allowed for a recognition of ontological differences and, through momentary connectedness within the physical and material boundaries of the indigenous, the identification of value that generated mutual gains and enhanced the emergence of inclusive markets. The model depicts six different practices observed, which are organized into three stages: 1) setting expectations that encompass common interests in cooperations, 2) enhancing momentary connectedness within indigenous physical and material boundaries, and 3) making sense of experiences and learnings and accepting ontological boundaries.

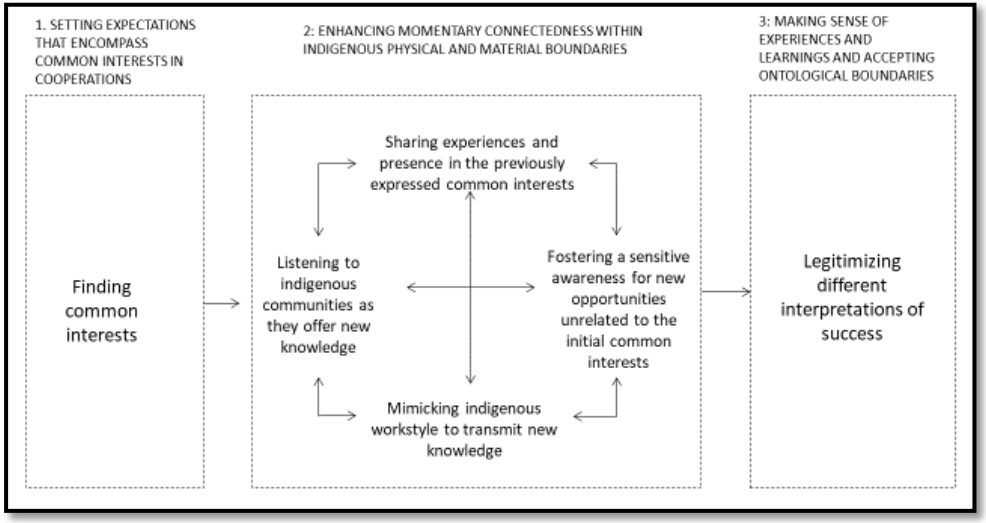


Figure 4. Respecting work between multinationals and indigenous communities.

- *Setting expectations that encompass common interests in cooperations*

Finding common interests before the start of the initiative is the initial force for any form of inclusive cooperation to function between multinationals and indigenous communities. As the case shows, the existing boundaries, which translated into unequal access and distribution of resources and opportunities (Lamont & Molnár, 2002) for the Bribri producers, were accepted by the members of the multinational. They realized that power dynamics (Apesoa-Varano & Varano, 2014) and opposed institutional identities were affecting the full gains of trading (Kellogg et al., 2006). On one hand, they negatively affected the indigenous producers, hindering them from exploring their full potential and being included in decision-making so that cooperations could promote mutual gains and a more participative role in the markets indigenous are part of (Mair et al., 2012; Mendoza & Thelen, 2008). On the other hand, it affected the multinational, even if it was better positioned in the division of labor (Strauss, 1978) than the indigenous community, as its members found difficulties in achieving the multinational's goals. Thus, unless mutual benefits can be identified and explored, there can be no basis for cooperative relations (Lertzman & Vredenburg, 2005). By finding common interests, multinational actors show that they are open to change. Therefore, the effortful and conscious goal-directed action (Phillips & Lawrence, 2012) needed for cooperations with mutual gains is taken at this stage. Through a projective perspective of agency (Emirbayer & Mische, 1998), multinational actors, in agreement with indigenous communities, can define and design the goals (Khavul & Bruton, 2013; London & Hart, 2004) that guide supplier development programs (Alghababsheh et al., 2018; Guide, 2018; London et al., 2010; Spencer, 2008) that shift the cooperations toward more inclusive characteristics. The multinational acts, at this stage, as an institutional entrepreneur (DiMaggio & Powell, 1983; Hardy & Maguire, 2008) that used to work in more formal environments in aims to plan and design its work (Scott, 2013). In the case of cooperations between FT and Bribri, both parties found the common interest of defining

functioning relations for increasing the certainty of organic banana production. Whatever the interests may be, this step shows a willingness of all actors to cooperate toward the same goals. Furthermore, common interests allow the promotion of cooperations throughout the duration of the project and creates a "north star" to follow if the project reaches unstable ground.

- *Enhancing momentary connectedness within indigenous physical and material boundaries*

When the project begins, both multinationals and indigenous communities endeavor the process of *sharing experiences and presence in the previously expressed common interests.* In practice, the common interests between them may prove to not be as common as expected, since their extreme cultural differences imply different experiences and understandings of key aspects of the project and determined different workstyles and definitions of the common interests, as the case showed. Therefore, the reflexivity of members of the multinational is more present-oriented than in the previous planning stage and lies in the deliberation with others and with oneself about experienced situations (Emirbayer & Mische, 1998). Through sharing experience and presence, multinationals and indigenous communities can perceive their interests in practice, engaging in new relations that promote institutional change (Zundel et al., 2012). Particularly, members of multinationals temporarily break free from their institutions (Furnari, 2014) and experience an openness to how things function in indigenous communities (Voronov & Vince, 2012), enhancing the emergence of shared-value practices (Guide, 2018) and resource and knowledge sharing (Alghababsheh et al., 2018), and unleashing two-way relational processes that benefit actors on both sides through the development of abilities and opportunities (Sen, 2000; WorldBank, 2013). Furthermore, multinational members and indigenous producers know and respect one another, even if they do not fully understand each other's perspectives (Emirbayer & Mische, 1998; Voronov & Vince, 2012), and, therefore, open

a space for dignity for indigenous communities when relating with multinationals (Sen, 2000; WorldBank, 2013). They experience connectedness in specific moments, and respectfully accept their differences, reinforcing the notion of members and non-members to their institutional settings (Burri, 2008; Greenwood et al., 2002; Scott, 1994, 2001; Zietsma & Lawrence, 2010) and cognitively demarcating the differences between them (Berger & Luckmann, 1967; Gieryn, 1983). This means that, even if they cannot fully understand one another, they share presence as an intellectual and emotional act (Lok et al., 2017; Voronov & Vince, 2012; Voronov & Weber, 2016) that bonds them and causes them to respect one another and increase the quality of the relationship in order to achieve the intended goals (Collins-Dogrul, 2012). They acknowledge that their cultures are extremely different (Banerjee & Linstead, 2004) and reflect on the value of these differences for generating mutual gains via cooperations (Maurer et al., 2011), such as with the moon technique that the multinational considered extremely valuable for increasing productivity once working in the field. The extremely radical differences of actors interested in change (Dorado, 2005) caused the process to be strongly infused (Perkmann & Spicer, 2008). The shared experiences within the indigenous context particularly affected the multinational, as it likely caused its members to reflect on their own culture and the efficiency of the knowledge transference practices, changing their assumption that their perspective was the only correct route. As shown in Phase 2 of the case, the multinational members that entered the indigenous context in a meaningful way endeavored new experiences, which molded their cognitive understanding of the value of indigenous practices and knowledge and how to take them into consideration for the sake of the project. Thus, through intense present-oriented action and reflexivity, members of multinationals can attain cognitive and critical distance from the culture in which they are embedded, allowing them to change their schemas of understanding in order to accomplish their interests (Seo & Creed, 2002). In other words, they can engage in technical work (Perkmann & Spicer, 2008) through experience and presence with the indigenous producers. The case

shows, therefore, that connectedness across boundaries is attainable (Quick and Feldman, 2014) by experiencing and reflecting first-hand (Voronov & Vince, 2012), from within the indigenous material and physical boundaries, on the shared reference points of the project. This facilitates coordination while allowing flexibility and maintaining distinct institutional identities (Reinecke et al., 2018).

Listening to indigenous communities as they offer new knowledge is a practice necessary for capturing the experience of working within the context of indigenous communities. Attentiveness to every actor is important, as contradictory voices emerge throughout the project, especially due to the complex settings in which indigenous communities develop their economic activities, which are unfamiliar to multinationals and can only be revealed through experience and present-oriented action during the course of the project (Emirbayer & Mische, 1998). During these shared experiences in the field, members of the multinational learn about indigenous knowledge and workstyles. They experience, for example, that the Bribri culture accepts change (Hirschman & Reed, 2014) but also endeavors to respect the past (Kaplan & Vakili, 2015; Padgett & Powell, 2012; Stark, 1996). As the case shows, even if they lack sufficient cultural embeddedness in indigenous contexts, multinational actors can transform boundaries into interfaces that facilitate exchange (Langley et al., 2019) and cooperation between extremely different institutional settings (Ozcan & Santos, 2014). Assuming a receptive orientation, multinationals can cognitively recognize and experience the institutions that are in place and question their own understanding of poverty and value in indigenous contexts. Even if they do not always understand the perspectives and practices of indigenous communities, experiencing them in the field allows the two sides to connect, sometimes even emotionally or through sensory experience, when understanding is unreachable (Voronov & Vince, 2012).

As this case shows, *mimicking indigenous workstyle to transmit new knowledge* can be effective. In the first phase, educating and transferring knowledge (Lawrence & Suddaby, 2006) was considered an aggressive

practice by indigenous communities. It was too theoretical. When the members of the project team entered the field and engaged in the practice of mimicking (Lawrence & Suddaby, 2006); for example, dressing like the Bribri, the indigenous producers felt respected and developed a positive attitude toward exchanging information about how to increase productivity. It is commonly understood that indigenous communities and other disempowered groups mimic western culture to achieve their outcomes (Bhabha, 1994; Frenkel, 2008), but multinational actors can endeavor the same practice to de-contextualize asymmetric relations and generate trust (Godfrey, 2011) and overcome the resistance of indigenous communities due to previous experiences with formal market actors (Huising, 2014). Imitating indigenous workstyles also helps them approach the indigenous context with an open mind. In this case study, for example, members of the multinational FT realized that the Bribri producers' production method was not an irrational behavior, but a rationality based on different social and material relations (Hwang & Colyvas, 2014) that enhanced the Bribri culture and a different way of being (Banerjee & Linstead, 2004).

Thus, working in the field helps multinational actors *foster a sensitive awareness of new opportunities unrelated to the initial common interests*. As seen in the case, new and unexpected opportunities for mutual gains may emerge. Experiencing the context first-hand allows the members of a given multinational to develop a sensitive awareness toward identifying potential contextualized opportunities that emerge as the initiative unfolds, for example, with the social workshops illustrated in the case study. In this way, the multinational members act as entrepreneurs that are highly explorative and follow their intuition in recognizing and acting on business (Ardichvili et al., 2003) and mutual gains opportunities. Cognitive capacities for alertness (Shane, 2003) are developed through experience within indigenous material and physical boundaries, promoting the creativity that is at the core of the emergence and development of market activity (Schumpeter, 1947). Opportunities are in a continual process of emergence (Kennedy & Fiss, 2013) rather than predefined. Part of developing

a project is to acknowledge that the initial frame is only a guide. The planning and expectations-setting that occurs in the initial stages serve more as a structure of thinking rather than an immovable map to follow (Emirbayer & Mische, 1998).

- *Making sense of experiences and learnings and accepting ontological boundaries*

Legitimizing different interpretations of success is key, as cooperations between multinationals and indigenous communities emerge in a process full of ambiguities and contradictions in encounters between institutionally dissimilar actors, where the actors relate to one another via exploration (Frenkel, 2008; Mair et al., 2012). Ambiguities and contradictions (Seo & Creed, 2002) that emerge from cultural differences (Frenkel, 2008) are likely maintained throughout a project. Therefore, the actors involved make sense of the outcomes of the project under different cultural frames and, consequently, have different interpretations of success. Multinational members that experience the indigenous context in the field realize that the boundaries are insurmountable because they act at the ontological level. Boundaries, rather than negotiated (Kaplan et al., 2017; Levina & Vaast, 2005) to be removed or reframed for allowing constant cooperation (Allen, 1997; Bechky, 2006), are accepted through the experience of working together and relating with one another. Therefore, at this stage, the actors involved focus on reflecting on the past (Emirbayer & Mische, 1998) and making sense of their previous experiences (Weick, 2004). As the case shows, success is less a matter of standards than the result of an interpretation by the actors involved, which is influenced by previous experiences and the various cultures in place. These experiences and evaluations likely lead to different results. In this case, the project team members found the results successful. Their sensemaking and entrepreneurial learning regarding the recognition and exploitation of opportunities was shaped by the social context (Cornelissen & Clarke, 2010; Jelinek & Litterer, 1995) they shared with

Bribri indigenous communities along the project, embedded within resource-scarce settings and weak formal institutional environments (Hall et al., 2012). Different results were interpreted by the UCANEHU leaders, who expressed that they were happy with the outcomes of the project but would have expected the project team to initiate a new phase in order to share the knowledge obtained by the 18 producers with the original 179. In a final, informal discussion, a UCANEHU leader informed the researchers that such a final event would have helped the cooperative to take the lead in multiplying the knowledge to the larger group. Likewise, different interpretations were expressed by many producers, who stated that they gained both techniques and increased production, which fueled their identity as successful entrepreneurs within the community (Webb et al., 2009). These diverse interpretations are an expression that mutual benefits are not simply understood in terms of economic income, but rather in the development of abilities, opportunities, and dignity that allow the realization of potentials (Sen, 2000; WorldBank, 2013).

Respecting work, in a three-stage process, promotes the emergence of inclusive markets as participatory arenas for the poor and the informal (Mair et al., 2012; Mendoza & Thelen, 2008) such as indigenous communities, despite the ontological boundaries that separate them from multinationals. Inclusive markets emerge through respecting work that acts mainly at the cognitive level, reflecting on how multinational actors can engage in the process of positively valuing the indigenous way of being reflected via culture. In this case study, the multinational opened up to and through experiencing the Bribri context, to changing its understanding of indigenous communities and causing its members to question their own cultural norms and institutions at different levels, and, more importantly, its implications on the inclusive character of markets.

5.5. Conclusion

This chapter focused on the analysis of Case Study I, starting with the data, and followed by theorization. The case focused on a Creating Shared Value (CSV) project that aimed to increase the certainty of indigenous Bribri banana production with the explicit aim of generating mutual gains for both parties. Section 5.1 explained the emergence of the banana market in Talamanca and how, in Phase 1 of the project, FT's project team aimed to increase the Bribri producers' productivity and the UCANEHU cooperative's management capacity. However, this approach did not deliver the expected results, which caused a Crisis phase, explained in Section 5.2. The cause of the crisis was identified as the differing experience of key aspects of the project, which illustrated the extreme cultural differences between FT and the project team on one side, and the Bribri producers on the other. These differences were principally expressed by opposing views and experiences of the market, organic production, time, and productivity, and acted as an insurmountable barrier that did not allow the two groups to work together efficiently. Section 5.3 focused on the lessons learned by project team during the Crisis phase and their subsequent application in Phase 2, during which the project team adjusted its composition, its intervention strategy, and its tactics, eventually finding mutual learnings and other points of cooperation that benefited both sides. This change in the initiative led to mutual gains and enhanced the emergence of inclusive markets.

In Section 5.4, findings were theorized, explaining that Case Study I shows the inherent complexity of how the inclusive character of markets emerges for indigenous communities. On one hand, the institutional dynamics of market activity in indigenous communities are framed by the ontological institutional level, illustrated in the form of culture. This ontological level explains how indigenous communities engage in market activity by connecting with formal markets. The cultural relations of the Bribri, for example, which primarily emerged in complete isolation from the modern world, allowed them to generate a

product that was attractive to multinationals and other organizations outside the reservation, which enhanced the emergence of an informal market. The banana market, however, did not necessarily produce fair benefits for the Bribri producers in comparison with their formal counterparts. Therefore, it was necessary to develop social and material relations between members of the multinational and the Bribri community to experience tight moments of connectedness within the indigenous institutional boundaries to overcome extreme institutional differences and asymmetries of power. These efforts enhanced the emergence of the inclusive character of the banana market, showing mutual benefits for all actors involved, especially the Bribri producers. Finally, a model was proposed that shows that respecting work illustrates the flexible and open character of multinational actors when working with indigenous communities to generate market cooperations with mutual gains and enhance the emergence of inclusive markets. The model includes three stages: 1) setting expectations that encompass common interests in cooperations, 2) enhancing momentary connectedness within indigenous physical and material boundaries, and 3) making sense of experiences and learnings and accepting ontological boundaries.

Three aspects of this complex emergence and functioning of inclusive markets should be highlighted, and will be analyzed in the comparative analysis (Chapter 7) and the theoretical contributions (Chapter 8). First, respect and dignity were an important process and outcome of the work endeavored. Second, the process aimed mainly at the cognitive and normative levels of institutions as only experiencing the indigenous context was that the members of the multinational were able to acknowledge insurmountable ontological boundaries and shift their cognitive understanding of poverty and indigenous ways of life, framing it positively, which initially allowed it to counteract material and physical boundaries with formal markets. Third, inclusive markets not only meant benefits for indigenous communities, but also the accomplishment of the multinational's goals in bi-directional relational processes where value emerged.

Chapter 6 – Findings and theorization of Case Study II: Inclusive used clothing market emerging through informalizing work

Y es noche profunda.
Y es día profundo.
Y aún no logro definir
A cuál de los dos pertenezco.[20]

This chapter shows the findings and theorization for the case study on cooperations between entrepreneurs from the La Carpio slum and local companies and small-medium enterprises that import used clothing, and how these cooperations are linked to the emergence of informal market activity in urban slums. The chapter is organized as follows. Section 6.1 analyzes Phase 1 (*community building*), which highlights the establishment of the positive value of moving to La Carpio as owning a plot of land and the fact that access to neighborhood relations based on community ties allowed people to survive and organize in order to negotiate with government institutions. Section 6.2 shows that, during Phase 2 (*financial inrushing from the city*), residents of the slum commuted each day to find and exploit job opportunities in the city, defining the positive value of being located geographically near the city and using the resources earned in jobs to build and ameliorate their houses, access food and other basic needs, and even start their own businesses. Section 6.3 depicts Phase 3 (*informalizing products*), in which entrepreneurs from the slum begin to recognize and leverage the opportunity to purchase used clothing (otherwise known

[20] And it is deep night.
And it is deep day.
And I still can't tell
To which I belong.

This poem was published on the author's (Felipe Symmes) website on 6 November 2014. It has not yet been published by any publishing house.

as *Ropa Americana*, or "American clothing") during their daily commute to the city, establishing transactions with formal markets, such as with importers and selling the clothing to neighbors and friends within the slum (without having registered their businesses and without paying taxes). Section 6.4 analyzes Phase 4 (*competing*), which consists of entrepreneurs strengthening their contacts outside the slum and differentiating themselves from their competitors by providing a better service, price, quality, and diversity of products to their customers and establishing clear market activity within the slum. Figure 5 illustrates the different phases of creating a used clothing market in the La Carpio slum, and how cooperations with mutual gains were achieved between entrepreneurs in La Carpio and importers in the formal markets of the city. In each phase, specific practices and relations link the slum and the city, which build upon one another, creating an informal used clothing market in the slum.

Section 6.5 theorizes these findings under the combined lens of institutional work and boundary work. In this section, the work done by the La Carpio community (Phases 1 and 2) is illustrated, as is the specific work of used clothing entrepreneurs in La Carpio (Phases 3 and 4) which allowed the achievement of mutual gains with importers. In Phases 1 and 2, the residents of La Carpio established community ties for survival, which supported subsequent negotiations between community leaders and the Costa Rican government for access to basic services such as water, electricity, and a road linking the settlement with the city. Key to these phases were the ongoing work of the La Carpio residents, which gave initial value to their informal context and created community ties and job interactions between the slum and the city that, in turn, injected economic resources back into the slum. Phases 3 and 4 illustrate the work done specifically by used clothing entrepreneurs to construct an informal market that built upon the previous phases, and how the entrepreneurs themselves "became" the institutional connection between formal and informal markets. In this sense, the first two phases acted as a precondition for the work done by entrepreneurs toward market building in the final two phases. The chapter ends with a conclusion that highlights the most important aspects of this case study with respect to how inclusive markets emerge and function.

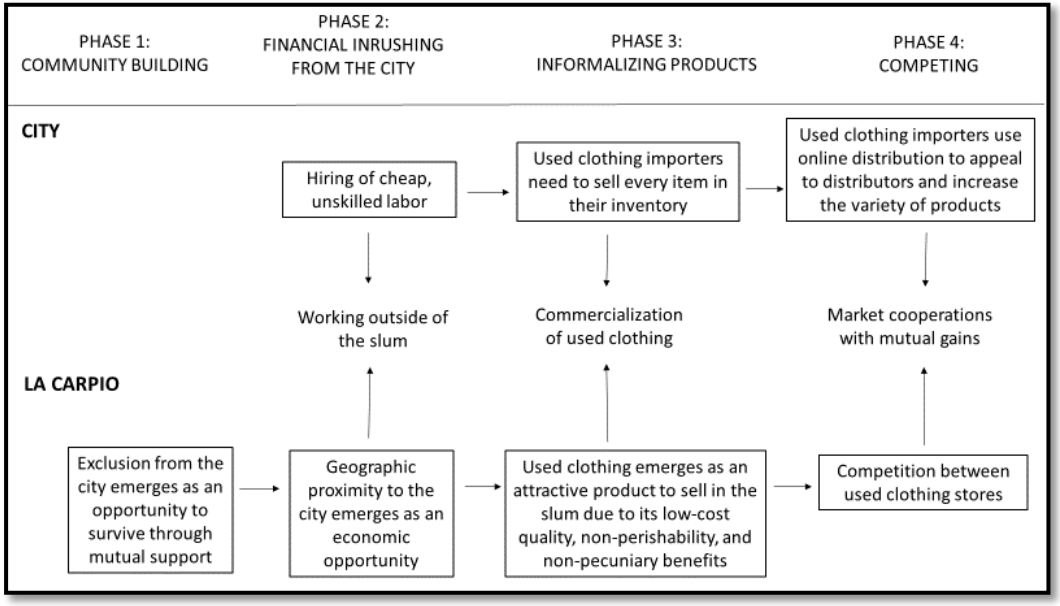


Figure 5. Phases of market cooperations with mutual gains between entrepreneurs in La Carpio and importers in the city, and the emergence of the used clothing market in the slum.

6.1. Phase 1: Community building

The community building phase begins with the founding of the La Carpio slum in 1993, and ends with negotiations in the year 2000 between community leaders and government institutions for the entrance of EBI, a Canadian company that would manage a landfill serving the entire Greater Metropolitan Area (otherwise known as GAM, a central geographical section of Costa Rica that agglomerates half the country's population). In this phase, the original and subsequent residents of La Carpio positively valued the slum's informal setting and survived by forming community ties and benefiting from the possibility of paying neither taxes nor rent.

> *"I had two small children, Brayan, who was 22 days old, and Estefani, who was one year old. I had nowhere to live, and I was told that here in La Carpio they were giving out lots, so I told my partner that, if he wasn't going to go, I would go alone to La Carpio. Later, he told me it was good that we came here. At first, our house was made of bamboo and covered with plastic—a big sheet of black plastic" (American clothing entrepreneurs, interview Nº 1).*

The above excerpt illustrates the extreme poverty that La Carpio's original residents experienced in the city of San José prior to settling the slum. Relocating meant the possibility of survival, as they did not have the economic resources to cover the cost of rent and other basic needs in the city. Most of the people who relocated to La Carpio said that they came to La Carpio to "search for a life, in order to live." As one entrepreneur described her arrival to the slum:

> *"I lived in Desamparados*[21] *with my mom and her husband's family. We were all living at my mom's house, which was just a tiny room, and someone told us that they were giving out lots here. So, we immediately came" (American clothing entrepreneurs, interview Nº 5).*

This extreme poverty situation experienced in the city was shared by everyone who arrived at La Carpio. For example, one of the slum's oldest and most influential community leaders expressed that one's arrival to La Carpio is part and parcel to "the search for survival, which is the right of every human being."

> *"We moved to La Carpio, where there was nothing. As citizens and as poor people, if you don't earn enough money, you find ways to survive. That is all humanity; the human experience" (La Carpio founders and leaders, interview Nº 3).*

Another founder of La Carpio expressed a similar idea:

> *"Needs make you move. It was impossible to continue paying rent" (La Carpio, founders and leaders, interview Nº 2).*

The conditions in La Carpio, said one interviewee, were "awful, as there were no buses [linking it to the city], nor was there water or light; there was literally nothing." However, the possibility of accessing land was enough for many city dwellers to make the decision to move to the settlement; at minimum, they would not have to pay rent and could cut down on the costs of living.

> *"Why did I come to La Carpio? Because, with what I earned, this was the only place where I could afford to buy anything.*

[21] A neighborhood in the city of San José.

> *I didn't have any money, and here I would no longer have to pay rent, so I started. I saved 30,000 to 35,000 colones [roughly USD 70[22]], which was an average rent at the time" (Other entrepreneurs, interview Nº 3).*

Another interviewee expressed gratitude for not having to pay rent in La Carpio:

> *"I've had 24 years of being thankful to God for not having to pay rent" (American clothing entrepreneurs, interview Nº 6).*

The benefit of owning land at a reasonable price and with no monthly payments made people feel more content than they did in the city; they understood La Carpio as an opportunity, regardless of the fact that it had nothing to offer with respect to basic services, roads, or other infrastructure. The land was economically accessible for people who could no longer afford to live in the city due to the high cost of rent. One interviewee commented:

> *"At that time, I think they were charging like 5,000 pesos*[23] *(roughly USD 10), for the lots; something like that. I don't remember very well, but, yes, my mother got this lot" (Other entrepreneurs, interview Nº 1).*

The news that one could access free land (or land sold informally at an accessible price) in La Carpio spread to other potential incomers via family or friends who were already living in the slum.

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[22] At the time of this case study, the exchange rate was approximated USD 1 per 500 CRC (Costa Rican colones). Although the exchange rate has changed over the years, this approximation was used by all interviewees during the interviews (which took place between 1993 and 2018), thus, has been carried forward for simplification.

[23] The interviewees use colones and pesos interchangeably to reference the national currency of Costa Rica.

> *"I lived in Escazú,*[24] *and my husband worked in a building where a friend told him that for what we were paying for rent […] we better come to [La] Carpio, and we visited it and liked it, […] and so we stayed" (American clothing entrepreneurs, interview Nº 23).*

Immigrants who had moved from Nicaragua to Costa Rica would often come directly to live to La Carpio, invited by family and friends who were already living there and were experiencing the benefits of a rent-free life. Some of these immigrants had previously resided in other regions of Costa Rica, where they lived in extreme poverty and, upon hearing of La Carpio, moved there. Their arrival to Costa Rica had been full of uncertainty, and La Carpio emerged as an opportunity to start fresh.

> *"I came from Nicaragua 24 years ago to survive" (American clothing entrepreneurs, interview Nº 13).*

This excerpt from an interview with a Nicaraguan immigrant who described her decision to move to Costa Rica, then to La Carpio, is illustrative:

> *"When the war began in Nicaragua—there was so much war—I was only 18 years-old, and a group of ladies said to me, 'Pao, let's go to Costa Rica. There, you won't see those wars; there, you can study; you can work; you can accomplish more than you can here.' And that's how I made the decision to come" (American clothing entrepreneurs, interview Nº 3).*

She continued by describing the trip to Costa Rica, and her arrival to the capital city of San José:

[24] A district in the city of San José.

> *"I came with a group of ladies; there were 25 of us, and we came by bus from Nicaragua to Costa Rica. We boarded a bus in Granada*[25] *at 6:00 in the evening and arrived to San Carlos*[26] *at 2:00 a.m. Then, they made us walk for hours until they got a truck. They charged us 25,000 colones [roughly USD 50] per person to take us to San José" (American clothing entrepreneurs, interview Nº 3).*

Finally, she expressed how she made the decision to move to La Carpio after having lived in various locations in San José and how, despite the fact that she had to start from scratch, it offered better opportunities than the city.

> *"My husband and I were Nicaraguans; neither of us had papers. […] I was a domestic worker, and he worked in construction. He was the first to get an identification card because he was a war refugee and had a VISA. So, he was able to earn a little more money than I was. […] Some friends of his told us, 'Go to La Carpio; they sell small lots.' We paid 50,000 colones [roughly USD 100]. Together, we bought land in La Carpio—our own lot. Our house was two sheets of corrugated zinc. There was no water; there was no light; there was nothing—absolutely nothing, nothing, nothing, nothing. We went to bring water from Channel 13.*[27] *At Channel 13 they gave us a bucket. We had to leave at 2:00 a.m. so that we could be back by 4:00 a.m. with a bucket of water" (American clothing entrepreneurs, interview Nº 3).*

In La Carpio, people started to develop relationships with their neighbors, who were experiencing the same situation of extreme poverty. It didn't matter

[25] A city in Nicaragua roughly two hours by bus from the border with Costa Rica.
[26] A town in Costa Rica roughly three hours by bus from the city of San José.
[27] A waterway located within the geographical frontiers of La Carpio.

if they were from Costa Rica or Nicaragua. The pressure for survival was one of the main drivers that made residents help one another build homes, access food and water, protect themselves, and collectively confront their difficult context. One interviewee said that people would even lend one another mattresses to sleep on at night. Another entrepreneur commented:

> *"Everyone helped each other. If you didn't have a plate of food, a neighbor would miraculously come and give you something to eat, or would provide other things so you could help yourself. The houses didn't have to be taken care of; we would leave our homes and nothing would happen. In my house we would just put a toothpick in the door, and we all left" (American clothing entrepreneurs, interview Nº 1).*

Many interviewees compared this foundational time with the subsequent evolution of La Carpio to date, during which it became a violent and dangerous place. One interviewee, for example, said that, in those initial years, "no one wanted to do evil or anything like that; everyone just wanted to have their house." Another stated, "no one stole from another." The following excerpt is especially illustrative:

> *"Imagine, the houses were made of zinc; they were all made of zinc, others were plastic, and you went to work, and nobody stole anything" (La Carpio founders and leaders, interview Nº 2).*

One of the first people to arrive to La Carpio in its first years described the settlement as having been built by honest and hardworking people:

> *"At La Carpio, most of the people are hardworking and, thanks to that, we've helped each other build our homes, make our houses better, because this was a precarious site.*

Now, there are many very good houses" (La Carpio founders and leaders, interview N° 2).

The Costa Ricans and the Nicaraguan immigrants who settled in La Carpio worked to live and survive together in extremely difficult conditions. They described things like trekking to get water from the river together, sharing electricity by "passing power cables over to neighbors so they could eat with light during the night," and sharing the few resources they had to fulfill basic daily activities. For example. "if you needed to cook, you waited for the other house to use the electricity, and then you cooked."

"La Carpio was an uninhabitable place; there was no water; there was no light. Houses were just boards—in very bad condition. People [...] helped each other, they lent one another mattresses to sleep on; we slept on the floor, and many other things" (La Carpio founders and leaders, interview Nº 3).

Over time, these community ties came to be more sophisticated, and people organized to stand up for the interests of La Carpio and negotiate their demands with the government. They asked the government to grant them access to basic services such as water, light, roads, and land titling. This was illustrated by the actions of community leaders, who, for example, negotiated with government authorities who were interested in installing a landfill that would agglomerate the waste of the entire Greater Metropolitan Area (GAM). The leaders protected the interests of La Carpio, and the landfill's entry was negotiated in exchange for access to basic services and the construction of roads (which had already been in negotiations for years) and the promise of land titling, though the latter never occurred.

6.2. Phase 2: Financial inrushing from the city

The financial inrushing phase begins with the installation of the EBI landfill in the year 2000, and ends with the founding of the La Carpio Community Development Council (CODECA), an organization that provided political governance in La Carpio and, in 2006, negotiated the slum's demands with the national and municipal governments. In Phase 1, though the residents of La Carpio commuted to the city each day to seek employment and earn financial resources, they lived in extreme isolation. Residents who wanted to go to the city had to walk for hours through undeveloped land, and the route was of varied and challenging terrain. In those years, one of the main outcomes of the community building processes and negotiations with government institutions was the construction of a road (albeit a poorly-maintained one), which made traveling to and from the city significantly easier. As La Carpio did not offer opportunities to obtain new economic resources, people continued to commute. In other words, La Carpio fit its residents' basic needs for housing, as they did not pay rent, and helped them cut other costs related to living in the city, but it was not a suitable environment for obtaining the economic resources needed to fulfill other basic household needs. Over time, this changed the perceptions of La Carpio's residents regarding the city and the slum. The city could give them the necessary economic resources to continue building their homes, which, in the early stages, were made of "sticks, tin, and plastic." A location geographically near to San José was viewed as an opportunity, as they could wake up early and commute to the city each day, returning to La Carpio late in the evening.

> *"Before [starting the American clothing business] I ironed clothes for people in San José. I was going to wash and clean and do a little bit of everything [...] I worked as a domestic employee" (American clothing entrepreneurs, interview Nº9).*

The low skill level of these residents—many of whom later founded their entrepreneurial endeavors—meant that they would accept whatever employment in the city they could find, particularly as domestic workers (mainly women), laborers, and seasonal workers. One resident, for example, had worked in a tuna factory, another in the construction industry, and another in a furniture factory. Through these activities, they earned the money they needed to survive, while also acquiring new skills.

> *"When we arrived [to La Carpio], and my daughter was born with medical problems, my husband left me. You can always find a way across the desert. For five years, I worked in a tuna factory. I left home every morning at 4:00 a.m." (American clothing entrepreneurs, interview Nº 4).*

Another interviewee explained how his job as a laborer in a furniture factory taught him about sales:

> *"I learned how to make a catalog. I made furniture catalogs [about] the type of furniture we made—any type of furniture, or anything that can be made. Then, you can take that catalog and go sell [the products] anywhere, even on the beach" (Other entrepreneurs, interview Nº 5).*

Thus, the residents of La Carpio worked various jobs in the city. This money was only used for items that would fulfill their household's basic needs, mainly food purchases and investments in developing more solid structures for the house itself.

> *"Our house was built from my husband's work and my work. His money went to build it, and what I earned went toward food" (Other entrepreneurs, interview Nº 9).*

Another interviewee highlighted how houses in La Carpio's have evolved over the years:

> *"Nowadays, you don't see the houses that existed before. They were nothing. Just boards. People have built cement houses [now]. Humble, but built with cement" (Other entrepreneurs, interview Nº 1).*

One of La Carpio's original founders highlighted how people in the slum have invested the money they earned in jobs in the city into trying to improve their houses. Many still commute each day to the city, but feel that the decision to continue to live in La Carpio allows them to thrive:

> *"The people here are very hardworking. The government hasn't helped here; people have built their homes with their own two hands. If you come in the morning, you'll see those buses full of people going to work to the city or going to school. Maybe 3% of the population is suffering, but most of the people [here] are hardworking and, thanks to that, they've built their houses, and made their houses better, because this was a precarious [place to live]" (La Carpio founders and leaders, interview Nº 2).*

Along the same lines, another interviewee added:

> *"I felt scared when I arrived, but over time I grew to love La Carpio. People outside La Carpio say it's very dangerous, and that only lazy people live here. That's a lie. Hardworking people live here—both Costa Ricans and Nicaraguans, as well as other nationalities. You have to get on a bus at 4:00 a.m. to go to work. Lazy people don't do that; no, they sleep in and get up at noon. And the buses are full of people" (American clothing entrepreneurs, interview Nº 15).*

Those who were unable to find jobs in the city—mainly due to having insufficient skills to be valuable to the formal workforce—developed independent extra-legal market endeavors that were not subject to taxes. They saw the city as a place full of opportunities to be exploited. One entrepreneur, who previously sold newspapers in the city, stated:

> *"I worked for a man in a wheelchair who was always selling newspapers [in San José]. He gave me 70 newspapers each day […] and I just sold them from 6:00 a.m. on" (American clothing entrepreneurs, interview Nº 3).*

Other entrepreneurs also commented the informal activities they carried out in the city:

> *"I sold ice cream in the streets of San José. Sometimes I sold two boxes a day" (Other entrepreneurs, interview Nº 8).*

> *"I worked for a family, taking care of their children and cleaning their house" (Other entrepreneurs, interview Nº 3).*

Another illustrative example is that of a "street cell phone repair person." One interviewee (who later turned into an American clothing entrepreneur) learned cell phone repair skills by taking free courses provided by the Costa Rican government. She sold these services on the streets of San José city, a job that provided her with enough money to pay for her children's primary education. However, the key aspect to entrepreneurs succeeding in the development of their market activities was not formal training, but a sense of determination and the ability to learn new skills quickly and consistently, so that when one activity ceased to provide the resources needed for survival they could immediately switch to a new one. Nor were these trainings the key aspect of landing a job in the city. Another interviewee who had received government trainings in furniture-making stated that the key to success is always "in the street," meaning that they had to commute to the city, learn new skills on the

job—or through their own endeavors—and find the opportunities that would provide them with the economic resources they needed:

> *"Yes, you learn; in the trainings they give you the basics—that is, using the drill, using the brush—the manual. They give you the tools, the basics—how to use a saw, how to make a cut. But in the street, or in a company, it's different because you learn to handle your own skills differently, more flexibly" (Other entrepreneurs, interview Nº 5).*

By finding jobs and developing independent market activities in the city, some La Carpio residents also began to recognize and exploit opportunities to purchase products in the city and then sell them inside the slum. None of these endeavors were registered, nor did they pay taxes. The population in La Carpio rose significantly during this period. In the year 2000, 13,866 people resided in the slum; by 2004, 22,296 people were reported to live there (Vinda Solano, 2013). Initial entrepreneurial endeavors were mainly related to food; for example, restaurants that were founded in private homes, in areas that were previously personal spaces. At this time, "*pulperías*" (neighborhood convenience stores) also emerged. Some of these stores got started by selling a few products, then eventually diversified their supply, selling materials such as soap, beverages, cookies, chips, candies, and other goods their owners bought in the city. Their clients were mainly friends and neighbors. A founder of one such store, who had begun by selling bread and then later founded a convenience store, told us how he developed his endeavor:

> *"At the time, I went little by little. I was still working in the city, still looking for things that would help me. I bought a small oven. At that time, where I worked there were also guys who had a machine to knead the dough, but it was a very old machine; it was manual. […] Then, with that machine and the oven, I decided to throw myself into making*

bread, by myself, and I quit my job" (Other entrepreneurs, interview Nº 1).

