International Journal of Human and Society (IJHS)

E-ISSN: 2710-4966	P-ISSN: 2710-4958
Vol. 5. No. 04 (Oct-Dec) 2025	Page 215-228

https://doi.org/10.5281/zenodo.21336155

Socio-Cultural Barriers to Entrepreneurial Development in Pashtun Society: Evidence from District Mardan, Khyber Pakhtunkhwa, Pakistan

Yaqoob Khan	Ph.D. Scholar, Department of Sociology, University of Peshawar, Pakistan. Email: yaqoobkhan7613@gmail.com
Muzafar Khan (Corresponding Author)	Ph.D. Scholar, Department of Sociology, University of Peshawar; Lecturer in Sociology, University of Buner, Khyber Pakhtunkhwa, Pakistan. Email: muzaffarkhan0346@gmail.com
Fazli Wadood	Assistant Professor, Department of Management Sciences, University of Buner KP, Email: Wadoodam@gmail.com
Azra Syed	Ph.D. Scholar, Department of Sociology, University of Peshawar; Lecturer, Chitral Degree College, Pakistan. Email: azrasyed581@gmail.com

Abstract: *Entrepreneurship is widely recognized as a key driver of economic growth, employment generation, and social development. However, entrepreneurial development in many developing societies remains constrained by socio-cultural factors that influence individuals' entrepreneurial intentions and business activities. This study explores the socio-cultural barriers to entrepreneurial development in Pashtun society, focusing on District Mardan, Khyber Pakhtunkhwa, Pakistan. A qualitative research design was employed to gain an in-depth understanding of entrepreneurs' experiences. Data were collected through semi-structured interviews with 40 entrepreneurs selected using purposive sampling and analyzed using thematic analysis. The findings identified five major themes influencing entrepreneurial development: social barriers, financial barriers, psychological barriers, cultural barriers, and family support. Social discouragement, lack of family support, poverty, limited access to finance, fear of failure, low self-confidence, cultural preference for government employment, social stigma, and weak entrepreneurial culture were found to be the major barriers to business initiation and growth. Conversely, family support emerged as a significant enabling factor by providing financial assistance, emotional encouragement, social trust, and business networks. The findings are consistent with Institutional Theory and Embeddedness Theory, which emphasize that entrepreneurial behaviour is shaped by both formal institutional structures and informal socio-cultural relationships. The study concludes that promoting entrepreneurship in Pashtun society requires integrated interventions that strengthen entrepreneurship education, improve access to finance, simplify institutional support mechanisms, and encourage positive cultural attitudes toward business ownership. The findings offer practical implications for policymakers, educational institutions, financial organizations, and entrepreneurship support agencies aiming to foster inclusive and sustainable entrepreneurial development in Khyber Pakhtunkhwa and similar socio-cultural contexts.*

Keywords: Entrepreneurship; Entrepreneurial Development; Socio-cultural Barriers; Pashtun Society; Institutional Theory; Embeddedness Theory; Family Support.

Introduction

Entrepreneurship plays a vital role in promoting economic growth, generating employment opportunities, fostering innovation, and improving living standards. It involves identifying business opportunities, establishing new ventures, and mobilizing resources to create economic and social value. Although entrepreneurship offers significant economic benefits, starting a new business often involves uncertainty, financial risk, and market challenges, particularly during its early stages (Acs et al., 2021; Global Entrepreneurship Monitor [GEM], 2024).

Entrepreneurs are motivated by different factors when starting businesses. Opportunity entrepreneurs establish ventures to exploit perceived market opportunities, whereas necessity entrepreneurs become self-employed because of limited employment opportunities or economic hardship (Bosma et al., 2023; GEM, 2024). In developing countries, necessity entrepreneurship constitutes a substantial proportion of entrepreneurial activity because unemployment, underemployment, and poverty leave many individuals with few alternative livelihood options (United Nations Conference on Trade and Development [UNCTAD], 2022). Despite their growing importance, the experiences and challenges of necessity entrepreneurs remain comparatively underexplored in entrepreneurship research.

Successful entrepreneurs are generally associated with innovation, resilience, self-confidence, opportunity recognition, and a willingness to accept calculated risks. However, these characteristics may not fully describe individuals who establish businesses primarily out of necessity. Financial insecurity, unemployment, and social obligations frequently compel individuals to engage in self-employment for survival rather than personal ambition or opportunity recognition (Shepherd, 2020; GEM, 2024). Consequently, entrepreneurial motivations differ considerably across social and economic contexts. Entrepreneurship is influenced not only by economic conditions but also by the social and cultural environment in which individuals operate. Family values, community expectations, cultural traditions, and social norms significantly shape entrepreneurial intentions, business decisions, and enterprise development. Recent studies emphasize that entrepreneurship is socially embedded and cannot be understood independently of its institutional and cultural context (Welter et al., 2022; Terjesen et al., 2022). Individuals are generally more likely to pursue business activities that are socially accepted and culturally valued within their communities, whereas occupations perceived as socially undesirable often receive limited public support.

