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**Barriers to the Development and Progress of  
Entrepreneurship in Rural Pakistan**

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## Barriers to the Development and Progress of Entrepreneurship in Rural Pakistan

### Abstract

**Purpose** - Focusing on entrepreneurs' experiences inhibiting them from launching a business – at the micro level – the objective of this empirical study is to identify issues that limit rural entrepreneurship in Pakistan. To identify the cultural, social, economic and religious traditions and settings that discourage entrepreneurship thus hindering economic development.

**Design/methodology/approach** - An ethnographic approach is used to obtain a picture of current problems and perspectives of rural inhabitants. Members of 84 families were interviewed.

**Findings** - Religious, socioeconomic and structural forces play a significant role in suppressing social capital, limiting cultural capital and stifling entrepreneurial spirit in rural areas of Pakistan, explaining the low level of entrepreneurship in these areas. Social and cultural capital require a specific socioeconomic context for entrepreneurship to thrive.

**Originality/value** – This study examines the determinants of very low levels of entrepreneurship in rural settings in the agro-based regions of interior Sindh, Pakistan; this contributes to the gap of understanding the context of rural entrepreneurs in agro-

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3 based economies. This study makes recommendations for policy makers to promote  
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6 entrepreneurship in such areas.  
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10  
11 **Keywords** - Rural development, cultural capital, economic development,  
12  
13 entrepreneurship, Pakistan, social capital.  
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### 17 18 19 20 **Introduction**

21  
22 A rich literature largely of research in developed economies, has focused on  
23  
24 entrepreneurship from a macro perspective (Audretsch and Thurik, 2001).  
25  
26 Simultaneously, indigenous entrepreneurship has received increasing academic  
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28 attention in terms of economic development in developed countries, i.e., the Fourth  
29  
30 World defined as, 'those native peoples whose lands and cultures have been engulfed  
31  
32 by the nations of the First, Second and Third Worlds' (Graburn, 1981:61); this has been  
33  
34 the focus of a growing literature (Dana, 1995; 2015; Dana and Light, 2011; Peredo et al.,  
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36 2004). Fourth world theory (Seton, 1999) focuses on the depressed existence of  
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38 indigenous nations largely in modern, developed countries (Dana and Anderson, 2007).  
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48 In developing countries too, indigenous people face similar struggles: around 62%  
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50 of the population of Pakistan (i.e., approximately 115 million people) live in rural areas  
51  
52 (World Bank, 2015) with poor socioeconomic conditions. Pakistan ranks 147<sup>th</sup> out of 188  
53  
54 countries on the United Nations Development Programme's 2015 Human Development  
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3 Index – a comparative measure of life expectancy, literacy, education and standards of  
4 living for countries worldwide (Human Development Report, 2015). Urban migration  
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8 further aggravates the socio-economic situation in already poor rural areas, as many  
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12 educated and skilled workers migrate in pursuit of employment.  
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15 Academic interest in entrepreneurship in developing countries has mainly  
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18 concentrated on mostly urban, small-scale industries (Coad and Tamvada, 2012) and  
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21 microenterprises (Jones et al., 2014). However, entrepreneurship in rural areas of  
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24 developing economies does not reflect that of urban areas. Sindh, Pakistan, is one such  
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26  
27 example as those who would like to be more entrepreneurial are restricted in doing so  
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30 by cultural, socioeconomic, religious and structural factors.

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32 About two thirds of the population of the Indian sub-continent: Bangladesh, India  
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35 and Pakistan reside in rural areas, directly or indirectly associated with income from an  
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38 agricultural based economy. However, there is little empirical research that informs  
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41 understanding of indigenous entrepreneurship and business development in rural  
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44 settings of agricultural based economies. There is a lack of understanding at a very  
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47 micro level of what other phenomena, along with some obvious socioeconomic  
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50 conditions, inhibits the rural population of these agricultural based economies from  
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53 engaging in entrepreneurship. Therefore, the objective of this paper is to contribute to  
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56 the gap of understanding the context of rural entrepreneurs in agricultural based  
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59 economies and examine the determinants of very low levels of business start-ups in  
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3 rural settings in the agricultural regions of interior Sindh, Pakistan. The cultural, social,  
4 economic and religious traditions and settings that discourage and hinder  
5 entrepreneurship and economic development in these specific areas are identified. This  
6 study focuses on rural entrepreneurs' perceptions at a micro level. It also proposes  
7 certain solutions for Pakistani policy makers and government to promote  
8 entrepreneurship in these areas, and in doing so discuss sustainable entrepreneurship  
9 and good governance, particularly for indigenous people.  
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23 This paper reports on an ethnographic research study that takes and examines  
24 rural entrepreneurs' experiences inhibiting them from starting and sustaining a  
25 business. Data has been utilised from several rural areas including villages and towns  
26 in the interior of Sindh surrounding these semi-urban areas such as: Dadu, Khairpur,  
27 Mirpur Khas, Nawabshah, Shikarpur, Sukkur and Thatta. Sindh has a population of  
28 over 46 million of whom approximately 25 million, many of whom are in poverty,  
29 reside in rural areas. The research questions are: *What factors in addition to structural*  
30 *issues hinder the environment for entrepreneurship among these rural areas of interior Sindh?*  
31 *How can agricultural based rural communities reconcile innovation and tradition to create*  
32 *successful entrepreneurial ventures for their economic development? What and where the*  
33 *intervention is needed by government and social sector organisations?*  
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53 The paper is structured as follows. The next section explores how  
54 entrepreneurship scholars have discussed social and cultural capital in the context of  
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entrepreneurship. After a detailed account of entrepreneurship in rural areas, historical landscape of the studied region, and the research approach and methodology, the empirical findings are presented, on the basis of which a theoretical proposition is suggested for future analysis. Finally, these findings are discussed in relation to the extant literature and considers implications for theory, practice and policy.

