

Entrepreneurial Resilience in Turbulent Times: Navigating Crisis and Disruption

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Pakistan has been grappling with violent disruptions for nearly three decades. Alongside the Afghan war, incidents rooted in religious, linguistic, and ethnic conflicts have severely damaged the country's social, economic, institutional, and political infrastructure. These acts of organized violence manifest in multiple forms and carry wide-ranging economic, social, and psychological consequences. They reduce economic activity by destroying infrastructure, generating uncertainty, discouraging investment, and stalling overall business growth. This paper examines the impact of such violence on entrepreneurship, using Peshawar, Khyber Pakhtunkhwa (KPK), as a case study. Data were collected through in-depth interviews with 10 entrepreneurs who were direct victims of the bomb blast at Meena Bazaar which is one of the deadliest attacks in Peshawar's history, claiming 100+ lives, injuring over 200 individuals, and destroying the entire marketplace. Thematic analysis of the data reveals that such violent events significantly hamper entrepreneurial activity by reducing sales and customer engagement. Some entrepreneurs closed their businesses, while others continued operations without pursuing growth. Additionally, entrepreneurs and their families experienced both financial and psychological distress. Interestingly, this study also emphasizes that entrepreneurs in the violence-affected marketplace rely on multipronged coping strategies that are based on personal resilience as well as collective adaptation. Spiritually grounded explanations helped individuals endure trauma. Together, these patterns depict that resilience among the entrepreneurs in such contexts is both relational and reflective. It is also deeply embedded in social networks and rooted in personal belief systems. This shifts the focus beyond entrepreneurial failure or success, toward a more processual and contextual understanding of resilience under crisis conditions. This research offers a novel contribution by exploring the relationship between violent conflict and entrepreneurship in the context of Peshawar.

Keywords: *Act of Violence, Socio-psychological trauma, Entrepreneurial resilience; Entrepreneurial responses, Adaptive strategies, case study approach, thematic analysis*

Urban marketplaces are often the beating heart of a city's informal economy, serving as hubs of entrepreneurial activity, cultural exchange, and community life (Welter *et al.*, 2015). These places are often built up of individuals whose (marginal) productivity contributes to the GDP, GNP, economic growth and development of cities as well as country (Urbano *et al.*, 2019; Audretsch *et al.*, 2015). More productive the human resource of a country is, higher the economic prosperity there is (Aparicio *et al.*, 2020). Same goes for the developing countries too. A better human development context has a positive influence on entrepreneurial activity in developing countries (Urbano, *et al.*, 2020). A vibrant entrepreneurial ecosystem contributes to human development by generating employment, enhancing purchasing power and income of

individuals and families, and fostering innovation in underserved communities (Stam, & Spigel, 2016). This relationship creates a virtuous cycle: as human development progresses, entrepreneurship prospers too, and as entrepreneurial activities expand, it accelerates inclusive socio-economic progress. However, any act of violence can severely disrupt this cycle, deflating human development by inculcating fear, displacing communities, limiting access to education and healthcare, and damaging the informal networks and infrastructure on which micro-entrepreneurs depend for survival and growth (Daiute, 2010; Berebon, 2025).

In developing countries like Pakistan, much of this entrepreneurial activity takes place in informal sectors and urban marketplaces, where micro-entrepreneurs operate small stalls, kiosks, or retail setups with limited capital (Patil *et al.*, 2025). These marketplace entrepreneurs play a vital role in sustaining local economies by providing goods, services, and livelihoods within dense commercial zones (Rumanyika, 2023). However, such entrepreneurs are particularly vulnerable to external shocks, especially those stemming from organized violence or political instability. In cities like Peshawar, these marketplaces are critical economic zones as well as also deeply embedded in the social fabric of the region. However, the economic productivity and prosperity in such densely populated and economically vital areas are also particularly vulnerable to disruptive events, including acts of violence. Most of the Peshawar's prominent marketplaces have experienced at least once a catastrophic bomb explosion that resulted in significant destruction of property, loss of life, and extensive halt of economic activity. While mostly such events are believed to be politically motivated, this paper focuses on it only as an act of violence and disruption which brings about a sudden, externally imposed shock that deeply affects entrepreneurial life in the city.

While peace is assumed to be the source of boosting marginal productivity, the act of violence is believed to be depleting it (Shirlow 2019). Hence, the entire nation suffers in the prevalence of such violence and conflict. Our paper focuses on the influence of these acts of violence's (on the entrepreneurs) using the case of conflict in Peshawar City (Pakistan). The city has suffered the violence attacks the most of all in Pakistan. Moreover, most of the terrorist attacks took place on busy and crowded areas such as marketplaces during peak business hours. In the aftermath of such disruptive events, entrepreneurs, particularly those who are new entrants or operating in informal and micro-enterprise settings, must navigate complex emotional, financial, and structural challenges (Zehra *et al.*, 2022). In KP and Peshawar particularly new entrepreneurial opportunities are emerging (Gohar *et al.*, 2018). The city is in the phase of witnessing young entrepreneurs as new entrants to the market. In such scenarios, the violence and conflicts may act like "nipping the business in the bud". By taking this case of Peshawar City, we intend to argue that the act of violence and conflicts are particularly hazardous to business activities; however, despite the ongoing conflict, the activities never stop. Understanding how local entrepreneurs respond to, adapt, and rebuild after such an incident provides valuable insight into the dynamics of resilience and continuity in fragile urban economies.

