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PUSHED TO START, PULLED TO GROW? A QUALITATIVE STUDY OF NECESSITY- AND OPPORTUNITY-BASED ENTREPRENEURSHIP IN PAKISTAN

Fizza Khalid[1], Sana Imran[*2], Muhammad Fawad Khan[3]

[1,*2,3] *NUST Business School, National University of Sciences and Technology, Islamabad, 44000, Pakistan*

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Corresponding Author: *
Sana Imran

Abstract
The distinction between necessity- and opportunity-based entrepreneurship is one of the most widely used typologies in entrepreneurship research. However, most of the knowledge derives from survey data collected in formal, Western labor markets. This paper explores the functioning of the distinction in the lives of micro- and small-enterprise owners in the Islamabad Capital Territory, Pakistan, based on 27 semi-structured interviews with entrepreneurs in the city's urban sectors and rural union councils. Six themes emerged from thematic analysis: braided motivations at founding; transition triggers that convert survival ventures into growth ventures; the household as financier, workforce, and gatekeeper; informality as both shelter and ceiling; improvised human capital that was developed through apprenticeship rather than formal education; and digital payment and social-commerce rails that narrow, but do not close, the rural–urban opportunity gap. The findings suggest that necessity and opportunity are rarely alternatives in this context. Most participants started from a need but held an opportunity in view, and whether they ever moved toward it depended less on their initial motivation than on household permission structures, the costs of formalization, and access to markets beyond the neighborhood. The paper contributes a contextualized, process-oriented account of the necessity–opportunity distinction in a South Asian informal economy and offers implications for SME policy in Pakistan.

1. INTRODUCTION

The Global Entrepreneurship Monitor's early reports popularized a simple answer to the question often asked, "Why do people start businesses?" Some people are pulled into entrepreneurship by a perceived opportunity, whereas others are pushed into it because they have no better way to earn a living (Raynolds et al., 2001). The distinction between opportunity-based entrepreneurship (OE) and necessity-based entrepreneurship (NE) has since organized a large body of research on venture quality, earnings, survival, and growth (Zwan et al., 2016). In terms of policy, governments and donors routinely treat opportunity entrepreneurship as productive, which makes it worth subsidizing, and necessity entrepreneurship as a symptom of labor-market failure, which needs to be managed.

The distinction is often criticized, as Dencker et al. (2019) argue that "necessity" is not a single condition but a combination of circumstances. These situations are defined by the extent to which a person's basic needs are met. The push these situations create leads to very different ventures depending on the resources and institutions available to the founder. Welter et al. (2016)

emphasized that most entrepreneurship research disproportionately focused on Silicon Valley-style entrepreneurial ventures, while everyday businesses, which often make up most of entrepreneurial activity worldwide, are treated as a residual category. In 2020, GEM itself abandoned the binary and replaced it with four non-exclusive motives after concluding that founders routinely hold several at once. Its most recent global report finds that a majority of early-stage entrepreneurs are motivated by "to earn a living because jobs are scarce" while simultaneously focusing upon wealth-building and making a difference (GEM-Entrepreneurship Reality Check, 2025).

In Pakistan, some recent estimates place the informal economy at between a third and two-thirds of national output, with the majority of non-agricultural employment informal (Institute of Strategic Studies Islamabad, 2025; Pakistan Bureau of Statistics, 2024). Here, underemployment is chronic rather than cyclical; that is, the "push" into self-employment is not a temporary response to a downturn but a sustainable structural condition. At the same time, household structures shape who may start what business, as family approval governs access to premises, capital, and mobility, especially for women (Roomi & Parrott, 2008). In such a setting, the NE/OE literature often assumes that motivation at founding predicts the venture's trajectory. This assumption needs to be empirically studied rather than imported and implied.

Research on the country's informal enterprises has included examinations of legitimacy building among home-based businesses (Lent et al., 2019) and barriers faced by women entrepreneurs (Roomi & Parrott, 2008). The necessity–opportunity distinction has mostly been studied through surveys that impose the binary rather than understanding it (O'Donnell et al., 2023). To address this, this study asks three questions. First, how do micro- and small-enterprise owners in and around Islamabad describe the motivations behind starting their ventures, and how well do those accounts fit the necessity–opportunity binary? Second, what mechanisms enable or block movement from survival-oriented operations toward growth-oriented operations? Third, how do these motivations and mechanisms differ between the city's urban core and its rural periphery?

