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Master Level Thesis

*Challenges faced by “Pakistani entrepreneurs” in
different cultural context*



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Abstract

Purpose – The purpose of this research paper is to explore the challenges faced by Pakistani entrepreneurs in different cultural context of Sweden and Pakistan.

Design/methodology/approach – In order to collect primary data, authors has conducted six interviews of Pakistani entrepreneurs. Three entrepreneurs were taken from Pakistan and three were taken from Sweden. For this research paper, authors has used Inductive approach as Research approach, Case study as research design, Qualitative data as research strategy, primary and secondary data as data sources and in-depth semi-structured interviews as data collection method, purposive and snowball method were used to select sample size. For the sake of collecting secondary data, two search engines were used; One Search and Google Scholar. Different published articles and journals were utilized in order to critically analyze Literature on similar topic.

Conclusion – Challenges faced by Pakistani entrepreneurs in Pakistan are brand registration problem, corruption, Lack of support, Labour problem, Law and order, High taxes, Loan problem, Load shedding problem, high approach and high rental expenses. Explored challenges in Sweden are; Language barrier, Employees problem, Loan problem, High taxes, Saturation, less availability of shops, Racism, requirements for Swedish licences.

Research limitations/implications – This research paper is only limited to Pakistani entrepreneurs who have start-ups in Pakistan and in Sweden.

Keywords – Start-ups, Pakistani start-ups, Challenges for start-ups, Cultural aspects of start-ups, Immigrant entrepreneurs, Business culture in Pakistan and Sweden.

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1 Introduction

The following chapter is introducing the research topic along with background of research area, problem discussion, research questions, purpose of conducting the research, Methodology framework and report structure.

1.1 Background

Entrepreneurship is a lashing force which leads to the development of business and opening up new ventures, start-ups and one of the most important is to taking risks (Hisrich, Peters and Shepherd, 2016). New business players play a vital role in the economic development leading to create more jobs, businesses, introduction of new cultures and new innovations (Baumol, 1996; Audretsch and Thurik, 2001; van Stel and Storey, 2004). Entrepreneurs act as a driving force to the host country, making new products, help the government in order to get more revenue in the shape of taxes, creating more job opportunities (Wiklund and Shepherd, 2003). While doing start-ups, entrepreneurial decisions are valued a lot, in terms of creating more employment opportunities, increased household income, economic stability and individuals with great economic wealth are more likely to switch to entrepreneurs from employment (Kihlstrom and Laffont, 1979; Evans and Jovanovic, 1989). By combining fear of failure and chances of success play a pivotal role in producing entrepreneurs, countries or economies having low risk of failure tend to produce more entrepreneurs (Weber and Milliman, 1997). An entrepreneurial goal can be characterized as a man's self-recognized conviction to build up another business venture and the conscious wanting to do as such later on (Thompson, 2009).

According to Yazdanfar et al., (2015) entrepreneurs play a key role in enhancing the host country socially and economically. Due to cultural differences, immigrants in Sweden face language barriers, lack of cultural



knowledge, mainstream networks, access to financial institutions like banks etc. are not easily accessible due to their credit history (Hisrich, Peters and Shepherd, 2016). According to Najib (1999) providing immigrant entrepreneurs with influential networks with help to change the life style and creativity, this would help them to increase their target market and scope. In developing countries, people are always looking for better standard of living outside of their own country/state and they take the initiative to migrate to other developed countries that is supposed to have a promising and secure future in terms of better quality of life (Dana et al., 1999). Immigrant entrepreneurs corporate and interact with the social structure of their host country in order to establish business connections and to recognize local needs, wants and demands with the aim of contributing to the host country’s economy by addressing the demands of its local markets (Griffin-EL and Olabisi, 2017).

Referring to Sweden, it is promoting immigrant entrepreneurs by self-owned organizations to provide business education and gives advice to small businesses and IFS (Invisa Fiduciary Services) the organization that directly deals with immigrant entrepreneurs (Basu, 2004). There are many differences between people having a different backgrounds and certain ethnic group as far as training, family foundation, past encounter, and so forth, which may have some effect on their entrepreneurial decisions. These variables additionally effect on their requirement for guidance and at last on their business execution and survival (Basu, 2004).

During the 1990s, there has been a trend of migration towards the Europe and Scandinavia in form of students, entrepreneurs and asylum seekers from Africa and Asia (Ram, Jones and Villares-Varela, 2017). Immigrants have solid entrepreneurial desire and their entrepreneurial action is a remarkable supporter of employments and development in host country (Anderson and Platzer, 2006). As Cerne (2008) contends, regardless of whether we simply taste some espresso, we are yet a piece of a sophisticated esteem chain



comprising of both business and society. Researches on entrepreneurship and public policy demonstrates that administrations in all social orders utilize a scope of immediate and aberrant strategies to empower gainful entrepreneurs among minorities, for example, immigrants (North, Small bone and Vickers, 2001). Such strategies are accepted to add to financial development and work what's more, have non-monetary results by tending to feasible advancement (Preuss, 2011) or making a move against social avoidance (Audretsch, 2004).

In the past few decades number of immigrant entrepreneurs has increased in Sweden and on the other hand, businesses run by the immigrants are also increasing rapidly (Slavnic, 2013). Comparing with the Swedish researchers (Andersson and Wadensjö, 2004), immigrants are mostly into small businesses; the reasons are due to difficulty of access to financial institutions and are mostly in small towns and municipalities (Ljungar, 2007). Entrepreneurship in immigrants emerges due to the discrimination in getting jobs and neglecting their prior education and work experience. The immigrant entrepreneurial contribution can't be neglected as they are the one who contributes a lot towards the economy and are willing for creating and innovating new products (Lange, 2005; Ahmed et al., 2009). Swedish researcher argues that the immigrant entrepreneurs should be encouraged and have the maximum benefits as the local entrepreneurs, like access to financial institutions, access to the Swedish business laws, relevant rules and regulations (Darin, 2006). It's very difficult for a new immigrant to open up a business venture at the new business environment in new country where they are not aware of language, culture and society (Joona, 2010).

Pakistan is an emerging country and people are enthusiastic to do start-ups instead of finding jobs in the market, young generation is more inclined towards start-ups and want to be self-employed (Taimoor et al., 2012). According to Invest2innovate.com, (2018) Now Pakistan is focusing more on entrepreneurs and day by day entrepreneurs are emerging due to



technological innovation and more easy access to social media portals. There is an increase in start-ups since 2014 and it's very impressive as the trend of employment to entrepreneur is flourishing (Raza, 2018). Pakistani entrepreneurs in Pakistan are focusing on new start-ups in the field of IT, food sector, education, tourism and textile (Ahmed et al., 2009).

According to Pakvisit.com (2018), till July 2017 there are more than 20 thousand Pakistani's living in Sweden, mostly people arrive here on student visa and after getting opportunities they plan to settle here. According to Raza (2018) for the entrepreneurs of Pakistan with the collaboration of some mainstream Pakistani entrepreneur's and advisory committee from Sweden, they have made a proper business channel “Pakistan Sweden Business council” which aims to provide strong relations of trade and investment between both countries, will help to explore and limit the challenges and create a strategic alliance for business among both countries. Here they value business contacts, business relations, trade regulations and promote young entrepreneurs on both sides (Irastorza and Peña, 2014).

1.2 Problem Discussion

Van Aken et al., (2012) discussed that problem can be defined in real life perspective as difficulties faced by relevant stakeholders for which real and workable solution is required in respect of resources. However, it is also argued by the same authors that problems cannot be stated as cluster of issues rather they can be considered as new way for opportunities, investigation and extensive research should be done to find opportunities by solving relevant issues, to find new ways to cash them and way forwards.

Entrepreneurship defined by Shane and Venkataraman (2000) as the “scholarly examination of how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated, and exploited” (p. 219). It is argued by Eckhardt and Shane (2003) that entrepreneurship is not stick to one specific criteria rather it is a continuous process of changing



and growing with new goals, innovative products and means end chains. Ajzen (2011) explains the concept of entrepreneurship as a process in which individual act as an entrepreneur with the intention to engage into ventures with the high probability to generate profit and to be successful.

Nielsen et al., (2012) defined entrepreneur as an individual who take initiatives for starting new business in order to satisfy needs, wants and demands of the target market. According to Casson (1982) “an entrepreneur is someone who specializes in taking judgmental decision about the coordination of scarce resources”. By analysing these definitions, one can understand that entrepreneur is a person who does start-up while exploiting available resources. Only entrepreneur (individual) has the right to take decisions for his start-ups. According to Bratu et al., (2009) quite often it is an entrepreneur who leads and control the entrepreneurial activities known as entrepreneurship, and it is not easy to study because of its complex dynamics and phenomenon.

Cultural capital is having a great influence on entrepreneurs while doing start-up in new places as Pierre Bourdieu (1984) defined the cultural capital as combination of symbolic and figurative elements such as norms, values, attitudes, tastes, skills, knowledge and awareness that a person gains from being a member of particular social class, group identity as well as collective position is created when people share and live in a similar cultural capital. Bourdieu (1984) also defines three forms of cultural capital as embodied, institutionalized and objectified. Embodied form will be kept in focus during this study as it is classifies as the collective conscious and association of skills, properties and knowledge with the passage of time through traditions, socialization and culture context (Bourdieu, 1984).

Pakistan, an emerging nation, has recently faced many challenges in terms of economic crises due to lack of political stability in country along with natural disasters (Pervaiz and Khan, 2015). With the arrival of world-wide recession,



the situation became worse for Pakistan, and directed the country to lose foreign business investments because of high costs for starting and running business (Rammal, 2005). Therefore, young enthusiastic Pakistani entrepreneurs also started to face problems while doing start-ups and it became very difficult for them to survive because of multifactor at the same time; such as political instability, unbalanced law and order situations, supply shockwaves, inflation, less demand and disorder in international financial market (Ali, 2009). For starting and doing business in any country, it is very important for an entrepreneurship to have a good business environment (Hiriyappa, 2008).

According to the World Bank (2016, p. 225), ranking of Pakistan in relation to capability for new foreign businesses has dropped from 114 in 2015 to 122 in 2016. This can be in result of political crises, poor credit environment and privation for start-ups. Furthermore, Aldrich and Martinez (2001) argues that, it is not a difficult task for anyone to start a business, but it is not easy for everyone to make it successful. Young entrepreneurs of Pakistan, seeking opportunities in terms of starting and doing business steadily started migrating to European Countries (Pervaiz and Khan, 2015). Approximately, around 10% of population of developed countries belongs to migrants (Riddle, 2008) and chunk of those migrants have bonds with their home countries in terms of remittances, considered to be the 30% of the GDP of small and low-income developing nations (Mohapatra et al., 2011).

Immigrant entrepreneurs, looking for more and more business opportunities and effective policies made by host country governments to support immigrant entrepreneurs (Aliaga-Isla & Rialp, 2013). It is also argued that immigrant entrepreneurs also faced multiple problems and challenges in their host countries such as; cultural differences (Tubadji et al., 2016), language barriers (Bonder, 2017), networking (Sarasvathy, 2001), financial support system (Schramm, 2004), tax policies (Auerswald et al., 2012). Immigrant



entrepreneurs face problems and difficulties while doing start-ups because of different business cultural of their home and host countries (Amit et al., 1993). The national policy for immigrant entrepreneurs can help and support “entrepreneurial firms” through financial assistance, assisting import and export activities, encouraging research and innovation, providing them with effective information, advice, education and training (Bennet et al., 2012).

Migrated entrepreneurs have different attitudes, approaches and characteristics based on cultural values of their home town countries, thus have different aims, goals and ambitions (Ali, 2009). In Sweden, despite the fact of overall less population as compared to per square kilometre, immigrants entrepreneurs are evolving to be as game-changers in this region: statistics and data from Tillväxtverket indicates that every fifth new company in Sweden is started by immigrant entrepreneurs and they are much more passionate to develop their companies as compared to domestic entrepreneurs but cultural differences have a lot of impact for new start-ups (Thelocal.se, 2017).