He continued:

"I made the bread, and I told my neighbors—the neighbors near me who I would sell bread to—that I was going be making bread. Then people would come to purchase my bread [...] they would come to my house. It just was a shack and I had nothing but a small entryway to use, and in the entryway I put a table [...] and there I put the bread, and people came and bought my bread" (Other entrepreneurs, interview Nº 1).

The first residents of the slum took advantage of having little or no competition in La Carpio. The option to buy basic goods without having to travel outside the slum was important for many residents, as going to the city was not an easy endeavor.

"I think that, maybe, in another place it [starting a business] wouldn't have worked for me, since it [La Carpio] was a starting place [...] a place where, at the beginning, there was little competition" (Other entrepreneurs, interview Nº 1).

Its location near the city was one of the key characteristics of La Carpio that enabled these endeavors to exist:

"I would like to live in another place, but if you want to produce or sell something, you don't have access to raw materials like you do here" (Other entrepreneurs, interview Nº 2).

The entrepreneurs interviewed had experience with different productive and market activities (jobs in the city, independent market activities in the

city, the purchasing of products in the city and selling them in La Carpio, etc.) and, in time, formed opinions about which were the better options for survival. By reflecting on the initial results of these endeavors, they decided whether to continue with their current efforts or shift to another activity. The residents of La Carpio were, thus, in a consistent process of reflecting on past endeavors and exploring new opportunities to use their skills. Nevertheless, they struggled to find market activities within the slum that could compete with ventures in the city in terms of quality and price.

> *"It's difficult to open a furniture store in La Carpio. There is competition, or, rather than competition, the problem is that people see your nice and good work, but there are still people who sell imported things in the city from China and the buyers say, 'Oh, this looks nice, [it's] chromated, and a lower price,' and then [they look at yours and] say, 'Then I better not pay for that; it is very expensive'" (Other entrepreneurs, interview Nº 5).*

In 2004, large protests started regarding the government's promises, which remained unfulfilled, leading to the foundation of the La Carpio Community Development Council (CODECA) in 2006. CODECA was meant to be a hybrid organization that would, as a single body, facilitate negotiations between what the slum residents aspired to receive and what the Costa Rican government wanted to provide (Vinda Solano, 2013). However, CODECA was perceived to be corrupt, claiming that it was formed to protect the interests of EBI, which contributes USD 9,000 per month to CODECA. While these funds are meant to be spent on La Carpio's development, most residents attest that they are used by its leaders for their own benefit. During this phase of the study, the residents of La Carpio stated that they had lost all faith in the government and knew that they would have to "earn a living by their own efforts."

6.3. Phase 3: Informalizing products

The third phase of Case Study II begins with the founding of the La Carpio Community Development Council (CODECA) in 2006, and ends with the entrance of the BIUSA bus company in roughly 2013.[28] After the community building and financial inrushing phases, the daily commute to the city made entrepreneurs aware of other opportunities. Seeing the many American clothing stores in the city, and even purchasing clothes from them at times, the La Carpio residents recognized the opportunity to sell used clothing within the slum. Moreover, the population of La Carpio was increasingly rising, mainly due to immigrants from Nicaragua. The used American clothing industry was particularly attractive, as it represented a product that was cheap, non-perishable, needed by people in the slum, and easily sold to friends and neighbors. So, entrepreneurs began to purchase products from used clothing importers and, subsequently, sell them inside the slum. This was a plus for the importers, as they wanted to sell every piece of clothing they had in stock. Thus, market cooperations emerged spontaneously, as they generated economic benefits for both parties involved.

The opportunity to sell American clothing inside the slum was only recognized by La Carpio entrepreneurs after having endeavored many other options, mainly of them food related. Food-related endeavors had several problems, particularly the perishing of products and, therefore, the high risk of financial loss. This was not an option for La Carpio residents, as they struggled for daily survival and needed options that were less risky and more profitable in the short run. As one entrepreneur said, "I used to sell fruit; then, when I saw that the fruit didn't provide enough money, I started selling clothes." Another commented, "When I was younger, I was a cook. I used to make all kinds of food... but I had to travel a lot to buy the food, and it [often]

[28] Despite innumerable intents to contact members of BIUSA, they did not respond to the author's requests for information or potential interviews. The date of 2013 is approximated, and reflects the information provided during the field interviews.

went bad." The residents of La Carpio, thus, changed their activities to focus on American clothing. One entrepreneur commented:

> *"I arrived 17 years ago to La Carpio, to this place. Ten years ago, I open the store (American clothing entrepreneurs, interview Nº 8).*

Considering the quality-price ratio of the American clothing, it provided a solid sales opportunity for the context of La Carpio. Entrepreneurs recognized that purchasing the products in the city and selling them inside La Carpio was a positive opportunity. After having experimented with other opportunities, they realized that commercializing used clothing was one of the most promising opportunities they had found.

> *"I always looked for things to buy in San José and sell in La Carpio. Used American clothing started as another idea" (American clothing entrepreneurs, interview Nº 1).*

Most entrepreneurs discovered this opportunity by first buying the products for themselves in the city, as new clothes were too expensive for them. For example, as one interviewee stated, "A new pair of trousers will cost you 15,000 to 20,000 colones (roughly USD 30 to USD 40), but you can find them in American clothing stores for 3,000 to 4,000 (roughly USD 6 to USD 8)." Therefore, the entrepreneurs' initial efforts to sell American clothing were strongly marked by the relations they were able to develop within the city, particularly through past job experiences and the economic endeavors they witnessed while walking through the streets. The following extract from an interview is illustrative:

> *"The first contact I had with American clothing was working for some people who paid me very poorly, so they would sometimes give me clothes instead of money. I endured everything with them, because I thought, 'Well, they give me*

clothes, so they pay me something.' Eventually, I got angry enough to leave. Then, I began to think, 'What am I missing?' My problem was that, after I left, I no longer received any more clothes, because [you see] I sent those clothes to my family back to Nicaragua and also used them to dress myself. I started to notice American clothing stores in the city, and I went there, and I bought and bought. It was very expensive for me to send them to Nicaragua, so I said, 'Well, [in La Carpio] I am going to get rid of these clothes that I already had from the previous work, and the new ones that I got from the stores to sell them,' and that's how I got started with American clothing" (American clothing entrepreneurs, interview Nº 22).

Although most entrepreneurs recognized such opportunities by travelling to the city and exploited them by buying directly from American clothing stores, some entrepreneurs also recognized the opportunity to sell clothing by participating in church activities within the slum. With the development of La Carpio, many Christian churches emerged inside the slum, and received donations of used clothing.

"When we started with the American clothing business, it was [because of] some 'gringos'[29] in our church who offered donations. After that, I was interested, as I am both a mom and a dad […]. I don't know if the others [church members] sold them, but at that time I did, because I needed to. But just a few times…let's say now and then. But it gave me the idea. Of course, they couldn't keep doing it [giving me clothes to sell], because they bring them to help the people who need them" (American clothing entrepreneurs, interview Nº 9).

[29] People from the United States, or any foreigner who does not speak Spanish.

For American clothing to be an attractive opportunity for entrepreneurs, the goal was to find clothing at cheap prices in the city. This was because neither the entrepreneurs nor the La Carpio residents who could be potential consumers had large sums of income. One entrepreneur, for example, explained that they would "look for the people who sell the merchandise at the cheapest price possible, so that it was affordable for us." Most entrepreneurs rapidly established cooperations with American clothing importers, as they offered better prices than individuals or stores in the city. They started to go to the warehouses owned by the importers to purchase the clothing. As most of the stores in the city were part of internalized importers' distribution channels, they charged higher prices than the warehouses. Two entrepreneurs commented:

> *"At first, I went to SINAÍ[30] and bought clothes there" (American clothing entrepreneurs, interview Nº 14).*

> *"I've always bought from the same place, a clothing distributor in Heredia[31]" (American clothing entrepreneurs, interview Nº 10).*

One American clothing consumer from La Carpio suggested:

> *"24 years ago, there was no water, no light, no used clothing shops in La Carpio. They [the entrepreneurs] went and bought in the importer's warehouses, and they stocked the stores" (American clothing consumers, interview Nº 9).*

Essentially, the entrepreneurs were skipping the intermediary and purchasing wholesale from the source. Most purchased by the "bale"—

[30] One of the largest importers and distributors of used American clothing in Costa Rica.
[31] A city roughly 15 minutes by car from San José.

prepackaged bags of clothing sold by the kilo. One interviewee described this as a risky business, "as you never know what comes inside the bales." However, it allowed them to purchase the merchandise at the cheapest price possible. In the warehouses, they also had the option to choose their own garments, but this was more expensive. The importers said that they recognized quickly enough that the La Carpio residents provided them with an opportunity to sell their lowest quality clothes. If they wanted to sell every product they had in their warehouses, entrepreneurs such as those of La Carpio were particularly useful for moving inferior quality clothing off the shelves.

> *"At Cleveland,[32] we had a market for all that. Cotton clothes were sold easily, especially to factories for polishing the tubes. Then, we sold other clothes to the car garages, when they go through a mill and make a rag and with that rag they clean their hands—those workers who have to work with oils and all that—and it worked perfectly. And there was even another person who came and bought all the leftovers from us—all of them, [and used them] to make stuffed animals, the fillings, or that kind of thing, all that material. We find a use for 100% of the clothing we import. But, of course, the most valuable clothes were the pieces that arrived in very good condition, that had been used very little and were very good brands, those are the most valuable" (American clothing importers, interview Nº 1).*

Recommendations regarding where and from whom to purchase clothing primarily came from friends who were living in similar situations of poverty, and who found selling American clothing to be a quick, solid, and profitable opportunity.

[32] One of the oldest American clothing importation companies in Costa Rica.

> *"I was fired, so a friend advised me to sell [some of the] American clothing that she bought and then sold. She gave me a bale worth 20,000 colones [roughly USD 40], and that's how I started, with 20,000 colones. I started there" (American clothing entrepreneurs, interview Nº 21).*

Selling used clothing helped the La Carpio residents to address the difficulties of their context, such as lacking any sort of economic income. Another entrepreneur stated:

> *"The year my daughter was born, I was fired from the company [where I worked]. […] I was unemployed, without a husband, as he'd left me…two-months pregnant with my son, a daughter with paralysis; everything fell on me. I started buying American clothing; I went to the neighborhoods to sell [it]" (American clothing entrepreneurs, interview Nº 3).*

Not all entrepreneurs started selling used clothing through a store inside La Carpio. Rather, some entrepreneurs would carry the merchandise back into to the city and sell it on the street. These entrepreneurs purchased the bales from importers, divided it into bags of various garments that they had personally selected once they opened the bales at home, then returned to the city to sell them.

> *"I made bags of 25 pieces for 1,000 colones [roughly USD 2]. I sold every piece. I carried the bag everywhere and sold all day long" (American clothing entrepreneurs, interview Nº 16).*

Other entrepreneurs immediately opened a store in La Carpio, starting with very few resources, and almost no infrastructure. They sold the products in the street outside their homes, or from their own homes.

> *"We started with little boxes–cardboard boxes—[with] clothes on each side. We put toys outside on sheets for sale, and everything else; and then, little by little, we expanded the business and built clothing racks, because you had to make them by hand" (American clothing entrepreneurs, interview Nº 5).*

According to the entrepreneurs we interviewed, these were the toughest moments for their American clothing endeavors. Launching a store implied significant risk. One entrepreneur who had worked as an employee with an importer in San José before opening his own store in La Carpio stated:

> *"It was just after I got married. I fell in love with a girl, who is now my wife. We worked in the American clothing industry; we worked with a guy, but the situation was very hard, because you reach that moment where you say, 'No, I can't live off that salary.' [...]. God appeared to her [my wife] once in a dream and showed her that we had a store. That's where the idea came from [...]. I didn't have a single colon to rent the place, not a colon [...] I didn't have a garment, not a single garment. All I had was 30,000 colones [roughly USD 60]. We had 30,000 colones of savings between the two of us, because it is very difficult; we were in a very hard situation. I went to look for clothing from the stores in San José to sell, as I already had an idea of how to get clothing from my previous job. Then I went and bought [from] stores and bought blouses and offered them at a certain price. I put up wooden sticks—just a few sticks of wood to hang the clothes on, and then we put out the clothes, and I remember that it was a Friday, and, for the glory of God, on Sunday, [or] Monday, we had enough money to buy a bale of clothes. Then, I said to the gentleman who*

> *[subsequently] rented to me,*[33] *'I am going to pay you rent. Please give me 15 days, and I will pay you, even if I run out of food.' The man said yes. We then started to buy bales; we bought the first bale the following week. Two weeks later, we paid the rent with no problem" (American clothing entrepreneurs, interview Nº 4).*

This entrepreneur provides an illustrative case of people who, over time, develop into owners of used American clothing stores in La Carpio after having worked for an importer in the city. These entrepreneurs first worked as laborers for the importers, sorting clothing in immense warehouses that accumulate merchandise that must be classified into different types of garments, depending on quality and type of consumer. This gave them the skills they needed to start their own endeavors, particularly with respect to the process of purchasing and choosing merchandise from importers and retail stores in the city. However, selling the merchandise was another issue. Here, entrepreneurs strongly relied on selling to their neighbors and other acquaintances in La Carpio with whom they had developed relationships over time. Thus, they sold the clothing in La Carpio (informally and without paying taxes) by leveraging personal relations. People not only came to their stores to buy clothing from them, but, as one interviewee stated, also to talk. Even with new customers, personal relations were developed and became key to the act of selling.

> *"That's how it happened to me once with a customer; he came to look for T-shirts. He tried on like ten T-shirts. Then, we started a conversation. After that, the man came every weekend; he told me, 'Now I don't come because I need*

[33] While La Carpio residents are not subjected to the high cost of formal rentals in San José, informal rentals did emerge in the slum over time.

clothes, but to talk'" (American clothing entrepreneurs, interview Nº 9).

The profits weren't significant, but the endeavors provided enough resources for the entrepreneurs and their families to survive. "At least we earned a little profit, enough to rent the space, and the money to buy new clothes," said one interviewee. Another said that the American clothing stores started to be successful because, "clothes are always consumed, and consumed, and consumed," and because "clothes are easier to sell […] easier than food or whatever else you sell." Similarly, another entrepreneur said that, "American clothing has the advantage that, if not sold today, it can be sold tomorrow, undamaged, but if you sell any other kind of product, it has an expiration date […] it's more complicated." One entrepreneur commented:

> *"The difference with this is that it doesn't go bad. [...] It takes a lot for the clothes to get destroyed and such because they're kept on racks and in drawers. It's not like rice, beans, and things that must be sold on time because they have an expiration date" (American clothing entrepreneurs, interview Nº 5).*

Another said:

> *"First, I was a partner in a pulpería [neighborhood convenience store]. In a pulperia, all the products expire, and there's a lot of loss. On the contrary, you can have a pair of trousers for five years and take them out and sell them again. I have the store because things can be five years old and still work. Then you sell them, and nobody says to you: 'Ah, it's like three years old'" (American clothing entrepreneurs, interview Nº 14).*

As suggested by the interviewees, the American clothing stores were a distinct opportunity from the food-related endeavors in La Carpio, which added an aspect of differentiation. The fact that many La Carpio residents are immigrants from Nicaragua and are extremely poor helped significantly with the clothing sales.

> *"Here [in La Carpio], what sells the most is American clothing, because there are many Nicaraguans. There are plenty of pulperías [neighborhood convenience stores]; there are plenty of American clothing stores; it's what most people look for" (American clothing entrepreneurs, interview Nº 10).*

The benefits for entrepreneurs mainly included income, as well as non-pecuniary benefits. For example, single parents and people with mobility problems could work from home. Entrepreneurs were "calmer at home and close to their kids," said one interviewee. Thus, opening a store inside La Carpio significantly ameliorated the entrepreneurs' quality of life. One entrepreneur, who had been in a debilitating accident, said that the store gave him the opportunity to access economic resources despite his physical disability.

> *"I used to have a stand in the city market, where I sold clothes, but after I had the accident, and both of my feet were damaged [...] it was more difficult for me to be selling like that in the city" (American clothing, interview Nº 15).*

Another entrepreneur commented:

> *"I started selling [used] clothes because I needed to work, but also to stay at home because I had a daughter with health problems" (American clothing entrepreneurs, interview Nº 15).*

In this phase, American clothing stores were an emerging and expanding opportunity for entrepreneurs in La Carpio, who were willing to take the risk of establishing used clothing endeavors inside the slum. The slum's population was continually increasing, and a potential market for American clothing was being constructed and strengthened by entrepreneurs, who constantly searched for opportunities to purchase in the formal market and commercialize these products informally inside La Carpio. However, commuting to the city to purchase the merchandise was still laborious. At this point, the entrepreneurs needed to pay for a taxi, own a car, or take informal transportation.

6.4. Phase 4: Competing in the La Carpio used clothing market

The fourth phase of Case Study II begins with the entrance of the BIUSA bus company in 2013 and ends with the start of the research fieldwork in 2018. As new residents continued to move to La Carpio, the slum grew to more than 50,000 residents.[34] This meant emerging opportunities for private transportation companies. Providing bus services from La Carpio to the city every 15 minutes for the slum's thousands of residents proved to be a profitable option for BIUSA. With the entry of the bus line, the distance between the slum and the city was drastically reduced; as one interviewee stated, it was now "no more than twenty minutes away." Another commented that "it's easy for me now that everything is close. If I go to San José, I'm close, if I go to Alajuela,[35] it's close. I travel a lot to San Carlos[36] because my family is from there." In this phase, the interconnections between La Carpio residents and the city were strengthened, and La Carpio emerged as a strategic place for entrepreneurs who recognized the opportunity of being near the city and selling used clothing to a growing population inside the slum that valued

[34] The source of this data is cited in Section 4.4.1.
[35] A city that is 50 minutes from La Carpio.
[36] A city that is three hours from La Carpio.

the price-quality ratio that American clothing offered. Over time, American clothing stores began to spread widely throughout the slum.

> *"When I first opened the store, there was no one [no other American clothing stores]. Now, everywhere I look there are clothing stores" (American clothing entrepreneurs, interview No 19).*

The positive reception from customers who were neighbors and personal acquaintances caused greater and greater numbers of entrepreneurs to found used clothing stores. During this phase, the entrepreneurs strengthened their work in several ways. Due to the slum's growing population and the option to work outside the law, the entrepreneurs defined La Carpio as the best place to commercialize used clothing. The positive reception from customers who were neighbors had also motivated them to start selling to customers they did not know personally. The perception that La Carpio was a place full of opportunities was, thus, reinforced. Comments such as, "La Carpio is a place of opportunity, because it's large and is growing," "here, everyone buys from you," and "money moves in La Carpio," were common in the interviews. The city had emerged as the preferred place to obtain the product—but not the place to sell it.

> *"There are no stores that fail and close in La Carpio, because people buy more and more" (American clothing entrepreneurs, interview Nº 10).*

> *"It wouldn't be possible to create a store like this outside La Carpio" (American clothing entrepreneurs, interview Nº 1).*

The entrepreneurs also strengthened and diversified their links to the city, leading them to acquire different types of clothing and purchase from other importers. This was important, as American clothing stores were now spreading throughout the slum, and differentiation had developed into a key

aspect—either by cost, quality, or product variety—and this was obtained by purchasing from the importers that offered the best deals.

Particularly important to this change in perception was the fact that La Carpio was perceived as comparable to the city of San José in terms of the commercialization of products. Furthermore, some of the houses in the city were not notably unique from those in La Carpio. The slum was economically developed, and even if its differences from the city were still significant, the poorer areas of San José shared many similarities with the La Carpio settlement. Clearly, markets such as used clothing helped the settlement to develop itself and the entrepreneurs within it to find opportunities to thrive. As one American clothing consumer put it, "It's no longer necessary to go to San José. I go every 15 days. Everything [you need] can be found here." Thus, the customer base for American clothing grew. Some of the entrepreneurs interviewed commented that sales in La Carpio weren't bad, as "here clothing sells easily," and "La Carpio is economically one of the best places." La Carpio was seen as the best place to sell, while the city was seen as the best place to access the wholesale merchandise. "People have decided to buy here [in La Carpio], even though San José and other places are nearby." Many of the entrepreneurs interviewed expressed that, even if they were to leave La Carpio to live to the city again, they would continue to operate their stores inside La Carpio. Stores in La Carpio offered customers clothing of the same quality and brand names as in San José, but for better prices; thus, were preferable for consumers.

> *"The person who I buy from tells me, 'Look, this is Adidas [...] or this is Polo [...] then she tells me that all of it is American clothing. She also says that it's a brand that one can get in San José for a much higher price" (American clothing consumer, interview Nº 2).*

In this phase, the entrepreneurs stopped selling as street vendors in the city and started selling exclusively in stores located inside La Carpio.

Particularly successful entrepreneurs even expanded into more than one store. One entrepreneur said, "From the 10,000 colones [roughly USD 20] I started with, I now own three stores." Entrepreneurs also went from selling specific products to offering their customers a variety of products.

> *"I started selling underwear and then, with time, I started to evolve [to other products]. But, at the beginning, I only sold that" (American clothing entrepreneurs, interview Nº 13).*

The variety of clothing garments that entrepreneurs offered their customers began to differentiate them from one another. As one entrepreneur said, "We began with a few things, and then we started to diversify." Another stated "I used to only put out used clothing, then I made the decision to put out new things [as well]." Thus, entrepreneurs who wished to survive in an emergently competitive context realized that they needed to differentiate in certain specific ways. One entrepreneur commented:

> *"I've increased the type of clothes I offer. I [also] put out toys, though I didn't start with toys, I started only with clothes […] Because, if one thing doesn't sell, something else does" (American clothing entrepreneurs, interview Nº 21).*

Another added:

> *"A variety of clothing is what gets people to come to the store" (American clothing entrepreneurs, interview Nº 13).*

Another entrepreneur added that talking with others and looking for advice on how to compete and grow is always important:

> *"We've had ups and downs because we've never run a store […] First, we started looking for partners—those who sell merchandise that's cheap, that can be affordable to others*

as well. Then we searched for people to give us advice about how to keep the store alive" (American clothing entrepreneurs, interview Nº 17).

New pressures emerged with respect to the quality of the products. The customers interviewed asserted that this was the main reason for buying used American clothing—it was both inexpensive and high quality. Brand-name garments were in high demand, as they indicated the quality of the product. One entrepreneur explained the importance of stocking brand products in their stores:

"These products are much cheaper than new products and come from good brands—Hollister, Old Navy, Nike, and others—and are very inexpensive" (American clothing entrepreneurs, interview Nº 5).

Another entrepreneur echoed this idea, highlighting the importance of carrying the brands that customers were demanding:

"When clients see that it is Adidas, Vans, Apollo, things like that, they're the ones who give value to these brands—then so do we" (American clothing entrepreneurs, interview Nº 23).

A related point that came through in the interviews was that these brands give status to consumers. The entrepreneurs identified this as an opportunity. Stocking name-brand American clothing was key to attracting customers. The entrepreneurs even expressed that just the term "American clothing" activates sales, as it gives the product a stamp of international quality. One entrepreneur said that it was better to lie and say that the clothing you sell is "American clothing," even when sometimes it's just used clothing from Costa Rica.

> *"I say that my clothes are 'American,' but really I buy from a person in Cartago"*[37] *(American clothing entrepreneurs, Interview Nº 21).*

In addition to offering the brands that customers most demand, entrepreneurs also cited the type of products as key. Children's clothing and bedding were in particularly high demand. Bedding was especially valuable, as it often came from hotels and was in particularly good condition.

> *"Bedding is an attractive product, because it's donated from hotels in the United States that change their bed sheets constantly. In developed countries, people also have bedding for the winter that they don't use in the summer—they remove it and put on new sheets" (American clothing importers, interview Nº 1).*

Competition between stores turned intense. While entrepreneurs continued to purchase bales from importers, they also began to buy individual garments so that they could choose the brands and products their customers demanded. The entrepreneurs also began to create promotional sales to stay competitive. "When we launch a sale of products for 1,000 colones [roughly USD 2], people buy," commented one entrepreneur. Price was still one of the most important variables for sales:

> *"Right now, American clothing is [sold] at very high prices, so you have to be prepared to bargain where you buy, and then you [have to] sell for cheaper because there's so much demand for clothing, and everyone tries to sell cheap. The one who sells the cheapest is the one who sells" (American clothing entrepreneurs, interview Nº 16).*

[37] A city in Costa Rica that is roughly a one-hour drive from La Carpio.

Location was also key to spurring sales. As one entrepreneur asserted, it was important to establish one's business in a location where a lot of people pass by, as customers would purchase these products consistently—as often as once a week or once a month—for different uses. One consumer expressed that she turned to American clothing stores for all her needs, "for dressing myself and my family, for cleaning, for rags, for everything." Being well-positioned allowed stores to sell products and attract customers for repeated sales.

> *"Even if the rent is more expensive, location is key. If the location is good, it [the business] pays" (American clothing entrepreneurs, interview Nº 8).*

The quality of the service was another important point of differentiation. As one entrepreneur stated, "people come for the service, as well as the quality of clothes." Good customer service, they stated, ensures that customers "feel good" while they are buying and find the clothes they are looking for. The following comments are illustrative:

> *"My relationship with customers is excellent. It's been one of the things that has helped—to talk to everyone who comes in and has the confidence to talk with me about what I do. Say the clothing has a price and the person wants four or five pieces, but wants to take another and doesn't have the money, then I put myself in her place and say, 'It's alright, how much do you have?' And she says, '300 colones [roughly half a dollar].' 'Take it!' I say" (American clothing entrepreneurs, interview Nº 9).*

> *"If I have ten male clients who ordered dress pants one day, size 32, for example, then we say, 'That product has more demand, so we'll bring more of it' (American clothing entrepreneurs, interview Nº 23).*

How one showcases the products was also highlighted as part of the quality of service:

> *"Customer service means ensuring that the product is clean, because a lot of dust comes in here, and you need to keep it clean" (American clothing entrepreneurs, interview Nº 23).*

Another entrepreneur commented:

> *"The idea it is to put out racks to make it look more attractive, but that's expensive. Hooks are the best thing […] but you have to make an investment" (American clothing entrepreneurs, interview Nº 23).*

To compete inside the slum, the entrepreneurs needed to purchase from importers that offered quality, variety, and low-cost merchandise. With the development of online social networks, entrepreneurs could buy directly from importers who specifically targeted people who wanted to gain financial independence by selling American clothing. They used social media outlets such as Facebook to advertise their products, mainly highlighting the bale price, the products being sold individually, and incentivizing prizes. With a single Facebook message or phone call, entrepreneurs could be delivered a bale or specific items of clothing to their homes. This made it significantly easier for the entrepreneurs to receive the wholesale product. However, many entrepreneurs continued to purchase the merchandize themselves from the warehouses and stores so that they could confirm quality, select items personally, and offer intentional differentiation to their customers. With the new bus routes, commuting to San José was less costly. BIUSA, the private bus company that ran routes between San José and the slum, recognized the enormous opportunity associated with transporting people to and from La Carpio each day. The buses ran every thirty minutes, the interconnections between La Carpio and the city were strengthened, and La Carpio was further reinforced as a strategic place for entrepreneurs due to its proximity to the city and the option to sell American clothing products to a

growing population within the slum that valued the balance between quality and price. The city, thus, emerged as the preferred place to obtain the product, but not the place to sell it.

Despite the establishment of an informal American clothing market in which entrepreneurs competed through the price and quality of their merchandise, and the subsequent offer to their customers in terms of quality, price, variety, and service, few entrepreneurs were able to grow their businesses considerably. Only one entrepreneur interviewed for this case study had reached a considerable level of sales—roughly USD 4,000 per month. Nevertheless, even the entrepreneurs who did manage to grow their business still preferred to open new stores in La Carpio rather in the city. The cost of rent in San José was much higher than it was in La Carpio (in cases where the entrepreneur rented informally inside the slum) and outside the slum the entrepreneurs would also be required to pay taxes on their businesses, which made this option financially unattainable. Selling outside La Carpio was also difficult because they would need to leave someone in charge of their La Carpio store(s) so as not to lose that source of income. One entrepreneur said, "I would go sell in Limón,[38] but who would I leave here in the store?" Another commented:

> *"The business is very low-income, and if you're paying for patents, permits, policies, insurance, that's a lot of money" (American clothing entrepreneurs, interview Nº 23).*

Furthermore, competition is stronger in San José than in La Carpio:

> *"You can see that there are a lot of stores in San José. Sales don't cover rent, because it's expensive in San José, and there are already a lot of stores [there]" (American clothing entrepreneurs, interview Nº 4).*

[38] A city located roughly four hours from La Carpio.

Thus, over time, the entrepreneurs were able to strengthen and increase their contacts outside the slum and differentiate themselves from their competitors by providing a better service, price, quality, and diversity of products to their customers; however, this growth was limited.

> *"Correctly managing the business means having enough money to sustain the stores, buy new clothes, and have enough [left over] to eat" (American clothing entrepreneurs, interview Nº 22).*

In summary, in this phase a used clothing market that was strongly linked with the city emerged in the slum. Cooperations with importers of different sizes were key to this emergence. More importantly, the entrepreneurs, through their daily commutes to and from the city, consistently explored opportunities to purchase products in the city at the best possible price-quality ratio to sell them within the slum as a way of ameliorating their difficult situation, thus enhancing the emergence of a market inside the slum.

6.5. Theorization: Informalizing work between entrepreneurs in urban slums and local companies and small-medium enterprises in the city

Case Study II shows the inherent complexity of how the inclusive character of markets emerges in urban slums. The theoretical analysis for this case is divided in two parts. Section 6.5.1 analyzes how the institutional dynamics of market activity in a slum emerge at a more abstract institutional level, which this thesis calls the *ontological level,* illustrated in the case study as the entrepreneurs' experience of "becoming" the blending of the formal and the informal. The ontological side of informal institutional dynamics explains how entrepreneurs engage in the process of becoming the ambiguity between the formal and the informal, framing less abstract levels of institutionalization, and, more importantly, blurring the distance in geographical and institutional terms

with the formal markets of the adjacent city through their relations and experiences. This complex institutionalization process explains how entrepreneurs connected with formal markets through the purchase of a product (*Ropa Americana*, or used "American clothing") that was an attractive commercialization opportunity in the slum, which enhanced the emergence of an informal market inside the slum. Section 6.5.2 shows that the American clothing market did, in fact, produce benefits for entrepreneurs in the La Carpio slum. These entrepreneurs engaged in *informalizing work*, developing continuous social and material relations across the boundaries of formality and informality, embodying the institutional connection between the two settings. Their efforts enhanced the emergence of the inclusive character of the used American clothing market, showing mutual benefits for all actors involved, especially the entrepreneurs.

6.5.1. Entrepreneurs "becoming" the blending of formality and informality as an ontological institutional level that frames informal market activities in slums

With respect to this case study, the first part of the analysis of the emergence of inclusive markets is based on the institutional dynamics of informal market activity in an urban slum. The case shows that the institutions that allow markets to function (Fligstein, 2001; Lawrence & Suddaby, 2006; Scott, 2001; Webb et al., 2009) in urban slums are illustrated at an institutional level, which this thesis calls the *ontological level,* expressed through the experience of entrepreneurs "becoming" the ambiguity between the formal and the informal through their social and material relations (de Soto, 1989; Felin et al., 2015; Hwang & Colyvas, 2014; Kozlowski & Klein, 2013; Padgett & Powell, 2012; Zundel et al., 2012). The case shows that entrepreneurs in the slum who sold used American clothing enhanced a continuous process of blending formality and informality (Darbi et al., 2016), reducing the institutional distance between themselves and geographically adjacent formal markets. The emergence of

the used American clothing market in La Carpio was enhanced by the relations developed by entrepreneurs in the slum (Hwang & Colyvas, 2014; Padgett & Powell, 2012; Zundel et al., 2012), which reflected their experience of becoming the institutional connection of ambiguity (de Soto, 1989; Hwang & Colyvas, 2014) as a reaction to the exclusion of being unable to reside and endeavor their activities in the formal institutional setting of the city due to economic constraints (Gioa & Chittipeddi, 1991). These relations were at the core of the informal institutionalization dynamics of the slum (Surachaikulwattana & Phillips, 2016), crystallizing the blending of formal and informal institutional settings (Darbi et al., 2016) in the entrepreneurs' experience and interactions, which focused on continuously exploring and exploiting opportunities to address the challenges of survival (Phillips & Lawrence, 2012). In other words, institutions were forged via the actions of entrepreneurs and the mainly unconscious social and material relations between them and their environments (Emirbayer & Mische, 1998; Giddens, 1979; Scott, 2013) that defined their experience in the world.

Different aspects of the case explain the ontological institutional level expressed in entrepreneurs and their relations. For example, American clothing entrepreneurs became with the economic and social development of the slum and its transformation into a market. They consistently tested out different endeavors related to their daily commute to and from the city, during which they related with different people and experienced different environments in which to explore opportunities, eventually returning to the slum to experiment with which types of sales worked best and finding a profitable venture that would contribute to their survival in the slum. Through these social and material relations entrepreneurs began to develop and increase the breadth of their endeavors. Their personal experiences as well were relevant as enhanced the development of a complex market that intermeshed personal and impersonal ties, as for example in selling. Personal and market activities were not that easily differentiated as both reflected the experiences and context of entrepreneurs. Their experience of life emerged between the formal and informal, trying to live "in between" by connecting the pieces that helped them to survive. The entrepreneurs' experience occurred

through relations (Padgett & Powell, 2012), clear from the way in which the relations between them, their partners, customers, the formal environment of the city, and the informal environment of the slum, affected their ways of being (Hwang & Colyvas, 2014). Through these relations, the entrepreneurs were able to increasingly experience La Carpio as connected to the city of San José in terms of the commercialization of products. Furthermore, through their endeavors they contributed to the slum's economic development and were able to reduce the distance between it and the city in terms of material differences. Therefore, the experience of the slum as a different entity from the city was not a clear delineation for them, as they experience all aspects of life and, therefore, their entrepreneurial endeavors, as existing in an emerging ambiguous context between the two settings (Bhabha, 1994; Felin et al., 2015; Kozlowski & Klein, 2013). The two settings were, thus, entirely interrelated in ambiguous ways and ever-emerging at the same or a much nearer level of existence than when the slum was just beginning and had no market activity whatsoever (Kennedy & Fiss, 2013; Willmott, 2011; Zundel et al., 2012).

These examples show that the ontological institutional level emerges as a more abstract and general institutional level to explain the institutional dynamics in slums that frame cognitive and normative institutional dynamics (Felin et al., 2015; Stinchcombe, 1991). Furthermore, it shows how market institutions at different levels (ontological, cognitive, and normative) are built over ambiguous, non-inclusive formal institutions, enabling diverse and complex institutional settings (Mair et al., 2012). Relational mechanisms are intertwined in ways of being, acting at the most abstract and unconscious level of experience. Ways of being are internalized by individuals and their organizations through the relations between them and their environment (Hwang & Colyvas, 2014; Padgett & Powell, 2012), which in this case allowed the entrepreneurs to "become" the institutional connection between the formal and informal through their experiences (Langley et al., 2019), which in the aggregate emerged as an assemblage (Hirschman & Reed, 2014) and served as a foundation for market activities in urban slums to become

part of globalization (Buckley & Ghauri, 2004; Levy, 2008), connecting the local with the global (Mösching, 2019).

