

## STARTUP FAILURE AND SUSTAINABILITY IN PAKISTAN: A COMPARATIVE QUALITATIVE ANALYSIS OF ENTREPRENEURIAL ADAPTATION IN EMERGING MARKETS

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### Abstract

Over the past decade, the startup scene in Pakistan has grown at a rapid pace, fostering hope among entrepreneurs, growing VC investing, and driving digital innovation in a variety of industries. At the same time, startups have been failing, operations collapsing, funding problems have increased and scaling has become unsustainable in the ecosystem! Prior research on startups focuses on failure as it happens in developed economies, and tends to focus on individual startups' shortcomings without fully acknowledging how the characteristics of the institutional context and the volatility of such circumstances impact startup success. This study is aimed at filling this gap by comparing the internal and external factors affecting the startups failure and sustainability in Pakistan.

The study is based on the qualitative multi-case research approach using three theories, Resource Based View (RBV), Dynamic Capabilities Theory and Effectuation Theory, to explore different startup trajectories in the entrepreneurial ecosystem of Pakistan. Thematic analysis of secondary qualitative data, ecosystem reports, founder narratives, industry documentation, and comparative startup cases of Airlift, Finja, Savyour, KraveMart, Easypaisa and SadaPay are the methods used in the research. The results show that startup failure in emerging markets is very rarely due to a single reason, but rather a result of the combination of immature operations, hypergrowth, fragile unit economics, regulatory uncertainty, dependence on investors, and low adaptive capacity.

The study also shows a difference between startups that are relatively sustainable and those that focus on a more aggressive valuation-driven growth strategy on the aspects of operational discipline, strategic flexibility, localized adaptation, gradual scaling, and ecosystem integration. The results contradict the accepted myth of startup growth that quick fundraising and surges of growth can make an organization more fragile when it lacks sustainable business fundamentals.

In terms of theory, the research adds to the literature of entrepreneurial adaptation and sustainability theories and failure studies in start-ups in the emerging markets. In terms of methodology, it contributes to the field of comparative qualitative startup research in developing economies which has not been thoroughly studied. The study suggests practical recommendations for the

*entrepreneurs, investors, incubators, and policymakers who aim to enhance sustainable entrepreneurial ecosystems in the emerging markets like Pakistan.*

## INTRODUCTION

In the last decade, Pakistan has seen an incredible evolution of a digital entrepreneurial ecosystem with an increase in venture capital investment, technological innovation, e-commerce, fintech, and entrepreneurial activities among young people. The country was one of the rising start-up markets in South Asia due to a surge in internet penetration, the reach of smartphones, and the acceptance of digital payment and the interest of investors. The success of these high-profile startups like Airlift, Bykea, SadaPay, Daraz, Finja and KraveMart were seen as the sign of entrepreneurship and technological modernization of the country. But, in parallel with this entrepreneurial growth, the startup ecosystem in Pakistan has been faced with a series of failures in terms of organizational collapse, funding issues, layoffs, shutdowns, and withdrawals from the market. There have been several high-quality start-ups that have featured a lot of venture capital investment and have gained significant visibility within the market, but failed to succeed. The failures of companies like Airlift and the performance problems of many startups in the fast-commerce and fintech sectors, highlighted the flaws in the country's entrepreneurial ecosystem and the viability of models that rely on growth to sustain startups in emerging markets. Although the role of failure in the business life cycle of entrepreneurs is accepted as a universal experience, its causes and subsequent evolution have been found to vary widely between developed and emerging economies. Much of the existing literature for the developed markets tends to focus more on the internal issues within the organizations, including leadership failure, the lack of market fit, poor strategic management and financial inefficiency. While these issues are applicable to startups in all emerging economies, there are some specific challenges that startups in these economies are dealing with such as institutional instability, regulatory inconsistencies, macroeconomic volatility, weak infrastructure, investor

uncertainty, talent migration, and different entrepreneurial ecosystems.

This is especially the case in Pakistan, where the entrepreneurial opportunity and structural instability are concurrent. Domestic startups face challenges like variable currency devaluation, inflation, policy implementation, lack of digital infrastructure, reliance by investors and institutional support mechanisms. Therefore, not only is innovation and the ability to access funding essential to the sustainability of a startup within such environments, but so is organizational resilience, adaptability, strategic flexibility, and operational discipline.