Immigrant entrepreneurship helps in lot of ways like bringing in the culture of the home country, introduction of new products, foods and cuisines etc. (Aliaga-Isla & Rialp, 2013). There are likewise huge contrasts between people having a place with certain ethnic/worker clusters as far as instruction, family foundation, past encounter, and so on, which may have some effect on their entrepreneurial conduct (Van Gelderen, 2007). Immigrants entrepreneurs are different from their cultural background for example, age, instruction, work understanding, time of entry, length of stay, and affinity to begin a business, and so on (Basu, 2004).

Edelman et al., (2010) enlightened up the point of gap in research on comparison of different start-up cultures faced by immigrant entrepreneurs with their home country and host country. During the evaluation of academic literature, it is assumed that there is gap of research being done on Pakistani entrepreneurs (Ali, 2009) in different business context of Sweden and



Pakistan. There are certain challenges faced by Pakistani entrepreneurs while doing start-ups in their home country as well as in their host country (Sweden), need to do comparison from different entrepreneurial perspective to know more about problems faced by Pakistani entrepreneurs (Raza, 2018). Furthermore, this study aims to fulfil the gap in research literature by doing comparison of experiences of entrepreneurs in Pakistan and immigrant entrepreneurs of Pakistan in Sweden while starting a business in different entrepreneurial context and culture. Fenwick et al., (2014) emphasizes on exploratory studies as according to them, it is a way to understand the original picture of the phenomena by exploring different perspectives under same domain. Exploratory studies would make it easy to understand the similarities and differences between the entrepreneurial culture of Pakistan and Sweden.

1.3 Purpose

Purpose of this paper is to explore the challenges faced by Pakistani entrepreneurs while doing start-ups in different cultural contexts.

1.4 Research Question's

RQ 1. What are the challenges faced by Pakistani entrepreneurs while doing start-ups in the cultural context of Sweden?

RQ 2. What are the challenges faced by Pakistani entrepreneurs while doing start-ups in the cultural context of Pakistan?

1.5 Methodology Mainstream

During this paper, the main focus of methods for collecting primary data would be semi-structured interviews. Qualitative interviews will be conducted through Skype. Language for conducting interviews would be Pakistani national language “Urdu” in order to get materialistic data. All conducted interviews will be recorded for further use. The primary data gathered will be transcribed by using online software's into English language.



1.6 Report Structure

The thesis research paper will be divided into 8 chapters. In Chapter 1 the topic, background, problem discussion, research questions and delimitations are explained. Following the chapter 2 of methodology, will be outlined including the methods used, approaches applied, sampling, interviews and data analysis techniques. In chapter 3, results from empirical investigation will be presented. Chapter 4 will be the follow up with literature reviews where important and relevant literatures will be discussed related to the topic of research. Chapter 5 will consist of discussion and analysis of the empirical data gathered with the literature. The final results and conclusions of our research questions will be presented in Chapter 6. Future recommendations related to this study will be described in chapter 7. At the end of this report, chapter 8 will consist of all the references used in this research paper.



2 Methodology

The methodology chapter introduces the all methodological aspects to be used while conducting this research study.

Table 1. Methodological Framework

Methodology	Methodologies used in thesis
Research approach	Inductive research approach
Research design	Case study research design with cross cultural approach
Research strategy	Qualitative research
Data sources	Primary and secondary data
Data collection method	In-depth semi-structured interviews
Interview guidelines	Background of start-ups, insight of the business, management issues, opportunities and challenges, strategies to overcome challenges.
Sampling strategy	Snowball method and judgmental sampling
Data analysis technique	Recording, transcribing, coding
Quality assurance	Validity and reliability
Ethical issues	Harm to participants, Lack of informed agreement Breach of privacy Deception

2.1 Inductive Research Approach

Saunders et al., (2014) defines three types of research approaches that can be used while conducting research such as deductive, inductive or abductive approach. Based on the reasoning adopted by the researchers, these approaches help the researcher to find out the methods to apply for the research.



Abductive reasoning is the form of research approach that initiates with the presence of surprising fact (Saunders et al., 2014). Furthermore Suddaby (2006), explains that instead of going from data to theory in induction approach or theory towards data in deduction approach, abduction is repetition and it's the combination of induction and deduction. According to Alvesson and Skoldberg (2009) while conducting social research, the abductive approach is widely used and it is “Continues movement between empirical world and a model world” (Dubois & Gadde, 2002, p. 554). The focus of abductive approach is to understand the “the meaning and interpretation, the motive and intentions social actors put on surrounding phenomena that drive them to behave in particular ways” (Blaikie, 2010, p. 89). The phenomenon of an abductive approach is to “describe and understand social life in terms of social actor’s meanings and motives” (Blaikie, 2010, p.84).

The deductive approach describe the connection between different variables (Saunders et al., 2009, p. 125) and doesn't emphasize on constructing new theories, rather it aims to test them to find out their accuracy and correctness (Kovács & Spens, 2005). Deductive approach consist of series of sequential steps; theory building, development of hypothesis, collection of data, findings, hypothesis accepted or rejected and modification or revision of theory based on results (Bryman & Bell, 2011, p. 11).

Inductive reasoning defined by Dubois & Gadde (2002) as a process of theory building initiating with observation of specific cases, and trying to create generalizations the phenomenon being examined and investigated. Inductive approach is useful to use where there is gap of research between theories and the results, and conclusion is backed by observations, whereas deductive approach is appropriate to use in research where conclusion is drawn based on set of theories (Ketokivi and Mantere, 2010). Inductive approach starts with observations and leads to end with theory, while deductive approach starts with theory development and ends with data and findings, thus both the



theories are opposite of each other (Bryman & Bell, 2011). As this study, intends to explore the challenges faced by Pakistani entrepreneurs in different entrepreneurial context of Sweden and Pakistan, so inductive approach would be the most appropriate research approach to use during this research paper.

2.2 Case-study Research Design

There are numerous ways or discrepancies in qualitative research, for example, overview, case study, ethnography, and researches (Lincoln & Guba, 1985). According to Bryman and Bell (2011) there are five different types of research designs; cross-sectional design or social survey design, longitudinal design, case study design, and comparative design.

Cross sectional design is also called as the social survey design and it is considered to be widely used that it's based on questionnaires and interviews, but it is the most significant kind of research design (Bryman & Bell, 2011, p. 45). Basically, it is structuring of data or observation of the target group and then analysing the content with other relevant materials. Cross sectional includes more than one case; like organizations, states, countries etc. (Bryman & Bell, 2011, p. 173). It also covers whether the data is quantifiable, which means to create variations a benchmark has to be set up for the researchers.

Pettigrew (1990) longitudinal design has underlined the significance of longitudinal investigation in understanding associations as a method for giving information on the components and procedures through which changes are made. Such a thorough research design includes illustration on vertical and horizontal level of inquiry and the interconnections between those levels through time. The longitudinal design has further two types the panel study and the cohort study (Bryman & Bell, 2011, p. 58). In panel study the data can be collected from different organizations, individuals and it goes on for a better research framework. Cohort consists of collection of data with random people sharing one or two characteristics like born in the same year, having same eye color etc.



Stake (1995) argues that case study design reflect about complication about the case and specific nature of the case being referred to. The case study research is an exceptionally prevalent and generally utilized research outline in business study. This research design mostly focuses on the individual e.g. single organization, one individual, an incident, or one particular location. Referring to Knights and McCabe (1997) case study research design provides a way through different qualitative methods in order to evade single study designs. Stake (1995) emphasizes more on selecting those kinds of case design which have a great deal of information and learning. Case studies also depend upon the type of information or data you want according to your research approach, those studies include the unique case study, a critical case, revelatory case a typical and a longitudinal case.

According to Bryman and Bell (2011) comparative design is basically compare the different kind of studies and issues in a logic of comparison so that social phenomena can be understood, one of the most common comparative research design is the cross cultural or cross-national research. Referring to Hantrais (1996) has explained that such cross cultural comparative research happens when people or groups set out to look at specific opportunities and challenges in two or more nations with the express goal of contrasting their signs in various sociocultural settings like organizations, traditions, customs, esteem frameworks, ways of life, or to get more awareness about all the strengths and weaknesses in the different nations during comparison. According to Hofstede’s (1984) it can’t be solely considered as the comparing between nations but it can be the cross-cultural differences in an organization.

Significant research strategies used by researchers are surveys, experiments, case study, action research, ethnography, grounded theory, archival research and narrative inquiry (Saunders et al., 2014). Since this paper is exploratory in nature, case study has been chosen as a research strategy and according to Yin



(2014) is suitable to understand the phenomenon in real life context. While conducting research, we will use the case study research design with cross cultural approach. This will help us to find out the local business system, customs, traditions, different norms and values in both the countries on one specific context that is entrepreneurship.

2.3 Qualitative Research Strategy

Research strategy can be used as a common direction to conduct the business research (Bryman & Bell, 2011) and comprise of two strategies; quantitative and qualitative. Furthermore, research strategy can be viewed as methodological connection between research philosophy and different aspects of practical research contain tools for data collection, methods and analysis (Denzin and Lincoln, 2005). According to Saunders et al., (2014) different research strategies can be used based on different traditions but it is essential to understand that particular research strategy cannot be considered as inferior or superior to another. To choose a research strategy, research question(s), purpose of study, research approach and practical aspects plays an important role (Denzin and Lincoln, 2005).

According to Bryman (1994) for collecting data three methods can be used for e.g. qualitative research, quantitative research and the mixed methods. In the past decade researchers have changed their preferences from quantitative research to qualitative research. Qualitative research is based on interviews and its sort of an unstructured analysis which primarily focuses on the insights and thoughtful research (Sarkar and Tambiah, 1957).

Qualitative method is the most selected way for collecting information, observing the people attitude, gain empirical material and first-hand information (Okely, 1987). This research helps to study and understand social and public policy issues (Bulmer, 1982). Qualitative study can be further broadening up into four categories contextual, diagnostic, evaluative and strategic. Contextual identify that what exists? Peoples experience, how much



sample size and elements (Walker, 1985:19). The diagnostic method identifies the reasoning or causes for the issue, like what actions and decisions were taken? Why do the need arise? Services not being used etc. (Walker, 1985:19). Evaluation objective is to what have been achieved? How much it was successful? What was the past experience? (Walker, 1985:20). All this related to the one owns feelings that we have to discusses about entrepreneurs. Finally, the last one is strategic method, whose objective is to identify theories, policies etc., it helps to explain in a better way about the challenges. What hurdles came? What are the needs in future? And the strategies required to face future challenges (Walker, 1985:20).

Table 2. Qualitative and Quantitative research strategies and their differences

Fundamental differences between quantitative and qualitative research strategies		
	Quantitative	Qualitative
Principal orientation to the role of theory in relation to research	Deductive; testing of theory	Inductive; generation of theory
Epistemological orientation	Natural science model, in particular positivism	Interpretivism
Ontological orientation	Objectivism	Constructionism

Source: (Bryman & Bell, 2011, p. 27)

According to Kent (2007), qualitative research strategy helps the researcher to get into the depth of phenomenon and to make understanding. On the other side, quantitative research strategy is used where researchers want to study the particular phenomenon based on numbers and statistical values (Silverman, 2001). In this chapter; we have already stated the purpose of our research along with choice of research strategy. During this study, it would be more appropriate to use qualitative research strategy as our study aims to explore the challenges faced by Pakistani entrepreneurs in different entrepreneurial context of Sweden and Pakistan.

2.4 Data Source

This section provides information regarding the data sources used in this study, and how these sources have been used. According to Malhotra and Birks



(2007) research study basically relies on two main data sources, one is the primary data that is the first-hand information that is collected on one’s own purpose like interviews, observation while secondary data is collection from second hand information like published articles, journals books etc. During the data collection process, authors take advantage of both primary data as well as secondary data. Saunders et al., (2009) argues that secondary data can be collected from different published articles, journals, books, newspapers and internet sources, it can be utilized to evaluate the relevant research theories.

In this study, secondary data will be utilized to understand relevant published literature and to be able to find relevant secondary data, different key words will be used such as “immigrant entrepreneurs”, “Pakistani entrepreneurs in Sweden”, “start-ups for immigrant entrepreneurs in Sweden”, “problems for entrepreneurs in Pakistan”, “challenges”, and “start-ups”. For the purpose of collecting empirical material as primary data, different ways can be used such as interviews, documentations, focus groups, physical artefacts, observations as well as archival records (Yin, 2009, p. 102). For this study, authors will focus on gathering primary data in order to collect first-hand information from the relevant entrepreneurs. As Bryman & Bell (2011) argues that researchers can get primary data to conduct research when there is not enough information available from secondary sources in order to understand real life problem faced by relevant stakeholders.