We answer these questions through 27 semi-structured interviews with entrepreneurs across the Islamabad Capital Territory (ICT). The research site contains a planned, comparatively prosperous urban core and a rural hinterland of union councils such as Bhara Kahu, Tarnol, Sihala, and Rawat within a single administrative unit. This study design allows us to maintain the formal institutional environment roughly constant while varying market access, infrastructure, and social norms.

The paper proceeds as follows. Section 2 reviews the literature on the necessity–opportunity distinction, its critics, and entrepreneurial motivation in informal economies, specifically in Pakistan. Section 3 describes the research setting. Section 4 sets out the qualitative design and thematic analysis. Section 5 presents six themes. Section 6 discusses their theoretical meaning, and Sections 7–9 discuss implications, limitations, and directions for future work.

2. Literature review

2.1 Origins and uses of the necessity–opportunity distinction

In 2001, the GEM Executive Report asked early-stage entrepreneurs whether they had started their businesses to take advantage of an opportunity or because they had no better options for work. The resulting NE/OE ratio became a standard measure of national entrepreneurial "quality"(GEM-Executive Report, 2001). Subsequently, many studies documented systematic differences between the two groups. Opportunity entrepreneurs tend to have more education and industry experience, earn more, and run ventures that survive longer and are more likely to innovate (Zwan et al., 2016). Block et al. (2014) show that necessity entrepreneurs are less likely to pursue differentiation strategies, often because they had no time to search for a market niche before entering the market. Amorós et al. (2017) note that national-level state fragility and low income increase the share of necessity entrepreneurship. Audretsch et al. (2021) find that institutional environment factors, such as tax policy and corruption, further alter this proportion. Although the dichotomy of entrepreneurial motivation has practical utility, it contains a logical flaw: it treats classification results as fixed attributes of founders, rather than temporary snapshots. The empirical studies of Fairlie & Fossen (2019) and O'Donnell et al. (2023) corroborate these two flaws: definitional confusion and dynamic changes in attribution.

2.2 The revisionist turn

Three core arguments shape the landscape of academic research on necessity entrepreneurship. On the conceptual dimension, Dencker et al. (2019) reconstructed the definition of this research field, anchored its fundamental attribute of being rooted in basic needs, explained variations in entrepreneurship by drawing on differences in needs and institutional contexts, and rejected the central role of entrepreneurial push factors. On the empirical dimension, the Global Entrepreneurship Monitor (GEM) revised its original binary measure of entrepreneurial motivation in 2020, updating it to four specific categories of motivation. The third core argument is elaborated in the subsequent sections. In the 2024/2025 global survey, the majority of early stage entrepreneurs in most low- and middle-income economies endorsed the jobs-are-scarce motive alongside at least one aspirational motive (GEM-Entrepreneurship Reality Check, 2025). Recent studies have further complicated the assumed performance gap. Lingappa et al. (2023) studied women entrepreneurs in India and found that motivation to learn and entrepreneurial competencies could better explain performance differences than founding motivations. Lim et al. (2024) reviewed the case histories of founders who started from hardship and concluded that necessity origins are compatible with substantial ventures when learning and support structures are present.

Welter et al. (2016) call for contextual research that treats everyday entrepreneurship on its own terms, as the poverty entrepreneurship literature has moved from asking whether the poor are "real" entrepreneurs to asking under what conditions entrepreneurship reduces poverty (Sutter et al., 2018). Shepherd et al. (2020), studying slum entrepreneurs, show that outcomes that matter to founders, such as children's education and family health, are invisible to venture-level performance measures. Together, these strands suggest that the NE/OE distinction is best treated as a starting point for inquiry into processes and contexts rather than as a conclusion.

2.3 Entrepreneurship in informal economies

Most necessity entrepreneurship in low- and middle-income countries occurs informally, outside state registration and taxation, although the goods and services traded are legitimate (Webb et al., 2009). The informal economy literature offers two useful correctives in the context of entrepreneurship. Existing research has reached two core consensuses regarding informal entrepreneurship.

First, as proposed by Soto (2000), informality is an individual's rational response to formal institutions that are high-cost, inefficient, and predatory, rather than a product of ignorance of these institutions. Second, Lent et al. (2019) and Williams & Nadin (2010) have confirmed that informal entrepreneurs accumulate legitimacy through interpersonal relationships, rather than through qualification credentials. However, informality also brings three major growth constraints, including the inability to access formal credit, no legal contracts and vulnerability to intermediaries. Human capital theory provides a useful explanation for who escapes these constraints. Education and experience improve opportunity recognition and venture performance (Becker, 1964; Davidsson & Honig, 2003) and opportunity discovery itself rewards prior knowledge (Shane & Venkataraman, 2000). This paper explores the roles of formal education, mentorship, and on-the-job learning in cultivating entrepreneurial skills for ventures in South Asian marketplaces.