This paper focuses on the experiences of entrepreneurs operating in the violence-affected marketplaces, their immediate responses and recovery efforts. By exploring how business owners adapted, coped, and rebuilt in the aftermath, this study contributes to the literature on entrepreneurship in crisis-affected settings. Rather than highlighting narratives of violence and security, we focus on **entrepreneurial resilience, coping strategies**, and the **reconstruction of local economies** in the face of sudden, high-impact disruption. We explore three main research questions, as

- *How did entrepreneurs perceive and experience the immediate impact of the crisis?*
- *What coping strategies and adaptive behaviors emerged?*
- *How did recovery processes unfold at the individual and collective level?*

The paper is structured as follows: the next section reviews existing literature on entrepreneurship in conflict-affected and crisis-prone environment and discusses the contextual and historical dynamic. This is followed by the details of methodological approach, followed by an analysis of the key findings and discussion in relation to existing theory, and final part concludes with implications for policy and future research.

Deliberate Act of Violence in a civilian space

It is imperative to emphasize that our focus is not to extend an extensive debate on what is categorized as act of violence. While it is a pertinent question to ask, however, what the violence activities bring about with them is far more crucial and how the individuals affected respond to it. This is what we intend to focus on with respect to the business activity in Peshawar. For current research the deliberate act of violence in a civilian space is understood as the intentional and pre-planned deployment of explosive violence by individuals or sub-national actors usually motivated by political or social interests with the intent to inflict extensive harm in public or commercial settings and to send a broader message impacting a wider civilian audience (Berube & Cullen., 2012; Sandler 2010). This is in view, we can argue that it is planned and calculated, and it is purposeful. Civilian space here means the public or semi-public urban areas, such as marketplaces, streets, educational institutes hospitals etc. that are accessible to the general population for everyday social, cultural, or economic activities, and are typically free from direct military or political involvement (Qi *et al.*, 2024)

Backed by various motives (including political, economic and/or institutional) the deliberate use of violence has emerged as a global phenomenon, transcending regional, national, and individual boundaries (Gupta 2020). Although the influence of such violence may extend to social, psychological and economic spheres of life, the economic sphere remains the adversely influenced which in turn may extend to the social and psychological frontiers (Ali *et al.*, 2024).

The economic impacts of terrorism can be analyzed from various perspectives, i-e the growth of the economy in terms of GDP, GNP, Human Development Index and Poverty Index, Foreign Direct Investment (FDI) (Abadie & Gardeazabal, 2003; Irshad, 2011) and the worth of the property that gets destroyed due to any act of violence etc. For developing countries, the creation as well as sustenance of new ventures is as crucial as oxygen. There is a need that research should now be diverted towards how the act of violence affects the economic lives of 'the individuals. In other words, a deeper understanding is needed regarding how the micro variables get influenced by terrorist activities in-turn affecting macro and meso level variables (economy). Given that usually such explosions/attacks normally are concentrated in small units, for example cities or communities.

The Impact of Deliberate Violence on Entrepreneurial Systems: Micro, Meso, and Macro Perspectives

The incidents involving deliberate violence have economic consequences for economic variables at all levels i.e. macro-, meso- and micro- level variables. The macroeconomic variables e.g. GDP, GNP, and FDI are adversely affected due to violent disruptions (Brazfield, 2022). These incidents can deter FDI, damage infrastructure, redirect public and developmental funds toward security spending, and suppress trade-activities, collectively impeding economic growth and development (Hussain, Asad, & Almansour, 2015). Repeated and intense acts of organized violence can consequently diminish capital inflows and erode a nation's economic capital, similar to the detrimental effects of civil wars (Frey, Luechinger, & Stutzer, 2007).

Terrorism may have stronger influence on the operations of specific large industries such as airlines and tourism (Ismail & Amjad, 2014). Following any terrorist attack, the place carry impression of an insecure place and the people are least likely to travel to such areas. The aftermath of large-scale violent disruptions often requires heightened security measures, imposing substantial financial strain on the state through increased homeland security deployment and spending (Lewis, 2019). The major infrastructures are destroyed in the large terrorist attacks (such as attack on Peshawar airport, attack on Mehran Base Karachi and the Minna Bazare attack in Pakistan). These attacks resulted in heavy damage to the infrastructure. Thus, the government must incur the cost to restore the infrastructure, and the planned budgetary allocations might get disturbed.

