

The Emergence and Transformation of Batkhela (Malakand) Bazaar: Ethnic Entrepreneurship, Social Networks, and Change in Disadvantageous Societies

Dr. Muhammad Ayub Jan

INTRODUCTION

Bazaars (marketplaces) have great economic, political, and social significance in developing societies, particularly in the Middle East. These bazaars are often involved in a range of activities including retail, commerce, credit circulation, and private and informal businesses; through which they produce employment opportunities, credit opportunities, and the distribution of goods and services (Keshavarzian, 2007). The spatial significance of the bazaar can be understood from the proximity of a range of institutions such as government offices, religious institutions, and public spaces; and serving as a public forum to diverse people to articulate, mobilize and share information regarding social propriety, economics, and politics. Such a wider significance of bazaars makes it imperative to study the emergence and transformation of the bazaars and the economic actors associated with them.

Given the significance of bazaars, there has not been a commensurate level of research interest. The classic work of Clifford Geertz (1978, 1979) in North Africa was followed by some interesting work by Fanselow (1990) in South Asia, and more recently by Keshavarzian (2007) in the Middle East (Iran) and Yarash and Mielke (2011) in Afghanistan. These studies are not only rich in empirical details but also embedded in the theoretical debate, but the number of such studies is limited.

There are unfortunately few cogent studies on the socio-economic and political significance of bazaars in Pakistan. Studies on bazaars in the Federally Administered Tribal Areas (FATA) have also been limited.¹ Akbar S. Ahmed's (1980: 297-302) study of the bazaar in Mohmand Agency of FATA only adds a brief introduction to the existence of bazaars or marketplaces in Pakhtun society. The bazaar in that locality was modest in the range of goods and services exchanged and in its socio-economic significance. Therefore, there is a dire need for an ethno-graphic study that investigates the socio-economic contribution of bazaars in the North Western part of Pakistan. More importantly, it needs to be investigated how a bazaar is contextualized by conflict and unrest that has become so prominent in recent times. This study is an effort to explain the socio-economic contribution of a bazaar in the North-West area of Pakistan that is characterized by conflict.

Batkhela is a town in Malakand district of Khyber Pakhtunkhwa province. It is located strategically at the doorstep of the region called Malakand Division in the North West of Pakistan. Batkhela hosts a bazaar that has been one of the most monumental marketplaces in the region. Although it had a very modest start, the story of its transformation and growth has greater substance for economic development. This project is an inquiry into its transformation as well as

Muhammad Ayub Jan (ayub@upesh.edu.pk) Assistant Professor, Department of Political Science, University of Peshawar. He received his Ph.D. in political science from the University of York, UK in 2011.

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¹ Federally Administered Tribal Areas (FATA) enjoy a special administrative and political status under the 1973 constitution of Pakistan. Currently there are seven Agencies (tribal areas) that constitute FATA. The government's writ in these areas has often been described as weak. Recently, the area has been marred by conflict between religious militants and the government of Pakistan.

its role in the socio-economic and political development of the region. Moreover, it aims at showcasing the efforts of dynamic and socially embedded entrepreneurs in the development of the region. More specifically the study aims at probing the initiation of businesses in Batkhela bazaar, the influence of historical circumstances on the decisions about initiating businesses, the role of social networks in initiating and running of these businesses, and the embeddedness of these businesses in political processes.

The specific questions investigated by this study include:

1. Who are the participants in Batkhela bazaar, and what are some of their socio-economic characteristics?
2. How entrepreneurs in Batkhela made decisions about initiating businesses?
3. Were these decisions based on concerns about social stratification, political exclusivity?
4. What were the factors that made these businesses successful?
5. How economic activities are carried out in the bazaar?
6. How these activities are embedded in social networks?
7. How these social networks transformed during business activities?
8. What has transformed since the establishment of the bazaar?
9. How the entrepreneurs have been involved in a range of social and political activities?

In order to answer the above questions we propose that the bazaar emerged in the face of historical processes of migration and urbanization, which created conditions of increased social closure, stratification, and political exclusivity. Within these historical conditions, entrepreneurs challenged the socio-economic and political dispensations. Entrepreneurs used networking strategies to establish and run businesses. The study finds that in the initial stage of business development family networks were more useful. However, in order to run more successful businesses, the entrepreneurs choose to diversify networks by putting more emphasis on friendship networks. These friendship networks are not limited to co-ethnics as the literature on ethnic entrepreneurship would suggest (Aldrich and Waldinger, 1990; Bruderl and Preisendorfer, 1998) but become increasingly cross-ethnic. Moreover, this does not preclude that family or kinship networks remain relevant; they still play important role in facilitating entrepreneurs. Collectively, the family networks and the ever-diffusing friendship networks are critical to successful businesses in Batkhela.

It is important to operationally define various concepts central to this study. These include ‘bazaar’, ‘social networks’, ‘entrepreneurship’ and ‘ethnicity’. The very primary requirement of this project is, at least for analytical purpose, to conceptualize the term bazaar. Conceptualization is addressed differently in the literature. For some, the market is part of informational scarcity (Geertz, 1978), for others it is manifested in the informal economy (see Portes and Haller, 2005). Yet others see the market as a class struggle signifying the primacy of economics and dependency on social and political factors (Bill, 1972). Some perceive markets as the ‘totality of relations of exchange between competitive agents’ in interaction with a ‘socially constructed structure’ of the field (firm, industry, etc.) characterized by power relations (Bourdieu, 2005) or ‘organizational fields’ consisting of ‘firms who orient their actions towards one another’ (Fligstein, 1996). The most popular perspective remains the network perspective (Granovetter, 1985; Keshavarzian, 2007).² According to this perspective, networks are central to entrepreneurial activity, and they can be defined as a ‘regular set of contacts or similar social connections among individuals or groups’ (Swedberg and Granovetter, 1992). Bazaars are thus ‘bounded spaces containing a series of ongoing and socially embedded networks that are the mechanism for the exchange of specific commodities’ (Keshavarzian, 2007). This working definition of

² For a more detailed treatment of the variety of theoretical positions on Bazaar see (Keshavarzian, 2007: ch. 2).

bazaar provided by Keshavarzian is adopted by this study. However, it is sensitized to ethnic and conflict factors.

Recognizing the fact that the terms entrepreneur and entrepreneurship are contested concepts in economic sociology, in this study we understand entrepreneur as a person who ‘owns’, ‘takes over’, ‘launches, manages and assumes the risks’ of a business enterprise (Greve and Salaff, 2003: 1; Aldrich and Waldinger, 1990:112). We have identified entrepreneurial activities in Batkhela bazaar through Davidsson’s (2004) model presented in Table 1. According to Davidsson (2004) activities in quadrants I and IV of the table are entrepreneurial activities, while quadrants II and III are not. In quadrant I, ‘new offer’ means the introduction of new economic activity that may create a new market; a novelty in existing product or service. The novel combination of the product and/or service (‘bundle’)/new price changes consumer choices and compels competitors to react as well. Therefore, a new competitor means a situation ‘when a new startup firm enters the market’ or when a new product is introduced by an existing firm in the presence of other firms in the same specialty (Davidsson, 2004; 9-10). In quadrant IV, geographical expansion means when the products are introduced to new markets by a firm; such an act drives the market process in new places. Adopting this model we have identified economic activities that fall under quadrant I and IV as entrepreneurial in nature.