These socio-cultural influences are particularly evident in Pakhtun society, where traditions, family expectations, collective decision-making, and community values strongly influence occupational choices. Many individuals prioritize family honour, social prestige, and cultural acceptance over financial returns. Consequently, entrepreneurial decisions are often influenced by collective expectations rather than solely by individual preferences. Family members and local communities therefore play a central role in determining whether entrepreneurship is considered an acceptable career option.

Institutions also shape entrepreneurial behaviour. Formal institutions, including government policies, legal systems, and financial regulations, interact with informal institutions such as customs, traditions, religious beliefs, and social norms to influence entrepreneurial activities. Contemporary institutional research suggests that informal institutions are particularly influential in developing societies because they shape individual behaviour, opportunity recognition, and business decision-making (Bruton et al., 2022; Estrin et al., 2022). Entrepreneurs therefore operate within institutional environments that both enable and constrain entrepreneurial development.

Entrepreneurship should therefore be understood as both an economic and a socio-cultural phenomenon. Cross-national research demonstrates that entrepreneurial behavior varies across societies because cultural values, institutional quality, and social norms influence opportunity recognition, innovation, risk-taking, and business formation (Audretsch et al., 2022; Welter et al., 2022). Understanding entrepreneurship thus requires examining the broader socio-cultural context in which entrepreneurial activities occur.

In Pakhtun society, socio-cultural factors continue to play an important role in entrepreneurial development. Individuals frequently consider family approval, social status, traditional values, and community expectations before initiating business ventures. Several socio-cultural barriers, including a preference for salaried employment over self-employment, social stigma associated with certain occupations, limited entrepreneurial competencies, inadequate institutional support, and resistance to modern business practices, discourage many individuals from pursuing entrepreneurship. Despite the growing importance of entrepreneurship for Pakistan's economic development, limited qualitative research has examined how these socio-cultural barriers influence entrepreneurial behaviour within the Pakhtun cultural context. Therefore, this study explores the socio-cultural barriers to entrepreneurial development in Pakhtun society, with particular reference to District Mardan, Khyber Pakhtunkhwa, Pakistan.

Research Objectives

- To identify the socio-cultural barriers influencing entrepreneurial engagement in Pakhtun society.
- To examine how socio-cultural barriers affect entrepreneurial development in Pakhtun society.
- To explore the role of family support and family influence in shaping entrepreneurial initiation and development in Pakhtun society.

Research Questions

- What socio-cultural barriers influence entrepreneurial engagement in Pakhtun society?
- How do socio-cultural barriers affect entrepreneurial development in Pakhtun society?
- How do family support and family influence shape the initiation and development of entrepreneurship in Pakhtun society?

Literature Review

Conceptualizing Entrepreneurship: Definitions, Dimensions, and Socio-Cultural Perspectives

Entrepreneurship is widely recognized as one of the major drivers of economic growth, innovation, employment generation, and social development. It involves identifying business opportunities, mobilizing resources, introducing innovative products or services, and creating value for individuals and society. Although entrepreneurship is primarily associated with starting new businesses, it also includes recognizing opportunities, managing uncertainty, and developing sustainable enterprises that contribute to economic and social progress (Global Entrepreneurship Monitor [GEM], 2024).

The concept of entrepreneurship has evolved considerably over time. The term entrepreneur originates from the French word entreprendre, meaning "to undertake." Early economists described entrepreneurs as individuals who organize resources and assume business risks in pursuit of profit. Contemporary research, however, views entrepreneurship as a broader process involving opportunity recognition, innovation, value creation, and problem-solving within changing economic and social environments (Acs et al., 2021).

Modern entrepreneurship extends beyond business creation. Entrepreneurs identify market needs, develop innovative solutions, organize available resources, and create products or services that generate economic and social value. Successful entrepreneurs are generally characterized by creativity, resilience, opportunity recognition, self-confidence, adaptability, and a willingness to manage calculated risks. These characteristics enable entrepreneurs to respond effectively to changing market conditions and contribute to sustainable economic development (Shepherd, 2020; OECD, 2023).

Recent studies emphasize that entrepreneurship is a multidimensional phenomenon influenced by economic, institutional, psychological, and socio-cultural factors. Individual characteristics alone cannot explain entrepreneurial behaviour because entrepreneurs operate within specific social, cultural, and institutional environments. Family support, cultural values, educational opportunities, government policies, access to finance, and social networks all influence entrepreneurial decisions and business performance (Welter et al., 2022; Estrin et al., 2022).

Entrepreneurship is also commonly classified according to entrepreneurial motivation. Opportunity entrepreneurship occurs when individuals voluntarily establish businesses to exploit market opportunities, introduce innovations, or pursue personal ambitions. In contrast, necessity entrepreneurship occurs when individuals become self-employed because of unemployment, poverty, or limited wage-employment opportunities. Necessity entrepreneurship is particularly common in developing countries, where self-employment often serves as an important source of household income and economic survival (Bosma et al., 2023; GEM, 2024).