While entrepreneurship ecosystems have become increasingly important in emerging markets, the understanding of the failure of startups and their sustainability in Pakistan is still under-researched. Past research tends to have a very broad approach and focus on challenges that entrepreneurial firms face and does not comparatively examine why entrepreneurial firms either fail or maintain a relative level of sustainability given similar environmental conditions. In addition, numerous studies focus on the failure of only a single startup organization instead of the multi-dimensional interworking of both internal capacities and external pressures of the startup ecosystem.

This research study aims to tackle the above gaps by using entrepreneurial adaptation framework to comparatively examine the issues of start-up failure and sustainability in Pakistan entrepreneurial ecosystem. The study draws on the conceptual frameworks of Resource Based View (RBV), Dynamic Capabilities Theory and Effectuation Theory to examine how organisational capabilities interact with the volatile nature of the environment of the startup to determine the trajectory of the startups in an emerging market.

In particular, the study focuses on the role of operational maturity, leadership orientation, funding dependency, strategic flexibility,

localization capability, and uncertainty of the ecosystem on organizational collapse or sustainable entrepreneurial growth.

## Research Objectives

The main goal of this study is:

1. To find out the internal organizational factors which are responsible for failure of startups in the entrepreneurial ecosystem of Pakistan.
2. To analyze the external environment challenges affecting the sustainability of startups in emerging markets.
3. To do a comparative analysis to understand why some Startups fail and some grow under the same ecosystem.
4. To assess the impact of entrepreneurial adaptation and strategic flexibility on the sustainability of startups.
5. To build a holistic conceptual framework of start-up failure and sustainability in emerging economies.

## Research Questions

What are the internal factors in the failure of startups in Pakistan?

What are the reasons for the greater vulnerability of new companies in emerging markets?

Examine how internal and external factors factor into the success or failure of start-ups.

What makes a startup sustainable compared to a failed startup in Pakistan's entrepreneurial ecosystem?

How does the adaptation of entrepreneurs to their environment affect the survival of startups in turbulent environments?

The researcher makes an effort to identify the significance of the study.

The study makes an academic, practical, and contextual contribution to the existing literature in entrepreneurship and start-up. Academically, it builds upon previous research on startup failure and adds sustainability and entrepreneurial adaptation in the context of emerging market ecosystems. The research calls into question the typical narratives of startup growth and highlights the need for operational resilience and adaptability in dynamic markets.

The study provides practical recommendations for the entrepreneurs, VCs, entrepreneurship incubators and entrepreneurship accelerators in Pakistan and also for the policymakers by providing strategic recommendations for sustainable entrepreneurial development in Pakistan. The results offer policy advice for sustainable scaling, financial management, localisation, the support of the ecosystem and long-term operations.

In terms of content, the study is a contribution to the scarce literature on entrepreneurship in Pakistan and other developing economies where institutional environment plays a critical role in a variety of entrepreneurship outcomes.

## Literature Review

This course examines conceptual bases of start-ups and failure. This course covers conceptual foundations of start-up failure.

It's been a long time since failure of new businesses was considered to be a natural part of entrepreneurial ecosystems. The definition of failure is not however universally agreed upon in the entrepreneurial literature. Startups can be classified as failures in different ways for different scholars, with some viewing failure as the organization ceasing operations and going out of business, and others focusing on the failure to meet anticipated strategic, financial or operational goals.

In most entrepreneurial research the term failure is used to describe the failure of the entrepreneur's management, lack of preparation, poor leadership or poor resource use. Various research projects in developed countries have repeatedly found that poor market fit, poor financial management, poor scaling strategies, and poor leadership are recognized as the key causes of the failure of startups.

However, modern notions of entrepreneurship increasingly recognize that failure of new ventures is multidimensional and situational. Failure often occurs in organizations in the form of a series of errors or omissions, rather than individual errors. The failure rate of start-ups is heightened in emerging markets due to macroeconomic instability, weak institutions, inconsistent

regulations, limited infrastructure, and uncertain investment climate. Therefore, an organization's analysis is not enough to explain entrepreneurial outcomes in developing economies.

The meaning of entrepreneurial ecosystem and its significance for emerging markets.