2.5 Data Collection (In-depth Semi-Structured Interviews)

As describes earlier, this study aims to do research in qualitative manner, in this regards Creswell (2013) describes the four types of data collection methods for conducting qualitative research. Qualitative interviews, can be conducted in three different ways, such as focus groups with six to eight participants, face to face interviews and telephonic interviews. Qualitative visual and audio, can be in the form of sounds, pictures and videos. Qualitative



observations, is a way of collecting primary data by playing the role of observer, taking field notes, understanding the phenomenon by observation. Qualitative documents, is the way of collection qualitative primary data from public, companies or organization. For the purpose of this research study, qualitative interviews was selected as the primary data collection method.

The qualitative interview is conducted in the form of oral communication with the participant of the research study and aim is to understand his personnel experience, thoughts, stories under particular context (Gubrium, 2012). A personal interview can be converted into in-depth interview in which research area is explored by the interviewer to understand and analyse the motives, attitudes, feelings and beliefs of interviewee on a certain issue (Harris, 1996). For this type of research study, both focus group and in-depth Semi-structured interviews held significant importance for collection of primary data, but in-depth semi-structured qualitative interview were selected. There can be two reasons for conducting in-depth semi-structured interviews. Firstly, in individual settings, Pakistani entrepreneurs can explain their experience quite effectively, that what problems they face while start-ups and what they see as an alternative while doing start-up in Sweden and Pakistan. Secondly, in this study, entrepreneurs were from different business sectors, working at different locations in Sweden and Pakistan, so it will be helpful to understand individual context rather conducting focus group in which participants have influence on each other and they hesitate to tell what challenges they faced during their start-ups.

For the purpose of this research study, data collection will be started on April 25, 2018 and will be completed on April 30, 2018. For this study, we are focusing on multi-sector sectors; food sector, retail sector, IT and transport. Authors have conducted three interviews with Pakistani entrepreneurs in Sweden on Skype, face-to-face and telephone. Three Skype interviews will be conducted with Pakistani entrepreneurs in Pakistan. One Pakistani



entrepreneurs is from Växjö and one is in Malmö and last one is from Stockholm. In Pakistani context, two entrepreneurs are located in Lahore and one is in D.G Khan.

Language for conducting interviews will be our national language “Urdu”, because entrepreneurs working in Pakistan do not prefer to give interview in English language as national language “Urdu” helps to convey message more effectively and it will give us more understanding to know their feelings and thoughts regarding opportunities and problems being faced. In order to conduct interview timely and efficiently, appointments will be booked with all participants by sending them advanced e-mails. There was a possibility that interviewers cannot show up on the time of interview due to their busy routine. So, authors would again rebook the meeting according to their desired time so that they can explain us their experience without any inconvenience.

Face-to-face interview was conducted with entrepreneur living in Växjö, Sweden, two interviews were conducted on telephone with entrepreneur living in Malmö and Stockholm. With entrepreneurs in Pakistan, Skype interviews were conducted. All interviews were semi-structured, to pursue the questions and to ask following up questions to get maximum useful information from the participants. All interviews were briefed in advance that the interviews are conducted with the intention of using primary data for the research project named as “Challenges faced by Pakistani entrepreneurs in different cultural context of Pakistan and Sweden” conducted by two students, studying at Linnaeus University, Sweden.

All participants were informed that the interviews will be audio recorded and later transcribed (Bryman & Bell, 2011, p. 482) in English for analysis purpose and authors had assured all respondents that data will be kept confidential, and will not be used for any other purpose and will dispose after the completion of the research study project. Besides that, authors had also assured them that their identity will not be disclosed with their responses.



Interviews were started with informal and general questions to make participants more comfortable and relax. Authors intended to start with easy and simple questions to gather their demographic data such as name and age, after this, intentions were to explore more about their education, work experience, social network, business idea and entrepreneurial process. Sometimes, authors asked probing question such as “can you please explain more about your experience” (Kvale, 2008, p. 61) to get to know more about their experience.

Table 3. Detail of Personal Interviews

Entrepreneurs	Date	Time	Duration MM:SS	Interview Method	Language
A	April 29, 2018	12:45 pm	40:35	Skype	Urdu & English
B	April 29, 2018	02:18 pm	29:30	Skype	Urdu & English
C	April 27, 2018	05:36 pm	27:04	Skype	Urdu
D	April 28, 2018	07:45 pm	32:15	Telephone	Urdu
E	April 25, 2018	02:15 pm	25:32	Face to Face	Urdu
F	April 26, 2018	06:18 pm	25:46	Skype	Urdu



2.6 Interview Guidelines

According to Saunders, Lewis and Thornhill (2014), research interviews always have a format made by the theme of the topic, practical knowledge, own information, refereeing to the relevant articles, theories and discussions. Referring to King (2004) the interview should begin with the research topic preliminary problems and then gather the useful data and response for your research.

Table 4. Interview Guideline Structure

Section	Titles	Explanation
A	Introduction	The participants will be introduced by our research, and it is conducted by two students of Linnæus university studying Master’s in Entrepreneurship. They were informed about the data collection from their interviews, recording and the ethical aspect that how would they like to pursue.
B	About the entrepreneur’s	In this section information regarding their age, gender, education, countries were noted down. For Pakistani’s in Sweden authors asked that why and which year they arrived etc.
C	About the business	This part includes the information regarding their business that how did they started? Where did they



		have the financial support? How did they come up with this idea? Maximum information was extracted.
D	Business culture	This section helped to understand what entrepreneurs think about start-up cultures in general and what potential effects it has on entrepreneurs in order to start a new business.
E	Challenges	The most important part is the challenges that what kind of challenges and problems do they incurred and how did they overcome it? What future challenges do they expect? How these challenges can be overcome and reduced?

2.7 Sampling

The requirements of selecting sample, while conducting research study differs from qualitative and quantitative approaches (Malhotra & Birks, 2007). According to Yin (2011) the sample in qualitative studies is expected to be chosen in deliberate manner named as purposive sampling. For this research study, purposive sampling was used in order to have information from relevant Pakistani entrepreneurs to have plentiful data related to the particular research topic (Tongco, 2007). In qualitative research project, data collection needs to be sufficient to reflect the nuances of behaviour, attitudes and motives of the target group (Corbin and Strauss, 2008). According to Malhotra and Birks



(2007) non-probability sampling approach is commonly used in qualitative research studies.

During this project, snowball and judgemental sampling techniques were used, both are the well-known modules of non-probability sampling method. Besides selecting a sample size, the plan of the researchers is to conduct the interviews till the gathered data starts overlapping and additional interviews will be useless in terms of getting new information or data. Hence, for this study sample size was limited to six Pakistani entrepreneurs to get relevant and meaningful information in order to manipulate it into understandable form.

Table 5. Detail of Pakistani Entrepreneurs

Entrepreneurs	Age	Qualification	Business Locations	Country
A	24 yrs	Bachelors Computer Sciences	Lahore	Pakistan
B	30 yrs	Bachelors Business Administration	Lahore	Pakistan
C	28 yrs	Bachelors Business Administration	D.G Khan	Pakistan
D	34 yrs	Masters Business Administration	Malmö	Sweden
E	32 yrs	Bachelors in Commerce	Växjö	Sweden
F	35 yrs	Masters in Marketing	Stockholm	Sweden



2.8 Data Analysis

For this research study, we have gathered the primary data from Pakistan and Sweden, so interviews with Pakistani entrepreneurs were conducted on Skype and recorded as well. The interviews conducted mostly in “Urdu” language and few word used in English according to the ease of the entrepreneurs. All the data of the interviews was stored in the Google drive including the audio recording. One of the interviewee refused audio recording, so authors had taken notes. The interviews were later transcribed using Microsoft Word document in order for a better understanding. According to Wise et al., (1992) the methods described are to be applied to our qualitative data, like gathering data, coding of the information, making transcription, tables for visualizing etc.

2.9 Quality

It is very important and challenging for the researchers to make sure that the research being carried is fulfilling the quality criteria. There are many ways through which researchers can ensure the quality of their research thesis. Validity and reliability are the two common ways to measure the quality of a quantitative research (Golafshani, 2003, p. 587). As this study, aims to produce knowledge by using qualitative research strategy; then authors intend to use validity and reliability in qualitative manners. Bryman & Bell (2011) argues that several authors have reservations on measuring quality criteria on qualitative studies as both terms reliability and validity tends to measure quality for quantitative studies. To ensure validity in qualitative study is not same as quantitative research, because in qualitative research it ensures that whether the results are accurate from the perspective of researcher, participants, and the reader (Creswell and Miller, 2000). While conducting qualitative researches, reliability can be checked with the consistency of the project with other similar projects and within the researchers as a team (Gibbs, 2007). Reliability is ensured by doing in-depth analysis of the findings and empirical material multiple times and constant discussions on the progress of



research to ensure that every member is on the same page throughout the thesis project.

2.10 Ethical Issues

According to Bryman and Bell (2011) ethical issues are very important part of primary researches as it includes privacy, anonymity and proper safety is to be given to the primary sources of our data. Most of the time people tend to stay anonymous and the authors must follow the ethical aspect so that it can't bring hurdles in future research. Bryman & Bell (2011, p. 128-136) have broken down the ethical issues into four main points:

- 1) Harm to participants
- 2) Lack of informed agreement
- 3) Breach of Privacy
- 4) Deception

In this research project, authors ensured permission from the participants for recording, transcribing, conducting the interviews. Confidentiality is to be ensuring that even after the publication of the research paper the participant faces no harm. Interviews of Skype were recorded according to the permission of the participant and assured them that their information will not be misused. For the interview which was conducted here in Växjö assured that respective business place will be kept anonymous. All of the data was saved at the Google drive in order to retrieve it in case of loss and access will be given to the participants so that they can have access to interviews transcribed that they might not be misinterpreted.



3 Empirical Investigation

This chapter provide the details of the Pakistani entrepreneurs in Pakistan and in Sweden, what kind of business they are doing, challenges they had faced during start-ups, all the primary data collected from interviews will be described in detail under sub-headings.

3.1 Insights of the Business

While conducting this study, most of the businesses were started in just few years span time around 2-3 years, from 2014-2018. For empirical investigation three entrepreneurs were taken from Pakistan and three from Sweden, to get different perspective of their start-up hurdles. All the entrepreneurs were working in different business sectors such as, food, textile, transports, e-commerce, and transport. All the entrepreneurs are working full time in their business. As the new entrepreneurs, half of them are working as private limited companies, but some are sole proprietorship depending on the nature of business.

Table 6. Business Details

Entrepreneurs	Start-up Year	Work Time	No. of Employees	Business Area	Organizational Type
A	2015	Part Time	1	Online Selling of Shoes	Sole proprietorship
B	2016	Part Time	12	Production of Cosmetics products	Private Limited Company
C	2015	Full Time	9	Restaurant	Private Limited Company
D	2018	Full Time	1	selling clothes after importing	Sole Proprietorship
E	2016	Full Time	2	Fast Food	Private Limited Company



F	2014	Part Time	1	Transport	Sole Proprietorship
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3.2 Challenges Faced by Pakistani Entrepreneurs in Pakistan

3.2.1 Brand Registration Problem

During the interviews with Pakistani entrepreneurs in Pakistan, one issue which according to them is highly problematic problem which they have to face is the poor process of brand or company registration process. Entrepreneurs were laughing on the system while giving interviews. Entrepreneur “A” told us about the government department of Pakistan named as (IPOP) Intellectual Property Organization of Pakistan, according to him their process is lengthy and slow.

“I faced a lot of problems while registration of this name “Vampwelt”. The process of (IPOP) is very slow, very slow, it is a two year process, if everything is perfect but still it is a very lengthy process” Entrepreneur A.

“Basically in Pakistan, it’s a two year procedure for the registration of a new brand and after three month of the registration, a new product can be launched, so it’s a very long procedure” Entrepreneur B.

“I have applied one and half year back but still my company name is not yet registered” Entrepreneur A.

New start-ups don’t want to wait for such a long period of time to just get their brand registered, they don’t have enough time and finances in order to utilize on business which is not yet registered. All of the three entrepreneurs talked about the big problem for new start-ups.



