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Exploring the Realities Pakistani Entrepreneurs Face as They Navigate the Entrepreneurial and Small and Medium-Sized (SME) Ecosystem

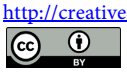
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Abstract

This exploratory study investigated the motivations, institutional barriers, and adaptive strategies of young Pakistani entrepreneurs operating within a structurally constrained and SME-dominated business environment. Drawing on the Push-Pull Theory of Entrepreneurship and Institutional Theory, the researchers analyzed data from an online survey of 24 entrepreneurs across multiple sectors. Findings show that pull motivations—e.g. the need for independence, entrepreneurs' passion, and their pursuit of higher income—are central in entrepreneurial entry. Also, push factors—e.g. limited job opportunities, dissatisfaction with traditional employment, and low salary—also influence entrepreneurial decisions. Respondents also rated the impact of institutional barriers—e.g. financial resources, registration procedures, high taxation, corruption, political instability, and lack of government support—on their ability to start and run businesses. Women and media-sector entrepreneurs reported additional challenges such as gender-based constraints, online harassment, platform instability, and limited access to global payment systems as influencing their entrepreneurial journeys. Despite this, entrepreneurs indicated that they capitalize on family networks, mentorship, partnerships and frequent business model adjustments to stay resilient. These findings provide a snapshot of how a sample of Pakistani entrepreneurs navigate their entrepreneurial landscape and highlight the need for targeted policy and other reforms to better support entrepreneurs' business efforts.

Keywords

Entrepreneurship, Pakistan, Push-Pull Theory, Institutional Barriers, SME Ecosystem

1. Introduction

Entrepreneurship and small and medium-sized enterprises (SMEs) are steadily gaining traction as dynamic forces that change the economies of developed and undeveloped countries worldwide. These enterprises are primary drivers of job creation, economic growth, and national prosperity (Alam et al., 2024; Kim et al., 2018; Bayo & Emmanuel, 2020). However, these endeavors involve risk-taking and innovation. As the World Economic Forum Managing Director Neo (2025) recently stated,

amid trade and geo-economic tensions, extreme weather events, social polarization and disruptive technological changes, the global outlook may seem more unsettling than ever… History shows that entrepreneurship often thrives in difficult times, prompting shifts in our worldview and ways of working, creating opportunities for new businesses to emerge and for existing ones to evolve and build new capabilities.

Pakistan ranks 122nd on the Global Entrepreneurship Development Institute (GEDI) Index and 108th in terms of business accessibility among 190 nations, placing it in the "lower-middle tier globally" (Mehboob et al., 2025). Recent statistics (Najeeb, 2021) show that 5.2 million SMEs make up nearly 90% of private businesses in manufacturing, service, and the startup industries (see Manzoor et al., 2019; Naveed et al., 2022; Alam et al., 2024).

In this study, a "young entrepreneur" is defined as an individual who founded or co-founded an active business venture and was between the ages of 25 and 40 at the time of participating in the program or initially forming the business. A "Small and Medium-sized Enterprise (SME)" is operationally defined following the Small and Medium Enterprises Development Authority (SMEDA) of Pakistan's guidelines as "an enterprise employing fewer than 250 individuals with annual sales or productive capital aligning with small to mid-scale private sector operations" (Small and Medium Enterprises Development Authority [SMEDA], 2020).

The media sector in Pakistan mirrors this broader entrepreneurial landscape. Digital technologies, layoffs in traditional media houses, and the rise of content creation have promoted entrepreneurial journalism (Bakar et al., 2024; Khan et al., 2021) and provide alternative employment pathways for mass communication graduates (Ul Hassan, 2025; Kalaji, 2025). Moreover, these ventures fill information gaps left by state-controlled or conglomerate-owned media outlets. As Kalaji (2025) notes, Pakistan's creator economy is booming, yet it faces risks related to social media shutdowns, lack of global payment platforms, and threats of prosecution for "false information."

This dichotomy is evident across sectors. On the one hand, the industry is booming but, on the other, entrepreneurs face institutional, political, financial, educational and cultural challenges (e.g. see Muhammad et al., 2023; Hoor-Ul-Ain et al., 2014; Hasan et al., 2012; Haque, 2007; Malik, 2003).

Though existing literature offers broad insights into entrepreneurial motivation

and institutional friction globally, there seems to be a gap in studying entrepreneurship from a Pakistani context. Prior research has identified general trends and obstacles (e.g. Mehboob et al., 2025; Naveed et al., 2022; Manzoor et al., 2019; Haque, 2007; Malik, 2003). However, the researchers for this study are specifically interested in 1) the personal and structural motivations driving young Pakistanis towards entrepreneurship over conventional employment, 2) the specific barriers they must navigate, and 3) the strategic relationship between new ventures and the strongly established SME market in the country.