Entrepreneurial ecosystems are a tight-knit cluster of institutions, investors, policy makers, infrastructure, talent systems and market participants that all impact entrepreneurial activity. Good entrepreneurial ecosystems enable innovation, access to resources, knowledge sharing and the growth of businesses.

But, as in the case of emerging economies, the ecosystems are quite different from developed economies. The institutional coordination, the fund flow is frequently interrupted, the policy implementation is not consistent, the infrastructure is lacking and the market conditions are unstable in developing countries. These limitations add to the vulnerability of startups, and make scaling sustainable more difficult.

These are many of the traits of Pakistan's entrepreneurial ecosystem. While startup activity and VC funding have seen a rise, the ecosystem fragmentation is still a major problem faced by the country. Regulatory requirements, tax issues, currency fluctuations, consumer shopping power, IT system constraints and lack of skilled workforce can all pose a challenge for entrepreneurs.

Moreover, with the high growth of Venture capital investment within Pakistan, it forced startup ventures to focus on maximizing their user base and increasing their valuation rather than on being sustainable and profitable. This helped to develop "hypergrowth" business models that would become fragile if the conditions for investment were poor.

This is a total of 2.3 Hypergrowth and Startup Vulnerability. Hypergrowth is defined as aggressive scaling activities that involve fast growth, hiring rapidly, diversifying geographical locations, capital expenditure and acquiring customers through subsidy. Hypergrowth is often heralded as a sign of a successful startup and market leader in the modern age of start-ups.

But, new studies are constantly challenging the hypergrowth startup model as it tends to focus on short-term valuation indicators rather than long-term sustainability. As a result of rapid scaling while not yet being operationally mature, the structures can become fragile, burn rates are unsustainable, internal systems are weak, and there is a reliance on ongoing external funding.

The failures of a number of startups in the venture capital sphere, worldwide, illustrate the dangers of running too fast, with no solid unit economics or discipline. Hypergrowth is especially dangerous in emerging markets, where startups must deal with the economic pressures and instability, as well as the uncertainty of funding and consumer buying power.

In Pakistan, several startups were actively seeking to build up their business with a speed similar to that of foreign venture-capital ecosystems, but did not pay heed to the local context. Infrastructure, cost constraints and ecosystem instability were rarely considered in these strategies.

The course concentrates on the application of sustainability in an entrepreneurial context.

Entrepreneurial sustainability is the capacity of the start-up to sustain its operations, financial sustainability and adaptability, and relevance in the ecosystem in the face of changing environmental dynamics. Rather than using only a big growth push, sustainable startups focus on being resilient, using their resources optimally, retaining customers, being efficient and being flexible.

The literature indicates that the ability to localize, leadership learning, integration with the ecosystem, and financial discipline are crucial to sustainability in emerging economies. Successful business expansion often comes from a slow, steady growth, a proper market positioning, learning from the operation, and being able to adapt to uncertainty.

This is a different way of viewing startups than the traditional one where success is defined by quick growth in value and interest from investors.

### Research Gap

A large amount of research on entrepreneurship has focused on the growth of a startup and

innovation, but there are some key gaps in existing studies.

First, much of the existing research on start-up failures is focused in the developed economies, thus constraining the knowledge base of the impact of institutional instability on entrepreneurial outcomes in emerging markets.

Secondly, many studies focus on failure alone, without discussing the issue of sustainability and hence, comparability between startups that fail and those that survive.

Third, it is common for the literature to focus on the collapse of a startup as a process for the organizational rather than as an interaction between the internal capacities and pressures from the ecosystem.

Finally, the limited qualitative research comparatively considers the entrepreneurial adaptation and sustainability in Pakistan's startup ecosystem.

This study aims to fill these gaps by conducting a comparative analysis of failure and sustainability of startups qualitatively through multi case studies on entrepreneurial adaptation in Pakistan.

### Theoretical Framework

This study is a synthesis between the Resource Based View (RBV), Dynamic Capabilities Theory and Effectuation Theory, in order to gain a multi-dimensional perspective on startup failure and startup sustainability in emerging markets.

#### Resource-Based View (RBV)

Resource Based View maintains that a company's performance is based on the value, rarity, inimitable and strategically organized resources and capabilities. In startups, these are equated with leadership, tech skills, systems, financial management, culture, and people.