As will be deeply analyzed in Section 6.4.2, cognitive, and normative mechanisms can be considered a pre-condition for the emergence of ontological institutional mechanisms that enhance market activity. This is shown in the present case study, in that the founders of La Carpio engaged in actions and relations to survive in the slum, which was initially not institutionalized in any way (Morrill, 2017). They negotiated with formal authorities to obtain the minimal formal institutions needed to survive (e.g., water, electricity, and road access to the city), creating an ambiguous institutional environment, over which cognitive and normative institutions were created by the residents of the slums and then evolved into more internalized ontological mechanisms that reflected the residents' holistic experience of living between the slum and the city, particularly that of the entrepreneurs, who had become a blending of the formal and the informal, illustrating the multidimensionality of the institutionalization process (Perkmann & Spicer, 2008). First, the residents of La Carpio developed solidarity normative ties to counteract their exclusion (Boisot & Child, 1996; Portes & Schauffler, 1993) from formal markets due to their origins, lack of skills and lack of economic resources (Sen, 2000). They cognitively valued the nothingness (Baker & Nelson, 2005) and isolation (Portes & Jensen, 1989; Wilson & Portes, 1980) of the slum in comparison with richer formal markets, as these elements were more useful for the early resident's survival. In other words, they valued the institutional voids (Greif, 2006; Khanna & Palepu, 1997) of the emerging slum setting. These community bonds evolved to more sophisticated forms, allowing community leaders to stand up for the interests of the La Carpio community through negotiations with government authorities to at least minimally access formal institutions (Suchman, 1995). Thus, they were able to ameliorate the issue of limited infrastructure and reduce the slum's geographical and institutional distance from the city. However, since the slum's foundation, rather than resulting in complete formalization, the relations between community leaders and

government authorities (Suchman, 1995) led to a complex ambiguity of formal institutions within the slum (de Soto, 1989), only partially including the residents of La Carpio in the country's formal market dynamics, as shown by the government's promise of land titling that never materialized. The residents of La Carpio took advantage of this ambiguity, understanding and making sense of informality (Weick, 2004) as an opportunity for survival (Siqueira et al., 2016) and a reaction to the exclusionary formal institutions of the city (Gioa & Chittipeddi, 1991). Through their endeavors, they proposed solutions to recurrent problems when formal institutions did not offer any means to resolve them (Suchman, 1995) and, therefore, engaged in the process of connecting to the formal markets of the city through work relations spurred by offering their low-level labor skills (Francois, 2002; Klein & Tokman, 1988; Sethuraman, 1981), transforming themselves into a cheap labor force for the formal markets in geographic proximity (Davis, 2006; Nijman, 2015). They understood these relations as an opportunity, as they still resided in informality, where they did not pay taxes or rent. It was only then that entrepreneurs began to test different endeavors with what they had at hand (Baker & Nelson, 2005; Battilana & D'Aunno, 2009). These entrepreneurs recognized the opportunity to commercialize used clothing in the slum, provided by the institutional incongruence between the formal markets in which they worked and the informal setting in which they resided (Webb et al., 2013; Webb et al., 2009; Webb et al., 2010). Thus, they perceived the slum as a potential market. They then developed inter-institutional normative networks (Batjargal et al., 2013; Lawrence et al., 2002; Leblebici et al., 1991) with local companies and small-medium enterprises (Karnani, 2007), as these provided greater collective efficiencies (Mesquita & Lazzarini, 2008) along the division of labor (Campbell, 2004) as well as normative informal networks with customers that were initially personalized (Godfrey, 2011; Gras & Nason, 2015; Khavul et al., 2009; Portes & Schauffler, 1993) but that evolved into more impersonal ties over time (Tönnies, 1957). The case shows that the importers and entrepreneurs valued their relation, as it was useful for developing the distribution chain

(Buckley & Ghauri, 2004; Levy, 2008) and the two relied on one another for the functioning of the market (Beneria, 1989; Benton, 1989; Chakrabarti, 2016). The entrepreneurs were, through these relations, able to drive institutional complexity and cohesion to the slum (Gaughan & Ferman, 1987; Villar, 1994), notwithstanding the formal institutional and resource constraints of their context (Rindova et al., 2009). With continuous experience, they then intensified the connection between the formal market and the slum, marketizing the relation between the two settings and, therefore, the informal institutional dynamics that connected them. Furthermore, minimum formal institutions were still being developed, now attracted by the slum's economic development, such as with the entrance of the formal transportation business, BIUSA, which continued to reduce the institutional distance and promoted the work of entrepreneurs to connect the city with the slum. The entrepreneurs took advantage of the minimum and still ambiguous development of formal institutions within the slum(de Soto, 1989; Kim & Li, 2014; Webb et al., 2009), giving value to this ambiguity by connecting with the formal markets in the city and even residing within and *becoming this ambiguity*, taking advantage of it and blurring the distance from the formal markets of the adjacent city in both geographical and institutional terms (de Soto, 1989; Hwang & Colyvas, 2014; Langley et al., 2019). The entrepreneurs, thus, continually experienced a blend of formal and informal settings, eventually "becoming" this blending and being framed by its plasticity (Darbi et al., 2016; Felin et al., 2015; Kozlowski & Klein, 2013) and, therefore, emerging with the world between the slum and the city—the formal and the informal, the rich and the poor, the excluded and the included. Informality in urban slums is, therefore, a phenomenon grounded in the efficiency and economic benefits it provides in comparison with formality (Webb et al., 2013) and the reduction it incurs on the institutional distance between it and formal settings while preserving its own ambiguity. It emerges at the intersection of distinct levels of generality and abstraction (Stinchcombe, 1991), as it provides an experience of being and relating within the ambiguity of the formal and the informal (ontological level),

generating a positive understanding of poverty and informality (cognitive), and allowing entrepreneurs to generate networks both within the slum and across the slum and formal markets (normative).

This institutional process shows that urban slums are not necessarily markets themselves (Karnani, 2007). It is the process of connecting poverty and informality with formal markets that gives market value to the slum setting. Isolation in informal urban settings (Portes & Jensen, 1989; Wilson & Portes, 1980) serves for residing and surviving, but not necessarily for creating markets. It is only the connection to formality that gives market value to informality and poverty in these settings. The everyday occupational tasks (Kaghan & Lounsburu, 2011) and, especially, the market practices, interactions (Perkmann & Spicer, 2008), and social and material relations experienced by entrepreneurs within and across the boundaries of the slum and formal markets (Hwang & Colyvas, 2014; Padgett & Powell, 2012; Zundel et al., 2012) contributes to the process of "becoming" the ambiguity between the formal and the informal in more positive terms, promoting the emergence and flourishment of informal markets (de Soto, 1989). In this case study, market institutions at different levels (ontological, cognitive and normative) were built over ambiguous formal institutions, creating diverse and complex institutional settings (Mair et al., 2012). It was this complex recursive relationship that emerged at the ontological, normative, and cognitive institutional levels (Stinchcombe, 1991), blending the formal and the informal, that allowed market activity to emerge and function (Darbi et al., 2016). The case, therefore, shows that residents of slums—and poor entrepreneurs in particular—are vulnerable when experiencing relations (Voronov & Vince, 2012), suggesting a fusion at distinct institutional levels between their contexts and their individual and collective experiences (Hwang & Colyvas, 2014; Voronov & Weber, 2016).

6.5.2. Informalizing work to develop inclusive cooperations between entrepreneurs in urban slums and local companies and small-medium enterprises

In this case study, the used American clothing market generated mutual gains for all actors involved and, therefore, inclusivity for the poor residing in the slum. Furthermore, boundary work, as a form of institutional work (Zietsma & Lawrence, 2010), enhanced the transformation of the slum, in which market activity was completely absent (Karnani, 2007), into an informal market. The residents of La Carpio in general and, later, used American clothing entrepreneurs specifically, through their daily practices and experiences, worked to blend the boundaries between the slum and the city (Darbi et al., 2016; Langley et al., 2019). Through present-oriented agency and reflecting on their situations (Emirbayer & Mische, 1998) within the boundaries of the slum and across the boundaries between the slum and the formal markets of the city, they were able to engage in effortful practices (Phillips & Lawrence, 2012) for survival, ultimately creating an informal market inside the slum. The people of La Carpio, particularly those who evolved into entrepreneurs, worked strategically and alternately defined the boundaries with formal markets as: 1) barriers that excluded them (Langley et al., 2019) and 2) as junctures that facilitated market exchange (Quick & Feldman, 2014), depending on their unique situation, how long they had lived in the slum, and at what stage of development their endeavors were. Their work, thus, blurred the institutional boundaries (Langley et al., 2019; Langley & Tsoukas, 2016) that separated formal markets from the slum, and even blended them (Darbi et al., 2016), as cooperations with formal markets were key to the emergence of market activity within its boundaries. The case also shows that their formal counterparts—the local companies and small-medium enterprises in the city—valued the work of the entrepreneurs embedded in poverty contexts (Karnani, 2007) and understood them as useful market distributors of

their merchandise (Beneria, 1989; Benton, 1989; Chakrabarti, 2016). Therefore, cooperations with mutual gains emerged spontaneously, because both sides benefited from relating to one another: the poor entrepreneurs experienced both pecuniary and non-pecuniary benefits in the form of owning used clothing stores inside the slum, whilst the importers were able to sell their merchandise, particularly in terms of moving lower-quality items off the shelves. Moreover, the entrepreneurs could be considered boundary spanners (Langley et al., 2019) that embody the connection between formal and informal markets (Creed et al., 2010), constantly wandering and engaging in social and material relations across boundaries (Hwang & Colyvas, 2014; Padgett & Powell, 2012; Zundel et al., 2012) and experiencing these cooperation opportunities as part of their process of residing, working, and historically experiencing life between the formal and the informal and benefiting from the best of both sides (Godfrey, 2011). As both (importers and entrepreneurs) could relate with one another, it cannot be considered that either group of actors is fully formal or informal. While the local companies and small-medium enterprises in this case study were part of formal markets, they were also mainly part of poor to middle class environments, or were at least used to working with these demographics. Therefore, while their institutional differences from the stores and entrepreneurs in la Carpio were existent, they did not prove to be a significant problem for emerging relations. The "becoming" of both actors was marked by a reduction in institutional distance and an emerging at the same level of existence (Kennedy & Fiss, 2013; Willmott, 2011; Zundel et al., 2012) within the continuum of institutional ambiguity emerging in developing countries (de Soto, 1989; Godfrey, 2011).

The findings of this case study show that marginalized actors, such the residents of slums and the immigrants that are a significant portion of their populations (WorldBank, 2013), can have the agency to challenge the material and physical boundaries (Johansson & Lundgren, 2015) that exclude them (Martí & Fernández, 2013) through *informalizing work* and,

therefore, enhance the emergence of inclusive markets. Material boundaries are mainly expressed in the fact that the slum is an extreme poverty scenario according to modern standards (Marx et al., 2013). This material institutional situation is different from the modern contexts of the city, particularly the wealthiest areas. Physical boundaries are illustrated by the physical separation from the city (Macedo, 2012; WorldBank, 2013) until, for example, a road is constructed that links the two contexts. Accepting the limited opportunities their skill level afforded them, which determined their weak position in the division of labor (Strauss, 1978), the residents of La Carpio tried to find opportunities in globalization processes and put their best effort forward to face their challenging context, either as laborers in formal markets or as entrepreneurs that worked in informality. Responding to exclusion in an experimental manner and working to survive (Martí & Fernández, 2013) through their daily activities (Raviola & Norbäck, 2013) and occupational tasks (Kaghan & Lounsburu, 2011), they were able to navigate the highly complex and ambiguous business environments of globalization (Child & Rodrigues, 2011; Smith & Lewis, 2011). The entrepreneurial initiatives that were mainly forced into existence by the necessity of survival (Dencker et al., 2019), in particular, opened new opportunities in isolated and impoverished contexts (Calton et al., 2013; Khalid & Seuring, 2017; London & Hart, 2004) through market practices and interactions to establish market cooperations (Perkmann & Spicer, 2008) across the institutional boundaries that separate poverty settings from formal markets and, therefore, enhanced the creation of the institutions needed for markets to function in the slum. These entrepreneurs were self-employed (Hart, 1973, 1990; Portes & Haller, 2005) and built upon the work and institutions that were created in the first stages of the slum's settlement (Leblebici et al., 1991). Local companies and small-medium enterprises were their main partners from the formal side, and their interactions were particularly fruitful for this process (Campbell, 2004). Moreover, it can be argued that the

entrepreneurs "became" via these relations (Hwang & Colyvas, 2014; Padgett & Powell, 2012) and, therefore, that it was their experience of poverty and marginalization (Creed et al., 2010; Friedland & Alford, 1991) that allowed them to transform themselves from residents of slums into boundary spanners (Langley et al., 2019) that embody the connection between the formal and the informal (Creed et al., 2010).

These findings deduce a theoretical model that explains the informalizing work enhanced by entrepreneurs when cooperating with local companies and small-medium enterprises, ultimately facilitating the emergence of markets as mechanisms for excluded groups (Mair et al., 2012; Mendoza & Thelen, 2008), such as those living in poverty and outside formal economy (WorldBank, 2013), to thrive. The model depicts the practices and relations observed in the case study, organized into four distinct stages, as shown in Figure 6: 1) community building to enhance institutional boundaries that provide protection from the negative elements of formality, 2) laboring across boundaries to inject resources, 3) entrepreneuring across boundaries to informalize products and explore market potential within the slum, and 4) becoming the institutional connection between formal and informal markets.

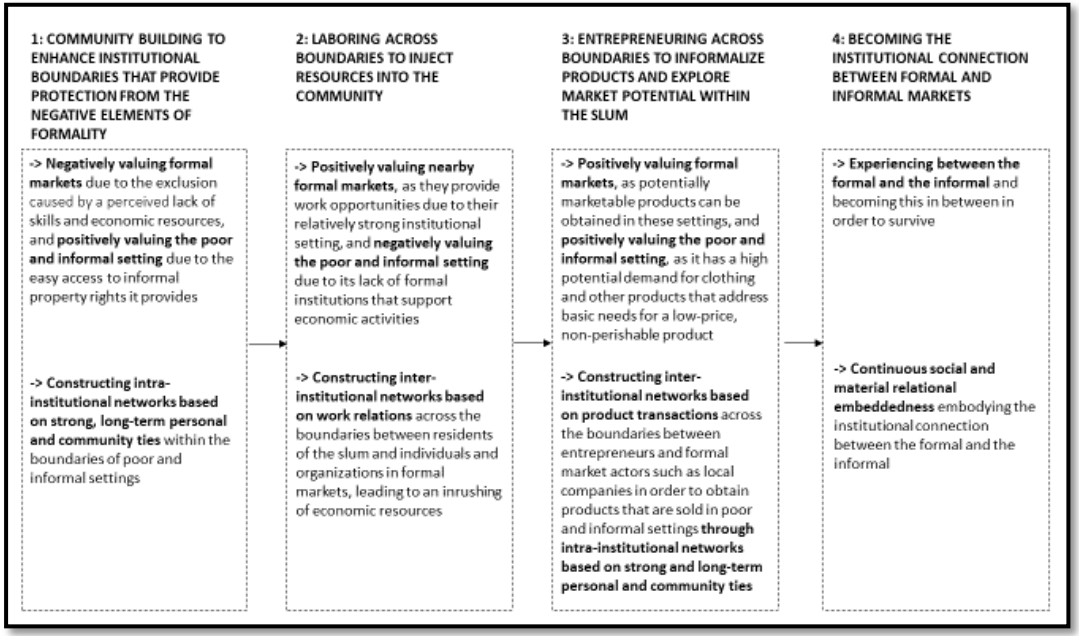


Figure 6. Informalizing work between entrepreneurs in slums and local companies and small-medium enterprises

- *Community building to enhance institutional boundaries that provide protection from the negative elements of formality*

Negatively valuing the adjacent formal markets and positively valuing the immediate poor setting was an important cognitive action that the residents of La Carpio had carried out since the slum's foundation. As the case shows, La Carpio's first residents chose to settle the land because they had been excluded from formal markets and economic globalization due to their origins, lack of skills, and/or lack of economic resources (Sen, 2000) and, therefore, valued the formal markets of the city in negative terms. They considered residing within the formal boundaries of the city to be a disadvantage with respect to participating in markets (WorldBank, 2013). Thus, they cognitively demarcated (Berger & Luckmann, 1967; Gieryn, 1983) the material barriers that excluded them (Bourdieu, 1977), which translated into unequal access and distribution of resources and opportunities (Lamont & Molnár, 2002) within the boundaries of formal markets. This drove them to move to La Carpio, which in its early stages was an empty plot of land with no access to basic services. The site was bordered by two rivers and was geographically isolated, although near the capital city of San José. Institutional voids (Greif, 2006; Khanna & Palepu, 1997), either formal and informal, were, thus, its key aspect. Residents who settled in La Carpio were pressured by the need to survive and, in fact, valued the site's "nothingness" as an opportunity. The easy access to informal property rights for the land helped them to, at least, stay financially afloat, and newcomers collectively agreed upon definitions for their reality (Lamont & Molnár, 2002), which changed their perceptions of their difficult context and established a positive value of the void afforded by the slum as a space full of opportunities. It was this cognitive shift, based on their own experiences (Emirbayer & Mische, 1998), that allowed the residents of La Carpio to survive. "Nothingness" was, in fact, full of potential opportunities for survival and, thus, the residents of the slum assigned a positive value to its poor and informal settings.

The act of *constructing intra-institutional networks (within the slum) based on strong, long-term, personal community ties* forged and reinforced this new cognitive understanding that living in the slum had positive value. Normative networks (Lawrence & Suddaby, 2006) based on personal and community ties enhanced the establishment of intra-slum solidarity norms in which residents were mutually dependent on their personal, social, and economic activities. The case shows that when the original residents settled La Carpio, they established strong connections with their neighbors and helped one another survive within an immensely difficult context. These personal and community ties counteracted the residents' exclusion (Boisot & Child, 1996; Portes & Schauffler, 1993) and allowed them to survive in extreme resource scarcity. Furthermore, these relations reinforced the notion of members and non-members (Burri, 2008; Greenwood et al., 2002; Scott, 1994, 2001; Zietsma & Lawrence, 2010) of the slum and allowed them to organize and negotiate access to basic services such as water, light, roads, and land titling, which were essentially demands to access formal institutions. In this way, they challenged the non-existent infrastructure (Schuster & Holtbrügge, 2014) within the boundaries of the slum and aimed for negotiations with the government to, for example, build a road linking the slum to the city in order to reduce the commute from several hours to a one-hour walk or roughly a 20-minute drive. This road emerged as a key component of infrastructure and was important for subsequent stages of the slum's development. However, these negotiations were not without a price. They included the installation of a landfill that would agglomerate the waste of entire Greater Metropolitan Area (GAM) in exchange for partial access to formal institutions. In this sense, it could be said that the residents of the slum did attempt to formalize their situation (Suchman, 1995). The promise of land titling and other means of formalizing the slum were never fully realized, but an initial link with formality and the ambiguity between the boundaries separating and connecting the slum was, nevertheless, established. Formal institutions within the boundaries of the slum were kept ambiguous (de Soto,

1989), resulting in its residents being only partially included in the country's formal dynamics.

In sum, in this stage, *negatively valuing the adjacent formal markets and positively valuing the immediate poor setting* and *constructing intra-institutional networks based on strong, long-term personal community ties* were the core of the institutional dynamics, and were interrelated and mutually reinforcing. The residents of La Carpio perceived the slum's void as a void full of opportunities and, with the minimum formal institutions needed to survive, their extremely difficult situation was still better than residing in the city. Community and personalized ties (Boisot & Child, 1996; Portes & Schauffler, 1993) within the slum protected them from the formal institutions of the city that excluded them because of their lack of economic and non-economic resources. These ties also allowed the residents of La Carpio to fuel institutional dynamics that were relevant and useful to them.

- *Laboring across boundaries to inject resources*

Positively valuing the nearby formal markets and negatively valuing the slum's poor and informal setting emerged as a shifting cognitive action once founders and newcomers had established residency inside the slum. Most residents of La Carpio now commuted daily to seek employment opportunities outside the slum. The new road facilitated this. As experiences change understanding (Emirbayer & Mische, 1998), these travels to and from the city shifted the residents' valuation of formal markets, now defining them as positive, as the city's relatively strong formal institutional setting provided job opportunities. The residents also began to define a more nuanced perspective of the value of residing in La Carpio. While the slum offered the possibility to live affordably and develop personal ties (Boisot & Child, 1996; Portes & Schauffler, 1993), it did not provide opportunities to obtain economic income due to a lack of the formal institutions that allow labor markets to function.

Constructing inter-institutional networks based on jobs (between the slum and the formal market) led to a financial inject of resources from the formal markets into the slum, linking the formal market with the residents of La Carpio and marking new interactions (Lawrence et al., 2013) between formal and informal settings. The case illustrates how La Carpio's proximity to the formal institutions of San José created the possibility to access labor markets. Residents of La Carpio continued to challenge the boundaries between the slum and the city (Gieryn, 1983, 1999) by trying to establish work relations with formal markets. As the poor usually have low-level labor skills (Francois, 2002; Klein & Tokman, 1988; Sethuraman, 1981), their formal counterparts do not see them as having clear economic value (Vunder Fontana, 2008). Rather, slums are seen as a reservoir of cheap labor for the modern formal urban economies in geographic proximity (Davis, 2006; Nijman, 2015) and, therefore, their residents are offered low-paying positions. Moreover, the residents of La Carpio typically kept their work informal and worked in extremely poor conditions, even within the boundaries of the formal market. The power dynamics that excluded them reproduced (Apesoa-Varano & Varano, 2014), but, as they had a place to reside outside the formal physical boundaries, these work relations were perceived as normative networks (Lawrence & Suddaby, 2006) that offered employment opportunities that supported their survival, an even allowed some residents to launch their own endeavors. A financial inrushing was injected into the slum, mainly into home construction and the purchase of food and other basic goods. The norm that one had to "pound the pavement" to find money, was established for La Carpio residents, referring to commuting to the city, offering one's skills in exchange for money, and developing work relations.

In sum, in this stage, *positively valuing the nearby formal markets and negatively valuing the slum's poor and informal setting* and *constructing inter-institutional networks based on jobs* were at the core of the institutional dynamics, and were interrelated and mutually reinforcing. The interactions (Lawrence et al., 2013) that fueled the institutional dynamics of the slum

increasingly emerged across boundaries due to the fact that the residents were not capable of surviving with community ties alone. They needed to diversify their relations. Furthermore, as formal institutions preserved their ambiguous character (de Soto, 1989), not favoring the residents of La Carpio and hindered their development process (Jäger et al., 2020; Kim & Li, 2014; Webb et al., 2009) within the boundaries of the slum, many started informal endeavors that were perceived to be better opportunities than being formally employed in formal markets (Webb et al., 2013). A distrust and disidentification toward formal institutions characterized the slum residents, particularly with respect to these emergent entrepreneurs (Webb et al., 2013; Webb et al., 2009), as illustrated in the case by the evident corruption of CODECA, EBI, and government authorities. The residents of La Carpio were beginning to understand that formal institutions not only benefited the more privileged individuals and groups in formal markets, but also specific ones within the slum (Easterly, 2009; Easterly, 2010), and decided they would have to "earn a living by their own efforts."

- *Entrepreneuring across boundaries to informalize products and explore potential markets within the slum*

Positively valuing the slum's poor and informal setting because it could potentially be transformed into a market was a cognitive action developed solely by emerging entrepreneurs from La Carpio, whose endeavors differentiated them from the rest of the slum population. Although the slum kept clear material barriers from the city in terms of having less economic resources and infrastructure and showing very concrete physical and material dissimilarities (Johansson & Lundgren, 2015), by cognitively reframing poverty and informality as a positive aspect for entrepreneurial endeavors, these actors were able to take advantage of this institutional incongruence (Webb et al., 2013; Webb et al., 2009; Webb et al., 2010), ultimately transforming boundaries into junctures for market exchange (Quick & Feldman, 2014). This capacity assigned a central role to entrepreneurs as

challengers of boundaries between poverty settings and formal markets (Langley et al., 2019) to enhance the development of functioning relations between formal markets and the informal markets they aimed to form (Reinecke et al., 2018) and transforming boundaries that separate in cooperative spaces (Langley et al., 2019).

The high percentage of immigrants in the slum was, at least in part, an indication that these actors were an important entrepreneurial force that emerged as a population open to taking risks (Kourtit et al., 2015). The act of determining which product was most convenient to informalize within the boundaries of the slum emerged through experiences that framed the entrepreneurs' understanding, rather than by pre-defined plans (Emirbayer & Mische, 1998; Voronov & Vince, 2012), showing that these entrepreneurs were highly creative (Shane, 2003) and explorative in terms of recognizing and acting on business opportunities (Ardichvili et al., 2003), developing the cognitive legitimacy expressed through knowledge and practices regarding what they choose to do (Hall et al., 2012), and making sense of the value of these endeavors (Cornelissen & Clarke, 2010; Jelinek & Litterer, 1995; Weick, 2004). The poor entrepreneurs of La Carpio perceived a potentially high demand for clothing and other products that addressed residents' basic needs. To make these products accessible to the slum residents, the product needed to be low-cost and non-perishable, as most slum residents did not have access to washing machines or refrigerators. Through their activities for survival and experimentations with different endeavors, entrepreneurs developed the cognitive capacity for innovation, flexibility, and adaptation that was needed to challenge the formal institutional and resource constraints in their contexts (Rindova et al., 2009). It was their experiences across the boundaries of formality and informality that transformed them into change agents, linking the meanings available in the formal part of society and comparing them with their own interests; thus, changing their perceptions by having experienced the contradiction between their reality and the broader formal institutional contexts outside the slum (Seo & Creed, 2002). This, in turn, showed them that opportunities could

emerge in the face of the weak and ambiguous institutions inside the slum (Morrill, 2017). After several endeavors, the entrepreneurs favored the opportunity to sell used clothing products at a low cost (without paying taxes or registration fees) inside the slum, to La Carpio residents they knew and had personalized ties with. The product was considered less useful in formal contexts (Baker & Nelson, 2005), but had immense value in the slum setting. As the case showed with name brand clothing, these products were valued by customers who could not afford to pay for new clothing from these brands but wanted the heightened social status that owning such products affords (Webb et al., 2013). Furthermore, it illustrates part of a theorizing process (Lawrence & Suddaby, 2006) that entrepreneurs carry out when engaging in social interactions in their contexts (Berger & Luckmann, 1967) experiencing and understanding poverty and informality as an opportunity for survival and making sense of activities that resolve their problems (Suchman, 1995). Members of local companies and small-medium enterprises in the formal market are more capable of cooperating positively with entrepreneurs in poverty contexts compared with other types of formal organizations (Karnani, 2007), as they have developed the skills (Fligstein, 2001) needed to explore entrepreneurial endeavors in these settings. Many local companies and small-medium enterprises are accustomed to working in these contexts and, therefore, are capable of cooperating with the entrepreneurs that reside within them. Institutional differences between these actors are not significant, and they are able to relate to one another in mutually beneficial ways, with mutual benefits mainly understood as a challenge related to economic opportunities. For the entrepreneurs, the express aim is to grow their commercial opportunities and abilities in order to earn a dignified economic income (Sen, 2000; WorldBank, 2013). In this sense, the case study shows that the creativity that is at the core of the emergence and development of market activity (Schumpeter, 1947) can be inclusive and enhanced by marginalized actors (Welter et al., 2017).

Constructing inter-institutional (between the slum and the formal market) networks for product supply and intra-institutional (intra-slum) networks for

distributing such products to end customers is illustrated in the exploration and exploitation of opportunities by the La Carpio entrepreneurs, who took advantage of the incongruence between the formal institutions of the city and the informal institutions of the slum (Webb et al., 2009), enhancing normative networks (Lawrence & Suddaby, 2006). During their daily commutes to the city, these entrepreneurs recognized and tested out market opportunities such as purchasing food products in the city and establishing convenience stores or restaurants in the slum. After various, mainly-failed endeavors, they eventually established market relations with the importers of used American clothing. In this way, the entrepreneurs that eventually sold such products in the slum created concrete commercial bridges between formal and informal markets. The process of exploring entrepreneurial practices in the course of their daily activities in the city had reframed boundaries, allowing constant cooperations (Allen, 1997; Bechky, 2006) between formal and informal markets and enhancing the creation of inter-institutional networks. The case also shows that local companies and small-medium enterprises of the city can value the work of entrepreneurs embedded in poverty contexts (Karnani, 2007) and perceive them as useful market distributors. The entrepreneurs in La Carpio were able to obtain clothing products in formal markets that they could sell inside the slum and, even if they were still in a disadvantaged position due to asymmetries of power with importers, were able to access the benefits of trading (Kellogg et al., 2006). The opportunity to distribute these products was particularly exploited through networks of neighbors, friends, and family members (Khavul et al., 2009), which enhanced the understanding of these endeavors as opportunities (Gras & Nason, 2015). Being geographically clustered within the physical boundaries of the slum was an opportunity for these entrepreneurs to counteract their exclusion by concentrating themselves in markets within it (Portes & Jensen, 1989; Wilson & Portes, 1980). They positively valued the poor and informal setting for the opportunity to informalize products by purchasing them from importers and selling them at a cheap price (without paying taxes or registration fees) to residents who they personally knew and had ties with; thus, counteracting

weak or nonexistent formal institutions in order to promote their entrepreneurial activities (Batjargal et al., 2013).

In sum, in this stage, *valuing the slum's poor and informal setting because it could potentially be transformed into a market* and *constructing inter-institutional (between the slum and the formal market) networks for product supply and intra-institutional (intra-slum) networks for distributing such products to end customers* were the core of the institutional dynamics, and were interrelated and mutually-reinforcing. The interactions (Lawrence et al., 2013) that fueled the institutional dynamics of the slum increasingly emerged across boundaries, and, in turn, changed the slum's nature and dynamics. Even if many residents of La Carpio still worked for more powerful formal counterparts, those who recognized the opportunities of informality searched for entrepreneurial options, and, thus, the relation was marked by market cooperations. The desperation inside the slum was still intense, however, and after experimentation with endeavors such as convenience stores and restaurants, they settled on used American clothing as a potential market that could be constructed through relations with formal market importers and selling to networks of acquaintances inside the slum.

- *Becoming the institutional connection between formal and informal markets*

Living between the formal and the informal and "becoming" this blend to survive determined the formation of an informal used American clothing market in the slum. The entrepreneurs in this case study were constantly evaluating opportunities for their survival and searching for the best options for commercialization in terms of quantity and quality so that they could be competitive and capable of surviving. The institutionalization dynamics were largely developed over time by reducing the institutional distance between formal and informal markets. This was accomplished by entrepreneurs "becoming" the institutional connection between formality and informality. On one side, relations between the entrepreneurs and the importers became

more complex and marketized. The entrepreneurs were constantly searching for more opportune deals from the importers, even using technological tools such as smart phones to access social networks and, in turn, better products and lower prices. The importers did the same by launching initiatives to increase the distribution of their products, showing that it was a viable option for those looking to gain independence and increase income. The two groups of actors related to one another in searching for the best way for formality and informality to blend and create value. However, the success of the importers' endeavors did not fully depend on the entrepreneurs from La Carpio. They were able to diversify their distribution channels to sell the variety of products they had. Therefore, it can be argued that entrepreneurs were more heavily interested than the importers in generating and exploiting these relations, which directly supported their survival and enabled them to flourish in the extremely challenging context of the slum. The entrepreneurs constantly searched for ways to reduce the institutional distance between them and formal market actors and emerge at a more approachable level than the latter. In this sense, the "becoming" of entrepreneurs was marked by reducing the institutional distance from actors such as local companies and small-medium enterprises and, thus, emerging at the same level of existence (Kennedy & Fiss, 2013; Willmott, 2011; Zundel et al., 2012) within the arising continuum of institutional ambiguity in developing countries (de Soto, 1989; Godfrey, 2011) that is common in urban areas. Although the local companies and small-medium enterprises in this case study were part of formal markets, they also mainly pertained to poor and middle-class environments; therefore, their difference from the used clothing stores and entrepreneurs in la Carpio was existent but, nonetheless, not significant enough for institutions to be a problem for emerging relations. On the other side, i.e., with consumers within the slum, it was difficult to differentiate which practices and relations were personal and which were market driven. Entrepreneurs engaged in personal practices such as discussing personal matters with clients, but also strongly competed with one another in terms of quantity and quality to increase the value of their products. They also sold to

both neighbors and strangers. Further, the clothing stores were typically in-home and run by family members who shared personal experiences solely focused on the success of the business. Analyzing the supply and demand side of these endeavors, it could be considered that they emerged within complex institutional settings between formality and informality (Mair et al., 2012). The aggregated experiences of entrepreneurs of used clothing formed an assemblage that acted as the institutional connection with formality (Hirschman & Reed, 2014). These entrepreneurs emerged between formality and informality (Quick & Feldman, 2014) at different levels (Stinchcombe, 1991). As explained in the previous section (6.5.1), the ontological level framed the cognitive and normative levels of institutional emergence. The entrepreneurs embodied a blending of the boundaries between formal and informal markets (Creed et al., 2010), becoming "boundary spanners" (Langley et al., 2019) that were able to experience these opportunities by benefiting from the best of both sides (Godfrey, 2011) and assembling existing elements of each in novel ways in order to adapt to their difficult context (Chandler & Hwang, 2015). Particularly those entrepreneurs who were successful, such as those who earned considerable income relative to the poverty context in which they lived, gained considerable amounts of power (Helfen, 2015) and constructed identities of successful business people within the slum (Webb et al., 2009).

Continuous social and material relational embeddedness embodying the institutional connection between the formal and the informal reinforced the experience of "becoming" the blend between formal and informal markets. On one hand, the entrepreneurs intensified their market practices and relations (Padgett & Powell, 2012) with importers, as clothing products were increasingly easier to obtain from American clothing importers in formal markets. This intensified price competition between importers, which drove them to diversify their offer and ameliorated their service to maintain and obtain consumers within the slum. Tools such as smart phones and social networks allowed the entrepreneurs to make relations more efficient, reducing the institutional distance between them and the importers.

Transactions could now be settled through a Facebook message or a phone call. These tools, thus, helped the entrepreneurs to connect to globalization (Buckley & Ghauri, 2004; Levy, 2008) from the developing areas inside the developing countries in which they resided, and, thus, grow their endeavors (Mösching, 2019). The importers also became proactive in making sales attractive to distributors like those in the slum, creating sales and promotions. Therefore, each side found value in relating to the other, notwithstanding whether they were poor or rich, formal or informal, and developed relations of interdependency that allowed the informal market to function (Chakrabarti, 2016). However, as stated above, the importers maintained a diversity of distribution channels to sell their various products; therefore, the entrepreneurs from la Carpio were more interested in exploiting these relations for their own survival. These relations were in between the formal and the informal markets, and were at the origin of the emergence and functioning of the informal used clothing market in the slum. On the other hand, the case study also shows that market and personal relations with clients can be intermeshed and not easily differentiated. Market relations were developed with customers for whom the base of the relation was the quality of service, variety of products, and the quality-price ratio. As these entrepreneurs expanded their business from only selling to neighbors and acquaintances, relations with consumers became more and more impersonalized (Tönnies, 1957). Furthermore, as the number of used American clothing stores rose, competition also increased. The La Carpio entrepreneurs learned about the slum market and emerged with it (Hwang & Colyvas, 2014; Kennedy & Fiss, 2013), responding to the competition by building new stores and diversifying their product types to target specific market segments such as used bedding and children's clothing. They also competed in terms of the location of their stores, and were even willing to pay informal property rights to obtain advantageous locations (Durand-Lasserve et al., May 2007; Lanjouw & Levy, 2002; Payne et al., 2008). The entrepreneurs, thus, continually contributed to the institutionalization of this complex scenario and expressed a "being" that, as an assemblage,

emerged between the formal and the informal (Hirschman & Reed, 2014; Hwang & Colyvas, 2014). Further, within the slum, activities based on personal relations versus a market focus were not easily differentiated; thus, both were part of "becoming" these ambiguous relations that blend the formal and the informal (de Soto, 1989; Hwang & Colyvas, 2014; Padgett & Powell, 2012). The entrepreneurs were constantly experiencing this ambiguity, searching out value in these relational experiences (Padgett & Powell, 2012), and feeling positively identified with living in the slum, as it was the slum that allowed them to emerge within these relational experiences of living (Lok et al., 2017; Voronov & Weber, 2016). For these entrepreneurs, the experience of poverty and ambiguity between the formal and the informal had become a way of living, relating, and being, and a place in which value relationally emerged for them.

In sum, in this stage, *living between the formal and the informal and "becoming" this blend in order to survive* and *social and material relational embeddedness embodying the institutional connection between the formal and the informal* reflected institutional dynamics that were interrelated and mutually-reinforcing, enabling the slum to be transformed into a market. The institutional dynamics of the slum enhanced the integration of the social and material relations in forms of being (Creed et al., 2010; Hwang & Colyvas, 2014; Padgett & Powell, 2012). These allowed the entrepreneurs to live in boundaries that were junctures (Quick & Feldman, 2014) in which new relational patterns constantly emerged (Zundel et al., 2012) between the formal and informal. By trying to live "in between," the entrepreneurs connected the pieces that helped them to survive. They became "wanderers," emerging between the informal and the formal (Zundel et al., 2012) and experiencing life through relations (Padgett & Powell, 2012) that affect their ways of being and change across space and time (Hirschman & Reed, 2014). The two settings—formal and informal—were interrelated, and emerged at the same level of existence (Kennedy & Fiss, 2013). Informality was more than just a reaction to the exclusion of bureaucratic and ambiguous formal institutions (Kim & Li, 2014; Webb et al., 2009) and an efficient economic

decision of cost and risk reduction (Farazi, 2014; Siqueira et al., 2016; Webb et al., 2013). It was, above all, an ontological relational mechanism of ambiguity that allowed them to survive and thrive (de Soto, 1989; Hwang & Colyvas, 2014; Padgett & Powell, 2012).

Informalizing work in the four-stage process outlined above, thus, facilitates the emergence of inclusive markets as participatory arenas for the poor and informal residents of urban slums (Mair et al., 2012; Mendoza & Thelen, 2008), despite the physical and material boundaries that separate them from the formal markets of the city. In this case study, inclusive markets emerged through informalizing work that acted mainly at the ontological level, reflecting how entrepreneurs engage in the process of embodying the ambiguity between the formal and the informal. Valuing the poor and informal context of the slum was accomplished by linking activities with formal markets and transforming the poor and informal context into a market through entrepreneurs who "became" this institutional connection. In the first stages, however, the connection between the slum and the city was not as relationally strong and, rather, reflected normative and cognitive institutional dynamics. In Phases 1 and 2 of the case study, the ongoing work carried out by La Carpio residents gave value to their poor and informal context, which fueled the creation of normative community and work ties with the city, which, in turn, injected economic resources. These first two stages of institutional work and boundary work were focused on establishing community ties for survival and the subsequent demand by community leaders and La Carpio residents for access to basic services such as water, electricity, and roads. However, although these are considered institutions, they are not necessarily institutions that determine the emergence of informal markets in these contexts. Rather, they are considered proto-institutions (Lawrence et al., 2002) acting as a precondition for the subsequent creation of informal markets (Leblebici et al., 1991). Once these institutions were in place, the entrepreneurs began to perceive and exploit market opportunities within the slum. Only after comparing their slum settings with formal markets in Phases 3 and 4 of the case study did the slum residents—particularly entrepreneurs—recognize the opportunity that the slum provided if

they linked the informal with the formal to create markets. Market institutions were then built over previously-created community institutions (Leblebici et al., 1991), enabling diverse and complex institutional settings (Mair et al., 2012). Furthermore, in the aggregate, the experiences of these entrepreneurs formed an assemblage that had a life of its own (Felin et al., 2015; Hirschman & Reed, 2014) becoming the ontological mechanism that connected the formal and informal markets. In this sense, the institutions created during Phases 1 and 2 acted as the precondition for the development of the institutional work and boundary work carried out by entrepreneurs for market building in the final two phases. Due to their extreme poverty, the entrepreneurs earned the legitimacy to endeavor these economic activities (Rutherford & Buller, 2007; Siqueira et al., 2016) and the government even silently allowed them to flourish in a veritable grey zone between formality and informality.