This study explored these elements by utilizing components of the Pull and Push Theory of Entrepreneurship (Amit & Muller, 1995) and Institutional Theory (Barley & Tolbert, 1997).

The authors implemented an explorative and basic quantitative methodological approach to collect data through online surveys from a purposive sample of young Pakistani entrepreneurs/small business owners. Respondents are alumni of a U.S. Department of State-sponsored Professional Fellows Program. Findings provide useful insights for policymakers, business owners, educators, and government institutions to better support the entrepreneurship ecosystem in the country.

2. Literature Review

The theoretical foundations for this study draw from scholarship on entrepreneurship in developing economies to contextualize the entrepreneurial landscape in Pakistan and guide the current research.

2.1. Global Rise of Youth Entrepreneurship

Neo (2025) argues that global crises—geopolitical tensions, climate change, and technological disruption—often catalyze entrepreneurial innovation, prompting shifts in worldviews and creating opportunities for new businesses to emerge. As such, entrepreneurship has become a defining feature of contemporary labor markets, particularly among younger generations, providing a solution to both unemployment and underemployment. De Klerk et al. (2024) highlights the increasing trend of career transitions from traditional employment to entrepreneurship, driven by the desire for autonomy, flexibility, and meaningful work. This shift is not limited to Western economies; it is a global phenomenon (see Bayo & Emmanuel, 2020) shaped by technological change, economic uncertainty, and evolving cultural attitudes toward work and workforce resilience (see LaRock & Hemmy, 2025). The Global Entrepreneurship Monitor (2024) reports significant entrepreneurial growth in the United States, with 20% of young Americans showing intention to launch a business (LaRock & Hemmy, 2025). Similarly, 80% of startup founders in Africa are younger than 35 (Neo, 2025), illustrating the role of youth in economic transformation on the continent. As a result, it is important to understand how young people navigate the challenges and opportunities of entrepreneurial ecosystems.

2.2. Entrepreneurship in South Asia and Pakistan

The entrepreneurial landscape in South Asia presents one such example. Despite being the fastest-growing region in the world, the region faces challenges related to youth unemployment, skills gaps, and institutional inefficiencies. The International Labor Organization (2024) reports that one in four young people in South Asia is "NEET"—not in education, employment, or training—leaving millions disconnected from opportunity. On the other hand, the region's youth is seen as its greatest strength, "rising through adversity and rewriting (its) story" (Roychoudhury & Shah, 2025).

Pakistan is no exception. Its ranking in the "lower-middle tier globally" on the GEDI Index reflects systemic challenges (Mehboob et al., 2025) within a rapidly expanding entrepreneurial landscape. The 2023 Economic Census found over seven million establishments operating in the country, with more than 99% classified as SMEs (Pakistan Bureau of Statistics, 2025; Qasim, 2025). This is more than double the number of businesses operating in the country in 2018 (Hussain & Imran Malik, 2018). The entrepreneurial environment is shaped by a combination of economic necessity, cultural norms, and institutional constraints (see Haque, 2007; Hoor-Ul-Ain et al., 2014; Malik, 2003; Hasan et al., 2012; Mehboob et al., 2025). The role of government, regulatory bodies and bureaucracy is well-documented and traditionally considered not conducive to small business activities (Haque, 2007). However, the importance of youth entrepreneurship as both a societal and economic priority has seen emerging voices seeking to reform policies and institutional support for young Pakistani entrepreneurs (Pace College, 2025). These realities underscore the need for research that integrates personal motivations, institutional constraints, and market dynamics to facilitate policy making, education and financial support for entrepreneurs.

2.3. The SME Sector and Its Structural Dominance in Pakistan

SMEs play a central role in productivity, employment quality and income distribution in the Pakistani economy (Najeeb, 2021; Shah & Syed, 2018; Noman & Khalid, 2019). Naveed et al. (2022) also emphasizes the sector's role in technological innovation, supply chain development, and economic resilience. However, the dominance of SMEs also creates structural and cultural barriers for new entrants into the economy. Manzoor et al. (2019) argue that SMEs often control local supply chains, distribution networks, and political connections. This creates informal norms, institutional barriers and a competitive environment that young entrepreneurs who lack established relationships and resources find difficult to enter (see Malik & Nabi, 2025; Noman & Khalid, 2019).