This is why there are different outcomes for startups that work in similar environments. In some cases, startups have more in-house expertise that allows them to better manage in a more uncertain environment, while others are not fully developed enough to scale for the longer haul.

Even though a lot of startups got huge amount of funding, in Pakistan some of the startups were

found to be lacking in aspects of operational governance, financial management, execution capability, and organization coordination.

#### Dynamic Capabilities Theory

Dynamic Capabilities Theory builds on RBV by focusing on how the organization must be able to respond by sensing changes in the environment, seize opportunities and reconfigure internal resources amidst uncertainties. Start-ups in emerging markets are surrounded by the dynamics of rapidly shifting environments that include dynamic regulation, unstable economy, shifting consumer habits, and unstable funding. Thus, in addition to having the resources to sustain a startup, it is also important to have the ability to adapt. To understand why some startups were able to adapt to the local market and localize their services, change their strategic priorities, manage operational risk and remain viable despite the disruption in the ecosystem, it helps to understand the concept of dynamic capabilities.

#### Effectuation Theory

In Effectuation Theory, entrepreneurial decisions under uncertainty are the main focus. In contrast to predictive models of business planning, effectuation focuses on experimentation, improvisation of resources, working together with stakeholders, stakeholder affordability and adaptive strategy formation.

In fast-changing entrepreneurial environments, businesses often face situations in which conventional forecasting methods are not reliable. Whereas, in these cases, the entrepreneurial survival relies on adaptation in an iterative manner, flexibility, and learning orientation, instead of tangible growth forecasts.

The Pakistani business scenario where the uncertainty, institutional instability and market volatility make long-term strategic planning challenging, makes Effectuation Theory significant.

#### Integrated Theoretical Model

The combination of these theories gives an integrated view of start-up sustainability and failure. Collectively, these theories demonstrate

that startup sustainability within emerging markets depends upon the interaction between internal capability strength, adaptive

organizational behavior, and strategic entrepreneurial flexibility.

Theory	Analytical Contribution
Resource-Based View	Explains internal organizational capability differences
Dynamic Capabilities	Explains adaptation under environmental uncertainty
Effectuation Theory	Explains entrepreneurial decision-making under volatility

**Methodology**

**Research Philosophy**

The research philosophy of this study is interpretivist which focuses on understanding the nature of the phenomena of startup sustainability and failure as it is formed by the experiences, behaviours and interaction with the ecosystem of the startups in emerging markets. It is interpretivist as it is intended to make sense of the complex nature of entrepreneurial phenomena, but not to generalise about causal laws.

**Research Design**

The study is based on a qualitative comparative multi-case study design. Qualitative methodology allows for the study of trajectories of startups, organizational decisions, pressures from the ecosystem, and adaptation processes of entrepreneurs.

A comparative case approach was chosen because the understanding of startups sustainability and failure cannot be achieved by looking at individual organizations. Comparative analysis can be used to identify contrasting patterns between failed startup companies and relatively sustainable companies in similar environmental conditions.

**Case Selection**

The study used a purposeful sampling of startups with different entrepreneurial pathways in the digital economy in Pakistan.

Cases that are not successful or are vulnerable.

- Airlift
- Finja
- Savyour

Sustainable or Adaptive Cases.

- Easypaisa
- SadaPay

The study is deliberately focused on startups that are directly mentioned, discussed and evidenced in the thesis for methodological consistency and analytical credibility. Only organizations that were discussed, relevant to the ecosystem and relevant to the original thesis research were considered for inclusion in the case.

The cases were chosen because of the following:

- Market visibility,
- Funding scale,
- Ecosystem influence,
- Public documentation availability,
- Sector diversity,
- And comparing sustainability results.

**4.4 Data Collection**

Secondary Qualitative data has been obtained from:

- Startup reports,
- Venture capital publications,
- Founder interviews,
- Industry analyses,
- Ecosystem reports,
- News articles,
- Business case discussions,
- Public statements,

- Organizational reports,
- And entrepreneurship literature.

The secondary qualitative analysis was used because there is a lot of public documentation on the trajectory of startups in Pakistan's entrepreneurial ecosystem.

## Data Analysis

Thematic analysis is used in the study to find patterns of start-up failures and sustainability.