“It is not an easy task to get registration, it’s more difficult than climbing a mountain, laugh...., if you know the procedure or not but still it is very difficult to get registration of your start-up”

Entrepreneur C.

3.2.2 Corruption in Government Departments

It is one of the biggest challenge which new start-ups has to face directly or indirectly when they have to deal with governmental offices and departments, all the three entrepreneurs explained about bribery and corruption issue they faced while doing start-up of their businesses. If everything is perfect and all the required documents are up to date but still the people in government departments blackmail and asked for their commission.

“In government departments, corrupt people are seated. Along with it, there are no short ways to do things, every time they create disturbance for you that sir you’re that paper is missing, signature issues occurs etc.” Entrepreneur A

“People are not good here, if you want to do a little work, then you have to bribe them for 100,400,500 Pak Rupees.” Entrepreneur C

When different departments come to visit, so they come with their plans, if you are working according to their rules and regulations but you are not giving any fees or money to them then they will start blackmailing you and say that we will come again will media and do recording and release on local TV channels. So bribery is a very big challenge for new start-up, just imagine if a new start-up is not generating enough revenue at start and different departments come and ask for money rather than supporting, so it will be the worst situation for start-up owners.



“it is very challenging for a new start-up to understand what is going on at start, because when you do start-up different governmental departments start disturbing you” Entrepreneur B.

Almost every day some personals from different departments come just like environmental department, food authority will come, sometimes they also bring media personals with them in order to black mail, and sometime police will disturb you. So without having some kind of dealing with these departments legally or illegally, it is almost impossible for new entrepreneurs to have a new start-up.

“I faced issues from the government departments that they come at our restaurant just for creating problem prior giving any warning for e.g. the health department for food inspection, and when I ask that what is the solution then they ask that you give us 2 to 3 thousand Pak rupees and we will not come again” Entrepreneur C.

Different departments such as labor department, development authority, safety and security departments have visited the entrepreneur and tried to find out the flaws forcefully and imposed fines. So, if you can't pay the fine they ask for bribery.

3.2.3 No Community and Government Support

It is very necessary for a new young enthusiastic entrepreneur that society support the new initiative and backed entrepreneur with good wishes. Individuals look forwards for governmental supports in terms of reduction in taxes, little bit guidance about business environment. It helps an individual to get motivation, but it lacks in Pakistani society as all entrepreneurs talked about this issue.

“For a new entrepreneur, it is very difficult to get local community support, nobody push you, and nobody backed you, your family, relatives they always say that stop doing this, you can lose a lot of



money, start something else and get some experience before”

Entrepreneur B.

“No moral support from the family side, and no appreciation from our society, so confidence level of an entrepreneur eventually goes down” Entrepreneur A.

Success is a time taking process and need support from our society, but unfortunately in Pakistan, no body support you and appreciate you either. Everyone discourage a new initiative because of lack of confidence on new young entrepreneurs.

“our family members start doing criticism on you that you are not doing good, what are you doing, just stop it, you are wasting your time etc., so its pathetic situation for new start-up owners”.

Entrepreneur C.

Entrepreneurs also showed their aggression against governmental policies and rules for new start-ups, according to them there is no moral support and no platform is there on national level who guides new start-ups which create bad image for new entrepreneurs. Government doesn't guide any new willing personals for start-up that it is a good market to invest or it is a bad market, what is a the future growth, which market is going down, nothing from the government side, if government do so, then a lot of money can be saved just by guiding people with future forecasting and by supporting them at national level.

“Government was not supporting at all” Entrepreneur B.

Actually, there is a government department names as TDA (Trade Development Authority). One of the entrepreneurs claimed that they rejected their stall in Dubai Exhibition just because they don't have prior exports. According to him, if departments will not support us, and not help us, then how we can grow internationally.



“Governmental support for start-up is almost zero in terms of starting exports and competing internationally” Entrepreneur B.

Another issue new start-up face is that competitors also started making the same product with poor quality having bacteria issues, along with people don't care about copyright issues and start making duplicate products, in this way profits get down for the original products, and start-ups faces problems.

“There is no check up by the governmental departments for this illegal way of doing business” Entrepreneur A.

“You need to have a very strong influential approach, if you want to have a start-up here”. Entrepreneur C.

3.2.4 Labour Crises

From the starting of a new start-up, entrepreneurs has to deal with labour problem, all the three entrepreneurs being interviewed in this study faced labour problem, they don't find expertise and trained labour, so additional cost has to be incurred to get them trained first. Another hurdle for start-up because then the need to call international qualified personals who can maintain their plants or can make it in running positions.

“There is a lack of qualified technical labour” Entrepreneur B.

Problem occurs when start-ups growing and gets more production orders, then they have to produce more and more, but vendors starts creating problems and blackmailing, they starts saying that they don't have time now, their machine is not working, labour is not there at the moment, or they make it with poor quality. So they create problems for new entrepreneurs.



“For the sack of their own profit, employees and vendors start to ask for more money from you if they see that your business is growing now”. Entrepreneur A

Every year, government increase labour salaries which create difficulty for start-up owners, instead of supporting new ventures, government increase salaries without any consultation and considering future drawbacks for new start-ups.

“In order to manage the vendor problems, I changed my strategy and asked them that do an agreement with me, that you will not compromise on quality, provide me with all my orders on time, otherwise I can fine you that much. Or I can switch to another vendor” Entrepreneur A

“So for the new Business owners, it’s a huge mess to deal with labour related problems”. Entrepreneur C

Apart from that, employees also take advantage of their growing business, and they start to ask for increments and increased salaries. Otherwise they will quit the job and join another company.

“Funniest thing is that our employees intimidate us that increase our salaries otherwise we will quit” Entrepreneur B

“Yes. Maintaining the labour is very difficult as there is always a need of order taker and waiter. Labour has very less stability as I see new faces in the staff every 2 months” Entrepreneur C

Training of staff requires lot of time and money and when the staff is trained they try to leave or tend to start their own business. So, entrepreneurs have to hire the labor again but now with the passage of



time have tried to tackle this problem by hiring only trained staff that has a prior experience of restaurant.

“But still employee’s problem prevails because trained staff is difficult to find”. Entrepreneur C

3.2.5 Law and Order Situation

Law and order situation also has its influence on new start-ups in Pakistan. New start-ups don’t feel secure and it’s difficult for them to trust on someone else, on the other hand government is not providing any security. People tend to do start-ups, but they feel fear of snatching, crimes, theft along with no police backup. They are not satisfied from law and order situation, their employees don’t feel secure when they get their salaries. Furthermore, police department is not doing justice with their responsibilities.

“We are not happy with law and order situation, police department is full of poor system, they will follow the instructions from their higher authorities, but they don’t bother to find criminals and solving public problems.” Entrepreneur A

It is basic necessity of the start-up that they find itself secure in the society while doing business, but in Pakistan new start-ups are struggling with poor system, in fact country police is disturbing and creating problems for them, no labour security is being provided by governmental departments. They don’t bother to go after criminals, rather they asked to keep silent.

“One of the major challenges is security in Pakistan”

Entrepreneur B.

For the security purpose, if business owners hire security guards, then still police don’t cooperate and they tell that this is unnecessary display



of weapon and they again create problem for start-ups, they fail to provide security and they also stop people to take effective security measures.

“I have hired a security guard and pay him heavily. Sometime even the police or law enforcement agencies tries to bother me by saying that there is an unnecessary display of weapons. I have to face them also, and you don’t know how hard it is to tackle them.”

Entrepreneur C

3.2.6 Useless Taxes for Start-ups

Entrepreneurs being investigated want to have some leverage on taxes by government because according to them, it is difficult to pay taxes directly after starting the business and it creates problem in managing finances and investments. They also want some return by government if they are paying huge taxes than they are upset that they are getting nothing from governmental side.

“Governments is imposing taxes day by day, they don’t bother what kind of start-up a person does, what he is earning, is he saving something or just making losses” Entrepreneur A.

Tax departments don’t care, they are just focusing on imposing high taxes. The problem is for new start-up is that when they pays taxes in terms of income tax and sales tax, problem arises in terms of getting rewards from governmental level. If they see that side, they are get nothing from governments

“On everything government have imposed taxes, and it’s unfair for new entrepreneurs” Entrepreneur B



“The Situation is here the same for small and large firms, every company have to pay 16% sales tax either hook or by crook”, there is no differentiation”. Entrepreneur A

The start-ups who pay all taxes on time, they also expect something from governmental side, but they are not satisfied because they are not getting any benefits, along with that there is no differentiation between small scale companies taxes and large companies, everyone is being treated in same way.

“I pay taxes so I demand full support from the government, but taxes are paid and government doesn’t give proper benefits. Sales tax is very high which is 16% for new and old companies, this is unfair with new start-ups” Entrepreneur C.

3.2.7 Loan Problem for Start-ups

It is difficult to get loans from private or governmental institutions if you don’t have prior history or having any influential background. It create problem for start-ups, and this problem is also being faced by entrepreneurs being interviewed.

“First of all, it is not easy to get financial loans from banks on low interest rates, this is very difficult, they should understand that what our local business yearly earns, and they should also have some rules to support new entrepreneurs also” Entrepreneur B

Where a new start-up owner should go to find finances if he doesn’t has its own savings because banks are not going to give you loans for short terms or on low mark-ups, it is a big challenge for new start-ups. Sometimes, companies don’t earn at early stage, and for generating revenues and going for profit side, they need time and finances to



manage, but if government and financial institutions will not support them, then how start-ups will take place.

“I think there is no use for business, if you have to deal with high interest rates. If you expect average income of your business around 15-20% and your loan interest is 20-25% then your business cannot be turned into profitable business” Entrepreneur C.

“Loan mark-ups are also very high, believe me it is almost impossible for new start-up to have a good relaxing start-up”. Entrepreneur A

3.2.8 Other Problem Faced by Start-ups

There are some other problems faced by entrepreneurs on individual levels, but still these problems cannot be considered as minor ones because if they have faced them then there is a high probability that other start-ups are also facing them in some ways. Market saturations are considered to be one of the challenges for new start-ups because for new entrants, it becomes almost impossible to have a start-up, because markets are already saturated.

“In Pakistani market, the basic hurdle which every new entrepreneur faces is the saturation of the current market” Entrepreneur B.

Whenever any entrepreneur wants to have a new start-up, he feels unsatisfied after some time. One of the entrepreneurs told that, in Canada there is a governmental department which stops new entrants into already saturated markets in order to avoid waste of time, money, and efforts. There is no use of doing start-up if you are not going to make profit out of it. Competition arises a lot and existing players along with new entrants also face huge problems.



Another, problem faced by Pakistani entrepreneurs in Pakistan is that, they don't get new electricity connection unless and until they don't use bribery or influential approach, a lot of approval bodies are there and everyone wants their commission in order to approve the connection request.

“Another main issue is that if you want a new electricity connection for your start-up, so that is not an easy task, it is a very big challenge, unless and until you don't use bribery or influential approach”

Entrepreneur B

“Load Shedding is also a big challenge for whole of the country and to overcome this new start-up need to invest extra money in order to arrange electric generators” Entrepreneur A

Besides that lack of awareness is also hurdle for new start-ups because there are many private incubation centres but new young generation don't know about them, nor do the government bother to create awareness for unemployed people to have a business start-up and become self-employed. Different incubation centres such as Nic, Nust, Lums, Uet, Plan9, PlanX etc. are working for new start-ups.

“There are a lot of opportunities for youngsters in Pakistan, it's also a big problem for young start-ups that they don't know about these incubation centres in order to get help and advices for start-ups”.

Entrepreneurs C

To have a rental place is easy to get in Pakistan, but challenge becomes when property owners starts blackmail you, and asked to increase the rent, or quit the place and start the business somewhere else, it is the



most challenging task when you’re running business has to shift to some other place, it incurred a lot of cost along with that fear of losing existing customers is very dangerous.

“Having such a big setup but having a land on rent is a major problem in restaurant business. If I have a little bit of issue with the tenant he will cancel the contract and I will have to move out. Moving such a big setup is very problematic” Entrepreneur C.