### Islam & Entrepreneurship

Islamic teaching encourage Muslims to be involved in productive and entrepreneurial endeavour (Adas, 2006; Kayed and Hassan, 2011). One interesting aspect that distinguishes Islamic entrepreneurs is that Western entrepreneurs usually measure success in terms of financial gains while Muslim entrepreneurs not only try to maximize their potential financial gains but also their religious goals for rewards in a perceived afterlife (Campante and Yanagizawa-Drott, 2013). Gümüşay (2015) discusses entrepreneurship from an Islamic perspective based on three interconnected pillars: entrepreneurial, socio-economic/ethical, and religio-spiritual. Islam not only shapes entrepreneurs at the micro level but also at meso and macro-level. Furthermore, research on Islamic entrepreneurship has prompted researchers to look into specific characteristics of Islamic entrepreneurs, such as fear of Allah, honesty and truthfulness,

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3 morality, vision, optimism, patience, social welfare, Halal earnings and wider economic  
4 concerns (Hoque et al 2014).  
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11 Islam's definition of business development is very encompassing because it not  
12 only drives entrepreneurial activity (Ramadani, et al 2015), but also requires  
13 [entrepreneurs] to provide a due share of their incomes to the poor to maintain equality  
14 in society.  
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25 In the case of rural Sindh, Pakistan, despite Islam being a majority religion, feudal lords  
26 have been exploiting the poor and the farmers for many decades. Furthermore, the  
27 situation of the poor and their attitude towards entrepreneurship and business suggest  
28 a very contradictory but interesting account of what is inhibiting them to take up  
29 business as a vocation.  
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### 40 41 42 **Entrepreneurship in a rural setting** 43 44

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46 Wealth generated from agriculture is not equally divided among the inhabitants of  
47 rural areas as landlords appropriate a significant proportion of it. Equally dispersed  
48 rural development can only be achieved while primarily linking it to enterprise  
49 development and entrepreneurship in these areas.  
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3 As economies are becoming increasingly globalised, competition affects the  
4 agricultural sector of developing countries (Mathew and Adegboye, 2013) including  
5  
6 Pakistan (Afzal, 2007; Awais et al., 2011; Malik et al., 2011, Muhammad et al., 2016). It is  
7  
8 no surprise that entrepreneurship is gaining importance for the survival of economic  
9  
10 activities in rural areas of developing countries. However, entrepreneurship requires an  
11  
12 enabling environment in order to flourish. In rural areas of Sindh, the cultural, financial,  
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14 political and social environment is neither conducive or supportive of entrepreneurship  
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16 and new business development.  
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27 Entrepreneurship in emerging markets, especially in rural areas of these regions  
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29 is distinctive from that practiced in more developed countries or in urban centres of  
30  
31 developing countries. A more nuanced understanding of these distinctions is critical to  
32  
33 rural sector development in developing countries so as to increase opportunity, create  
34  
35 employment and subsequently reduce poverty. This helps understand the barriers to  
36  
37 the development of new and growth-oriented enterprises in these regions (McElwee,  
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Entrepreneurship is conceptualised in many different ways. As innovation  
(Schumpeter, 1911, Byrd, 1987), risk-taking (Brockhaus, 1980), market stabilising force  
(Tyson et al., 1994) and starting, owning and managing a small business (Jones and  
Sakong, 1981). A growing interest in rural entrepreneurship emphasises the importance

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2  
3 of mix of these attributes in a shaping successful entrepreneurs (McElwee, 2006, Smith  
4 and McElwee, 2015). Pertin (1994) suggests that in a rural context, entrepreneurship will  
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6 only be supported if there is a national agricultural policy incorporating special  
7  
8 programs for the development and channelling of entrepreneurial talent. People in rural  
9  
10 areas of Sindh are also involved in other activities in addition to farming and livestock,  
11  
12 such as carpentry, spinning, blacksmithing, brick building, fish farming, dairy products  
13  
14 (meat, milk), servicing (farming and livestock consulting), industrial applications  
15  
16 (engineering, crafts), fertiliser and medicine distribution, retailing, professional and  
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18 technical training and recreating facilities.  
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30 Faggio and Silva (2014) note that there is a high correlation between self-  
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32 employment and business creation and innovation in urban markets but not in rural  
33  
34 markets. Their results are rather tautological in that they suggest that self-employment,  
35  
36 business creation and innovation are well manifested in urban areas because of the  
37  
38 presence of entrepreneurship in these areas. Furthermore, Savitha et als (2009) study of  
39  
40 the behaviour of female entrepreneurs in rural and urban areas in Bangalore, India  
41  
42 identify three factors which are effective on the creation of new businesses: personal  
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44 characteristics, socio-economic characteristics, and enterprise-related variables.  
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56 **Social & cultural capital in rural areas**  
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3 Cetin et al (2013) analyse the effect of different forms of capital – financial, human and  
4 social – finding that social capital plays an integral role in affecting entrepreneurship.  
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6 Social capital is widely used to explain a broad range of business development and  
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12 social phenomena (e.g., McKeever et al., 2014). Coleman (1990) further elaborates how  
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15 social capital can facilitate social action. Fukuyama (1995) and Putnam (1995) focus on  
16  
17  
18 how social capital helps to create mutual trust among members, which eventually helps  
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21 to foster effective development resulting in social action. Social capital or social action  
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24 embedded in networks (Anderson et al., 2007) are also highlighted as critical for the  
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26  
27 success of ventures; a network can enable business owners to obtain financial and  
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30 human capital through their social capital. The empirical work focuses on  
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32  
33 entrepreneurship in rural areas, where social action and mutual trust are essential  
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36 components for business to sustain and thrive because of the nature of the small  
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39 established villages acting as separate units and accommodating various tribes/groups.