The relationship between young entrepreneurs and established SMEs is further complicated by the prevalence of family -owned businesses, which constitute a significant proportion of Pakistan's SME landscape. These businesses often utilize kinship networks in hiring, contracting, and partnership decisions. Young entrepreneurs without established family connections therefore struggle to access men-

tors, suppliers, or market opportunities.

Despite these challenges, SMEs also serve as models of resilience. Their ability to adapt to economic, political and regulatory uncertainty can provide young entrepreneurs with insight into strategies for survival and growth. Understanding how young entrepreneurs perceive the dual character of SMEs in Pakistan will be valuable for recommendations on policymaking, education and other forms of support.

2.4. Media Entrepreneurship in Pakistan

The media sector reflects the broader entrepreneurial trends outlined above. Khan et al. (2021) describes how entrepreneurial journalism is a response to layoffs, censorship, and the decline of traditional media due to financial instability, political pressure and declining public trust (Noman & Khalid, 2019). Media entrepreneurship is particularly relevant for mass communication program graduates. Ul Hassan (2025) and Pace College (2025) highlight the employment crisis among these graduates, many of whom turn to freelancing or digital content creation for self-employment opportunities. This process is facilitated by digital platforms that enable journalists and content creators to launch independent ventures, foster community engagement and democratic participation, and fill information gaps left by state-controlled or conglomerate-owned media.

However, these entrepreneurs are vulnerable to another set of challenges, including social media bans, lack of global payment systems, and legal threats related to "false information" (Kalaji, 2025). These challenges are compounded by cultural and religious norms that challenge women's participation in media entrepreneurship: online harassment, censorship, and surveillance constrain certain groups of media entrepreneurs to operate freely and safely (see Muhammad et al., 2023; Li et al., 2023; Reporters Without Borders, 2020).

Understanding the motivations and challenges of media entrepreneurs in the sample of respondents is valuable to the framework of this study.

3. Theoretical Frameworks

3.1. Push and Pull Theory of Entrepreneurship

The Push and Pull Theory of entrepreneurship (Amit & Muller, 1995) provides a foundational framework for understanding entrepreneurial motivations and intentions. "Pull" factors are considered positive drivers that act as intrinsic motivators that steer individuals to pursue entrepreneurship for personal and professional fulfillment. These include autonomy, passion, financial opportunity, and self-realization (see Martínez-Cañas et al., 2023; Mkubukeli & Cronje, 2018). "Push" factors, on the other hand, often have negative connotations and refer to realities that "force" individuals to opt for self-employment (Amit & Muller, 1995). These are often not the "preferred option but… a better option than those available, or (the) only option" (Martínez-Cañas et al., 2023). These factors include unemployment, job dissatisfaction, or socioeconomic instability.

In Pakistan, where youth unemployment is high and traditional employment pathways limited, push factors often compel young people to pursue entrepreneurship out of necessity (Hussain & Imran Malik, 2018). Economic volatility, inflation, and limited upward mobility further exacerbate these pressures, making entrepreneurship a viable—even though often challenging—alternative to traditional employment.

The Push and Pull Theory of Entrepreneurship is particularly relevant for this study as the researchers wanted to determine whether intrinsic motivators or external pressures play the biggest role in shaping entrepreneurial decision-making in Pakistan.

3.2. Institutional Theory

Institutional Theory (Barley & Tolbert, 1997) emphasizes the role of formal and informal institutions in shaping organizational behavior. Formal institutions include regulatory frameworks, financial systems, and bureaucratic processes. In the Pakistani ecosystem, these would specifically refer to complex company registration processes, high taxation, and limited access to finance that create obstacles for young entrepreneurs (Hasan et al., 2012; Malik, 2003). Because these barriers consume resources and energy, they often discourage entrepreneurs from starting new ventures (Alam et al., 2024).

Informal institutions, on the other hand, are unwritten norms embedded in culture, society, traditions and customs (see Holmes et al., 2011). These include kinship/nepotism systems, family expectations, distrust of formal authorities, and patriarchal restrictions on female entrepreneurs (Muhammad et al., 2023; Williams & Shahid, 2014). In Pakistan, these informal institutions often prioritize secure white-collar employment over entrepreneurship, creating social pressure that discourages entrepreneurs to start their own ventures (Haque, 2007).

Combining formal and informal institutions in the Pakistani society presents an operating environment that could easily be considered detrimental to entrepreneurship and innovation. However, research shows that, in spite of the formal and informal limitations in the Pakistani society, entrepreneurs find ways to bridge gaps and establish thriving small businesses (Alam et al., 2024; Anwar et al., 2018).