2.4 The Pakistani context and the gap

Although entrepreneurship research in Pakistan has rapidly grown in recent years, it suffers from uneven development. Existing core studies in this field can be sorted into the following key findings:

Tunio et al. (2021), in their research on entrepreneurial ecosystems, argued that entrepreneurship in Pakistan generally faces common core problems: weak institutional support, limited financing, and stark regional disparities; Roomi and Parrott (2008) summarized that female entrepreneurship faces three core constraints: mobility restrictions, the requirement to obtain family permission, and limited access to male-dominated markets; Lent et al. (2019) found that informal family-run businesses build their operational legitimacy by relying on religious and community norms; Khalid and Spigel (2023) pointed out that existing research on entrepreneurship support organizations mostly focuses on high-growth start-ups, leading to a coverage bias; ISSI (2025), through economic mapping and policy analysis, found that the country's informal economy accounts for the dominant share of its total number of enterprises and total employment, with its core supporting factors being high tax compliance costs and low public trust in the state. Current research lacks studies that use the necessity-opportunity dichotomy framework to analyze the motivations and conditions for the launch and expansion of entrepreneurial ventures, which is the core gap this study aims to fill.

Reading this literature together builds three expectations that will structure the analysis without predetermining it. From the revisionist work on motivation, we expect founders' responses to resist the binary, although how they do so and in what local idiom remains an open question that the literature cannot answer. From the process critique, we expect that whatever separates ventures that grow from those that persist at subsistence will be located in events and conditions after the founding. From the informality and Pakistan-specific literature, we expect the household, registration decision, and market access to be among the conditions that feature prominently. However, their relative importance and the ways they interact remain undescribed in this setting. The study is designed to allow participants to confirm, complicate, or overturn each expectation in their own terms.

3. Methodology

3.1 Research Design

This research is designed to understand the meanings, motivations, and mechanisms that shape entrepreneurial trajectories, and for that purpose, the study adopts an interpretivist, qualitative design. Semi-structured interviews were chosen over focus groups because founder stories in this context involve sensitive issues such as family conflict, debt, tax avoidance, and failed ventures, which participants discuss more freely one-to-one.

3.2 Research Setting: Islamabad Capital Territory

The capital of Pakistan is Islamabad, and its urban zone has planned sectors with formal markets (commercial centers), government employment, and the country's largest concentration of universities and incubators. Its rural zone, also administratively part of the same territory, has union councils, such as Bhara Kahu, Tarnol, Sihala, Rawat, Golra, Nilore, and Shah Allah Ditta. In these areas, livelihoods are mixed, including agriculture, transport, trades, and small retail. Physical distance to the urban core is small (often less than 25 km), but social and infrastructure distances are large. Both zones fall under the same capital, so variation in provincial policy cannot explain the differences in entrepreneurial experience. This makes ICT very well suited to a comparative qualitative design. There have also been successive waves of migration into the rural periphery from Khyber Pakhtunkhwa (KPK), Azad Kashmir, and northern Punjab. Hence, the enterprise population there includes both long-settled families and recent arrivals trading from rented premises or homes.

3.3 Sampling and participants

We applied purposive sampling with a snowball extension. Urban participants were recruited through trade associations in I-9 and I-10 industrial and commercial sectors, shopkeepers' committees in the G-9 and Aabpara markets, and alum networks of incubation programs. In the rural areas, participants were recruited through union council contacts, a women's vocational training center in Bhara Kahu, and referrals from initial interviewees in Tarnol, Sihala, Rawat, and Golra. The criteria for selection were (a) active ownership and operation of a business, (b) having been in business for at least two years, and (c) being the founding owner. We purposefully sought diversity in sector, gender, age, and self-described founding circumstances, and continued interviewing until the last four interviews yielded no new codes, indicating information saturation (Guest et al., 2005).

The final sample included 27 entrepreneurs, 14 urban and 13 rural, among whom were 10 women. The sectors included food preparation and catering, tailoring and garment making, mobile phone repair and accessories, grocery and general retail, transport services, beauty services, furniture and carpentry, agricultural inputs, online resale, and light manufacturing. The age range was 23–61 years. Nine participants had no education beyond matric (grade 10), and six had university degrees. The sample is profiled in Appendix B.