Table 1: Entrepreneurship activity

		(To) Market	
		New	Old
(To) Firm	New	I: New Offer: Product/service; Bundle; Price/value relation	II: Organizational Change: Acquisitions; Spin-outs/buy-outs; Internal reorganization; Management succession.
	Old	IV: Geographical market expansion (including internationalization)	III: Business as usual; Non-entrepreneurial growth

Source: Davidsson, 2004: 8

The concept of ethnicity in this project is operationalized to mean socially constructed similarities and differences through the use of various markers such as ancestry, culture, historical experiences, etc.³

This paper first identifies relevant literature on the issues to be addressed and discusses how the debates in the literature improve our understanding of these issues. It then elaborates a conceptual framework that is based in the theoretical discussion on how businesses are initiated in ethnically stratified environments and how networks, being central part of the activity, are utilized. Two such perspectives are chosen to guide this study: ethnic entrepreneurship and network theory. The conceptual framework is followed by a brief introduction to the study site. The next section provides methodological details. Particularly it elaborates on the two data collection methods used in this study: semi-structured interviews and questionnaire surveys. The methodology section is followed by a data analysis section. This section is divided into six sub-sections. The first sub-section gives a descriptive profile of the economic actors of the bazaar from survey data and the second discusses in-depth interviews. The third sub-section gives an overview of various social networks identified by the respondents. The fourth and fifth sub-sections detail key points about the two stages of entrepreneurship development (initial opportunity development stage and the later exchange phase) identified in the conceptual framework for the study, while the sixth sub-section discusses social networks and politics. Finally, a

³ This definition is influenced by two very important studies in social and cultural anthropology i.e. Jenkins (2008) and Eriksen (2002).

brief conclusion is provided that also reflects on potential areas of future research.

LITERATURE REVIEW

Bazaars usually involve the exchange of goods and services through small-scale individual enterprises (see e.g. Keshavarzian, 2007). Small-scale Individual Enterprises (SIE) refer to individually and privately run enterprises ranging from “petty traders to personal service workers like small street vendors, market traders, barbers, owner of small shops, etc” (Azmat and Samaratunge, 2009). The importance of small-scale enterprises for economic development is already established. Particularly their role in creating employment opportunities, increased growth, and poverty reduction in Africa is well documented (Rogerson, 2001, Daniels and Mead, 1998). These studies also suggest that small-scale enterprises need social networks for their success, particularly for informal finance and non-financial support services (Rogerson, 2001: 136).

Besides some general studies looking into SIEs (Azmat and Samaratunge, 2009, Baruah, 2004, Kappel and Ishengoma, 2006), there is excellent literature available on the contribution of small-scale enterprises in Pakistan. Child and Kaneda (1975) show how the entrepreneurs in small-scale agriculture related industrial firms, benefiting from the agricultural growth of the 1950s and 1960s, contributed to the economic development of Pakistan. Burki and Terrell (1998) in their study of small-scale firms in Punjab found that efficiency is achieved through educated managers, specialization, and experience. Therefore, the government can foster economic growth and efficiency if it provides for these services. A variety of literature exists on the contribution and problems in small and medium enterprises in Pakistan (Khalique et al., 2011, Khattak et al., 2011). A good number of studies reflect on how small scale economic activity contributes to the informal economy in the developing world (Portes and Haller, 2005). Similarly some interesting studies (Burki and Ghayur, 1989) reflect on the role of the informal sector in the urban economies of Pakistan. These studies provide valuable insights into the income from such economic activity, motivation for work, skill formation, etc.

In societies where social and political stratification on ethnic lines is significant the context for entrepreneurship changes. In order to understand entrepreneurial activity in socially and politically stratified societies we need to get insights from ethnic and/or immigrant entrepreneurship literature (Wong, 1998; Welch, 2010; Aldrich and Waldinger, 1990; Waldinger et al., 1990; Zimmer and Aldrich, 1987). This literature proposes that, in initiation of businesses, the nascent entrepreneurs’ decisions are influenced by ‘access to opportunities’, ‘group characteristics’, ‘historical conditions’, and networking strategies (Waldinger, et al., 1990; Aldrich and Waldinger, 1990). ‘Ethnic Entrepreneurship’ studies demonstrate how entrepreneurs access resources in a stratified environment, what strategies they adopt to deal with such stratification (Martinez and Waldinger, 2011, Aldrich, 2005), how the social stratification is related to economic decisions and vice versa, and how business successes helped reshaping social categorization.

Within the literature on ethnic or immigrant entrepreneurship there is a greater deal of emphasis on social networking. However, this emphasis is just a fraction of the focus on networks in the broader entrepreneurship literature in the discipline of New Economic Sociology (since 1980). Emphasizing the relational aspect of economic activities, the network approach proposes that economic actions are ‘embedded in concrete, ongoing systems of social relations’ (Granovetter, 1985: 487). It places economic actors within a web of networks that direct their actions (Keshavarzian,

2007). The networks themselves are defined as ‘regular set of contacts or similar social connections among individuals or groups’ (Swedberg and Granovetter, 1992). Various studies on entrepreneurship argue that networking is an important strategy employed by entrepreneurs to do business (Martinez and Aldrich, 2011; Zimmer and Aldrich, 1987; Greve and Salaff, 2003). They reflect not only on the role of networks in establishing new businesses (Bruderl and Preisendorfer, 1998) but the continuous utility of engaging networks to expand businesses.

Networks are an ongoing social phenomenon; therefore, different historical periods and situations have produced different kinds of networks. The literature also analyses the nature of these social networks with a variety of distinctions such as: weak vs. strong (Granovetter, 1973), ‘arms’ length’ vs. ‘embedded’ (Matinez and Aldrich, 2011), and cohesive vs. diverse (Martinez and Aldrich, 2011). We understand that it is difficult to explicitly categorize network ties. The very context in which such ties are maintained and utilized would shape the nature of the ties. Although there are more expansive entrepreneur-customer networks in entrepreneurship activity, the two most significant social networks are family/kinship and friendship networks.

Empirical evidence from around the world validates the importance of family and friendship networks. Boissevain et al. (1990) reported how kinship or co-ethnic networks facilitate the initiation of businesses. Cruz et al. (2012) showed how kinship or family ties are believed to have a positive impact on the performance of micro and small-scale enterprises. Berrou and Combarous (2012) demonstrated the utility of these networks in the informal urban economy in Africa. Peng (2004) studied their importance in China, Kuehnast and Dudwick (2002) in Kyrgyz Republic and Zimmer and Aldrich (1987) in England. Pakistan is not an exception; Nadvi (2002) has demonstrated the importance of family and kinship, etc. in the performance of the manufacturing sector in Pakistan.

From the above discussion we can conclude that social networks such as family and friendship are central to entrepreneurial activity. However, to see how they influence entrepreneurial activity at different stages of entrepreneurship development, we need to find help from ethnic entrepreneurship literature (Martinez and Aldrich, 2011), which argues that different types of networks (cohesive and diverse) are effective in different stages of development.

Besides the importance of social networks in entrepreneurship, the literature on entrepreneurship high-lights entrepreneurs (through their networks) as agents of change. ‘Entrepreneurs can both reproduce and challenge the existing social order’ (Aldrich, 2005: 452). It is important to see, how entrepreneurs challenge the social stratification and social and political inequality (Stinchcombe, 1965). Moreover, we need to see how networks are embedded in social, cultural, and political dispensations and how they compete within these multiple spheres (economic, social, and political)⁴

Keshavarzian (2007) investigated how Tehran bazaar has been central to various political changes in the state of Iran, however, he also emphasized the impact of this change on the bazaar. We also explore the role of the bazaar in reducing economic disparities and encouraging plurality in society, particularly, since these developments are considered important for democracy and good governance (Leftwich, 1993).