For the purposes of this study, Institutional Theory provides a lens to understand the formal and informal institutions that shape the experiences of young entrepreneurs in Pakistan. It also provides a framework to determine how entrepreneurs navigate these realities.

4. Significance of the Study

Youth entrepreneurship in Pakistan is emerging at a critical time in the country's and region's history. Its youth population is one of the largest in the world, but its potential is restricted by structural and other realities (see Roychoudhury & Shah, 2025).

Through this exploratory study, the researchers aim to add to the scholarly understanding of youth entrepreneurship in Pakistan. Building off existing research outlined above, and exploring the "push" and "pull" factors that motivate young entrepreneurs, as well as institutional realities that direct their decisions, we aim to provide practical insight for actionable and targeted interventions in the country.

5. Problem Statement

Despite the growth of entrepreneurship in Pakistan, young entrepreneurs face structural, financial, and institutional barriers that hinder their ability to launch and sustain successful business ventures. In addition, an unstable socio-political and regulatory environment, and limited entrepreneurial education further challenge entrepreneurs to navigate the entrepreneurial ecosystem. This study explored the interaction between these realities and respondents' personal motivations to understand the lived experiences of young Pakistani entrepreneurs and help design effective interventions that foster youth entrepreneurship and innovation in the country.

6. Research Questions

The following research questions guided the study:

- RQ1: What are the primary motivational factors that "pull" young Pakistanis toward entrepreneurial ventures?
- RQ2: What are the primary motivational factors that "push" young Pakistanis away from traditional employment?
- RQ3: What key external obstacles shape young Pakistani entrepreneurs' trajectories?
- RQ4: What strategies do young Pakistani entrepreneurs employ to navigate the SME-dominated market in the country?

7. Methodology

We used an exploratory quantitative research design to investigate the motivations, institutional barriers, and adaptive strategies of young Pakistani entrepreneurs operating within a structurally complex small business environment. We used a quantitative online survey to generate insights that could serve as a foundation for future, more extensive studies. All participants gave consent at the start of the online survey to participate in the study. The methodological choices were guided by the study's theoretical frameworks, the nature of the research questions, and the practical constraints associated with accessing geographically dispersed entrepreneurs across Pakistan.

7.1. Research Design

The study used a cross-sectional survey design, collecting data at a single point in time from a sample of entrepreneurs operating business ventures across various

regions of Pakistan. This allowed the researchers to examine the prevalence of pull and push factors of entrepreneurship, identify the institutional barriers entrepreneurs face, and explore the strategies they employ to navigate Pakistan's small business ecosystem. This design allowed the researchers to do an exploratory descriptive analysis that provides a snapshot of the current entrepreneurial landscape in Pakistan.

7.2. Sampling

The researchers used purposive sampling to recruit participants between 25 and 50 years old, who are founders or co-founders of a business operating in Pakistan for at least two years. We recruited participants through professional and alumni networks of the U.S. Department of State's Professional Fellows Program. Although purposive sampling limits generalizability, it is appropriate for exploratory research that seeks to understand the experiences of a specific, information-rich population. The target sample was between 30 and 40 respondents.

The U.S. Department of State Professional Fellows Program targets young professionals aged 25 - 40 at the time of fellowship selection. However, this research included program alumni across multiple cohorts between 2018 and 2025. Consequently, several fellows who were included in early cohorts (e.g., 2018) had aged into the 40 - 50-year-old bracket by the time of data collection. Information below reflects the sample distribution in terms of age:

- **25 - 29 years:** 12.5% (n = 3)
- **30 - 34 years:** 33.3% (n = 8)
- **35 - 39 years:** 29.2% (n = 7)
- **40 - 50 years:** 25.0% (n = 6)

The sampled ventures represent diverse economic sectors, including digital media, creative content, consulting, education, and retail industries. Regarding legal status, 60.9% of enterprises operate as formally registered entities (e.g., sole proprietorships or private limited companies), while 39.1% operate informally. Micro and small enterprise profiles dominate the sample, with the majority employing between 1 and 10 individuals.

7.3. Data Collection

The researchers collected data using a Qualtrics online survey, which respondents accessed through a secure link. We chose this method because it 1) allowed us to reach entrepreneurs across geographically dispersed regions of Pakistan, many of whom operate in remote or underserved areas; 2) reduces social desirability bias by allowing respondents to answer anonymously without direct interaction with the researchers; and 3) facilitated efficient data management and analysis.