3.4 Data collection

Interviews were conducted face-to-face between June and October 2025, mostly at participants' business premises, in Urdu, Punjabi, or Potohari according to participant preference, and lasted between 40 and 75 min. The interview guide (Appendix A) covered the founding story, motivations at entry and now, resources and finance, household involvement, skills and learning, registration status and dealings with authorities, use of digital tools and aspirations. All interviews were audio-recorded with written or witnessed verbal consent, transcribed, and translated into English by the research team, with idiomatic expressions retained in the original language where the translation would lose meaning. Field notes recorded the premises, customer flow, and interactions observed during visits.

3.5 Analysis

We analyzed the data using reflexive thematic analysis (Braun & Clarke, 2006, 2019), supported by a Gioia-style data structure (Gioia et al., 2012), to maintain transparency from raw talk to themes. The authors independently coded the first six transcripts inductively, compared the codes, and agreed on a working codebook that remained open to new codes throughout the study. First-order codes stayed close to participants' language ("no other door was open," "my brother-in-law stood guarantee," "the FBR man comes, and we settle it"). These were grouped into second-order categories and then into six aggregate themes. Some negative cases were also reported, that is, participants whose accounts contradicted an emerging theme. Table 1 presents the full data structure, moving from first-order concepts expressed in informant terms, through second-order themes at a more abstract level, to the six aggregate dimensions that organize the findings of this study.

Table 1. Data structure: From first-order concepts to aggregate dimensions.

First-order concepts	Second-order themes	Aggregate dimensions
– "No other door was open": job loss, factory closure, widowhood preceding entry – Arrival as migrant with savings but no employment – Husband's or father's income insufficient for household needs	Hardship as the trigger for search	**Braided motivations at founding**
– "Watched the poultry farms coming up for two years" – Gaps noticed in daily routines (office lunches, courthouse queues)	Opportunity noticed within need	

– Hardship “gave me permission to jump” at a gap noticed earlier		
– Refusal to choose on the necessity–opportunity scale; arguing with the question – “Compulsion and opportunity are two names for the same thing” – Presenting the venture as majboori to relatives, as a chance seized to customers	Resistance to the binary; audience-adjusted motive talk	
– Single large order revealing a market beyond the neighbourhood (hostel contract) – Institutional customer converting made-to-order work into planned production	Demand shocks	**Transition triggers**
– Mentor or well-connected customer opening doors – Supplier extending trade credit on trust or an ustad's name	Relational windfalls	
– Father-in-law riding along to buy the second machine – Explicit family sanction converting quiet permission into backing	Household sanction	
– School-fee deadlines forcing a shift from daily trading to planning – Children's education as the horizon that disciplines reinvestment	Aspirational deadlines	
– Start-up capital from savings, jewellery, livestock, ballot committees – Interest-free relative loans: “no paper and no interest”	Family as financier of first resort	**The household ledger**
– Unremovable relatives employed in the business – An uncle's “suggestion” that is not a suggestion	Governance rights attached to family money	
– Home as the sanctioned business premises for women – Male relative fronting the lease or formal role – Permission structure loosening as earnings become material	Gatekeeping and permission structures	
– “Ten people acquire the right to knock on your door” – Paying the market association instead of registering – Registration seen to bring costs without credit or contracts	Registration experienced as exposure	**Informality as shelter and ceiling**
– Splitting one business across family members' names – “Each one is small. Together we are not small.”	Staying small on paper	
– Registering when supply contracts, institutions, or export demanded documents – Wallet payment trails prompting tax notices; reverting to cash	A moving formalisation threshold	

– Years of ustad–shagird workshop apprenticeship – "My university, except the fees were my sweat" – First stock on credit against the ustad's name	Apprenticeship as credential and market position	**Improvised human capital**
– Degrees described as useless for operations – Schooling valued mainly for officials, banks, and English sourcing	Weak operational returns to formal schooling	
– Watching rivals; quizzing suppliers; copying Lahore and Karachi trends – YouTube and TikTok tutorials for costing, repair, and ads – Mixed verdicts on donor and SMEDA trainings	Social and observational learning after founding	
– WhatsApp orders from urban sectors reaching village workshops – Instant supplier payment replacing cash sent by bus – "The market is the size of my patience"	Market expansion over digital rails	**Digital rails and uneven geography**
– Courier trips eroding margins on small rural orders – Electricity and signal interruptions costing algorithm momentum – "The app does not taste honey. It counts days."	Frictions of the periphery	
– Family scrutiny of women's smartphone contact with strangers – Digital visibility inviting tax attention that cash never did	Rails intersecting older structures	

3.6 Reflexivity

Reflexive thematic analysis treats the researcher's position as part of the instrument, so we state it. The authors are affiliated with a business school in the same territory where the fieldwork took place and have taught and mentored in incubation programmes that embody an opportunity-centred model of entrepreneurship. This background risks reading growth ambition into accounts where it is absent. During coding, we repeatedly returned to the question of whether "static" ventures were being coded as deficient rather than chosen. Class and language position also mattered in the field: interviews in the rural union councils were conducted with a local intermediary present for introductions, and the shift from Urdu to Potohari mid-interview often marked the point where accounts became franker, particularly about money and family. We kept a reflexive journal alongside the audit trail. We used it in coding discussions to separate what participants said from what we expected them to say based on our program experience.

