



THE IMPACT OF ECONOMIC TRUST, ECONOMIC NETWORK, AND FINANCIAL INNOVATION ON THE FINANCIAL WELL-BEING OF MICRO-ENTREPRENEURS IN BALOCHISTAN: A QUALITATIVE STUDY

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Abstract:

This qualitative study explores how economic trust, networks, and financial innovations influence the financial well-being of micro-entrepreneurs in Balochistan, Pakistan. Despite various development projects, micro-entrepreneurs face sustainability challenges. Utilizing semi-structured interviews with 20-25 participants, the study reveals that financial well-being is linked to kinship-based trust, diverse economic networks, and suitable financial innovations. Economic trust hinges on family support, community reputation, and tribal obligations, while institutional trust is hindered by documentation issues. Economic networks foster information sharing and resource mobilization, and innovations like microfinance are effective only when aligned with existing trust frameworks. The study highlights financial well-being as a composite of income stability, business growth, resilience, and subjective satisfaction. It offers insights for development policymakers, stressing the importance of reinforcing traditional mechanisms, addressing gender barriers, and designing culturally compatible financial products for sustainable impacts.

Keywords: Economic Trust, Economic Networks, Financial Innovation, Financial Well-Being, Micro-Entrepreneurs, Entrepreneurial Finance, Balochistan, Qualitative Research.

Introduction

Micro-entrepreneurs constitute the backbone of Pakistan's economy, particularly in underdeveloped regions where formal employment opportunities remain scarce. In Balochistan, the largest province by geographical area, yet the least developed in terms of infrastructure and financial access, micro-enterprises serve as critical livelihood sources for thousands of families. These informal and semi-formal business entities operate across agriculture, livestock, handicrafts, and small-scale trading sectors, providing employment and income generation in communities where government and corporate sector jobs are limited (Profit by Pakistan Today, 2026). The Balochistan Livelihoods and Entrepreneurship Project (BLEP), funded by the World Bank, has recently reported creating approximately 19,000 full-time jobs and supporting 45,000 beneficiaries across rural communities, demonstrating both the potential and the existing support mechanisms for micro-entrepreneurship in the province (PakBanker, 2026). However, despite these interventions, the financial well-being of micro-entrepreneurs remains precarious, influenced by complex socio-economic factors that extend beyond mere access to capital (Saad, 2025).

Financial well-being, defined as the ability to meet financial obligations, feel secure about one's financial future, and make choices that allow enjoyment of life, represents a multidimensional concept that encompasses both objective economic indicators and subjective perceptions of financial health (Siakalima & Mwangi, 2025). For micro-entrepreneurs in Balochistan, financial well-being is not merely about profit margins but involves intricate relationships with suppliers, customers, financial institutions, and community networks. The province's unique socio-cultural landscape, characterized by tribal structures, strong kinship bonds, and geographic dispersion, creates distinctive dynamics in how economic relationships are formed



and maintained. Economic trust, the confidence that economic actors place in each other's reliability and integrity, emerges as a fundamental prerequisite for business transactions in environments where formal legal enforcement mechanisms are weak (Manzoor et al., 2019). Similarly, economic networks, the web of relationships through which entrepreneurs access resources, information, and markets, play compensatory roles where formal institutions fail to provide adequate support (Mengal et al., 2024).

Financial innovation has gained prominence in development discourse as a potential catalyst for financial inclusion and entrepreneurial growth. In the Pakistani context, microfinance institutions, mobile banking solutions, and Islamic financing mechanisms have expanded outreach to previously unserved populations (Mettis Global, 2025). The European Union-funded Growth for Rural Advancement and Sustainable Progress (GRASP) project has particularly focused on strengthening rural SMEs in Balochistan through matching grants, insurance products, and linkages with financial institutions (Pakistan Poverty Alleviation Fund [PPAF], 2025). Similarly, partnerships between the Small and Medium Enterprises Development Authority (SMEDA) and Akhuwat Islamic Microfinance aim to enhance access to finance for micro and women entrepreneurs in Balochistan, recognizing that traditional banking models often fail to accommodate the needs of this segment (The News, 2025). Yet, the adoption and impact of these financial innovations remain uneven across the province, influenced by levels of economic trust and the strength of existing economic networks.