Participants were informed about the purpose of the study, the voluntary nature of participation, and their right to withdraw at any time. They were also assured that no identifying information would be collected and that their responses would remain confidential. Only after providing informed consent could participants

proceed to the survey questions.

The survey instrument contained 17 structured core questions, comprising closed-ended categorical items, 5-point Likert scales, and optional qualitative follow-up text boxes allowing respondents to elaborate on their responses. The researchers conducted descriptive statistical analyses on all quantitative items, while they systematically reviewed qualitative entries to contextualize statistical trends (e.g., international payment constraints and internet bans). The survey link was sent to the population (n = 42) of Professional Fellows from Pakistan who participated in the program between 2018 and 2025. The survey remained open for three weeks, during which the researchers sent periodic reminders to encourage participation.

A total of 24 entrepreneurs completed the survey, providing a response rate of 64%. While n = 24 respondents completed demographic and primary motivational items (Tables 1-3), n = 23 respondents completed the matrix items evaluating specific institutional barriers (Table 4, Table 5) and adaptive strategies (Table 6). All table headers state the precise analytical N for each variable set.

7.4. Data Analysis

Because this is an exploratory study, the researchers utilized descriptive statistics, including frequencies, percentages, means and cross-tabulation for data analysis and to answer the research questions. We chose these types of analyses over inferential statistics because the study aimed to explore patterns in motivational factors, institutional barriers, and adaptive strategies among the sample of respondents rather than test hypotheses or establish causal relationships.

Motivational factors were evaluated using two complementary item structures:

1) *Categorical Frequency Items*: Respondents selected primary push and pull factors from item lists (multiple selections allowed).

2) *Likert Scale Evaluations*: Overall composite intensity was measured using 5-point Likert items (1 = Not at all important to 5 = Extremely important). The composite Pull Factor mean (M = 4.39 SD = 0.64) was calculated by averaging individual Likert ratings across autonomy, passion, and earning potential items. The composite Push Factor mean (M = 2.83 SD = 1.46) was computed across employment dissatisfaction, job scarcity, and financial push items.

8. Results

8.1. Respondent Demographics

Table 1 summarizes the survey respondents' demographic profile. The majority were older than 30% - 87.5% (n = 21). This distribution might be reflective of the fact that all respondents are alumni of the U.S. Department of State Professional Fellows Program, which has an age requirement of between 25 and 40 years. It could also reflect a broader trend that businesses get formed after entrepreneurs have accumulated educational credentials and some work experience.

The gender distribution was slightly skewed toward male entrepreneurs (58.3%).

Education levels were high across the sample: 54.17% (n = 13) have master's degrees or MBA qualifications and 45.83% (n = 11) have bachelor's degrees. Several respondents have additional professional credentials such as LLB degrees or graduate diplomas.

The majority of respondents (70.8%, n = 17) indicated that their businesses have been operational for more than five years. With research showing that financial hardship causes 80% - 90% of Pakistani startups to fail within the first four years (Ullah et al., 2016), this result demonstrates entrepreneurs' ability to start and run successful businesses that are outliving this statistic.

All respondents met the study's inclusion criterion of operating an active business venture for a minimum of two full years (100%, n = 24). In Table 1, the category previously labeled "1 - 2 years" represents ventures that had completed exactly two years of operations at the time of participation in the study.

Non-responses were handled using pairwise deletion/eligible-denominator calculations. For general institutional barriers (Table 4), 23 respondents provided complete ratings (n = 23). For gender-based barriers, percentages were calculated strictly using the subset of eligible female entrepreneurs (n = 10) rather than the overall sample. Specifically, 70.0% (n = 7) of female entrepreneurs reported gender-based barriers during business startup, while 10.0% (n = 1) reported ongoing gender-based constraints during business operation.

Geographically, the sample reflects broad national representation, with respondents based in Islamabad, Karachi, Lahore, Quetta, Abbottabad, Gilgit, Peshawar and other urban areas.

Table 1. Respondents' demographic characteristics.

Variable	Category	Frequency	Percentage
Gender	Male	14	58.3
	Female	10	41.7
Age	25 - 29	3	12.5
	30 - 34	8	33.3
	35 or older	13	54.2
Education	Bachelor's degree	11	45.83
	Master's degree	13	54.17
Years in business	1 - 2 years	3	12.5
	3 - 5 years	4	16.7
	More than 5 years	17	70.8

8.2. Pull Factors

Pull factors (e.g. independence, passion, opportunity for higher income) were consistently strong across the sample. Table 2 reflects how respondents rated the

importance of these elements in the decision to start and run a business. Respondents rated the strength of pull factors on a 1 - 5 scale, with a mean score of M = 4.39 (SD = 0.64), indicating that intrinsic motivations played a substantial role in their decisions to enter the field of entrepreneurship, the most important being independence/autonomy that business ownership brings.