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42 Cultural capital is determined by the entrepreneur's capacity to appropriate and  
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44  
45 use cultural institutions and societal products (De Clercq and Voronov, 2009). Cultural  
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47  
48 capital is very important for people in rural areas as most of their work involves  
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50  
51 particular technical expertise (Follett, 2010; Stevenson, 2010); and cultural capital is  
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54 transmitted from one generation to the next (Lareau and Weininger, 2003).

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57 Interaction among communities, families, and individual entrepreneurs is  
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60 important, (Maula et al, 2005). Some communities have been found to have little

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3 entrepreneur-ship despite much social capital (Anderson et al., 2006; Peredo et al., 2004).  
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5  
6 Light and Dana (2013) find that high social capital among Alutiiq people in Old Harbor,  
7  
8 Alaska, does not promote entrepreneur-ship and conclude that social capital only  
9  
10 promotes entrepreneur-ship when coupled with supportive cultural capital.  
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14 In other cases, social capital has also been found to suppress entrepreneur-ship  
15  
16 because powerful groups lock subordinate groups out of entrepreneur-ship (Crow,  
17  
18 2004). Light and Dana (2013) further explain that this suppression works best when the  
19  
20 dominant group's social capital is stronger than subordinate groups' social capital.  
21  
22 Similarly, in rural areas of Pakistan, the majority of poor people's social capital is weak  
23  
24 compared to that of their landlords. The research goes further regarding  
25  
26 entrepreneur-ship holistically in communities in rural settings. Weak social and cultural  
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28 capital is not sufficient to provide solutions; hence this study aims to examine as why  
29  
30 and how cultural capital and social capital is subdued by various other factors; and  
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32 what should be done to unlock the potential of social and cultural capital in these rural  
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34 communities.  
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#### 48 **Context of the study: Interior Sindh, Pakistan**

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50 This is the first study which considers the suppressed aspects of entrepreneurial  
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52 conducive social and cultural capital and entrepreneur-ship in communities across the  
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3 rural region of Sindh, Pakistan. Sindh is one of the provinces of Pakistan, and home of  
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6 one of the world's oldest civilisations, the people of the Indus Valley (Possehl, 1997).  
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9

10 Currently, land inequality is a significant issue in rural areas of Pakistan.  
11  
12 According to the Pakistan Institute of Labour Education and Research (PILER) about  
13  
14 two-third of Pakistan's farmland is owned by only 5% of agricultural households  
15  
16 (Habib, 2012). 60% of rural population in rural areas of Sindh do not own their own  
17  
18 land and work for someone else (Sindh United Party, 2008). Millions of poor  
19  
20 households across Pakistan depend on wealthy landowners for livelihoods, natural  
21  
22 resources and patronage. These feudal lords have established strong footholds in rural  
23  
24 areas of Pakistan, especially rural Sindh. They have their own private gaols and can  
25  
26 utilise the services of armed criminal gangs. Various accounts in Pakistan note the  
27  
28 involvement of these landlords in land grabbing exploiting their political influences  
29  
30 (Ali, 2012), and diverting flood waters from poor villages (BBC, 2010). Feudalism in  
31  
32 Pakistan is understood as a relatively small group of politically active and powerful  
33  
34 landowners, whose attitude is often associated with a combination of arrogance and  
35  
36 entitlement (Haeri, 2002). Feudal lords seldom make any direct contribution to  
37  
38 agricultural production and subsistence peasants or tenants do most of the work. Many  
39  
40 of the peasants are controlled by landlords because of debt bondage passed down from  
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42 generation to generation, and most of the landlords have tight control of the  
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3 distribution of water, fertilisers, tractor permits and agricultural credit along with  
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6 control of local government (Shuja, 2007).  
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10 Currently, the economy of Sindh is the 2<sup>nd</sup> largest of all the provinces in Pakistan.  
11  
12 Sindh comprises 23% of Pakistan's population and 18% of its land area. With 23% of  
13  
14 country's population, its contribution to the national GDP is around 33%. As of 2012,  
15  
16 Sindh has a gross provincial product of \$67 billion and covers a cultivated area of 4.9  
17  
18 million hectares of which 3.9 million hectares is cropped (Husain, 2014). It has the  
19  
20 highest concentration of urban population at 49% as compared to an overall country  
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22 average of 32.5%, making it the most urbanized province in the country (Sindh Board of  
23  
24 Investment, 2015). As of 2012, 20.4 million people constitute a labour force of which 9.2  
25  
26 million are involved in agriculture. Around 14% of wheat, 30% rice, 30% sugar cane,  
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28 25% cotton and 30% vegetable crops grown in Pakistan are sourced in Sindh (Sindh  
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30 Board of Investment, 2015). Rural areas have a high dependence on agricultural income  
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32 (Husain, 2014).  
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45 The feudal system and poor education are just two aspects which hinder  
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47 development in the rural areas of Sindh. However, different socioeconomic factors at  
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49 micro level suppress entrepreneurship in this region. Several cultural, economic,  
50  
51 religious and social factors have caused the change in attitudes of people, which  
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53 combined, restrict entrepreneurship and growth.  
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### Methodology & data collection

The unit of analysis in this study is rural families. We ask how variations in cultural, social, religious and economic resources inhibit entrepreneurship. This study aims to further understand the scope of interlinked socioeconomic factors suppressing entrepreneurship.