⁴ A theoretically different perspective (from network perspective) yet focusing on competition between firms is given by Bourdieu (2005)

CONCEPTUAL FRAMEWORK

In order to understand the emergence and development of business ventures in Batkhela bazaar, we adopt a conceptual framework that draws from the literature on nascent entrepreneurship (Martinez and Aldrich, 2011; Bhave, 1994). Moreover, such a literature is also coalesced with literature on ethnic or immigrant entrepreneurship (Aldrich and Waldinger, 1990), which contextualizes the creation of new enterprises within the socially and ethnically stratified environment. The study adopts the 'life-course' three 'stages approach' from the studies of Martinez and Aldrich (2011) and Bhave (1994). The 'stages approach' emphasizes that there are three stages, manifesting interconnected processes, in the development of new enterprises. These include: 'opportunity development stage', 'technology or organization creation stage' and finally the 'exchange stage'. Moreover, all these stages involve 'personal and inter-firm networks'. In the first stage entrepreneurs identify opportunities through their social networks. In the second stage they access and organize resources (including human resources) with the support of social relationships, and in the third they maintain their businesses and engage in exchange of services and goods through their networks of customers and other organizations.

Similarly, the study of Aldrich and Waldinger (1990) identifies three interactive elements in the development of ethnic entrepreneurship: 'opportunity structures', 'group characteristics', and 'ethnic strategies'. 'Opportunity structure' means market conditions in which immigrant entrepreneurs would initiate business and access to business opportunities (Aldrich and Waldinger, 1990: 114). However, such a structure is shaped by 'historically contingent circumstances' (Aldrich and Waldinger, 1990: 114). Group characteristics mean 'predisposing factors such as selective migration, culture, aspiration levels... and the possibilities of resources mobilization' (Aldrich and Waldinger, 1990: 114). Ethnic strategies refer to actions taken by ethnic groups to adapt to their environment. These include networking strategies during business.

In order to have a more congruent theoretical construct from these elaborate frameworks, we propose a framework for new enterprise development with two major stages, 'opportunity development' and 'exchange', within which growth and development is strongly driven by social network opportunities. In the first stage we focus on the process of finding entrepreneurial opportunity within the available 'opportunity structure' and with the support of social networks. This will help us answering our research questions such as: how entrepreneurs in Batkhela made decisions about initiating businesses? Were these decisions based on concerns about social stratification, political exclusivity? How these activities are embedded in social networks? In the second stage we focus on the running of and expansion of entrepreneurial activity, particularly, entrepreneurs' adaptation and networking strategies to answer our research questions such as: how economic activities are carried out in the bazaar? How these activities are embedded in social networks? How these social networks transformed during business activities? What has transformed since the establishment of the bazaar?

Among the diverse social networks we choose family and friendship networks for this study⁵ As noted above, these network ties are categorized by the literature into weak vs. strong, 'arms' length' vs. 'embedded', and 'cohesive' vs. 'diverse'. We understand that family ties are blood ties that are more intimate and cohesive. However, it is difficult to

⁵We have also considered the more expansive entrepreneur-customer networks, which are beyond the family and friendship network and are often reduced to acquaintances after a long period of time.

put friendship ties into one of these categories, as ties with friends may often be strong and weak in different contexts. They may also be functional across ethnic division. Friends are less intimate than the family but that will not relegate friendships to mere acquaintances.⁶ This is because, in certain situations, friends perform a function that a mere acquaintance would not.

If we understand, at least for analytical purposes, that family ties are cohesive ties and friendship ties are diverse, our conceptual framework is consummated by Martinez and Aldrich's (2011) proposition that 'cohesive' ties are more useful in the initial stages of businesses (opportunity stage), and 'diverse' ties are more useful when businesses are expanded (exchange stage). An important aspect of this diversity in friendship networks is the inclusion of non-co-ethnics.

STUDY SITE

Batkhela is the Tehsil headquarter of Swat Ranizai and the only officially recognized urban area of the Malakand district (Statistic Division, 2000). It has its own uniqueness for various reasons. First, Batkhela is probably the only place in Malakand that has rapidly expanded its economic base to include trade, commerce, and business. This has not only created economic opportunities for its inhabitants but significantly improved its status in the region. It was once a small village on the Nowshera-Madran-Chitral Road and historically overshadowed by the regal presence of the village of Thana in its proximity (11 km). Perhaps that is the reason why most of the historical and anthropological literature gives it but a passing reference.⁷ Its remarkable transformation has improved its significance vis a vis Thana. Second, in Batkhela, such transformation has brought certain consequences. Its own status has changed from rural to urban, at least in official usage.⁸ Batkhela has recently (since 1970) witnessed a huge influx of immigrants from diverse regions and backgrounds which has transformed the demographic landscape of the town. Moreover, Batkhela has been the locus of social and economic tensions in the region manifested in the rise of the Awamikhel movement⁹, Kisanyan (peasants) activism and the TNSM¹⁰ (Tehrik-i-Nifaz-i-Shariat-i-Muhammadi) blockade of 1994¹¹.

The most important feature of Batkhela's economic and social life is its thriving market, locally known as Batkhela bazaar. This market stretches to both sides of the Nowshera-Mardan-Chitral road for almost two kilometers (2000), and has a range of businesses; mostly of consumer goods in retail and wholesale. It also includes hotels, restaurants, technical services (automobile workshops, etc.), financial institutions, etc. Batkhela bazaar not only serves the local population but the entire region from Malakand Pass to Chitral. It is due to this market that Batkhela has secured a reputation of trading center, or market town, for Malakand.

⁶ In his study of Chinese social networks Peng (2004: 1049) explains that friendship networks if they are very close can attain kinship status. He also elaborates that social connections called 'guanxi' may extend from family to relatives and friends and so on (Peng, 20004:1050).

⁷ See Churchill (1898), Bellow (1864) and Barth (1959).

⁸ It has the status of municipality and has its municipal committee (2000).

⁹ This movement was launched (1960s) by an immigrant businessman from Batkhela, to end social, political and economic exclusivity in Malakand.

¹⁰ This was a religious movement launched by Sufi Muhammad in 1990s to impose sharia in Malakand.

¹¹ In 1994 the supporters of TNSM, demanding the imposition of Sharia (Islamic Law) in Malakand region, blocked the main Nowshera-Mardan-Chitral road at Malakand pass. This virtually cut off access to Malakand Division from Peshawar (the provincial capital). The security agencies used force to open the roads, which led to bloodshed. Finally, the government signed an agreement with TNSM leadership (November 1994) by introducing some provisions of Sharia in Malakand.

People in Batkhela categorize each other as '*khanan*' and '*raghali khalaq*' (immigrants).¹² *Khanan* are primarily the landowning group, which identify themselves with the Yousafzai tribe of Pashtuns.¹³ The immigrants have migrated from the surrounding regions of Dir, Swat, Bajaur, Mardan, etc. They have lost track of their ancestry, are not organized on tribal lines, and are primarily involved in businesses. Although, there are some linguistic and cultural affinities between '*khanan*' and '*raghali khalaq*' (immigrants), both of these social categories maintain a boundary between their two respective collectivities by referring to differences in social organization: tribal vs. non-tribal, place of origin, ancestry, historical memories, and performing cultural requirements. Therefore, through our understanding of ethnicity as socially constructed similarities and differences through the use of various markers (see above), we consider them as ethnic categories for our analysis. However, we are aware that both of these categories claim and contest membership in the broader Pakhtun identity. This can be explained through the concept of 'segmentary ethnicity' (Jenkins, 2008: 42), which proposed hierarchical categorization within a larger ethnic community.