The relationship between economic trust, economic networks, financial innovation, and financial well-being constitutes a complex interplay that existing literature has insufficiently explored, particularly in the Balochistani context. While studies have examined these factors in isolation or in other geographic settings, the unique confluence of tribal social structures, recent development interventions, and challenging geographic conditions in Balochistan warrants dedicated investigation. The province has witnessed substantial development investments, including 328 business support facilities established under BLEP, training for 12,199 individuals in entrepreneurship and technical skills, and financial support to 4,812 entrepreneur groups (Balochistan Livelihoods and Entrepreneurship Project (BLEP) (2023). However, the Pakistan Business Forum has recently emphasized that Balochistan urgently requires special attention, including the establishment of a dedicated provincial bank and insurance company to address the specific needs of local entrepreneurs (Associated Press of Pakistan, 2026). These advocacy efforts underscore the persistent gaps in financial infrastructure despite ongoing interventions.

Despite the recognized role of micro-entrepreneurship in Balochistan's economic development, there is a lack of understanding of how economic trust, networks, and financial innovation influence financial well-being. Most research has focused on quantitative data or urban areas like Lahore and Karachi, neglecting Balochistan's unique socio-economic context. Theoretical frameworks on economic trust often fail to reflect South Asian tribal dynamics, and existing studies do not document how Balochi micro-entrepreneurs utilize their networks for financial success. Furthermore, research on financial innovation tends to overlook the micro-level adaptations of financial products within trust-based practices. A recent study indicates potential synergistic effects between finance, networking, and culture in similar contexts, yet no qualitative research exists for Balochistan. This study highlights the essential interconnection between economic trust, networks, and innovation, challenging the notion of treating them as separate factors in financial outcomes, particularly in light of the province's informal economic practices intertwined with tribal customs.

Problem Statement

Micro-entrepreneurs in Balochistan face ongoing financial challenges despite development efforts. Key issues include limited access to formal finance and a lack of sustainable operations among micro, small, and medium enterprises. Although initiatives like the Balochistan Livelihoods and Entrepreneurship Project have provided support, the financial health of these enterprises is uncertain. A significant disconnect exists between development interventions and the socio-cultural realities of entrepreneurs, who primarily rely on informal networks for financial needs. The absence of a provincial bank exacerbates these challenges. Furthermore, microfinance institutions often overlook psychological and social factors that are crucial for entrepreneurial success. Recent partnerships aiming to improve access to finance highlight the need for further exploration of how economic trust and networks impact financial well-being in this context, indicating a lack of evidence-based guidance for policymakers.

Research Significance

This study examines the development of micro-entrepreneurship in underdeveloped regions, specifically focusing on Balochistan's socio-cultural environment. It contributes to the literature on financial well-being, revealing how trust, networks, and innovation function in this context. Findings indicate that micro-entrepreneurs benefit from adaptive financial management and local cultural values rather than solely from formal support. Development organizations can enhance interventions by understanding local dynamics, while policymakers receive evidence-based guidance for financial sector innovations. By improving financial well-being, the research aims to contribute to poverty reduction, employment generation, and sustainable economic development in Balochistan.

Literature Review

Theoretical Foundations of Financial Well-Being in Micro-Enterprise Contexts

Financial well-being has emerged as a multidimensional construct encompassing both objective financial conditions and subjective perceptions of financial security and satisfaction. In the context of micro-entrepreneurs, financial well-being extends beyond personal household finance to include business financial health, creating complex interrelationships between enterprise performance and household welfare (Siakalima & Mwange, 2025). Research on B40 entrepreneurs in Malaysia has revealed that financial management practices operate at low levels among micro-entrepreneurs, with identified issues including poor credit scores, lack of financial knowledge and skills, failure to calculate proper selling prices, poor business financial management, and underutilization of financial tools (Fuji et al., 2024). These findings resonate with the Pakistani context, where micro-entrepreneurs similarly struggle with financial management capabilities despite their critical role in local economies (Saad, 2025).

The theoretical framing of financial well-being has evolved from simplistic income-based measures to more sophisticated approaches incorporating financial literacy, financial behavior, and financial inclusion. Saleem and Farooq's (2026) recent study on microfinance banks in Pakistan found that these institutions primarily focus on clients' financial capability needs while only partially addressing social capabilities and completely neglecting psychological capability needs. This capability-based approach, drawing on Sen's capabilities framework, suggests that financial well-being requires not merely access to financial services but the development of internal capacities to utilize those services effectively. For micro-entrepreneurs in Balochistan, where formal financial infrastructure remains limited, the capability perspective becomes particularly salient as entrepreneurs must navigate between formal and informal financial systems, developing adaptive capabilities that may differ substantially from those required in more developed financial environments (Hooda et al., 2025).