6.6. Conclusion

This chapter focused on the findings of Case Study II, starting by analyzing the data for its subsequent theorization. The case centers on cooperations between entrepreneurs from the La Carpio slum and local companies and small-medium enterprises that import used "American clothing," and how these are linked to the emergence of informal market institutional dynamics in slums. It was shown that, in Phase 1 (*community building*), the positive value of moving to La Carpio was established as owning a plot of land and the community-based relations that allowed the slum's new residents to survive. During Phase 2 (*financial inrushing from the city*), the residents of La Carpio commuted daily to find and exploit employment opportunities in the city, defining the positive value of being located near the city and using the economic resources earned in jobs to build and ameliorate their houses, access food and other basic needs, and even start their own endeavors. In Phase 3 (*informalizing products*), newly-emerging entrepreneurs began to recognize and leverage the opportunity to purchase used clothing during their daily commute to the city, establishing transacting

relations with formal market actors such as importers and selling the clothing to neighbors and friends within the slum. In Phase 4 (*competing*), the entrepreneurs strengthened their networks outside the slum and differentiated themselves from their competitors by providing a better service, price, quality, and diversity of products.

The lenses of institutional work and boundary work were used to theorize the data. A model that illustrates the informalizing work done by the La Carpio community (Phases 1 and 2), and specifically by American clothing entrepreneurs (Phases 3 and 4), which enabled them to achieve mutual gains with importers, was illustrated. The entrepreneurs were key actors, who, through their relations and interactions, enhanced the emergence of the used American clothing market in the slum. Furthermore, their experience in both the city and the slum showed that they "became" the institutional connection that bound the two settings together; thus, the entrepreneurs embodied the ambiguity forged when the two settings united in complex relational patterns. These entrepreneurs experienced this ambiguity as an opportunity for survival.

Three aspects need to be highlighted regarding this complex emergence and functioning of inclusive markets, which will be analyzed in the comparative analysis (Chapter 7) and the theoretical contributions (Chapter 8), below. First, the process of informalization was key to transforming the slum into a market and providing opportunities for entrepreneurs in the slum. Second, the process of entrepreneurs experiencing their own situation of poverty and exclusion was a positive feature, aimed mainly at the ontological level of institutions, that allowed them to overcome material and physical boundaries between them and formal markets. Third, inclusive markets not only mean benefits for entrepreneurs inside the slum, but also—by way of their "becoming" the institutional connection between formal and informal markets—also generate benefits for various actors across boundaries, such as formal counterparts and consumers in informal settings.

Chapter 7. Comparative Theoretical Case Study Analysis

Entendemos el pasado,
experimentamos el presente,
y esperanzamos el futuro.[39]

As stated in the methodology chapter (Chapter 4), Cases I and II are theoretically comparable. The common unit of analysis is how cooperations between formal market actors and entrepreneurs in informal markets are linked to the emergence of informal market activity. Furthermore, both cases exemplify how these complex connections enhance the emergence and functioning of the inclusive character of markets. Case Study I focuses on cooperations between formal markets and entrepreneurs in informal markets (specifically, indigenous producers), in which the latter act as suppliers, and how these cooperations are linked with the informal market dynamics of indigenous communities. Case Study II focuses on cooperations between formal markets and entrepreneurs in informal markets (specifically, retailers in urban slums), in which the latter act as distributors, and how these cooperations are linked with the informal market dynamics in urban slums. While the parties involved and institutional settings of informality are different in each case, the units of analysis are comparable. A theoretically comparative analysis can, thus, provide an opportunity to unveil the similarities and differences between the two.

This chapter divides the comparative analysis into two theoretical categories: the institutional dynamics that allow informal markets to emerge

[39] We understand the past,
experience the present,
and hope the future into being.

This is an excerpt from the upcoming novel *Raíz* ("Roots"), written by the author of this thesis. The novel will be officially published in 2021 or 2022.

and function, and the work endeavored to connect formal and informal markets. The first category of comparison shows that the emergence and functioning of informal markets are grounded in ontological institutions that perform at a more abstract level and frame normative and cognitive institutions. Case Study I illustrates the ontological level in the form of culture, which is a way of "becoming" that frames market activity and serves as a foundation for the creation of market value. Case Study II illustrates the ontological level in the form of poor entrepreneurs "becoming" the institutional connection that blends formal and informal institutions through daily experiences of both the formal and the informal via material and social relations that capitalize on the best of both sides.

The second category of comparison is the practices and relations that actors endeavor within, between, and across the boundaries of formal and informal markets to develop cooperations. Boundary work as a form of institutional work emerges as a complex process composed of valuing the context of poverty and informality, which is disvalued by the status quo perspectives held by formal markets. The actors that lead boundary work are sensitive to the poor and informal environments they work in and the relations they generate, and are changed by these at both the cognitive and normative levels. In some cases, this even includes the ontological level, as they embody and "become" the contexts in which they reside and work. However, as informality can mean different phenomena depending on the setting, endeavoring cooperations between formal and informal markets implies different contextualized forms of boundary work. In indigenous settings, a *top-down respecting work* is grounded in the efforts of formal market actors to include isolated informal actors. This effort implies a visceral process of personally experiencing informal institutions in such contexts to generate moments of connectedness that allow the members of multinationals to find market value even in deep ontological institutional differences and emerge as actors that are affected by this process. Respecting work is a fragmented cognitive and normative process that ameliorates the institutional connection between the two settings to develop market interactions with mutual gains. In

contrast, in urban settings, *bottom-up informalizing work* emerges as a continuous ontological process carried out by entrepreneurs, which frames cognitive and normative institutions based on the entrepreneurs' economic need to survive by "becoming" the institutions that connect the two settings via market interactions with mutual gains.

These two categories of comparison are thoroughly theorized in Sections 7.1 and 7.2 below.

7.1. Extreme cultural differences that enhance market activity in indigenous contexts vs. Blended ambiguous formal and informal institutions that enhance market activity in urban slums

A comparative analysis of the institutions that enable informal markets to emerge and function (Fligstein & Dauter, 2007; Geertz, 1978) allows us to reflect on four different phenomena when comparing the institutional dynamics of informal markets in rural indigenous communities versus urban slums: 1) informality, 2) the market value of poverty and informality, 3) the inclusive character of markets, and 4) the role of formal institutions (Table 4). Each of these show the complexity of institutional dynamics that enable market activity to emerge and function, transforming poor and informal settings into informal markets (Godfrey, 2011).

Table 4. Institutional dynamics that explain the emergence and functioning of market activity in indigenous communities and urban slums

	Informal markets in rural indigenous settings	**Informal markets in urban slums**
Informality	Informality emerges at different institutional levels; at its most abstract level, it can be understood as an ontological phenomenon illustrated by culture enabling market potential	Informality emerges at different institutional levels; at its most abstract level, it can be understood as an ontological phenomenon that enables informal markets based on the blending of formal and informal institutions
Market value of poverty and informality	Market value is born in isolation and is at the core of extreme ontological differences	Market value is born in connection with formality and exists in the ambiguity between the formal and the informal
Inclusive character of markets	Not necessarily inclusive	Inclusive
Role of formal institutions	Nearly inexistent (formal institutional voids)	Weak and ambiguous

First, a comparative analysis on institutional dynamics enables a more profound understanding of informal markets, differentiating this from

informality, as one does not necessarily imply the emergence of the other. Informality is an institutional phenomenon grounded in experience and relations (Hwang & Colyvas, 2014; Padgett & Powell, 2012; Zundel et al., 2012) outside of formal arrangements, that, paradoxically, connect formal markets and poor and informal settings and transform them into informal markets. Informality emerges and functions at different levels of abstraction and generality (Felin et al., 2015; Stinchcombe, 1991), facilitating the creation of value in relational forms and promoting the institutionalization of informal markets by connecting them with formal markets. Both case studies illustrate the emergence of a new institutional level, which this thesis calls the *ontological level* (Hwang & Colyvas, 2014), showing that informal markets are grounded in institutions that act on a more abstract plane. The ontological level emerges through social and material relations across time and space that penetrate the being of the actors involved (Hwang & Colyvas, 2014; Padgett & Powell, 2012) and, thus, allow them to emerge in the same process as their contexts (Kennedy & Fiss, 2013; Willmott, 2011; Zundel et al., 2012). In other words, actors "become" the processes they are socially and materially involved with in order to develop agency. Cognitive and normative institutional pillars (Scott, 2013) are, in this sense, insufficient for grasping the complexity of how informal market activity emerges and functions in poverty settings. The institutions that allow informal markets to emerge and function are largely embedded in the very experiences of their residents, engrained in the material and social relations (Hwang & Colyvas, 2014; Padgett & Powell, 2012; Zundel et al., 2012) that penetrate their being in contexts of poverty and informality (Padgett & Powell, 2012) and, ultimately, connect formal markets and poor and informal settings. These individual experiences imply a collective ontology that frames, at a more abstract level, the emerging of normative and cognitive institutions that are more "visible," as they manifest as a more material aspect of informal institutions. At these three institutional levels (ontological-cognitive-normative), informal institutions act as context-specific rules (Batjargal et al., 2013) based on the actions and relations that actors are able to develop in order to endeavor their market activities in contexts of poverty (Hwang & Colyvas,

2014; Padgett & Powell, 2012; Zundel et al., 2012). Informal institutions are, therefore, described as part of the recursive relationship between *actions-relations-institutions* that affects individuals and organizations at various levels of intensity in order for them to emerge as actors with the capacity of agency in a process of *institutionalizing* poverty settings. More importantly, these institutional dynamics span poverty contexts and enable them to connect with formal markets and transform poverty settings into markets. The gerundial use of *institutionalizing* denotes the processual character of this institutional dynamic (Langley, 2007).

Each case shows, however, a distinct facet of how these institutional dynamics emerge and function. Case Study I illustrates the ontological level of informal institutions in the form of culture (Banerjee & Linstead, 2004; Hwang & Colyvas, 2014) that emerges as a way of "becoming," framing market activity and serving as a foundation for creating market value (Scott, 2013). The case shows that informality in the form of indigenous culture does not necessarily promote market relations, but that market relations are seen as one option of many. The market is not the sole force within indigenous contexts and, therefore, these institutional settings cannot necessarily be considered markets in the modern sense of the word (Karnani, 2007). Thus, in indigenous contexts, informality (experienced by the Bribri) and formality (experienced by the multinational FT) are considered two clearly-defined poles of a single continuum (Godfrey, 2011). Informality, thus, implies a different culture, but not necessarily an informal market. Furthermore, *in indigenous contexts, informality emerges at different institutional levels and at its most abstract level can be understood as an ontological phenomenon, illustrated in the form of culture and relations that allow it to arise and that enable the potential emergence of markets*. With respect to culture, the institutional distance between indigenous communities and formal markets is often immense and, therefore, the indigenous experience of the market is different compared with the modern world. In rural indigenous settings, informality is a phenomenon that operates on the ontological level of what a market is

and how it is forged across cultural relational mechanisms and market experiences and understandings that are vastly different from those of western culture (Banerjee & Linstead, 2004). What the Bribri viewed as market opportunities emerged and were framed by their culture, characterized by close relations between individuals, groups, and nature. The individual and its environment are not conceived as distinct entities for the Bribri. In other words, the individuality of the individual as an institution is loosened within his or her context (Berger & Luckmann, 1967; Willmott, 2011). The Bribri culture is based on relations between humans and their environment, which emerge at the same level of existence (Kennedy & Fiss, 2013; Willmott, 2011). This is reflected in their market activities. For example, the Bribri culture was the foundation for constructing collective identities around shared concepts of agriculture (Lawrence & Suddaby, 2006) that allowed them to develop certain market activities (Webb et al., 2009), such as high-quality organic banana production. In such contexts, the institutional distance from formal markets often remains the same over time, as rural indigenous contexts in developing countries have been historically excluded from globalization and economic development processes (Banerjee, 2000; Calvano, 2008; Whiteman, 2009). This isolation is also often a freely-elected choice that enables the indigenous communities to preserve their identity (Bruijn & Whiteman, 2010), forged in the social and material relations (Adams & Markus, 2004; Banerjee & Linstead, 2004; Barkema et al., 2015; Felin et al., 2015; Hwang & Colyvas, 2014; Kozlowski & Klein, 2013; Padgett & Powell, 2012) that its members developed in nearly complete isolation from globalization and modernization processes within the physical boundaries of the reservation. Thus, a continuous connecting and blending process with formality is a nearly impossible endeavor.

Case Study II, in contrast, illustrates different institutional dynamics, as the ontological institutional level is expressed in the experience of entrepreneurs "becoming" a blend of the formal and the informal by experiencing the two contexts continually through their daily material and social relations (de Soto,

1989; Felin et al., 2015; Hwang & Colyvas, 2014; Kozlowski & Klein, 2013; Padgett & Powell, 2012; Zundel et al., 2012) as a reaction to the exclusion of not being economically capable of residing and endeavoring their activities in the formal institutional setting of the city (Gioa & Chittipeddi, 1991). In the case study, the contexts of formality (experienced by the local companies and small-medium enterprises that import used "American clothing") and informality (experienced by the entrepreneurs who distribute the clothing) were two poles of a blurred continuum (Godfrey, 2011). Informality, thus, implied an institutional ambiguity, as the slum setting emerged with weak formal institutions (de Soto, 1989) and informal institutions in the form of community ties (Boisot & Child, 1996; Portes & Schauffler, 1993), over which the entrepreneurs worked and thrived (Leblebici et al., 1991). To ensure that their endeavors are successful, their individuality is loosened (Berger & Luckmann, 1967; Willmott, 2011); rather, their experiences and the context in which these experiences take place emerge at the same level of existence (Kennedy & Fiss, 2013; Willmott, 2011). This is reflected in their market activities. The entrepreneurs embodied and "became" the ambiguity between the formal and informal (Creed et al., 2010) through their daily experiences and relations (Hwang & Colyvas, 2014; Padgett & Powell, 2012; Zundel et al., 2012) and by valuing it to thrive and survive, showing that *informality emerges at different institutional levels, and at its most abstract level can be understood as an ontological phenomenon that enables informal markets to emerge based on the blending of formal and informal institutions*. Urban slums are, at least in part, included in the processes of modernization of developing countries (Touraine, 1988) and, more importantly, they want to be included, and effort to achieve this by "becoming" the ambiguity between the formal and the informal, thus promoting the emergence of informal markets. As slum territories are typically adjacent to cities, their residents see and experience the differences between the context in which they live in and the richer more formal ones adjacent to them (Macedo, 2012). The emergence of informal institutions are, thus, enhanced by relations that continually connect and blend the formal with the informal to ameliorate the latter's difficult situation (Darbi et al., 2016).

Second, a comparative analysis allows us to understand the importance of the institutional distance that either binds or separates formal markets and poor and informal settings and enables market value and, potentially, the emergence of an informal market. For both Case Studies I and II, it was the institutional incongruence (Webb et al., 2013; Webb et al., 2009; Webb et al., 2010) between formal markets and poor and informal settings that enhanced the emergence of informal markets. However, the market value that emerged as a result of this institutional incongruence was the result of distinct institutional dynamics depending on the setting and the actors involved. In Case Study I, the Bribri culture, which, paradoxically, was not intensely market driven, generated a product (organic banana) that was highly valued by formal markets and was, therefore, key to the emergence of the informal banana market. The market value of banana was *born in the isolation* of the reservation, due to the Bribri's unique organic production techniques, which were based on strong cultural ties with nature (Whiteman, 2009), showing that the indigenous can connect to globalization processes—not only despite their identity and locality, but because of it (Mösching, 2019). It was, indeed, the isolation of the Bribri from the modern world in geographical, physical, and material terms (Bruijn & Whiteman, 2010; Johansson & Lundgren, 2015; Shantz et al., 2018), illustrated, for example, by the river that materially separated the reservation from the modern world, that enabled them to develop informal institutions characterized by an immense institutional distance from western societies. Thus, their cultural relations generated a product that was scarce outside the reservation and that linked the Bribri to multinationals via market cooperations that enabled the emergence of the organic banana market (Hwang & Colyvas, 2014; Padgett & Powell, 2012; Zundel et al., 2012). Case Study I, thus, shows that the Bribri and the multinational were separated by ontological boundaries, reflected by the insurmountably different cultures in which the two were embedded (Banerjee & Linstead, 2004). Therefore, the positive valuing of poverty and informality emerged as an institution *at the core of these ontological differences.* Members of the multinational were not used to experiencing poor and

informal contexts, particularly those of indigenous cultures. Therefore, the two sides were extremely unfamiliar with one another. In order to develop themselves as actors with capacity of agency, the members of the multinational needed to change the cognitive framework through which they understood indigenous communities and their role in the value chain, opening themselves up to experiencing the Bribri context first-hand. They realized that their previous approach of attempting to change the Bribri's organic production practices was ineffective (Weick, 2004), as the Bribri culture is based on relations between humans and their environment that emerge at the same level of existence (Kennedy & Fiss, 2013; Willmott, 2011) and in the nearly complete isolation that had enabled them to generate cooperations in the first place. Thus, for the organic banana market to function in the Talamanca region, the two sides had to rely on one another to allow this market to emerge (Beneria, 1989; Benton, 1989; Chakrabarti, 2016).

In contrast, in Case Study II, the factor through which the entrepreneurs in an urban slum enabled the emergence of a market was their capacity to reduce the institutional distance between their context and the adjacent formal markets and take advantage of institutional ambiguity. These entrepreneurs engaged in the process of blending the formal and the informal through their day-to-day activities, once they realized that their current market settings would not easily become formalized and that formal institutions only benefited certain privileged groups (Easterly, 2009; Easterly, 2010), even inside the slum. These entrepreneurs enhanced the emergence of community ties (Boisot & Child, 1996; Portes & Schauffler, 1993) and built upon them (Leblebici et al., 1991) to promote the emergence of market value by *connecting formality and informality* in order to survive, and even "became" this institutional connection. Thus, Case Study II shows that the positive valuing of informality and poverty can *emerge in the ambiguity between the formal and the informal*, that was previously negatively framed by the sole existence of ambiguous formal institutions. In other words, when the residents of La Carpio emerged as entrepreneurs, they were able to transform the negative formal ambiguity that excluded them into a positive informal ambiguity, as it gave them the necessary flexibility for their experiences.

These shared meanings enabled the entrepreneurs to perceive the opportunity to market merchandise within the boundaries of the slum by endeavoring entrepreneurial activities that spanned boundaries with formal markets (Reinecke et al., 2018). Furthermore, these entrepreneurs "became" this institutional connection by relating between the formal and the informal (Hwang & Colyvas, 2014; Padgett & Powell, 2012; Zundel et al., 2012), being penetrated by the environments in which they resided and worked, and ultimately enabling markets to emerge at the same level (Kennedy & Fiss, 2013; Willmott, 2011; Zundel et al., 2012). The entrepreneurs were able to experience the slum as connected to the city and, therefore, did not perceive a clear delineation between the two. Rather, the two settings comprised for these entrepreneurs an aggregate of all of life's experiences and, therefore, both life and their entrepreneurial endeavors existed in an emerging context between the two settings (Bhabha, 1994; Felin et al., 2015; Kozlowski & Klein, 2013).

Third, even though institutional distance is not a barrier for the emergence of markets, it can hinder their *inclusive character*. In Case Study I, ontological boundaries, reflected in the form of culture, demonstrate how the emergence of markets does not necessarily always benefit the indigenous, as they can still experience exploitative relations (Cardoso, 1976). Because the Bribri producers were positioned at the weakest point of the division of labor (i.e., as suppliers) (Strauss, 1978), the power dynamics that negatively affected them reproduced (Apesoa-Varano & Varano, 2014) when they were part of global value chains (Reinecke et al., 2018). For example, the Bribri claimed that the price paid for their banana product was too low, that the multinational was abusing its position, and that marketing banana was only one option of many—and not even always the best opportunity available to them. Thus, Case Study I shows that, when informality and poverty imply ontological institutional boundaries with formal markets, informal markets do not necessarily always include the poor. As the second category of this comparative analysis will show, only boundary work as a form of institutional work, led in this case by the members of the multinational, enabled the emergence of mutual gains in the informal banana market and transformed

the informal market into an inclusive informal market, overcoming their institutional differences in terms of material and physical differences and accepting the ontological boundaries that separated them.

Case Study II shows that less abstract levels of institutional distances seem to be surmountable in enabling the inclusive character of markets in more "spontaneous" ways. The material and physical boundaries (Johansson & Lundgren, 2015) that typically separate informal and poor settings from formal markets due to the former's lack of economic resources can be overcome by connecting the two settings through inclusive markets. Furthermore, the case shows that cognitive and normative institutions are not enough to explain this connection, as it is also largely explained by the experience and relations of actors involved. The ontological institutional level emerges as a more abstract and general institutional level that explains how the institutional dynamics in slums frame cognitive and normative institutions (Felin et al., 2015). Furthermore, it shows how market institutions at different levels (ontological, cognitive, and normative) are built upon ambiguous formal institutions, generating diverse and complex institutional settings (Mair et al., 2012). The case shows that, through their day-to-day activities and relations, the entrepreneurs in La Carpio were able to obtain clothing products in formal markets, which they could then sell inside the slum. Even if they were still in a disadvantaged position due to asymmetries of power, the entrepreneurs were at least able to access the benefits of trading (Kellogg et al., 2006) and engage in market opportunities that were more attractive than others they had tried, such as food-related endeavors. When they worked as employees in the formal market, they had been in a lower position with respect to division of labor (Strauss, 1978) in comparison with their new positions as entrepreneurs (Child & Rodrigues, 2011; Smith & Lewis, 2011), illustrated by interview comments highlighting the pecuniary and non-pecuniary benefits of activity related to the used American clothing market. In this way, they counteracted, at least partly, the power dynamics that had excluded them (Helfen, 2015). Thus, Case Study II shows that inclusive markets emerge by blending formality and informality, enabling the

emergence of informal markets that benefit the poor and help them to survive and thrive. As will be shown in the next section of the comparative analysis, institutional work and boundary work, enhanced by entrepreneurs in slums, enabled these settings to be transformed into inclusive informal markets, through their experiences, which, in aggregate, emerged as an assemblage (Felin et al., 2015; Hirschman & Reed, 2014), "becoming" the institutional connection between formality and informality and promoting the emergence of markets.

Fourth, the role of formal institutions in the emergence and development of informal markets varies, depending on the setting and the emergence of actors involved. As Case Study I shows, in indigenous contexts, formal institutions are almost inexistent (Greif, 2006; Khanna & Palepu, 1997), and the emergence of informal markets resides almost entirely in informal institutions and their dynamics. Culture is the foundation that allows indigenous communities to survive despite their lack of economic resources. These communities distrust formal institutions and the actors embedded in them (Webb et al., 2013; Webb et al., 2009), as they have never experienced benefits from relations with these actors. Formal institutions do not necessarily promote the emergence of markets in these settings, as they often collide with the cultural foundations that enhance and frame market activity within indigenous communities (Banerjee & Linstead, 2004). Therefore, such attempts often end in conflict (Lewicki et al., 2003). As shown by the case, for example, formal market actors such as multinationals and governmental interventions in the region are often claimed by indigenous communities to be decontextualized and lacking sufficient cultural embeddedness. Formal markets and indigenous communities are often separated by physical, material, and even ontological boundaries (Banerjee & Linstead, 2004; Hwang & Colyvas, 2014), which enables the emergence of opposing institutions that impact the full gains of trading when relating to one another (Kellogg et al., 2006).

In contrast, in urban slums, formal institutions are ambiguous (de Soto, 1989) and informal institutions for market building are superposed over them

(Leblebici et al., 1991) in order to create value. Case Study II illustrates how, when the slum was initially settled, its founders viewed it as a void—as "nothing"—which implied that neither human activity nor infrastructure existed at the site (Morrill, 2017), thus, implying voids (Greif, 2006; Khanna & Palepu, 1997) in terms of both formal and informal institutions. Through community ties (Boisot & Child, 1996; Portes & Schauffler, 1993), the slum residents eventually developed the capacity of organization and negotiated with the government for the minimum level of formal institutions needed to survive, such as access to water, electricity, and a road connecting the slum to the city. However, these formal institutions did not function properly and, rather, were mainly designed to benefit the privileged groups that emerged in the slum and resolve problems faced by the city, such as garbage disposal (Easterly, 2009; Easterly, 2010). This is illustrated by the evident corruption of CODECA, EBI, and government authorities. The entrepreneurs emerged within this ambiguity at different institutional levels (Felin et al., 2015; Stinchcombe, 1991), constructed by weak and exclusionary formal institutions and strong community ties and, paradoxically, were able to value it and, thus, enable the emergence of markets. Entrepreneurs in slums, in this sense, drive institutional complexity and cohesion to the slum (Gaughan & Ferman, 1987; Villar, 1994), notwithstanding the formal institutional and resource constraints in their contexts (Rindova et al., 2009). For example, the entrepreneurs in La Carpio recognized that their lack of property rights held the advantage of not having to pay taxes or other costs of living, as well the benefits of endeavoring entrepreneurial activities (Farazi, 2014; Siqueira et al., 2016; Webb et al., 2013) more freely (Easterly, 2009; Easterly, 2010; Sen, 1999, 2000). These entrepreneurs realized that the value was in blending formality and informality and even "becoming" this ambiguous blending (de Soto, 1989; Felin et al., 2015; Hwang & Colyvas, 2014; Kozlowski & Klein, 2013; Padgett & Powell, 2012; Zundel et al., 2012) rather than remaining entirely excluded (Darbi et al., 2016).

The four issues analyzed above (comprising the phenomena of informality, the market value of poverty and informality, the inclusive

character of markets, and the role of formal institutions) illustrate the institutional dynamics that enable informal markets to emerge and function. Taken together, they support the argument that informality implies a variety of phenomena depending on the setting and the actors involved. In rural indigenous contexts, institutional informality is mainly an ontological phenomenon that enables the emergence of informal markets based on actions and relations that explore and exploit the value of extreme ontological differences when relating with formal markets. In urban slums, informality is mainly a reaction to exclusion from formal markets and is an ontological phenomenon that enables the emergence of informal markets based on the blending of formal and informal institutions.

7.2. Top-down respecting work vs. Bottom-up informalizing work

The second category of the comparative analysis focuses on the work carried out via the interactions and relations between actors that enables the emergence of inclusive markets, and how this work is linked with cooperations between formal and informal markets. As the two case studies show, boundary work, as a form of institutional work (Zietsma & Lawrence, 2010), is endeavored to promote inclusive cooperations between actors in both formal and informal settings. Furthermore, *boundary work is a necessary process for transforming informal markets into inclusive informal markets*. Boundary work emerges as a complex process of valuing the context of poverty and informality, which is disvalued by the status quo perspectives held by formal markets. Relations within and across the boundaries of poverty and informality are key to valuing these contexts (Hwang & Colyvas, 2014; Padgett & Powell, 2012; Zundel et al., 2012) and are central to any form of agency developed by actors (Emirbayer & Mische, 1998).

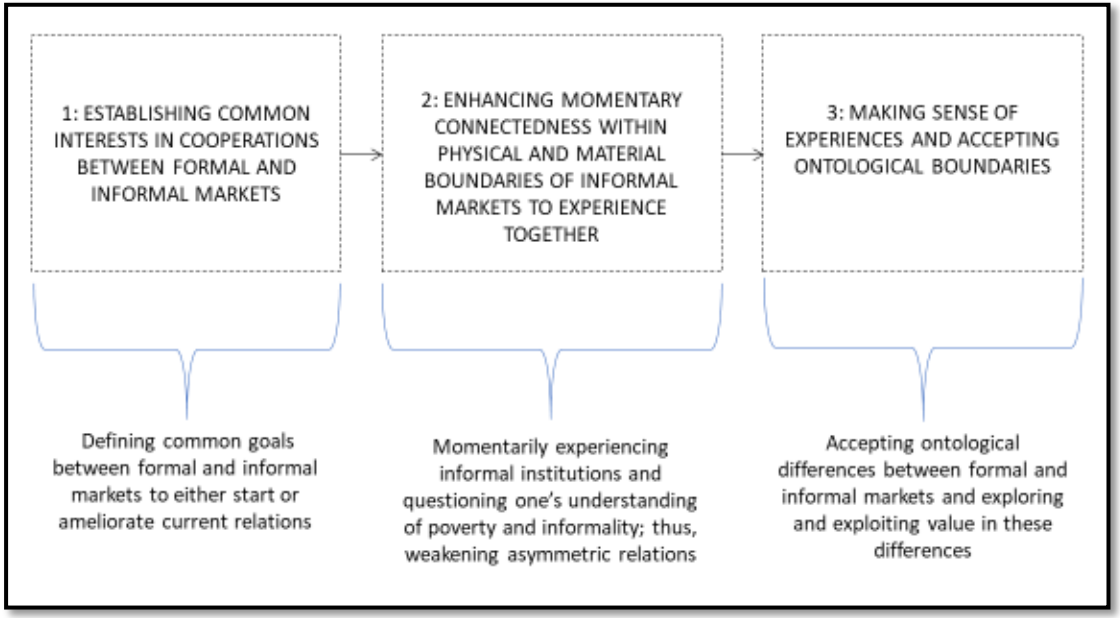


Figure 7. Top-bottom respecting boundary work

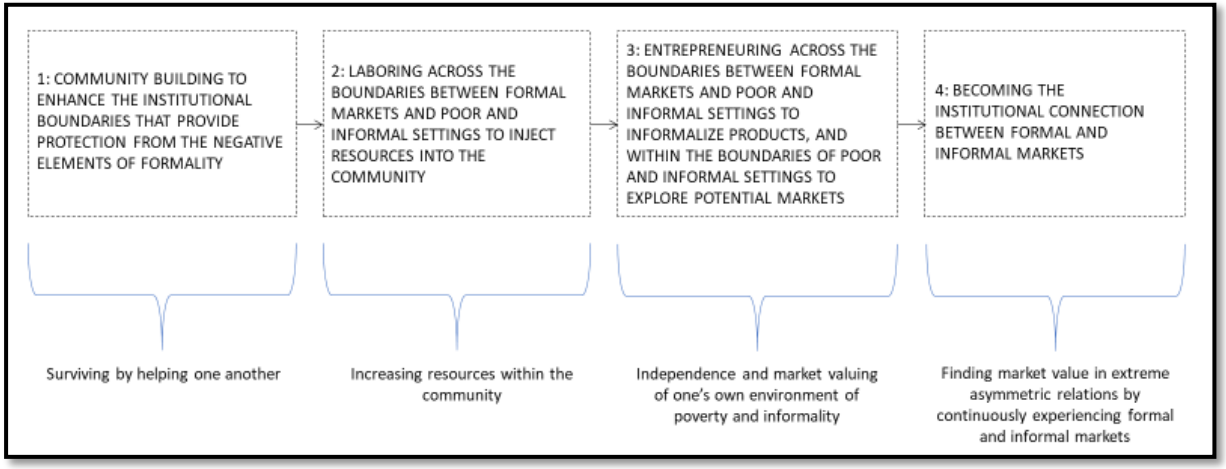


Figure 8. Bottom-up informalizing work.

However, the two cases also show that boundary work can have distinct characteristics in different contexts of informality and when different actors are involved. This thesis analyzes settings in which, on the one hand, powerful formal market actors such as multinationals (Wu & Jia, 2018) engage in the process of cooperating with indigenous communities in their supply chains, and, on the other hand, marginalized actors from informal settings such as slums (Martí & Fernández, 2013), engage in the process of cooperating with local companies and small-medium enterprises in distribution chains. In Figures 7 and 8, above, the phases of boundary work respective to each case are illustrated for comparison. Table 5, below, shows the differences between respecting work and informalizing work, leading to a reflection on six key considerations when comparing boundary work in the two case studies: 1) actors that enhance the process, 2) the main focus of work, 3) relations and interactions, 4) institutional levels of change, 5) agency, and 6) links between formal and informal markets.

Taken together, these considerations show the complexity of how boundary work enables the emergence of inclusive markets forged in cooperations between formal and informal markets.

Table 5. Differences between respecting work and informalizing work

	Top-bottom respecting work settings	**Bottom-up informalizing work**
Actors that enhance the process	Formal market actors	Entrepreneurs in informal markets
Main focus of the work	Respecting the other and their context	Blending institutions of formality and informality in order to value ambiguity
Relations and interactions	Experiencing institutions existent within the boundaries of poverty and informality	Valuing one's own experience of poverty and exclusion
Institutional levels of emergence	Cognitive and normative	Ontological
Agency	Alternately projective (future) oriented, practical-evaluative (present) oriented, and past oriented	Practical-evaluative (present) oriented
Links between formal and informal markets	Fragmented	Continuous

First, in order to develop agency and enhance the process of boundary work in each case study, actors emerged at different levels of abstraction (Hwang & Colyvas, 2014; Stinchcombe, 1991). Case Study I shows that *formal market actors* such as multinationals can work with indigenous communities to counteract the conflicts that emerge as a result of extremely different institutions when cooperating in supply chains. However, these actors (multinationals and indigenous communities) do not usually emerge at the same level of existence (Kennedy & Fiss, 2013; Willmott, 2011; Zundel et al., 2012) and, rather, connections must be made at less abstract institutional levels to enhance the emergence of inclusive markets. In the case study, the institutional boundaries between the multinational and the indigenous producers manifested as barriers (Langley et al., 2019) expressed in physical (e.g., the river that separated the indigenous from the modern world) (Phillips & Lawrence, 2012), material (e.g., the Bribri's comparatively limited economic resources) (Olabisi et al., 2015), and ontological (e.g., the different ways that the Bribri experience the world) institutions (Banerjee & Linstead, 2004; Hwang & Colyvas, 2014). The physical and material boundaries were able to be counteracted through boundary work, but the ontological boundaries were insurmountable. These barriers, and especially those at the ontological level, translated into an unequal distribution of resources and imbalanced access to opportunities (Lamont & Molnár, 2002). Institutional incongruences (Webb et al., 2013; Webb et al., 2009; Webb et al., 2010) are detrimental to inclusive market relations (Mair et al., 2012; Mendoza & Thelen, 2008; Reinecke et al., 2018), particularly with respect to the gains experienced by rural indigenous communities (Lewicki et al., 2003), as they are typically the weakest party in the supply chain (Strauss, 1978), and the asymmetric and exploitative relationships that affect them endure (Apesoa-Varano & Varano, 2014). The members of multinationals who work in shared value projects and/or in cooperations and collaborations with other organizations that are embedded in poor and informal contexts are most capable of developing their skills (Fligstein, 2001) and enhancing effortful work (Phillips & Lawrence, 2012)

in order to have positive institutional outcomes (Lawrence et al., 2009) in indigenous contexts. To develop this agency, the members of the multinational emerge as actors that can develop connections with the indigenous at different levels. (DiMaggio & Powell, 1983; Hardy & Maguire, 2008). While physically working in the field with indigenous communities, the members of multinationals can emerge as "mimes" (Bhabha, 1994; Frenkel, 2008; Lawrence & Suddaby, 2006). Later, they can make sense of this field work in their own contexts as "open-minded individuals and groups" that accept different ways of being. Likewise, by working with the members of multinational in the field, the indigenous can come to understand that their entrepreneurial endeavors can find value from these relations (for example, in the form of increased productivity) and, therefore, emerge as actors whose entrepreneurial identities can connect with the multinational members' point of view. Whatever the case, multinational members and indigenous communities emerge as actors that can develop momentary connections with each other. Particularly in the case of multinational members, those who experienced work in the field can appeal to other members who may be less embedded in the counterpart's context, arguing that the status quo, in fact, helps neither the indigenous nor the multinational to achieve its goals, especially if they fail to consider the value that could emerge from more direct and quality relations (Collins-Dogrul, 2012) and, therefore, can explain that is not really an advantage worth protecting (Kreiner et al., 2009).

In contrast, Case Study II shows that marginalized actors such as *entrepreneurs in informal markets* can enhance processes of boundary work (Martí & Fernández, 2013), enabling mutually-beneficial cooperations with their more formal counterparts. In this case study, the entrepreneurs built upon ambiguous, previously-constructed formal institutions and "became" the institutional connection forged in this ambiguity between the formal and the informal in order to value it. Institutional incongruences (Webb et al., 2013; Webb et al., 2009; Webb et al., 2010) are, therefore, positive to inclusive market relations (Reinecke et al., 2018) when formal and informal

actors and their contexts can be connected through their ontologies so that both emerge at more similar levels of existence (Kennedy & Fiss, 2013; Willmott, 2011; Zundel et al., 2012). As Case Study II shows, formal market actors such as local companies and small-medium enterprises, and informal market actors such as entrepreneurs residing in slums are not that different, as neither group of actors could be considered fully formal or informal. In this case study, although the local companies and small-medium enterprises were part of the formal market, they also mainly pertained to poor or middle-class environments and were accustomed to working with informal counterparts. Therefore, differences between them and the entrepreneurs and their shops in La Carpio was existent but, nonetheless, not significant enough for institutions to be a problem for emerging relations. The "becoming" of both actors was marked by reducing institutional distance and emerging at the same level of existence (Kennedy & Fiss, 2013; Willmott, 2011; Zundel et al., 2012) within the arising continuum of institutional ambiguity in a developing country (de Soto, 1989; Godfrey, 2011). Accepting the limited possibilities given by their low skill level, which determined their weak position in the distribution chain with respect to importers (Strauss, 1978) and the asymmetric relationships between them (Apesoa-Varano & Varano, 2014), the residents of La Carpio—particularly the entrepreneurs—tried to find opportunities within globalization processes in order to survive and thrive in their difficult context. Case Study II particularly shows that economic power and wealth condition the practices of boundary work, but that poor and informal actors can promote processes of inclusion (Martí & Fernández, 2013) by developing the skills (Fligstein, 2001) and relational assets (Hwang & Colyvas, 2014; Padgett & Powell, 2012; Zundel et al., 2012) that allow them to thrive despite difficult contexts. Therefore, power cannot be considered a deterministic variable for the promotion of boundary work. Particularly when actors are able to emerge as entrepreneurs in informal markets, they can enhance effortful work (Phillips & Lawrence, 2012) in order to create institutional outcomes at different levels (Lawrence et al., 2009) in urban contexts.