3.3 Challenges Faced By Pakistani Entrepreneurs in Sweden

3.3.1 Language Barrier

While conducting interviews, all the Pakistani entrepreneurs having start-ups in Sweden talked about issue of facing language barrier. According to them, when a new person comes to another country having different business culture and language then it create a lot of problems for entrepreneurial mind set personalities. Some quotes of the entrepreneurs are as follow:

“Yes, language barrier is a big challenge here for immigrants while doing start-up, importantly if your business has to deal with customer service, then it’s a big hurdle” Entrepreneur D.

Language is one of the best ways to communicate but if a person doesn’t know about regional language then it is a difficult task to communicate. Most of the times when entrepreneur go for open markets there is a need of communication with the local suppliers and with the customers for bargaining. Most people prefer to speak in Swedish rather than English.

“I faced the language barrier in the first year after starting the setup and when I directly had to deal with the customers. But with the



passage of time I improved but still I am not that perfect and at sometimes I have to communicate in English” Entrepreneur F.

In Sweden, people can speak good English but still they prefer to speak their official language “Swedish”. In the entire government department, roads signs, advertisements, newspapers are in Swedish language, create problems for immigrants with the intentions of start-ups. All the official letters came in Swedish language and native entrepreneur find it difficult to understand.

“Swedish people prefer Swedish Language, so it creates problem for immigrants entrepreneurs and to learn a new language is difficult and very time consuming thing” Entrepreneur D.

3.3.2 Employee’s Problem

Just like in Pakistani society, Pakistani Entrepreneurs also face problems related to employees in Swedish society. It also depends from start-up to start-up that what attributes you are looking in an employee for your start-up. According to entrepreneurs, taxes are very much in Sweden, and company owner has to pay them if he has hired someone as an employee. Along with this, it’s hard to find relevant employee for the job, secondly their pay scale is very high for a new start-up so it’s difficult to manage.

“One of the biggest challenges in any sector is to find experienced labour” Entrepreneur F.

Every new person requires training so entrepreneurs had to invest their time and money on training. There are many websites that provide labour but still experience labour is an issue. Besides that, while conducting interviews one of the entrepreneur claimed that it is unfair with new start-ups that they also have to pay their employees taxes,



which is a huge chunk and make it difficult for them to handle finances and taxes.

“I am planning to expand my business into new areas of Stockholm, but I am not able to find skilled employees, so it is a challenge for start-ups” Entrepreneur E.

“Yes for the new start-up there is a pressure for some fees which we call it as Arbetskivare, it means that owner have to pay insurance and pensions of his employees. It is a huge chunk around 25-30% and the owner has to pay” Entrepreneur D.

3.3.3 Issue of New Bank Account and Getting Loan

This is a big problem faced by Pakistani entrepreneurs in Sweden, and while conducting interviews they mostly talked about issue of opening a bank account and getting loan for start-ups. Their experiences are expressed below:

“The biggest challenge for me while doing start-up was that I didn’t get loan to start my business” Entrepreneur D.

Every new entrant face investment problem because there are people who don’t have enough resources back at home but they want to start their business. So, financial institutes of Sweden don’t trust you. It is a very big issue for start-ups.

“The trust of financial institutions on new business person can be said as zero” Entrepreneur E.

While conducting interview, Entrepreneur “D” told us that there is a payment terminal in Taxi which needs special sim card to be activated, that record your transactions wirelessly. It cost 50 kronas, it was about 2-3 months when he registered his company. So, when he went to a



company and asked for that Sim card, they said that they will not sale that sim card on his company name. So, this is the trust level of the institutions that they had not sold him 50 krone sim just because of lack of trust on new start-ups. They said he can buy as a personal buying but as his company is new so they cannot issue him.

“To open a bank account was one of the hardest things that I faced here in Sweden. It requires so much documentation plus verification and a lengthy procedure of 3 months, because of that I had to delay my payment and a shop in hand was lost as I couldn’t pay the amount and sustained a setback” Entrepreneur E.

According to entrepreneurs, to apply and get the loan, they also have to arrange a guarantor, which is very hard thing as they find it difficult because at new country and place how can someone trust them and show off as a guarantor. So it is also a challenge for them by the Institutions. Institutions also ask for credit history in order to apply for bank Loans, but how a native entrepreneur want to start-up can have a strong credit history.

“It is also a big challenge for me to arrange a guarantor in order to apply for the loan, so it is also considered as hurdle for new start-up in order to get finance from Swedish institutions”

Entrepreneur F.

“I didn’t have one-year tax history so I am not eligible to apply for loan. Then I had to borrow some money from my friends to invest into my business. I would call it a major drawback in Sweden”

Entrepreneur E.

3.3.4 High Taxes for Start-ups

Tax system in Sweden is very effective and considered as good because government also provide facilities to the Swedish people, but sometime



it’s hard for immigrant entrepreneurs having the intentions for start-ups. According to Pakistani entrepreneurs:

“For a new start-up in taxi business, initially I faced issues of high taxes when I don’t have any employee and I used to be employee of my own company” Entrepreneur D.

Entrepreneurs initially don’t have employees, and they worked as self-employed person, but in that case government departments charge double taxes from them, one is as the owner of company and one as the employees of that company. So, it is also a drawback.

“I had to pay double taxes. In total, I paid taxes around 51% from my revenue, Moms (Value added Tax) is separate from this which is 6%. If I add it also, then just in terms of taxes on my income, 57% from my revenue goes in terms of taxes. Taxes are very high in Sweden” Entrepreneur D.

Taxes in Sweden are known as moms and they are very high. For the decoration of the shop, one of the entrepreneurs told us that he had to import some material from other countries and he had to pay high taxes on them. High taxes increase the cost of the goods leads to incur low profits from the sales. As he is a new entrant so these are very high taxes for a startup and there should be some leverage from government side.

“Yes, there are high taxes on our sales and for the staff we have to pay a special kind of insurance and tax. So, all together it makes very difficult to cope up with the expenses and taxes” Entrepreneur F.



3.3.5 Saturation/High Competition Issue

During the whole process of getting interviews, except one entrepreneur, all others were complaining about saturation in markets which minimize the chances of new start-ups. Create problems for existing entrepreneurs. Some expressions of entrepreneurs are as follow:

“In Sweden there is high saturation in taxi business; number of vehicles are increasing day by day” Entrepreneur D.

Now just in Stockholm a lot of taxi companies are operating and still new businesses are entering in this business, so it’s hard for existing players to manage and due to this reason market shares get down, government should have some formula to control new entrants, so that existing players can enjoy their market share.

“There should be entry barriers so that already existing businesses should not vanish completely” Entrepreneurs E.

One of the Entrepreneur, told us while conducting interview that saturation is very big problem for new start-ups, according to him there are 5 operating pizza shops nearby, creates problem for each other and nobody enjoy his business earnings. Customers are not increasing but suppliers are increasing day by day and creating hurdles for existing start-ups.

“How a start-up can expect to grow if market is also saturated and every start-up wants to capture huge market share” Entrepreneur F.

3.3.6 Other Problems Faced by Start-ups

On individual basis, Pakistani entrepreneurs having start-ups in Sweden faced other difficulties in the process of start-ups like racism, difficult to get Swedish licence, less availability of shops, strict



working conditions. It depends from customer to customer that how he thinks about other nationalities.

“Yes I do face racism, when my customers directly ask that are you Muslim and Muslims are involved in terrorism” Entrepreneur D.

Getting a Swedish license is one of the most difficult tasks for new start-ups because every start-up is directly or indirectly linked with transportation. It requires documentation and a lot of practice. As some food business entrepreneurs provide home delivery service, so they had to have a Swedish license or hire a person for delivery who possesses a Swedish driving license.

“It’s kind of an issue for me as we are not much familiar with the road signs and driving through the right-hand side” Entrepreneur F.

As I am new in Sweden so I had no reference and no prior history of tax, electricity bill payment etc. All these things are must for getting a shop where I would start my business” Entrepreneur E.

Entrepreneurs need to have strong and spotless history in order to apply for anything, even to have a shop on rent requires strong reference, bank history, financial statements etc. create problem for new start-ups. These procedures shall be lenient for new comers. Some limitations are also there from governmental departments that a person cannot drive taxi for full day, rather he can just drive it for 13 hours per day, so these sanctions degrade new start-ups.

“I can just drive my Taxi for maximum 13 hours per day. In other words, my company cannot able to generate revenue for rest of 11 hours. It’s a huge limitation. So in other words, it’s a loss for me just because of strict working conditions for new start-ups”

Entrepreneur D.



4 Literature Review

The following chapter is based on relevant literature on Start-up initiated by entrepreneurs. Authors has used headings as start-up activities, start-ups by immigrant entrepreneurs, cultural aspect on start-ups with sub-headings of Family, networking, cultural values, knowledge of the product, challenges for start-ups.

4.1 Start-up Activities

Start-up can be defined as beginning of a new business venture or a business life cycle (Edelman et al., 2016). The process of emerging new organizations is the results of multiple start-up activities. The start-up activities of individuals include different events and their attitudes towards starting a new business venture (Carter et al., 2004; Gartner et al., 2004) and establish the “micro-foundations of entrepreneurial action” (Shepherd, 2015: 490). It is very important to perform start-up activities from various points of views; principally, there will be no business take place if an entrepreneur and his entrepreneurial team fails to perform effective start-up activities (Carter et al., 1996).

Literature on start-ups shows that there was not a particular set of rules for doing start-up activities; nor there was any specific traditional activities for which all entrepreneurs shall engaged and practice before start-up. However, it is argued by authors that research confirmed that start-up activities eventually lead to starting a new venture successfully and neglecting different set of activities results in no start-up (Gatewood et al., 1995; Reynolds, 2007).

It is examined by Delmar and Shane (2003) that the probability of starting new firm in 223 Swedish new ventures in result of planning, different market activities and legitimacy. Their research showed that planning and legitimacy were linked and does play their part while doing start-up and market activities had no impact. Lichtenstein et al., (2007) analyzed the U.S. emerging organizations in regards to understand the patterns in start-up activities, results



showed that new organizations take place when there is high rate of start-up activities, prolonged overtime, and most likely firms emerge when start-up activities are focused further in start-up stage. Furthermore Parker and Belghitar (2006) argued that individuals after two years indulged into the procedure of starting new business venture were likely to be fewer nascent entrepreneurs and considerably will initiate to start-up. However Davidsson and Honig (2003) noticed that for an emerging entrepreneur while start-up, human capital is important for different start-up activities whereas social capital held less significance throughout the whole process of start-up.

4.2 Start-ups for Immigrant Entrepreneurs

Immigrants have increased rapidly in Sweden in the past few years and have started small start-ups here in Sweden which can be seen mostly in small town, cities and in some of the rural areas of Sweden (Statistics Sweden, 2012a, b). Immigrant entrepreneurship contributes a lot towards the economy and the host country and brings in good economic ties with their home country in form of trade (Vissak & Zhang, 2014; Ram & Jones, 2008). While doing start-ups, entrepreneurial activities has impact on both the home country and the host country, immigrant entrepreneurs is someone who is born somewhere else or outside of the host country but is a business person or self-laboring in the host country (Portes, Haller & Guarnizo, 2002).

Europe is a well-known for immigrant entrepreneurs because they have the opportunity to start a small-scale business if they don't have enough education or less financial resources (Bauer, 2011). These kinds of steps help the entrepreneurs to improve their life style, increase the size of the business with the passage of time and to know about the rules and regulations of the host countries (Klein et al., 2003). The behavior of the entrepreneurs determines the survival of their start-ups (Basu, 2004). However it is argued by Bennet et al., (2012), Entrepreneurial action is incompletely dictated by acquired practices in view of past choices and exercises. Furthermore, experienced



business visionaries with comparative work understanding to their new firm will probably survive contrasted with new companies lacking "related encounter (Brouder and Eriksson, 2013).

Rotger et al., (2012) Entrepreneurial advice or business suggestion administration will stand firm and their investigation of formal and casual wellsprings of business counsel among male and female entrepreneurs in host countries. Furthermore, Hjalmarsson and Johansson (2003) characterize formal sources for start-ups by immigrant entrepreneurs as bookkeepers, specialists, banks, clients, business partners, companions and relatives, providers, experts, school or college, chambers and business, exchange and expert affiliations, neighborhood specialist or board, nearby undertaking committee/effort system and independent venture portal. However, Robson et al., (2008) characterized casual sources for start-ups for immigrant to host countries as companions, family, assemblies of business, exchange and expert affiliations, nearby endeavor gatherings, casual social gatherings and business partners. It can be noticed, a few wellsprings of guidance can be both formal and casual for immigrant entrepreneurs in terms of start-ups (Robson et al., 2008).