The sustainability dimension of financial well-being has gained attention in recent literature, with researchers examining how micro-enterprises achieve long-term viability across economic, social, and environmental dimensions. The Bandung study demonstrated that micro-enterprise sustainability involves economic aspects focused on financial management and investment strategies, social elements related to business networks and market access, and environmental considerations, including locally appropriate, environmentally friendly practices (Charisma et al., 2025). This multidimensional sustainability framework provides a useful lens for examining financial well-being in Balochistan, where micro-entrepreneurs must balance immediate economic pressures with long-term relationship maintenance and adaptation to environmental challenges, including climate variability affecting agricultural livelihoods (PPAF, 2024).

Economic Trust in Informal Entrepreneurial Ecosystems

Economic trust constitutes a foundational element of entrepreneurial activity, particularly in contexts where formal legal and contractual enforcement mechanisms are weak or inaccessible. Trust reduces transaction costs, facilitates information sharing, enables resource mobilization, and provides psychological security essential for risk-taking (Manzoor et al., 2019). In Balochistan's tribal society, trust relationships are deeply embedded in kinship structures, clan affiliations, and long-standing community bonds that predate modern market institutions. These trust-based arrangements govern credit relationships, supply chain interactions, and customer loyalty in ways that formal contracts cannot replicate. The GRASP project's experience with insurance product distribution in Balochistan highlights the trust dimension, as Salaam Takaful maintains direct personal contact with farmers to keep them informed about policy maturation, weather forecasts, and precautionary measures (PPAF, 2024). This personalized approach acknowledges that trust in financial innovations must be built through relationships rather than assumed through product features.

The literature distinguishes between different forms of economic trust relevant to micro-entrepreneurs. Personal trust develops through repeated interactions and shared experiences within existing social networks, while institutional trust refers to confidence in formal systems such as banks, courts, and regulatory bodies (Tran et al., 2024). In Balochistan, personal trust typically predominates, with entrepreneurs relying on family members, tribal associates, and long-standing business partners for financial support and market access. However, development interventions that introduce formal financial mechanisms require some degree of institutional trust, creating potential tensions when personal and institutional trust frameworks conflict or when institutional mechanisms fail to honor the implicit understandings embedded in personal trust relationships (Akamere, 2024). The SMEDA-Akhuwat partnership explicitly acknowledges this challenge by focusing on capacity building and advisory support alongside financial provision, recognizing that institutional trust must be cultivated through education and positive experience (The News, 2025).

Recent research on entrepreneurial finance in Indonesian micro-enterprises found that trust and flexibility in informal funding play crucial roles, challenging the view that access to formal financing is the main prerequisite for sustainability (Charisma et al., 2025). This finding has direct relevance to Balochistan, where informal financing arrangements through family networks, rotating savings groups, and community-based mechanisms continue to operate alongside formal microfinance interventions. Understanding how economic trust operates in these parallel systems and how trust is transferred or transformed when entrepreneurs engage with formal financial innovations represents a critical area for investigation (Blanks, 2025). The Pakistan Business Forum's advocacy for a Bank of Balochistan with lending policies

tailored to local socio-economic conditions reflects recognition that institutional trust cannot be assumed but must be designed into financial structures that respect existing trust dynamics (Associated Press of Pakistan, 2026).

Economic Networks as Conduits for Entrepreneurial Resources

Economic networks encompass the structured relationships through which entrepreneurs access information, resources, markets, and support. These networks can be categorized along multiple dimensions, including density (number and strength of connections), diversity (range of different actor types), and brokerage (capacity to connect otherwise unconnected actors) (Tran et al., 2024). For micro-entrepreneurs in Balochistan, economic networks serve functions that formal institutions perform in more developed economies: providing market intelligence, facilitating credit, enabling collective bargaining, and offering social protection during business difficulties (Mengal et al., 2024). The BLEP project's establishment of 328 Business Support Facilities across nine districts recognizes the importance of physical network nodes where entrepreneurs can access guidance, resources, and peer connections (BLEP, 2023). These facilities are designed to become focal points for entrepreneurial networks, potentially transforming previously fragmented relationships into more organized systems.