Behind the macro-level variables works the meso-level variables i.e. the general change in the societal and communal structures and the underlying choices and attitudes towards economic and social behavior. The loss of property and lives due to terrorist conflicts may lead to altering the structure of the society by impelling people to migrate from the place of insecurity towards places perceived as more secure (Naradda *et al.*, 2020; Helbling & Meierrieks, 2022). One of the major examples is that of Waziristan and Swat in Pakistan where the military operations (followed by the deliberate acts of organized violence) lead to, either by choice or by force, migrations towards urban areas perceived as more secure, resulting in large-scale internal displacement (Javed *et al.*, 2025; Salim & Khan, 2019). This reshapes the social and communal structure of both origin and host communities. It also triggers significant psychological rehabilitation costs for those who lost relationships, health, property, and employment. This further evokes a climate of fear and uncertainty. In addition, the other micro level economic variables like demand and supply for goods and services also change. For instance, during peak times of terrorist conflicts, demand for security increases and that puts a heavy cost on the supplier (the State in this case).

To summarize, at the micro-level, individuals bear the immediate brunt of violence, and this is further reflected in the meso and macro level economic variables. At the micro-level, the individual suffers immediate losses in form of finances, property, family members, friends, physical disability and above all loss of own life. Thus, there are huge restoration costs involved even at the individual level. This raises fear and uncertainty among all the members of the community and affects economic activities. The quest for secure life gives rise to migrations from one place to another place perceived as more secure, leading to change the composition of social network and structure.

The Facet of Entrepreneurship in Terrorism Stricken Areas

Entrepreneurial activity is widely documented as driver of economic development. The higher the entrepreneurial activity, higher will be potential for economic growth and innovation and vice versa. However, violent disruptions can significantly increase the cost of doing business by raising security expenses, delaying logistics, and creating an environment of uncertainty (Shrivastava, 2009) leading to decline in entrepreneurial activity. While the macroeconomic implications of violence on business ecosystems have received considerable scholarly attention, there remains a gap in understanding how entrepreneurs themselves experience and respond to such crises.

Entrepreneurship plays a central role in shaping a countrys' competitive advantage (Potter, 1990). It drives economic growth across different scales whether through the large-scale production of established firms or the flexible and adaptive output of small or micro enterprises (Pakka *et al.*, 2014). However, the type and level of entrepreneurial activities differ across the cultures. The spirit of venture creation is that entrepreneurship does not take place in isolation, rather the entrepreneur and the enterprise draw from the context and in turn adds to it (Welter, 2011). To understand the dissimilarities in the type and level of entrepreneurial activities, it is essential to consider the broader context, as it shapes when, why, and how entrepreneurship emerges and who chooses to participate in it (Baker & Welter, 2020).

Extant research on entrepreneurship under apparently unfavorable or adverse conditions emphasize that entrepreneurs often tend to adopt diverse strategic responses to navigate crises. These include (but not confined to) active risk mitigation measures such as reducing operational costs, diversifying income streams, and temporarily downsizing ventures (Ahmed *et al.*, 2022). Others may opt to engage in community-based strategies, leveraging collective resources and networks to sustain operations (Osunmakinde *et al.*, 2025). We argue that along with these, spiritual coping mechanisms and reliance on informal support systems may help entrepreneurs to maintain psychological resilience while reorienting business strategies. Particularly in situations where their venture needs a fresh restart from scratch due damage caused by act of violence, these adaptive responses not only safeguard individual ventures but also contribute to shaping the broader entrepreneurial landscape during prolonged periods of violence and instability.

Entrepreneurial activity is shaped by the unique socio-institutional context and framework of each economy, which explains the differences observed both within and across countries. Institutional differences

influence how individuals perceive and engage with entrepreneurial opportunities, with entrepreneurial-social networks and embedded-ness. This plays a crucial role in shaping entrepreneurial behavior. Among the broader contextual forces, external disruptions in various forms particularly terrorism remains an underexplored yet significant factor affecting entrepreneurship. While prior research has examined the effects of political instability and other external conditions on economic activity (Doggar & Khalid, 2024), there exist a void in the literature regarding how violent disruptions impact entrepreneurs, their ventures, and their strategic responses, which in turn may shape the broader entrepreneurial landscape. This paper seeks to address that gap by examining the extent to which deliberate violent acts influence entrepreneurial activity and decision-making.

Terrorist Conflicts in Pakistan and the entrepreneurial activity

Pakistan and particularly KP has faced persistent terrorist violence for nearly three decades, coupled with regional conflict and internal tensions including religious, ethnic, and linguistic rupturing its socio-economic and political base. These disruptions deteriorate investment, employment, and economic productivity. According to the South Asia Terrorism Portal, annual suicide attacks peaked at 85 in 2009 and, after declines post-military operations, have resurged, underscoring continued instability (Malik & Zaman 2013; Baloch & Bashir, 2020). The financial toll has exceeded US \$100 billion since 2001 and the human cost is staggering (Akbar 2023; Ali *et al.*, 2014).