In any case, since migration has risen also, will keep on rising, there is a potential for immigrant entrepreneurs to take initiative for start-ups (Bennet et al., 2012). Truth be told, discoveries recommend that immigrants are more disposed to begin a self-employed compared with non-foreigners (Tillväxtverket, 2013). Furthermore, together with the high joblessness rate among workers and the way that ethnic minority and business plays a persuasive part and makes an imperative commitment to the intensity of the start-ups for migrated entrepreneurs (Dhaliwal, 2008). Start-ups for immigrant entrepreneurs differ from each other based on their visionaries and cultural backgrounds, and the way to exploit and react on start-up opportunities (Basu, 2004).



In today’s world, discussions on starts-ups by immigrant entrepreneurs are getting vibrant and important for host countries, as they have multiple positive and negative outcomes (Stenbacka, 2013). Migrants from different parts of the world are probably going to be driven by other motivational components, also, will consequently show altogether different spatial and fleeting versatility designs, and diverse cooperation’s with nearby groups (Najib, 2016). Research work is essential to look at the effects of various kinds of migration and start-ups of those immigrants in host countries in order to understand their motivations behind start-ups, challenges faced, domestic competition, survival and innovation with the passage of time (Hedberg and Haandrikman, 2014).

4.3 Cultural Aspect of Start-ups

According to Rath and Kloosterman (2000) the entrepreneurship regarding immigrants is further divided into three types, first comes the cultural perspective that is the person aware of the norms and values of the home country or not, and how much time will it take him to adjust in the environment or will the entrepreneurial actions that he takes get a reasonable response or not. Second comes the structural perspective which include the nature of surviving, living and adapt to the host country, it mostly includes government, laws education religion etc. (Hammarstedt & Shukur, 2009). Then finally comes the mixed embeddedness perspective which is entrepreneur are a very important part of the society and help to create a cultural diversity in the host country and the polarization of their culture (Kloosterman et al., 1999; Mitchell, 2015).

Cultural values depend on the origin of the entrepreneurs and as the authors focus more on the entrepreneurial aspect that what are the main reasons for immigrant’s startups? (Barret et al., 2002). The reasons are because their education, and prior experience doesn’t count in the host country so they had to have a way of earning so they become self-employed in order to do for a living and all this leads to startups (Reitz, 2005). Most of the common



problems for start-ups, researchers has put focus on is the issues of finding jobs that is language barrier, work permits, and race (Bennet et al., 2012). Very few studies are found on the cultural context of entrepreneurship leading to a gap in the research, culture is all about skills, knowledge, taste and awareness (Bourdieu, 1984). Cultural capital is linked with cultural resources and Bourdieu has explained the resources in a very precise way.

4.3.1 Networking

It is a point of focus that how the cultural resources are being used by the immigrant entrepreneurs for their startups. Networking is one of the most common practices among the immigrants for the business start-ups (Bonacich, 1973). This help them to get financial stability in term of long term loans with a very low interest rate, and can also help increase business., i.e. one firm is the supplier other would become the buyer or if the other one can get access to have the new entrant a loan from the institutions. This also helps in getting more jobs for their ethnic group and can make their hold strong in the business market (Altinay & Altinay, 2006).

4.3.2 Cultural Values

Cultural values play an important role in entrepreneurial resources for immigrants focusing on a particular thinking and the way the people react to a certain aspect or phenomena (Adendorff & Halkias, 2014). It is argued by Altinay and Altinay (2006) that some of the ethnic groups or minorities have more entrepreneurial abilities and performs better. Some of the immigrants are closer to their culture, language, religion so they tend to avoid the change and have strong cultural and business ties in their ethnic community (Reitz, 2005).

4.3.3 Family

Family itself is the most important part of a society and for start-up culture it is very beneficial because immigrant family business is more prone to find out about emerging opportunities and attain financial resources (Ram et al., 2000). It is also very helpful for the family in the sense that the new generation will



be able to know about the existing business and it would give them a push to pursue the startup and the activities of the already established business (Adendorff & Halkias, 2014).

4.3.4 Knowledge of the product

Finally, there is the value or knowledge of the product in a sense that there would be a unique product which would be based according to their culture; it's also the best way to communicate with the host country (Maffesoli, 1996). A study by Jamal (2003) is the best example to understand that most of the restaurant owners have their cultural food and recipes in them to preserve the culture and their way of life style. It helps the people from the host country to try different cuisines and the immigrant to get the taste of their nation here at the host country.

4.4 Challenges for Start-ups

Starting up is a new business venture itself is among one the biggest challenges an entrepreneur (Rajan and Zingales, 1998). One of the most important obstacles for starting up a new business venture is to get access to financial resources (Bauer, 2011). Furthermore, finances are the main issue in startups and for a new business it's very difficult to get a financial loan and to arrange working capital. The reasons are lack of credit history, unpredictable situation, not sure whether the business will be able to sustain or not (Beck et al., 2005). Entrepreneurship can't solely rely on startups it can also be the restart of an old business or closed venture (Yazdanfar et al., 2015). While doing start-ups, entrepreneurs face different form of challenges and difficulties in form of financial services and other benefits due to lack of credit history, there are some organizations that help to create awareness and coaching for these immigrants (Bates, 1994).

Start-ups and development of industry enhances new business assessment by investors. Numerous researchers argue that business people increase imperative knowledge from work and entrepreneurial encounters that can



move forward entrepreneurial judgment (Ardichvili et al., 2003). Previous experiences help a lot but in some cases a business venture shuts down due to any reason but not financially, so the entrepreneur has to choose another field or a similar one which he is not so much familiar with, these create a high risk for survival and may be tend to make a huge financial risk or investments (Haleblian et al., 2006). Notwithstanding, there are likewise a few obstacles to taking in and applying picked up learning from Start-ups, which may restrain the advantages accruing as a matter of fact in an entrepreneurial setting (Bates, 2014). Furthermore, the constrained experimental confirmation that examines the part of experience on entrepreneurial new business desires is uncertain, somewhat because of an absence of information accessibility (Fischhoff, 1975). It is argued by Brouder and Eriksson (2013) Obstacles to start a new company for an entrepreneurs can be undetermined, however main consequences for not start-up could be lack of effective information, lack of prior experience, lack of financial resources, language barrier, tax system, rules and regulations, cultural influence (Altinay and Altinay, 2006). However, experienced business visionaries with comparative work understanding to their new firm will probably survive contrasted with new companies lacking "related encounter (Brouder and Eriksson, 2013).

By reflecting to their past encounter an entrepreneur can predict the future risks and forecasting or predicting the risks would be easy (Jacob et al., 1999). New companies frequently fail to sustain since entrepreneurs and financial authorities disregard to look up the obstacle, surging forward with plans without setting aside the opportunity to understand that the base theory of the marketable strategy isn't right (Tubadji et al., 2016). Mostly startups fail due to investment origins and no governmental support, because the banks and financial institutions are not willing to give loans and then the entrepreneur has to rely on the sources from family and friends which indirectly increases the peer pressure (Cosh et al., 2009). It's not obvious that, if the companies



survive the critical phase of 2 to 3 years then they are successful, even they can vanish from the market with just some slight changes in the laws, rules or the government (Rajan and Zingales, 1998).

4.4.1 Language Barrier

Every start-up has to find new ways in order to deal with the issue of language barrier they face while expanding into countries that have different languages from their home country (Harzing, Köster & Magner, 2011). Renowned Scholars have explained the managing the challenges of language barrier while entering into new business environment as “*The forgotten factor*” (Marschan, Welch & Welch, 1997), “*the management orphan*” (Verrept, 2000) and “*the most neglected field in management*” (Reeves & Wright, 1996). Furthermore, Maclean (2006, p. 1377) have argued that new start-ups in different culture and face language barriers every day, somewhere in large extent and sometime as a minor challenge. However, it is explained by Blazejewski (2006) that in order to start a new venture in new place, is a challenging task for entrepreneurs, they need to manage paper work, deal with local workers, and communicate with local community. According to Fredriksson et al., (2006) for an immigrant entrepreneur, to learn a new language is not easy, incurred a lot of time and difficult.

It is often creates more difficult for foreigners entrepreneurs to have business start-up in Scandinavian region, because every Scandinavian country have their own language and are not widely spoken outside their own countries (Fredriksson et al., 2006). However, within Scandinavian region, English Language is progressively used as the “lingua franca (Louhiala-Salminen, Charles, & Kankaanranta, 2005). It is important to understand that the challenge of language barrier for start-up is not just for the entrepreneur; rather it is also problem for local community in order to communicate with them easily (Harzing, Köster & Magner, 2011). It is indicated by Yoshihara et al. (2001) that the most important costs associated with challenge of language



barrier are delays and misunderstandings while decision making process in start-ups.

4.4.2 Employees Problem

For a start-up, it's very important to get the right employee at right time at right place, but sometimes it becomes challenge for companies to find the right person for the job (Bryson, Charlwood & Forth, 2006). There are certain drawbacks associated with the employees and labour community, leads to create hurdles for the start-ups in order to manage human resource all the time (Duchon and Drake, 2009). Different cultures have different employee practices, and it also reflect from the behaviours and attitudes of the employees that how they react under particular situations (Jehn and Scott, 2008). In respect of employees, some of the major problems faced by new start-ups and entrepreneurs are lack of training, lack of prior experience, language barrier, high salaries, training cost and time incurred and sometimes their required qualification for the job (Markey et al., 2001).

Many start-ups provide the opportunity to the employees to present their views related to working environment, but often it has negative effect as employees tend to starting demanding more incentives and rewards (Sagie and Aycan, 2003). Furthermore, it is also argued by Torcka, van Woerkom & Looise (2008) that commitment of employees with their workplace and companies lacks a lot and high risk of quitting the job without informing in one of the main problems. However, Cohen-Charash & Spector (2001) put focus on the investment in employees training programs in order to get more productivity but it puts the start-ups in unpredictable zone and they cannot trust on their employee's loyalty and commitment with the company and organization.

4.4.3 Strict Rules and Regulations

Private and government Institutions played a pivotal role in making new laws, rules and regulations for new start-ups activities (Ahlstrom and Bruton, 2010).



Transition countries experienced economic growth but tend to face more challenges to manage that growth (Huang, 2008; Letenko & Lvov, 2004). These challenges emerge because of weak regulatory institutions in transition economies that are not inevitably supportive of the new start-up and entrepreneurship (Busenitz, Gomez & Spencer, 2000). In difficult institutional settings, start-up has to deal with rapid and dramatic change in rules and regulations but also fight for the survival of their start-up in new market economy (Volkov, 2002). However, The influential institutions are very much dependent on the informal and formal rules of the start-up, imposed new constraints, and conceivably decrease uncertainty (Van Gelderen, Thurik & Patel, 2011) Thus the policies, rules these institutions make are crucial for start-ups activities and entrepreneurial behaviour in the society.

Entrepreneurship is such a supportive mechanism for economic growth in a country but influential policy making institutions depicts the entrepreneurial efforts towards effective and efficient activities by inducing the relative payoffs and incentives (Minniti, 2008). Furthermore, Government rules, regulations and policies tend to shape the entrepreneurial actions by the start-up, by supporting some activities and neglecting others (Diochon, Menzies & Gasse, 2005). Start-ups do has an impact of rules and regulations made by policy makers and sometimes, push entrepreneurs into drake place where the survival is much unexpected. It is also argued (Volkov, 2002) that governmental regulations might create delays in the entrepreneurial process. The influence policy making institutions in the economy have considered to be volatile and unpredictable environment for the entrepreneurs and is risky for new start-up firms (Hitt et al., 2004).

According to Ahlstrom and Bruton (2010) some examples of strict rules and regulations for new start-up are; requirement of particular diplomas for trading purpose, different licences problems, different laws, import export rules, bylaws, social welfare organization requirements, time constraints and various



delays in regards of dealing and inefficient governmental organizations. According to Chell (2007) new start-up and entrepreneurial activities has significant social implications. Thus, policy makers should reduce the constraints on entrepreneurship (Minniti, Bygrave & Autio, 2006).

4.4.4 High Taxes Problem

According to Hansson (2012) governments, in fact, cannot be viewed as a supportive body by entrepreneurs, in terms of taxation and tax related regulations. It is argued by Gentry and Hubbard (2000) that entrepreneurial decisions are highly dependent on tax systems of a country. Entrepreneurs tends to avoid start-up activities if they cannot see effective results of the investment and respectively high rate of taxes like income tax, sales tax, employees tax, etc. (Balliamoune-Lutz and Garelo, 2014). The studies done by Wen and Gordon (2014) shows that influence of tax progression lead an individual to opt the choice of paid employment and self-employment, individuals are more likely to have start-up in tax leverage countries and less likely to have start-up in high tax countries. For a start-up entrepreneur, it is difficult to manage his resources and finances within the high tax environment, leads to minimize the probability for entrepreneurial activities (Blackburn and Schaper, 2016). This indicates that how a career decision is influenced by tax rates, with high tax rates, entrepreneurship opportunity cost will increase (Block and Landgraf, 2016).

For a new start-up, taxes, mainly represent recurring costs decreasing the probability of entrepreneurial profit and innovation (Block, Miller and Wagner, 2014). High taxes have negative relation with innovative and risk taking entrepreneurial activities, and entrepreneurs avoid to take more risks by seeing high rate of taxes to be paid (Hansson, 2012). Furthermore, it is argued by Cullen and Gordon (2007) that high tax rates take over the fruitful results for entrepreneurs while introducing a new product into the market, however entrepreneurs kept liable and responsible if their new product fails in market



(Hentry and Hubbard, 2000). However, previous studies shows that entrepreneurs have more chances to avoid taxes than while working as employed person (Kamleitner et al., 2012) because they perceive taxes as amount to be paid “out of pocket”. Unlike, employees who don’t pay much attention on the tax information, entrepreneurs always think of paying taxes as their loss by comparing the revenue and income they generate (Braunerhjelm and Eklund, 2014). Subsequently, entrepreneurs see taxes apart of their income account, payment of taxes is hard and painful for them if they are not getting any benefits from government side (Bruce and Mohsin, 2006). In addition to that, high taxes may influence potential entrepreneurs such as their willingness to have start-up and to introduce new products in market (Hansson, 2012).

4.4.5 Challenge of Getting Loans

Immigrant entrepreneurs play a vital role in developing the economy of the host country, and there are double the chances of them to start-ups an independent business venture (Herman and Smith 2010; Fairlie 2012). For starting up a business one of the most important thing is the financial capital and it can be gained from financial institutions that are banks, and researches shows that most of the businesses cannot be extended or lay off ground due to financial issues (Evans and Jovanovic, 1989). As for immigrant’s entrepreneurs, financial institutions are the last resort for the individual and it’s an alarming situation that immigrant entrepreneurs are not backed to get access to them because of no tax record, difficulty in the ownership of the property, legal framework etc. (Gouveia and Saenz 2000; Schaid and Grossman 2007; Kershaw 2005). According Canedo et al., (2014), policy the recent researches on the main reasons are found out that explains us the main reasons like language barrier, credit history, ethnicity, and some of the immigrant tell that they are discriminated other have problems filing the application process and the rest were hesitant due to high interest rates (Fennelly 2005).



4.4.6 Law and Order Problem

High number of entrepreneurs or rising business in a country explains the stability of the government and well-established law and order situation (Tabellini, 2005). According to researchers, democracy and fast economic growth are directly linked with each other (Hall and Jones, 1999). According to Acemoglu et al., (2001) disrupted law and order hampers the business environment of country creating massive problem of inflation, shortage of goods and services, downsizing of business etc., it's the duty of the government to look upon the situation as this problem creates social problems as well. Migration of entrepreneurs take place per capita income falls, imports increases and exports decrease due to non -production of goods (Popuch, 2009). Countries having strong law and order attracts foreign investors and increases the foreign reserve, circulation of money increase, money acts as a blood in the economy of the country and the flow helps strengthen the economic development (Rodrik and Wacziarg, 2005). It's the obligation of the government to provide suitable and safe environment to its people for business where they are able to work independently without the fear of safety and risk (Collier, 2000).

4.4.7 Lack of Government Support

Government is always a key stakeholder in the economy and growth of its country backing up by special rules and regulation which are meant for the purpose of its local people (Solow, 1956). The government support is reduced or in most cases neglected for the local businesses when there is disturbed political scenario and unstable law and order situation, which directly diverts the attention from its people (Dunne & Vougas, 1999). This leads to decline in entrepreneurial activities, less exports and more imports causing inflation (Meyer et al., 2014). The first one to suffer from this situation are the SME's and entrepreneurs because central backing is always important and plays a pivotal role in developing business, and all necessary steps taken for the SME's and the entrepreneurs are the positive indicators that the municipality



is taking the entrepreneurs or business seriously (Karagol & Palaz, 2004). For the start-ups, they are in the process of growth at early stage and in economic terms it is stated as recovery, it's very essential if they get subsidy from tax in order to meet their expenses and this initiative will help more entrepreneurs or business development which in turn leads to more jobs reducing the certainty of unemployment (Kollias, Naxakis, & Zarangas, 2004). Government backing like loan grants, mentor training, manufacturing advisory services, national business support centres, tax reliefs, training and innovation can help achieve the required goal of business development with proper central support (Cuypers, Ertug, & Hennart, 2015).

4.4.8 Corruption in Departments

Corruption is the stage when the interest of the locals or the public is on stake and it can be extended into many forms like bribery extortion or embezzlement (Mauro, 1995). Most researchers say that corruption is the root cause of problems directing to unstable political structure, high crime rates, eradication of business, weakening development, and resources lost or devalued and inefficiency (World Bank., 2016- sec B). Downfall of a country and its economy starts when the corruption rises from inside its departments, this discourages investors, trust of the customer is lost in the government, crime rate increases due to unjust decisions made on behalf of corruption, the business image is tarnished and investment decreases with reduces flow of money (Djankov, 2009). One of the most important aspect is that bribery in government departments directs to the exploitation of the labors by which they are condensed from their rights, their wages and fulfilling only the needs of the government and like in most of the cases the law is taken into its own hand for the satisfaction of one's own desires (Lambsdorff, 2006; Treisman., 2007; Rose-Ackerman., 2015).



5 Discussion

This chapter is about the discussion and analysis of the empirical data gathered with respect to relevant literature used in this study. This chapter will connect the empirical investigation with literature, leads to understand the notion of different challenge identified by the entrepreneurs, some are similar in both countries (Sweden and Pakistan) but some are different.

5.1 Start-up Activities

Start-up activities arise when an individual want to become his own boss or to be self-employed (Gartner et al., 2004). During a start-up, an entrepreneur has to take in many things into considerations in order to get productive results like registration of the business, copyrights, hiring of new employees, formulating a business plan, getting access to finances or financial institutions etc. (Carter et al., 2004). According to business literatures it's clear that start-ups don't have a particular set of rules and regulation, nor a traditional set of framework (Reynolds, 2007). As for Sweden it is quite easy and more safe for an entrepreneur for start-up activities, all of the procedure for the start-ups is very easy and online available, it's easy to register a business just like buying something via online portals.

Start-ups activities mainly depend upon three dimensions that are number of new entrepreneurs, market share of new entrants and start-up concentration (Edelman et al., 2016). Hiring of employees is also easy as there is job portal known as Arbetsförmedlingen, where there is the right person for the right job. Arranging for finances in Sweden is a bit difficult because of credit history and guarantor. Now looking up for Pakistan it's a different scenario as compared to Sweden. They have a complex system and mostly it takes lot of time in brand registration plus start-up activities like arrangement of finances is same as Sweden. If the authors look from a comparative perspective Sweden is much better place for start-ups activities because of easy entrepreneurial framework conditions (EFC).



5.2 Start-ups for Immigrant Entrepreneurs

Immigrants are rising a lot in whole of Europe specially Sweden and over the past decade number of immigrants increased in Sweden, and are settled in small towns and municipalities of Sweden (Brouder and Eriksson, 2013). Because of the fact that immigrants have least access to the jobs due to language barrier, financial support etc. so they tend to become self-employed or startup a new business venture. Now looking up in Sweden for Pakistani immigrant entrepreneurs, exact figures are not available but according to Raza and Raza H., (2018) number of Pakistani entrepreneurs in Sweden has increase a lot since 2014.

According to Rotger et al., (2012) number of immigrant entrepreneurs are increasing day by day as found star-ups as an opportunity for their financial support, to be self-employed and to raise their standard of living. During the empirical investigation, the authors came to know that the Pakistani entrepreneurs (immigrant entrepreneurs) are very satisfied with the Swedish setup and were doing quite well into their business start-ups. They had some suggestions for the government but overall according to the findings of the authors Sweden is a better place for immigrant start-ups.

Some of the entrepreneurs were also involved in entrepreneurial activities in their home country (Pakistan) but doing a start-up in Sweden was a new experience for them. Like other immigrant entrepreneurs they had similar problems and to cover them up they had to look back to their family and friends (Robson et al., 2008). Immigrant entrepreneurs faced a disrupted law and order situation in their (home country) while here in Sweden (host country) they are free from all of these hazels and have a peaceful environment. Due to the productive business culture of Sweden their start-ups flourished and immigrant entrepreneurs feel more satisfied and secure than their home countries because host country provide more effective environment for start-ups than their home country.



5.3 Cultural Aspect of Start-ups

It is very important and interesting to understand about a start-up culture of a country (Bates, 2014). Basically, culture is not just a name of one thing rather it is a combination of multiple things, it can be said that multiple things combine to become a culture of a country. Culture values include standard of living, monthly income, literacy rate, poverty, crime rate, interests, language, food, religion and many more (Bourdieu, 1984). Culture has no boundaries. During this qualitative research project, different cultures of Pakistan and Sweden have been analysed. Authors focused on challenges faced by Pakistani entrepreneurs in different cultural contexts of Pakistan and Sweden. Most importantly, cultures cannot be compared (Belghitar, 2006), because every country has its own identity and respect. For the purpose of this research paper, it can be analysed that which country has less challenges for new start-ups.

This research is on two different business cultures so it's very important to look deep into the norms and values of the country. In the field of entrepreneurship business culture is very important that how it affects the existing businesses and the new start-ups (Edelman et al., 2016). In the context of business culture or start-up business culture authors come across two things, first one is the creating and implementing the business framework for the purpose of business behaviour and the second one is developing training programs for the employment in an organization to have business ethics. Banks and the financial institutions are the backbone of any business culture. Culture of a country also shows that how the people of the country do networking, how they make friends and how big are their social circles (Herman and Smith, 2010). Furthermore, a person's commitment in connections is encouraged not just by his or her cultural condition everywhere yet additionally by the specific relationship settings (Canedo et al., 2014). Given that each sort of relationship is related with various encounters, authors recommend that people may translate themselves in an unexpected way depending upon the specific cultural setting of the country. Also, there are



cultural contrasts in context of communications and connections, so that the approaches to encounter the individual in a specific relationship may change. Notwithstanding, the knowledge of the product in a society also shows the awareness towards the developing of the business environment. It push the entrepreneurs to introduce innovative products into the society leads to have more entrepreneurial start-ups.

As an individual it is very important to adapt to a culture where you try to have a start-up, this helps to increase and flourish as much as possible. Hurdles always arrive in different cultures like language barrier, ethical aspects, norms and values etc. (Brouder and Eriksson, 2013). In the research project, authors have explored the two different cultures of Pakistan and Sweden to illustrate that how much supportive are they to business. Due to the fact that authors are from Pakistan so they have a broad view to inspect the elements of both the countries. It is noted with the empirical data gathered that in a cultural context of a country, support of family is also related with the success of the entrepreneurs start-ups. As discussed above, culture can't be compared so the difference of opinions on both the countries in term of business culture exists (Basu, 2004). It's a tough part when you have to study and find out about a business culture with developing and developed economies. All of the major aspects are undertaken like the law and order, government support, access to financial institutions etc. which make up a business culture of a country.

5.4 Challenges for Start-ups

Start-ups face many challenges as explored in this research study. These challenges can be directly or indirectly create problems for start-ups, such as language barrier, employees problem, strict rules and regulations, high taxes, loan problem, law and order situation of the country or region, less governmental support and corruption.

As discussed by Harzing, Köster & Magner (2011) that every start-up need to find ways in order to handle language barrier in order to expand into new



countries having different languages. A start-ups cannot be highly successful, if it not follows the local regional language. Language barrier for new start-ups in new countries is not new challenge, but rather it is considered to be compulsory hurdle by the entrepreneurs to be faced (Maclean, 2006). Learning a new language is not an easy task for new immigrant entrepreneurs, it creates a lot of issues for the people who want to get settle into new countries culture and start-ups. It is also be argued that it is of keen importance for the immigrant entrepreneurs to learn new language in order to deal with local employees because learning a new language is costly and time consuming but it pays-off after all to the entrepreneurs when he needs to communicate with customers, vendors and suppliers. After understanding the basics of new language an entrepreneur fell comfortable while doing start-ups with respect to handle labour issues and problems (Fredriksson et al., 2006).

Different countries have different laws, rules and regulations for employees and for an entrepreneur it is important to understand those laws in order to have start-ups. Employees have their own needs, demand and wants and government also protect them, so entrepreneurs have to take into consideration (Duchon and Drake, 2009). Good, efficient and hardworking Employees are the key to success and an entrepreneur cannot like to lose a good employee, so in order to do that they need to provide the rights of employees. Every country has less or more problems in terms of employees, but it depend on the capability of an entrepreneur that how he handle them (Jehn and Scott, 2008).

New start-ups in new cultural perspective has to face new rules and regulations problem, incurred by different institutions tend to limit the new start-up activities (Volkov, 2002). It can be argued that start-ups looking more facilities by the governments and institutions. Start-ups tends t to play their part in countries economy and generating employment and satisfying countries needs and wants, so institutions and government should have some leverage in



making rules and regulations for new start-ups. Rules and regulations are important for every field of life but they held more importance in terms of supporting new start-ups (Van Gelderen, Thurik & Patel, 2011). There must be less strict rules and regulations for start-ups, because if migrated entrepreneurs face challenges regarding rules and regulations then they might not bother to pursue their start-up and may close it down after sometime.

Another challenges for start-ups is high taxes, and the empirical data to this research also showed that entrepreneurs with the intention of start-ups are curious about high taxes (Cullen and Gordon, 2007). It has negative impact on the countries overall image but if a country is utilizing the money of that taxes for the benefit of the society and people then start-ups don't feel any issue in paying high taxes. Research shows that entrepreneurs are happy to pay taxes where they get benefits from government side, but entrepreneurs tend to avoid paying taxes where they are not getting anything from government (Hansson, 2012). So it can be argued that, high taxes are not the main issue for start-up if they are getting benefits from institutions but it is directly related with the development of the society.

While conducting this research study, authors find out the challenge of getting loans for start-ups by immigrant entrepreneurs. It is also backed by the study of Herman and Smith (2010) that start-ups look forward to the financial institutions in order to get loans but if they get fail, then their motivation also fell down and they tend to find other solutions in order to be self-employed. Evans and Jovanovic (1989) discussed that most of the start-ups tend to remain limited just because they don't find loans by institutions and our study also shows that entrepreneurs face problems in host countries and in home countries about the issue of getting loans for the start-ups and for the development of the business ideas.

Law and order situation of a country also have its impact on new enthusiastic entrepreneurs, because in order to convert a business idea into reality, a good



supportive business environment is required in a country. As discussed in literature by Popuch (2009) that poor law and order situation decrease per capita income of the country, imports and exports become unbalanced and worldwide image of a country effected. This study also reflects the stance of Rodrik and Wacziarg (2005) that good law and order situation of a country attract foreign investors, as in the case of Pakistani entrepreneurs tends to move to Sweden just because of good law and order situation as compared to their home country.

For the emerging start-ups, government support is the key for their success. In countries, where local government and community do not prefer to support young enthusiastic entrepreneurs, there are less start-ups than comparing to supportive countries (Meyer et al., 2014). While collecting primary data for this study, authors find that Pakistani entrepreneurs are not satisfied from Pakistani government because of their less supportive role, while on the other hand government of Sweden is trying its best to provide multiple facilities for start-ups by supporting them tend to have more satisfaction by the immigrant entrepreneurs.

Corruption in a country does have an impact on new start-ups and emerging entrepreneurs, they don't feel satisfied by their investments if they need to bribe someone for just the simple task (Djankov, 2009). Entrepreneurs in Sweden are very much satisfied in terms of corruption issue while on the other hand entrepreneurs in Pakistan showed their aggression against corruption. Nobody like to bribe anyone until or unless he became trapped by the departments (Treisman, 2007). So, it can be argued that Sweden is far better from Pakistan when it comes to the issue of corruption faced by new start-ups.

5.5 Similarities

Similar problems faced by entrepreneurs are employee's problem, high taxes and loan problem. This can be the reason why they are having same problem because both the countries have their own rules and regulations, it depends on



the start-up culture of the country that what entrepreneurs feel while doing start-ups (Basu, 2004). These similarities could be the reason that both the countries are focusing on collecting taxes from their small and medium size companies, but while conducting interviews in the context of Sweden, authors saw that entrepreneurs are facing high taxes problem but still they feel comfortable with them, because government of Sweden provides other useful facilities to them. On the other side, if government of Pakistan is collecting high taxes from Pakistani entrepreneurs, they are unable to provide other facilities, results in dissatisfaction of entrepreneurs and they start avoiding taxes in one way or another.

Challenges, both country entrepreneurs facing is employee’s issue. This problem is also connected with cultural background of the country (Adendorff & Halkias, 2014). In Sweden, there are employees problem, but the reasons are different if authors compare them with Pakistani culture. Because in Sweden, entrepreneurs face employees problem in the sense that they do not get skilled and professional employees, they need to get train them first, along with that high salaries are to be paid to them. On the other hand, in Pakistan similar problem is there but circumstances are different, like entrepreneurs has illiterate employees who don’t even know how to read and write, along with that they are less loyal with the company and look forward to find other good jobs, so risk of employee turnover is very high, besides that employees have unions in Pakistan, and they start blackmailing the owners if they feel that they are doing more than the reward or salaries they are getting.

Another challenge, which both the country entrepreneurs facing is Loan problem. While facing this problem, circumstances are almost similar because both the countries entrepreneurs failed to get desired Loans for start-up because of having no credit history (Schaid and Grossman, 2007), along with that both the countries financial institutions asked for the guarantor in order to apply for the desired loan.



5.6 Differences

There are numerous challenges faced by entrepreneurs which are different from both the countries, such as language barrier, high saturation, law and order, corruption, brand registration problem (Volkov, 2002). There challenges are independent of each other, and there could be different in different cultural context of different countries (Adendorff & Halkias, 2014).

In Swedish market, Pakistani entrepreneur’s complaining about high saturation in Swedish market. This shows that there is no barrier to entry into any business sectors which eventually create problems for existing entrepreneurs in terms of their revenues and monthly incomes. According to them, it becomes difficult to manage if there are more suppliers in the market than demand, and it leads to market failure after some time and every investor will survive. In Sweden, language barrier is highly faced problem for Pakistani entrepreneurs (Maclean, 2006). They considered as most difficult problem to be faced in Sweden, but in Pakistan they feel comfortable just because it is their home country and home language. So it depends on culture of a country in which an entrepreneur has to operate.

Law and order situation does have its impact on Pakistani entrepreneurs in Pakistan. Entrepreneurs don’t feel safe while doing start-ups. They feel unsecure after doing investment, sometimes they don’t bother to do start-up when they analyse the entire countries situation in terms of problems being faced (Tabellini, 2005). On the other hand, in Swedish culture there is no problem of law and order and everyone feel safe and sound, so entrepreneurs if they are not earning enough but still they feel satisfied because they don’t have to face other depressing issues unlike Pakistan.

Corruption is also a big challenge for Pakistani entrepreneurs, in every department they need to bribe someone in order to complete their documents and to get permission for start-ups. But in Sweden, it is not a problem, everything is systematic and no one ask for bribery. So, it depends on the



people of a country, their average salaries, their living style, their literacy rate etc. that what is culture of a country (Django, 2009). Brand registration is also a major problem, and it is almost a Two year process, meanwhile entrepreneurs has to bribe many governmental departments to get satisfactory notes from them. But in Sweden, to get registered a start-up is not a problem and it's the process of maximum of one week.

5.7 Learning Perspective for New Start-ups

For the entrepreneurs who are willing to have new start-up, it can be learned that what kind of problems could affect their start-ups if they want to start business in Pakistan or in Sweden. Before starting the start-up, entrepreneurs can analyse the difficulties and challenges faced by other Pakistani entrepreneurs in order to avoid from them if they want to start a business. Another, learning perspective can be that every culture is unique in a sense that it has its own ideology and history (Maffesoli, 1986). So, it can be derived from this study that every country's culture is unique and different from each other. There can be some similarities and differences but for an entrepreneur it is important that he treat every culture independently. In Pakistani culture, entrepreneurs also face many opportunities if they face challenges, it cannot be concluded that if a country has more challenges then there will be no or less opportunities (Altinay and Altinay, 2006). Furthermore, If Sweden has less challenges, so it cannot be said as they eventually has more opportunities. So, an entrepreneur should consider a country an independent state for the start-up because every country has its own system.

This research project will help entrepreneurs to understand that while doing start-ups, what kind of challenges are present in both countries and how these challenges can be converted into opportunities, because it is argued by Shepherd (2015) that every challenge or problem leads to an opportunity formulation for an entrepreneur. Furthermore, what kind of challenges and issues they would expect in future, maybe it would help them innovate or tend



to do an in-depth study on the business culture on any country. Even they could come up with the best possible solutions to the challenges faced in both the countries, because of the fact that this research already created awareness among readers and future start-ups about the existing issues.



6 Conclusion

This chapter is about concluding the research paper by answering the research questions used for this study with the help of analysis in discussion.

RQ 1. What are the Challenges faced by Pakistani entrepreneurs while doing start-ups in cultural context of Pakistan?

In the cultural context of Pakistani start-ups, the authors can conclude that the challenges faced by Pakistani entrepreneurs in Pakistan are brand registration problem, start-ups have to deal with corruption in governmental departments, lack of local community and governmental support for start-ups, face labour problem, start-ups have to deal with poor law and order situation in Pakistan, high taxes are there, start-ups don't get loans from institutional departments easily, load shedding problem, high approach is required in departments and high rental expenses.

RQ 2. What are the challenges faced by Pakistani entrepreneurs while doing start-ups in cultural context of Sweden?

While concluding this research study, explored problems in Sweden for Pakistani entrepreneurs while doing start-ups are; language barrier, employees problem, faced loan problem along with opening of bank account, high taxes, saturation in business sectors, less availability of shops, racism factor, different requirements for Swedish licences.

Both the countries start-ups have some similar challenges and unique challenges. These challenges are dependent to the cultural context of a country. Our findings showed that, all entrepreneurs face some challenges while doing start-ups, it depends on start-ups (small or large) that what challenges they are facing, but every country has some limitations and opportunities based on their history and visions of their governments. Our findings showed that there are different challenges being faces by entrepreneurs in different cultural context of a country. Every country has its own identity and uniqueness. So, doing start-ups in one country doesn't have any impact on another countries culture.



7 Future Research

This chapter explains the consideration for the future research related to this research paper for new enthusiastic researchers.

For the future consideration, this research study helps researchers in order to understand different challenges being faced by entrepreneurs in different country's culture. Furthermore, researchers can do research on how to overcome these challenges in near future or to minimize them to support more start-ups. Along with that, every problem leads to an opportunity, so all of the described challenges in this paper can be converted into opportunities in future. So, another dimension of this paper can be taken as opportunities for entrepreneurs in different cultural context of Sweden and Pakistan.

Along with that, this research paper is also held importance for the governments of Pakistan and Sweden in order to understand the challenges for Pakistani entrepreneurs while doing start-ups. So, different initiatives can be taken by governments in order to reduce these challenges while supporting entrepreneurs for start-up initiatives. Furthermore, this research paper is also important for those entrepreneur who want to have start-ups in Pakistan and Sweden in order to understand on ground challenges. With the help of this paper, entrepreneurs can take important measures to avoid challenges faced during start-ups and to find new ways that leads to overcome these problems.



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