3.7 Trustworthiness and ethics

Following Lincoln et al. (1985), credibility was supported through prolonged engagement at field sites and member checking, in which summaries of interpretations were shared with nine participants for comment; transferability was supported through a thick description of the setting; dependability was sought through an audit trail; and confirmability through joint coding. Ethical approval was obtained from the institutional ethics committee. Participants are identified only by codes (U01–U14 urban; R01–R13 rural), and identifying details of businesses have been altered.

4. Findings

4.1 Theme 1: Braided motivations at founding

When asked why they started, almost all participants described a mix of push and pull factors. The modal story braided the two: a triggering hardship (job loss, a father's illness, a husband's stagnant wages, arrival as a migrant) and, within it, a noticed gap. R07, who runs a poultry feed and agricultural inputs shop in Sihala, stated, "When the factory closed, I had nothing, that is true. However, I had also watched the poultry farms coming up along the expressway for two years and thought that these people were driving to Rawalpindi for feed. Both were in my mind simultaneously. Need opened the door; the farms told me which one." (R07)

U03, a woman running a catering operation from a rented kitchen in G-9, described the same braid differently: "People say I saw an opportunity because offices here have no good daal-chawal (rice and lentil meal) for lunch. Fine. However, would I have left my children with my mother every morning if my husband's salary was sufficient? Never. The opportunity mattered because there was a need." (U03)

Only four participants gave somewhat unmixed accounts: two described pure necessity (both rural, both entering the same trade as a deceased father out of obligation) and two described pure opportunity (both urban graduates who left salaried jobs). For the remaining 23, the founding motive was a mix of both, and participants even resisted the interviewer's attempts to weigh its components. When the interview guide's scale question asked them to place themselves between "no other option" and "a chance too good to miss," 11 placed themselves at the midpoint and then argued with the scale. Several found the question itself strange. "Majboori aur mauqa ek hi cheez ke do naam hain" ("compulsion and opportunity are two names for the same thing"), said U11, a mobile repair shop owner. The account captured what the binary often misses: in a labor market with few good jobs, noticing an opportunity is what necessity looks like when it is done well.

There are two refinements worth recording here. First, the braid sequence of the sample was different. In about two-thirds of the compound accounts, hardship came first, and the search followed ("people had noticed the gap"). In other cases, people had noticed the gap months or years earlier, and the hardships removed the reason to keep ignoring it. U02 had resigned from a clerical job to open a photocopy and composing shop near a court complex. He had seen the queues at the existing shop for a year, until a salary dispute "gave me a reason to jump." Second, interestingly, participants separated their private motives from the motives they presented publicly, and the public version was frequently customized for each listener. Several said they told relatives that the business was "majboori" (compulsion) to avoid envy and requests for money, and it was a risk they took when talking to customers or officials. Thus, motivations were a blend of necessity and opportunity, often so closely intertwined that it was difficult to separate or sequence them.

4.2 Theme 2: Transition triggers: when survival starts to look like strategy

Starting from braided founding motives, the trajectories diverged afterward, and the participants were generally able to identify the moment of this divergence. We coded these as transition triggers, that is, discrete events after which the owner began to reinvest, differentiate, or plan beyond the month. There were four recurring types.

The first was a demand shock, usually a single large order that revealed a market larger than the neighborhood. A furniture maker in I-9, U08, attributed his transition to a contract for a 40-bed hostel. "Before that order, I made what people asked. After that, I knew I could create something people did not yet know they needed. The second was a relational trigger, the arrival of a mentor, a well-connected customer, or a supplier offering trade credit. The third was a household trigger, most often for women: an explicit sanction of a husband or father to expand, making permission into support. "It stopped being timepass for anyone in the family the day my father-in-law bought me a second machine," said R04, a tailor in Bhara Kahu. The fourth was an aspirational trigger tied to children, especially school fees. For some participants, the tuition fee deadline served as a trigger to move from day-to-day trading to long-term planning. This supports the conclusions of (Shepherd et al., 2020) that children's education structures the economic behavior of poor entrepreneurs.