Before 1969 the '*raghali khalaq*' (immigrants) were denied the right of citizenship; they could not purchase or own any property (land, shop, house, etc.), and they were denied political rights of membership in local council called Jirga. Social closure was also practiced, and their business activity was looked down upon. A political struggle was launched by an immigrant businessman, along with other associates, in the late 1960s against this exclusivity. A movement called Awamikhel represented this struggle. Finally, the government introduced successive reforms since 1969 which ended political and economic exclusivity.

Earlier, the economy of Batkhela was primarily agrarian. The entire population was either directly or indirectly dependent on the agriculture sector. Business opportunities grew with the growth of the bazaar in Batkhela. Initially, businesses in the market were limited to selling retail goods (on the subsistence level) but later they evolved into wholesale businesses. The location of the market close to the intersection of the roads to Dir, Swat, Chitral, Bajaur, and Malakand increased its importance. Soon the market spread on both sides of the Malakand Road, which spread its thriving business to the far-flung areas of Chitral, Dir, Swat, and even Bajaur. Batkhela soon established a monopoly on the retail and wholesale distribution of consumer goods in the entire region (around the 1970s). These developments generated another set of significant social and economic changes. The economy gradually spread its base by decreasing its reliance on agriculture, and began to include trade and businesses, which opened new opportunities for the ever-increasing population of immigrants and the landowners.

The development of the market in Batkhela brought economic and social change. A substantial part of the economy is constituted by the businesses in the market and therefore characterized by the receding reliance on agriculture. The market is a source of income to a substantial part of the population. It provides new opportunities for the landless people and decreased their dependence on the Pakhtun landowners. However, these developments also benefited landowners. The value of their land (market and residential) increased dramatically. Moreover, earlier most of these landlords had a subsistence level of agricultural production, but with an increase property value, rent helped them accumulate wealth. Businesses in the market are mostly occupied by immigrants, but the ownership (almost 50%) of the market remains with landowner clans (Jan, 2010).

¹² Immigrants are also called ghariban. For details of these social categorization see Jan (2010).

¹³ Pashtuns Pakhtuns or Pathans are different names of the (more than 40 million) people spread across the border between Pakistan and Afghanistan. They constitute minority ethnic group in Pakistan and majority ethnic group in Afghanistan

METHODOLOGY

The fieldwork for this research work was carried out during September-October 2012. The principal investigator, along with research assistants, visited the field twice for 10 days in each visit. An ethnographic study was conducted. Such studies usually involve a longer stay in the field, however, this study involved a relatively brief stay in the field and partly relies on previous fieldwork done by the author in his PhD studies (2007-2008)¹⁴. The principal investigator and research assistants used their acquaintances in the field to contact informants. These acquaintances were businessmen in Batkhela bazaar and, therefore, had an insider perspective of the bazaar. They were interviewed in detail to get firsthand information about the dynamics of the bazaar. These initial interviews helped the researchers to create a list of business activities, categories, and nature of businesses and, most importantly, provided preliminary information about the networks through which a range of economic, social, and political activities are carried out. These acquaintances were also very useful in drawing the sample for further interviews. A stratified and snowball sampling technique was used for interviews. A total number of 20 interviews were conducted including businessmen, landed *khanan*, laborers, and representatives of the bazaar association. Some of the interviews were audio taped, and some were not on the insistence of the informants. Despite the recent military operations in neighboring Swat and search operations and curfews in the city that have created suspicion about any foreign activity in the city, most of the informants were very welcoming.

As an ethnographic survey of Batkhela bazaar, the study uses primarily qualitative data collection techniques such as structured and semi-structured interviews and observation. From the previous research experience of the principal investigator, interviews would typically begin with open-ended questions about the life experiences and achievements of the entrepreneurs in Batkhela bazaar. They would then follow by enquiries about business details, market dynamics and social and political relations. Sometimes useful information would be shared in an informal chat during tea meeting. In that case the information was recorded by researchers in research diaries. However, interviews did not necessarily touch upon the quantitative details such as an entrepreneurs' social, educational, and ethnic background nor political affiliations, attitude towards governmental and non-governmental agencies/institutions, conflict inflicted losses, business income, etc. For this purpose, questionnaires were distributed among 60 people. First, the respondents of the interviews identified various categories of economic actors in Batkhela bazaar. These categories included retailers, vendors (fruit/vegetable sellers), laborers (loading/unloading etc.), wholesale dealers, and service providers (IT related service providers, hotel owners, furniture, automobile and metal work workshops, etc.). Then questionnaires were administered among a representative sample of these categories. Although the primary target group of this study is entrepreneurs, the questionnaires were filled from all of the above-mentioned categories to draw a representational profile of the major economic actors of the bazaar. Drawing from Davidsson's model (see above), we identify retailers, wholesale dealers, and service providers as entrepreneurs who have been innovative through a 'new offer' of products and services or an expansion of markets.

¹⁴ The previous fieldwork was trying to unfold identity-making processes in a time of socio-economic flux.

DATA ANALYSIS
Brief Description of Economic Actors of Batkhela Bazaar

The 60 surveys that were filled from the entrepreneurs, such as retailers, wholesale dealers, and services providers and non-entrepreneurs such as labor and vendors in Batkhela bazaar reveal some interesting characteristics of the respondents. Table 2 shows that 37% of the survey respondents do not live in Batkhela. These non-residents do business/work during the day in the bazaar and then return to their homes situated in the nearby villages/towns. Although a significant percentage (63%) of the respondents are residents of Batkhela, the percentage of non-residents is striking. The data from interviews show that this distinction between residents and non-residents is important because the residents often more closely identify with Batkhela and raise questions about the commitment of non-residents

Table 2: The relative residential background of the economic actors in the bazaar

Profession	Total Number of Respondents	Residence	
		Local	Non Local
Retailors	15	10	5
Vendors	4	3	1
Labors	4	1	3
Wholesale Dealers	10	7	3
Service Providers	27	17	10
Total	60	38	22
Ratio		63%	37%

Table 3 demonstrates that 73% of the survey respondents are below the age of 40. Therefore, a significant number of entrepreneurs in Batkhela bazaar are relatively young. Education is also an important characteristic of the economic actors in Batkhela bazaar. Table 4 shows that 77% of the survey respondents are educated (with at least basic schooling). Interestingly, not a single retailer or wholesale dealer in the bazaar reported in the survey to be illiterate. Moreover, 17% of the total respondents are graduates. This is a significant finding since the literacy rate, in Pakistan in general, and in the North West of Pakistan in particular, has been very low (50%). The 1998 census show the literacy rate in Malakand was 39.5%.¹⁵

Table 3: The relative age category of the people involved in the businesses

Profession	Total Number of Respondents	Age		
		20-30	31-40	40+
Retailors	15	3	7	5
Vendors	4	2	1	1
Labors	4	1	2	1
Wholesale Dealers	10	4	3	3
Services Providers	27	9	12	6
Total	60	19	25	16
Ratio		31%	42%	27%

Table 4 also indicates that there is a difference in education among the wholesale dealers, retailers, and service providers. One of the explanations of this difference is that service providers are a much more diverse group of entrepreneurs including IT related service providers, furniture workshops, automobile (engineering) workshops, metal work workshops, hotel owners, etc. These service providers represent differences in education and social organization. Secondly, there is a dearth of relevant technical (skill based) formal education in Malakand. Therefore, various

¹⁵ According to the 1998 Malakand Census (2000) the literacy rate among the male in Malakand is higher (55.2 %).

workshops (e.g. automobile) serve as training centers. Since these workshops would require manual/physical work of a technical nature, there is less value placed on general education and more value on the technical skills learnt at these workshops. Therefore, most of the workers without formal education, but with technical skills, will join these businesses. In contrast the IT related service providers would require formal education. In comparison to service providers, the wholesale dealers and retailers in most cases would require dealing with national and international companies, keeping accounts of supply, sales, etc. Therefore, they require formal education accounting for the high rate of literacy among wholesale dealers.