Thematic analysis was done by means of:

Initial concepts of growth strategy, funding dependency, operational management, ecosystem constraints, leadership orientation and adaptation were identified in Open Coding.

Axial Coding Concepts that were related to each other were placed under the larger conceptual categories of hypergrowth, organisational fragility, sustainability orientation, localisation capability and adaptive resilience. Selective Coding Core themes describing sustainability and failure of startups were elaborated and incorporated into the ultimate analytical framework.

## Trustworthiness and Credibility

To give credibility and reliability to the study, the following were used:

- triangulation of data from various sources,
  - Comparative case analysis,
  - Thematic consistency checks,
  - And cross case pattern verification.

Analytical transparency was also a priority, with a clear connection made between theory and evidence seen in the case.

## Ethical Considerations

Only secondary data which are openly available were used in the study. There were no direct human participants of the research process. There were also issues of ethical interpretation, representation of organizational events and analysis without misleading.

## Findings and Analysis

The findings section is the main analytical part of this study that comparatively analyzes the influence of the interplay of internal organizational capability and external

environmental instability on the trajectory of startups in Pakistan's entrepreneurial ecosystem. Instead of the failure of a startup as an isolated phenomenon, the analysis theorises the collapse of a startup as a gradual phenomenon that is the result of multiple pressures at strategic, operational, financial and ecosystem levels.

Based on thematic analysis, it was concluded that sustainability challenges were not only due to lack of innovation or lack of funds but rather the mismatch between growth and preparedness of organisations in the context of startups in Pakistan. Valuation driven growth at the expense of adequate operational resilient development was identified as a major factor in the vulnerability of startups in the face of the economic volatility and the instability of the ecosystem.

Moreover, the results also show that uncertainty was not uniformly reacted to by startups. There are significant differences in leadership style, management rigor, adaptability, financial management and strategic agility between startups that failed and those that are relatively successful.

The following themes were found in all of the comparative analysis.

## Hypergrowth without Operational Maturity

The one theme that came across very clearly and was prevalent throughout the analysis was the negative effects of hypergrowth if not backed by operational maturity. Several of Pakistan's startups in the entrepreneurial ecosystem adopted a fast growth strategy that was driven by 'startup culture' in the global venture-capital world, which saw fast growth, customer acquisition and valuation growth as the main measures of success for startups.

But the results showed that often times, the rate of expansion was too fast for an organization to be ready.

The largest example of this tendency is that of airlift. The startup, which began in the transportation industry and then pivoted to quick commerce, has quickly grown its infrastructure, staff, delivery network and geographic coverage of the market thanks to its

significant VC funding. The growth created market awareness and optimism among investors, but also made it difficult for the organization and


increased operational costs.

**INFOGRAPHIC 1**

**STARTUP FAILURE AND SUSTAINABILITY IN PAKISTAN:  
A COMPARATIVE QUALITATIVE ANALYSIS OF ENTREPRENEURIAL ADAPTATION  
IN EMERGING MARKETS**

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**OVERVIEW**



**THE CONTEXT**

Pakistan's startup ecosystem has grown rapidly over the last decade with increased innovation, digital adoption, and venture capital activity.


Yet, many startups have failed despite high funding and early success.



**THE PROBLEM**

High startup failure rates persist due to the interaction of internal weaknesses and external challenges unique to emerging markets.


Failure is rarely caused by a single factor.



**THE PURPOSE**

To comparatively analyze the internal and external determinants influencing startup failure and sustainability in Pakistan.

To understand how entrepreneurial adaptation shapes outcomes.




**THE SIGNIFICANCE**

Provides theoretical, methodological, and practical insights for entrepreneurs, investors, incubators, and policymakers.

Supports the development of a more sustainable entrepreneurial ecosystem.


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**THEORETICAL FOUNDATION**




**RESOURCE-BASED VIEW (RBV)**

Sustainable advantage comes from valuable, rare, inimitable, and non-substitutable resources and capabilities.



**DYNAMIC CAPABILITIES THEORY**

Emphasizes a firm's ability to sense opportunities, seize them, and reconfigure resources in changing environments.




**EFFECTUATION THEORY**

Focuses on flexibility, affordable loss, leveraging means at hand, and iterative decision-making under uncertainty.