Another important concept is entrepreneurial intention, which refers to an individual's commitment and willingness to establish a business in the future. Entrepreneurial intention is considered one of the strongest predictors of entrepreneurial behaviour because business creation usually begins with an individual's intention to become an entrepreneur. Researchers have shown that entrepreneurial intentions are influenced by personal attitudes, perceived capabilities, family support, social norms, educational experiences, and institutional environments (Liñán & Fayolle, 2022; Nabi et al., 2023).

Entrepreneurship is increasingly understood as a socially embedded process rather than merely an economic activity. Social relationships, cultural beliefs, informal institutions, and community expectations influence opportunity recognition, business decisions, and entrepreneurial success. Consequently, entrepreneurial behaviour varies across societies because institutional arrangements and cultural values shape individuals' perceptions of risk, innovation, and self-employment (Bruton et al., 2022; Welter et al., 2022).

In societies with strong traditional values, such as Pakhtun society, entrepreneurship is influenced not only by market opportunities but also by family expectations, community norms, social prestige, and cultural obligations. These socio-cultural factors may either encourage or discourage entrepreneurial engagement depending on whether entrepreneurship aligns with locally accepted values and social expectations. Understanding entrepreneurship within its socio-cultural context is therefore essential for explaining entrepreneurial behaviour and designing effective policies that promote entrepreneurial development in culturally diverse societies.

Typology of Entrepreneurship

Entrepreneurship can be classified into different types based on business size, objectives, growth potential, and social purpose. Each type contributes differently to economic and social development.

Small Business Entrepreneurship

Small business entrepreneurship refers to businesses that are privately owned and operated with a small number of employees and limited financial resources. These businesses are usually managed by individuals or families and mainly aim to earn a stable income rather than dominate the market. Common examples include grocery stores, beauty salons, repair shops, restaurants, tailoring businesses, carpentry workshops, and local retail stores. Small businesses are often financed through personal savings, family support, or small business loans. They play an important role in creating employment opportunities and supporting local economic development, particularly in developing countries (OECD, 2023; GEM, 2024).

Scalable Startup Entrepreneurship

Scalable startup entrepreneurship involves businesses established around innovative ideas with strong growth potential. Entrepreneurs in this category aim to expand their businesses nationally or internationally by introducing new technologies, products, or services. These businesses usually require significant investment, skilled employees, and external funding from investors or venture capitalists. Technology companies such as Facebook, Airbnb, and Uber are common examples of scalable startups. Their primary objective is rapid growth and market expansion through innovation (Blank & Dorf, 2020; GEM, 2024).

Large Company Entrepreneurship

Large company entrepreneurship refers to innovation within well-established organizations. Large companies continuously develop new products, improve existing services, and adopt new technologies to remain competitive in changing markets. They often invest heavily in research and development and may collaborate with or acquire innovative startups to strengthen their market position. Global companies such as Google, Microsoft, Samsung, and Apple demonstrate this type of entrepreneurship by continuously introducing innovative products and services (OECD, 2023).

Social Entrepreneurship

Social entrepreneurship focuses on solving social, environmental, or community problems while maintaining financial sustainability. Unlike traditional businesses that primarily seek profit, social enterprises aim to create positive social impact through innovative solutions. These organizations may operate as nonprofit, for-profit, or hybrid enterprises. Examples include organizations that provide affordable healthcare, educational services, clean drinking water, or microfinance to disadvantaged communities. Social entrepreneurship contributes to sustainable development by addressing societal challenges while promoting social inclusion and economic empowerment (Santos, 2022; Zahra et al., 2023).

Overall, these four types of entrepreneurship differ in their objectives, sources of funding, and growth strategies. However, each contributes to economic development, employment generation, innovation, and social well-being. Understanding these different forms of entrepreneurship provides a useful foundation for examining how socio-cultural factors influence entrepreneurial development in Pakhtun society.

Entrepreneurship and Its Socio-Economic Contributions

The nature of entrepreneurship refers to the different ways entrepreneurial activities influence economic development and society. Entrepreneurship is not limited to starting a business for profit; it also reflects the value that business activities create for individuals, communities, and the economy. However, not all entrepreneurial activities have the same impact. Based on their contribution to society, entrepreneurship is generally classified into three categories: productive, unproductive, and destructive entrepreneurship.

Productive entrepreneurship creates economic and social value by introducing innovative products and services, generating employment opportunities, improving productivity, and contributing to sustainable economic growth. These activities operate within legal and ethical boundaries and enhance the overall well-being of society (Acs et al., 2021; OECD, 2023). In contrast, unproductive entrepreneurship generates financial benefits for entrepreneurs without making a meaningful contribution to economic development. Such activities often include rent-seeking, market manipulation, excessive bureaucracy, and exploiting legal loopholes for personal gain. Although these activities may not always be illegal, they divert resources away from productive investments and reduce economic efficiency (Baumol, 1990; Bruton et al., 2022).

Destructive entrepreneurship involves illegal or harmful activities that negatively affect individuals, communities, and national economies. Examples include corruption, drug trafficking, human trafficking, financial fraud, cybercrime, illegal smuggling, and organized crime. While these activities may generate profits for those involved, they weaken institutions, reduce public trust, threaten social stability, and hinder sustainable development (Global Initiative Against Transnational Organized Crime, 2023; United Nations Office on Drugs and Crime [UNODC], 2023). Therefore, productive entrepreneurship supports innovation, employment, and economic growth, whereas unproductive and destructive entrepreneurship impede development by misallocating resources or engaging in harmful and illegal practices.