Table 2. Pull factors that motivate entrepreneurs to start a business.

Pull factor	Frequency	Percentage
Independence/autonomy	19	79.2
Passion for ideas/field	13	54.2
Opportunity to earn more	11	45.8

8.3. Push Factors

Push factors (e.g. lack of job opportunities or dissatisfaction with employment) were less dominant than pull factors in participants' responses. The need for financial stability is the strongest push factor among respondents. Table 3 reflects how they rated the importance of these elements in the decision to start a business (M = 2.83; SD = 1.46).

Table 3. Push factors that motivate entrepreneurs to start a business.

Push factor	Frequency	Percentage
Lack of job opportunities	3	12.5
Dissatisfaction with employment	2	8.3
Need for financial stability	7	29.2
Influence of family/mentors	4	16.7
Other (e.g. different work environment; help women; explore different possibilities)	3	12.5

8.4. Institutional Barriers That Challenge Entrepreneurs in Their Business Journey

Respondents highlighted that institutional realities affect them in similar ways when starting and running a business. However, in the starting phase, difficulty accessing finance (52.2%, n = 12) is the main barrier, while political instability (52.2%, n = 12) is the main barrier to keep businesses operational. Table 4 reflects how respondents rated these factors as barriers toward progress in starting and running a business.

8.5. Challenges Faced by Media and Digital Entrepreneurs

Respondents involved in digital content creation or media (n = 20) consider the most pressing challenge in both starting and running their businesses being difficulty accessing global payment systems. Results are similar for both the starting

and operational phases of media and digital businesses, though twice as many respondents said that platform instability or bans affect them while running their businesses compared to when they start it. Detailed results regarding these challenges are reported in Table 5 below.

Table 4. Institutional realities that challenge entrepreneurs in their business journey.

	Starting a business		Running a business	
Barrier	Frequency	Percentage	Frequency	Percentage
Complicated business registration	8	34.8	6	26.1
Difficulty accessing finance	12	52.2	11	47.8
Lack of government support	11	47.8	10	43.5
Political instability	10	43.5	12	52.2
High taxation/unclear policies	6	26.1	9	39.1
Corruption/informal payments	7	30.4	8	34.8
Cultural/family pressure	8	34.8	7	30.4
Gender-based barriers (women only)	7	25.9	1	4.30
Other (e.g. lack of mentorship; lack of access to information; limited payment methods to do business internationally; lack of stable internet provision)	3	13.0	4	17.4

Table 5. Challenges faced by media and digital entrepreneurs.

	Starting a business		Running a business	
Challenge	Frequency	Percentage	Frequency	Percentage
Difficulty accessing global payments	13	65	11	55
Platform instability/bans	4	20	8	40
Lack of monetization options	8	40	8	40
Online harassment	3	15	3	15
Censorship/legal threats	2	10	1	5
Gender-based barriers	7	35	6	30
Other (e.g. LinkedIn profile verification; lack of freedom of speech; developing and distributing relevant content)	5	25	4	20

8.6. How Entrepreneurs Navigate Institutional Constraints

Respondents use a variety of strategies to navigate institutional constraints. The most prominent ones are seeking mentorship and training, forming partnerships with SMEs and frequently adjusting business models to stay relevant (see Table 6).

Respondents expressed high confidence in sustaining their businesses over the

next two years: 80% (n = 18) are either confident or very confident (M= 3.96; SD = 1.08; 5 = "extremely confident"). Almost all respondents (n = 20) emphasized the importance of digital platforms in their business success (M = 4.26; SD = 0.67; 5 = "extremely important").

Table 6. Entrepreneurial strategies to navigate institutional constraints.

Strategy	Frequency	Percentage
Family/personal networks	11	47.8
Digital platforms to reduce costs	13	56.5
Mentorship/training	14	60.9
Partnerships with SMEs	14	60.9
Adjusting business models	14	60.9
Operating informally	9	39.1

9. Discussion

This study explored the motivational architecture, institutional landscape and navigational strategies of a sample of Pakistani entrepreneurs. The subsequent discussion situates empirical findings within the theoretical frameworks outlined above, while connecting it to the broader scholarly literature on entrepreneurship in developing economies.