The province of Khyber Pakhtunkhwa (KP), sharing a border with Afghanistan and hosting the insurgency, remains particularly impacted. As of January 2025, 229 industrial units within the province have shut down due to insecurity and lack of support, even as over 2,000 others struggle to remain operational (Pakistan Today, 2025)

Despite its creative people, resource-rich terrain and strategic location, KPK's industrial and entrepreneurial growth has been severely constrained due to the above-mentioned scenarios. The dramatic decline in active manufacturing units and the lack of business activities for days and weeks illustrates how violent disruptions stifle local enterprise and erode economic resilience (Mirza & Lodhi, 2024). While the macroeconomic costs of terrorism are well-documented through broad indicators like GDP growth, employment rates, and provincial investment, less is known about the micro-level impacts on entrepreneurs themselves (Umair, 2024; Mirza 2024). This study narrows the focus to Peshawar—a city central to KP's entrepreneurial ecosystem—to investigate how terrorism and associated insecurity affect individual venture creation and how do the survivors respond to it.

Conceptual Framework

Based on the extant literature exploring crisis entrepreneurship and resilience to develop a conceptual framework, this study focused on the cascading influence that the acts of violence may have on entrepreneurial activity. As shown in Figure 1 below, violence (e.g. bombings or targeted attacks) gravely disrupts the physical infrastructure but also has long lasting effects on the psychological well-being of business owners, community dynamics, and local economies. These disruptions compel entrepreneurs to respond and resultantly, it leads to a range of entrepreneurial responses, including short-term risk aversion, business withdrawal, coping strategies, spiritual or communal resilience, and in some cases, new opportunity recognition. The framework reflects the multi-level impact of violence (individual, business, community) and situates entrepreneurial responses as both adaptive and constrained within this volatile environment.

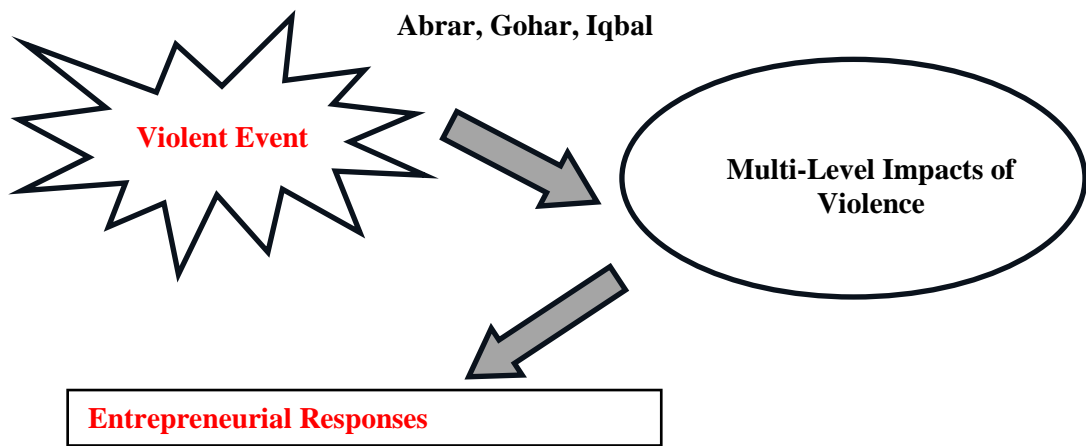


Figure 01: Conceptual Framework (source: Authors)

Method

This research is rooted in the philosophical assumptions of interpretivism believing in the existence of multiple realities shaped by socio-contextual interactions. This philosophy highlights the exploration of human behavior and social phenomena through subjective interpretation (Pulla & Carter, 2018; Van der Walt, 2020) using qualitative methods like interviews, focus groups, ethnography etc. For this research we adopted a qualitative case study approach to understand the situation and their uniqueness as a part of context and interactions. Qualitative research helps to unveil and make sense of complex, multifaceted social phenomena (Lim, 2024). Several research questions are embedded and arise from within the social contexts and are too complicated to be condensed to mere numbers or statistical analyses. Qualitative research helps in generating rich and contextualized insights with a humanistic approach.

The Case of Mina Bazare, Peshawar City

To understand the act of violence and its influence on business activity, a single case of explosive attack in one of the famous marketplaces in Peshawar KP has been taken, known to the locals as Mina Bazare. It is one of the most busy and famous marketplaces of Peshawar, comprising shops of all varieties e-g clothes, toys, jewelry, home appliances and crockery etc. The unique feature of this market is that it is by and large crowded with female customers. On one such busiest days it was around 1:00pm., the time when business is at its peak and the marketplace is crowded with both entrepreneurs and customers, a heavy explosion took place, leaving more than 100 dead and over 200 people severely injured. This is one of the deadliest attacks in the history of Peshawar commercial areas. The number of women and children were high among the victims with the business owners in the market. It took more than 2 months to reconstruct the major infrastructure with victims being offered some pecuniary compensation. In this research we tried to explore the lived experience of the entrepreneurs who survived this deliberate act of violence.