Socio-Cultural and Institutional Barriers to Entrepreneurship

Entrepreneurship plays a vital role in economic development; however, entrepreneurs often encounter various challenges that hinder business creation, growth, and sustainability. The entrepreneurship literature broadly classifies these barriers into three categories: individual, organizational, and environmental barriers.

Individual barriers include personal and family-related factors that influence an individual's decision to become an entrepreneur. Family support is particularly important because families provide financial assistance, emotional encouragement, business experience, and career guidance. Conversely, limited family support, fear of business failure, and social pressure to pursue salaried employment may discourage individuals from establishing businesses. Education also plays a significant role in developing entrepreneurial knowledge, business skills, creativity, and self-confidence (OECD, 2023; Nabi et al., 2023).

Organizational barriers are associated with business resources and institutional support. Access to finance remains one of the most significant challenges for entrepreneurs, particularly during the early stages of business development. Limited financial resources often restrict entrepreneurs' ability to purchase equipment, recruit skilled employees, adopt new technologies, or expand their operations (Global Entrepreneurship Monitor [GEM], 2024).

Entrepreneurship is also shaped by the broader social, cultural, and institutional environment. Environmental barriers include socio-cultural values, social norms, government regulations, legal frameworks, and public policies that influence entrepreneurial behaviour. Supportive institutions and favourable policies encourage entrepreneurial activities, whereas restrictive cultural norms, bureaucratic procedures, and weak institutional support discourage business creation and innovation (Bruton et al., 2022; Welter et al., 2022).

Among these barriers, socio-cultural factors are particularly influential because they shape individuals' attitudes, beliefs, values, and perceptions regarding entrepreneurship. Family expectations, cultural traditions, religious values, social prestige, and community norms influence entrepreneurial intentions, occupational choices, and business performance. In many traditional societies, entrepreneurial decisions are guided not only by economic considerations but also by collective expectations, family honour, and social acceptance (Welter et al., 2022; Estrin et al., 2022).

In the context of Pakhtun society, entrepreneurial behavior is strongly influenced by family expectations, social status, cultural traditions, religious values, and the principles of Pashtunwali. These socio-cultural factors can either facilitate or constrain entrepreneurial development depending on whether entrepreneurship is perceived as socially acceptable. Understanding these contextual influences is therefore essential for explaining entrepreneurial behavior and developing effective policies that promote entrepreneurial development while respecting local cultural values.

Entrepreneurship in the Global and Pakistani Context

Entrepreneurship is widely recognized as a key driver of economic growth, innovation, employment generation, and poverty reduction. Around the world, entrepreneurial activities contribute to business creation, technological advancement, and improved living standards. However, the level of entrepreneurship varies across countries depending on the availability of financial resources, education, government support, infrastructure, and a favourable business environment (Global Entrepreneurship Monitor [GEM], 2024).

In Pakistan, entrepreneurship has grown over the past decade, but its overall level remains lower than in many developing and emerging economies. Young people face several challenges when starting businesses, including limited access to finance, inadequate entrepreneurial education and training, weak institutional support, unemployment, and an unstable economic environment (World Bank, 2024; GEM, 2024).

Entrepreneurial development in Khyber Pakhtunkhwa, particularly in Pakhtun society, is further influenced by socio-cultural factors. Family expectations, social norms, cultural traditions, and the principles of Pashtunwali play an important role in shaping entrepreneurial decisions. Many entrepreneurs depend on financial and moral support from family members because access to formal financing is often limited. In addition, inadequate business training, poor infrastructure, limited access to markets, and complex loan procedures create further challenges for business development.

Overall, entrepreneurship has significant potential to reduce unemployment, stimulate economic growth, strengthen local communities, and improve living standards. Creating a supportive entrepreneurial ecosystem through education, institutional support, financial inclusion, and favourable public policies is essential for promoting sustainable entrepreneurial development in Pakistan and particularly in Pakhtun society.

Institutional Theory

Institutional Theory provides a useful framework for understanding how institutions influence entrepreneurial behaviour. According to North (1990), institutions consist of formal institutions, such as government policies, laws, financial systems, and entrepreneurship support programs, and informal institutions, including cultural values, social norms, traditions, religion, and family expectations. Together, these institutions shape individuals' decisions about starting and managing businesses.

In entrepreneurship research, Institutional Theory suggests that supportive institutional environments encourage entrepreneurial development, whereas weak formal institutions and restrictive socio-cultural norms discourage business creation and growth (Bruton et al., 2022). Informal institutions are particularly important because they influence individuals' attitudes toward self-employment, risk-taking, innovation, and business ownership (Welter et al., 2022).