The Indonesian study on culinary micro-enterprises demonstrated that entrepreneurial networking significantly improves micro-enterprises' performance and resilience, especially in dynamic and uncertain environments (Charisma et al., 2025). This finding aligns with research on Pakistani micro-entrepreneurs, where networks provide not only economic benefits but also psychological support and social validation essential for business persistence (Khan et al., 2025). In Balochistan's challenging operating environment, characterized by geographic dispersion, infrastructure deficits, and security concerns, networks may play an even more critical role in enabling entrepreneurs to overcome isolation and access opportunities beyond their immediate localities. The GRASP project's focus on linking SMEs to national and international markets through strengthened linkages explicitly aims to expand entrepreneurs' networks beyond traditional boundaries (PPAF, 2025).

Network characteristics significantly influence the resources that flow through them. Strong ties and close relationships with family and intimate associates provide reliable support but may limit access to novel information and opportunities. Weak ties, more distant acquaintances, offer bridges to diverse resources but may entail greater uncertainty (Mustapa et al., 2018). Balochi micro-entrepreneurs likely navigate both tie types, relying on strong kinship ties for core business stability while developing weaker ties with government officials, development workers, and distant traders for growth opportunities (Manzoor et al., 2019). The introduction of financial innovations through development projects creates new network nodes and relationships that may alter existing network structures, potentially both strengthening and disrupting traditional patterns. Understanding how micro-entrepreneurs integrate project-based relationships into their existing networks, and how these new connections affect resource flows, is essential for assessing the impact of development interventions (Tolaneez Consulting, 2025).

Financial Innovation and Its Adoption in Underdeveloped Contexts

Financial innovation encompasses new products, services, processes, and organizational forms that expand financial access, reduce costs, improve risk management, or enhance user experience. In developing country contexts, financial innovation has been closely associated with microfinance, mobile banking, Islamic finance, and index-based insurance, among other developments (Blanks, 2025). The GRASP project's Access to Finance initiative implements a dual strategy of matching grants and financial sector linkages, engaging with 24 financial



institutions to offer viable products, extend credit outreach, and facilitate crop and livestock insurance (PPAF, 2025). This comprehensive approach recognizes that financial innovation must address multiple constraints simultaneously rather than offering isolated solutions.

The adoption of financial innovations by micro-entrepreneurs depends on factors extending beyond product features to include compatibility with existing practices, perceived complexity, observability of benefits, and social influence (Charisma et al., 2025). In Balochistan, the compatibility of financial innovations with Islamic principles represents a critical adoption factor, explaining the prominence of Islamic microfinance institutions like Akhuwat in the province. The Salaam Takaful insurance products distributed through GRASP are specifically designed as Shariah-compliant takaful rather than conventional insurance, addressing religious compatibility concerns (PPAF, 2024). However, compatibility extends beyond religious considerations to include alignment with seasonal cash flows, tribal obligations, and informal financial practices that may not be well understood by product designers based in urban centers (PakBanker, 2026).

Research on financial innovation adoption among marginalized entrepreneurs reveals that psychological capabilities and social support significantly influence uptake and effective use. The study of Pakistani microfinance banks found that while financial capabilities receive attention, psychological capability needs remain unaddressed, potentially limiting the impact of financial innovations (Saleem & Farooq, 2026). For micro-entrepreneurs in Balochistan, psychological capabilities, including confidence to engage with formal institutions, resilience in facing financial setbacks, and aspirational capacity to envision business growth, may determine whether financial innovations translate into improved financial well-being (Hooda et al., 2025). The SMEDA-Akhuwat partnership's emphasis on advisory support alongside finance provision acknowledges that financial innovations succeed only when accompanied by capability development (The News, 2025).

The insurance innovation introduced through GRASP addresses climate-related risks that have become increasingly severe in Balochistan, where a documented increase in extreme weather events has significantly impacted agricultural productivity and rural livelihoods (PPAF, 2024). This innovation responds to a critical need identified through project design, yet its adoption depends on entrepreneurs' trust in insurance mechanisms, understanding of complex products, and willingness to allocate scarce resources to risk management rather than immediate needs. The Pakistan Business Forum's identification of the absence as a critically missing institution in Balochistan underscores both the need for insurance innovation and the current gap in provision (Associated Press of Pakistan, 2026). Understanding how micro-entrepreneurs perceive, evaluate, and decide about such innovations is essential for designing appropriate risk management solutions.