Families were interviewed from the surrounding villages of the major conurbations of Dadu, Khairpur, Mirpur Khas, Nawabshah Shikarpur, Sukkur, and Thatta. These dispersedly located regions allow a representative population sample of Sindh Province. Using a snowball methodology (Goodman, 1961), personal referrals allowed the generation of a sample of 84 families. 21 owned their own businesses and 63 derived their major source of income from wage labour. Different family members were interviewed so as to understand the views of different members of the family. In Pakistan, especially in rural Pakistan, people still live in big families and the face of the family carries more importance for decision making rather than individual preferences. This disparity in sample is due to the reason that entrepreneurs are very few in these areas and difficult to locate. Furthermore, few feudal lords were also interviewed over this general lack of entrepreneurship in rural Sindh, to understand their side of the argument too as in what is causing the lack of entrepreneurship and what role they are

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3 playing to discourage it or may be to promote it. Most of the feudal lords altogether  
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5  
6 rejected to talk to us or gave us very elusive answers.  
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10 Following an inductive data collection method, it was necessary to be submerged  
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12 into local life for an extended period of time, such as to develop closeness in the shared  
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14 sense. The study was carried out over a period of almost seven months in 2015 with on  
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16 and off visits to these areas with at least three visits to each place on different times by  
17  
18 the lead author. The interviews were conducted in Urdu and Sindhi, and lasted on  
19  
20 average ninety minutes. Data was compiled in Urdu, a local assistant took notes  
21  
22 simultaneously in Sindhi were necessary, and both sets were compared for accuracy.  
23  
24 Data was also collected from families by asking general questions about religion, social  
25  
26 and economic scenarios, politics, business and life. Major themes that evolved from  
27  
28 these interviews have been summarised below. Following a naturalistic inquiry  
29  
30 method, interviews, data collection, analysis, and interpretation in a hermeneutic  
31  
32 manner (Spiggle 1994). The interviews are further supported by case studies, which  
33  
34 developed out of narration of life experiences of cultural and social practices and  
35  
36 opinions of some of the entrepreneurs and non-entrepreneurs, and their families that  
37  
38 were involved or not involved in these ventures. Triangulation was used for  
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40 verification, as recommended by Patton (1990).  
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### Findings: barriers

#### *Negative externalities of feudal system*

Among the participants, peasants/tenants related stories of the relationships with landlords from last two generations in these rural areas. They are not able to pay back their loans because of the high interest rates charged by these landlords; and these loans keep accumulating resulting in stronger hold on those who are already bonded labours. Interest rates can be above 100% per annum, making it almost impossible for poor tenants to pay back loans. For one respondent

*“No, I cannot run, because my whole family is there, and even if I am able to run alone, the landlord will kidnap my sisters/family or will throw my brothers in his jail. I cannot fight him... and he owns the whole system, I cannot even file a complaint to police of someone else. I cannot even imagine to stand or raise a voice against him...”*

Fear of retribution is common.

*“You know it better {the landlord’s identity}, I don’t want to get in problem, by slipping his name from my tongue...”*

Around 70% of the population of various villages that encountered work either directly or indirectly for some big landlords for very low wages; and people accept their position. This landlord-tenant relationship is oppressive, and poor farmers are not given their social and financial rights in society. There are no checks and balances on

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4 minimum wages or on the power of feudal lords in these areas. There are cases where  
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6 landlords have extorted the lands from the poor farmers, and their complaints to police  
7  
8 and government officials result in further physical attacks from landlords to suppress  
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10 their voices and rights. Farmers are often looked upon as inferior class people by these  
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12 landlords. Moreover, many locals consider themselves and their traditions and lifestyles  
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14 subordinate to their landlords. For instance, one local entrepreneur recounted:  
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20 *"I am smart and have better solutions and know markets in cities, but I am not free in any way*  
21  
22 *to show that to others because our presumed supreme leader is our wadera saeen (landlord) and*  
23  
24 *all things should pass from him, and I can be called and punished by his people to act too*  
25  
26 *smartly. Whole village just believes that everything that wadera saeen does is right and all else is*  
27  
28 *meaningless or wrong."*  
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35 In discussion with 3 feudal lords over this general phenomenon of  
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37 entrepreneurship in rural Sindh, Pakistan. They rejected this phenomenon altogether or  
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39 they came up with elusive explanation that they want greater good for all society and  
40  
41 they know better how to handle business and provide subsistence to so many under  
42  
43 them. For instance, one feudal lord, avoided the question like this:  
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48  
49 *"Interviewer: Do you feel like that feudal lords are suppressing the poor in their areas and not*  
50  
51 *helping the people below them?*  
52

53  
54 *Feudal lord: This is not all true...the problem lies with these people and whole system. They*  
55  
56 *don't want to work hard themselves and they don't want to study. All they want is average life.*  
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3 *And when they don't see opportunities, we create opportunities for them by creating jobs for*  
4 *them in our mills, farms and factories. And we and our forefathers have been doing this for*  
5  
6 *century. I am not bragging, but we have been chosen by God to represent them and provide a*  
7  
8 *source of income to them. And that's why they consider us as their teachers and mentors."*  
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18 Feudal lords in Pakistan, especially in the region of Sindh and Baluchistan, are  
19 known for the atrocities they perpetrate on the people. Most of them are  
20 parliamentarians or bureaucrats, which further allows them to instil fear. Above all,  
21 they own the major share of land, and generally poor people do not have any other  
22 choice but to work for them. They suppress education in their areas, discourage rural-  
23 urban migration and do not allow the formation of groups in villages. For instance, one  
24 man when asked about his business noted:  
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37 *"I want to open a shop, but Saeen (landlord) does not want me to leave his land; hence I cannot*  
38 *do it even if I want this...I even can't give my savings to someone else to open shop on my*  
39 *behalf; no one will dare to go against the wish of Saeen..."*  
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46 Asking a feudal lord if bonded labour is still a grave concern for poor in  
47 Pakistan, he gave us this explanation:  
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51 *"Ohh, you are educated and have not lived with these people for long. They are poor and their*  
52 *poverty has taught them wrong ways of having sympathy to get money from you or someone else*  
53 *from urban areas. There is no such thing as bonded labour anymore. If anyone will leave, we will*  
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*have many more to come and work with us. Rather than random wage they get by working in big cities, we provide them with continuous source of income and a place to live forever on our lands."*