Second, the focus of boundary work was different in each case. In Case Study I, multinationals needed to focus on *respecting the other and their context*. In this case, context meant a completely different culture and experience of life and, therefore, a different ontology of actors that emerged with it (Banerjee & Linstead, 2004; Felin et al., 2015; Kennedy & Fiss, 2013; Willmott, 2011; Zundel et al., 2012). Respecting work is endeavored by multinationals to ameliorate the inclusive quality of informal markets and their relation with formal markets (Collins-Dogrul, 2012), generating gains for both the multinational and the indigenous, thus enhancing processes of bi-directional cooperation. Mutual benefits are mainly promoted in terms of opportunities, abilities, and, especially, dignity, grounded in the acceptance and positive valuing of different lifestyles and ways of being (Sen, 2000; WorldBank, 2013). Multinationals and indigenous communities learn from each other and mutually realize their potentials by working together. More importantly, the multinational can come to respect the indigenous by getting to know them and sharing mutual experiences, enabling cooperations based on the acceptance of the other as profoundly institutionally different (Banerjee & Linstead, 2004; Sen, 2000; WorldBank, 2013). This is especially true for multinationals that are able to question their previous negative understanding of indigenous lifestyles, and even reflect on their own formal institutions and norms. In this sense, cooperations can emerge within the functioning of a supply chain (Guide, 2018) and the added value of poverty and informality related to the uniqueness of the product, which has value explicitly because of the extreme isolation and cultural context of its producers.

In contrast, Case Study II focuses on *blending formal and informal institutions in order to value the ambiguity* of the entrepreneurs' institutional setting. Here, context means an ambiguous world between formality and informality and, therefore, an ontology of actors that emerges with it (de Soto, 1989; Felin et al., 2015; Kennedy & Fiss, 2013; Willmott, 2011; Zundel et al., 2012). For such entrepreneurs, the challenge is obtaining a dignified economic income via their capacity to explore and exploit opportunities for

survival (Sen, 2000; WorldBank, 2013) in a world in motion between the formal and the informal (Kennedy & Fiss, 2013). In the case study, this opportunity came in the form of purchasing products in formal markets and selling them in poor and informal settings, ultimately transforming these settings into markets. Entrepreneurial practices emerged in the course of daily activities that reframed boundaries, allowing for continuous cooperation (Allen, 1997; Bechky, 2006) between formal and informal markets and enhancing the creation of inter-institutional networks. For this to happen, however, the residents of La Carpio first needed to negotiate with formal actors, especially governments, for minimum access to formal institutions, specifically in the form of basic infrastructure such as water, electricity, and roads, establishing the ambiguity between the formal and the informal (de Soto, 1989) within the boundaries of the slum and the residents' connection with formal markets. Furthermore, the case shows that people residing in a slum continually challenge the boundaries between the slum and the city (Gieryn, 1983, 1999) by trying to establish work relations within formal markets. At this point, the residents of La Carpio mainly saw formal ambiguity as negative because it benefited certain privileged groups within the slum (de Soto, 1989). Those who become entrepreneurs continue to promote the blending of these boundaries through their endeavors, giving them a central role as challengers of the boundaries between poverty settings and formal markets (Langley et al., 2019) and those who worked to transform this negative experience of ambiguity into a positive one. This was illustrated in the case study by the entrepreneurial process endeavored by certain residents of the slum, who recognized and leveraged the opportunity to purchase used clothing during their daily commute to the city, establishing commercializing relations with formal market actors such as importers and selling the clothing to neighbors and friends within the slum (without having registered the business and without paying taxes). The entrepreneurs' cooperations with formal counterparts emerged within a distribution chain (Guide, 2018) establishing that the added value of poverty and informality was linked to a potentially untargeted segment of consumers. Increasingly

these entrepreneurs "became" this institutional connection, linking the formal and the informal in positive terms and emerging within an ambiguity that enhanced their survival.

Third, as shown in both cases, although multinationals and entrepreneurs in informal markets both promote boundary work, it is the social and material relations that they experience that enable institutional change (Hwang & Colyvas, 2014; Padgett & Powell, 2012; Zundel et al., 2012), particularly those that span poor and informal settings and formal markets and, thus, enhance the transformation of these settings into markets. Boundary work emerges via interactions with other actors (Lawrence et al., 2013) within social and material environments (Hwang & Colyvas, 2014; Padgett & Powell, 2012; Zundel et al., 2012) forging institutionalizing processes (Lawrence et al., 2013). In Case Study I, it is the process of *experiencing within the boundaries of poverty and informality* that forged the boundary work between the multinational and the indigenous producers. In this dynamic, multinational actors temporarily break free from their institutions (Furnari, 2014) and experience an attitude of openness to discover and experience how things work in rural indigenous contexts, enhancing the emergence of shared-value practices and actions (Guide, 2018) and resource and knowledge sharing (Alghababsheh et al., 2018), and unleashing two-way relational processes. During these instances, multinational actors do not just focus on transferring knowledge (Alghababsheh et al., 2018) but, rather, on sharing experiences and presence with the indigenous within the physical and material boundaries of the indigenous context (Emirbayer & Mische, 1998) in order to counteract institutional boundaries and enable inclusive relations based on respect (Sen, 2000; WorldBank, 2013). However, a specific place is needed for these relations to emerge—for example, a supplier development program (Alghababsheh et al., 2018; Guide, 2018; London et al., 2010; Spencer, 2008)—because these types of relations do not necessarily appear in the quotidian of cooperations. Multinational members must, thus, de-contextualize from the institutions of formal markets (Furnari, 2014) and

even mimic the work of the indigenous (Lawrence & Suddaby, 2006) to emerge as actors that experience connectedness in specific moments within the indigenous actors' boundaries. The two sides respectfully accept and value one another's differences, even if they do not fully understand them, and overcome the prejudice-based resistance to cooperate on the part of both indigenous and multinationals actors (Huising, 2014). In this way, relations emerge more as a sensorial experience than one with pre-determined outcomes (Emirbayer & Mische, 1998). Relations between the multinational and the indigenous can act as carriers of institutional change and respect (Scott, 2013; Sen, 1999, 2000; WorldBank, 2013) influencing their emergence as actors open to cooperate (Hwang & Colyvas, 2014). Markets, therefore, act as mechanisms for the development of excluded groups such as those living in poverty and outside the formal economy (WorldBank, 2013) only when these relational patterns across institutional boundaries are leveraged (Zundel et al., 2012).

Case Study II shows a different expression of the same phenomenon. In this case, it is the social and material relations within the boundaries of poverty and informality, as well as across and between the boundaries of the informal and formal (Hwang & Colyvas, 2014; Padgett & Powell, 2012; Zundel et al., 2012), that allows entrepreneurs to engage in the process of *valuing their own experience of marginalization and poverty*. The residents of La Carpio engaged in a community building process to enhance the institutional boundaries that protected them from formal markets, highlighting the positive valuing of the slum setting and the community ties that facilitated survival. As the case shows, the poor residents who initially settled La Carpio were excluded from formal markets due to their origins, lack of skills, and lack of economic resources (Sen, 2000), and found protection from this exclusion within the boundaries of poverty and informality inside the slum. Community ties (Boisot & Child, 1996; Portes & Schauffler, 1993) acted as normative networks (Lawrence & Suddaby, 2006) that reinforced the new cognitive understanding that the slum protected them from the formal market institutions from which they had been excluded

(Burri, 2008; Greenwood et al., 2002; Scott, 1994, 2001; Zietsma & Lawrence, 2010). Then, by working across the boundaries between formal markets and poor and informal settings, they commuted to the city daily to find and exploit job opportunities, positively valuing the slum's proximity to the city and using the resources earned within the city to build and ameliorate their houses, access food and other basic needs, and even start their own endeavors. The power dynamics that excluded them endured (Apesoa-Varano & Varano, 2014); however, as they had a place to reside outside formal physical and material boundaries, these ties were perceived as normative networks (Lawrence & Suddaby, 2006) that supported their survival. The residents that became entrepreneurs, in particular, showed that, although the slum maintained clear barriers with the city, especially compared to the richest parts of the latter in terms of concrete physical and material dissimilarities such as economic resources and infrastructure (Johansson & Lundgren, 2015), poverty and informality was reframed as a positive aspect for entrepreneurial endeavors by the entrepreneurs that "became" the institutional connection that emerged in the world between formality and informality that connected the two settings. By generating networks within the slum to distribute their products, the entrepreneurs were able to turn neighbors, friends, and family members into customers (Khavul et al., 2009), which enhanced the understanding of these endeavors as opportunities (Gras & Nason, 2015). Across formal markets with importers, the entrepreneurs were able to take advantage of this institutional incongruence (Webb et al., 2013; Webb et al., 2009; Webb et al., 2010), transforming boundaries into junctures for market exchange (Quick & Feldman, 2014). Furthermore, because the entrepreneurs acted as the institutional connection between formality and informality, these relations penetrated their beings, thus emerging and framing their emerging worlds (Felin et al., 2015; Kozlowski & Klein, 2013; Padgett & Powell, 2012). Both emerged (the ambiguous context and the actors themselves), joining through the process via flexible institutional arrangements at different levels (Kennedy & Fiss, 2013; Willmott, 2011; Zundel et al., 2012).

Fourth, boundary work as a form of institutional work (Zietsma & Lawrence, 2010) emerges as a relational process at different institutional levels of change. What both cases suggested is that the more abstract actors emerge, the greater degree of agency their relations give them. A paradoxical process unfolds, as individuals, groups and organizations develop into more powerful agents in poverty contexts when their identity as an individual entity is loosened (Berger & Luckmann, 1967; Willmott, 2011) and rather their experiences and its environment emerged at the same level of existence (Kennedy & Fiss, 2013; Willmott, 2011). In other words, they emerge themselves more as relational processes than as individual actors. In Case Study I, boundary work mainly emerged as a *cognitive and normative* process (Scott, 2013). Multinational members and indigenous producers are actors that do not emerge at the same level of existence (Kennedy & Fiss, 2013; Willmott, 2011; Zundel et al., 2012); rather, connections must be made at less abstract institutional levels to promote inclusive relations. Particularly important was that the multinational actors questioned the formal and normative institutions reflected in their western culture in order to accept ontological boundaries with their indigenous counterparts (Banerjee & Linstead, 2004; Hwang & Colyvas, 2014). Ontological institutional boundaries were insurmountable and work was carried out to cognitively accept this situation after having made sense of the experiences of working with the Bribri in the field (Weick, 2004) and having found market value in these differences. Once embedded in the Bribri institutions, the multinational actors understood that it is the Bribri's very isolation (Bruijn & Whiteman, 2010) that enables them to participate in globalization processes (Reinecke et al., 2018), and that cultural boundaries are insurmountable because they act at the ontological level (Banerjee & Linstead, 2004; Hwang & Colyvas, 2014). Through boundary work, these boundaries can be accepted as a positive feature of market cooperations. In the case study, the positive sensemaking of multinational actors was shaped by the social context (Cornelissen & Clarke, 2010; Jelinek & Litterer, 1995) they shared with indigenous communities within indigenous physical and

material boundaries that featured resource scarcity and weak and even non-existent formal institutions (Hall et al., 2012). The multinational actors acknowledged cultural differences and reflected on the value of these differences for market cooperations, ultimately questioning their own understanding of poverty and value in indigenous contexts. They realized that the indigenous culture shapes the Bribri's capacity for innovation, flexibility, and adaptation (Rindova et al., 2009), illustrated in the case by the production of a highly valuable organic banana product. Making sense of these differences reinforced the notion of both the members and the non-members of the multinational's formal institutional setting (Burri, 2008; Greenwood et al., 2002; Scott, 1994, 2001; Zietsma & Lawrence, 2010), cognitively demarcating the differences between it and the indigenous informal context (Gieryn, 1983), but doing it with respect (Sen, 2000; WorldBank, 2013).

In contrast, in Case Study II, the entrepreneurs worked at the *ontological* level (Hwang & Colyvas, 2014), building over previous cognitive, normative, and formal institutions (Leblebici et al., 1991) and defining the complexity of the construction and interaction between multiple institutional pillars during institutionalizing processes (Perkmann & Spicer, 2008). The case shows how entrepreneurs can "become" the process of institutionalizing by connecting formal and informal markets, as they live between both worlds (ontological institutions). This level frames the emergence of a positive understanding of the poverty and informality of the slum and the normative networks that exist within its boundaries and across the boundaries between it and formal markets. Thus, in contrast to Case Study I, the boundaries between formality and informality are not insurmountable in ontological terms. Rather, they are not clearly defined when informalizing work is endeavored and, therefore, actors from both sides emerge at the same or related levels of existence (Kennedy & Fiss, 2013; Willmott, 2011; Zundel et al., 2012) within the arising continuum of institutional ambiguity in developing countries (de Soto, 1989; Godfrey, 2011). As actors in both the city and the slum could easily relate with one

another, they could not be considered fully formal or informal. Although local companies and small-medium enterprises were part of the formal market, they also mainly pertained to poor or middle-class environments and, therefore, their difference from the entrepreneurs and their shops in La Carpio was existent but, nonetheless, not significant enough for institutions to be a problem for emerging relations. The residents of La Carpio, particularly those who became entrepreneurs, worked strategically through their day-to-day activities (Raviola & Norbäck, 2013) and occupational tasks (Kaghan & Lounsburu, 2011) to alternately define boundaries with formal markets as barriers (Langley et al., 2019) that exclude them and as junctures that facilitate market exchange (Quick & Feldman, 2014). In other words, their work blurred the institutional boundaries (Langley et al., 2019; Langley & Tsoukas, 2016) that separated formal markets and the slum in order to blend them in more useful ways (Darbi et al., 2016). The entrepreneurs engaged in the process of valuing La Carpio as the ideal place to commercialize used American clothing. They established more developed links with importers in the city and defined competing relations between stores within the boundaries of the slum. The entrepreneurs then intensified price competition between the importers and diversified their offer based on the quality of service, variety of products, and the quality-price ratio of the products, thus marketizing relations with their customers (Tönnies, 1957) over those previously based on community ties (Boisot & Child, 1996; Portes & Schauffler, 1993) and ambiguous formal institutions. Thus, by becoming boundary spanners between formal and informal markets (Langley et al., 2019), the entrepreneurs in Case Study II experienced the social and material relations across boundaries (Hwang & Colyvas, 2014; Padgett & Powell, 2012; Zundel et al., 2012), and even transformed themselves into the institutional connection between the two market settings by constantly exploring and exploiting the opportunities that emerged between them. Therefore, it can be argued that boundary work mainly emerges as an ontological process that frames cognitive and normative institutions (Stinchcombe, 1991), illustrated by entrepreneurs who are able to experience, relate, understand,

and act within the ambiguous world between the formal and the informal, gleaning the best of both sides (Godfrey, 2011). Such entrepreneurs, thus, "become" the process of institutional work, connecting formal and informal markets, as they live between both worlds (ontological institutions). These institutions, at the most abstract level, both frame and arise over the emergence of a positive understanding of poverty and informality (cognitive institutions), networks within slum boundaries and across the boundaries between slums and formal markets (normative institutions), and weak and ambiguous formal institutions (Felin et al., 2015; Kozlowski & Klein, 2013; Leblebici et al., 1991).

Fifth, the relational perspective of agency across space and time emerges through different relational forms of agency (Emirbayer & Mische, 1998). In Case Study I, the members of the multinational used *alternately different forms of agency* in order to emerge as agents in poverty contexts. In Phase 1 of the project, when setting common interests between parties, the multinational emerged as a powerful actor (Wu & Jia, 2018) that was accustomed to projecting for the future (Emirbayer & Mische, 1998). The case shows, however, that, if multinationals want to endeavor new market cooperations with indigenous communities or ameliorate current ones (Collins-Dogrul, 2012), they must define common interests that establish the basis for bi-directional cooperative relations (Khavul & Bruton, 2013; Lertzman & Vredenburg, 2005; London & Hart, 2004). This was clearly illustrated in Phase 1 of the case study, in which the agreed-upon common interest was to increase the productivity of organic banana production. This demonstrates that specific projects, such as supplier development programs (Alghababsheh et al., 2018; Guide, 2018; London et al., 2010; Spencer, 2008), can be particularly useful for enhancing and framing boundary work in a way that allows multinational and indigenous actors to learn to trust one another (Godfrey, 2011). Thus, in this first stage, multinationals project a future that aims to endeavor common interests (Emirbayer & Mische, 1998) in order to ameliorate and develop functioning relations (Reinecke et al., 2018). Multinationals act more as

institutional entrepreneurs that can control the situations they aim to change (Battilana & D'Aunno, 2009; Perkmann & Spicer, 2008). In the Crisis phase of Case Study I, the members of the multinational engaged in the process of enhancing momentary connectedness within indigenous physical and material boundaries in order to share mutual experiences in the field and, thus, supported the emergence of an inclusive character of market cooperations by ameliorating the quality of the connection (Collins-Dogrul, 2012) between the formal and informal market. In this way, the reflexivity of the multinational members emerged in more present-oriented forms in this phase, focusing more on experience than on understanding (Emirbayer & Mische, 1998), making sense of the problems they wanted to solve in order to increase productivity (Strang & Sine, 2002). In Phase 2, the multinational members made sense of these learnings and experiences and accepted the ontological boundaries that had initially hindered the outcomes of joint work between the two cultures. The multinational members, having had experienced the informal context, returned to their own context of formality and, over time, made sense of their understanding of the poverty and informality of indigenous contexts and the value generated in these shared experiences. Therefore, in this phase, they focused on reflecting on the past and making sense of their previous experiences (Emirbayer & Mische, 1998).

Case Study II, however, shows that alternating forms of agency is neither possible nor useful for entrepreneurs in urban slums. On the contrary, in this case, the residents of La Carpio were focused solely in *present-oriented forms of agency* in order to emerge as agents, especially those capable of becoming entrepreneurs. As they were focused on surviving, projecting for the future was not within their reach. Mainly unconsciously, they emerged in tandem with the initiatives they explored (Giddens, 1979; Kennedy & Fiss, 2013; Willmott, 2011), embodying the value of experience in terms of survival (Creed et al., 2010). In other words, they focused more on experience than understanding (Emirbayer & Mische, 1998), making sense of the problems that emerged in their context (Strang & Sine, 2002). Living in extreme poverty, the residents of La Carpio engaged in work in an

experimental manner, endeavoring for survival (Martí & Fernández, 2013) through present-oriented agency (Emirbayer & Mische, 1998) within the boundaries of the slum and across the boundaries between the slum and the formal markets of the city throughout various phases. The initiatives of the entrepreneurs, which were mainly forced into existence by the necessity of survival (Dencker et al., 2019), opened the door to new opportunities in the impoverished context of the slum (Calton et al., 2013; Khalid & Seuring, 2017; London & Hart, 2004). These initiatives were enabled by mainly experimental market practices that established market cooperations (Perkmann & Spicer, 2008) across the institutional boundaries that separated the poverty settings from the adjacent formal markets. Moreover, it was their experience of poverty and marginalization (Creed et al., 2010; Friedland & Alford, 1991) and the relational patterns they experienced in processes of constant "wandering" for survival (Zundel et al., 2012) that allowed them to develop the capacity and reflexivity to make these connections. In order to develop different forms of relational agency, the inhabitants of La Carpio emerged as "slum residents" to protect themselves from the formal institutions that excluded them, ultimately unfolding as actors defined as a "low-skilled work force for formal markets." Some even emerged as entrepreneurs, whose agency, depending on the situation, was better defined as "sellers," "friends of consumers," "successful business people," and even "wanderers between the formal and the informal."

Sixth, the process of valuing poverty and informality was not necessarily coherent and linear. Case Study I shows that inclusive markets emerge in *fragmented processes of connectedness* to ameliorate the quality of the relation with informal markets (Collins-Dogrul, 2012). In this case, the multinational actors understood that ameliorating the process of connecting formal markets and informal institutions would transform boundaries in interfaces that could facilitate exchange for mutual gains (Quick and Feldman, 2014). This was a fragmented process, rather than a continual one (Frenkel, 2008), due to the extreme institutional differences that maintain distinct institutional identities that endure (Reinecke et al., 2018) despite the

interactions shared throughout the project. Therefore, it can be argued that boundary work mainly emerges as a fragmented cognitive and normative process of questioning previous understanding regarding the "other." The members of the multinational FT, in particular, eventually questioned their own formal institutions and norms, and were ultimately able to view the indigenous as a valuable other; thus, accepting ontological boundaries and, more importantly, that this difference was, in fact, the gem of these cooperations.

Case Study II shows that, as entrepreneurs in slums are physically and materially exposed to both formality and informality through their day-to-day activities, they continually search and exploit opportunities, depending on the social and material relations they experience. Therefore, inclusive markets emerge in the capacity of entrepreneurs to *embody the ambiguous blending* of the formal and informal (Creed et al., 2010) through the day-to-day activities (Raviola & Norbäck, 2013) and occupational tasks (Kaghan & Lounsburu, 2011) they endeavor to survive. These entrepreneurs, thus, "become" an institutional connection that is continually searching for opportunities and experiencing boundaries as relations (Hwang & Colyvas, 2014; Padgett & Powell, 2012; Zundel et al., 2012).

These six issues (*actors that enhance the process*, *the main focus of work*, *relations and interactions*, *institutional levels of emergence*, *agency*, and *links between formal and informal markets*) illustrate the diversity and complexity of boundary work processes that transform poor and informal settings into inclusive markets, and how this is linked to cooperations within and across boundaries between formal markets and informal markets. Taken together, these points support the argument that inclusive markets are forged in cooperations between formal and informal markets, though with distinct characteristics depending on the settings and the actors involved and their processes of emergence within their given contexts. Case Study I shows that respecting work emerges as a process enhanced by the actions and relations of multinational actors engaging in a fragmented cognitive process of questioning their own formal institutions and norms and accepting extreme

cultural differences and contexts (such as that of indigenous communities) by experiencing these institutions first-hand. Case Study II shows that informalizing work emerges as an ontological process that frames less-abstract levels of informal institutions, enhanced by the act of entrepreneurs in informal markets valuing their own experience of poverty and informality.

7.3. Conclusion

This chapter presented a comparative analysis between Case Studies I and II, following two theoretical categories. The first category argues that informal markets in indigenous contexts and urban slums emerge and function due to distinct institutional dynamics. Informal markets in indigenous contexts are strongly forged in the cultural relations endeavored in nearly complete isolation over many years, which in Case Study I enabled the creation of a product that was highly valuable to formal markets and, thus, unleashed processes of cooperation and the eventual emergence of an informal market. However, informal markets in indigenous contexts are not necessarily inclusive, as they do not always develop clear gains for the indigenous. In contrast, Case Study II shows that informal markets in urban slums emerge as a reaction to exclusion from formal markets and function by blending formal and informal institutions. In this case, entrepreneurs in urban slums endeavored to connect formality and informality and essentially "became" the institutional connection between these settings, as this ambiguous experience allowed them to freely explore and exploit opportunities for survival promoting the emergence of inclusive markets.

The second category of analysis argues that, while power structures condition boundary work, they do not necessarily determine its emergence, as powerful actors such as multinationals and marginalized actors such as entrepreneurs in informal markets are equally capable of enhancing processes of boundary work in poverty contexts. Respecting work and informalizing work are the types of boundary work led by these actors in their respective cooperations. Respecting work, on the one hand, focuses on experiencing and

being present—for example, as exemplified in Case Study I by the multinational working within the physical and material boundaries of the Bribri community—in order to unleash a cognitive shift in how poverty and informality is understood by the multinational. This is mainly a cognitive and normative process that challenges schemas of understanding and norms of cooperations. The multinational had to engage in moments of connectedness to ameliorate relations with the indigenous community through a fragmented process, as institutional boundaries, especially at the ontological level, reinforced the division. Informalizing work, on the other hand—for example, as exemplified in Case Study II by entrepreneurs in informal markets who value their own experience of poverty and informality as an opportunity to transform poor and informal settings into informal markets—is mainly an ontological process, as the entrepreneurs themselves "become" the connection between the formal and the informal in order to transform poverty settings into informal markets.

This comparative analysis leads to a discussion of the theoretical contributions of this thesis, presented in Chapter 8, which aims to answer the main guiding question: *How can markets emerge as inclusive arenas for the poor?* The findings of Case Studies I and II show that developing inclusive markets is a complex institutional process of valuing contexts of poverty and informality at various institutional levels to transform these contexts into markets. Furthermore, the emergence of inclusive markets originates within, between, and across the boundaries between the formal and the informal, forged in the interactions and relations that enhance the emergence of markets that are beneficiary for the poor.

This process can be understood as two-fold. On one hand, the analysis of institutional dynamics in poor and informal settings shows that informality is a distinct phenomenon from informal markets. This answers the first sub-question of this thesis: *How does the inclusive character of informality emerge in informal institutions?* Informality is an institutional phenomenon grounded in relations that exist outside of formal arrangements that, as analyzed in the above chapter, paradoxically connect formal markets and poor and informal

settings and, thus, transform them into informal markets. However, the phenomenon of informality does not always result in informal markets. The conditions necessary for this transformation to emerge are linked to the ontological level of informal institutions, where contexts penetrate the experience of actors and vice versa, a process that frames the normative and cognitive institutions that guide behavior. Case Study I shows that informality in the form of culture does not necessarily promote market relations within the rural indigenous setting. Therefore, in rural indigenous contexts, informality implies, simply, a different culture, and not necessarily an informal market. Case Study II shows different institutional dynamics, as the ontological level is illustrated by the ambiguous blending of formal and informal institutions, embodied by the entrepreneurs, who experience the formal and the informal through their day-to-day material and social relations.

However, both cases show that informality, analyzed at the ontological level, can be both barrier and a nexus for the emergence of inclusive markets forged in cooperations with formal markets. Culture can be understood as an ontological boundary that emerges when cooperating with formal market actors and, therefore, markets can lead to conflictive relations and negative outcomes for them, especially in terms of identity. In urban slums, informality can be seen as an institutional ambiguity, as the setting of the slum was marked by weak formal institutions and informal institutions in the form of community ties. Only when the entrepreneurs built upon this ambiguity to value it in positive terms, and emerged and "became" along with it, were they able to enhance the transformation of poor and informal settings into informal markets that, in turn, afforded them the opportunity to survive and thrive. In this sense, Case Study II shows a different phenomenon than Case Study I, as the ontological level of institutions emerged in the experience of entrepreneurs becoming the nexus between formal markets and poor and informal settings in order to transform them into inclusive markets for the purpose of survival.

In sum, a discussion of the institutional dynamics of informality at various levels and how these promote the emergence of informal markets is

at the core of the theoretical contributions of this thesis, as will be shown in the next chapter. A key component of this analysis is how the inclusive institutional character of these markets emerged via actions and relations with formal markets. Of particular interest is the fact that inclusive markets emerged when both sides (the formal and the informal) perceive gains in their relations, opening the door to a new type of reflection on how to promote markets that are inclusive for the poor and the informal.

Chapter 8 – Theoretical contributions

¿De qué le sirve la religión a Dios?
¿De qué le sirve el matrimonio al amor?
Los dos no son más que falta de fe.[40]

This chapter describes the theoretical contributions of this thesis, which aim to enrich discussions on inclusive markets, informal markets, cooperations between formal and informal markets, institutional work, and boundary work. Section 8.1 presents the contributions this thesis makes toward literature on informal markets and the institutional dynamics that enable them to emerge and function, and how these dynamics are strongly linked to cooperations with formal markets. Sub-section 8.1.1 explains that informal markets emerge in poor settings by connecting with formal markets. However, these markets are not necessarily inclusive, in that they do not always generate benefits for all actors involved and often favor the formal context. Sub-section 8.1.2 explains that the ontological level has been so far excluded from discussions on informal institutions, and is, in fact, the most abstract, general, unconscious, and enduring institutional level. Section 8.1.3 argues that the ontological level is key to understanding the complexity of generating inclusive markets, as ontological institutions can either separate (as in the case of indigenous communities) or connect (as in the case of urban slums) formal and informal markets in inclusive cooperations. Furthermore, inclusive cooperations imply bi-directional relational processes in which both actors, the formal and the informal, receive benefits in terms of the development of opportunities, abilities, and potentials. Therefore, it is

[40] What use is religion to God?
What use is marriage to love?
They're both just a lack of faith.

This poem was written in January 2020 by the author of this thesis. It is still not published by a publishing house.

necessary to conceptually differentiate between poor and informal settings, informal markets, and inclusive informal markets. The institutional dynamics that underpin these phenomena emerge and function differently; thus, this thesis suggests that considering the three levels of informal institutions (ontological, cognitive, and normative) collectively expands our understanding of the complex process dynamics of inclusive markets.

Section 8.2 centers on how this thesis' aim to study the emergence of inclusive markets for the poor enriches literature on institutional work and boundary work. Sub-section 8.2.1 proposes the actions-relations-institutions trident to contribute to the discussion on agency and structure, defining the direction from action to institutions as the partaking of relations, and understanding institutional work as emerging at three different levels (ontological, cognitive, and normative) depending on the relational intensity of the different actors and the contexts in which they are working. The level of ontological work is explicitly added in this thesis as compared with previous literature, showing how action and social and material relations become ways of being in the world. This level is, therefore, the strongest and deepest level at which institutional work emerges. Sub-section 8.2.2 discusses boundary work as a form of institutional work, showing how actors engage in inclusion processes by connecting extremely different institutional settings. Boundary work takes different forms, depending on the institutional level at which the work emerges. Respecting work emerges at the cognitive and normative institutional levels, despite extremely distinct ontological institutional identities. Informalizing work emerges at the ontological, cognitive, and normative institutional levels, illustrated in the form of entrepreneurs that work across boundaries and transform themselves into institutional connections, superposing over previous community-based institutions and formal exclusionary structures.

8.1. Contributions toward the concept of inclusive markets, informal markets, and cooperations between formal and informal markets

This section is divided in three sub-sections. Sub-section 8.1.1 explains that informal markets emerge and function by institutionally connecting to formal markets, thus transforming poor and informal settings. This definition of informal markets directly challenges the perspective of institutional voids and formalization, showing that this perspective in fact simplifies the complex processes of how poor and informal settings are transformed into informal markets. Sub-section 8.1.2 explains the ontological level of institutions that this thesis adds to the literature, arguing that this is the most abstract level of informal institutions and explaining its use toward gaining a more in-depth understanding of the emergence and functioning of informal markets. Section 8.1.3 explains the differences between poor and informal settings, informal markets, and inclusive informal markets, and describes how institutional dynamics at ontological, cognitive, and normative institutional levels are at the core of these differences.

8.1.1. Informal markets emerging by institutionally connecting to formal markets and transforming poor and informal settings

This thesis has shown that poverty, as any phenomenon that is bound to space and time, emerges as a process (Langley et al., 2019; Langley & Tsoukas, 2016) in which individuals and groups engage in relations that help them survive and thrive in challenging contexts. The lack of access to sufficient resources experienced by those residing in poverty, defined as "the poor" (WorldBank, 2013), emerges in the social and material relations they engage with. For this reason, it is of vital importance that current academic endeavors on organizational studies (Pearce, 2005) begin to reflect on these relations (Sen, 2000) and the reasons why they do not lift the poor out of poverty. Therefore, conceiving poverty as a relational processual

phenomenon and understanding it as exclusion (Sen, 2000) across space and time is an assertion that is in line with the results of this thesis.

However, the main question is, exclusion from whom, what, and where? This thesis has shown that poor and informal contexts are excluded from formal markets. The trickle-down effect from economic growth to inclusion of the poor has been illusory (Alzugaray et al., 2012), as formal market growth does not necessarily translate into the wellbeing of the poor. Different forms of barriers (WorldBank, 2013) between formal markets in which economic wealth is created and poor and informal contexts inhibit economic resources from flowing from one side to the other. The key to conceptualizing and theorizing poverty and exclusion is, therefore, to analyze these as relational processes between formal markets and poor and informal settings that do not generate sufficient dynamism and movement to provide actors from contexts with limited economic resources and that live and work outside the law with the opportunities needed to thrive.

This thesis argues that the achievement of inclusive markets (Mair et al., 2012; Mendoza & Thelen, 2008) is conditioned on the transformation of poor settings into informal markets by connecting them with formal markets. The independent economic activities of the poor and market cooperations with wealthier, more powerful, formal market actors such as multinationals, local companies, and small-medium enterprises (Karnani, 2007; London & Hart, 2004) fruitfully enhance the ability to overcome relational barriers between formal markets and poor and excluded contexts. The emergence of market initiatives of the poor that are bound to formal market activity create a more dynamic relation that contributes to an improved quality of life and enables them to identify better opportunities than simply serving as a cheap labor force for formal workplaces that keep them at low value chain positions due to their lack of (what formal labor markets consider) useful skills (Sen, 2000). Furthermore, these entrepreneurial initiatives can generate significant value to potential consumers with a low purchasing capacity that reside in developing areas of developing countries (Saatcioglu & Ozanne, 2013; Webb et al., 2013).

The two case studies presented in this thesis—that of an indigenous communities and an urban slum—illustrate the argument that poor and informal contexts can be transformed into markets, and, therefore, it is flawed to understand informal markets as constituted by institutional voids (Hart, 2010; Khanna & Palepu, 1997; North, 1990; Sutter et al., 2013). Even poor and informal contexts that are not markets can protect the individuals and groups within them from formal contexts that only benefit higher income groups (De Clercq et al., 2013; Easterly, 2009; Easterly, 2010; Ocampa, 2004). Case Study II was particularly illustrative in showing how institutional voids (for example, during the slum's emergence) are often better than exclusionary formal institutions (Easterly, 2010) in extreme poverty contexts by socially constructing voids as emerging spaces full of opportunities (Berger & Luckmann, 1967). Conceptualizing informal market initiatives based on what they are lacking (Arnold & Quelch, 1998; Farazi, 2014; Schuster & Holtbrügge, 2014; VanSandt & Sud, 2012; Wright et al., 2005) is, therefore, a colonial aspect of mainstream academia (Banerjee, 2000; Mösching, 2019; Sen, 2000) that generalizes the history and realities of developed contexts to other contexts, leading to an erroneous experience and understanding of informal markets as part of an evolutionary process towards ultimate formalization (Lewis, 1954/1958; Siqueira et al., 2016). These academic approaches do not accurately reflect the contexts and social and economic processes of poor areas of developing countries (Godfrey, 2011), which are often quite dissimilar from developed countries. Assuming homogeny across these vastly different contexts represents, thus, deeply-set coloniality, non-scientific thought, and even a form of historicism (Popper, 1945).

The formalization of informal initiatives (Ray, 1998) is, therefore, a malfunctioning solution to resolving poverty and supporting entrepreneurial endeavors in developing countries. Inclusive development (Chibba, 2009) through formalization is typically unsuccessful, and should be exercised with caution in developing countries (Fall, 1989). As this thesis shows, formalization is a far-removed concept for supporting the processes of how

markets actually emerge and function in poor and informal contexts (Godfrey, 2011; Hart, 1973, 1990; Sen, 2000). Formalization solutions are based on prejudiced assumptions forged in the experiences of actors in developed countries (George, 2016), who argue that these relations will drive informal market actors to be more performative via economic goals and incentives (Assenova & Sorenson, 2017; Thai & Turkina, 2014). On the contrary, this thesis shows that informal markets are driven by economic goals related to survival and are already strongly performative in poverty contexts; which is the reason why they persist and endure. Thus, formalization-related proposals, such as access to financial (Sarma & Pais, 2011) and human capital, partners, and customers existent in formal markets (Assenova & Sorenson, 2017; Kistruck et al., 2015), or the provision of training to adapt to formal institutions (Kumar et al., 2013) are de-contextualized solutions that neither coincide nor adapt to the entrepreneurial processes occurrent in these contexts.

The main problem with formal institutions that operate in poor and informal contexts in developing countries is their socio-political (Dani & de Haan, 2008) and practical lack of legitimacy (Hall et al., 2012). First, entrepreneurs in developing countries do not trust formal government institutions (nor the institutions that emerge from them) (Assenova & Sorenson, 2017; Thai & Turkina, 2014; WorldBank, 2018) and do not identify with them (Webb et al., 2013; Webb et al., 2009). Formal institutions in developing contexts do not grant the poor and other excluded groups economic and social participation in fair terms (Easterly, 2010), as the state is usually institutionally corrupt (Nwabuzor, 2005; Rodríguez, 2019; WorldBank, 2019) and promotes market game rules (North, 1990) that only benefit certain territories or actors, such as large corporations (Fries, 2015), wealthy organizations, or powerful individuals (de Soto, 1989; Portes & Schauffler, 1993). This is clearly illustrated in Case Study I, where government institutions are nearly inexistent, and in Case Study II, where EBI's corrupt relations with government and community leaders were one of main contributors toward the ambiguity of formal institutions within the

slum. The state, therefore, does not have the socio-political legitimacy to be coercive with its citizens in these contexts (Mathias et al., 2015; McMillan, 2002; Zinnes, 2009) as it does not protect poor and excluded populations, nor does it enhance the development of their initiatives (Dau & Cuervo-Cazurra, 2014). Moreover, formal market institutions often deny opportunities to access dignified positions in labor markets due to the low skill level of the poor (Sen, 2000).