This theory is highly relevant to the present study because entrepreneurial development in Pashtun society is strongly influenced by informal institutions. Family expectations, cultural traditions, social prestige, religious values, and the principles of Pakhtunwali shape entrepreneurial decisions and often determine whether business activities are socially accepted. At the same time, limited government support, inadequate entrepreneurial training, and restricted access to finance represent formal institutional barriers.

Embeddedness Theory

Embeddedness Theory argues that entrepreneurial behaviour is embedded within social relationships and the cultural environment in which individuals live. According to Granovetter (1985), entrepreneurs do not make business decisions independently; instead, their decisions are influenced by family, social networks, community relationships, and cultural norms. These social connections can either facilitate or constrain entrepreneurial activities by providing support, trust, information, and access to resources.

This theory is highly relevant to the present study because entrepreneurship in Pashtun society is strongly influenced by family expectations, social networks, cultural traditions, and the principles of Pashtunwali. These socio-cultural factors shape entrepreneurial intentions, business decisions, and enterprise development. Therefore, Embeddedness Theory provides a suitable framework for understanding how social and cultural relationships influence entrepreneurial development in Pashtun society.

Research Methodology

Research Design

This study adopted a qualitative research design to explore the socio-cultural barriers to entrepreneurial development in Pashtun society. A qualitative approach was considered appropriate because it provides an in-depth understanding of participants' experiences, perceptions, and socio-cultural realities (Creswell & Creswell, 2018).

Study Area and Participants

The study was conducted in District Mardan, Khyber Pakhtunkhwa, Pakistan, specifically in the tehsils of Mardan and Takht Bhai. These areas were selected because traditional socio-cultural values strongly influence entrepreneurial activities. A purposive sampling technique was employed to select entrepreneurs with relevant business experience. A total of 40 entrepreneurs from different business sectors participated in the study. Data collection continued until thematic saturation was achieved, meaning no new information emerged from subsequent interviews (Guest et al., 2020).

Data Collection

Primary data were collected through semi-structured, in-depth interviews, enabling participants to share their experiences and perceptions regarding socio-cultural barriers to entrepreneurship. Before the main data collection, the interview guide was pilot tested with two entrepreneurs to improve the clarity and relevance of the interview questions.

Data Analysis

The interview data were analyzed using thematic analysis following the six-step approach developed by Braun and Clarke (2022). Interview transcripts were read repeatedly, coded systematically, and organized into themes that reflected the socio-cultural barriers affecting entrepreneurial development in Pashtun society.

Ethical Considerations

Ethical principles were maintained throughout the study. Participants were informed about the purpose of the research, participation was voluntary, informed consent was obtained before each interview, and respondents' identities and personal information were kept confidential.

Limitations of the Study

This study has several limitations. First, it was conducted only in the tehsils of Mardan and Takht Bhai in District Mardan, Khyber Pakhtunkhwa; therefore, the findings may not be generalizable to all Pashtun communities or other regions of Pakistan. Second, the study employed a qualitative research design with purposive sampling, which emphasizes in-depth understanding rather than statistical generalization. Finally, the findings are based on the experiences and perceptions of 40 entrepreneurs and may not capture all socio-cultural factors influencing entrepreneurial development in different contexts. Future studies may use larger samples, multiple districts, and mixed-methods approaches to enhance the generalizability of the findings.

Results and Discussion

Theme 1: Socio-Cultural Barriers to Entrepreneurial Development in Pashtun Society

Limited Family Support

Most participants identified family support as one of the strongest determinants of entrepreneurial success. Respondents explained that many families discourage business because they fear financial loss and prefer secure employment, particularly government jobs.

"Convincing family members was one of the biggest challenges because they feared losing money and did not trust new business ideas." (Participant 08)

This finding demonstrates that family attitudes significantly influence entrepreneurial decisions. Similar findings were reported by Aldrich and Cliff (2003), who argued that family encouragement provides financial resources, emotional support, and business confidence. Likewise, Welter et al. (2022) emphasized that entrepreneurship is socially embedded and highly dependent on family and community support.

Social Discouragement and Community Pressure

Participants reported that society often discourages individuals from starting businesses. Relatives and community members generally prefer traditional occupations and frequently criticize innovative business ideas.

"People discouraged us by saying that business would fail, while government jobs were considered more respectable." (Participant 15)

These findings support Welter et al. (2022), who argued that community norms and social expectations strongly influence entrepreneurial behaviors. In traditional societies, social approval remains an important determinant of business creation.

Trust Deficit toward Young Entrepreneurs

Several participants reported that young entrepreneurs receive limited trust from families, customers, and society because of their age and limited experience.

"People trusted older businessmen more than young entrepreneurs, even when we had better ideas." (Participant 21)

This finding agrees with Baron and Markman (2000), who found that trust and social capital are essential resources for entrepreneurial success.

Theme 2: Financial Barriers

Lack of Capital and Resources

Nearly all participants considered limited financial resources as the greatest obstacle to business creation.

"The biggest challenge was arranging initial investment because our family had limited financial resources." (Participant 12)

This finding is consistent with Bruton et al. (2022), who concluded that access to finance remains one of the most important institutional requirements for entrepreneurship in developing countries.