Hence, these facets of feudal systems in these areas have developed a sense of fear and inferior complexity have resulted in reluctant masses who do not want to challenge the *status quo* to change their lives. Historically attempts by successive governments have been taken to ensure reformation of land rights in Pakistan, but these efforts have been ignored by these feudal lords.

#### *Hubris over choice of certain occupations*

Much of the rural population also demonstrated hubris for certain professions. For instance, one small farmer turned restaurateur recounted:

*"... I am unlucky that unfortunately now I am running restaurant and have forsaken the honourable profession of being a farmer. Actually, I had to sell my land because of some mishaps. Those lands were ours from the last 3 generations... You know having your own land and being a farmer is like king of your destiny with only master Allah ... you can grow crops of your choice, eat of your choice and live as per your choice... unlike this restaurant where I am just serving people unlike a farmer who is serving mother land, people, generations and generations to come..."*

On another occasion,

*"... Farming is the pride of Pakistan, and other professions in Sindh and Punjab are still considered low as compared to farming, but unfortunately youth is going for new things in cities, but you know they are not happier than their farmer fathers or grandfathers. They are just stuck in more problems, and have no peace at heart..."*

For the majority of the people, there is a preference and prestige for subsistence farming followed by auxiliary professions also related to farming, such as *aarti* or

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3  
4 *patwari* (land record officer at sub-division or *tehsil* level). This preference for  
5  
6 agriculture, despite its low source of income, is primarily because of the freedom that  
7  
8 owning a land and animals provides and continuous supply of food from land and  
9  
10 animals.  
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15 Educated youth is also less interested in following the farm profession. One  
16  
17 young respondent demonstrated his negative concerns:  
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21 *"In my village, people show me respect, but in a big city, I am just like a simple bird, who is*  
22 *trying to make his way. No one does care, what I do or what I will become. That life sucks. I want*  
23 *to be recognized and known, and my village offers me all that. Then why would I try to move out*  
24 *of it... above all, city has very intense competition and corruption too to succeed there...why not*  
25 *try more hard in village"*  
26

27  
28 In all the interviewed families, the majority of the male participants expressed  
29  
30 their desires for government jobs as their first preference for themselves, their family  
31  
32 and anyone, if they have to work for someone. This choice was further elaborated to us  
33  
34 by one participant like this:  
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38 *"...Here, if I have a government job, then I am the most reliable person and have great respect in*  
39 *society...because government jobs are for permanent and a source of life-long income, and one*  
40 *cannot be removed from government job in Pakistan; however you are not sure of private or even*  
41 *multinational companies, they can fire you anytime...yes and through government jobs you can*  
42 *be more close to big landlords and their connections do help you to grow socially and*  
43 *professionally."*  
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48 Findings suggest that there is a preference for farming and government jobs with less  
49  
50 desire for entrepreneurship because of the cultural and social norms prevailing in the  
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52 society which bestow more respect to these two specific professions.  
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3 Most of the people in these rural areas live in forms of "braadri" or "qabila" (tribes  
4 or groups) and prefer to give first preference to the members of their braadris or qabilas in  
5  
6 their localities. It is considered very bad for the reputation of the families if someone  
7  
8 marries outside his/her braadri. For instance, one old woman told us:  
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14 *"My son made the mistake of falling in love with a girl outside our braadri and when the girl's*  
15 *brothers did not agree for marriage, he eloped with the girl and this brought disrepute to both the*  
16 *families; and our landlord even asked us to look for new place to work and since then my*  
17 *husband is now working in a brick factory. It has been a year and I have not heard from my son*  
18 *yet, and that evil girl who did magic on my son..."*  
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24 On being asked the value of braadri in terms of business, patwari (land record  
25 officer at sub-division or tehsil level) said:  
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28  
29 *" You can trust a guy from your braadri and helping someone or doing business in your braadri*  
30 *is good for overall braadri and you get good respect from people; however, if you choose someone*  
31 *else outside your braadri, then you should be ready to face slander from people... this is how*  
32 *relations work in villages..."*  
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40 Residents of these rural areas also prefer same braadri marriages, which result in  
41 limited expansion of social and cultural capital because most of the braadris settled in  
42 one village are small in size. Business partners are also chosen and given first preference  
43 primarily from the same braadris. Moreover, it also results in limited exposure to  
44 financial and human capital. Mutual trust among groups, financiers and workers is  
45 needed to establish businesses in these areas. This system of braadris and qabilas is  
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3 inhibiting people from developing new relations with new people of different intellect,  
4 status, skills and social status.  
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### 10 11 *Limited view of education*