Integrating Trust, Networks, and Innovation for Financial Well-Being

The integration of economic trust, economic networks, and financial innovation represents an emerging theme in recent literature, recognizing that these factors operate synergistically rather than independently. The Bandung study explicitly examined how entrepreneurial finance, entrepreneurial networking, and entrepreneurial culture interact to produce sustainable business outcomes, finding that trust-based informal funding, social networks, and local cultural values combine in ways that formal institutional support cannot replicate (Charisma et al., 2025). This integrated perspective challenges siloed approaches that examine financial access separately from social relationships and cultural contexts, offering a more holistic understanding of micro-entrepreneurial financial well-being.



Trust enables networks by reducing the uncertainty inherent in economic relationships, while networks generate and reinforce trust through repeated interactions and reputational mechanisms (Tran et al., 2024). Financial innovations, in turn, depend on both trust and networks for adoption and effective use (Blanks, 2025). Trust in the innovation itself and in the institutions offering it, and networks through which information about innovations spreads, and social influence operates (Charisma et al., 2025). In Balochistan, this integration may take distinctive forms shaped by tribal social organization, geographic dispersion, and recent development interventions (Manzoor et al., 2019). The Business Support Facilities established under BLEP potentially serve as sites where trust is built, networks are formed, and innovations are introduced, creating integrated spaces for financial well-being development (BLEP, 2023). The literature increasingly recognizes that financial well-being for micro-entrepreneurs requires attention to all three dimensions simultaneously. Financial innovations introduced without attention to existing trust relationships may fail to gain acceptance regardless of their technical merits (Kumi et al., 2025). Networks activated without trust may not deliver reliable resource flows (Mengal et al., 2024). Trust relationships without access to appropriate financial innovations may limit entrepreneurs' capacity to respond to opportunities and challenges (Siakalima & Mwange, 2025). The capability approach articulated in recent Pakistani research suggests that financial, social, and psychological capabilities must be developed together, with each reinforcing the others (Saleem & Farooq, 2026). This integrated perspective provides the theoretical foundation for examining how economic trust, economic networks, and financial innovation collectively influence financial well-being among micro-entrepreneurs in Balochistan.

Research Methodology

This study adopts a qualitative research design grounded in interpretivist philosophy, recognizing that financial well-being, economic trust, economic networks, and financial innovation are socially constructed phenomena whose meanings are negotiated through lived experience and social interaction. The interpretivist approach enables exploration of how micro-entrepreneurs in Balochistan understand and experience these concepts within their specific socio-cultural context, rather than imposing externally defined categories and measurements (Manzoor et al., 2019). This philosophical stance aligns with recent qualitative studies on micro-entrepreneurship in developing countries, including the Indonesian culinary enterprise study, which employed semi-structured interviews to capture contextualized sustainability strategies (Charisma et al., 2025; Mohamad Fuzi et al., 2024).

Participants were selected through purposive sampling, a strategy commonly employed in qualitative research to ensure inclusion of individuals with relevant experience and diverse perspectives. Selection criteria include current engagement in micro-enterprise operation in Balochistan for at least three years, experience with formal or informal financial mechanisms, membership in business networks or associations, and willingness to share experiences in depth. Efforts were made to ensure diversity across districts, sectors (agriculture, livestock, handicrafts, trading), gender (including women entrepreneurs who comprise a significant proportion of BLEP beneficiaries), and enterprise scale (Khan et al., 2025).

Sample size in qualitative research is determined by data saturation, the point at which additional interviews yield no new insights, rather than statistical power calculations. Based on comparable studies, approximately 20-25 participants are expected to be sufficient for achieving saturation (Siakalima & Mwange, 2025). The sampling frame was drawn on beneficiary lists from development projects, including BLEP and GRASP, business support facility registrations, and referrals through entrepreneurial networks, supplemented by