Table 4: The relative education of the economic actors in the bazaar

Profession	Total Number of Respondents	Education			
		Illiterate	From basic schooling up to Matriculation	H.S.S.C	Graduation or above
Retailors	15	0	6	5	4
Vendors	4	2	2	0	0
Labors	4	3	1	0	0
Wholesale Dealers	10	0	3	5	2
Services Providers	27	9	9	5	4
Total	60	14	21	15	10
	Ratio	23%	35%	25%	17%

Economic actors including entrepreneurs in Batkhela bazaar are well connected through social networks. Table 5 indicates that 57% of the survey respondents engage family members in their businesses. All of the retailers or wholesale dealers reported in the surveys that they engage family members in their businesses. This figure is also substantiated by interview results where the respondents disclosed that all of them engage family members in their businesses. These high percentages signify the role of social networks, particularly family networks, in the businesses.

Table 5 shows that the wholesale dealers have been, to a greater extent, successful in keeping their family members in businesses compared to services providers. One of the explanations for this difference is that most of the services providers, engaged in physical labour of technical nature, fail to convince their educated younger generation to continue in their businesses. The educated younger generation has little interest in continuing in these businesses because of the physical labor and low social status, despite the fact that incomes from these businesses are high. The services providers often see the lack of interest from family members as worrisome. In interviews with them, they complained about such a trend, and they were predicting that their businesses would diminish for this reason. Such statements substantiate our argument that family networks are crucial for businesses.

Table 5: The family members (relatives) involved in the business

Profession	Total Number of Respondents	Relatives in Business			
		Nil	0-5	10-Jun	10+
Retailors	15	0	10	5	0
Vendors	4	3	1	0	0
Labors	4	4	0	0	0
Wholesale Dealers	10	0	2	6	2
Services Providers	27	19	5	3	0
Total	60	26	18	14	2
	Ratio	43%	30%	23%	4%

The survey results give some information about the net incomes of the economic actors associated with the bazaar. Table 6 reveals that the average monthly net income of respondents associated with retail businesses in Batkhela bazaar is PKR.150,000. The average monthly income of the respondents in wholesale businesses is PKR. 400,000. The average monthly income of the respondents who provide various services is PKR. 250,000. The income of service providers is comparatively high, despite low rate of education, because they have important technical skills that are in high demand. Monthly incomes of these economic actors vary substantially during business seasons. It was reported in the interviews that seasonal income is considerably higher than the reported average monthly income¹⁶. In most of the cases the seasonal income was reported by the interview respondents to be more than double the average monthly income.

Table 6: The relative incomes of the economic actors in the bazaar

Profession	Total Number of Respondents	Average Monthly Income (net) in PKR
Retailors	15	150,000
Vendors	4	80,000
Labors	4	12,000
Wholesale Dealers	10	400,000
Services Providers	27	250,000

The data from surveys give a useful description of the bazaar’s problems. The respondents of the survey identified at least four major problems of the bazaar. In order of priority these include traffic, electricity outages, security, and sanitation. Table 7 shows that 76% of the respondents considered traffic as one of the most important problem of the bazaar, and 71% of the respondents rated electricity as a top problem. Meanwhile, 68% of the respondents rated security as an important problem, and 63% rated sanitation as a top problem of the bazaar. Therefore, the overall most important problem for the survey respondents was the issue of traffic blockages in the bazaar. This is primarily because the bazaar is spread across the main road, which makes it difficult for businessmen to load, unload, and park vehicles on the sides of the road.

Table 7: The relative problems faced by various economic actors of the bazaar

Profession	Total Number of Respondents	Problems			
		Traffic	Security	Sanitation	Electricity
Retailors	15	8	2	5	5
Vendors	4	4	4	4	4
Labors	4	4	4	0	4
Wholesale Dealers	10	10	8	10	5
Service Providers	27	22	23	19	25
Total	60	46	41	38	43
	Ratio	76%	68%	63%	71%

¹⁶ Seasonal months vary from business to businesses, but usually they include months before festivals such as Eids and wedding seasons (end of summer), etc.

IN-DEPTH INTERVIEWS

The 20 interviews that were conducted from various entrepreneurs demonstrate a more elaborate characterization of the respondents. Judged by responses, there are two major categories of entrepreneurs in Batkhela bazaar: the minority *khanan* entrepreneurs and the majority immigrant entrepreneurs. *Khanan*, although, few in number, are socially more powerful. They have two major sources of income, one is their business in Batkhela bazaar and the other is their agricultural land that they have owned for generations.

The larger number of entrepreneurs in Batkhela bazaar are from the second category of respondents who have migrated to Batkhela from various villages and towns of the Malakand region. Their major source of income is their businesses in the bazaar. These immigrant entrepreneurs are permanent residents of Batkhela for at least two generations. Most (18 out of 20) of the interview respondents from both the categories were the second generation of entrepreneurs. They were either running their own businesses (with the support of family) or continuing the businesses that their fathers had left for them. These second-generation entrepreneurs were relatively young and their family background gave them privileges. Interview respondents included entrepreneurs who have been in wholesale, retail, and service provision. Businesses included food production, garments, groceries, IT/computer, electronic, and automobile workshops.

Almost all of wholesale dealers' shops have their front opening towards the main road. These shops have extensions that are often used as storage for the products sold and a sitting place to entertain family, friends, and long-term customers. The symbolic significance of the shop for the entrepreneurs is evident from the fact that the newly emerging e-business entrepreneurs would like to have an outlet in the bazaar despite the understanding that such a shop has limited utility for their business.

After discussing the general characteristics of entrepreneurs in Batkhela bazaar, it is imperative to engage the two stages of entrepreneurial development process that provide the conceptual framework of this study. The primary focus is on how, and to what degree, family and friendship social networks are used in these different stages of entrepreneurial development. It is imperative to first explain how various social networks are conceptualized by the respondents, and then see the involvement of these networks in entrepreneurial processes at the two different stages of development.

SOCIAL NETWORKS OF *KORANEY* (FAMILY) AND *MALGERI* (FRIENDS)

The word *koraney* in Pashto is closest to the English word family. It is derived from the word *kor*, which means house or home in Pashto.¹⁷ The data from interviews and surveys reveal that the most elaborate and distinctive social network in Batkhela bazaar is *koraney*. Respondents often categorized businesses as 'family businesses' and would refer to *koraney* as an extended family that includes father and mother, children, and grandchildren. These close family members are organized in a hierarchical and patrimonial order. The oldest male member of the family is usually the head of the family. However, female members of the family, particularly mothers, play a very significant role on the death of the father. One of the successful wholesale entrepreneurs in his interview revealed that his mother keeps the family united and the business running.

¹⁷ Overwhelming majority of the people in Bakhela city speak the Pashto language. According to 1998 census, 98% of the people living in Malakand speak Pashto. All of my interview and survey respondents would converse in Pashto.

The anthropological literature on Pashtuns suggests that Pashtuns live in segmentary acephalous tribal organization (Barth, 1969; Lindholm, 1982). Families are part of *khel* (sub tribe) and then *khels* are connected to a tribe (Yousafzai). This social organization is relevant to *khanan* (landed class) in Batkhela. The larger section of the population, almost 80%, are immigrants who have either lost such tribal connections or do not remember their lineage.¹⁸

Malgeri in Pashto would mean friends. The interview data shows that friendship constitutes a very useful social network that affects various aspects of the respondents' lives. Interview data reveals that friends are usually made from earlier period of socialization, such as schooling. However, the strength of these ties depends on how these ties are retained or pursued later. Although in an ethnically charged environment, such friendships were not very deep, but they were still preserved. Moreover, earlier studies show that friendship networks are spread through a number of means such as domestic ceremonial occasions (see Boiessevain, et al.,1990), locally called *gham khadi*, *hujra* meetings, religious errands (tablighi activities), literary associations (Mal in Batkhela), sport and leisure activities, etc. Exchange networks (of gift exchanges) have the utility of providing crucial social support in times of a weak and 'unreliable' state and/or market (Keuhnast and Dudwick, 2002: 54). Most of the ethnic entrepreneurship literature points out that friendship and family ties are within the ethnic group. This seems to be problematic in our study where we see these friendships extend beyond these ethnic lines and actually cut across ethnic boundaries. We need to explain that by friendship network we do not necessarily mean ethnic friendships, rather ethnic and non-co-ethnic (see Aldrich and Waldinger, 1990: 127). This is particularly true in the post reform period (since 1969) where ethnic differences are abating.

As elaborated earlier it is difficult to categorize cross ethnic friendship ties as 'weak or strong'. The inter-view data demonstrates that entrepreneurs do not consider friends as intimate as family, but that does not relegate friendship to mere acquaintances. This is because in certain situations friends perform functions that a mere acquaintance would not do. An expression (among the respondents) for such kind of a tie is that a particular person is a friend (*melgari*) but not a close friend (*nezde malgari*). However, a mere acquaintance to the respondents will be a '*pejandgalo*' (a person one knows). In most cases customers and suppliers from other places are termed by the respondents as mere acquaintances.

THE 'OPPORTUNITY DEVELOPMENT': EMERGENCE OF BAZAAR AND SOCIAL NETWORKS

The entrepreneurs in their interviews disclosed that in the initial stage of business they, or their fathers, would start within the 'opportunity structure' which was historically characterized by social closure and political exclusivity.¹⁹

The Immigrant entrepreneurs in their interviews revealed that there were two primary reasons for their migration to Batkhela: the explicit purpose of doing business, and secondly to take shelter in Batkhela from the blood feuds in which they were previously engaged in their former villages. The latter category first tried to get into the agriculture sector by tiling the land and becoming clients of the landed class. In some cases they tried to purchase agricultural land, which was denied to them by the laws and customs of the area (called *riwaj*). At that time, the most profitable, and socio-culturally more appropriate work, was producing from the agricultural land. However, the environment of social stratification and competition resulted in social closure for the immigrants. The other option left to them was to start businesses. This was also considered comparatively more appropriate from a socio-cultural point of

¹⁸ The 80% figure is a rough estimate given by my respondents in their interviews

¹⁹ As discussed above, we also know from the literature that opportunity structure is shaped by 'historically contingent circumstances' see for example Aldrich and Waldinger (1990: 114).

view to other skilled/occupational services (such as barber, carpenter, blacksmith, etc.). To these entrepreneurs this would ensure individual autonomy which is culturally appreciated.²⁰ However, such autonomy was only partial because the entrepreneurs would own their assets but would still pay rents for their residential quarters and shops.

Immigrants, who have come explicitly to do businesses, in their interviews disclosed that they were well aware of the opportunity offered by Batkhela bazaar. They knew the strategic value of it and its small, but promising, bazaar. They knew that Batkhela has been the gateway to a vast region that is historically and politically isolated from the planes of Pakistan (called settled areas) by Malakand Pass. In the earlier times (before 1969) immigrants, or their fathers, had to compete with existing small-scale retail businessmen. These businessmen were dealing with subsistence level products and services such as food items, groceries, and various other skills such as barbershop, blacksmith, small scale metal work, etc, and were serving local non ethnic *khanan*. They had very modest investments and served a limited population. Therefore, immigrants faced limited competition. Moreover, there were new markets such as electronics, IT, beverages, etc. which became potential business niches. There were some challenges faced by these early entrepreneurs in the form of high risk factors such as rented shops, protected client status, and fluctuating demand.

The respondents revealed that, in the absence of capital-intensive firms, small-scale immigrant businesses flourished in the 'urban core' (Aldrich and Waldinger, 1990: 117). When these immigrants came, they initiated small-scale businesses (in shops) with modest investments. However, soon they felt a need to expand their businesses in order to attract more customers from the broader region. They used their savings and credit from family networks to invest in their businesses. They also diversified their small-scale businesses gradually and in this manner they accumulated more wealth. From the sale of more subsistence level products through retail businesses, the immigrants diversified products and entered into wholesale businesses. The range of products and services also diversified including luxury or exotic goods and services such as electronic goods, IT (e-businesses), hotels, tourism, real estate, small scale manufacturing of metal work, flour mills, etc. Additionally, they started catering to the needs of a much larger market (non-co-ethnic) and a much larger region. Some important developments during the 1960s and 1970s facilitated a boom in businesses. These included the inflow of remittances from the Middle East, the desire for more exotic/luxurious products, population increase (more migration), and improvements in communication means.

Resident immigrants in their interviews disclosed that they came to Batkhela, along with families, or brought their families soon after settling in. Businesses became family businesses. They engaged their families in businesses for a variety of reasons. Families provided a work force both paid and unpaid. Families also bring reliability, trust, and commitment to businesses (Matinez and Aldrich, 2011). The responses from the interviews show that family plays a crucial role of providing such trust and commitment to the nascent entrepreneurs in initiating businesses. Our interview and survey data show that engaging families in the businesses is the most pervasive phenomenon in Batkhela bazaar.

The interview data reveals that the initial 'motivation' and 'predisposition' for initiating businesses primarily comes to an entrepreneur through family network. The second-generation entrepreneurs revealed that their fathers influenced them in joining their family business. Parents would develop their attitude, equip them with required skills, and even offer greater financial incentives to keep them in the business. This would come with a cost of losing autonomy. One of the interview respondents shared that after doing his Ph.D. and securing a job in a university he would

²⁰ David Edwards reported that Pakhtuns in the trucking business in Pakistan demonstrate their personal autonomy through such activity (1990: 69)

be consistently pressured by family members to continue in the family wholesale shoes selling business, often with offers of a good salary package. Although he would keep his university job, he helps out his family in whatever spare time he gets. In return he will be paid a good enough amount to continue supporting his family business. The data shows that keeping family members in the business is one of the most daunting tasks entrepreneurs face. Often this task is made easier by offering financial incentives and pressure through the male or female head of the family (mother or elder brother) who serves as a bond. One of my interview respondents explained that his entire family is involved in the wholesale business, and that is because of his mother and elder brother.