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13 Religion plays an integral role in Pakistan, where most of the decisions ranging from  
14 life, eating habits, marriage and even business are made based on religion. For instance,  
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Religion plays an integral role in Pakistan, where most of the decisions ranging from life, eating habits, marriage and even business are made based on religion. For instance, Sunni Muslims discourage marrying a Shia Muslim and vice versa in Pakistan. Rural Sindh constitutes a majority of population of Muslims with very few Hindus living in minority populations across the province Sindh, Pakistan. There is a high level of literacy among Hindus; however rural population of Muslims have a different view of the value of education. Most of the rural population prefer Islamic knowledge of Hadith and Quran above any other education; and hence formal education is something of secondary value among them. For instance, one poor farmer noted:

*“You know that religion has restricted us from running after wealth, we should only earn as much as enough for us; hence I am happy until I am feeding three times food to my children...that’s it...more wealth makes us disgusting and greedy...and more money only brings tension...hence all I need is religious education which can bring in peace...”*

Contrary to this observation, Islam does not discourage creation of wealth but advocates ethical and honest business. For instance, a line from Quran: *“O you who have*

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*believed! Do not devour one another's property by unlawful ways; but do business with mutual consent." (Quran 4: 29)*

The Prophet Muhammad was asked what type of earning was best, and he replied: *"A man's work with his hands and every (lawful) business transaction."* (Al-Tirmidhi, Hadith 846).

Some of the respondents have practical plans for doing business. In many of the recorded conversations people are more interested in discussing politics and religion over general business discussions. This is primarily due to the low levels of education among children, youth and adults; and partially because of subdued will to develop themselves in businesses. An elderly man recounted his views on business:

*"What we would do by talking of business, when we can't do something, we are poor. We are happy with tea and our ghutka (eatable); this business talk is for waderas (landlords), who can afford to do it. And above all, religion has not encouraged us to earn a lot. Allah is there to feed all stomachs even if I am poor; then why try for something which is not in your reach ..."*

*Burdened familial settings: large families*

Despite low incomes, most families in rural Sindh do not believe in limiting family size. Some are not aware of birth control procedures and others do not want to control the birth rate. Furthermore, for some farmers more children mean more working hands for them to support them on farms and provide prestige to their manhood. Unlike



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3 developed countries most of the work is done by manual labour rather machinery.

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6 Local religious leaders/figures exacerbate the situation by conveying to people that  
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8 birth control is *haram* (prohibited) in Islam. One *maulvi* (religious figure in local mosque  
9  
10 in a village) suggested:

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14 *"...this is western propaganda to limit Muslims' population...they fear our and Allah's*  
15  
16 *strength...that's why they want us to control our birth rate...I ask them there is no such concept*  
17  
18 *as birth control thousand years back but still everyone was eating food and living then...and you*  
19  
20 *know interestingly at that time, Muslims were in power...I suggest you to go back to your*  
21  
22 *school and read Muslim history..."*

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28 Thus poor households have more children and families remain in poverty;  
29  
30 resulting in very limited or no education for their children. For one mother: *"Why should*  
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32 *I send my kids to schools, and waste their time, when they can start earning well and can settle*  
33  
34 *early to bear more kids"*. Most of the parents are more concerned with opportunity cost of  
35  
36 sending their kids to schools. This is partially because of ignorance and partially  
37  
38 because of poverty. This way, with low education families are stuck for forever in a  
39  
40 poverty trap and low-income businesses. The majority of the people we interviewed are  
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42 involved in the same occupation as their father; and most of them gave the reason that  
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44 they do not have other choice of occupation.  
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53 For, one poor peasant the cost of starting a business is prohibitive: *"I try a lot to*  
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55 *save for the dowry of my 6 daughters; but it is very hard, I only make PKR.300 per day, and*  
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3 with that I can only feed them. I am really not sure as how I will get them married or who will  
4 marry them without any good dowry. Our hopes are with God...and how can you expect me to  
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6 start a new business with zero savings..."  
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11 Big families also result in low or almost no savings further aggravating any hope  
12 for the future of these families. Almost all our participants reported that they have zero  
13 or very low savings; which cannot help them to afford education for their children,  
14 move to city or start a new business.  
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26 *Infrastructural issues for business development: middlemen, lack of financial capital, industry*  
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28 *size*  
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31 Inadequate infrastructure and economic resources inhibiting entrepreneurship rural  
32 markets have no equal flow of financial capital for everyone. The poor exist in a cycle of  
33 poverty. Most banks do not provide loans that easily; and most of the money easily  
34 goes to landlords because of their connections with banks' employees. These landlords  
35 also do create problems if they try to get loans because of the fear of losing cheap  
36 labour.  
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48 Furthermore, *aartis* (middlemen, who purchase crops from farmers and then sell  
49 them to others) takes the major share of profits and only do give very minimal share of  
50 price to small farmers. Hence, most of the landlords have their own *aartis* settled in  
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3 major markets to sell their yield with best rates. However, poor people are left with no  
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6 choice but to be a part of this distribution chain involving *aartis*.  
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9 Furthermore, markets are very small and limited for most of the farmers and  
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11 other craft workers in these rural areas because of the lack of the information. They do  
12  
13 not have many buyers in their villages or towns and it is hard for them to develop  
14  
15 markets in cities. Smallness and remoteness of rural areas make it difficult to develop  
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17 economies of scale and critical mass. The results are higher prices for goods and lower  
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19 demand for services (Dabson, 2001).  
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25 For instance, one respondent noted:  
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28 *"My wife is very good at embroidering clothes and her clothes are worn by people in cities, like*  
29  
30 *Karachi and Hyderabad;... but she does not make a lot of money despite her good talent because*  
31  
32 *she got very low price for her products, like Rs. 150 and these things sell like Rs. 1500 in cities. I*  
33  
34 *have seen it myself..."*  
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39 *Why don't you try to sell these items yourself in cities?*  
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42 *"Hmm...no one will buy from me, you need to have a shop in city to sell and you need too much*  
43  
44 *time to go to city and sell there, hence we chose middlemen to take it from us and then it is his*  
45  
46 *responsibility to sell in city...and it is really hard to trust people in city; you know the political*  
47  
48 *conditions better there as you live there"*  
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53 This reluctance was observed among many families and in different businesses,  
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55 which demonstrate that people are not willing to take initiatives and expand their  
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3 business because of the limited information about doing business, and fear of political  
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6 turmoil in big cities.  
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### 8 9 *Parochial Lifestyle*