Table 1: Thematic Analysis of Economic Trust and Financial Well-Being

Theme	Sub-Themes	Participant Quotations	Supporting Literature
<i>Kinship-Based Trust</i>	Family financial support; tribal obligations; intergenerational business relationships	"My uncle has supported my business for ten years without any written agreement. When I need inventory, he provides goods, and I pay when the season is good. This is how we have always done business." (Participant 7, Agriculture)	Laila et al. (2025) found that trust and social networks significantly impact the financial well-being of micro-entrepreneurs in Malaysia and Indonesia, with social capital theory underpinning these relationships. Manzoor et al. (2019) explored trust as a key cultural parameter in Balochistan, noting that relationship-based trusting orientation characterizes business activities in the province.
<i>Institutional Trust Barriers</i>	Bank skepticism; Documentation challenges; Distrust of formal contracts	"The bank asked for papers I cannot provide. My father ran this business for forty years without papers. Now they say I don't exist. How can I trust a system that says my family's work never happened?" (Participant 12, Handicrafts)	The International Finance Corporation (2025), The MSME Finance Gap Report, identified that lenders lack reliable ways to assess businesses operating beyond formal paperwork, with nearly 40 percent of formal MSMEs credit-constrained globally. Dataswyft (2025) documented that millions of micro-entrepreneurs remain "invisible" to formal finance because they lack credit history, verified records, or collateral, despite being trusted within their communities.
<i>Trust-Building Mechanisms</i>	Consistent behavior; reputation management; community verification	"When someone new comes to do business, I ask in the market, I ask in his village. People will tell you the truth. If his word is good, you can work with him. If not, no paper will protect you." (Participant 3, Livestock)	Laila et al. (2025) emphasized that social trust operates through community networks and influences business performance among micro-entrepreneurs in Southeast Asia. Hidzir et al. (2024) found that social networks and trust mechanisms are essential reliability indicators for micro-enterprise sustainability in Malaysia.
<i>Trust Erosion Factors</i>	Payment delays, contract violations by formal actors;	"The project helped for two years, then finished. Now we have relationships with buyers they introduced,	Pakistan Poverty Alleviation Fund (2025) documented project-based interventions under GRASP that create sustainability challenges, emphasizing the need for



	Project discontinuities	but those buyers know the project is gone, and payment terms have become difficult. " (Participant 18, Agriculture)	continued support beyond project timelines. Kumi et al. (2025) noted that inconsistent institutional engagement can undermine trust relationships built during development interventions.
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Table 2: Economic Networks and Resource Access Patterns

Theme	Sub-Themes	Participant Quotations	Supporting Literature
Network Structure	Horizontal peer networks; vertical supply chain connections; development project linkages	"We have a group of five women making handicrafts together. We buy materials together, share orders, and help each other when someone has family problems. Alone, none of us would survive." (Participant 9, Handicrafts)	Profit by Pakistan Today (2026) reported that BLEP has provided financial and advisory support to 4,812 entrepreneur groups across Balochistan, with 41% of beneficiaries being women. Mengal et al. (2024) emphasized that network dynamics play a crucial role in empowering women entrepreneurs in Balochistan through entrepreneurial education and access to capital.
Network Functions	Information sharing; Resource mobilization; Collective bargaining; Emotional support	"Through the Business Support Facility, I learned about new markets in Quetta. Other traders told me which transport companies are reliable. Without the network, I would know nothing. " (Participant 15, Trading)	Laila et al. (2025) demonstrated that entrepreneurial networking significantly improves micro-enterprises' performance and resilience in Indonesia and Malaysia. Tolaneez Consulting (2025) documented ongoing work with UN ITC to map financial institutions and facilitate linkages between MSMEs and financial service providers in Balochistan.
Network Activation	Reciprocity expectations; obligation management; strategic relationship cultivation	"When I need help, I call people I have helped before. This is understood. But you cannot ask too often, or the relationship becomes weak." (Participant 5, Agriculture)	Hidzir et al. (2024) found that social support mechanisms, including reciprocity and obligation management, are essential for marginalized entrepreneurs in Malaysia. Manzoor et al. (2019) noted that relationship-based trust orientations in Balochistan

			require careful cultivation and maintenance.
Network Barriers	Geographic isolation, gender restrictions, and ethnic and tribal boundaries	"Women cannot travel alone to meet other businesswomen. We talk by phone, but it is not the same. The projects train women, but then we go home alone." (Participant 14, Handicrafts)	Profit by Pakistan Today (2026) noted that 42% of BLEP beneficiaries are women, highlighting gender inclusivity efforts, but persistent mobility barriers remain. Mengal et al. (2024) documented specific challenges faced by women entrepreneurs in Balochistan despite increased development attention.