Second, formal institutions are not used by entrepreneurs (Farazi, 2014) in poor and informal contexts; thus, their instrumental character is lost (Scott, 2013). Formal institutions in these contexts are too rigid and their top-down character (Webb et al., 2009) is not useful for unleashing the flexibility and velocity of adaptation that poor and excluded entrepreneurs need to develop market activity and ameliorate their difficult situations (Hurst, 1956). Also, as laws are inexistent or ambiguous in developing countries, it is not clear how they promote market activity (Kim & Li, 2014; Webb et al., 2009). Formalizing their endeavors in these contexts means increasing costs exponentially (Farazi, 2014), causing the cost to surpass the benefits of such endeavors (Williams et al., 2017) and making them unsustainable. Thus, formalization puts insurmountable financial pressure on the individuals and groups that reside in informality (Barman et al., 2009) to adapt to the rules enforced by formal institutions. Developing informal market initiatives is, therefore, perceived to be more efficient (Siqueira et al., 2016; Webb et al., 2013). This is clearly illustrated in Case Study II, in which poor entrepreneurs do not view formalization as a rational option (Godfrey, 2011). Moreover, formal institutions are often completely de-contextualized (Touraine, 1988), such as with the indigenous communities in Case Study I, which demonstrates that the lack of legitimacy of formal institutions is not solely based on economic variables (Banerjee & Linstead, 2004). A wider relational problem is at the core of the issue; that is, the exclusionary character of formal institutions in developing countries (Jäger et al., 2020; You, 2016) and how they coercively hinder certain individuals and groups' ways of being and relating to flourish.

This thesis argues that informal markets are not just non-formal markets (Goertz, 2006) *that need to be formalized*, *but markets that emerge and function by connecting to formal markets, institutionally transforming poor and informal settings.* This process counteracts the fact that formal institutions do not favor the poor (de Soto, 2003), allowing them more freedom to prosper in their current contexts (Easterly, 2009; Sen, 1999). The poor do not just passively adapt to formal markets, but often engage in entrepreneurial processes that help them explore beneficial market cooperations that connect formal markets to their poor and informal settings. These are legitimate markets (Webb et al., 2009), as they are not imposed by coercion through violence, crime, or any other anti-social intent (de Soto, 1989; Godfrey, 2011; Webb et al., 2013); rather, they are focused on the exploration of market value (Rindova et al., 2009) that enables them to survive and in some cases even thrive in poverty (Prahalad, 2004), understanding the latter as contexts with little or no economic resources (WorldBank, 2013). These entrepreneurs represent a substantial economic force in developing countries (Azmat & Samaratunge, 2009; Chen, 2006; Dencker et al., 2019; Godfrey, 2011, 2015; Hart, 2006; Kramer, 2001; Medina & Schneider, 2018; Schneider, 2002, 2012; Webb et al., 2010), manifesting as increased rates of entrepreneurial growth in these contexts (Dau & Cuervo-Cazurra, 2014). Both case studies suggest, however, that the capacity for job production in developing contexts (Kappel & Ishengoma, 2006; Thomas & Mueller, 2000) in terms of low-skilled positions (WorldBank, 2015) is not significant. Entrepreneurs in informal contexts generate processes of self-employment (Hart, 1973, 1990; Portes & Haller, 2005) in efforts to survive in extreme poverty situations (Dencker et al., 2019; GEM, 2018), as shown in Case Study II, or who follow traditional forms of production, organization, and commercialization that are strongly linked to their personal ties and lifestyles (Gaughan & Ferman, 1987; Geertz, 1963), as shown in Case Study I, illustrating that indigenous communities can also be conceived as entrepreneurs. Connections to formal markets seem key to the emergence of these

endeavors. In this sense, this thesis argues that informal markets can be imperative for the poor's struggle to overcome poverty, but not necessarily in the form of expanding employment opportunities. Instead of proposing the formalization of the endeavors of the poor and the informal or idealize informal endeavors as the solution for overcoming poverty, this thesis suggests that we transition the discussion to a more fruitful question of "when" to formalize (Thai & Turkina, 2014) and offers a critique of the exclusionary character of formal institutions and the need for them to adopt more contextual and adaptable rules in developing countries. Formal institutions do not necessarily favor the poor in these countries and, therefore, forcing them to formalize is not a rational argument. For this to happen, formal institutions must develop a much more inclusive character toward the poor and excluded.

The definition of informal markets explained above directly criticizes the institutional voids and formalization perspective, which simplifies the complex and heterogeneous process (Godfrey, 2011) of how poor and informal settings are transformed into informal markets. Institutional voids and formalization do not address the emergence of market practices and their institutionalization in contexts with limited economic resources and that operate outside the law, nor do they show why entrepreneurs in informal markets would endure a top-down policy pressure to switch to the formal sector (Godfrey, 2011). Thus, this thesis argues that in developing countries formalization actually hinders the emergence of new economic activity in contexts of poverty (Godfrey, 2011; Hart, 1973, 1990; Sen, 2000) that could give the poor and the informal more power and independence than, for example, simply being attached to low-skilled positions in the formal labor market.

8.1.2. Understanding informal market activity through ontological, normative, and cognitive institutions

Consistent with the theoretical premise that markets are social spaces in which economic exchanges occur between buyers and sellers under a given set of institutions (Fligstein & Dauter, 2007; Geertz, 1978), this thesis has shown that informal institutions emerge as the underlying mechanisms that enable initiatives in poor and informal settings to come into existence, enhancing the creation of informal markets by connecting them to formal markets via cooperations. However, this is not necessarily always the case in poor and informal settings. Informal institutions are defined as relational mechanisms that can either enable or constrain the development of market activity in these contexts. Different from formal institutions (Tocqueville, 1835/2004, 1856/1998, 2001) that are framed by the coercive capacity of government authorities (Edelman & Stryker, 2005) and have a codified and explicit character (North, 1990; Scott, 2001), this thesis shows that informal institutions have an *emerging* nature that is forged in experiences of social relations with others and material relations with environments, which can either constrain or enable market activity. Furthermore, informal institutions are more abstract, less conscious, and mainly implicit. This means that, in contrast with formal institutions that are objectified as external coercive entities (Scott, 2013), informal institutions emerge as individual and collective experiences of individuals and groups relating with one another and with their environments; thus, they are not easily differentiated from the actors that inhabit them (Hallet, 2010; Hallet & Ventresca, 2006; Hwang & Colyvas, 2014; Thornton et al., 2012; Thornton & Ocasio, 1999, 2008; Willmott, 2011; Zundel et al., 2012). Thus, this thesis shows that informal institutions can shine light on the erroneous assumption of the importance of formal institutions in poor and informal contexts in developing countries or neoclassical views that center on the concept of asocial individuals (Scott, 2013), contributing to the embryonic stream of literature (Sartor & Beamish, 2014) on informal markets and the informal institutions that sustain them.

This thesis proposes that there are three levels of informal institutions that enable markets to emerge and function: the ontological, the cognitive and the normative (Fligstein, 2001; Hwang & Colyvas, 2014; Lawrence & Suddaby, 2006; Scott, 2001; Webb et al., 2009). These serve as categories for conceptual analysis that allow us to understand how relations between individuals, groups, and organizations emerge as institutional structures (DiMaggio & Powell, 1983; Greenwood & Hinings, 1996) at different levels (Stinchcombe, 1991). Rather than pillars that clearly frame different institutional forms (Scott, 2013) understanding institutions as static entities, these three levels facilitate the understanding of institutional processes (as will be analyzed in Section 8.2) differentiating from most studies endeavored on informal markets. These levels also comprise a scale ranging from more to less abstract and subconscious ways in which institutions are internalized and frame the actions of individuals and groups (Giddens, 1979; Scott, 2013).

The ontological level is the most general and abstract, and argues that the informal institutions that enhance the emergence of markets can define ways of being (Hwang & Colyvas, 2014). In other words, coexisting in the world with others implies the emergence of institutions. The ontological level intends to capture complex relational contextual processes that go beyond cognitive abilities and normative pressures and that are deeply embedded in the personal and collective experiences of individuals and groups. Ontological institutions act at the most abstract level to unconsciously affect action, where contexts and specific actors engage in the process of "becoming" both at the same level (Kennedy & Fiss, 2013; Willmott, 2011; Zundel et al., 2012). In this sense, this thesis intends to theoretically differentiate between the terms "emerging" and "becoming." "Emerging" best describes the nature of the three levels of informal institutions, while "becoming" refers specifically to when actors and contexts become processes at the same level of existence. At the ontological level, contexts are internalized by individuals and groups through social and material relations (Padgett & Powell, 2012) in order to transform in actors that emerge as agents of change (Willmott, 2011), promoting the emergence of informal

institutions. The latter defines an important aspect of who and what actors are, differentiating them from formal institutions (and even normative institutions) that are, rather, understood as *given* contextual and external elements that coercively frame and constrain market activities. So, in a way, at this level, individuals and groups as singular entities are loosened through their relations, which allows them to transform themselves into actors with agency (Willmott, 2011; Zundel et al., 2012) by becoming relational institutional processes that emerge at the same level of existence as their contexts. A paradoxical process unfolds, as individuals, groups and organizations develop into more powerful agents in poverty contexts when their identity as individual entities is loosened (Berger & Luckmann, 1967; Willmott, 2011) and their experiences and environments occur at the same level of existence (Kennedy & Fiss, 2013; Willmott, 2011). In other words, they emerge more as relational processes than as individual actors, and therefore they emerge as more abstract and general entities. Thus, the human experience, through relating with others and with environments, generates mechanisms at this level that define informal institutions, which, in turn, greatly determine who human beings are individually and collectively.

Both cases are illustrative with respect to understanding the ontological institutions that can either constrain or enable market activity. Case Study I shows that the extreme cultural differences between rural indigenous communities and modern societies imply a distinct way of being and relating, which frames market interactions, and which either does or does not allow these communities to recognize and exploit market opportunities as such (Banerjee & Linstead, 2004; Bruijn & Whiteman, 2010; Hwang & Colyvas, 2014). The cooperative-oriented social structures (Kistruck et al., 2016) that emerged from the Bribri culture were not clearly market oriented; thus, they viewed the market as one opportunity of many. The notions of informal institutions and culture, in this sense, are decidedly similar. This thesis subscribes to a more ontological conceptualization of culture (Adams & Markus, 2004; Banerjee & Linstead, 2004; Barkema et al., 2015; Felin et al., 2015; Hwang & Colyvas, 2014; Kozlowski & Klein, 2013; Padgett & Powell,

2012), showing how the Bribri, through their relations, were constantly promoting the emergence of their culture while at the same time being framed by it (Felin et al., 2015; Kozlowski & Klein, 2013), illustrating their informal institutionalization dynamics (Adams & Markus, 2004; Surachaikulwattana & Phillips, 2016). In other words, institutions were forged via the actions of Bribri individuals and the relations between them and their environment, which were primarily unconscious (Emirbayer & Mische, 1998; Giddens, 1979; Scott, 2013; Voronov & Vince, 2012). These defined their culture and experience in the world, which is simultaneously constantly emerging, framing, and enabling market interaction. This understanding goes beyond definitions of culture as simply symbolic patterns (Meyer & Rowan, 1977) that take for granted values (Marquis et al., 2007), norming effects (Caprar & Neville, 2012; Gardberg & Fombrun, 2006), and what shapes thoughts and ideas (Metcalfe & Mischel, 1999; Phillips & Malhotra, 2008). Further, it goes against cultural analyses of national contexts, which are losing relevance in an increasingly globalized world (Caprar & Neville, 2012). Rather, by focusing on non-western cultures such as indigenous communities, this thesis contributes to the challenge of returning culture to institutional analyses (Suddaby, 2010) by focusing on the blurred limits between individuals and their relations in the contexts in which they are embedded (Hwang & Colyvas, 2014; Willmott, 2011; Zundel et al., 2012). Thus, this thesis proposes that cognitive and cultural aspects should not always be included under the same level of analysis (Reinecke et al., 2018; Scott, 2013), as an ontological lens is more suitable for analyzing extremely different cultural settings and the aforementioned processes of "becoming" informal institutions through relations.

Furthermore, Case Study II shows that the experience of continually being and relating within the ambiguity between the formal and the informal can it itself become an institution, as will be analyzed in Section 8.2. People can "become" relational-centered institutions that determine the ways of organizing market activity in ambiguous settings that are common in poor urban areas of developing countries (de Soto, 1989; Felin et al., 2015; Hwang & Colyvas, 2014; Kozlowski & Klein, 2013; Padgett & Powell, 2012; Zundel et al., 2012).

Similar to Case Study I, it is difficult to argue these institutions on a solely cognitive level (Reinecke et al., 2018; Scott, 2013), as they express different ways of being, experiencing, and becoming—not just learning or perceiving. This ontological approach to institutions is in line with emerging organizational research that is using an ontological lens to understand organizational and market issues rather than explaining phenomena through an epistemological lens alone (Bansal et al., 2018). Moreover, it is in line with recent research that establishes a lack of clarity regarding the difference between epistemological and ontological approaches to understanding social reality (Hassard & Cox, 2013), and that explores the ontological links between individuals and institutionalization (Hwang & Colyvas, 2014; Willmott, 2011; Zundel et al., 2012). Where the individual ends and the collective begins, and vice versa, is yet unclear, and has been largely omitted from the institutional discussion. As will be analyzed in Section 8.2, it seems that the more intense the social and material relations experienced by individuals, the more blurred are the limits between them and their social and material relations, and the greater extent to which they simultaneously "become" (Kennedy & Fiss, 2013; Willmott, 2011; Zundel et al., 2012).

The cognitive and normative institutional levels are less abstract than the ontological level and, therefore, serve to analyze more descriptive and visible phenomena in the emergence and functioning of markets. The cognitive level can be especially useful for understanding shared meanings to establish market interactions (Reinecke et al., 2018) that are not culturally driven but related to learning and perception. For example, cognitive institutions can show certain institutional processes of entrepreneurs, such as dealing with uncertainty (Keh et al., 2002; Simon et al., 2000), their explorative and intuitive abilities (Ardichvili et al., 2003), intelligence and creativity (Shane, 2003), and their knowledge and practices in contexts of poverty and informality (Hall et al., 2012). These cognitive abilities can be understood as shaped by the social context within which the entrepreneurs are immersed (Cornelissen & Clarke, 2010; Jelinek & Litterer, 1995), which, in the case of entrepreneurs in informal markets, is often embedded in settings

of resource scarcity and corrupt, unstable, and weak or even inexistent formal institutional environments (Hall et al., 2012). The cognitive level is suitable for analyzing institutional relations that do not profoundly affect the experience of individuals and groups at the ontological level and are, rather, focused on the development of their skills in specific contexts and situations.

The normative institutional level is even less abstract than the cognitive level, as norms are more consciously absorbed and noticed by individuals and groups (Scott, 2013). This level can be useful as a category of analysis to depict networks (Lawrence & Suddaby, 2006) as mutually-reinforced obligations in relations (Scott, 2013) that do not affect the ontological level. Also, standard-setting organizations (Lawrence & Suddaby, 2006) or any other visible external collective mechanism constitute norms that exert pressure in order to establish how market activity should be developed. In this sense, norms are most similar to the nature of formal institutions, as they function through coercive force. Though normative institutions are not strictly as codified and explicit as laws or other formal institutions, they coercively affect human behavior. Norms do not emerge, but, rather, are imposed. Said differently, if they emerge through relations it is to unleash their coercive character. It seems, therefore, that the more they are viewed as concrete, conscious, visible, and externally objectified, the more coercive institutions are, thus, the further away they are from the reality of individuals and groups and their particular contextualized experience.

As the three levels span from the more to the less abstract, general, and unconscious, the ontological level can be useful for framing cognitive and normative institutions for the emergence and functioning of markets. In this sense, cognitive and normative institutions can be understood as proto-institutions (Lawrence et al., 2002) until institutions emerge at the more abstract and powerful ontological level, where the institutional change becomes implicit and unconscious, thus, profoundly embedded in individuals and organizations' ways of being in the world (Hwang & Colyvas, 2014; Padgett & Powell, 2012). This goes against the stream of institutional theory that argues the importance of rationalizing institutions and conceiving them

as entities external to individual and organizational experiences. This is evidenced in Case Study I, in which solidarity ties (Boisot & Child, 1996; Portes & Schauffler, 1993) are key to understanding the cognitive and normative character of the Bribri culture. However, it is only by analyzing culture in its ontological aspect that a full understanding of the insurmountable barriers that separate the Bribri and the multinationals is reached (Felin et al., 2015; Kennedy & Fiss, 2013). Even more illustrative is Case Study II, as the cognitive and normative levels in this case are enough to explain the first three phases of the slum's development, but not the establishment of more developed inclusive markets, as will be further explained in Section 8.1.3. For example, solidarity ties were key to establishing the initial ties needed to survive (Boisot & Child, 1996; Portes & Schauffler, 1993) and situating themselves in clustered locations within certain geographical areas enabled the entrepreneurs to explore the creation of markets in order to survive and thrive (Portes & Jensen, 1989; Wilson & Portes, 1980) through these same ties (Khavul et al., 2009). Informal networks with importers were, then, convenient institutional arrangements (Figart, 2013) that gave entrepreneurs in the slum the innovation, flexibility, and adaptation capabilities (Godfrey, 2011; Sen, 1999) to develop market practices in contexts of resource scarcity (Godfrey, 2011; Portes & Schauffler, 1993) and weak and ambiguous formal institutional environments (Batjargal et al., 2013; de Soto, 1989). In addition, the fact that the entrepreneurs gave value to these relations facilitated creativity and the routinization in their economic endeavors (Gras & Nason, 2015) and the development of cognitive abilities in resource-scarce contexts (Baker & Nelson, 2005) to engage in diverse market activity (Penrose, 1959), in turn creating value (London et al., 2010) in their environments. However, it was only when the entrepreneurs themselves "became" institutions that connected formal and informal markets that the transformation of poor and informal settings into inclusive markets was achieved. Thus, as this thesis argues, it is the more unconscious, ontological institutions that are the more powerful mechanism through which individuals

and groups become actors with capacity of agency, in other words, agents of change (Giddens, 1979; Willmott, 2011).

Despite the usefulness of these three levels of informal institutions for the sake of conceptual analysis, the lines between them are not always clear. For example, it is unclear to which institutional level the discussion of values belongs. Values are intertwined with norms (Scott, 2013), as well as ways of perceiving at the cognitive level, and being and relating at the ontological level. Therefore, which institutional level to use is an epistemological and methodological choice (Hassard & Cox, 2013). As a point of illustration, norms that frame the market behavior of certain immigrant groups, which determine a larger propensity to take risks (Kourtit et al., 2015), can be analyzed at the normative level to understand socio-political legitimacy in poverty contexts (Aldrich & Fiol, 1994). However, the cognitive level can be used if the interest is to unveil the symbolic systems that frame this market activity in a process of sense-making (Weick, 2004) to develop abilities and skills. Furthermore, the ontological level (Hassard & Cox, 2013) can be used to analyze this group's extreme cultural differences from other non-entrepreneurial cultures, showing how cultural relations have an effect on individuals and their initiatives. Also, the ontological level can be used to analyze how people and institutions are intermeshed through strong relational processes (Voronov & Vince, 2012). Other examples are illustrative to show how legitimacy is achieved (Rutherford & Buller, 2007; Siqueira et al., 2016) through the three levels of informal institutions without there being clear limits between them. Beliefs, kinship groups, and religious systems have historically been analyzed at the normative level (Lawrence & Suddaby, 2006), dismissing the fact that, in many cases, the abstract elements of this phenomena can best be understood at the ontological level. Section 9.3 goes deeper into the methodological findings that this thesis provides.

8.1.3. Inclusive informal markets forged via cooperations with formal markets as a desired activity in developing countries

These three levels of informal institutions enable a more accurate view of markets that clarifies how the various roles played by formal and informal institutions (Scott, 2013) affect economic and social development in developing countries. As informal markets emerge by connecting with formal markets via cooperations, informal institutions—which are more common in less-developed areas of developing countries—interact with the formal institutions that are most common to the more developed areas within them (Webb et al., 2010), showing that informal markets are complex and diverse institutional environments (Godfrey, 2011) that have nothing to do with institutional voids (Khanna & Palepu, 1997; Sutter et al., 2013). Informal markets seem to depend on formal markets (Beneria, 1989; Benton, 1989; Chakrabarti, 2016) to be included in globalization processes (Buckley & Ghauri, 2004; Levy, 2008; Mösching, 2019; Reinecke et al., 2018), while formal markets also depend on them, at least partly, for their supply and distribution chains. Isolated developing contexts (such as indigenous reservations) (Bruijn & Whiteman, 2010) and developing contexts that are adjacent to more developed ones (such as urban slums) (Chakrabarti, 2016) are linked through complex institutional processes with formal markets, transforming these contexts from poor and informal settings into informal markets. Interestingly, informal markets of differing institutional characteristics do not seem to cooperate with one another, as their institutional distance (Webb et al., 2010) seems greater than what is exhibited by weak and ambiguous formal institutional environments. It is the cooperation between formal and informal markets that lies at the core of economic development in these countries (Chowdhury et al., 2019). Cooperations can be forged across global value chains (Reinecke et al., 2018), either through upstream cooperations with suppliers in production operations or downstream cooperations with distributors in sales operations to reach poor consumers (Guide, 2018; Hart, 2010; Sodhi & Tang, 2014).

What this thesis proposes, however, is that these cooperations are not necessarily inclusive when formal institutions predominate them, as they can reproduce asymmetries of power and resources (Chakrabarti, 2016; Sen, 1999; Touraine, 1988), suggesting an exploitative character of formal markets when cooperating with informal counterparts (Cardoso, 1976). This can be considered one of the main causes of inequality in developing countries, as cooperations mainly benefit the wealthier formal parties. The interactions between formal and informal institutions do not necessarily promote flexible and malleable institutional settings in developing countries (Marc et al., 2012) that would enable the generation of equitable market activity for all members (Acemoglu & Robinson, 2012), particularly disadvantaged groups such as the poor and informal (WorldBank, 2013). Formal and informal institutions do not always support one another in these contexts (North, 1990), and their dissonance (Tocqueville, 1835/2004) is not complementary in a fruitful way, hindering inclusive development.

A large part of the relational problem between formal and informal institutions resides in the exclusionary character of the former. Formal institutions view poverty and informality as a disadvantage and, therefore, do not promote the exploration and exploitation of potential market value in their interactions with informal institutions in developing areas of developing countries. This is reinforced by the norms of privileged groups that take advantage of these formal institutions to protect their advantaged status. At most, when cooperating with entrepreneurs in informal markets, formal markets evaluate these contexts as opportunities to lower costs along their value chains (Brooks, 2015; Portes & Haller, 2005), pay low prices (Robinson, 2010), or exploit workers (Sassen-Koob, 1989). These strategies are, thus, related more to the idea of reducing costs than increasing the potential value offered through relations between formal markets and informal markets. Informal markets are not viewed as spaces where innovation flourishes (Schumpeter, 1947); thus, formal market participants abuse of their position (London et al., 2010; London & Hart, 2004) to negotiate terms of trade (Chakrabarti, 2016; Sen, 2000) and achieve their

predetermined goals. This means that they establish cooperations without considering the perspective of entrepreneurs in informal markets (Branzei & Abdelnour, 2010), and are not open to experiencing and understanding contexts of poverty where new market potential value could potentially emerge. In other words, they underrate the potential value of experiencing challenging contexts first-hand. For the poor and the informal, it is very difficult to counteract this situation by changing formal institutions (McMullen, 2011), as, despite the ambiguity and weaknesses of formal institutional settings in developing countries, they are enduring.

This has two negative consequences that are at the core of the institutional problem of poverty and economic development in developing countries. First, formal institutions hinder the poor from participating in markets—and, therefore, in entrepreneurship—in a way that emancipates them from their challenging contexts (Welter et al., 2017). On the contrary, they promote the alienation face of market activity in informal settings (Marx, 1992). Entrepreneurs in informal markets feel manipulated by the interests of formal market actors (Alghababsheh et al., 2018), meaning that they are not being included on equal terms (WorldBank, 2013). Emerging cooperations between formal and informal markets lack trust (Godfrey, 2011) and do not explore the full potentials of these, negatively affecting their outcomes (Vunder Fontana, 2008). Until formal market actors can see market value in poor and informal settings, these relational problems will continue to endure and will affect the potential inclusivity of informal markets. Second, organizations in formal markets are missing opportunities to understand poverty and informality as a space that is full of potential value and innovation, and that can offer benefits to all actors involved in cooperations, even these organizations. Therefore, their power and position is, in fact, a barrier that prevents them from visualizing the potential value of poverty and informality. The formal market obsession with reducing uncertainty in cooperations with poor and informal contexts (Klassen & Vereecke, 2012) originates in exclusionary formal institutions and subsequent norms that do

not accept risk or promote the exploration and exploitation of market value and innovation in these contexts. This is a nonsensical argument in business terms, as market activity is inherently risky; thus, it seems odd that poor and informal contexts would be required to deliver a higher degree of certainty than formal markets. This seems, rather, related to the fact that formal institutions privilege certain groups in developing countries. It also seems related to the lack of creativity, openness, and curiosity to generate market value in diverse forms of relations that move beyond simply relating with institutional contexts that resemble our own.

When comparing Case Studies I and II, these negative consequences in the relations between formal and informal markets are reflected in the fact that, despite the heterogeneity of informal markets (WorldBank, 2013), not all of them are inclusive arenas and, thus, reveal the institutional problem of developing countries. On one hand, rural indigenous communities develop informal market activity (Banerjee, 2000; Calvano, 2008; Whiteman, 2009) by connecting with formal markets via the outcomes of their cultural relations, explained at the ontological level of informal institutions. They attract the interest of formal market actors such as multinationals due to activities born of culture, such as producing high-quality organic banana. When multinationals and indigenous communities cooperate, a poor and informal setting is transformed into a market—at least partly. In this case study, for example, the indigenous were not particularly market-oriented and, therefore, viewed the market as simply one option among many. The cultural relations of the indigenous, often developed in freely-elected isolation from the modern world and its formal institutions as a means of preserving the community's identity and ways of being (Banerjee & Linstead, 2004; Bruijn & Whiteman, 2010), is, in fact, what ends up connecting them to globalization (Olabisi et al., 2015). This isolation is reinforced by the processes of modernization in developing countries (Touraine, 1988), where economic development ignores these areas and their respective ways of living. The isolation of these rural settings makes any presence of formal institutions extremely weak if at all existent, and traditional indigenous institutions

prevail (Swanson & Bruni-Bossio, 2018). This analysis contradicts many studies that suggest that culture is a barrier to generating market activity (Díaz & Vargas-Hernández, 2015; Holmes Jr. et al., 2013; Mair et al., 2012; Shantz et al., 2018). However, this activity and the informal market of organic banana exemplified in Case Study I was not inclusive. Cooperations at least partly reflected exploitive characteristics, in that the Bribri producers were situated in low positions of value chains, reflected in Case Study I by the fact that the Bribri were poorly paid for the raw material they provided and had no power of trade (Robinson, 2010). Furthermore, the indigenous culture and the modern culture reflected extremely different experiences of the relations, which created initial barriers for the exploration of value. Indigenous communities have a different understanding of time (Ali, 2016) and commonly derive their individual and collective identity from the natural environment (Whiteman, 2009). Due to these extreme institutional differences, most relations between actors in formal markets and indigenous communities has been historically conflictive, and the exploitative side of these cooperations is typically held by formal market actors (Lertzman & Vredenburg, 2005), reflecting socially constructed hierarchies of being (Berger & Luckmann, 1967). The comparably lower economic and noneconomic power of indigenous communities has driven them to fight for property rights to their ancestral and present lands and to defend damage inflicted on the territories in which they live (Sethi et al., 2011). Even market cooperations with good intentions do not generate clear benefits in indigenous communities and can damage cultural identity and produce intractable conflicts (Lewicki et al., 2003). Unless mutual benefits can be identified and explored, there can be no basis for cooperative relations (Lertzman & Vredenburg, 2005). This was shown in the case study, when the Bribri felt manipulated by FT because the latter did not (initially) explore the value of cooperating with them in a way that considered the former's perspective. In such cases, formal and informal markets can be considered two poles of an extreme, not a continuum (Godfrey, 2011). As will be shown in Section 8.2, it was only through institutional work and boundary work that

inclusive markets were achieved between multinationals and indigenous communities by breaking from exclusive patterns of interactions between formal and informal institutions, enhancing more inclusive relations.

On the other hand, urban slums are spaces where entrepreneurs actively connect formal markets and poor and informal settings to transform the latter into inclusive informal markets. When markets emerge due to relations led by entrepreneurs in these settings, they seem to be naturally inclusive, as the entrepreneurs enhance their creation for survival. Case Study II shows that urban slums cannot simply be considered densely populated urban areas characterized by poor residents and low-quality housing and services (Marx et al., 2013). They are, in fact, dynamic spaces that are initially founded in solidarity ties (Portes & Jensen, 1989; Wilson & Portes, 1980) that protect their residents from formal institutions, and then can become markets that span formal and informal areas. Informal markets in these contexts emerge as a reaction to exclusion from formal institutions (Siqueira et al., 2016) experienced, for example, by entrepreneurs who end up working in the ambiguity between the formal and the informal. In such cases, entrepreneurs do not work completely outside of formal institutional arrangements, as is often assumed (Kim & Li, 2014; Webb et al., 2009), but in the space between the formal and the informal. Informal and formal markets can, in this sense, be considered two poles of a continuum that is not clearly defined in these contexts (Godfrey, 2011). Formal and informal markets blend in productive and desirable ways to support economic activities across value chains (Darbi et al., 2016). Case Study II shows that informal markets can be based on impersonal ties (Tönnies, 1957) without necessarily having protective aspects of formal institutions (Kim & Li, 2014) such as property rights (de Soto, 1989, 2003; Durand-Lasserve et al., May 2007; Lanjouw & Levy, 2002; North, 1990; Payne et al., 2008; Weber, 1978) in the slum, and, therefore, lead to complex market relations. Impersonality is, thus, not necessarily a characteristic of formal markets and trust, nor is it solely a characteristic of informal markets (Kim & Li, 2014; Portes & Haller, 2005), as it is shown by the privileged groups in developing countries

that protect each other through norms. Case Study II shows that such entrepreneurs can become real market forces (de Soto, 1989; Portes & Schauffler, 1993) as a reaction to the mercantilist states that are dominant in developing countries (Portes & Haller, 2005). Therefore, slums can be seen as settings where inclusive market processes of informalizing products and selling them within the slum are an effort to counteract a territorial exclusion (WorldBank, 2013) that is tangible in spatial terms (Macedo, 2012).

The path suggested by this thesis when working in poor and informal contexts is to encourage cooperation and networking across formal markets and poor and informal settings to enhance the growth of *inclusive informal market activity* in these settings (De Clercq et al., 2013), allowing the poor and informal to participate competitively (Thai & Turkina, 2014) in globalization processes. Informal markets are a desirable economic activity in developing countries when these are *inclusive markets that generate benefits for all actors involved*, even if informal markets do not operate under the formal rules of governments (Mathias et al., 2015) or even if they reside in the ambiguity between the formal and the informal. Inclusive markets are not just markets that benefit the poor and the informal (Mair et al., 2012; Mendoza & Thelen, 2008), but markets that benefit formal and informal actors alike. Cooperations are considered inclusive when they are enriching, two-directional processes between formality and informality that ultimately develop the abilities, opportunities and potential of all actors involved (Sen, 2000; WorldBank, 2013) allowing each side to benefit from the best of both.

This is a useful perspective, particularly in a globalized world where the formal regulatory coercive power of the nation-states is in decline (Beck, 2000; Kobrin, 2001) and private actors are setting the standards for cooperations under global environments and pressures (Scherer et al., 2013) that are highly complex and ambiguous (Child & Rodrigues, 2011; Smith & Lewis, 2011), leaving the poor as the most vulnerable to these situations. As Case Study I shows, formal market actors such as multinationals can help enhance the creation of markets that enable the poor to earn higher incomes (Mair et al., 2012; VanSandt & Sud, 2012), increasing their

productivity through supplier development programs (Alghababsheh et al., 2018; Guide, 2018; London et al., 2010; Spencer, 2008), shared-value practices (Guide, 2018), and resource and knowledge sharing (Alghababsheh et al., 2018), as well as establishing ways of sharing information (Adekambi et al., 2015) and designing contextualized solutions with entrepreneurs in informal markets (Khavul & Bruton, 2013; London & Hart, 2004). As Case Study II shows, local companies and small-medium enterprises (Karnani, 2007; Mesquita & Lazzarini, 2008) can engage in cooperations with entrepreneurs in informal markets in urban slums. Though not analyzed in these cases, it also seems that multinationals from developing countries would be particularly better equipped for these cooperations, as they are smaller in size and look more like the local companies and small-medium enterprises that exist in developing countries and that are usually more embedded in the institutional dynamics of these countries (Bartlett & Goshai, 2000; Cuervo-Cazurra & Genc, 2008; Karnani, 2007; Mesquita & Lazzarini, 2008; Wells, 1983).

The difference between poor and informal settings, informal markets, and inclusive informal markets is one of the core arguments of this thesis. This difference suggests that transforming poor and informal settings into inclusive informal markets is an institutional challenge (Popper, 1945). Nevertheless, it is not one in which formal institutions are the protagonists, nor are philanthropic or normative ethical obligations to cooperate with weaker and poorer counterparts (Khavul & Bruton, 2013; London & Hart, 2004). Poverty and informality have value, which needs to be explored by a broad diversity of actors, including both those who reside in these contexts and those who do not. The institutional complexity of the inclusive character of informality, and how it is linked with cooperations with formal markets, is explained by informal institutions that act on more contextualized forms (Batjargal et al., 2013), enhancing the emergence of inclusive markets. Informal institutions can, on the one hand, drive formal market actors to explore market value in poor and informal contexts, and, on the other,

promote creativity (Schumpeter, 1947) in disadvantaged contexts within developing countries (Calton et al., 2013; Khalid & Seuring, 2017; London & Hart, 2004). Whether these actions constitute a way of preserving one's forms of institutions in contexts with almost nonexistent formal institutions, as is the case with many rural indigenous communities (Banerjee & Linstead, 2004), or a reaction to exclusion and a search for more viable solutions to surviving in contexts with ambiguous formal institutions, such as urban slums (Batjargal et al., 2013; de Soto, 1989; Siqueira et al., 2016), inclusive informal markets are not explained by the coercive character of formality and the transition of these initiatives to the formal sector in developing countries. Informal institutions, rather, enhance the emergence of the potential value embedded in poverty and informality that connects formal and informal markets in inclusive market cooperations, and, thus, tackle the root causes of relational obstacles between them (Sen, 2000).

8.2. Contributions toward the concepts of institutional work and boundary work

This section centers on the discussion of institutional work and boundary work, and how studying this phenomenon in the context of informal markets contributes to the literature. The chapter is divided in two sub-sections. Sub-section 8.2.1 proposes understanding institutional work and the process aspect of institutions via the recursive actions-relations-institutions trident impacting different levels. It is argued that ontological work emerges as the strongest, deepest, and most unconscious institutional level. Section 8.2.2 discusses boundary work as a form of institutional work focused on respecting diversity and working over exclusionary formal structures.

8.2.1. Ontological work as the strongest level of institutional work

This thesis proposes that institutional work and informal institutions are strongly intertwined concepts. Institutional work (Lawrence & Suddaby,

2006) can be understood as effortful practices (Lawrence et al., 2009; Phillips & Lawrence, 2012) that enhance relational mechanisms such as informal institutions and cause them to be taken for granted (Zucker, 1977) at different levels (Stinchcombe, 1991). Institutional work gives a process perspective to our understanding of institutions (Langley, 2007), assigning them a temporal approach (Granqvist & Gustafsson, 2016) that expands our understanding of new and diverse phenomena. When studying the phenomenon of inclusive markets, it is helpful to understand that institutional work is a relational process that occurs when agents work within (Bourdieu, 1977; Giddens, 1984) and across their environments to institutionally transform these environments. Agents are constrained by the pressure of institutional isomorphism in the contexts in which they are embedded (DiMaggio & Powell, 1983; Meyer & Rowan, 1977), where existing institutions are taken for granted but are also susceptible to change (Lawrence & Suddaby, 2006)—even in contexts of poverty—through the work of actors within these contexts and the relations they engage in to ameliorate their situation.