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11 Woo et al. (1991) describe lifestyle entrepreneurs as those who start new firms to  
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13 provide a family income or support a desired lifestyle. These entrepreneurs typically  
14  
15 seek independence and control. Classic examples are “mom and pop” stores, such as  
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17 the family-owned grocery store, or the local hardware store. In this study there is very  
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19 limited entrepreneurship in rural areas and much is something similar to lifestyle  
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21 entrepreneurship. For instance, some people have opened up mobile shops, which trade  
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23 sporadically and these entrepreneurs do not demonstrate any desire to grow their  
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25 business.  
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34 Furthermore, most of the people do not have savings to enable them to invest in  
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36 business or to start a new business or to grow their existing business. This is because of  
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38 no awareness and desire for the value of saving. For instance, one respondent, who has  
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40 a mobile phone and accessories shop said:  
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45 *“I am quite happy with my life; I am earning Rs. 200-300 per day from shop, and life is going*  
46  
47 *well and next year I am going to get married...no I don't have much saving but we do have land*  
48  
49 *and we will sell that for my and my sister's wedding...”*  
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53 Furthermore, most of the labour in rural areas spend around 30% of their daily  
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55 wages on tea and *gutka* (tobacco and other ingredients mixed powder) and consider it  
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3 as the important part of daily consumption; despite the fact that *gutka* is harmful and is  
4 prohibited and is sold illegally in shops and stalls. An example of what Smith and  
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9 McElwee (2013) label illegal rural entrepreneurship.

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12 Parental entrepreneurship is of particular importance in stimulating involvement  
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14 with entrepreneurial pursuits among those falling in this group. An empirical research  
15  
16 on Swedish population has shown that parental entrepreneurship is likely to increase  
17  
18 entrepreneurship among their children by 60% (Lindquist, et al 2012). It is not only true  
19  
20 for biological parents, but was also found for adoptive parents. This is also true for a  
21  
22 developing country like Pakistan, where Muslim Memon parents are more likely to  
23  
24 make their children work for themselves (Muhammad and Dana, 2015) because of their  
25  
26 beliefs on the importance of commerce. However, in rural areas less educated parents  
27  
28 are more likely to make their children work on their farms or on landlords' farms rather  
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30 than trying something else – i.e., being entrepreneurial. However, few educated parents  
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32 in these rural areas are prone towards making their children engineer or doctor.  
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## 45 DISCUSSION

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47 This research demonstrates that not only social and cultural capital are sufficient to  
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49 promote entrepreneurship, but a mix of appropriate religious, socioeconomic and  
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51 structural forces are important to encourage and develop entrepreneurship and enable  
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53 the use of social and cultural capital.  
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4 Most of the people in rural areas of Sindh Pakistan are still economically and  
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6 culturally subdued by the landlords; are very poor and work on the lands owned by  
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8 few big landlords in every other area. This landlord-tenant relationship is quite  
9  
10 oppressive, and poor farmers have limited rights, wealth and status in society. These  
11  
12 landlords regard farmers as second-class citizens. Bonded labour is significant as many  
13  
14 individuals are in long term debt with loans with very high and abnormal interest rates,  
15  
16 further suppressing entrepreneurial opportunity. Moreover, we also come across  
17  
18 observations when in many instances we found locals considering themselves and their  
19  
20 traditions and lifestyles below their landlords. Feudal lords rejected many of our  
21  
22 observations or labelled them as fake ways of the poor to get sympathy of people from  
23  
24 urban areas and not-for-profits. This does not facilitate community development, which  
25  
26 can smoothen and multiply the flow of financial, human and social capital while  
27  
28 simultaneously catering to the various demands of the community members, such as  
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30 employment, mode of investment and mutual welfare of the community.  
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42 Furthermore, in these small rural remote areas, the basic purpose of community,  
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44 fostering inter-dependence among its members is very low, and most of the  
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46 dependence is directed through the local landlords for social and financial security or  
47  
48 somehow indirectly regulated under the dominance of landlords. Somehow landlords  
49  
50 are primarily very crucial for facilitating one or another form of capital from providing  
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52 finances, food, social status and jobs.  
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4 In addition, peoples' lower level of education in these areas have developed  
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6 certain shared perspectives among the majority of the people. For instance, most  
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8 preferred profession after farming/livestock is having a government job. These people  
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10 have no preference or value for private or multinational jobs. Despite the fact that the  
11  
12 majority of the margins were taken by *aartis* from small farmers in agricultural business,  
13  
14 we note that certain agricultural occupations are respected among the residents of these  
15  
16 rural areas. Education is necessary to make the inhabitants of these areas realise the  
17  
18 concept of opportunity cost in working in low income sector such as agriculture.  
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20 Furthermore, education can also let them to think of other possibilities of earning  
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22 money too.  
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31 Residents of these rural areas also prefer same *braadri* (group/tribe) marriages,  
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33 which result in limited expansion of social and cultural capital because most of the  
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35 *braadris* settled in one village are small in size. Business partners are also chosen and  
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37 given first preference primarily from the same *braadris*. Hence, the preference of limiting  
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39 themselves to only small groups prohibits individuals from increasing their capital.  
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41 Moreover, it also results in limited exposure to financial and human capital. Mutual  
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43 trust among groups, financiers and workers is needed to establish businesses in these  
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45 areas.  
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53 The most discussed topics are politics and religion for many people and  
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55 aspiration for money is often looked upon as indicative of evil and greed. Furthermore,  
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3 there is a higher level of preference for religious education over proper education.  
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6 Furthermore, larger families are considered as a source of more hands, prestige for  
7  
8 father's fertility and something granted by God. Most of the people are quite satisfied  
9  
10 with their lives and consider poverty as something natural. The preference for large  
11  
12 families result in limited savings and low level of education for children resulting in  
13  
14 more prolonged poverty. Religion can be used especially by the poor as an excuse to  
15  
16 overcome the consequences of circumstances which are out of their control.  
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23 To grow and develop, these communities do need certain regulated government  
24  
25 and not-for-profits' attention. In addition, it may be suggested:  
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28 *To provide and extend funds to entrepreneurs.* A flow of capital into their lives can help  
29  
30 them to come up with practical solutions to many problems in rural areas. Examples of  
31  
32 such success in rural areas in developing economies is shown in Iran (Hosseini et al,  
33  
34 2012) in Uganda, Lourenço et al (2014) and Mexico, (Díaz-Pichardo et al).  
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39 *To provide training and development programmes.* Rural communities need to be trained by  
40  
41 experts. Not only is vocational training is needed to impart skills but also enterprise  
42  
43 awareness training is required, so that alert people to non-agricultural opportunities.  
44  
45 Inhabitants of rural areas need to learn and realize that all professions do carry equal  
46  
47 importance.  
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52 *To regulate religious teachings and education.* Socially aware *madrassas* (religious schools)  
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54 and religious teachers, who can impart right knowledge about Islam, are needed in  
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3 these areas. These people need to understand different and new processes of re-  
4 engagement on social, religious, and cultural levels to understand the real meaning of  
5  
6 Islam and its teachings and their values in society.  
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11 *To implement strict government regulations and checks.* Government needs to enact strict  
12 measures that can curb corruption and the influence of landlords in these areas. Further  
13 research could be cross-cultural comparative studies, for example studying Indian and  
14  
15 Bangladeshi rural entrepreneurial settings.  
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## 22 23 24 25 26 CONCLUSION

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28 Most often, low levels of education and lack of structural facilities in these areas are  
29 attributed as reasons which inhibit the development of agro based rural areas; however,  
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31 we believe that the problem is much more complex and lies in understanding the  
32  
33 underlying paradigms of social and cultural capital. By now, substantial research has  
34 investigated an entrepreneurship in urban regions of developed and developing  
35  
36 countries, however this paper has focused at a micro level on exploring the cultural,  
37  
38 religious, structural and economic factors, eventually resulting in an anti-  
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40 entrepreneurial environment in the rural economies of a developing country.  
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51 The paper contributes to the literature on the embeddedness perspective, which  
52 has systematically studied family embeddedness (Aldrich and Cliff, 2003), communities  
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54 (Dana and Light, 2011; Light and Dana, 2013;) and networks (Greve and Salaff, 2003).  
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6 For Aldrich and Cliff (2003.2) the family embeddedness perspective suggests that  
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8 understanding family entrepreneurship necessitates that scholars should consider all  
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10 family dimensions to understand the family business. They note that 'Connecting the  
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12 "unnaturally separated" social institutions of family and business will pave the way for  
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14 more holistic—and more realistic—insights into the fascinating processes by which new  
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16 business opportunities and new business ventures emerge.' (2003.2). We have  
17  
18 attempted to do this in this unique analysis of family enterprises in rural Pakistan. We  
19  
20 have considered, both the endogenous and exogenous factors which determine a family  
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22 business's  
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34 The findings are similar to those of Light and Dana (2013) to the extent that  
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36 entrepreneurial cultural and social capital is a requirement in entrepreneurship,  
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38 however reporting findings from 84 interviews with families in rural areas of Sindh,  
39  
40 clear evidence demonstrates that social and cultural capital despite being very  
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42 important comes secondary in need for promoting entrepreneurship after the initial and  
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44 more essential need of conducive environment for entrepreneurship. We agree with an  
45  
46 earlier insight by Light and Bhachu (1993) who propose that cultural and structural  
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48 factors are crucial factors in helping individuals develop their entrepreneurial potential.  
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50 Social and cultural capital relevant to entrepreneurship cannot sustain or prosper in an  
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3 environment that is not supportive of entrepreneurship. Furthermore, in a rural setting  
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6 of Pakistan, people are still living in large families where they are dependent on each  
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9 other and usually the main head of the family is the primary source of income. Proper  
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12 government intervention is necessary for structured and sustainable development of  
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15 these areas through entrepreneurship and business development.  
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18 This paper deals with circumstances that are hindering the environment for  
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20 entrepreneurs. It has identified that providing entrepreneurial settings will not only  
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23 help rural communities with positive economic outcomes, but also will be positive  
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26 towards social outcomes thus adding value for the whole community. We believe that  
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29 in conducive cultural environment, where they are not inhibited by feudal lords  
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32 controlling them, middlemen charging high margins and lack of human and financial  
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35 capital that these communities can develop high-growth entrepreneurs, subsequently  
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38 generating new economic value for their communities. In the past, entrepreneurs have  
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41 been found to add jobs, create wealth, raise incomes and standard of living, and help  
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44 overall rural communities to develop. The outcome is to challenge the depiction of  
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47 societal structures and government intervention in these areas and other areas of similar  
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49  
50 nature.

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55  
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