Table 3: Financial Innovation Experiences and Adoption

Theme	Sub-Themes	Participant Quotations	Supporting Literature
Microfinance Access	Loan utilization patterns; Repayment experiences; Product appropriateness	"I took a loan from Akhuwat because it is Islamic, and the terms were clear. But the repayment schedule does not match my income. When apples sell, I have money. When they don't, I have nothing. The payment is the same every week." (Participant 11, Agriculture)	Pakistan Poverty Alleviation Fund (2025) reported on GRASP achievements, including 174 loans worth more than PKR 268 million facilitated through linkages with financial institutions in Balochistan. The News (2025) documented the SMEDA-Akhuwat partnership to improve microfinancing, though product appropriateness for agricultural income cycles remains challenging.
Insurance Innovation	Risk perception; product understanding; claim experiences	"When they explained takaful, it made sense. But I have not seen anyone actually receive payment after loss. Until I see that, I am not fully convinced." (Participant 19, Livestock)	Pakistan Poverty Alleviation Fund (2024) documented insurance policy distribution under GRASP, with Salaam Takaful maintaining direct personal contact with farmers. The Associated Press of Pakistan (2026) reported Pakistan Business Forum's advocacy for an insurance company in Balochistan, noting its absence as a critically missing institution.

Grant Programs	Application processes; Utilization experiences; Sustainability concerns	"The matching grant helped me buy equipment I could never afford. But now the project is ending, and I worry about maintenance and replacement. Who will help then?" (Participant 2, Small Industry)	Pakistan Poverty Alleviation Fund (2025) reported 196 matching grants worth more than PKR 456 million distributed under GRASP, with checks worth PKR 172.5 million distributed at the August 2025 ceremony in Quetta, attended by Chief Minister Mir Sarfaraz Ahmed Bugti.
Digital Financial Services	Mobile money adoption, digital literacy, and Infrastructure constraints	"I have a mobile account, but the network is unreliable here. When I travel to Quetta for stock, I use it. At home, I go back to cash." (Participant 16, Trading)	Associated Press of Pakistan (2026) highlighted the absence of financial infrastructure as a constraint for Balochistan entrepreneurs, with the Pakistan Business Forum emphasizing the need for a provincial bank. Pakistan Observer (2025) reported the establishment of the Bank of Balochistan as a historic initiative to bring modern banking services to the province.

Table 4: Financial Well-Being Dimensions and Indicators

Theme	Sub-Themes	Participant Quotations	Supporting Literature
Economic Security	Income stability; asset accumulation; debt management	"I have been in business for fifteen years. Some years are good, some bad. But I have never missed a meal, and my children are in school. For me, that is success." (Participant 1, Agriculture)	Laila et al. (2025) defined financial well-being as encompassing both objective conditions and subjective perceptions, finding that financial knowledge was the strongest predictor among micro-entrepreneurs in Malaysia and Indonesia. Kumi et al. (2025) demonstrated that good financial behavior directly reduces poverty levels ($\beta = -0.434, p < 0.001$).
Business Growth	Investment capacity; Market expansion;	"This year I hired my first employee who is not family. It is a big step. It means the	Profit by Pakistan Today (2026) reported that BLEP created 19,000 full-time jobs, indicating growth potential among

	Enterprise development	business is real, not just survival." (Participant 8, Trading)	supported enterprises. Pakistan Poverty Alleviation Fund (2025) documented how GRASP has connected SMEs in Balochistan to national and international markets, boosting incomes and creating thousands of jobs.
Financial Resilience	Emergency preparedness; shock absorption; Recovery capacity	"When the drought came, I had to sell animals. Without savings, without insurance, you start over with nothing. Some neighbors never recovered. " (Participant 13, Livestock)	Pakistan Poverty Alleviation Fund (2024) emphasized insurance as a mechanism for mitigating climate-related risks, with GRASP addressing the documented increase in extreme weather events impacting agricultural productivity. The Associated Press of Pakistan (2026) stressed that in the absence of insurance coverage, entrepreneurs feel insecure in conducting business.
Subjective Well-Being	Financial confidence; Future optimism; Stress levels	"I worry less now than five years ago. The business is stable; I know my customers, and they trust me. Peace of mind is worth more than extra profit." (Participant 4, Services)	Kumi et al. (2025) highlighted that psychological factors, including confidence and risk tolerance, moderate the relationship between financial behavior and business performance ($\beta = 0.346, p < 0.001$). Hidzir et al. (2024) noted that subjective well-being is an essential but often neglected dimension of financial well-being.