Lack of Business Knowledge

Participants believed that inadequate entrepreneurial education and business management skills reduced business success.

"Many people have money, but they do not know how to manage a business." (Participant 17)

This supports Fayolle and Gailly (2015), who demonstrated that entrepreneurship education improves entrepreneurial intentions and business performance.

Taxes and Bureaucratic Procedures

Participants explained that taxation and lengthy government procedures discourage new entrepreneurs.

"Government taxes and official procedures increase the burden before the business becomes stable." (Participant 09)

This finding aligns with North (1990), who argued that weak formal institutions reduce entrepreneurial activity.

Theme 3: Psychological Barriers

Fear of Failure

Fear of financial loss and public criticism emerged as one of the most common psychological barriers.

"People are more afraid of society's criticism than business failure itself." (Participant 26)

This finding supports Shepherd (2003), who argued that fear of failure reduces entrepreneurial intentions and innovation.

Status Consciousness

Participants explained that many educated individuals avoid business because salaried employment is considered more prestigious.

"People respect government officers more than successful businessmen." (Participant 31)

This finding is consistent with Hofstede (2001), who argued that cultural values strongly shape occupational choices.

Theme 4: Cultural Barriers

Preference for Government Jobs

Participants consistently reported that government employment enjoys higher social prestige than entrepreneurship.

"Parents encourage children to become government employees rather than

entrepreneurs." (Participant 11)

This finding supports Welter et al. (2022), who found that institutional culture influences entrepreneurial behaviors.

Lack of Entrepreneurial Culture

Participants indicated that entrepreneurship is rarely promoted through education, family socialization, or community values.

"Our education system prepares students for jobs instead of business." (Participant 05)

This finding agrees with Fayolle and Gailly (2015), who emphasized that entrepreneurial education is essential for developing an entrepreneurial culture.

Theme 5: Family Support as a Catalyst for Entrepreneurial Development

Unlike the previous themes that identified barriers to entrepreneurship, participants consistently described family support as one of the strongest enabling factors for entrepreneurial development in Pashtun society. Family members not only provide financial assistance but also offer emotional encouragement, social legitimacy, business networks, and support during periods of financial loss. The findings suggest that entrepreneurship in Pashtun society is largely a family-centered rather than an individual activity.

Financial Support for Business Establishment

Most participants reported that family members were the primary source of startup capital because access to formal financial institutions remained limited. Respondents explained that personal savings, financial contributions from parents, and assistance from siblings or close relatives enabled them to establish their businesses. In many cases, family financing replaced bank loans because borrowing procedures were considered complicated, expensive, or inaccessible.

"Without my family's financial support, I could not have started my business because obtaining a bank loan was very difficult." (Participant 09)

"My father invested in my business because he believed in my ability and wanted me to become self-employed." (Participant 14)

These findings demonstrate that family capital functions as an important informal financial institution in Pashtun society. In environments where access to formal credit is limited, family investment reduces financial uncertainty and encourages business creation. This finding supports North (1990), who argued that informal institutions compensate for weaknesses in formal institutional structures. Similarly, Aldrich and Cliff (2003) observed that family resources often provide the initial capital required for entrepreneurial ventures. Recent studies by Bruton et al. (2022) further suggest that family-based financing remains essential for entrepreneurship in developing economies where access to institutional finance is constrained.

Emotional Support and Entrepreneurial Motivation

Beyond financial assistance, participants emphasized the importance of emotional support from family members. Encouragement, appreciation, and confidence expressed by parents and close relatives motivated entrepreneurs to continue despite uncertainty, social criticism, and business risks.

"Whenever my family appreciated my work, I became more confident and motivated to continue." (Participant 18)

"Business becomes easier when your family believes in you and supports your decisions." (Participant 23)

The findings indicate that emotional support enhances entrepreneurial confidence, persistence, and willingness to take calculated risks. Family encouragement also reduces psychological barriers such as fear of failure and hesitation. These findings are consistent with Bandura (1997), who argued that social encouragement strengthens individuals' self-efficacy and confidence. Likewise, Powell and Eddleston (2013) found that emotional support from family positively influences entrepreneurial commitment and business performance.

Family Reputation, Trust, and Social Recognition

Participants consistently highlighted that family reputation significantly influenced customer trust and business credibility. Entrepreneurs belonging to respected families found it easier to attract customers, establish business relationships, and gain acceptance within the community.

"People trusted my business because my father was well respected in the community." (Participant 27)

"Our family's good reputation helped us build customer confidence from the beginning." (Participant 31)

These findings indicate that family reputation serves as a valuable form of social capital that facilitates entrepreneurial success. Trust generated through family networks reduces uncertainty for customers and strengthens long-term business relationships. This finding supports Baron and Markman (2000), who emphasized the importance of social capital and trust in entrepreneurial performance. Similarly, Welter et al. (2022) argued that entrepreneurial activities are embedded within social relationships, where reputation and legitimacy strongly influence business outcomes.

Family Support during Business Losses and Crisis

Participants explained that business losses were common during the early stages of entrepreneurship. However, family encouragement and financial assistance enabled many entrepreneurs to recover and continue their business activities instead of abandoning them.