9.1. Pull Factors and Aspirational Entrepreneurship (RQ1)

The dominance of pull factors provides strong support that the sample of respondents is aspiration-driven rather than necessity-driven entrepreneurs. This aligns with previous studies (e.g. De Klerk et al., 2024) showing that career transitions into entrepreneurship are increasingly motivated by positive desires for meaningful, self-directed work. It also mirrors global trends in entrepreneurial behavior: educated young people understand the relationship between work, identity, and contribution even in environments where structural and other conditions might be more conducive to necessity-driven entrepreneurship (Global Entrepreneurship Monitor, 2024; Mkubukeli & Cronje, 2018).

Independence/autonomy as the primary motivator (or pull factor) shows that for highly educated, professionally experienced young Pakistanis, entrepreneurship represents a deliberate decision to have agency over their professional lives. Entrepreneurship, for them, is not a fallback position. It is a choice. This has important implications for policy and institutional design in Pakistan, demonstrating that support systems should be designed to amplify and sustain entrepreneurs' aspiration rather than merely address survival needs.

9.2. Push Factors and Dual Motivational Structure (RQ2)

The considerably lower push factor mean (M = 2.83 on a scale of 5 being extremely

important) relative to the pull factor mean (M = 4.39 on the same scale) shows that respondents are less motivated by external factors as they decide to start their own businesses. However, within this overall finding, results show that necessity and dissatisfaction with employment options did push some respondents to become entrepreneurs. This finding reflects the complex interplay of aspiration and constraint that characterizes entrepreneurial motivation among respondents.

Research (e.g. Gunasegaran et al., 2024) showed that exposure to international professional environments, entrepreneurial networks, and alternative models of business creation can strengthen entrepreneurs' ability to recognize opportunities be more aspirational, especially for those from contexts where such exposure might be rare. All respondents in the current study are alumni of the U.S. Department of State Professional Fellows Program. This exposure could have played a role in amplifying pull motivations and expanding perceptions of entrepreneurial success. Qualitative responses about flexible remote work environments or ventures supporting specific demographic groups were attributed to international exposure. These responses also suggest that exposure to alternative environments may contribute to distinctive and purpose-driven entrepreneurial visions that go beyond profit-seeking.

9.3. Institutional and Structural Constraints (RQ3)

Respondents' perception of institutional and structural constraints hampering entrepreneurial success reflects the complex environment within which Pakistani entrepreneurs operate. More than half of respondents indicated a lack of access to finance as the most important constraint when starting a business. This is consistent with prior documentation of the structural gaps in Pakistan's formal financial system that systematically exclude young and collateral-poor entrepreneurs from access to credit and investment capital (Hasan et al., 2012). These financial barriers limit the scale, sustainability, and growth potential of enterprises that would otherwise be viable contributors to Pakistan's economy. This reality might change in the future, following a recent directive from the Pakistani prime minister to commercial banks that would "improve access to easy loans for women entrepreneurs and SMS and help them export their products" (*Pakistan Today*, 2026).

Almost half of respondents said a lack of government support hampers their entrepreneurial success, especially in starting businesses. This supports research on the intrusive role of the Pakistani government in private enterprise (Haque, 2007). Though indications exist that the government is implementing initiatives to increase support to the small business sector (e.g. Raza, 2026; *Daily Times*, 2026), entrepreneurs in this study have not actually experienced this.

When asked about institutional barriers that hamper the sustainability of their businesses, more than half of respondents (52.2%) said political instability is the most significant. This speaks directly to Barley and Tolbert's (1997) research: when legal, regulatory and governance structures are unstable, entrepreneurs can-

not plan effectively, secure investments, or build sustainable strategies. This causes entrepreneurs to react and adapt to instability instead of strategically planning for the future of their businesses. Hence, entrepreneurial resilience becomes more valuable than efficiency.

About one third of respondents said corruption is both a startup barrier and an ongoing operational challenge. This represents an institutional failure that imposes direct financial costs and corrosive effects on entrepreneurial confidence and market integrity (Alam et al., 2024). This finding further suggests that corruption is both an entry barrier and a recurrent tax that spans the life of the enterprise.

The most significant barrier media entrepreneurs face (both in starting and running their businesses) is difficulty accessing global payment systems (almost two thirds of the sample). Similarly, a significant number of respondents highlighted gender-based barriers to entrepreneurial success, underscoring the continued impact of cultural and gendered constraints for women media entrepreneurs in Pakistan (Muhammad et al., 2023). References to "a lack of freedom of speech," platform instability and government-directed Internet shutdowns connect directly to documented patterns of digital censorship and interference with press freedom in Pakistan (Reporters Without Borders, 2020). These results illustrate how formal institutional failures in the domain of civil liberties translate into direct economic constraints for media entrepreneurs.