Six participants, who were evenly distributed across zones, reported not having such a trigger and described their ventures as rather static ("the shop eats and we eat," U13). The motives for founding them were different, but they did not show any different pattern from those of the transitioned participants. What set them apart was not the push or pull at entry, but whether a later event reset the owner's sense of what needed to be done and what was possible.

4.3 Theme 3: The household ledger: family as financier, workforce, and gatekeeper

None of the participants had financed their business from the start through a bank. The initial capital was derived from personal savings, the sale of jewelry or livestock, rotating savings committees (ballot committees), loans from relatives, or often a combination of these. Family members were also the first workforce, the sons manning the counters, daughters stitching, wives cooking, and brothers driving. Participants often kept mental accounts of these contributions and obligations. R11, who runs a small transport business from Rawat, said: "My uncle gave me four lakh without any paper and no interest because interest is haram and paper is shameful between us. However, now his son is sitting in my office, and I cannot get rid of him, and when my uncle suggests something, it is not a suggestion." (R11)

The same support structure that solved the finance problem later restricted the business strategy. The effect was strongest for women, for whom the household was as much a financier as a gatekeeper. All 10 women in the sample described a permission structure concerning premises, mobility, and contact with customers. This finding is consistent with the scholarship on the nexus of gender and institutional constraints in South Asia (Shah et al., 2024). The terms varied; some ran home-based businesses simply because home was the permitted space, while others had negotiated access to external premises through the formal involvement of a male relative. Two women described how the permission structure loosened when their earnings became a substantial share of household income, suggesting that gatekeeping behavior changes with demonstrated earnings. One urban graduate (U06, an online reseller) described a reverse dynamic, where her family pushed her to grow faster than she wanted. This is a strong reminder that the power of the household is directional, not just constraining.

4.4 Theme 4: Informality as shelter and ceiling

Twenty companies were either not registered at all or had incomplete paperwork (such as a municipal license but no tax registration). The participants framed their behavior as seeking refuge rather than as ignorance or avoidance. People felt that there was no value in registering and that it only brought more paperwork, requests, and visits. According to U09, an Aabpara clothing merchant: "if you enter your name into their database, 10 people will have the right to come knocking on your door. How much is it worth to me? Are loans available against registration? Paying dues to the market organization, doing business honestly, and appearing small on paper are my guiding principles".

In this case, "small on paper" serves as an operating term. Since some of the participants maintained informal legal identities and divided their operations among family members' names, their turnover exceeded the microscale. R02 described his business resources as three separate concerns owned by two brothers and a nephew: "Each one (business unit) is small. Together we are not small. But together is a family matter, not a government matter."

Despite reducing his tax liability, this arrangement introduced a new vulnerability into the system, since it was dependent on family harmony and had already created an inheritance dispute that rendered some resources inoperable for months. But this family shelter against registration and taxes had a ceiling to it, official supply contracts, institutional clients (such as schools and government offices), export, and bank financing all necessitated paperwork. Some participants had only registered for this very reason, and they all characterized it as the moment when the value of opportunity finally outweighed the shelter provided by informality. Difficulties also arose because of digital payment trails, for example, records of mobile wallets that partly revealed income. As a result, upon receiving tax notifications associated with their wallet data, two participants decided to revert to cash payments for larger purchases. Rather than seeing informality in ICT as an inherent characteristic of need-driven businesses, it is more accurate to see it as a controlled position on a continuum that is reassessed when the venture's prospects evolve (Shahid et al., 2022).

4.5 Theme 5: Improvised human capital and the ustad–shagird economy

In this sample, venture sophistication was not strongly associated with formal education. The two most technically complex businesses, a machining workshop and a phone microsoldering repair service, were run by men with matriculation or less. Both were trained under the ustad-shagird (master-apprentice) system, which evolved from years of low-paid workshop apprenticeships that passed on skills, supplier relationships and customer trust. U11 compared his apprenticeship to “like a college to me, except my fees were sweat and my degree is in my hands.”

In contrast, two of the university graduates in the sample said that their degrees were almost useless for operations and were valuable only for confidence in dealing with officials and banks and for online English-language sourcing.

The ustad–shagird institution also transferred market positions. An apprenticeship with a renowned ustad was a valued credential respected by both suppliers and customers in the trade. Two participants reported that they had their first stock on credit only in their ustad’s name. The system had its own costs, which participants named without prompting: years of token wages, dependence on the goodwill of the ustad, and an expectation that the shagird would not open a rival shop near the master's shop. One had delayed starting his own business for two years to avoid that offense. This is a timing-of-entry constraint that no human capital variable can capture.