Contrary to some of the literature, we argue that the family network is more important at the initial stage than the friendship network. One of the respondents, when thinking about initiating a business, was advised and convinced by his brother to start a computer and IT services business in Batkhela bazaar, which later turned out to be very lucrative. However, innovation in entrepreneurship is a tricky characteristic. Almost all of the entrepreneur respondents would induct their family members (young siblings or brothers) into their businesses. Very few of them would allow them to part ways. Even those who do so will be asked to launch similar businesses, as their family has been doing.

However, there are instances, reported by the respondents, when young family members will be allowed to initiate a new business with a novel idea. One of the respondents coming from a very renowned wholesale business family in Batkhela was allowed to take the risk of initiating a business of IT related services. At that time, such a business involved considerable risk and innovativeness within the Batkhela context. This example goes counter to the argument in the literature (Kristiansen and Ryen, 2002; Jack, 2005) that family networks (strong ties) discourage new ideas of initiating businesses. Only one interview respondent revealed that he was given the idea of an e-business by a friend who was already in the same business.

Credible information and credit necessary are very important components of founding businesses. The data from the interviews substantiate the argument that primarily family networks are used in securing credible information and required credit. The data shows that the credit to initiate a business primarily comes from personal savings and family in Batkhela. However, friends can also be a source of such a support occasionally. Formal financial institutions have not yet become a significant source of credit despite the fact that their presence and operations have increased considerably. Not a single respondent referred to acquiring credit from banks or other sources of financing.

In sum, early on when conditions were not very favorable, entrepreneurs primarily depended on family networks for initial motivation, ideas, access to labor, credit, and acquisition of credible information. Friendship networks played a very limited role in generating ideas to initiate businesses and in giving occasional access to the credit necessary. Therefore, we may conclude that the 'opportunity structure' in Batkhela bazaar has been shaped by 'historically contingent circumstances' i.e. the emergence of a bazaar in a socially stratified environment. In such situations, family and friendship networks play varying roles in commencing businesses. Family networks were more important at this stage as they had a more elaborate role in initial motivation, disposition, generation of ideas, and credit. In contrast friendship networks played a limited role at this stage, but that will grow stronger in the later stage.

'THE EXCHANGE': FUNCTIONING OF BATKHELA BAZAAR

Batkhela Bazaar continues to flourish despite the fact that a number of other bazaars have been recently established in the region. Batkhela has lost its monopoly but has maintained its dominance; partly because of its location

and partly because its entrepreneurs are well connected with suppliers and customers. Entrepreneurs have adapted to the changing conditions by expanding their social networks, used their networking strategies effectively, and demonstrated dynamism through innovativeness. These inherent qualities shape the 'exchange' stage of the bazaar development.

We have discussed above how the respondents acquired initial capital from family members. However, 'continuous access to capital requires that entrepreneurs expand and diversify their network of potential investors' (Martinez and Aldrich, 2011: 17). Our interview data shows that beyond family members, entrepreneurs use their friendship network to gain access to critical capital after establishing their businesses. Quite often friends are preferred over family members in gaining access to continuing capital. However, this seems to be reciprocal; friends are also helped when they require similar access. Therefore, these ties impose costs. Unlike those theories reported earlier (Zimmer and Aldrich, 1987), the money borrowed from friends is returned in time to keep the trust intact. The data shows that borrowing from formal institutions, such as banks, is still not very common in Batkhela. Financial institutions are mostly used for payments in businesses. Cultural and religious factors intermingle in shaping this perspective. Some respondents termed credit provided by banks as *haram* (religiously forbidden), as it demands interest. But an alternate source is easily found with the cultural institution '*khaigara*' (good will). Through *khaigara* friends and kinsmen help and support each other in business, particularly by gaining easy access to credit.

We have discussed above that the entrepreneurs often recruit family members in the foundational stage and there is a constant pressure on these family members to remain in business at the cost of their autonomy to choose. However, this does not mean that only family members are recruited to do businesses. A number of non-kin employees may work in the shops of Batkhela bazaar. These non-kin members are trained in the skills required to do business. Often the businesses requiring intensive skills such as automobile workshops and metal work workshops train non-kin in the trade. The respondents running these workshops complained that their trained employees leave them and start their own businesses, thus creating scarcity in skilled workers, but larger social networks of non-kin for the entrepreneurs in question.

Within extended non-kin networks there is a network constituted of entrepreneurs, their suppliers (firm ties), and customers (seller ties). These ties add more diversity to the social networks used by entrepreneurs.

The inter-organizational ties between suppliers and entrepreneurs are very important for wholesales businesses in Batkhela. These ties, although weak, are still based in trust (Levin, 1999 cited in Martinez and Aldrich, 2011: 19). Such a trust allows for an exchange of information. For example, one of the wholesale entrepreneurs revealed that his family has ties with the suppliers of international food companies (such as Nestle and Engro Foods) since they have been dealing with these companies for a long time. The representatives of these companies would ask for relevant information about potential entrepreneurs or business partners. This gives a significant edge to the entrepreneur in relationship with these companies, as they would recommend their friends and acquaintances. One aspect of these ties is that they are created through the family network. The ties with suppliers, established by father, will be transferred to his son in continuing the business.

Customers and entrepreneurs also establish a social relationship in a market transaction. This relationship is based in mutual need. This is because of 'information scarcity' about the product or service (Geertz, 1978). Ties with customers outside Batkhela are beneficial for entrepreneurs as they create long-term business relationships, and thus add

to the pool of potential customers. Family and friends can also serve as customers, but relying on them can hamper growth and success (Martinez and Aldrich, 2011). Friendship networks within Batkhela bring the additional benefit of access to non-co-ethnic customers in Batkhela. The customer-entrepreneur network extended beyond the geographical boundaries of Batkhela. These customers take a long time to establish and will continue to do business with the entrepreneurs for many years. Customers and suppliers are both served through the cultural practice of *melmastia* (hospitality). This serves a dual purpose; it wins ‘customer loyalty’ (Boissevain et al., 1990) and also the entrepreneur receives compliments from others for practicing cultural ideals. This does come with a financial cost, and the special treatment of customers is not extended to all customers. It is only extended to those customers with whom the entrepreneurs have long-term contact.²¹

One very significant change in recent times is the emergence of ‘transnational entrepreneurs’ (Martinez and Aldrich, 2011: 24). These entrepreneurs are educated, young, and skilled in IT. They belong to business families yet they choose to part their ways from the traditional shop business in Batkhela bazaar. The most interesting characteristic of these businesses is the use of friendship networks in gaining access to information, exchanging ideas, and passing on IT skills. Their businesses focus on providing Internet based services to global customers including software solutions, designing websites, selling IT related products online, etc. They have been more innovative (in the Batkhela context) and dynamic as they have been dealing in diverse IT based services which continually change according to the market demands. Currently there are only ten such entrepreneurs in Batkhela, but this number is beginning to increase.

Unlike the first stage where family networks played a primary role, in the second stage friendship networks challenge such primacy. These friendship networks are functional across the ethnic division of *khanan* and immi-grants. Moreover, the networks established by entrepreneurs are not limited to family and friends; there is a growing network of customers and suppliers outside of the geographical boundaries of Batkhela bazaar. Therefore we can conclude that in the second stage of development, importance shifts from family networks to friendship networks and beyond to more diffuse networks.