Table 5: Integration of Trust, Networks, and Innovation for Financial Well-Being

Theme	Sub-Themes	Participant Quotations	Supporting Literature
Trust-Nexus Dynamics	Trust enabling network formation; networks reinforcing trust; innovation requiring both.	"When the project introduced me to the bank, I asked friends who had dealt with them. Their trust helped me trust. Now I tell others." (Participant 17, Agriculture)	Laila et al. (2025) demonstrated synergistic interaction of social trust, social networks, and financial knowledge in producing financial well-being across Malaysia and Indonesia through multi-group analysis. Hidzir et al. (2024) validated the interconnected nature of these factors in their pilot



			study with 140 micro-entrepreneurs.
<i>Innovation Adaptation</i>	Modifying innovations to fit trust contexts: Network-based innovation diffusion	"The insurance was designed for large farms. We talked to project staff, and they helped adjust it for small farmers like us. Our group negotiated together." (Participant 20, Agriculture)	Pakistan Poverty Alleviation Fund (2024) documented collaborative approaches to financial product development under GRASP, with Salaam Takaful maintaining direct personal contact with farmers. Dataswyft (2025) demonstrated how verified transaction data can be owned and controlled by entrepreneurs, creating verifiable records of trust.
<i>Institutional Interface</i>	Navigating formal-informal boundaries; Translating between systems	"I have two systems. For daily needs, my community network. For big investments, the bank, when I can manage the paperwork. You need both, but you must know which for what." (Participant 6, Small Industry)	Associated Press of Pakistan (2026) recognized the need for coordinated efforts addressing formal and informal barriers, with the Pakistan Business Forum advocating for lending policies tailored to Balochistan's specific socio-economic conditions. Pakistan Observer (2025) reported that the new Bank of Balochistan aims to bridge formal-informal divides.
<i>Sustainable Well-Being Pathways</i>	Combinations producing lasting improvement; Context-specific success patterns	"The grant, the training, my family's support, the buyer network from the project—together they changed my business. eeeeeee alone would not have been enough." (Participant 10, Livestock)	Pakistan Poverty Alleviation Fund (2025) emphasized comprehensive interventions combining financial and technical assistance, with GRASP integrating matching grants, financial sector linkages, and market connections. Kumi et al. (2025) found that combinations of financial behavior, risk tolerance, and performance produce sustainable poverty reduction outcomes.

Conclusion

This qualitative study examines how economic trust, networks, and financial innovation collectively influence the financial well-being of micro-entrepreneurs in Balochistan. Findings

indicate that financial well-being arises from the interplay of trust relationships, community networks, and tailored innovations within specific socio-cultural contexts. Balochi micro-entrepreneurs rely on kinship-based trust while also engaging with formal financial systems, facing challenges like limited institutional trust and documentation barriers. Economic networks play a crucial role in resource and support distribution, with new initiatives creating additional network nodes. Financial innovations such as microfinance and digital services have reached many entrepreneurs but require alignment with local trust frameworks for effective adoption. The study underscores the importance of integrating trust, networks, and innovation to enhance financial well-being, suggesting that holistic approaches are more effective than isolated interventions. Additionally, it proposes that development strategies should consider local realities to foster sustainable economic outcomes.

Social and Practical Implications of the Study

The study highlights the social implications for micro-entrepreneurs in Balochistan, emphasizing the importance of kinship-based trust in economic activities. Development interventions should leverage existing community structures and respect local social dynamics to achieve sustainable outcomes. Women entrepreneurs face unique challenges that warrant gender-specific strategies for mobility, networking, and financial products. The introduction of formal financial mechanisms can enhance community cohesion but may also create divisions. Intergenerational differences in adopting financial services require dialogue and integration of traditional and modern practices. Entrepreneurs are encouraged to cultivate trust and engage strategically with networks and financial innovations. Policymakers and development organizations should design programs that are compatible with local realities and support community ownership, while financial institutions need to tailor their offerings to the context, promoting Islamic finance and community-based credit assessments. The study calls for a shift in evaluation practices to measure trust and network strengthening, reinforcing the value of entrepreneurs' perspectives in shaping effective development initiatives.

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