Learning after founding was nearly entirely social and observational. This meant observing competitors, questioning suppliers, copying trends from Lahore and Karachi on TikTok and YouTube, and, among the younger participants, watching video tutorials for specific tasks (recipe costing, machine repair, and running Facebook ads). Only three participants had any formal training, and that, too, was under donor- or SMEDA-linked programs. These programs were good for record-keeping but did not address their daily constraints. This pattern supports the revisionist view of human capital in informal economies. The ability to predict here is trade-specific, relationally embedded learning that standard schooling measures do not capture. Muhsam & Becker (1965) are correct that investing in skills is worthwhile, but that investment does not occur only in classrooms.

4.6 Theme 6: Digital rails and the uneven geography of opportunity

All participants used mobile wallets (JazzCash, Easypaisa, or bank-linked Raast transfers), and 19 used WhatsApp, Facebook, Instagram, or TikTok for commercial purposes. For rural participants, these rails, in particular, compressed distance in narratable ways: a Bhara Kahu tailor taking orders from Islamabad sectors on WhatsApp groups, a Sihala inputs dealer paying Lahore suppliers immediately in cash instead of trusting a bus driver, and a Golra beautician whose booking page drew clients from housing societies she had never visited. Participants who had moved from traditional, localized, walk-in demand to order-based demand always described the transition as the point at which “opportunity’ became a meaningful category for them. R09, an online reseller of children’s clothing based in Tarnol, said, "In the village, the market is the size of the village. On Instagram, the market is the size of my patience (meaning as much as he could fulfil)."

However, the rails were uneven: rural women faced tougher family scrutiny over smartphone use with strangers, and power cuts and signal interruptions meant sellers lost algorithm momentum; courier pickup was unreliable outside the urban zone, meaning rural sellers had to travel to drop parcels and their margins were shrinking. As noted in Theme 4, digital visibility attracted tax attention that cash had not. R13, who sells homemade condiments online from Nilore said: “The trip to the courier place takes away most of my margin on small orders”. She began to send them out in weekly batches, resulting in one-star reviews against late deliveries: "The city seller posts today and delivers today. My honey is better than hers, but the app does not taste honey. It counts days."

The urban–rural comparison across all six themes can be briefly summarized. Founding motives did not differ much between the zones, as braided accounts were prevalent in both. Everything downstream was different. Urban participants more frequently experienced transition triggers, primarily because institutional customers, mentors, and suppliers willing to extend credit are more concentrated in the sectors; rural participants relied more on household finance and thus were more constrained by its governance; informality was more actively policed in urban markets and more ambient in the union councils; and the digital rails delivered more on their promise where couriers, signal, and electricity were reliable. In short, trajectories through the mechanisms, not the motives, shaped the Zone. Digital infrastructure closed the rural-urban opportunity gap but did not eliminate it, nor did it influence the household permission structures discussed in Theme 3, which determined who was allowed to stand on the rails in the first place.

5. Discussion

5.1 From binary to braid

The strongest finding from the data is that the necessity–opportunity distinction, as conventionally operationalized, does not apply to the sample. Their founding accounts braid push and pull so tightly that asking them to choose feels like a forceful misrepresentation of the phenomenon. Participants argued that in a labor market like Pakistan's, need and opportunity are interdependent. Chronic unemployment makes opportunity search a survival activity, and opportunity recognition is the eventual form of necessity. U11's comment that compulsion and opportunity are two names for the same thing summarizes this argument. This finding supports GEM's shift from the binary (O'Donnell et al., 2023) and adds qualitative texture to Dencker et al.'s (2019) argument that necessity conditions vary in kind, not just in degree. This suggests that the necessity-to-opportunity ratios derived from forced-choice instruments should be interpreted with caution in informal economies, as they reflect how respondents navigate an artificial binary rather than the actual drivers of venture creation.

5.2 Trajectories are made after foiding

The second finding concerns the process. In this sample, founding motivation did not sort ventures into trajectories, but later on, different events did. Transition triggers, demand shocks, relational windfalls, household sanctions, and children's fee deadlines recalibrated what owners believed possible and set off reinvestment. Our finding closely resonates with the recent work on NE/OE using the actualization theory framework, offering a strong mechanism for how overcoming basic needs allows entrepreneurs to pursue higher-level goals (Coffman et al., 2025). This finding shifts the research focus from the entry decision, where the most NE/OE literature has concentrated (Block & Wagner, 2006; Fairlie & Fossen, 2019), to the venture's early years, and it is consistent with recent evidence that learning orientation and competencies influence performance and learning outcomes (Lim et al., 2024; Lingappa et al., 2023). As a theoretical contribution, the finding suggests treating necessity and opportunity as states a venture passes through rather than types a founder belongs to, with a compelling question being what moves ventures between states. Our answer, in this context, is a short list of triggers, each of which is in principle observable and important for policy development.