"After suffering financial losses, my family encouraged me instead of blaming me, and that gave me the confidence to start again." (Participant 35)

"Whenever my business faced difficulties, my family stood beside me and helped me recover." (Participant 40)

These findings suggest that family support enhances entrepreneurial resilience by reducing the psychological and financial consequences of business failure. Entrepreneurs who receive continuous family encouragement are more likely to recover from setbacks and sustain their ventures. Similar findings were reported by Shepherd (2003), who argued that emotional and social support facilitates learning from business failure and encourages re-entry into entrepreneurship. Recent research by Welter et al. (2022) also emphasizes that resilient entrepreneurial ecosystems rely heavily on strong family and community support networks.

Conclusion

The study concludes that entrepreneurial development in Pashtun society is shaped by a combination of social, financial, psychological, cultural, and family-related factors rather than by economic resources alone. Social discouragement, weak financial support, fear of failure, cultural preference for government employment, and limited appreciation of entrepreneurship collectively reduce entrepreneurial intentions. At the same time, family support emerges as the strongest enabling factor by providing financial resources, emotional encouragement, trust, and social legitimacy.

Overall, the findings demonstrate that entrepreneurship in Pashtun society is socially and culturally embedded, making both Institutional Theory and Embeddedness Theory highly appropriate for explaining entrepreneurial behaviors. Strengthening entrepreneurship in the region therefore requires not only financial and policy reforms but also changes in cultural attitudes, family perceptions, entrepreneurship education, and community support systems. This integrated approach provides a stronger foundation for sustainable entrepreneurial development in District Mardan and other Pashtun regions.

Major Findings of the Study

The study explored the socio-cultural barriers affecting entrepreneurial development in Pashtun society through thematic analysis. Five major themes emerged from the interviews.

Social barriers discourage entrepreneurial intentions.

The findings reveal that family pressure, social discouragement, poverty, low literacy, trust deficit, and limited support networks significantly reduce individuals' willingness to establish businesses. Young entrepreneurs especially face skepticism from both family members and society because entrepreneurship is considered uncertain compared to salaried employment.

Financial constraints limit business creation and expansion.

Limited access to capital, lack of formal financing, taxation, debts, poor business management knowledge, and fear of financial loss remain major barriers. Most entrepreneurs depend on family resources because institutional financial support is difficult to access.

Psychological factors reduce entrepreneurial confidence.

Fear of failure, low self-confidence, hesitation, preference for secure employment, and concern for social reputation discourage risk-taking. The social consequences of business failure appear to be more influential than the financial consequences.

Cultural norms shape occupational preferences.

Traditional Pashtun values strongly influence career choices. Government employment is viewed as more respectable than entrepreneurship, while some businesses are considered socially inferior. Entrepreneurship receives appreciation only after success, reducing motivation among new entrepreneurs.

Family plays both supportive and restrictive roles.

Family emerged as the strongest informal institution affecting entrepreneurship. Financial assistance, emotional support, trust, and social networks facilitate business success. However, family resistance, traditional expectations, and preference for secure employment often discourage entrepreneurial initiatives.

Suggestions

Promote entrepreneurship education: Entrepreneurship should be integrated into secondary schools, colleges, and universities to develop entrepreneurial knowledge, innovation, and risk-taking ability among youth.

Increase public awareness: Government agencies, universities, chambers of commerce, and NGOs should organize seminars, workshops, and awareness campaigns to improve the social image of entrepreneurship.

Strengthen family involvement: Entrepreneurship promotion programs should actively involve parents and family members because family support strongly influences entrepreneurial decisions in Pashtun society.

Improve entrepreneurial training: Regular training should be offered in business planning, financial management, digital marketing, innovation, leadership, and business communication.

Encourage youth entrepreneurship: Special initiatives should target educated unemployed youth by providing mentorship, incubation facilities, and business advisory services.

Promote positive entrepreneurial role models: Successful local entrepreneurs should be highlighted through media, educational institutions, and community events to reduce fear of failure and inspire young people.

Recommendations

Government

- Develop a comprehensive provincial entrepreneurship policy for Khyber Pakhtunkhwa.
- Simplify business registration procedures.
- Reduce taxation for new businesses during their initial years.
- Increase access to low-interest and collateral-free loans.
- Expand entrepreneurship support centres in rural districts.

Financial Institutions

- Design youth-friendly financing schemes.
- Simplify loan application procedures.
- Increase microfinance opportunities for first-time entrepreneurs.
- Promote Islamic financing models suitable for local communities.

Universities

- Introduce practical entrepreneurship courses.
- Establish business incubation centres.
- Strengthen university-industry collaboration.
- Encourage student business competitions and innovation projects.

Families and Communities

- Encourage youth to consider entrepreneurship as a respectable profession.
- Appreciate entrepreneurial efforts regardless of immediate success.
- Reduce social pressure associated with business failure.
- Promote family mentoring for new entrepreneurs.

Entrepreneurs

- Begin businesses on a small scale and expand gradually.
- Improve business management skills through continuous learning.
- Build professional business networks.