9.4. Adaptive Strategies and Resilient Navigation (RQ4)

Respondents seem resilient and adaptive to the above barriers, implementing a multi-pronged approach to navigate the ecosystem. Though family and personal networks are important (almost half of respondents referred to these support systems), the majority rely on mentorship and training, partnerships with SMEs and business adjusting business models to adapt. This illustrates that entrepreneurs actively leverage social, technological and business resources to compensate for institutional deficiencies and align existing research (e.g. Naveed et al., 2022).

Almost 40% of respondents said they operate their businesses informally to avoid bureaucratic delays. This aligns with existing research (e.g. Malik & Nabi, 2025) showing that many entrepreneurs assess the cost of formal compliance against the benefits it provides and choose not to comply. While informal business operations carry risks (e.g. exclusion from formal credit markets and legal protections), several entrepreneurs in the sample see it as a pragmatic survival strategy in a regulatory environment that is simultaneously burdensome and poorly enforced.

Overall, however, entrepreneurs who participated in the study seem confident ($M = 3.96$ on a five-point scale) in their ability to sustain their businesses over the next two years, despite the barriers they face. This resonates with earlier assessments of the resilient entrepreneurial spirit among Pakistani youth (e.g. Mehboob et al., 2025) and confidence in the future of business operations in Pakistan

(Gallup Pakistan, 2025). This optimism could be attributed to respondents' international exposure (as part of the exchange program they participated in), their ability to envision alternative futures even when present conditions are constrained (e.g. Qadeer, 2025; Ahmad, 2023) or the fact that intrinsic motivators/pull factors are so prevalent among the sample of entrepreneurs.

10. Conclusion and Recommendations

This study provides an exploratory snapshot of the motivations, institutional barriers, and adaptive strategies shaping the entrepreneurial experiences of a sample of Pakistani entrepreneurs. Results show though entrepreneurs face constraints and structural challenges, they remain aspiration-driven, adaptive and optimistic about the future of their businesses. The dominance of pull motivations such as autonomy and passion indicates that respondents believe they are pursuing self-directed and meaningful work rather than reacting to push factors such as unemployment or economic need. At the same time, though, the continuing presence of institutional barriers—financial, political, regulatory and gender-based—reflects the formal and informal constraints that shape opportunity structures and entrepreneurial behavior in Pakistan. For media entrepreneurs and those operating digital businesses, additional constraints (e.g. platform instability, censorship, and exclusion from global payment systems) translate into economic and other barriers (Kalaji, 2025). However, respondents seem resilient, strategic, adaptable, forward-looking and confident in the future sustainability of their businesses, a pattern evident in research on how entrepreneurs in constrained environments leverage resources (e.g. Khan et al., 2021).

These findings have several practical implications.

Firstly, policymakers need to reduce institutional barriers: simplify business registration processes, reduce bureaucratic layers, increase transparency in taxation, and ensure uninterrupted, censorship-free internet access, as regulatory unpredictability and digital interference disproportionately harm early-stage ventures both in their startup and later phases (see Malik, 2026).

Secondly, financial institutions need to expand collateral-free lending, microfinance programs, and youth-focused credit schemes to address financial constraints. However, as the *Daily Times* (2026) and *Pakistan Today* (2026) point out, there seems to be a recent movement to address these issues and support small business owners.

Thirdly, educational institutions could help address the barriers entrepreneurs face by strengthening practical entrepreneurship curricula to emphasize digital literacy, financial management, and institutional navigation, while also providing digital safety training for media entrepreneurs who face online harassment and political pressures (e.g. see Nor et al., 2025; European Commission, 2021).

Fourthly, role-players throughout the country (whether government or industry-based) need to establish and foster gender-responsive support mechanisms—including mentorship networks for women, safe reporting channels for harass-

ment, and gender-supportive financial services—to address gender-based barriers respondents face (e.g. see Muhammad et al., 2023).

Finally, it would be beneficial for media entrepreneurs and those operating digital-based businesses to get support that improves access to global payment systems, protect digital rights, and stabilize platform access (see Gunasegaran et al., 2024). This can be done through partnerships with international technology firms and digital rights organizations. International development and exchange programs can also facilitate these initiatives.

While the purposive sample limits generalizability, the findings of this study provide a glimpse into the motivations and lived experiences of young Pakistani entrepreneurs navigating a constantly changing economic, social and political environment. Future research will benefit from a larger and more diverse sample, comparative regional and sector-specific analyses, and longitudinal studies to track how motivations, barriers, and strategies evolve over time.

Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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