

Policy support for harnessing informal sector entrepreneurs: a comparative analysis

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Abstract

This article profiles the various regulatory interventions taken by national governments for the informal sector entrepreneurs and explores how culture relates to levels of entrepreneurial activity and its institutional context. This exploration is motivated by the observations of economists and sociologists like Joseph Schumpeter, Max Weber and David McClelland on country differences in levels of entrepreneurial activity. Analysis of research and theory suggests influence of economic and institutional contexts on entrepreneurship and their economic development, moderated by cultural and societal factors. The article argues for a more agent and culture embedded regulatory focus in understanding the informal sector entrepreneurs. A three dimensional approach that includes the regulatory (laws), cognitive (individual characteristics) and normative (societal characteristics/culture) aspects will expectedly illustrate a more comprehensive understanding of factors influencing and impacting entrepreneurship. This approach involves recognition of country differences including normative aspect of cultures and reduction of any mono-method bias in study of the informal sector entrepreneur.

Key words Informal Economy; Entrepreneurs; Growth; National Perspectives; Asia Policy