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**RESEARCH DESIGN**



**QUALITATIVE MULTI-CASE STUDY**

- Comparative analysis of contrasting startup trajectories
- Thematic analysis of secondary qualitative data
- Cross-case pattern identification
- Contextual interpretation within Pakistan's ecosystem


**DATA SOURCES**

-  Ecosystem reports and industry publications
-  Founder interviews and narratives
-  News articles and business documentation
-  Company reports and financial data
-  Comparative case data

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**COMPARATIVE CASE SELECTION**

**STARTUPS THAT FAILED / FACED COLLAPSE**




**AIRLIFT**

Failed due to aggressive hypergrowth, regulatory issues, and operational mismanagement.



**FINJA**


Collapsed because of regulatory restrictions, unsustainable unit economics, and scaling pressures.



**KRAVEMART**


Struggled due to intense competition, high burn rate, and unsustainable quick-commerce model.

**STARTUPS THAT ACHIEVED SUSTAINABILITY**




**SAVYOUR**

Sustained through niche focus, operational efficiency, and disciplined growth.



**EASYPAISA**

Sustainable due to strong market relevance, trust, regulatory alignment, and ecosystem integration.




**SADAPAY**


Sustainable through financial inclusion focus, adaptability, and controlled expansion.

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**KEY COMPARATIVE INSIGHTS**




Failure and sustainability are influenced by the interaction of multiple internal and external factors.




Hypergrowth without strong fundamentals increases organizational fragility.




Adaptive capability, strategic flexibility, and operational discipline enhance sustainability.



Regulatory stability, investor patience, and institutional support are critical in emerging markets.




Localized market adaptation and long-term ecosystem integration drive resilience.



Sustainable startups prioritize value creation over valuation-driven expansion.

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**OVERALL CONCLUSION:** Startup outcomes in Pakistan are shaped by entrepreneurial adaptation within a supportive institutional environment. Sustainability emerges from disciplined execution, contextual responsiveness, and long-term value orientation rather than rapid scaling or funding alone.

The company's growth trajectory was consistent with a startup business growth mindset that was all about speed, market dominance and confidence of investors. The systems for operation, however, were still relatively undeveloped, and were not able to keep up with such a fast rate of expansion. The startup was under pressure from the rising cost of delivery logistics, coordination of the workforce, customer retention costs, subsidy maintenance and inventory management.

The result indicated that the continuity of Airlift's operation was greatly reliant on the continuous inflow of external capital to keep it afloat. The organizational structure of the startup was thus becoming fragile, as soon as the investment conditions in the world deteriorated and the investors' mood changed due to the overall economic instability.

The trend is part of a wider problem in the field of entrepreneurship in emerging markets: Startups try to emulate Silicon Valley's hypergrowth strategies but in vastly different institutional and economic environments. Given the market conditions in Pakistan, such as inflationary pressure, reduced consumer purchasing power, erratic infrastructure and investment continuity, the prospect of going big looked much more risky. So, the analysis suggests that hypergrowth in emerging markets may aggravate the organizational vulnerabilities if the startups focus on growth over the sustainability of operations, good governance and financial stability. INFOGRAPHIC 1: Hypergrowth Failure Cycle

#### Visual Flow:

Investor Funding → Rapid expansion → High burn rate → Operational complexity → Funding dependency → Economic shock → Organization collapse

Purpose: This info graphic illustrates how start-up scaling can be aggressive and lead to increasing fragility in organizations in the process, especially in emerging-market ecosystems.

A major discovery from the study is that scaling up was often a catalyst for increasing fragility within the organisation of Pakistan's start-up

ecosystem. There were several startups that attempted to grow at a fast pace with a combination of high employee turnover, customer acquisition via subsidies, geographical reach and high operating costs, without having reached sustainable unit economics.

Perhaps the most obvious example of hypergrowth vulnerability is airlift. Airlift started out as a mass transit startup, but later shifted to quick commerce, and saw very quick investor interest and significant VC funding. But at the same time, the company grew its operations, delivery network, people and markets at a rate that was not sustainable for the organization.

The startup has a very aggressive scaling plan, which led to high burn rates and high reliance on an ongoing external funding. As the global VC market turned bad and sources of financing were limited, the company had difficulty keeping the business going.