Sample Size and Selection:

Purposive sampling was done by only selecting those entrepreneurs who owned business in this marketplace and survived the attack. We contacted about 25 entrepreneurs, all of whom were directly affected by the Meena Bazaar bombing and luckily survived the attack however, we were only able to collect data from 10 (as majority could not survive the attack while others were not willing to participate). Prior consent was sought from each respondent for conducting and recording the interview. Data were collected over a three-month period, through semi-structured in-depth interviews using an open-ended guide designed to explore the entrepreneurs' experiences before, during, and after the incident. Key themes included business background, immediate impact, coping mechanisms, recovery strategies, and future prospects. A sample of the interview questions is included in the appendix. Interviews were conducted in the local language, audio-recorded with consent, and later transcribed and translated for analysis. Interview data was translated and transcribed to be analyzed using Barun and Clark's (2006) **six-phase thematic analysis** approach. In the first step, we read the transcript several times to familiarize ourselves with the data. In second step, we generated initial codes inductively from the raw data followed by the 3rd step of searching

for themes across interviews. In 4th step, we reviewed and refined themes for coherence and distinctiveness while writing notes about interpretations. In 5th step, we defined the final themes and labels; and in the last step, we produced the report with thematic narratives supported by direct quotes from participants. The full coding scheme is provided at annexure 2.

For ensuring trustworthiness, we employed peer debriefing technique, whereby 3rd author completed the initial round of coding while 1st and 2nd authors independently reviewed the codes, merging and theme development for consistency and credibility. Themes were finalized after several deliberations among the authors. In addition, member checking was conducted by sharing summary interpretations with a subset of participants to confirm accuracy and resonance with their lived experiences.

Results

Thematic analysis of the data resulted in the following themes

- Economic Disruptions and Market Shifts: Monetary and Structural Impacts of Violence on Local Entrepreneurship
- The trauma: Permanent Stains on The Socio-Psychological Fabric of Life
- Entrepreneurial Adaptation Amid Institutional Voids and Community Resilience

Economic Disruptions and Market Shifts: Monetary and Structural Impacts of Violence on Local Entrepreneurship

In line with the research focus, this theme captures how acts of violence severely influence the business process, operations, and entrepreneurial activity in the affected locality. Findings highlight consequences such as property damage, loss of valuable materials, declining profits, physical injuries, and shrinking customer bases. As one of the respondents mentioned

“The blast caused a fire that destroyed all our most valuable materials. We had sourced those supplies from Karachi, and now we lack the financial resources to buy them again. The explosion was the main reason for our loss, as it wiped out the expensive inventory we had invested in” (R-8).

The quotation above suggests that it was not only the loss of money or the material in the shops but after the explosion, the market remained closed for a month to enable reconstruction and provide psychological support to the victims. The adverse effect of the explosion was experienced in the post blast earnings/profits of the entrepreneurs which have substantially declined. The respondents suffered loss of life, and the resulting disabilities (in some cases) made it difficult for them to continue earning the previous profits, leading to them not being able to meet family expenses. Thus, not only did the destruction come to the entrepreneurs in the form of financial loss but also the physical losses (injuries) were claimed by the entrepreneurs. R-5 narrates his story as,

“I got injured during the blast, and afterward, my profit margin dropped drastically. The shop was left completely empty. My brother passed away in the same incident, supporting his family and managing their expenses became extremely difficult for me. It was an incredibly challenging period for me and my family.”

For producers/sellers, the customer footfall is a ‘sign’ of profitability. The market with low footfall reflects the impression of low sales records. The act of violence resulted in low clientele for the entrepreneurs, particularly in the initial few months after the incident. People were traumatized and they would not feel secure to visit the same place again. New customers also developed some fear of visiting a place that has experienced a heavy explosion. Thus, due to a fall in the cliental base, the sales substantially went down leading to financial instability.

“There has been a noticeable shift in customer turnout, with only 40% of clients continuing to visit, while the remaining 60% have stopped coming altogether (interview 3 code 143). Clients are now reluctant to visit this location” (R-4).

Mina Bazare serves predominantly women clientele who are emotionally not very strong, and the anxiety and the fear of death kept them away from the market for a long time. Further, the males of the family were also less comfortable with the idea that their women visit the same place, with the fear that similar incident might re-occur.

Lower income and inability to fulfill the needs of the family had a direct impact on the family life of the entrepreneurs. Almost all of the entrepreneurs were the key earners, and the business was the main living source, the destruction of which led to the deprivation of basic needs.

“Honestly, I often find myself overwhelmed by despair—even to the point of contemplating suicide. Just consider how much prices have risen: a sack of flour that once cost 400 rupees now sells for 750. We can’t afford basic foods like rice, beef, mutton, or chicken. What options are we left with? Should we resort to stealing just to meet our basic needs? Is that really a justifiable solution?” (R-8).

Our data reveals that the scale of business plays an important role in recovering from a critical incident. Entrepreneurs with huge investments and diversified portfolio had better chances to rebuild their ventures as they did not juggle for their livelihood.

“To be honest I haven’t felt any impact from the incident. By God’s grace, everything has been restored to me, and I haven’t noticed any significant change in my expenses since the incident” (R-1).