References

Acs, Z. J., Audretsch, D. B., Lehmann, E. E., & Licht, G. (2021). National systems of entrepreneurship. Small Business Economics, 56(3), 1047–1065.

Aldrich, H. E., & Cliff, J. E. (2003). The pervasive effects of family on entrepreneurship: Toward a family embeddedness perspective. Journal of Business Venturing, 18(5), 573–596.

Audretsch, D. B., Belitski, M., & Caiazza, R. (2022). Start-ups, innovation and knowledge spillovers. The Journal of Technology Transfer, 47(6), 1615–1631.

Bandura, A. (1997). Self-Efficacy: The Exercise of Control. W. H. Freeman.

Baron, R. A., & Markman, G. D. (2000). Beyond social capital: How social skills can enhance entrepreneurs' success. Academy of Management Perspectives, 14(1), 106–116.

Baumol, W. J. (1990). Entrepreneurship: Productive, unproductive, and destructive. Journal of Political Economy, 98(5), 893–921.

Blank, S., & Dorf, B. (2020). The Startup Owner's Manual: The Step-by-Step Guide for Building a Great Company. K&S Ranch Press.

Bosma, N., Hill, S., Ionescu-Somers, A., Kelley, D., Guerrero, M., & Schøtt, T. (2023). Global Entrepreneurship Monitor 2022/2023 Global Report. Global Entrepreneurship Research Association.

Braun, V., & Clarke, V. (2022). Thematic Analysis: A Practical Guide. SAGE Publications.

Bruton, G. D., Ahlstrom, D., & Li, H. (2022). Institutional theory and entrepreneurship: Progress and future directions. Entrepreneurship Theory and Practice, 46(2), 275–298.

Creswell, J. W., & Creswell, J. D. (2018). Research Design: Qualitative, Quantitative, and Mixed Methods Approaches (5th ed.). SAGE Publications.

Estrin, S., Mickiewicz, T., & Stephan, U. (2022). Human capital in social and commercial entrepreneurship. Journal of Business Venturing, 37(2), 106184.

Fayolle, A., & Gailly, B. (2015). The impact of entrepreneurship education on entrepreneurial attitudes and intention: Hysteresis and persistence. Journal of Small Business Management, 53(1), 75–93.

Global Entrepreneurship Monitor. (2024). Global Entrepreneurship Monitor 2023/2024 Global Report. Global Entrepreneurship Research Association.

Global Initiative Against Transnational Organized Crime. (2023). Global Organized Crime Index 2023.

Granovetter, M. (1985). Economic action and social structure: The problem of embeddedness. American Journal of Sociology, 91(3), 481–510.

Guest, G., Namey, E., & Chen, M. (2020). A simple method to assess and report thematic saturation in qualitative research. PLOS ONE, 15(5), e0232076.

Hofstede, G. (2001). Culture's Consequences: Comparing Values, Behaviors, Institutions, and Organizations

Across Nations (2nd ed.). SAGE Publications.

Liñán, F., & Fayolle, A. (2022). A systematic literature review on entrepreneurial intentions. International Entrepreneurship and Management Journal, 18(1), 1–31.

Nabi, G., Liñán, F., Fayolle, A., Krueger, N., & Walmsley, A. (2023). The impact of entrepreneurship education on entrepreneurial intentions: Recent evidence and future directions. Studies in Higher Education, 48(4), 613–630.

North, D. C. (1990). Institutions, Institutional Change and Economic Performance. Cambridge University Press.

OECD. (2023). The Missing Entrepreneurs 2023: Policies for Inclusive Entrepreneurship and Self-Employment. OECD Publishing.

Powell, G. N., & Eddleston, K. A. (2013). Linking family-to-business enrichment and support to entrepreneurial success. Journal of Business Venturing, 28(2), 261–280.

Santos, F. M. (2022). Social entrepreneurship: Creating social value through innovation. Journal of Social Entrepreneurship, 13(2), 145–162.

Shepherd, D. A. (2003). Learning from business failure: Propositions of grief recovery for the self-employed. Academy of Management Review, 28(2), 318–328.

Shepherd, D. A. (2020). COVID-19 and entrepreneurship: Time to pivot? Journal of Management Studies, 57(8), 1750–1753.

Terjesen, S., Bosma, N., & Stam, E. (2022). Advancing contextual entrepreneurship research. Small Business Economics, 58(4), 1685–1698.

United Nations Conference on Trade and Development. (2022). Entrepreneurship for Sustainable Development. UNCTAD.

United Nations Office on Drugs and Crime. (2023). World Drug Report 2023.

Welter, F., Baker, T., Audretsch, D. B., & Gartner, W. B. (2022). Everyday entrepreneurship: A call for entrepreneurship research to embrace entrepreneurial diversity. Entrepreneurship Theory and Practice, 46(2), 235–251.

World Bank. (2024). Pakistan Development Update. World Bank Group.

Zahra, S. A., Wright, M., & Abdelgawad, S. G. (2023). Social entrepreneurship and sustainable development: Emerging research and future directions. Entrepreneurship Theory and Practice, 47(4), 987–1015.