Likewise, a handful of quick commerce startups and KraveMart followed the international rapid delivery customer acquisition strategies, which were hugely subsidized. These models primarily focused on market penetration and metrics of growth, often ignoring the affordability of the products, the logistical inefficiencies and the sustainability of the operations.

The findings indicate that in the context of emerging markets, hypergrowth can drive the organization's collapse if the start-up's main concern is to expand its valuation rather than mature operations and financial discipline.

#### The dependency of Funding and Fragile Unit Economics.

Another significant finding that has come to light as a result of the comparative analysis relates to the funding dependency and organizational sustainability.

The results show that a number of startups have created business models that are dependent on a steady stream of VC funding, not on maintaining a profitable business. In Pakistan's startup scene, funding from investors was often a source of strength and weakness.

As startups gained momentum in terms of funding, they were growing fast without having

developed unit economics. Subsidies, price cuts, “free” services, and other incentives were all integral to customer acquisition campaigns that were designed to drive maximum market penetration and user growth.

These methods did help to boost visibility and users - but they also drove unsustainable operational costs.

According to the thematic analysis, many startups considered as a priority:

- Valuation growth,
- Market visibility,
- Investor attractiveness,
- Long-term profitability and operational sustainability are not as important as and expansion metrics.

Thus, the future of organisations was linked to the continuity of funding, instead of financial self-sufficiency.

This challenge is a part of Finja's trajectory. The company found itself under pressure amid the uncertainties and investment dependence of growing financial services in the developing fintech landscape in Pakistan. The results indicate that the fintech startups in emerging markets are more complex, as their sustainability relies on the four pillars of technology development, adapting to regulations, gaining investor confidence and consumer trust.

The study also finds that startup ecosystems that are driven by investors can, in unintended ways, incentivize short-term expansion behavior. VC structures often incentivize startups to grow faster than they can sustainably operate, and to increase the valuation of their company.

By contrast, financially disciplined and more measured growth trajectories were found among the relatively sustainable startups.

SadaPay and Easypaisa stressed:

- Regulatory integration,
- Gradual trust-building,
- Operational consistency,
- Customer retention,
- And service reliability.

Instead of being driven for unlimited growth, these organizations showed better growth strategy to operational capability alignment.

The results thus contradict the notion that the size of a funding round is a good indicator of the sustainability of a startup. INFOGRAPHIC 2: Venture Capital Dependency Model

**Visual Structure:**

Increased Funding Dependency ↓ Subsidised Growth ↓ Unsustainable Burn Rate ↓ Investor Withdrawal ↓ Liquidity Crisis ↓ Operational Shutdown

Contrasting Side:

An Operational Discipline and Customer Trust that leads to Sustainable Growth.

Purpose: This infographic compares the two growth models: fragile and sustainable entrepreneurial development.

It also shows that there were structural vulnerabilities in several startups due to their too much reliance on VC. Many startups were assuming that investors will always come in to support their operations and were giving more emphasis on fast growth in the market and not laying the foundations of sustainable revenue. This meant that the survival of organizations was intrinsically linked to funding continuity as opposed to viability of the business.

There were some startups that exhibited poor unit economics with:

- Unsustainable subsidies,
- Too high customer acquisition costs,
- Operational inefficiency,



**Limited and little profitable avenues.**

Following the economic uncertainty and the market correction after COVID-19, investor confidence around the world became low, and startups which rely on external funding were in serious trouble.

By contrast, relatively sustainable startups

exhibited greater financial prudence with slow growth and more realistic plans of operation.

SadaPay, as an example, took a more conservative method of expanding, focusing on customer confidence, adherence to regulations, as well as item improvement instead of quick and rapid growth. Easypaisa also benefited from improved intra-institutional and infrastructure.

The results thus contradict the notion that having a high acquisition of funding is a sign of start-up sustainability.

#### **Visionary Leadership/Execution Discipline**

Another key factor that came to the forefront in the context of startups' trajectory was leadership.

It's common to see failed startups that had a visionary set of goals and a compelling market message, and relatively weaker execution discipline. In some instances, founders used aggressive strategic growth and expansion, without having developed organizational systems, internal governance structures, and/or operational coordination.