5.3 The household as the missing institution

Institutional analyses of entrepreneurship in Pakistan usually stop at the state, bank, and market association. Our data insist on a fourth institution: the household, which operated simultaneously as the venture's bank, labor pool, insurer, and regulator. This study extends the work on family embeddedness and women's entrepreneurship in Pakistan (Roomi & Parrott, 2008). The household's grip was the tightest at the transition moments identified in Theme 2. Family finance came with strategic governance rights that constrained strategy; family sanction itself was a transition trigger; and the permission structure governing women loosened in response to demonstrated earnings. The household is therefore not a background context but a moderating institution standing between the founding motive and venture trajectory; any account of the NE-to-OE transition in South Asia that omits it will misattribute to individuals what is decided in kitchens and courtyards.

5.4 Informality and digital rails as opportunity infrastructure

Finally, the data link two literatures that usually stay apart. The literature on informality explains why firms remain small on paper (Bussolo & Sharma, 2023; Webb et al., 2009), and the emergent literature on digital financial inclusion explains how small firms access distant markets (Senyo et al., 2022). In ICT, these forces are somewhat contradictory: digital rails expand the opportunities available to informal firms but make informality harder to sustain, as payment trails create visibility that cash never did. Considering these developments, owners are recalibrating the formalization threshold. To our knowledge, these interactions, opportunity expansions, and erosion of shelter, which come through the same channel, are undocumented in the qualitative Pakistani literature and warrant quantitative follow-up.

6. Conclusion

The necessity–opportunity distinction survives in this setting only as a description of moments, not of people. Entrepreneurs in Islamabad's markets and villages start from braided motives, and their ventures become survival machines or growth vehicles depending on triggers, households, formalization calculations, and market rails that operate long after the founding decision. Research and policy that continue to exclude founders' accounts will keep mistaking a starting condition for a destiny. The more useful question, in Pakistan and in economies like it, is not whether a founder was pushed or pulled, but what it would take, and who would have to agree, for the next trigger to arrive.

Three implications follow if trajectories are created after founding rather than being fixed at entry. First, entrepreneurship support programs should stop screening applicants based on their founding motives. Programs that reserve support for "opportunity" ventures will systematically exclude braided-motive founders who are one trigger away from growth. A better screen is behavioral, that is, evidence of reinvestment, differentiation, or order-based (rather than walk-in) demand. Second, triggers can be manufactured by the user. Public procurement set-asides that route institutional orders (school uniforms, office catering, furniture) to micro-enterprises replicate the demand shocks participants described; structured mentor-matching and supplier-credit guarantees replicate the relational triggers; and family inclusive program design, which invites the husband, father, or in-laws into orientation sessions, addresses the household sanction that our data show is often the binding constraint for women. Third, the formalization policy should be sequenced with the benefits. Participants were formalized when the documentation unlocked something tangible. Tying simplified registration to tangible unlocks (courier pickup integration, wallet-linked micro-credit against transaction history, eligibility for procurement set-asides) would work with the calculus owners already use, whereas enforcement built on wallet surveillance risks pushing transactions back to cash, as it already has for two participants. For entrepreneurship educators, the ustad–shagird findings argue for humility about classroom instruments and for program designs that certify and extend apprenticeship learning rather than substituting for it.

The study has some limitations in that we focused on one capital territory, and the rural periphery of ICT is uncommonly close to a prosperous urban core. The rural findings may underestimate constraints in more remote districts in South Punjab, Sindh, or Balochistan. The sample is diverse but small, purposive, and conditioned on survival; that is, ventures that failed before two years are absent, and failed necessity ventures may appear different from surviving ones. Retrospective founding accounts could be susceptible to narrative smoothing, and participants may have reconstructed opportunity into stories that began in pure need. We tried to guard against this, but translation from Urdu, Punjabi, and Potohari is always an interpretive loss. Future research could follow founders prospectively from entry to observe transition triggers as they unfold rather than in recollection; could compare ICT with a remote district to test the generalizability of the digital-rails findings; and could operationalize the trigger classes identified here for survey measurement, allowing the braid-and-trigger account to be tested at scale against the standard binary.

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