An important insight shared by the entrepreneurs was the lasting reputational damage to the marketplace. They observed that once a market is linked to violent events, its original value and standing are difficult to restore. People avoid visiting those areas, and the value of the property also goes down. Once the market value falls, this creates opportunities for the new entrants into the market, often compelling the local traders to leave the bazare, provoking the new competitors to “come and try out your luck.”

“Following the blast, many shop owners who couldn’t recover from their losses ended up selling their properties. In their place, people from Bajaur and Afghanistan moved in—most of whom were not present here before the incident. The destruction created space for this shift and most of the entrepreneurs were unable to recover. They (outsiders) came in and occupied the area (they have bought or rented the shops but as they do not belong to that locality, local people see them as outsiders) and have a great market share now” (R-8).

Following episodes of violence, affected entrepreneurs often experience reduced motivation and energy, prompting them to seek resources and moral support to restore their businesses. During this recovery period, new market entrants with substantial financial resources may enter the sector. These entrants can acquire market share, thereby diminishing the share available to established entrepreneurs.

This theme discussed in detail how the act of violence deteriorates the social and economic fabric of society by resulting in human, physical, and economic loss. It is evident that economic loss to enterprises has a ripple-down effect on the households of entrepreneurs. Further, the results highlighted the reduction in the value of land due to any such incident, making pathways for the new entrants, hence changing the competitive landscape. Competitors tapped the niche ‘zari’ market, however, due to losses incurred because of rebuilding and the changing shape of the market, the old businessmen were unable to compete. Most of them decided to sell their properties and look for something else. One of the interesting findings is the

relevance of the scale of business, businesses with huge investments and diversified portfolios were able to recover soon without feeling much heavy of the incident on their lives and enterprises.

The Trauma: Lasting Imprints on the Socio-Psychological Fabric of Life

This theme explicates the deep and enduring psychological and emotional impact of violent disruptions on individuals, their families, and communities. Beyond immediate economic losses, participants revealed how fear, uncertainty, and a persistent sense of insecurity reshape daily life and future aspirations. Relations are of the utmost importance to social beings; the loss of lives or the loss of limbs have severe emotional and physical consequences. The explosion at Mina Bazar is among the deadliest, not only the entrepreneurs but many shoppers have lost their lives. Several of the households lost more than family members. Among those who died or got handicapped several were the sole bread-earners, some others have lost their close associations within the same market. Now working without having them around was a trauma. The network of entrepreneurs got changed and damaged. R-2 describes trauma, intensity and the pain of the incidence as,

“The very market where you’re standing was once covered with the bodies of the deceased. We were the ones who collected them from the road and brought them here, covering them with whatever we could, as many remained exposed. In total, we filled around 14 sacks with human remains and handed them over to the hospital. Approximately 38 to 40 shopkeepers lost their lives in the blast.” (R-2).

Peshawar is a collectivist society; family is the center of life and head of the household is the center of family life. His presence and sanity play a key role in functioning of this basic social institution. As a result of this incident, households that lost their heads encountered multiple social problems, with the most significant being the struggle to maintain family unity. One of the major problems was keeping the unity of the family intact. In the absence of the head, other members became independent and started taking their own decisions. Several refused to live in the joint family as they found it difficult to take responsibility for the family, whose earner was no more. The incident has negatively affected the social fabric of this collectivist society, by affecting the household composition, the familial structure and the social configuration of that locality.

“Most of the people if they were in joint family prior to the blast got isolated from each other especially after the death of the main source of earning, whether for the sake of property or for any other they refused to take care of the family of the deceased person” (R-2).

The data also revealed the incident not only changed the household composition and social behaviour but also the families of the affected, altered their spending habits. After the loss of their main bread winner and not being sure if the rest of the family will take responsibility, they reduced their expenditures and started saving whatever they could. Hence, overall consumption reduced.

“Some individuals exploited the chaos for personal gain, while some people arrived with sympathy to collect the bodies and body parts from the road, others came because of their greed. These greedy people looted money, searched for mobile phones, and took jewelry from the dead bodies and unconscious injured people, knowing that no one would question them at this time.” (Interview 7 code 27-28).

This stark contrast highlights both the compassionate and the exploitative responses witnessed during the incident. At that dark time, they witnessed the moral contrast i.e. people coming with sympathy to help vs. those coming to take advantage and exploit others due to their greed for material things. This further contributed to the existing trauma while they were already experiencing dark facet of society

The sense of insecurity added more to the trauma, which lead them to believe that there is no future, and there was no motivation to work and grow.

“Anything can happen here. After the blast we experienced, there was another one in Qissa Khuwani. Who can control such acts of terrorism? We hear about explosions almost every day in this country. How can anyone manage that? I’m telling you, this country doesn’t feel safe. We constantly worry about the safety of our children” (R-8).

Due to such factors entrepreneurs were least interested in business expansion and growth. In other words, the growth aspirations of the entrepreneurs are suppressed.

“At this point, we’re unable to make long-term plans for our businesses or invest in expansion, because there’s a constant uncertainty about our safety—even about whether we’ll live long enough to see those plans materialized, so it should be just on the scale that is sufficient enough to provide us a decent living” (R-3).