There was sometimes a lack of realistic thinking about scaling and a greater risk-taking approach when it came to entrepreneurs being optimistic. Focusing on the market visibility and investor confidence sometimes outweighed the practical aspects of operations.

In contrast, sustainable startups showed higher levels of strategic ambitions and operational capacities. In relatively sustainable organizations, leadership focused on operational efficiency, customer retention, realistic scaling and learning within the organization.

The results show that entrepreneurial sustainability requires not only a visionary leadership but also a disciplined implementation and adaptation of managerial skills.

#### **Consumer Adaptation and Localization of 5.4**

One of the other key findings is that of localization in entrepreneurial ecosystems in emerging markets.

There were a few startups that have taken international tech ecosystems as models, but have not taken into consideration the economic constraints, consumer habits and infrastructure challenges in Pakistan.

Challenges included:

- Low purchasing power,
- Low rate of digital payments adoption,
- Inconsistent logistics infrastructure,
- And the different degrees of consumer trust.

Those startups that didn't manage to localise pricing strategies, operational models and

customer engagement approaches faced more problems with their sustainability.

In contrast, some startups like Easypaisa and Bykea were more successful at adapting to the market with their services, which were better suited to the local consumer habits and infrastructural conditions.

The results indicate that in order to achieve sustainable entrepreneurial development in emerging markets, the adaptation of the context is needed, which can't be copied from the startup models of the west.

#### **Regulatory and Ecosystem Constraints: 5.5**

The study also highlights that sustainability in the start-up ecosystem in Pakistan is greatly affected by ecosystem level instability.

Entrepreneurs frequently encountered:

- Regulatory inconsistency,
- Taxation uncertainty,
- Currency depreciation,
- Inflationary pressure,
- Infrastructure limitations,
- And policy unpredictability.

Issues with licenses, financial regulation and compliance uncertainty were a particular challenge for fintech start-ups.

All these external pressures increased the risk of operations and made long term strategic planning more difficult.

But the results also show that startups with greater adaptive capacity were able to better manage uncertainty in the ecosystem by developing partnerships, making strategic adjustments and expanding in a phased manner and adjusting operations.

The ability to be flexible and adapt entrepreneurial strategies.

Amongst the key findings to come out of the study is the aspect of entrepreneurial adaptation in determining the sustainability of startups.

Sustainable startups were more inclined to:

- Adjust business models,
- Revise operational strategies,
- Localize services,
- Control costs,
- Adapt and react in response to the market changes.

This adaptive orientation is in line with some of

the principles of Dynamic Capabilities Theory and Effectuation Theory.

Sustainable startups highlighted experimentation, flexibility, stakeholder engagement, and learning in small steps over time as the approach to growth, rather than one that is solely based on prediction.

The results thus indicate that entrepreneurial adaptation is a key strategy to survive in variable emerging-market environments.

### Discussion

The results of this study contradict the mainstream success story of startups which emphasizes faster growth, more fund raising and faster market growth as the key success parameters.

The study illustrates how hyper-growth often exacerbated fragility in an organization, especially when it was not backed by operational maturity and adaptive capacity, in the context of the entrepreneurial ecosystem in Pakistan. This discovery comes in the wake of new criticism of the venture-capitalist model of startups that focuses on rising valuations rather than sustainable business.

The study also contributes to the Resource-Based View theory by illustrating that sustainability of startups in emerging markets is not only related to the resources that they own, but also the quality and organisation of their internal capabilities. There are a number of failed startups with significant capital but without systems that were able to support a quick growth.

Likewise, the Dynamic Capabilities Theory is substantiated by the findings that show that startups which are more adaptive in nature managed environmental volatility in a better way. Three key factors that proved to be important for sustainability were strategic flexibility, localization and iterative learning.

The results also support Effectuation Theory by showing that the ability to survive in uncertain ecosystems is more important for entrepreneurs than is predictive planning, and that experimentation, cheap (affordable) risk management, and adaptive decision-making are key to this.

Significantly, the study shows that the failure of startups in emerging markets is not just due to the internal organisational shortcomings. Ecosystems are very unstable and that has a strong influence on entrepreneurial paths. The fluctuations in the currency, inconsistencies in regulations, infrastructural constraints, and investment uncertainties all added to the fragility of startups.

But failure outcomes were not only due to external instability. