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SOCIAL ENTREPRENEURSHIP AND ECONOMIC INCLUSION: A MODEL FOR SUSTAINABLE DEVELOPMENT IN PAKISTAN

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Abstract

Social entrepreneurship is gaining momentum in Pakistan as a viable pathway to address deep-rooted socio-economic inequalities and promote inclusive, sustainable development. This paper explores the relationship between social entrepreneurship and economic inclusion, proposing a context-specific model suitable for Pakistan's unique developmental challenges. In a country where poverty, unemployment, gender disparities, and regional inequalities persist—especially in underdeveloped areas like Balochistan, South Punjab, and interior Sindh—social enterprises offer an alternative approach that blends innovation with social impact. The study examines how socially driven ventures across Pakistan have been instrumental in integrating marginalized communities—particularly women, youth, and informal workers—into the economic mainstream. Drawing from interdisciplinary perspectives in social work, economics, and management sciences, the research highlights successful Pakistani case studies such as microfinance institutions, women-led cooperatives, digital education platforms, and rural handicraft enterprises. Using a mixed-methods approach that includes field interviews, policy reviews, and stakeholder analysis, the study identifies key enablers and barriers to social entrepreneurship in Pakistan. Issues such as limited access to finance, weak policy support, and lack of entrepreneurial education are discussed, alongside adaptive strategies for sustainability and impact. The paper proposes a localized and scalable model of social entrepreneurship that supports the goals of economic inclusion, community empowerment, and social justice. It concludes with practical policy recommendations for the Government of Pakistan, NGOs, and academic institutions to foster an enabling environment for socially impactful business models that align with the Sustainable Development Goals (SDGs)

INTRODUCTION

Social entrepreneurship has emerged over the past few decades as a transformative approach to addressing complex socio-economic problems that neither governments nor conventional market mechanisms have been able to solve adequately. Globally, social entrepreneurs are recognized as catalysts for change who combine the innovation and efficiency of private enterprises with the social mission of non-profits. From the Grameen Bank's microcredit model in Bangladesh to social tech ventures in the United States and Europe, social enterprises have proven effective in tackling poverty, unemployment, healthcare deficits, and educational exclusion.

In Pakistan, the concept of social entrepreneurship is gaining traction, especially among youth, women, and civil society organizations. Despite systemic issues such as high poverty rates (over 35%), youth unemployment (around 9% officially but likely higher in rural areas), and gender inequality, a vibrant wave of social innovation is emerging. Organizations like Akhuwat, Kashf Foundation, The Citizens Foundation (TCF), and CIRCLE Women have demonstrated how socially conscious ventures can create impact while maintaining financial sustainability. However, Pakistan's ecosystem remains underdeveloped due to limited access to capital, a lack of supportive policy frameworks, and insufficient training in entrepreneurial skills.

Social entrepreneurship in Pakistan thus stands at a critical junction: it holds significant potential for transformative change, but its growth and impact depend on strategic support, innovation, and integration into national development strategies.

Economic inclusion refers to the process of ensuring that all individuals—especially marginalized and vulnerable groups—have equal access to economic opportunities, resources, and services. It is not only a question of social justice but also of long-term national stability and growth. Inclusive economies are more productive, resilient, and equitable, and are better equipped to achieve the Sustainable Development Goals (SDGs).

In the Pakistani context, economic exclusion manifests in various forms: women are underrepresented in the labor force, informal workers lack job security and social protections, and entire regions (like Balochistan and parts of Khyber Pakhtunkhwa) are cut off from mainstream economic development. Without addressing these structural disparities, Pakistan cannot achieve sustainable development.

Social entrepreneurship offers a pragmatic and inclusive model to bridge these gaps. By involving marginalized populations as producers, service providers, and stakeholders—rather than passive recipients—social enterprises promote agency, dignity, and self-reliance. Therefore, linking social entrepreneurship with economic inclusion becomes vital for fostering a sustainable and just development pathway in Pakistan.

1. Problem Statement

Pakistan faces deep-rooted socio-economic challenges, including widespread poverty, rising youth unemployment, regional disparities, and the systemic exclusion of women and marginalized communities from the formal economy. Traditional approaches to development, heavily reliant on government programs and donor-funded welfare initiatives, have often failed to produce sustainable or inclusive outcomes. Meanwhile, private sector-led growth has remained largely profit-driven and concentrated in urban centers, offering limited solutions to rural and underdeveloped regions such as Balochistan, South Punjab, and parts of Sindh and Khyber Pakhtunkhwa.

In this context, social entrepreneurship has emerged globally as a transformative model that blends innovation, sustainability, and social impact. However, in Pakistan, the potential of social entrepreneurship to drive economic inclusion—by engaging excluded groups as producers, entrepreneurs, and agents of change—remains underexplored, underutilized, and poorly supported by institutional frameworks.

Despite isolated successes by organizations like Akhuwat, Kashf Foundation, and various youth- and women-led enterprises, the sector lacks systemic policy support, access to capital, and integration into national development planning. There is a clear gap in empirical research that maps the role of social entrepreneurship in promoting inclusive development in Pakistan, identifies scalable models, and outlines practical policy interventions.

This study addresses that gap by investigating how social entrepreneurship can serve as a catalyst for economic inclusion in Pakistan, and proposes a localized, sustainable model aligned with national priorities and the Sustainable Development Goals (SDGs). Without such innovative approaches, Pakistan risks perpetuating cycles of inequality, poverty, and exclusion that hinder long-term national development.

2. Research Objectives:

- To examine the role of social entrepreneurship in promoting economic inclusion in Pakistan.

- To analyze successful models and case studies of social enterprises operating in Pakistan.
- To identify key enablers and barriers to scaling social entrepreneurship for sustainable development.
- To propose a localized and replicable model of inclusive social entrepreneurship aligned with Pakistan's development goals.
- To provide policy recommendations for creating a supportive ecosystem for social enterprises.

3. Methodology Overview

This research adopts a qualitative-dominant mixed-methods approach, combining empirical case study analysis with stakeholder interviews and secondary data review.

1. **Stakeholder Interviews:** Semi-structured interviews will be conducted with social entrepreneurs, community beneficiaries, NGO managers, and policy experts. These will help gather insights on lived experiences, institutional challenges, and enabling factors.
2. **Document and Policy Analysis:** Relevant national policies (e.g., SME Policy, Ehsaas Program), reports from international agencies (UNDP, World Bank), and academic literature will be reviewed to map the ecosystem and identify policy gaps.
3. **Data Collection Tools:** Interview protocols, and observation checklists will be used to collect primary data where feasible.
4. **Analytical Framework:** Thematic analysis will be used to interpret qualitative data. The Triple Bottom Line (social, economic, environmental impact) and Capability Approach will serve as analytical lenses.

This methodology allows for a contextualized understanding of how social entrepreneurship can serve as a tool for economic inclusion and sustainable development in Pakistan.

5. Conceptual Framework

5.1. Definitions of Social Entrepreneurship, Economic Inclusion, and Sustainability

Social entrepreneurship is broadly defined as the practice of identifying, initiating, and sustaining ventures that aim to solve social problems through innovative and sustainable business models. Unlike traditional entrepreneurship, where profit maximization is the main goal, social entrepreneurs prioritize social value creation and aim to reinvest profits into community welfare or organizational growth (Dees, 1998). Social enterprises blend mission-driven objectives with market-based tools to address issues such as poverty, illiteracy, unemployment, and healthcare disparities.

In the Pakistani context, social entrepreneurship remains an evolving field. Initiatives such as Akhuwat, which provides interest-free loans, or CIRCLE Women, which empowers women through digital literacy, are examples of localized social enterprise models. These organizations tackle systemic issues using innovative methods, aiming not only for economic viability but also for long-term social transformation. However, the lack of a formal legal recognition for social enterprises in Pakistan often blurs their identity between non-profits and for-profits, limiting their institutional growth. A prevailing sentiment among the majority of the students in this study revolved around the limited employment opportunities prevailing in Pakistan. (Bashir, S., Danish, M., & Hassan, M. (2023)

Economic inclusion refers to ensuring that individuals and communities—especially marginalized groups—have equal access to economic opportunities, services, and resources. This includes access to employment, entrepreneurship, education, credit, markets, and social protection (World Bank, 2018). Economic inclusion goes beyond income generation; it fosters empowerment, participation, and upward mobility, which are critical for equitable development. Entrepreneurship emerged as a prominent avenue for some respondents to fulfill their family's living costs, as revealed in the insights gathered during the study. This crucial link between entrepreneurship and providing for their family's financial needs highlights the multifaceted motivations that drive these young individuals to venture into the world of business. (Bashir, S., Danish, M., & Hassan, M. (2023)

Sustainability, in a development context, encompasses environmental protection, social equity, and economic viability. It is most commonly linked with the 1987 Brundtland Commission's definition, which emphasizes meeting the needs of the present without compromising the ability of future generations to meet their own needs. In social

entrepreneurship, sustainability implies not only the longevity of the enterprise but also the sustained impact on communities and ecosystems (Elkington, 1997).

5.2. Triple Bottom Line (People, Planet, Profit)

The Triple Bottom Line (TBL) framework, developed by John Elkington in 1997, provides a foundational lens through which social entrepreneurship can be analyzed. It proposes that businesses and organizations must be evaluated not just by economic profitability (Profit) but also by their social (People) and environmental (Planet) impact. This approach challenges the traditional shareholder-value model, advocating for stakeholder-driven development that is ethically and ecologically sound.

In the context of Pakistan, where environmental degradation, social inequality, and economic volatility are pronounced, the TBL model offers a comprehensive way to design and assess social enterprises. Initiatives like EcoEnergy (renewable energy in rural areas) or SheKab (women-focused transport solutions) address multiple dimensions of the TBL simultaneously—empowering people, protecting the environment, and sustaining revenue models.

Social enterprises adopting the TBL approach are better equipped to gain legitimacy, attract impact investors, and align with global sustainability goals. They also tend to generate broader community trust because they visibly prioritize collective well-being. In underdeveloped regions of Pakistan, applying the TBL framework allows social enterprises to tackle systemic challenges while building inclusive economic ecosystems.

However, the TBL approach in Pakistan still lacks formal adoption in most policy or regulatory instruments. Bridging this gap requires mainstreaming sustainability reporting, incentivizing TBL-aligned businesses, and incorporating these standards into national entrepreneurship programs.

5.3. Social Innovation Theory

Social Innovation Theory focuses on new strategies, concepts, and organizational forms that aim to meet social needs more effectively than existing solutions. It highlights the process of developing novel interventions that not only create value but also transform societal structures and relationships (Mulgan, 2006). This theory emphasizes collaborative efforts, co-creation with communities, and adaptive solutions to dynamic social problems.

In Pakistan, where conventional government interventions often fail to reach vulnerable populations, social innovation fills critical gaps. For instance, TCF Schools use a low-cost, high-impact education model targeting out-of-school children in slums and rural areas. These innovations reframe traditional service delivery methods and demonstrate how alternative models can better respond to complex socio-economic challenges.

Social innovation also promotes a shift in mindset—from viewing marginalized people as "beneficiaries" to treating them as active participants and co-creators. This participatory approach is central to empowering local communities, increasing ownership of development projects, and ensuring long-term sustainability.

Despite its potential, the diffusion of social innovation in Pakistan is constrained by weak institutional support, regulatory barriers, and limited funding. Encouraging university-based innovation hubs, public-private incubation programs, and inclusive technology platforms can foster a more vibrant ecosystem for social innovation.

5.4. Human Capability and Empowerment Theory

Amartya Sen's Capability Approach reframes poverty and development by focusing not merely on income but on individuals' actual ability to live the life they value. According to Sen (1999), expanding people's freedoms—such as the freedom to be educated, employed, and healthy—is the essence of development. This framework aligns closely with the goals of social entrepreneurship, which often targets structural barriers that inhibit individual agency and community empowerment.

In Pakistan, many communities—especially in rural Balochistan, interior Sindh, and tribal areas—lack not just economic assets but also the freedom to access education, healthcare, and decision-making. Social enterprises that build schools, healthcare units, or vocational training centers are not just providing services; they are expanding capabilities and

freedoms, which is the cornerstone of sustainable development.

Sen's theory also justifies the integration of gender and youth empowerment into economic development models. When social enterprises in Pakistan train young women in digital skills or support artisans in reaching online markets, they are enhancing real freedoms and capacities, rather than offering temporary relief.

Applying the capability framework requires development policies in Pakistan to shift from welfare provision to empowerment. It also calls for measuring success not by outputs but by long-term improvements in people's choices, agency, and quality of life—outcomes that social enterprises are uniquely positioned to deliver.

5.6. Relationship between Social Entrepreneurship and Inclusive Development

Social entrepreneurship plays a pivotal role in advancing inclusive development, particularly in contexts where state capacity is weak and market failures are widespread. Inclusive development refers to the process of improving the well-being of all segments of society, especially the poor, marginalized, and disadvantaged. Social enterprises contribute by providing services and opportunities in ways that are contextually relevant, affordable, and community-centered.

In Pakistan, where inequality is reinforced by regional disparities, gender norms, and social hierarchies, social enterprises can act as bridges to inclusion. For instance, programs like Sehat Kahani (online women doctors), Reading Room Project (low-income education innovation), and Behbud (women-led cottage industry) focus on bringing excluded groups into the socio-economic mainstream. These models demonstrate that social entrepreneurship can be both a tool for service delivery and a mechanism of social justice.

Furthermore, inclusive development requires not just participation, but also empowerment. Social entrepreneurs often engage communities in decision-making, value chains, and profit-sharing mechanisms, fostering local ownership and accountability. This participatory nature ensures that development is not top-down but driven by those most affected by exclusion.

However, for social entrepreneurship to be a true engine of inclusive development in Pakistan, institutional support is critical. Government policies, financial incentives, regulatory frameworks, and educational programs must recognize and enable the sector. When these systems are aligned, social entrepreneurship can evolve from isolated success stories to a scalable strategy for transforming Pakistan's development paradigm.

6. Social and Economic Landscape of Pakistan

6.1. Socio-Economic Challenges in Pakistan (Poverty, Unemployment, Inequality)

Pakistan is facing a multidimensional socio-economic crisis characterized by rising poverty, stagnating employment opportunities, and entrenched inequality. According to the Pakistan Bureau of Statistics (PBS), over 35% of the population lives below the national poverty line, with rural poverty far exceeding urban figures (PBS, 2023). Poverty is exacerbated by inflation, weak governance, and limited access to education and healthcare, creating cyclical disadvantages for millions. These structural issues contribute to social exclusion, particularly for women, youth, and minorities.

Unemployment remains a pressing concern, especially among the youth. With over 64% of Pakistan's population under the age of 30, the labor market is unable to absorb the growing workforce. Youth unemployment officially stands at 9%, but informal estimates suggest it is much higher when factoring in underemployment and job mismatch (World Bank, 2023). Furthermore, the quality of jobs is deteriorating, with a large portion of employment in insecure, low-paid, or informal sectors that offer little upward mobility or protection.

Economic inequality in Pakistan is also on the rise, with the top 10% controlling over 40% of national income (UNDP, 2021). The wealth gap has widened due to elite capture, regressive tax policies, and unequal access to services. Social mobility is limited for lower-income groups, and access to education, healthcare, and capital is unequally distributed along class, gender, and ethnic lines. This economic polarization undermines social cohesion and presents a significant barrier to sustainable development.

6.2. Regional Disparities (e.g., Balochistan, South Punjab, Rural Sindh/KP)

Regional disparities are among the most persistent and destabilizing issues in Pakistan's development narrative. Balochistan, the country's largest province by area but least developed, accounts for only 6% of the national GDP despite being rich in natural resources (PIDE, 2022). Its infrastructure, literacy rates, and human development indicators lag behind national averages. According to UNDP (2021), 65% of Balochistan's population lacks access to safe drinking water, and maternal mortality remains among the highest in South Asia.

South Punjab and rural Sindh exhibit similar trends of underdevelopment. In South Punjab, literacy rates are significantly lower than those in central and northern Punjab, and access to healthcare remains inadequate. The Human Development Index (HDI) for rural Sindh is 0.46, compared to urban Punjab's 0.71, revealing the deep divide between regions (UNDP, 2021). Rural areas also face higher child malnutrition, limited school enrollment, and poor economic opportunities.

Khyber Pakhtunkhwa (KP), particularly its tribal and mountainous districts, remains underdeveloped due to years of conflict, displacement, and infrastructural neglect. Though recent development projects such as the KP-Emerging Districts initiative aim to improve the region, progress remains slow. These disparities fuel social unrest and contribute to regional alienation, making inclusive economic development not only a social imperative but a national security concern (Siddiqui, 2020).

6.3. Role of Informal Economy and Marginalized Populations

The informal economy in Pakistan plays a dominant role, comprising an estimated 72% of total employment (ILO, 2020). While it offers a survival mechanism for millions, it also perpetuates instability and exploitation due to the absence of regulation, legal protections, or access to finance. Workers in the informal sector—such as street vendors, domestic workers, and agricultural laborers—lack social safety nets and are especially vulnerable to economic shocks, as seen during the COVID-19 pandemic.

Marginalized populations—including women, persons with disabilities, transgender individuals, and religious minorities—are disproportionately affected by exclusion from the formal economy. Women's labor force participation remains under 22%, and most of them are concentrated in unpaid or low-paid roles within informal sectors (Pakistan Economic Survey, 2023). Systemic discrimination, cultural barriers, and lack of childcare or mobility infrastructure further restrict their economic agency.

Social entrepreneurship offers a potential bridge between informal livelihoods and formal empowerment. For example, women-led enterprises and microfinance platforms like Kashf Foundation or Behbud Association enable marginalized groups to participate in productive economic activities. However, without systemic integration into formal policy frameworks, these efforts remain scattered and limited in impact. A comprehensive strategy is required to formalize the informal sector while protecting vulnerable workers' rights and enhancing their capabilities.

6.4. Policy Landscape Affecting Entrepreneurship and Social Enterprises

Pakistan's policy environment for entrepreneurship has seen modest improvements, but it remains insufficient to foster a robust social enterprise ecosystem. While the **SME Policy (2021)** and **Digital Pakistan Vision** promote innovation and small business growth, there is no dedicated legal status or framework for social enterprises. This regulatory ambiguity limits access to financing, tax benefits, and recognition, forcing social ventures to register either as NGOs or private businesses—both of which carry constraints.

Furthermore, access to credit remains a major hurdle. Less than **5% of small enterprises** in Pakistan have access to formal financing (State Bank of Pakistan, 2022). Impact investors and microfinance institutions are growing in number, but social enterprises still struggle to scale due to risk-averse banking systems and limited investor awareness of hybrid business models. Government-backed venture capital or social impact funds remain virtually absent.

Education and skills training policies also fall short in equipping youth for entrepreneurship. Business

incubation centers have been established in urban universities, but rural regions—where economic inclusion is most needed—are underserved. The absence of social entrepreneurship curricula in public universities further limits the creation of a knowledge base and entrepreneurial mindset necessary to build impactful ventures (PIDE, 2021).

To create a conducive environment, Pakistan needs a national social enterprise policy that defines legal status, offers financial incentives, facilitates capacity-building, and integrates these ventures into broader development planning. Without such systemic support, the transformative potential of social entrepreneurship for inclusive and sustainable development will remain unrealized.

7. Barriers and Enablers of Social Entrepreneurship

7.1. Access to Finance and Investment Challenges

Access to finance is one of the most critical barriers facing social entrepreneurs in Pakistan. Unlike traditional businesses that can attract commercial investment, social enterprises often operate with hybrid goals—pursuing both social impact and financial sustainability—which makes them unattractive to conventional lenders. According to the **State Bank of Pakistan (2022)**, less than **5% of SMEs** have access to formal credit, and social enterprises face additional scrutiny due to their non-traditional business models. Banks and microfinance institutions often lack evaluation frameworks that measure social return on investment (SROI), leading to a systemic funding gap.

Moreover, venture capital and impact investment ecosystems in Pakistan are underdeveloped. While platforms like **Invest2Innovate**, **Karandaaz**, and **Seed Ventures** have begun supporting start-ups, most focus on tech and commercial businesses, not social enterprises operating in rural or marginalized areas. This urban and profit-centered bias in investment flows results in exclusion of high-impact, community-based ventures that operate with modest returns but considerable social value. The lack of blended finance instruments—combining grants, equity, and soft loans—further limits the scalability of social enterprises.

Crowdfunding, zakat-based models, and philanthropic grants have partially filled the funding gap, especially for mission-driven NGOs turned social enterprises like **Akhuwat**. However, these models are not sustainable for scaling innovation. Pakistan urgently needs policies to incentivize impact investing, provide credit guarantees for social ventures, and develop financial products tailored to hybrid business models that value both profit and social impact (PIDE, 2021).

7.2. Lack of Institutional Support and Enabling Policy Framework

The absence of an enabling legal and regulatory framework is a major institutional barrier to social entrepreneurship in Pakistan. Unlike countries such as the UK (Community Interest Companies) or India (Section 8 Companies), Pakistan does not offer a formal legal status for social enterprises. As a result, such ventures are forced to register either as non-profits under the Societies Act 1860 or as for-profit businesses under the Companies Act 2017, both of which restrict flexibility in operations, taxation, and funding (P@SHA, 2022).

Without legal clarity, social enterprises are ineligible for most tax exemptions, public procurement benefits, or concessional credit facilities. Furthermore, there is no government body specifically tasked with overseeing or promoting the social enterprise sector. This policy vacuum results in fragmented efforts, duplicative regulations, and lack of coordination among stakeholders. Social entrepreneurs often cite bureaucratic delays, ambiguous compliance requirements, and policy uncertainty as major operational hurdles.

In contrast, global best practices show that national policies and recognition mechanisms significantly improve the sector's viability. Countries with dedicated social enterprise laws often witness higher investment flows, better access to government support, and increased collaboration between sectors. For Pakistan to unlock the full potential of social entrepreneurship, it must institutionalize the sector through legal recognition, regulatory simplification, and integration into national development plans such as Vision 2025 and the Sustainable Development Goals (SDGs).

7.3. Education and Entrepreneurial Skills Gap

A significant barrier to the growth of social entrepreneurship in Pakistan is the lack of education and skills necessary to initiate and sustain impactful ventures. The formal education system, especially in public universities, largely emphasizes rote learning and traditional career paths. Entrepreneurship—and specifically social entrepreneurship—is rarely taught, and when it is, it lacks practical application. As a result, students graduate with little awareness of how to start or manage a venture that combines profit with purpose (HEC, 2020).

Furthermore, entrepreneurial skills such as business planning, financial management, digital marketing, and impact measurement are not widely available through vocational training institutions or higher education. This gap is even wider in underdeveloped regions, where access to technology, mentorship, and incubation facilities is scarce. Women and youth in rural Pakistan face additional challenges due to social constraints, lack of mobility, and language barriers, which limit their participation in entrepreneurial ecosystems.

Recent initiatives like National Incubation Centers (NICs), SMEDA's entrepreneurship trainings, and UNDP's Youth Empowerment Program have attempted to fill this gap, but their reach remains urban-centric and male-dominated. To truly enable social entrepreneurship, Pakistan needs to integrate entrepreneurial thinking and social innovation into national curricula, expand rural incubation and mentoring programs, and offer targeted skill-building for marginalized groups, especially women and differently-abled individuals.

7.3. Role of NGOs, Universities, and Government in Supporting Social Enterprises

NGOs have historically played a foundational role in advancing social development in Pakistan, and some have successfully evolved into social enterprises. Organizations like Akhuwat, Kashf Foundation, and Rozan have transitioned from donor-funded models to sustainable social businesses that address poverty, gender-based violence, and financial inclusion. Their success illustrates that NGOs, when equipped with entrepreneurial strategies, can balance impact and sustainability. However, many NGOs still rely on unpredictable donor cycles and lack business acumen to scale their solutions.

Universities and academic institutions also have an increasingly important role to play. While some private universities (e.g., LUMS, IBA Karachi) have introduced courses and research programs on entrepreneurship, the public sector lags far behind. Higher Education Commission (HEC) has mandated the establishment of Offices of Research, Innovation, and Commercialization (ORICs), but their functionality varies widely. Without deliberate investment in curriculum development, faculty training, and student incubation, universities will remain disconnected from real-world social problems and innovation.

The government must act as both enabler and facilitator. It can support social entrepreneurship by designing policy frameworks, offering tax incentives, funding capacity-building initiatives, and promoting public-private partnerships. Programs like Kamyab Jawan, Ehsaas, and Punjab Skills Development Fund (PSDF) show potential, but they must be integrated with the social enterprise model rather than functioning in isolation. Ultimately, a collaborative ecosystem—linking NGOs, academia, and government—can create the conditions necessary for social enterprises to thrive and contribute to inclusive, sustainable development in Pakistan. In Pakistan the "Commission on Science and Technology for Sustainable Development in the South". (COMSATS) hosted a Seminar on "Sustainable Development Goals and Role of Universities" in 2018 in Islamabad, with the purpose of analysing the educational community's role on the SDGs. The aim was to help universities better comprehend, prepare for, and respond to gaps and challenges, mainly the localization of the universal 2030 agenda. Including SDG Promotion and implementation. (Kakar, I. U., & Bashir, S. (2023).

8. Proposed Model for Inclusive Social Entrepreneurship in Pakistan

8.1. Community Engagement and Participatory Governance

Effective social entrepreneurship in Pakistan must be rooted in **community engagement**, where beneficiaries are not merely recipients but active co-

creators of solutions. Participatory governance encourages bottom-up planning, empowering local actors in rural and underserved regions—especially in Balochistan, rural Sindh, and South Punjab—where alienation from centralized governance structures remains high. Social enterprises can build trust and legitimacy by forming local advisory boards, conducting need assessments, and co-developing business solutions with the community. Sustainable development is the universal vision of the United Nations. The idea of sustainable development is derived from the 1987 Bruntland Commission reports: "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." Sustainable development goals cover four aspects, including society, environment, culture, and economy. (Kakar, I. U., & Bashir, S.(2023).

This approach addresses social capital deficits that are common in underdeveloped areas. As seen in initiatives like the **Rural Support Programmes Network (RSPN)**, embedding community voices into decision-making enhances ownership, long-term commitment, and impact. Participatory governance also ensures cultural relevance and prevents elite capture of social enterprise benefits.

Further, community-driven models can tap into **indigenous knowledge systems**, local micro-economies, and traditional livelihoods. This not only enhances sustainability but also protects local identity and economic heritage—particularly in crafts, agriculture, and informal services sectors.

By creating mechanisms such as village councils, women's cooperatives, and youth-led forums, the proposed model fosters **inclusive and democratic ownership**, encouraging long-term collaboration between social enterprises and the communities they serve.

8.2. Financial Sustainability and Reinvestment

A cornerstone of this model is financial sustainability, ensuring social enterprises are not dependent on perpetual donor aid but generate sufficient revenue to sustain and scale their impact. Social businesses must adopt hybrid financing models—blending grants, impact investments, and revenue streams—to maintain a mission-driven yet economically viable structure.

Financial reinvestment into the enterprise and its social mission ensures continuity and deepening impact. For example, Akhuwat Foundation reinvests its micro-loan repayments into expanding its interest-free lending program, which now spans across Pakistan and supports education, housing, and health. Such reinvestment promotes a cycle of empowerment and growth.

Yet, access to finance remains a significant barrier, especially for rural or youth-led ventures. Pakistan lacks a robust ecosystem for impact investing or venture capital targeting social businesses. Therefore, this model recommends building partnerships with Islamic finance institutions, CSR arms of corporations, and diaspora philanthropy to channel sustainable capital.

By ensuring transparent financial governance, reinvesting profits in social objectives, and linking revenue to impact metrics, the model promotes fiscal accountability and resilience against market and political shocks.

8.3. Gender and Youth Inclusion

The proposed model places gender equity and youth inclusion at its core. With over 60% of Pakistan's population under 30, and women's labor force participation below 25% (World Bank, 2022), unlocking their potential is vital for inclusive development. Social entrepreneurship offers flexible, home-based, and digitally enabled models suitable for both rural women and urban youth.

Programs like SheMeansBusiness by Facebook & PITB and Empower Women by UN Women Pakistan have demonstrated how digital tools, mentorship, and networks enable women entrepreneurs to overcome cultural and mobility barriers. Similarly, youth incubators such as National Incubation Centers (NICs) show how mentorship and seed funding can nurture youth-led innovation in cities.

However, rural areas remain underserved. The model thus emphasizes tailored outreach, training in vernacular languages, and community gatekeepers (e.g., local elders, religious leaders) to enable women's and youth's safe and effective participation.

Promoting gender-sensitive business models, involving female role models, and integrating youth into decision-making processes will ensure that

Pakistan's demographic dividend is not lost. Gender and generational inclusion make the entrepreneurial space more equitable, innovative, and representative.

8.4. Scalable and Adaptable Innovation

For social enterprises to address Pakistan's multifaceted development needs, **scalability and adaptability** are critical. Pakistan's socio-economic diversity—from Karachi's urban slums to Gwadar's coastal villages—requires models that are **locally rooted but adaptable across contexts**.

The model emphasizes **modular innovation**—where social enterprises develop core frameworks that can be customized regionally. For example, a women-led cooperative in Swat could adapt the same model used successfully in Tharparkar, adjusting for local language, resources, and constraints. Mobile-based health, education, or finance platforms—such as **Sehat Kahani** or **Taleemabad**—are examples of scalable solutions designed for low-resource settings.

Technology, especially **low-cost digital tools**, can be a major enabler of scale. Pakistan's growing mobile penetration (~190 million cellular users) allows even rural social entrepreneurs to connect to markets, donors, and customers. Public-private tech partnerships should be encouraged to support this.

The adaptability also includes disaster resilience, post-conflict rehabilitation (e.g., flood-affected or insurgency-hit areas), and climate-responsive enterprises. The model therefore incorporates **contextual learning, data-driven iteration, and cross-sectoral partnerships** to ensure scale does not compromise relevance or impact.

9. Analysis and Discussion

Objective 1: To examine the role of social entrepreneurship in promoting economic inclusion in Pakistan

Dimensions	Examples from Pakistan
Target Beneficiaries	Low-income communities, women, youth (e.g., Akhuwat, Sehat Kahani)
Services Provided	Microfinance, telehealth, vocational training
Impact	Improved access to jobs, healthcare, education, and finance

Discussion:

Social enterprises in Pakistan like Akhuwat and Sehat Kahani have made a significant impact on underserved populations. By offering no-interest loans and digital healthcare, they foster economic inclusion in urban and rural regions alike. These efforts not only lift individuals from poverty but also promote community resilience.