SOCIAL NETWORKS AND POLITICS IN BATKHELA

Entrepreneurship is not only socially but politically embedded. Social networks are extended from the business activities of entrepreneurs to their political engagements. Such intrusion from economic and social to the political domain takes place within the political context of Batkhela.

It is very important to look into the issue of how entrepreneurs are connected to governmental institutions. There is a political context to Batkhela bazaar. The presence of state institutions has been weak in Malakand. However, it has recently increased through political and administrative reforms. The data collected through surveys shows that there are multiple problems that are continuously ignored by the government agencies (see table 6). Although, a large number (86%) of the survey respondents believed that the government has the capacity to solve their problems, there was a near consensus that the government is not doing so. Interviews also show that the trust and conviction in government is very low; law enforcement and judicial institutions were particularly criticized by the respondents for their inefficiency.

²¹ It is rightly reported by Boissevain et al. (1990) that serving non-co-ethnic customers is easier for the immigrant entrepreneurs than serving their own kin and friends, and the costs of serving them are relevantly low. Moreover, expanding the network of customers, beyond close ties, through weak ties is a requirement to earn a profit in businesses (Turner, 2007).

However, that does not mean that the respondents consider NGOs as highly efficient. NGOs are appreciated for their relief work in calamities, but they are generally not received well. The interview respondents doubted the methods and means of these organizations. However, such doubts come with admitting that they have little interaction with them and therefore, do not know them well.

Violent conflict in the region also shapes the political context of the bazaar. The Islamist militants in neighboring Swat (since 2004) had challenged the writ of the government and established a parallel government in Swat. Conflict in the region affected Batkhela bazaar in a variety of ways. Military curfews were imposed frequently during the 2009 military campaign against the militants. Life in the bazaar came to a standstill, which enormously damaged businesses. In total, 88% of the survey respondents stated that their businesses were affected by the conflict in the region. The wholesale entrepreneurs of Batkhela bazaar reported in their interviews that their losses were in millions of rupees. The impact on laborers who worked on daily wages in the bazaar was even greater. However, these curfews brought some benefits too e.g. the involvement of state institutions; particularly law enforcing agencies in Batkhela bazaar increased. Some of the crucial problems such as traffic, electricity provision, and minor repairs of the road were dealt with by military on an emergency basis. The occasional interaction between military officials and bazaar association leadership also facilitated governance.

Within the above political context Batkhela entrepreneurs perform the political functions of dispute settlement and bazaar regulation. There is a very interesting dimension to the political problem of Batkhela bazaar and that is disputes in business transactions or ‘protection’ (Boissevain, et. al, 1990: 151).²²The interview respondents revealed that these disputes are often settled through informal means such as using friendship networks. A number of cases were reported to the researcher regarding payment disputes with customers that were solved through the intervention of friends. These friends were not necessarily from co-ethnics but would include non-co-ethnic friends. These disputes may involve government law enforcement institutions at certain stages, but even such involvement is also dealt with through friendship networks. The data collected through interviews show clearly that friendship networks were the most effective in providing ‘protection’ (Boissevain et al., 1990: 151) to entrepreneurs in Batkhela bazaar.

There is a bazaar association which deals with the problems faced by entrepreneurs. It is also the official spokesman of the bazaar. The bazaar association engages with government officials and security agencies in problems related to the bazaar. The Batkhela bazaar association was inactive for a significant period of time. The mode of election to choose bazaar association representatives was recently changed to make it more effective. Consequently, its elected leadership has re-invigorated this association by increasing the span of activities. There are instances reported in the study when the bazaar association settled rent disputes to the satisfaction of the parties. It has been somewhat successful in dealing with broader issues such as negotiating with the government on traffic, sanitation, electricity, security issues, etc. It has also registered businesses and rationalized the private security system of the bazaar. The recent conflict in the region has also facilitated the expansion of the scope of bazaar association. However, entrepreneurs doubt its effectiveness in solving such issues. Entrepreneurs, particularly those that are well connected (in friendship networks), do not engage the bazaar association in disputes related to business transactions etc. Some of them even consider it a superfluous institution that is run by inefficient leaders.

²² By ‘protection’ Boissevain et al. (1990: 151) referred to entrepreneurs need to protect themselves from government regulators (in case of their limited awareness of laws) and from rival entrepreneurs from outside the ethnic community.

CONCLUSION

We conclude that Batkhela bazaar represents an entity steeped in opportunity, dynamism, and growth. These claims are substantiated by the findings of this study in regards to the emergence of the bazaar in a time of social and political closure, and the bazaar's success in carving out a space for itself in the local economy. In this process it affected socio-economic and political change and gradually became an identity symbol for Batkhela. At the center of these processes were the entrepreneurs of Batkhela bazaar. Their extraordinary struggle not only achieved marvelous business successes but also has had significant social and political impact. The entrepreneurial activities in the bazaar were embedded in social and political dispensations. The entrepreneurs effectively confronted social categorization and political exclusivity. An important aspect of this struggle was the effective use of social networks in different stages of businesses. The two most important networks have been family and friendship networks. The friendship network diversified to an extent that it now includes co-ethnics and non-co-ethnics. Our findings to a great extent endorse the argument of Martinez and Aldrich (2011) that 'cohesive' ties, such as family or kin ties, are more useful in the initial stages of businesses, and 'diverse' ties, such as friendships, are more useful once businesses are established. An important aspect of this diversity in friendship networks is the inclusion of non-co-ethnics.

Most of the ethnic entrepreneurship literature merges kinship and friendship ties into one single category of strong ties within the broader ethnic network. This seems to be problematic as kinship is based on blood and friendship can develop with different variables. Friendship can both be with co-ethnics and non-co-ethnics. In Batkhela, a growing trend is of friendship among non-co-ethnics, as such, for analytical purposes, we can differentiate between the two.

The analysis in this study illuminates the enormous struggle of the business community in Batkhela and their contribution to generating economic growth and poverty reduction. It also demonstrates that, although entrepreneurs are connected in family networks, they still practice autonomy and agency by shaping and reshaping a variety of other networks. We discussed how they express their autonomy from family ties and create diverse networks. This study identified some important cultural, educational, literary, and religious arenas which play their role in shaping such networks.

This study has explored the networking strategies adopted by entrepreneurs in different times with brief ethnographic observations. It stops short of any detailed ethnographic study, as proposed by Martinez and Aldrich (2011), at different points of time to observe the transformation of these networks. The span of time involved in such transformations is spread across decades, and therefore could not possibly be observed with our limited resources (time and money). However, we tried to make sense of this period through the narrations of the actors (entrepreneurs) involved in this transformation.

Future research should focus on arenas where friendship networks are shaped and reshaped. We have already pointed out that these arenas are very diverse, ranging from religious to literary associations. It is important to know how entrepreneurs use these diverse arenas and how they are connected with the bazaar. Moreover, there is a need to do further research on how these trends of engaging non-co-ethnics in friendship networks mitigate ethnic hatreds. A general expression in Batkhela bazaar about the ethnic situation is that ethnic sentiments have been declining yet 'hatreds remain within hearts of the people'. Expressions such as this demonstrate that the dormant ethnic sentiments may trigger ethnic conflict again with grave consequences for the bazaar.

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