The recursive relationship (Archer, 1995; Barley & Tolbert, 1997; Fairclough, 1992; Felin et al., 2015; Kozlowski & Klein, 2013) that lies at the core of both institutional work and informal institutions is the actions-relations-institutions trident, which reflects the emerging of institutions in a process full of continuities and discontinuities (Creed et al., 2010; Greenwood et al., 2002; Lawrence et al., 2002; Lawrence et al., 2013; Oliver, 1992; Surachaikulwattana & Phillips, 2016). This trident helps clarify the debate regarding agency and structure (Ahmadjian & Robinson, 2001; Cooley, 1902/1956; Giddens, 1979; Green, 2004; Greenwood & Suddaby, 2006; Hardy & Maguire, 2008; Holm, 1995; Kennedy & Fiss, 2009; Lawrence & Suddaby, 2006; Suddaby & Greenwood, 2005), moving beyond a linear view of institutions as processes (Blackler & Regan, 2006) and defining the direction from action to institutions as more problematic and complex than historically assumed (Lawrence et al., 2009). Actions promote social and material relations, and these relations affect individual and collective action (Cook & Brown, 1999; Giddens, 1979). Both actions and

relations are at the core of creating institutions at different levels. Relations, in this sense, can be considered pre-existing structures that, depending on their broader diffusion, can be considered institutions. Relations are ever-changing and cannot be controlled, but this do not imply that they do not offer an initial form of structure for actors to emerge. Further, relations can affect the actions of individuals and groups in their process of emerging as actors with the capacity of agency, and therefore can unfold as structures that enable and constrain action at different levels. However, actors can also enhance the development of relations through their actions (Dorado, 2005, 2013), and the institutionalization effect is stronger if the skill sets of the actors involved vary (Perkmann & Spicer, 2008) and if actors are vulnerable to change within these relations (Voronov & Vince, 2012), emerging at the intersection of different institutional levels (Felin et al., 2015; Stinchcombe, 1991) depending on the social and material relational intensity of their institutionalization processes. Therefore, institutional work is a process fueled by the agency of actors affecting structures as well as emerging within them, enhancing the creation of institutions at different levels.

After having studied the phenomenon of informal markets, the new element this thesis offers is that different levels of involvement with social and material relations at the ontological, cognitive, and normative institutional levels illustrate a scale of intensity for how relations affect the actions of individuals, groups and organizations for their emergence as actors capable of agency and, therefore, how these relations themselves emerge as structures that constrain action, explaining the subsequent creation or disappearance of institutions over time (Langley et al., 2013). Action can enhance social and material relations that, in turn, affect actors that engage at different levels in the creation of institutions. Or, vice versa. What is important is that the actions-relations-institutions trident illustrates the complex process of institutional work and the emergence of informal institutions, showing that the institutional discussion must shift from thinking of institutions as structures that enable or frame agency (Battilana &

D'Aunno, 2009) to understanding them as part of processes in which actions, relations, and institutions emerge.

This thesis proposes, therefore, that the debate between structure and agency must be tackled by emphasizing contexts (Thoenig, 1998)—specifically, the role of social and material relations across time that is key to understanding how institutions emerge at different levels and explaining how human beings transform themselves into agents (Hwang & Colyvas, 2014; Willmott, 2011), and what context really means (Felin et al., 2015). Agency has a relational character (Emirbayer & Mische, 1998) and explains the social construction of power and emancipation (Lawrence et al., 2009) when human beings emerge as actors at different institutional levels. Human beings emerge as actors at different levels depending on the social construction of their realities, which emerge (Berger & Luckmann, 1967; Willmott, 2011) through social (between humans) and material (between humans and their material environments) relations (Padgett & Powell, 2012; Zundel et al., 2012). In other words, agency varies and evolves over time (Battilana & D'Aunno, 2009), depending on the relations that are created and that, in turn, unleash the human experience, itself understood as a process of relations at different institutional levels. It is precisely the human beings intrinsically biological world openness (Berger & Luckmann, 1967) that allows us to be vulnerable to our contexts (Voronov & Vince, 2012; Willmott, 2011), thus emerging at different institutional levels and transforming ourselves into agents of change in a multilevel and multidirectional approach (Felin et al., 2015; Kozlowski & Klein, 2013). Institutional change directionality is not just bottom-up (Coleman, 1990), but also top-down. Therefore, the different types of agency must be viewed in terms of how human beings contextually interact through time (in iterative, practical evaluative, and projective ways) (Battilana & D'Aunno, 2009: 47; Emirbayer & Mische, 1998), as well as the intensity of change that occurs through the recursive relationship of action-relations-institutions and that is reflected at different institutional levels (Felin et al., 2015; Kozlowski & Klein, 2013; Stinchcombe, 1991), as this thesis suggests. When can human beings transform themselves into actors

capable of agency? How much work and relations must a given actor experience to promote informal institutions? How much experience, emotions, and relations are needed for individuals, groups, and organizations, to emerge as actors at different institutional levels? When do relations penetrate individuals, groups, and organizations, allowing them to become institutional structures? These seem relevant questions under this lens.

The two case studies suggest that, from a process perspective, three levels of informal institutions (ontological, cognitive, and normative) comprise different categories of institutional work (Lawrence & Suddaby, 2006) within the same framework of analysis (Lawrence et al., 2013), which expresses the recursive relationship of action-relations-institutions and its complex institutionalization dynamics (Lawrence et al., 2013; Surachaikulwattana & Phillips, 2016). It can, therefore, be argued that *ontological work* emerges when actions and relations affect ways of being; that *cognitive work* emerges when actions and relations affect abilities, perception, and skills; and that *normative work* emerges when actions and relations affect mutually-reinforced obligations. At each of these levels, actors and contexts interact in different ways, showing different relational intensities that affect their emergence. These three institutional levels better explain the recursive action-relations-institutions relationship than other, more specific forms of institutional work discussed in the literature (Zietsma & Lawrence, 2010) that could be included in these categories, such as political, technical, cultural (Lawrence & Suddaby, 2006; Perkmann & Spicer, 2008), or other types of work (Phillips & Lawrence, 2012). The levels of ontological, cognitive, and normative work, specifically, open the door to understanding the blurred boundaries between individuals, relations, and institutions (Kennedy & Fiss, 2013; Willmott, 2011; Zundel et al., 2012). Therefore, the term "actor" is used here to show the diversity of institutional levels that human beings (in the form of individuals, groups, or organizations) experience in their different contextual features, evidencing how relationally embedded their process of emergence must be in order to transform them into agents of change.

Ontological work is the new level that has been added by this thesis as compared to previous literature. The addition of the ontological level intends to answer a previous neglected question that is key to addressing the challenge of how markets emerge as inclusive arenas for the poor. This level addresses *when and how action and social and material relations become ways of being in the world.* Ontological work provides a process perspective toward the essential features of actors (Hirschman & Reed, 2014; Kennedy & Fiss, 2013) as defining the effortful practices aimed at changing ways of human beings "becoming" by relating with one another and their environments (Hwang & Colyvas, 2014; Padgett & Powell, 2012). This level shows that institutional work studies must consider more complex processes of structuration in which contexts enables being (Giddens, 1979). The ontological level shows the most immaterial aspect of how practices (Meyer, 2008; Zilber, 2008) and relations (Padgett & Powell, 2012) change ways of being in the world. Thus, ontological work has the highest aims in terms of generating institutional change, as it acts at the most abstract, implicit, and unconscious level, showing that purpose and effort (Phillips & Lawrence, 2012) is a process mainly experienced with others in the present (Battilana & D'Aunno, 2009; Emirbayer & Mische, 1998; Giddens, 1979; Zundel et al., 2012), and that has unexpected results (Raviola & Norbäck, 2013) at the deepest institutional level. At the ontological level, human beings experience reality as something that is both separate from them and that is them. The external and internal exist on the same plane; thus, experience and relations "become" as part of the same process (Kennedy & Fiss, 2013). Individual and groups, as actors, are blurred as an institution here (Berger & Luckmann, 1967; Willmott, 2011); rather, to become agents, human beings must "become" along with their contexts at the same level of existence (Kennedy & Fiss, 2013; Willmott, 2011; Zundel et al., 2012). In this sense, to transform themselves into agents, humans must be strongly socially and materially related with their contexts. Therefore, it is difficult to differentiate the two as distinct entities. This goes beyond recent innovations in institutional theory, understanding institutions not only as instantiations (Thornton et al., 2012;

Thornton & Ocasio, 1999, 2008) or inhabited (Hallet, 2010; Hallet & Ventresca, 2006), but centering the discussion on the essential features that define actors in their contextual forms through social and material relations (Padgett & Powell, 2012). Through ontological work, one "becomes" the relations one engages with (Hwang & Colyvas, 2014; Padgett & Powell, 2012). One "becomes" its context (Felin et al., 2015). This perspective responds to the call for new ontologies of actors and institutions (Padgett & Powell, 2012; Smets et al., 2017), giving special attention to elements such as emotions and relations (Creed et al., 2010; Gawer & Phillips, 2013; Lok et al., 2017; Voronov & Weber, 2016) that, depending on their intensity, can affect ways of being and the emergence of essential features of actors (Hwang & Colyvas, 2014). Further, it invites studies on identity work (Creed et al., 2010; Fligstein, 1997; Webb et al., 2009; Wry et al., 2011) to more directly use the ontological lens for interpretations. This thesis intends to enrich discussions on institutional work by offering an explicit ontological and epistemological relational perspective (Bansal et al., 2018; Emirbayer & Mische, 1998; Hassard & Cox, 2013; Hwang & Colyvas, 2014; Zundel et al., 2012). As such, it intends to enrich the discussions on institutional work that have largely focused on understanding actors as individuals and groups (Lawrence et al., 2011) that act as units that explain outcomes—rather than actors as outcomes of their contexts in recursive relationships (Felin et al., 2015; Hwang & Colyvas, 2014; Kozlowski & Klein, 2013).

Ontological work seems most suited to emerge within the relations between members of the same culture or when human beings and their experiences can turn into institutional bridges through strong emotional processes in which they "become" their contexts, explaining these phenomena at a more abstract and general level when actors essential features are strongly defined by their relations (Felin et al., 2015). When ontologies of actors and the contexts they work in are too different and strongly institutionalized in their respective contexts (Morrill, 2017), this level of process dynamics is unattainable. On one hand, ontological work is appropriate when following a process perspective regarding the definition of

culture; i.e., understanding it as actions and interactions between actors to (re)create future actions and interactions and showing that actors within their culture are embedded in a specific set of relations (Adams & Markus, 2004) that enable the former to emerge from the latter (Barkema et al., 2015). With respect to the institutional emergence of actors, it is more important to understand culture as emerging from the interactions of human beings. In such cases, entrepreneurial endeavors are strongly connected to the past, because respect to culture and ancestry (Kaplan & Vakili, 2015; Padgett & Powell, 2012; Stark, 1996) serve as the foundational structure (Scott, 2013), as well as a toolkit that offers different repertoires of action (Swidler, 1986). The emergence of culture is, therefore, forged in cultural work. On the other hand, strong emotional and identity processes that are not necessarily related to culture can also exhibit processes of identity formation, suggesting aspects of ontological change (Creed et al., 2010; Voronov & Vince, 2012; Voronov & Weber, 2016). Actors can become institutional structures strongly embedded within their contexts. Here, entrepreneurial endeavors more resemble an assemblage of existing things (even actors) in novel ways (Hirschman & Reed, 2014) in order to adapt to a difficult and/or hazardous context (Chandler & Hwang, 2015).

The first perspective described above is evident in Case Study I, in which the indigenous experiences and cultural relations forged in settings that were extremely different from those of western culture shaped the Bribri's thoughts, ideas (Metcalfe & Mischel, 1999), and, more importantly, ways of being (Hwang & Colyvas, 2014). Thus, when working with formal market actors such as multinationals, these extreme cultural differences manifest as insurmountable ontological barriers. The differences between the two groups in the case study were, in this sense, not merely cognitive (Scott, 2008). Their very beings collided when they encountered one another, hindering processes of "becoming" at the ontological level. Formal and informal meant, in this case, extremely different forms of being and experiences in the world, rather than just working within the law for the former and outside the law for the latter. In contrast, Case Study II shows that the experience of continually being and

relating within the ambiguity between the formal and the informal can itself become an institution. The entrepreneurs in the slum were strongly embedded (Greenwood & Hinings, 1996) in this ambiguity, such that they transformed themselves into agents of change (Seo & Creed, 2002). The experience of "being" between the formal and the informal became an ontological institution in and of itself (Creed et al., 2010; Friedland & Alford, 1991). The entrepreneurs "became" both the informal and the formal—that is, the ambiguity in positive terms—exploring the creation of value within the relations they encountered. Formal and informal meant, in this case, physical and material differences that could be overcome through "becoming" this ambiguity, which is widely common in the poorer urban areas of developing countries, but that has been mostly understood in negative terms. In either case, understanding the ontology of actors and their contexts seem key to achieving processes of inclusion. It seems that, in the case of rural indigenous communities, there is not a desire to live the same experience as in the modern world, where the individual and the state are the main institutions and the concept of freedom and agency is tightly attached to them. These actors desire institutional diversity in terms of acceptably different ways of being and participating in globalization without losing their identity. On the contrary, in the case of slums, it seems that there is a desire to live the same experience as more richer counterparts that reside in formal institutions emanated from the state. To live more freely and able to develop greater agency in their difficult contexts, slum residents (particularly entrepreneurs) experience freedom in terms of "becoming" within ambiguity and experiencing it as a world full of opportunities that reduce institutional distance with formal markets. Ambiguity and freedom, thus, become much more synonymous in these contexts, as they allow greater flexibility for human beings to emerge at different institutional levels, enriching their experience and permitting them to improve their quality of life in terms of physical and material access to opportunities for modernization and globalization.

Ontological work can also contain less abstract levels of institutions, particularly because actors can emerge at different levels of generality

(Stinchcombe, 1991). As shown in Case Study II, ontological work becomes intermeshed with processes of cognitive and normative work, and even intents of regulatory work (Greenwood et al., 2002; Perkmann & Spicer, 2008; Scott, 2001), in order to create proto-institutions (Lawrence et al., 2002) that build upon one another (Leblebici et al., 1991) acting as conditions for ontological work to reach its full potentiality to affect ways of being. For example, the process of building solidarity ties and collective identities in the slum (Fligstein, 1997; Wry et al., 2011), the process of creating networks within the slum and between actors in the slum and importers from formal markets (Campbell, 2004), slum residents fighting for access to property rights (Roy, 1981; Russo, 2001), and the enactment of laws and other formal institutions that would favor them (Suchman, 1995) all acted as pre-conditions (Lawrence et al., 2002; Leblebici et al., 1991) for the emergence of ontological work.

The level of ontological work, in fact, illustrates that the entire experience of life emerges through work. Life is effortful action, which is especially evident in contexts of poverty. Goals, reflections (Phillips & Lawrence, 2012), and relations are all focused on survival. Ontological work is the most participative and inclusive form of work, as anyone can experience it as a means of providing a quality of social cohesion to their contexts—even comparably weaker actors such as entrepreneurs in informal markets (Gaughan & Ferman, 1987; Villar, 1994). Defining ontological work as the most powerful form of institutional work goes against the stream of institutional theory that argues the importance of rationalizing and projecting institutions (Perkmann & Spicer, 2008). It is, rather, the most unconscious and present-tense focused process of creating institutions that is the most powerful and enduring. It seems, therefore, that the more rationalized the institutionalization process, the less it involves elements of being in the world with others.

Cognitive and normative work (Lawrence & Suddaby, 2006) without attempting ontological work emerges in contexts where "becoming together" at such deep levels is impossible, and phenomena is, thus, best explained at more superficial levels. Ways of being in the world are not easily altered; experience

and relations do not necessarily imply an ontological change. At these less abstract levels, relations are more carriers (Scott, 2013) that transmit cognitive and normative institutions. Even if the ontological level of change is sometimes unattainable to people experiencing poverty, they can develop norms and cognitive frames for innovation in their difficult contexts (Baker & Nelson, 2005; Rindova et al., 2009). Cognitive and normative work would depict, therefore, more superficial institutionalizing processes, that nonetheless can achieve important goals. Relations are theorized as networks (Batjargal et al., 2013; Lawrence & Suddaby, 2006; Morth, 2004) or personal and community ties (Gras & Nason, 2015; Khavul et al., 2009), which are forms of theorizing relations without necessarily implying their agency in ontological terms. Case Study I shows in this line that it is possible to create inclusive markets between extremely different institutional settings through cognitive and normative work alone. However, the simple teaching (Lawrence & Suddaby, 2006) of standards (Perkmann & Spicer, 2008) and practices (Lehr, 1992) pertaining to international markets was considered coercive by the indigenous community, and did not enhance opportunities for inclusive cooperation. The multinational actors, therefore, needed to change their assumptions (Lawrence & Suddaby, 2006) and meaningful frames of understanding (Berger & Luckmann, 1967) in order to work with the indigenous producers and enhance a relation based on potential market value from both sides. Even if the multinational and the indigenous producers did not achieve common experiences and understandings (Schatzki et al., 2001) of shared reference points, or create abstract models to link the different actors via their interest in changing the institutions (Strang & Meyer, 1993), they experienced and understood the value of the relation (Beckert, 1999; Berger & Luckmann, 1967; Greenwood et al., 2002; Tolbert & Zucker, 1996). Most notable, was that momentary interactions and relations enhanced the emergence of shared value practices (Furnari, 2014), spurring transformative action when the multinational actors experienced institutional contradictions between the indigenous culture and their own, triggering a reflexive shift (Seo & Creed, 2002) that caused them to change the way in which they acted and related to the indigenous producers. For example, mimicry emerged as the preferred practice

for pursuing the collective goal of increased productivity (Bhabha, 1994; Botzem & Quack, 2006; Frenkel, 2008). Nevertheless, this institutional work was mainly cognitive and normative, as multinationals and indigenous communities are extremely different actors that do not emerge at the same level of existence.

Institutional work towards creating institutions at the ontological, cognitive, and normative levels is at the core of the dynamism of the informal institutions (Smets & Jarzabkowski, 2013) that make informal markets function and enhance processes of inclusivity (Perkmann & Spicer, 2008). Informal institutions are dynamic and adapt to their contexts via the continual effort and work of human beings that construct social reality (Berger & Luckmann, 1967; Willmott, 2011; Zundel et al., 2012). Therefore, a wide variety (if not all) of human beings can engage in processes of institutional work towards creating informal institutions by their emergence as actors at different levels. Depending on the institutional level involved, they can even experience one without noticing it, because life is passing through them. Assuming some human beings are not capable of engaging in institutional work is like assuming they are inexistent and cannot emerge institutionally. Every human being exists in the world with others; thus, every human has the capability and skills (Fligstein, 2001) to live, act, and relate and, subsequently, to enhance institutions by emerging as actors at different levels. From multinationals with great power and resources, to institutional entrepreneurs with heroic plans and attributes (Hardy & Maguire, 2008), to the day-to-day work (Kaghan & Lounsburu, 2011; Raviola & Norbäck, 2013; Smets & Jarzabkowski, 2013), occupational tasks (Kaghan & Lounsburu, 2011), and market practices (Perkmann & Spicer, 2008) of the less-skilled and lower-power individuals and groups that possess comparably little individual agency (Martí & Fernández, 2013)—such as entrepreneurs in informal markets, be these indigenous contexts or urban slums—every human being has the freedom (Lawrence et al., 2009) to relate and, therefore, is entitled a piece in the process of creating this world.

The process of engaging in institutional work to create informal institutions is distinct from the process of engaging in institutional work to

create formal institutions. This is due to its emerging and relational character. Formal institutions are typically static (Gawer & Phillips, 2013; Lawrence et al., 2013). The lack of a process perspective toward formal institutions means that their aim is to control the outcomes of institutions, which has no sense for informal institutions, as they are constantly emerging. Furthermore, some actors can avoid these formal institutions (Oliver, 1992), and even defy them (Scott, 2013), especially those residing in poverty, as they find it very difficult to conform to the rules and requirements of formal institutions that do not facilitate action in their respective contexts. Formal and informal institutions can contradict and do not support one another. For example, the meaning of compliance with formal rules is determined by actors (Dobbin & Sutton, 1998) in more symbolic, informal sense-making processes (Weick, 2004) that collide and conflict with the sense-giving process led by formal authorities (Gioa & Chittipeddi, 1991). Also, formal regulative elements assign extreme importance to rationalizing processes (Scott, 2013) that allow actors to negotiate and analyze their potential returns (North, 1990) and are based on fear of a more powerful and central entity (Jepperson & Meyer, 1991; Lindblom, 1977; Scott, 2013) or their power to confer rights (Roy, 1981; Russo, 2001). Formal institutions remain the same for centuries, exhibit extreme rigidity, and benefit only certain actors, particularly in developing countries (Easterly, 2009; Easterly, 2010). Over time their true result often differs from what was planned (Pierson, 2004). Formal institutions do not typically promote free and open social and material interactions (Lawrence et al., 2013) toward the process of creating new worlds; rather, control is their key to success. Specific, powerful actors are typically engaged in their design (Scott, 2013), as only people and groups in certain spheres of economic (Riaz et al., 2011; Smets & Jarzabkowski, 2013; Suddaby & Viale, 2011), political (Campbell, 2004; Kraatz, 2009; Riaz et al., 2011; Selznick, 1957), or other forms of power, such as those with expert knowledge (Lefsrud & Meyer, 2012; Perkmann & Spicer, 2008), have the agency to create them. More importantly, formal institutions exhibit institutions that are more concrete, conscious, visible and externally objectifiable institutions to human beings

and their relations. Opposite from ontological institutions, they are the most coercive manifestation of institutions and are the most removed from the reality of human beings and their respective contextualized experiences. They are not as participative as ontological institutions, as they still require power or expertise (Currie et al., 2012). In this sense, formal institutions (regulatory) and the three levels of informal institutions (normative, cognitive, and ontological) constitute an institutional continuum from more to less coercive ways of institutional change.

8.2.2. Exploring and experiencing beyond boundaries by respecting diversity and working over exclusionary structures

This thesis shows that boundary work is a form of institutional work (Zietsma & Lawrence, 2010), opening the door to a new contextual lens (Godfrey, 2011) for understanding the process of creating institutions (Lawrence & Suddaby, 2006) that connect actors across boundaries (Langley et al., 2019) through the dynamics of the actions-relations-institutions trident. Actions and relations within and across boundaries allow barriers between formal markets and informal and poor settings to be overcome, transforming them into junctures (Langley et al., 2019) that connect the two settings through cooperations that emerge (Quick and Feldman, 2014) as inclusive markets (Fligstein & Dauter, 2007; Geertz, 1978; Lertzman & Vredenburg, 2005). This thesis proposes that, whether formal market actors such as a multinationals (Wu & Jia, 2018), local companies and small-medium enterprises (Karnani, 2007; Mesquita & Lazzarini, 2008) or entrepreneurs in informal markets (Martí & Fernández, 2013), institutional incongruence (Webb et al., 2013; Webb et al., 2009; Webb et al., 2010) opens tremendous opportunities for creation if actors are willing to enter the unknown and explore beyond their boundaries of action to engage in relations that unleash inclusion. In this sense, it is not completely accurate to say that actors that engage in boundary work act at the intersection and interfaces between boundaries (Fligstein, 2001; Lawrence & Suddaby, 2006). Rather, they

develop actions and enhance relations at, within, between and across their boundaries that enable inclusive institutional cooperations (Allen, 1997; Bechky, 2006), which affects their own emergence. These actors are challengers (Langley et al., 2019) that, through relations (Huising, 2014), reframe boundaries (Kaplan et al., 2017; Lamont & Molnár, 2002; Levina & Vaast, 2005) at the intersection of different institutional levels (Felin et al., 2015; Stinchcombe, 1991), promoting the emergence of market value. By experiencing uncomfortable institutional coexistence (Furnari, 2016; Owen-Smith & Powell, 2008; Rao et al., 2000) with people and environments that are different from their own at different institutional levels, human beings can emerge as actors that enhance the processes of inclusion (Langley & Tsoukas, 2016). In other words, actors can enhance inclusion processes by *exploring and experiencing beyond boundaries* and challenging their current position in the world.

The process of exploring beyond boundaries takes different shapes, depending on the institutional level at which the work emerges. As shown in Case Study I, multinationals can take advantage of their central role in value chains (London et al., 2010; London & Hart, 2004), even if they are not from the context in which they are working (Bartlett & Goshai, 2000; Cuervo-Cazurra & Genc, 2008; Wells, 1983), in order to successfully engage in *respecting boundary work that emerges at the cognitive and normative institutional levels.* In the case study, respecting work emerged to counteract the conflicts (Lewicki et al., 2003; Sethi et al., 2011) caused by institutional boundaries that were barriers (Langley et al., 2019) expressed in material and physical (Bourdieu, 1977; Johansson & Lundgren, 2015), as well as ontological terms (Banerjee & Linstead, 2004); (Ali, 2016; Hwang & Colyvas, 2014; Whiteman, 2009). Thus, respecting work transformed informal markets into inclusive markets. Multinational actors were able to *explore beyond their* boundaries, materially and immaterially experiencing indigenous institutions and challenging their own beliefs, norms, and ways of being and breaking free from the environments that previously framed their actions (Furnari, 2014). During these experiences, they recognized the

existence of insurmountable barriers, such as those demarcating an ontological institutional distance (Gieryn, 1983) that translated into unequal access and distribution of resources and opportunities (Lamont & Molnár, 2002) and affected the emergence of the full gains of trading (Kellogg et al., 2006), particularly for the indigenous as they were the weakest party (Strauss, 1978). The asymmetric relationships (Apesoa-Varano & Varano, 2014) between the multinational actors and indigenous producers reflected a lack of inclusivity in the informal market that emerged. Furthermore, in such asymmetries, the influence that actors from formal markets exert to promote the emergence of informal markets (Mair et al., 2012; VanSandt & Sud, 2012) is only positive for the indigenous actors if respecting work can ameliorate the inclusive quality of these markets (Collins-Dogrul, 2012) and enhance processes of bi-directional cooperation (Khavul & Bruton, 2013; Lertzman & Vredenburg, 2005; London & Hart, 2004) that improve functioning relations (Reinecke et al., 2018) and transform boundaries into junctures (Langley et al., 2019) in which actors from both sides can understand, trust, and learn from one another (Godfrey, 2011). The skills needed for cultural work are not related to creating common identities (Ansell, 1997; Perkmann & Spicer, 2008), but to respecting identities. The multinational and the indigenous contexts and the ontology of their actors remained extremely different (Banerjee & Linstead, 2004; Hwang & Colyvas, 2014). The multinational actors recognized that boundaries only partly benefited them (Kreiner et al., 2009), as these boundaries also prevented them from exploring the existent value of the indigenous culture and the potential bi-directional cooperations that could emerge within a framework of valuing cultural diversity (Maurer et al., 2011). Supplier development programs (Alghababsheh et al., 2018; Guide, 2018; London et al., 2010; Spencer, 2008), such as the shared value project in Case Study I, are useful for framing boundary work under shared reference points and common goals (Reinecke et al., 2018). The case shows that these programs should not focus on transferring knowledge (Adekambi et al., 2015; Alghababsheh et al., 2018) or pressuring informal actors to

adopt formal standards (Robinson, 2010), as this forces their emergence in pre-determined forms and levels that do not necessarily increases their agency and wellbeing or promote mutual gains. Sharing experiences and presence within the physical and material boundaries of the indigenous context is what ultimately promoted the emergence of an inclusive market in this case study, because it enabled the multinational members to accept that the indigenous were not part of their institutions (Burri, 2008; Greenwood et al., 2002; Scott, 1994, 2001; Zietsma & Lawrence, 2010). Further, it allowed them to cognitively understand that the Bribri's culture was, in fact, at the core of its market value (Rindova et al., 2009) and fair inclusion in market globalization processes (Scherer et al., 2013). Therefore, inclusive informal markets can emerge despite extreme distinct ontological institutional identities that endure (Reinecke et al., 2018).

Case Study II shows that entrepreneurs in urban slums can lead *informalizing boundary work that emerges at the ontological, cognitive, and normative institutional levels*. The La Carpio residents in general, and the used clothing entrepreneurs specifically, engaged in the process of blending the institutional boundaries (Allen, 1997; Bechky, 2006; Darbi et al., 2016; Langley et al., 2019) that separated formal markets and the slum. These actors worked strategically and alternately defined and experienced boundaries (Ellis & Ybema, 2010) with formal markets as barriers (Gieryn, 1983, 1999; Langley et al., 2019) that excluded them and as junctures that facilitated market exchange (Ozcan & Santos, 2014; Quick & Feldman, 2014). This shows that boundaries were cognitively (Zietsma & Lawrence, 2010) and normatively (Lawrence & Suddaby, 2006) challenged in an experimental manner as the actors in the slum endeavored for survival (Martí & Fernández, 2013). The residents of the slum understood that its boundaries protected them from the formal institutions that excluded them (Burri, 2008; Greenwood et al., 2002; Scott, 1994, 2001; Zietsma & Lawrence, 2010). However, they continued to challenge the boundaries between the slum and the city (Gieryn, 1983, 1999) by first trying to establish work relations within

formal markets and then endeavoring in processes of entrepreneurship that connected them with formal markets (Dencker et al., 2019) via interactions along value chains (Soundarajan et al., 2018). The entrepreneurs, in particular, were able to take an active role in the distribution side of global value chains by cooperating with local importation companies (Vunder Fontana, 2008) and small-medium enterprises (Karnani, 2007) and acting as retail distributors through small neighborhood shops inside the slum. This shows the positive role that smaller actors in formal markets can play by engaging in cooperations with informal market actors, taking advantage of their familiarity with informal institutions (Mesquita & Lazzarini, 2008) and embeddedness in the contexts of developing countries (Karnani, 2007). Furthermore, Case Study II shows that entrepreneurs can develop inclusive market activity by taking advantage of the ambiguity between the formal and the informal and engaging in the process of *becoming the institutional connection* between the two market settings. Entrepreneurs transform into boundary spanners between formal and informal markets (Guston, 2001; Langley et al., 2019), experiencing relations across boundaries. As such, the emergence of the used American clothing market in La Carpio was led by the relations that its entrepreneurs developed within and across the boundaries of the slum, building market institutions over previously-created community institutions (Gras & Nason, 2015; Khavul et al., 2009), networks (Batjargal et al., 2013), collective identities (Webb et al., 2009), and ambiguous formal institutions (de Soto, 1989), and creating diverse and complex institutional settings (Mair et al., 2012) and, therefore, constructing an ambiguity in more positive terms and supporting their survival in difficult conditions. In this sense, it can be assumed that in contexts such as slums, actors slowly work over previous exclusionary and ambiguous formal structures to transform them into an ambiguity that benefits them. Particularly the entrepreneurs who were successful, such as those who earned considerable income relative to the poverty context in which they lived, gained considerable amounts of power (Helfen, 2015) and, therefore, the exclusionary power dynamics were at least partly overcome (Apesoa-Varano & Varano, 2014). The slum maintained clear

barriers with the city in terms of fewer economic resources and infrastructure, demonstrating concrete physical and material dissimilarities (Johansson & Lundgren, 2015). However, by becoming boundary spanners, the entrepreneurs were able to survive by supporting the slum's social cohesion (Gaughan & Ferman, 1987; Villar, 1994), achieved through promoting opportunities to engage in processes of informalizing. Both the contexts of the local companies/small-medium enterprises and the entrepreneurs and the ontology of their respective actors emerges in a blurry process, in fact blending in productive ways (Darbi et al., 2016; Hwang & Colyvas, 2014). There is a subtle but important difference between "blurring" (Langley et al., 2019) and "blending" (Darbi et al., 2016) here, as "blurring" is part of the process but does not necessarily imply a "productiveness." In contrast, "blending" highlights the integration between formal and informal contexts and their actors in productive ways and constructing a valuable ambiguity, which in Case Study II was illustrated in the entrepreneurs "becoming" the institutional connection between formal and informal markets.

Thus, the two case studies used for this thesis show that *exploring beyond boundaries is a relational process that must be experienced in terms of potentials*. One of the most significant barriers to inclusion is previous assumptions from either formal or informal market actors that hinder agency from emerging in relations. On one side, formal market actors typically frame their engagement in informal markets by previous negative assumptions, such as that poverty contexts lack skills (Vunder Fontana, 2008), or that uncertainty and complexity complicate work in these contexts (Klassen & Vereecke, 2012). On the other side, previous experiences of exploitation (Cardoso, 1976) and exclusion (Sen, 2000) hinder the poor from trusting (Godfrey, 2011) cooperations with formal market actors. To engage in relations that unleash agency and recognize value (Gehman et al., 2013), human beings must transform themselves into actors that enter the unknown and be open to relating to one another with neither fear nor prejudice. This goes against strictly theorizing relations just in their normative aspects, as they can enhance the realization of potentials (Sen,

2000; WorldBank, 2013) for those who are willing to engage in new experiences with the other, promoting emancipation processes at different institutional levels (Lawrence et al., 2009; Willmott, 2011) that ultimately lead to inclusion. Transgressing boundaries is a key aspect of inclusion (Zundel et al., 2012), as it is the only way that the potential to encounter vastly different settings can be realized. Wandering into the unknown (Zundel et al., 2012), thus, becomes a form of courage, as it implies a willingness to change. Boundaries are only loosened (Morrill, 2017) when experienced first-hand. Work, then, implies wandering between a diversity of structures to find freedom through the very experience of encountering others. In this sense, markets will only emerge as part of inclusive processes at different levels, fueling dynamic structuration processes in developing countries when they underpin action and relations from actors who are willing to openly understand, learn from, and experience the other.

8.3. Conclusion

This chapter analyzed the theoretical contributions that this thesis makes toward literature on inclusive markets, informal markets, cooperations between formal and informal markets, and institutional work and boundary work. Section 8.1 analyzed the institutional transformation of poor and informal settings into informal markets, showing that the suspicion that these markets are not necessarily inclusive is justified. Frequently, these markets involve the exploitation of the poor and the reproduction of power asymmetries. It has historically been argued that the exploitive character of these markets is due to their lack of formalization. This thesis argues, however, that poverty and the markets that exist within their contexts have been poorly conceptualized. It is only by viewing informal institutions at the ontological, cognitive, and normative levels that a deeper and more realistic understanding of market activity on contexts of poverty can be attained. Furthermore, the fact that poor and informal settings, informal markets, and inclusive informal markets are distinct phenomena has been largely neglected

in the literature. This thesis proposes, therefore, that informal markets can be considered a desirable activity, only when they emerge as an inclusive arena for the poor at different institutional levels.

Section 8.2 analyzed the contributions that this thesis makes toward literature on institutional and boundary work. The actions-relations-institutions trident was proposed to contribute to the discussion of agency and structure, defining the importance of relations in processes of institutionalization and, therefore, the emergence of institutional work in this recursive relationship. Ontological work is the type of boundary work that best shows how action and social and material relations enhance the emergence of actors' agency to create institutions by becoming ways of being in the world. Boundary work as a form of institutional work allows us to conceptualize how the actions-relations-institutions trident enhances cooperations across boundaries. The process of exploring and experiencing beyond boundaries varies, depending on the institutional level at which the work takes place. Respecting boundary work and informalizing boundary work act at different institutional levels and, thus, reflect the complexity of working across boundaries.

These contributions lead to key points that can guide future researchers and practitioners. These will be analyzed in Chapter 9, below. First, are the nuances of defining the market as a positive activity in all contexts across space and time. Second, is the suggestion of new and innovative approaches to public policy, sustainable development, and other initiatives in poor and informal settings, particularly in developing countries. Third, is the need for methodological approaches for studying contexts of poverty and informality based on ontological and epistemological positions.

Chapter 9. Conclusions

Vinimos a este mundo
más como umbrales que como árboles.
Más como grietas que como raíces.[41]

This chapter includes final ideas on three issues that emerged during this PhD and that open new doors for emerging research. Section 9.1 includes final comments regarding the difference between informal markets and inclusive informal markets, suggesting a nuance that acknowledges that markets *can be* a desirable activity in developing countries, which could be a helpful perspective for future research. This section reiterates that is damaging for discussions on poverty to either ideologize markets by defining them as the main causes of inequality or idealize them and promote them in every context. Section 9.2 endeavors suggestions for public policy makers and sustainable development practitioners, particularly in the context of developing countries as compared with developed countries when trying to tackle development challenges as inclusion. This section suggests that public policy and practitioners should promote greater levels of freedom from formal structures, accepting the benefits of informality in developing countries. Public policy makers and sustainable development practitioners in these countries should focus on ways to allow inclusion to emerge through relations between formal and informal markets without necessarily formalizing market activity in developing areas of developing countries. Further, although this thesis focuses explicitly on developing countries, it also

[41] We came to this world
more as thresholds than as trees.
More as cracks than as roots.

This is an excerpt from the upcoming novel *Raíz* ("Roots"), written by the author of this thesis. A portion of it was slightly changed and used in the Acknowledgements section of this thesis ("We experience this world more as thresholds than as trees"). The novel will be officially published in 2021 or 2022.

suggests that both developed and developing countries must take great care to create formal institutional frameworks that are flexible, adaptable, and inclusive enough to promote the participation of those who reside in poverty and informality. Section 9.3 discusses methodological perspectives for endeavoring research in phenomena such as poverty, informality, informal markets, and inclusion. This highlights relevant discussions that have been largely ignored by mainstream academia but that are now re-emerging in the form of contextual and processual lenses and theoretical interpretations using ontology. These methodological clarifications highlight both the strengths and the limitations of this thesis and the suggestions for new research. Section 9.4 concludes both the chapter and the thesis with some final remarks.

9.1. The nuances of socially desirable market activity in poverty and informality

This thesis conceptualizes the undertheorized phenomenon of market activity in contexts of poverty and informality. The innovation of this direction is unarguable, as few academics have focused on this issue. This PhD was endeavored to provide innovative solutions for such enduring phenomenon as poverty, which so many human beings experience throughout their lives.

The chapters above have shown that market activity is extremely dynamic in contexts of poverty and informality; yet, it is not the only institutional force present in these contexts. Markets seem to thrive in poverty, even if viewed as just one option of many. Therefore, markets are not the only mechanism for survival in contexts of poverty. Often, relations that have not been marketized are, in fact, at the center of opportunities for individuals and groups who reside in poverty and exclusion. Relations with others, in the form of strong inter-human solidarity ties or relations with the natural environment, explain the agency that allow human beings to survive and thrive in situations of economic scarcity. Thus, *markets cannot be considered the sole solution to poverty*.