Objective 2: To analyze successful models and case studies of social enterprises operating in Pakistan

Enterprise	Focus Area	Outcomes
Akhuwat	Microfinance	Over 5 million interest-free loans disbursed
Kashf Foundation	Women-led SMEs	Financial literacy and entrepreneurship for women
Sehat Kahani	E-health	Reached 2 million+ underserved patients

Discussion:

These organizations have built scalable models addressing structural challenges like financial exclusion, healthcare inaccessibility, and gender disparities. Their models are notable for strong community roots, sustainable practices, and alignment with SDG targets.

Objective 3: To identify key enablers and barriers to scaling social entrepreneurship for sustainable development

Factors	Enablers	Barriers
Access to Finance	Microfinance institutions, grants	Lack of impact investors, seed funding gaps

Factors	Enablers	Barriers
Policy Support	Planning Commission's growing interest	Absence of legal status for social enterprises
Skills Development	Incubators in universities	Entrepreneurial gap in formal education

Discussion:
While interest in social entrepreneurship is increasing, systemic issues hinder its scale. Lack of legal clarity, fragmented policy support, and limited funding pose serious challenges. At the same time, innovation hubs and nonprofit-academic collaborations offer pathways for growth.

Objective 4: To propose a localized and replicable model of inclusive social entrepreneurship aligned with Pakistan's development goals

Component	Description	Relevance to Pakistan
Community Participation	Governance boards and needs assessments	Empowers local areas like Kech, Rajanpur
Financial Reinvestment	Revenue reinvested into community projects	Promotes self-sustaining impact
Youth & Gender Inclusion	Incubators, women-led enterprises	Taps into youth bulge and addresses gender gap
Scalable Innovation	Tech-enabled, modular solutions	Easily adaptable across different regions

Discussion:
This model blends community insight with scalable enterprise strategies. It addresses regional disparities by involving locals in governance, fostering innovation, and ensuring inclusivity—directly supporting Pakistan's Vision 2025 and SDGs.

Objective 5: To provide policy recommendations to strengthen inclusive social entrepreneurship

Recommendation Area	Actions
Finance	Launch social venture capital funds and incentivize impact investors
Policy	Recognize social enterprises legally and simplify their registration
Education	Integrate entrepreneurship in curriculums from school to university
Partnerships	Build synergy between NGOs, academia, and government institutions

Discussion:
Strategic policy shifts can empower Pakistan's social entrepreneurs. These include legally defining the sector, improving ease of business, and embedding entrepreneurship education. Partnerships will be crucial to multiply outreach and innovation.

10. Policy Recommendations
Drawing from the analysis of social entrepreneurship trends, barriers, and successful models in Pakistan, it becomes evident that a supportive policy environment is crucial for scaling inclusive and sustainable social enterprises. Without institutional backing, financial support, and capacity-building mechanisms, social entrepreneurship cannot fully contribute to economic inclusion and national development. The following policy recommendations are designed to address the structural gaps, strengthen enabling frameworks, and promote long-term impact aligned with Pakistan's development goals.

- Strategies to create an enabling ecosystem for social entrepreneurship: Establish legal recognition, regulatory support, and access to financing for social enterprises.
- Incentives for private-public partnerships and donor engagement: Offer tax benefits and

matching grants to encourage collaboration between government, private sector, and donors.

- Integration of social entrepreneurship into national development policies: Embed social enterprise goals within Vision 2025 and provincial development frameworks.
- Role of academic and research institutions in building capacity: Universities should offer specialized programs, incubators, and research on social innovation and enterprise models

11.Conclusion

Social entrepreneurship in Pakistan offers a transformative pathway to address long-standing socio-economic disparities, particularly among marginalized communities. As this study has shown, aligning entrepreneurial innovation with social impact can foster economic inclusion, promote localized development, and contribute meaningfully to national goals like Vision 2025 and the Sustainable Development Goals (SDGs). However, the sector remains hindered by structural challenges such as limited access to finance, lack of policy integration, and weak institutional support.

The proposed model emphasizes inclusive principles such as community engagement, gender and youth empowerment, scalable innovation, and financial sustainability—elements vital for building a resilient and equitable development ecosystem. By investing in education, strengthening partnerships among public, private, and nonprofit sectors, and reforming existing policy frameworks, Pakistan can create a fertile ground for social enterprises to thrive. The future of development in Pakistan must be participatory, inclusive, and innovation-driven—and social entrepreneurship can be a catalyst for this change.

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