Not only businesses but entrepreneurs were concerned about their families. The prevailing social economic conditions have made them think about migration as R-1 states.

“There’s a plaza right across from my shop that had security guards-but even they lost their lives in the blast. So, what’s the point of hiring guards? Their presence doesn’t guarantee safety. We don’t even feel secure in our own homes. Honestly, I just want to leave this country and move somewhere else-I no longer wish to live here”.

This theme discussed the traumatic socio-emotional state of the entrepreneurs who witnessed this act of violence. They have been through the undesirable experiences and attitudes of their family members. Their household’s composition and structure were changed which led to a change in their economic behavior. Thus, apart from the financial loss, the social, emotional and psychological stability of the entrepreneurs were also disturbed.

Entrepreneurial Adaptation Amid Institutional Voids and Community Resilience

This category examines how institutions respond to traumatizing and disruptive acts of violence. It explores the actions taken by law enforcement agencies and government authorities of the time, focusing on their responses to such incidents and the impact on affected communities.

The majority of the respondents shared that the institutional support extended to them was very basic and insufficient to help them stand back on their feet after undergoing a huge loss.

“Although the government did provide some assistance, it was far from sufficient. The president of the bazaar offered me Rs. 100,000, but I refused to accept it because it did not reflect the extent of my loss. I had claimed an amount between Rs. 900,000 and Rs. 1,000,000. At the time, I was extremely frustrated and felt the compensation offered was inadequate, so I declined it” (R-9).

Like any other developing country in this case, weak formal institutional structures and limited resources were inhibiting the governmental institutions to come up with the correct estimates of the loss incurred. Their inability to have accurate data acted as a hindrance in compensating the locals. Thus, there was a rage and feeling of dissatisfaction among the sufferers. The entrepreneurs claimed the officials to be less accommodative, disappointing and demotivating in the process of rehabilitation and rebuilding their ventures.

“Compensation varied-Rs. 300,000 for the deceased and Rs. 100,000 for the injured. We faced losses of around Rs. 3.2 million but received only a quarter of that. Due to the flammable nature of cotton, the total loss, including property damage, reached Rs. 3.8 million. President X provided Rs. 700,000, which was far from sufficient” (R-2).

Other than financial compensation, the entrepreneurs believed that security of the citizens is the responsibility of the state, instead of compensating after such loss the government shall take measures that no such incident takes place in future.

The victims of the incident also shared their experiences of the health infrastructure of the country; they highlighted that the health facilities are not sufficient and well equipped to deal with such a crisis. The entrepreneurs see themselves as engine of growth and they want to play a key role in the growth and development of this country, however, for this they need a secure and business friendly environment. While comparing the business friendliness of KP to other areas of Pakistan R-4 mentioned

“Businessmen in Punjab have better facilities, more opportunities, and government support. Here, losses are higher, support is minimal, and the main issue remains lack of peace” (R-4)

It is not only the government support that matters but the attitude of the local people towards entrepreneur(ship) is also important in shaping the work environment. The entrepreneurs formed strategies to respond to the void left by the institutions. The most common coping strategy was the formation of informal credit systems and shared-risk strategies to recover lost business.

“The government gave 7, 00000 and then our market gave loans to different shopkeepers who were intended to restart their businesses, and every shopkeeper has to repay that amount according to their capability, either monthly weekly, or yearly. All those who could repay money to bazaar they rejoined and restarted and all those who could not, they left their shops for others. Or they preferred partnerships in their businesses.” (R-2)

To handle the financial aftermath, entrepreneurs relied on local resource pooling and partnerships. These mechanisms fill the void left by the state—providing emotional support, shared resources, and even informal financial aid.

“It’s good (profit margin) my expenditures are manageable. It’s all faith in God, we are nothing.” (R-1)

Another active response we observed to this calamity was faith-based acceptance and pragmatic optimism. Entrepreneurship took solace in spiritual resilience and acceptance of lower profitability as a way to continue operating despite a serious setback.

“Before blast, we had half of this shop; after blast we purchased the other half to expand (by pooling in resources) (R-9)

Despite challenges, several entrepreneurs took small steps to resume or restart their business and economic activities mainly with limited capital and informal support. This also demonstrates attempts to reinvest and rebuild despite setbacks and even when outcomes are uncertain.

This category captures the deep disappointment respondents felt following the traumatic event, as they faced both financial and emotional losses. It also reflects how entrepreneurial resilience and response in conflict zones is not only a matter of tenacity but is embedded in how supportive the social structures and moral economies are. It also depicts how adaptive behaviors are often shaped by cultural values (like faith) and as a response to the structural voids (like the absence of state support).