Markets, nonetheless, do enhance relational processes for surviving and thriving in poverty. Markets drive creativity in these contexts, and should not

be neglected nor ideologically prejudiced, as has often been the case. The emergence of markets in contexts of poverty enhances the creativity illustrated in the institutional force forged in market relations between different actors that facilitate the realization of value potentials. Furthermore, markets in contexts of poverty are born of the encountering of the "other," such as formal encountering informal, rich encountering poor, indigenous encountering modern, and vice versa. *Without these encounters, markets do not exist in contexts of poverty*. The institutions that enable market activity in these contexts are diverse and complex, showing the institutional heterogeneity from which markets can emerge.

However, this thesis does not propose an idealization of markets, as they can either unleash the freedom of human beings to prosper within poverty or reproduce the social and material relations that make poverty so enduring in the first place. In other words, markets can be either inclusive or alienating. Informal markets are much more complex and heterogenous phenomena than has been historically proposed by academics and practitioners. *Understanding the nuances of the consequences of market activity* for those living in poverty and informality is, therefore, key to proposing more relevant solutions in these contexts. Actions and relations set in informality can be exclusionary, taking place through practices and processes that restrict fair access to markets. This is reinforced by formal institutions that in developing countries are, in themselves, primarily exclusionary.

Thus, this thesis proposes the term *inclusive informal markets* to refer to markets that are capable of enhancing vibrant relational dynamics that enable the poor to be part of globalization processes in ways that benefit them, while also benefiting the formal counterparts with which they share relations. As has been shown in the previous chapters, specific practices and relations enhance the emergence of institutions at different levels that give an inclusive character to markets and unleash their inherent creativity. To promote the inclusion of actors from both sides—the formal and the informal, the poor and the rich—requires crossing boundaries into the unknown, going beyond our own contexts with courage and hope to relate with those who have

different experiences, thoughts, ideas, norms, and institutional features. It is only through crossing and transgressing boundaries that a new inclusive world can emerge at different institutional levels. In this sense, this thesis argues that inclusive informal markets can be positive for decreasing degrees of poverty, the latter understood as little or no economic resources.

New research must focus on understanding the heterogeneous relations within and across the boundaries of formal and informal markets. This thesis has intended to enlighten the discussion by highlighting two extreme cases of the emergence of informal markets (an indigenous community and an urban slum). However, a vast diversity of relational arrangements exists between formal and informal markets, which can be explored by further research.

9.2. Public policy recommendations

The outcomes of this thesis highlight significant differences between formal and informal institutions that have not been previously highlighted by researchers and that can guide public policy makers and development practitioners working in poor and informal contexts. Specifically, this thesis points to the need to be embedded in contexts of poverty and informality at various levels in order to fully understand and engage in inclusive impact activities in these countries, to experience first-hand the coercive, exclusionary, and static character of the formal institutions that have mostly historically been promoted, and to envision the foundational freedom that developing societies must negotiate from them.

First, this thesis suggests that policy makers must endeavor more personal experiences in poverty before attempting to propose solutions, or what so-called experts call "best practices" or "low hanging fruit." As argued above, those who have never experienced poverty first-hand cannot claim to understand it. Nonetheless, policy makers who have little-to-no experience in these contexts are often the ones proposing solutions for its eradication. Think of heads of state, CEOs, academics, professionals, and international development experts. How many have experienced poverty contexts first-

hand? How, then, can they fully understand what the people and groups in these contexts need? Before proposing to resolve poverty, must we not experience it ourselves? This is not to say that to resolve poverty we must ourselves become poor; rather, we must be willing to physically and materially interact with and within these contexts. Furthermore, we must endeavor such relations with a willingness to reflect on our own reality and, ultimately, to change.

What the author of this PhD has most learned during his years as a student in one of Europe's top universities, as well as a practitioner in contexts of poverty in developing countries from the early days of his career, is that the roots of deprivation are not easy to discover; thus, solutions are never easy to determine. Contexts of extreme poverty and exclusion tend to strike the very core of our being; thus, it is understandable that quick-fix solutions might arise. Nonetheless, the solution is neither philanthropic nor sentimental. These are mostly other forms of colonized thought and action. Proposing solutions in poverty and informality implies, above all, an embeddedness with these contexts that aims to understand the nuances of how actions and relations promote processes of inclusion in these settings in order to endeavor more effective, contextualized solutions. Markets, in this sense, are important tools for human beings to transform themselves into actors that flourish in contexts of poverty, particularly in terms of their capacity to promote relations that enhance the emergence of value. It can be argued, thus, that inclusion emerges in relations between the formal and the informal, and vice versa. Contextualized solutions and new forms of value can emerge through the encountering of such dissimilar actors and contexts, who experience and learn about one another through the process of social and material relations.

A greater contextualization by policy makers and practitioners will enable them to consider the heterogeneity and complexity of the phenomenon of informal markets. This thesis has highlighted these phenomena in two specific settings: that of a rural indigenous community and an urban slum. With respect to the first setting, a substantial investment of resources is necessary to connect formal and informal market actors and develop market

relations in rural settings with indigenous communities. It is especially important that the actors of both contexts learn to respect and understand one another, attempting to transcend centuries of prejudice and exploitation. Increasingly some initiatives have started to be developed in this line. For example, some social entrepreneurships in Chile have developed gatherings between diverse actors as multinationals, local companies' leaders, entrepreneurs from smaller companies and mapuches indigenous communities in order for them just to know each other and share their experiences and views on sustainable development. Also, public authorities and citizens of urban areas have been invited to these gatherings in order to fight decades and centuries of prejudice and exploitation through shared experiences rather than with previous set goals. With respect to the second setting, public policy makers and practitioners who focus on urban contexts must work to empower entrepreneurs living in poverty and informality and enabling them to fully engage in the freedom to work in a way that allows them to overcome poverty. In slums, it seems that informality is ultimately about hybridization—that is, "being" the connection between two worlds, the formal and the informal. Entrepreneurial capacity programs in these contexts should focus on the support in the creation of instrumental strategies of formalization-informalization, through which entrepreneurs can reflect on the pros and cons of formalization and therefore develop a view on the potential benefits of their difficult situations and how they can take advantage of the best of formality and informality for the development of their initiatives during different stages of growth. Public policy makers should consider the differences illustrated in these cases and endeavor policies that are specific to the contexts and audiences they are targeting.

Second, public policy makers and practitioners should focus on promoting policies that are not necessarily related to formal institutions. Formal institutions are only one of many ways for promoting institutional change. The great problem of just focusing on formal institutions is that they are mostly coercive, control-based mechanisms and, therefore, typically impose unrealistically static structures on dynamic lives, giving excessive

importance to consciousness, which, as many social scientists such as Giddens (1979) have argued, is not as large a part of the human experience as has been claimed. Furthermore, the static nature of formal institutions drives them mostly to promote *fear-based engagement with actions and relations*. This means that, when they are not correctly, contextually and inclusively crafted (as in most developing countries), rather than increase value potential, they inhibit the possibility of unleashing it through encounters. Further, they do not easily flow acro*ss space and time*, as they were established at specific points in history with specific relations and actions. In this sense, their origin in nation-states, especially on those that have shown corrupted and extremely decontextualized frameworks for framing market activity, does not necessarily facilitate the adaption to the uncertain, globalized scenarios that we currently face. Therefore, in many cases they can manifest as structures that hinder the ability of human beings to face challenging situations and flourish in contexts of poverty, and not ones that enable the explorations of the freedom of human beings to emerge as agents of change.

The case of entrepreneurs in poor and informal settings that are forced to formalize can be used as an example. Formal institutions do not facilitate their work, and, as was argued in Case Study II, it is difficult for such entrepreneurs to compete under game rules that do not clearly benefit them. Therefore, many are ultimately being forced to climb aboard a formal train that does not increase their wellbeing; on the contrary, it forces them to accept low-paying jobs, often located a long distance from their contexts. Thus, their low-power position is reinforced. Another, more general, example is related to the formal establishment of laws created to rule a specific problem or promote certain activities that formal authorities consider socially desirable at a certain moment in time. Laws, however, especially in developing countries, do not adapt easily to changes and, therefore, often transform themselves into veritable cages that do not reflect the dynamic reality of their contexts. This is the case of Costa Rica where lately the state has enacted laws that limit the possibilities for private initiatives to flourish in different areas as education

and others. Further, protective formal institutions often do not function correctly, as they are institutionally corrupt and do not generate fair game rules for all participants in a society. In this line in the case of Chile claims of the corruption of the judicial system have been increasing during the last years. The monumental tension we see in the world—illustrated by the great number of challenges for which unprecedented solutions are needed, such as climate change, poverty, and global pandemics—is, at least in part, related to the promotion of formal institutions by nation-states that are exclusionary and do not adapt to an increasing global scenario, and that have disallowed diverse solutions and human creativity to flourish, excluding great portions of the world's population that emerge as poor. Furthermore, in an era of accelerated change, formal institutions seem neither fast nor flexible enough to rule social and economic activities fairly. More importantly, they do not reflect the social and material interconnectivity that human beings are part of in the form of complex processes of which they are usually unaware, as these processes surpass our own experience. It seems that we are conscious of the processes we are part of only when our socially constructed reality fails to reveal our ingenuity of governing the world. This can be illustrated by the current pandemic, during which we have understood the extreme degrees of global interconnectivity we currently experience in our lives, but with a political scenario that still is mostly governed by formal institutions emanating from nation-states. How to develop formal institutions that have a process nature and allow their members greater degrees of freedom is one of the most interesting challenges of the twenty-first century. Will the state be capable of transforming itself into something that can originate these institutions, or will it increase its degrees of coercion, as we are currently witnessing in many parts of globe? Or, will new forms of sovereignty that assign new value to the formal arise? Whatever the future hold, this thesis argues that formal institutions are meant to enable life and the exploration of freedom, not to inhibit them.

Third, this thesis suggests that public policy makers and practitioners should assign greater degrees of freedom to flourish in poverty, which implies

accepting the benefits of informality, particularly in developing countries. Public policy makers and development practitioners in these countries should, thus, focus on ways to allow inclusion to emerge through relations between formal and informal markets, without necessarily formalizing market activity in developing contexts of developing countries. In this sense, they should not presuppose that the formalization of informal markets is always positive for the actors involved, whether these actors be formal or informal. The risk of entrusting economic and social development solely to formal institutions is that it removes a great portion of human beings from the equation, thus stripping them of their potential exploration of freedom. Public policy makers and practitioners must, rather, focus on facilitating the emergence of inclusive informal markets if they are to successfully tackle poverty. For example, they can accept the emergence of certain markets that develop at least partly outside of the law as they generate positive impact in poverty settings.

This is an economic as much as a political argument. Members of societies negotiate their degrees of freedom from the state according to how much freedom they are willing to give up in order for the state to rule their relations. In the last two centuries, this negotiation has especially been led by developed countries, followed by developing countries such as those of Latin America. However, as Touraine (1988) has argued in his book *Le parole et le sang,* political, social, and economic institutions in this region were initially a "copy-paste" of developed countries—a situation that has not changed much since. Therefore, it cannot be said that developing countries have seriously institutionally discussed their degrees of freedom from formal structures. Thus, rather than define guilty parties that are long distant in the past (such as the Spanish conquerors) or engage in populist strategies proposing simplistic solutions, the outcomes of this thesis suggest that these countries should transparently engage in this discussion, taking into account the mostly exclusionary character historically enacted by formal institutions in these contexts. It is evident that in many cases formal institutions have hindered freedom and have not developed the necessary legitimacy to be

coercive in developing contexts, especially with the poor. Furthermore, even government institutions show an informal and ambiguous character. This is the case of Chile, for example, where more than half of the public labor force is hired through contracts named "contrata" that allow the state to hire at the beginning of each year and fire at the end of it (without any compensations) in order to keep public costs low. How to align formal and informal institutions in this discussion through processes of negotiation seems, therefore, one of the most important challenges these countries face. The diversity of experiences in regions such as Latin America would suggest that a fruitful discussion could be made in order for individuals and groups historically unknown to each other (for example, the indigenous and modern, and the rich and the poor), to accept one another and promote the emergence of more inclusionary informal institutions that allow the emergence of value from these relations, enhancing pressure for the construction of less exclusionary formal government institutions, ultimately generating more economic resources for different members of society.

Interesting research could be developed on this topic. Furthermore, although this thesis focuses on developing countries, both developed and developing countries must take care in creating formal institutional frameworks that are flexible and inclusive enough to promote the freedom of those residing in poverty and informality to participate and prosper. The outcomes of this thesis suggest that the definition of developed and developing countries, and new definitions as emerging countries, remain confusing, as they are framed by an economic development paradigm. Therefore, these outcomes propose that the terms "developed" and "developing" countries should be defined by how institutionally inclusionary they are. Moreover, the terms "inclusive" and "exclusive" countries could be an interesting conceptualization for categorizing the development of countries. Indicators such as the Social Progress Index[42] are heading in this

[42] www.socialprogress.org

direction, although are not explicitly using the term "inclusion," as it has been employed in this thesis.

9.3. Contextual methods for studying market activity in poverty and informality

Developing contextual lenses for studying poverty, informality, informal markets, and inclusion, such as that suggested by this thesis, opens the door to a refreshed understanding of the heterogeneity of informal markets and how actions, relations, and institutions unfold as a recursive relationship to facilitate their emergence. Two methodological tools that were used in this thesis are useful for guiding the discussion: 1) using proper methods to gather and analyze data, and 2) adopting theoretical lenses that facilitate interpretations of complex and heterogenous phenomena.

The methods used in this thesis were in line with experiencing and achieving a personal embeddedness in contexts of poverty and informality. This means theorizing these issues via participatory observations and "on the ground" experiences—not from behind a desk. Therefore, participatory observations and ethnographic methods were chosen for both case studies endeavored in this thesis, as a means of achieving a greater embeddedness in the phenomenon under study and, therefore, legitimizing the arguments presented in these pages. Poverty, as many academically studied phenomena, is dominated by deductive thinking and positivist approaches, often endeavored with little or no personal experience of poverty contexts. Furthermore, the lack of many policy makers, academics and practitioners' personal experience in developing countries, combined with the use of quantitative methods or case studies with little or no physical interaction by their authors in the contexts under study, can be seen as one of the key reasons

that these contexts have historically been conceptualized in negative terms. In other words, *negative concepts express what we have not experienced and, therefore, cannot know*. Negative concepts simplify our understanding of phenomena in contexts that are different from modern economies or that have not hopped on the bandwagon of economic development, so to speak. A concept is nothing more that useful abstract thinking to depict a phenomenon within a given context. The extent to which we can generalize a concept is, therefore, one of the most challenging aspects of scientific thinking. Clearly, academics, policy makers, and practitioners in developed countries, as well as those residing in developed areas of developing countries, often over-emphasize the negative theorization reflected in concepts of poverty and informality. It is understandable that these actors would attempt to define *something* that was not emerging as it did in their own contexts; that is, that was not emerging as they felt it *should* be emerging.

The great challenge is, then, to escape from the *simplification trap of negative conceptualization* that has plagued academic studies, particularly management and organizational studies that endeavor research in poor and informal contexts. Methods are the bridges that connect our experiences with the arguments we defend, propose, and discuss. Thus, this thesis argues that ethnographic and participatory methods can allow us to achieve greater embeddedness in the contexts we are studying and positively conceptualize such contexts as an effort to unveil their processual dynamics. Furthermore, these methods support the critique of previous excessively generalized studies on informal markets that define these markets strictly in negative terms. As we still know little of poverty and informality, these methods can help deepen our knowledge before attempting any form of generalization. This can, thus, be considered both the strength and weakness of the method chosen to gather and analyze data relevant to this thesis. On one hand, it gives a more contextual understanding of the actions and relations that promote institutionalization in contexts of poverty and informality. On the other hand, as with any qualitative method, its results cannot be easily generalized.

The second methodological aspect this thesis suggests is the selection of appropriate theoretical contextual lenses to interpret phenomena in poverty and informality. As proposed by authors such as Hassard and Cox (2013), ontology, epistemology, and methodology exist in a recursive relationship for any researcher. Bansal et al. (2018) also highlight the importance of researchers being cognizant of their ontological and epistemological assumptions. This thesis follows these authors in arguing that ethnographic and participatory methods can be helpful for developing relational ontological and epistemological perspectives of complex phenomena. The author of this thesis must confess that he spent a large part of his PhD years searching for theoretical streams that would effectively enlighten the phenomena of market activity in these contexts. The emerging discussion on the informal institutions that enable informal markets to function helped position these thoughts, ideas, and findings within an interesting and promising stream of literature. However, there was also redundancy, as *informal* institutions were being used to explain the functioning of *informal* markets and, therefore, illustrated some of the negative conceptualization criticized above. The stream largely ignored as well the interactions that occur between informal and formal markets that allow market activity to emerge in contexts of poverty and informality. Furthermore, the stream adopted a mostly static approach on institutions. Clearly, more work needed to be done to choose the appropriate lens for understanding emerging market activity in these contexts.

The research streams of institutional work and boundary work present an innovative perspective that proves useful for better understanding the differences between formal and informal institutions, as well as the relational and process dynamics between them when market activity emerges in poor and informal settings at different levels. These two streams of literature were adopted by this thesis for different reasons. On one hand, previous literature on institutional work suggests the importance of understanding institutions as processes in which actors interact with one another across space and time, opening new potentialities that use a contextual and processual lens on

agency to unveil institutional dynamics. This is in line with moving away from the simplification trap of negative conceptualization. Particularly, the discussion of ontology with respect to actors and institutional change offers an innovative means to grasp the phenomenon of the emergence of market activity in poor and informal settings in its full complexity. On the other hand, boundary work enables a reflection on cooperations that occur across the institutional boundaries of formal and informal markets, which can be linked with institutionalization dynamics. Linking these two lenses to understand emerging market activity in poor and informal settings seemed evident.

The combined lens of institutional work and boundary work opens the door to understanding the complexity of interactions between formal and informal institutions, as well as their differences. Informal institutions can emerge in poverty settings that are almost completely isolated from formal institutions, such as in rural indigenous communities, or can emerge as part of complex processes that build over weak and ambiguous formal institutions, as in the case of urban slums. In order to achieve inclusivity in markets, informal institutions seem to be more complex and abstract mechanisms than what has been previously argued, suggesting in some cases an act of *"becoming" informal institutions at the ontological level*. This level would explain great part of the interactions between formal and informal institutions in poor settings and how these are at the core of understanding socially desirable market activity in these settings. In this sense, the complexity of the phenomena under study and its more appropriate abstraction at the ontological level was key to answering this thesis' research question (Felin et al., 2015; Hwang & Colyvas, 2014). By coupling the essential attributes of actors and their contexts, it was possible to find relevant distinctions between different institutional settings and the institutional mechanisms for change (Hwang & Colyvas, 2014). As human beings are social individuals, the experience of being in this world can be extremely different between individuals, groups, and cultures. Ontological institutions can either separate and hinder inclusive cooperations between formal and informal markets (as in the case of indigenous communities) or can act as the relational mechanism

that connects them in inclusive relations (as in the case of urban slums). Therefore, by not understanding institutions at this level, we neglect a key part of the processes of inclusion and exclusion and prevent a proper theorization that can explain the dynamics between formal markets, informal markets, and poor and informal settings. Furthermore, the ontological level is useful for explaining the endurance of poverty and informality, especially in developing countries, as it reflects ways of being strongly forged in relations. This thesis proposes, therefore, that poor and informal settings can be transformed into informal markets—and, even, inclusive informal markets. Through different kinds of work, poverty and informality can emerge as places of institutional creativity rather than negative outcomes, even overcoming differing ontologies.

Relations are at the core of the institutional work that actors endeavor to promote inclusion, and a large part of agency emerges via relations. This is a profound theoretical stand. Relations have been largely undertheorized in the study of institutions; yet they are at the core of any process of institutionalization. There is no agency without relations. We exist in the world with others and, therefore, the very act of living requires institutions that allow us to socially relate with others and materially relate with our environments (Giddens, 1979), which reflects that "being" is experienced in more abstract terms as it is forged in relations, and not just as individual entities. With the term "abstract" it is intended to reflect not just the immaterial aspect of these institutions highlighting cognitive aspects, but also the "obscure" process through which human beings internalize and embody their social and material relations as part of their own essential features and become more general assemblages. The focus is on relations, the links between individual entities. In this sense, highlights relational processes beyond the individual, which cannot be seen nor touched. Relations do not just reflect normative aspects. They can also enable the human experience in its full potentiality. Putting the recursive relationship between actions, relations, and institutions at different institutional levels at the center of discussions of informal institutional work suggests the processual and emerging character of informal institutions. Relations cannot be

controlled; thus, nor can informal institutions. Both are part of a perpetual flow that belongs to everyone and no one across space and time.

The ontological institutional level proposed in this thesis intends to explicitly illustrate how relations can affect actions and ways of being and, therefore, reflect the social core of the human experience. *At the ontological level, we "become" our relations*. This is illustrated in this thesis through the Case Study II, in which informal markets emerge in slum settings despite the fact that their residents are largely immigrants; thus, national identities do not become a barrier for cooperations with wealthier formal markets. Entrepreneurs form institutional connections between formality and informality by engaging in a process of informalizing work that blends formality and informality. Furthermore, it can be argued that they "become" this blending, illustrating that they reside in the in-between: the formal and the informal, the rich and the poor.

Inclusion, however, does not always emerge at the ontological level. It seems that certain conditions are needed for this more powerful and unconscious institutional change. The differences between ontological institutions in wealthier formal markets and those that emerge in poor and informal must be bridged. Particularly, this thesis has analyzed how a rural indigenous culture's substantial isolation from modern society generates an insurmountable barrier for formal actors when attempting ontological work. Ontological work in these instances requires these actors to become the indigenous—to talk like them, experience the world like them—or vice versa, for the indigenous to become modern. This thesis argues that this is not easily attainable. For the sake of example, consider the Hollywood-typical movie story in which western protagonists loose themselves in the culture of an indigenous tribe. In *Dances with wolves*, for example, with Kevin Costner, the possibility of the protagonist breaking free of his own institutions when physically and materially experiencing indigenous institutions makes him question his previous beliefs, learnings, norms, laws, and ways of being. He does not become indigenous; rather, a profound mutual respect emerges between himself and the indigenous community. In such cases, cognitive and

normative levels of work are important for generating inclusion in terms of respect and dignity, as shown in Case Study I of this thesis. As a counterpoint to respect, the claim of some modern figures that have "become" indigenous after having experienced their ways of life appears a weakly-crafted experience of life. Rather, it is much more realistic and courageous to develop forms of inclusion that accept the other as different and relates via market or non-market cooperations that create new and mutually-beneficial potentialities.

Under this perspective, informal markets are anything but a negative concept. The word "informal" itself seems to simplify the processual dynamics that explain the emergence of market activity at different institutional levels. Informal institutions in contexts of poverty and informality can, rather, be defined as *relational mechanisms that facilitate or hinder the emergence of market activity*. Informal markets can, therefore, be defined as markets that mainly emerge as a result of these relational mechanisms. Furthermore, inclusive informal markets are markets that generate relational mechanisms at different institutional levels that favor every actor involved.

Finally, it is important to clarify that this thesis has taken as a conceptual entry point an ontological and epistemological "soft process perspective." This perspective adheres to the notion of a world composed of things and that processes represent a change in these things, and is thus grounded in substantive metaphysics (Hirschman & Reed, 2014; Langley et al., 2013). In this sense, actors and institutions exist as abstractions that can explain different phenomena at different levels (Berger & Luckmann, 1967; Hwang & Colyvas, 2014; Langley et al., 2013; Willmott, 2011). However, in the findings and theorization chapters, this thesis identified a middle ground that emerged from the data in which actors can "become" their relations; thus, actors can be abstracted at a more general level where they can be part of processes in which entities are not clearly defined. In this sense, actors can also "become" relational processes that are more general than they are, and can, thus, be part of processes in the sense of being them and not just being governed by them as passive entities. The ontological and epistemological

stand taken by this thesis intends therefore to contribute to a link between the substantive and a "stronger process perspective" that enters the process metaphysics arena. In other words, it gives "becoming" a notion of "being." Process metaphysics adheres to a different perspective on process theorization, as it follows an ontology that is based on a world of processes (Chia, 1994, 1996; Heidegger, 2001; Whitehead, 1997/1925; Whitehead, 2008/1929). Process metaphysics question the existence of entities as such and, therefore, questions the existence of things and institutions.

The theoretical differentiation between the terms "emerging" and "becoming" throughout this thesis intends to distinguish the theoretical perspectives pertaining to these two process perspectives. The term "emerging" best describes the nature of informal institutions at their three different levels (ontological, cognitive, and normative), while "becoming" refers to when things become processes (just the ontological level). These differentiations are proposed in order to clarify the use of the two terms in process discussions related to management and organizational studies, as many authors use the term "becoming," in particular, without referring to a theoretical perspective of process metaphysics and, therefore, confuse discussions. This was, as can be imagined, a challenging task, especially in writing. We are used to writing in terms of entities and, therefore, in many parts of the text certain subjects have had to be acknowledged as the central actors in institutional change. The intent in this thesis is, rather, to use language intentionally to show how *things* can become *processes*, depending on their institutional emergence.

This link between the two ontological approaches of substantive and process metaphysics to analyze institutional change responds to the complexity of the phenomena under study. It could also suggest more freedom to agents that experience poverty if they are able to scale the generality ladder in their change, contributing to the debate between structure and agency. Human beings transform themselves into actors at different levels when socially and materially relating with their contexts and, in some cases, become processes at levels that surpass their individuality. The

individual and collective experience of human beings is always relational. The question of when individuals, groups, and processes coincide in the same being could guide this link in future research, as well as new conceptualization in studies of freedom and emancipation. This thesis adheres to an understanding of freedom as related to the ability to "become" more than the individual and groups themselves, but not in coercive forms. Our individual experiences are part of processes that go beyond experience itself, and also house other, more micro-level processes that emerge within us (for example, molecules and other forms of life). Therefore, it proposes that the individual is always part of social and material relational processes serving to complexify the perspective of methodological individualism. It seems that we can only be free in this world if we are free with others. Freedom, thus, becomes an enigmatic and ever-changing space emerging between us and others, and between the past, the present and the future.

9.4. Closing remarks

This thesis has focused on understanding inclusive markets and informal markets in their full complexity. The results show that informal markets are dynamic contexts in which market activity emerges. This thesis has proposed that informal markets can be positive if the recursive relationship between actions, relations, and institutions that spans formal markets and poor and informal settings at different levels promotes inclusion. Organizational and management studies must use contextual methods that enlighten the understanding of this recursive relationship, which unveils how the institutionalization process enables market activity to emerge in poverty and informality. Contextual lenses are also useful for guiding public policy and development work in contexts of poverty and informality. Therefore, the results of this thesis suggest that public policy makers and practitioners should engage in a much more contextual approach to promoting inclusive informal markets.

Before concluding, it's worth highlighting that a main aspect that needs to be theorized in developing countries is the freedom debate. This thesis aligns with previous theoretical studies that argue that freedom always depends on a structure that is more general than the individual. Many studies in economic, management, and organizational research have given formal institutions the central role in defining these structures. Thus, the necessity of nation-states is often assumed, as these are at the origin of formal institutions. However, these institutions are clearly failing, as they are not adapting quickly enough to current social and material change. Nation-states will need to adapt if they want to survive. They have two paths. One is to increase their coercive mechanisms to control. This could even lead to a global state. However, this would be an undesirable path, as it would imply less-contextualized forms of life and human experience. The other option is for nation-states to adapt to more flexible forms. This could imply the transition to a logic of city-states that connect via globalization.

Reducing the space of formal institutions as structures that influence human activity can increase degrees of freedom, as human beings would be able to navigate informal institutions that resemble their contextualized experience. Institutions can be what we are and what we are not. They can encage us or free us. To be free is to be able to navigate within different structures. Particularly, informal institutions are structures that mainly emerge as a mirror of our beings, reflecting our best and worse features. How to promote the emergence of the best features is the challenge we face. We need to learn to trust informal institutions, see them through their own eyes, put ourselves in their shoes, allow ourselves to be affected by them, while also fueling these same structures in order to change them in positive and inclusive ways. In this sense, the only freedom at our hands is the freedom to relate. As relations change us at different levels, there is, at least, a possibility to choose them. We cannot choose all of them. For example, we cannot choose where or when we are born. The only path feasible to exploring freedom is, thus, to open to relations in greater degrees. This freedom can, and should, be experienced by all human beings, notwithstanding their

economic or social situation. We can learn much from those who reside in poor and informal settings. Poverty is a place where the present and the unconscious dominate. It is also a place, as in the case of indigenous communities, where we can learn to respect the past while not being encaged by it, as well as experience and understand the importance of creating institutions that promote the emergence of human beings and nature at the same level and not as human beings owning it. Humans are free to act and relate, and that is all that is needed to be part of this world's "becoming," especially in today's globalized situation, where we experience the interconnectivity in every aspect of our lives. At a certain point, these relations will become part of our own beings; thus, this freedom to relate is key to individual freedom and exploration of life as an emerging world full of possibilities. So, how can markets emerge as inclusive arenas for the poor? By having the courage to act and relate, to step out of prejudices and assumptions, to experience, to survive, to create.

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CURRICULUM VITAE

PERSONAL DETAILS

Name: Felipe Ignacio Symmes Avendaño
Date of birth: 22 August 1983
Telephone: +56 9 37314589
E-mail: fisymmes@uc.cl
Nationality: Chilean
Gender: Male

EDUCATION

02/2017 – 02/2019 PhD Student in Organizational Studies and Cultural Theory, University of Saint Gallen

09/2010 – 09/2012 MA in Development Studies, Université Paris I Panthéon Sorbonne

09/2006 – 03/2007 MBA and supplementary management courses, University of California at Los Angeles (UCLA)

03/2002 – 08/2007 BA in Business Economics, Pontificia Universidad Católica de Chile

03/1987 – 12/2001 Dunalastair English School

ACADEMIC, TEACHING, AND PROFESSIONAL EXPERIENCE

06/2020 – Until now
VIVA IDEA
•Research Co-Director

•Leading research projects in social entrepreneurship, social progress, impact investment, collective action and inclusive markets in the Latin American region

•Teaching in courses, workshops and seminars around Latin America in sustainability issues with academics, government experts, and social entrepreneurs

06/2015 – 05/2020

VIVA IDEA

- Senior Researcher and Leader, social entrepreneurship area
- Teacher of courses, workshops, and seminars in sustainability issues for academics, government experts, and social entrepreneurs across the Latin American region
- Head of research projects in social entrepreneurship, social progress, and informal markets in the Latin American region

06/2017 – 06/2019

INCAE Business School

- Professor in the Analytics and Innovation High Level Manager program, INCAE Business School

06/2015 – 03/2017

INCAE Business School

- Senior Researcher
- Researcher in social entrepreneurship, social innovation, formal and informal markets, shared value, and sustainable and digital supply chains

06/2013 – 03/2016

Center for Social Innovation and Entrepreneurship, Pontificia Universidad Católica de Chile

- Researcher in social entrepreneurship and social innovation

- Contributor to the paper, "The ABCs of the emergent phenomenon of social enterprises in Chile," Social Enterprise Journal.

10/2013 – 05/2015

Center of International Competitiveness, Universidad Adolfo Ibáñez

- Researcher in international entrepreneurship
- College administrator for the Center of International Competitiveness
- Collaborator with Christian Felzenstein, PhD director for Business, Universidad Adolfo Ibáñez
- Coordinator of the 2014 McGill International Entrepreneurship Conference

10/2013 – 05/2015

Universidad Adolfo Ibáñez

- Researcher in the framework for the Fondecyt project, "How to measure subjective development in Chile?"
- Contributor to papers written with José Edwards, Adolfo Ibáñez University professor

03/2014 – 12/2014

Universidad del Desarrollo

- Lecturer
- Designer and teacher of the course, "The social role of organizations" for fifth year students from diverse disciplines

09/2012 – 05/2013

Res Pública

- Head of a project to propose a new public policy framework for Chile

- Research consultant in decentralization, modernization of the state, political systems, and public policy
- Direct employee of the ex-Minister of Economy for Chile, Alejandro Ferreiro, in projects associated with the Bank of Latin America

02/2009 – 02/2010

Recycla

- Chief of innovation and projects for one of Chile's first social enterprises
- Creator of the Corporate Social responsibility Consultancies Department
- Researcher in international public policy in social and environmental issues
- Chief of Nestlé's recycling campaign and environmental education research project lead
- Head of a recycling and environmental education research project with MIT graduates
- Head of Ecological Footprint Research Projects
- Head of Conscious Consumption Research Projects

01/2008 – 01/2009

Fundación America Solidaria

- General Director of Microcredit Program, NICALIT, San Rafael del Sur, Nicaragua
- Evaluator of previous program management
- Creator and implementor of program planning for 2008
- Creator of program structures and processes
- Creator and implementor of a microentrepreneurs training system
- Anthropologic researcher in local fishing practices

- Researcher in Corporate Social Responsibility of NICALIT, reducing the program dept from 40% to 15%

08/2007 – 12/2007
Fundación Emmanuel

- Project consultant
- Creator and organizer of processes in the education area
- Researcher in education in excluded zones of Chile
- Partnership-builder with universities and NGOs
- Creator of the 2008 volunteer program

CONSULTANCY EXPERIENCE

05/2017 – 03/2018
FUNDES

- Consultant in the construction of the FUNDES Strategy, research area

07/2015 – 08/2015
Holcim Costa Rica

- Consultant in inclusive business models focused on the base of the pyramid
- Field consultant in La Estrella, Puerto Jiménez, and San Rafael de Alajuela for the construction of an inclusive business model focused on the base of the pyramid
- Collaborator with Holcim Costa Rica's high-level general managers to implement the proposed inclusive business model

03/2014 – 06/2014

Fundación Imagen

- Consultant for Fundación Imagen (Image Foundation), the public organization responsible for the international public perceptions of Chile.
- Comparative researcher for a project between Chile, Ecuador, Perú, Australia, and New Zealand in the legitimacy of nation branding practices using indigenous symbolism
- Author of working paper

07/2014 – 10/2014

Fundación Minera Escondida

- Creator of the Manual of citizen participation for young people in the city of Antofagasta
- Head of the project's theoretical framework for the organization, which is one of the main development actors in northern Chile

PUBLICATIONS

PEER-REVIEWED JOURNALS

Symmes, F.; Jäger; U.; Rodríguez, A. (2016) Moving Latin American Social Entrepreneurs to Scale, Stanford Social innovation Review.

R&R IN PEER-REVIEWED JOURNALS

Jäger; U.; Symmes, F. (2018) Overcoming growth rejection: How a process paradigm on inclusive growth can foster sustainable development, Academy of Management Journal.

BOOKS

Jäger, U.; Symmes, F.;Cardoza, G. (2019) Scaling Strategies for social entrepreneurs: A market approach, Palgrave MacMillan.

BOOK CHAPTERS

Jäger, U.; Symmes, F.; Gutiérrez, R. (2020) The Latin American context: The challenge of managing advocacy and impact inclusion, in the Routledge Companion to Nonprofit Management, edited by Helmut K. Anheier, Stefan Toepler.

Res Pública (2012) 95 proposals for Chile, Chapter *Decentralization empowering regions*, Res Pública- Universidad Católica de Chile.

WORKING PAPERS

Symmes, F.; Villoch, P. (2014) Comparative research between Chile, Ecuador, Perú, Australia and New Zealand in the legitimacy of nation branding practices that use symbols from indigenous people.

REPORTS

Symmes, F.; Jäger; U., and Rodríguez, A. (2016) Report of Social Entrepreneurs Latin America 2014, VIVA-INCAE Business School

CONFERENCES

2019: Symmes, F.; Jäger, U. The value of poverty and informality: How entrepreneurs create informal institutions to transform poverty settings into markets, November 2019 Ivey Business School, London, Canadá, in the 12th Annual Ivey/ARCS PhD Sustainability Academy.

2018: Jäger, U.; Symmes, F. Overcoming growth rejection: How a process view of inclusive growth can foster sustainable development, August 2018 in the Annual Academy of Management Conference at Chicago, USA.

2018: Jäger, U.; Symmes, F. Overcoming growth rejection: How a process view of inclusive growth can foster sustainable development, June 2018 MIT Sloan School of Management, in the ARCS Sustainability Conference Conference at Boston, USA.

2014: Gatica, S., Symmes, F. The new dynamics of welfare encountered by social enterprises. September 2014 SIRSO Lima, Perú. Conference on Corporate Social Responsibility in Latin America.

RESEARCH PROJECTS

10/2013 – 05/2015 Fondecyt project, How to measure subjective development in Chile?

PUBLICATIONS IN PROCESS

PEER REVIEWED JOURNALS

Symmes, F; Jäger; U. (2020) The market value of informality in urban slums by blending it with formality, aimed to Administrative Science Quarterly.

Jäger; U.; Symmes, F. (2020) Ontological brokering in indigenous contexts: How brokers work when they cannot understand the knowledge to be translated, aimed to Organization Science.

LANGUAGES

- Spanish: Native
- English: Proficient
- French: Proficient
- Portuguese: Intermediate

SOCIAL SKILLS AND COMPETENCES

- Strong proponent of teamwork, with excellent adaptation skills
- Vast experience in problem-solving and relationship-building in diverse intercultural settings
- Hands-on experience in extreme poverty settings
- Creative, imaginative, innovative passionate, and tenacious

- Physically active

OTHER SKILLS

- Proficient in Microsoft Office and MAXQDA
- Published literary author of Escritos de un hombre perdido (Writings of a Lost Man) in 2016 and selected as one of the top ten new talents of the year by the Penguin Random House Caligrama Awards