Discussion and Conclusion

Type and nature of entrepreneurial activities are strongly affected by the socio-political context of the country (Gupta, 2020). Countries with higher socio-economic and political instability experience less entrepreneurial activities. Pakistan is one of the countries that are at forefront of terrorism from last few decades. As per South Asian Terrorism Portal in 2025, 814 people have been killed in the terrorist activities in Pakistan. So, it is not only the social fabric but also the economic activity, like the performance of SMMEs is also affected by the political landscape of the country (Bardwell & Iqbal, 2021). This research adds to the current discussion by arguing that terrorism has acted as a transgressor of entrepreneurial activities. It is clear from the figurative presentation of findings that act of violence has negatively affected the social and economic fabric of life in Peshawar.

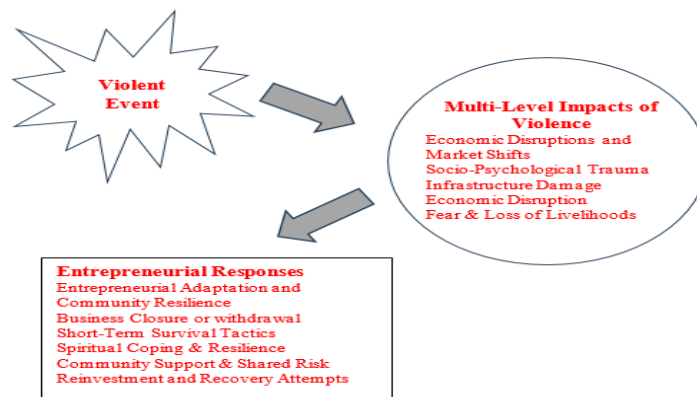


Figure 02: From Disruption to Adaptation: A Framework of Entrepreneurial Response (source: Authors)

In addition, the psychological trauma that the people who witnessed the act of violence underwent has created a sense of insecurity and reduced motivation towards their ventures (Islam, Anwar & Rauf, 2023). The act of violence has resulted in long-lasting socio-psychological trauma, catastrophic damages to property and human lives, lower motivation to invest, and lower growth aspirations due to the uncertainty, feeling of insecurity, and the fear that something similar might happen again. This is illustrated in figure 02 above.

The social unrest and the insurgent activities in any economy influence the economy as a whole by affecting the GDP, and investment opportunities mainly the FDI (Biglaiser, Hunter & McGauvran, 2023). Terrorism negatively affects the tourism industry of any country which is among major contributors to the GDP (Seabra, 2023). The results are very much similar (though not a focus of this research) for Pakistan, as due to terrorism Swat Valley has lost its attraction for the tourists. Countries like Pakistan has recently started to bank on their tourist's attraction for generating some revenue. This sector has lots of investment opportunities and the capacity to add to the GDP. Previous research has explored the impact of terrorism on the overall economy, while present research has narrowed down the scope by targeting the ripping effects of terrorism on entrepreneur (ship) only that too in a narrow locality. Present research can be seen as a detailed illustration at micro level i-e the individual entrepreneur in the economy of Khyber Pakhtoonkhuwa.

This study also emphasizes that entrepreneurs in the violence-affected marketplace rely on multipronged coping strategies that are based on personal resilience as well as collective adaptation (Ahmed *et al.*, 2022). Spiritually grounded explanations helped individuals endure trauma (Osunmakinde *et al.*, 2025), while shared-risk mechanisms and informal community support replaced absent institutional aid. Many adopted cautious, short-term business strategies to mitigate uncertainty which is one of the unique findings of this study. Despite hardships, some showed efforts to rebuild and reinvest, demonstrating adaptive entrepreneurial behavior. These findings highlight how entrepreneurial resilience is shaped by intertwined psychological, social, and structural responses to crisis. Together, these patterns denote that

resilience among the entrepreneurs in terror-hit regions is both relational and reflective. It is also deeply embedded in social networks and rooted in personal belief systems. This shifts the focus beyond entrepreneurial failure or success, toward a more procession and contextual understanding of resilience under crisis conditions.

Major Contributions, Limitations, and Future Research Directions

This study offers a fresh perspective by documenting the lived experiences of marketplace entrepreneurs who owned their business in a violence-affected context in Peshawar, Pakistan. It showcases how the context shapes the entrepreneurial responses by demonstrating the coping strategies of small-scale entrepreneurs operating in the informal marketplaces and survive extreme disruption through a blend of spiritual resilience, communal solidarity, and adaptive risk strategies. By highlighting these, the study added to the literature on entrepreneurship in crisis settings and expands the discourse beyond binary outcomes of success or failure. Additionally, it identifies marketplace entrepreneurs as a “*unique subcategory*” of micro-entrepreneurs whose behaviors and responses are deeply influenced by the location, informality, and limited institutional support.

The study has several limitations. The use of a small, localized sample from a single event limits the generalizability of the findings. The retrospective design of the interviews may also introduce recall bias. Nevertheless, these limitations highlight opportunities for future research. Comparative studies across different regions or crisis types may clarify how resilience strategies vary by context. Longitudinal research could examine changes in recovery and entrepreneurial rebuilding over time. Additionally, gender-focused analyses and studies of institutional support mechanisms may deepen understanding of entrepreneurial resilience in fragile, high-risk environments.

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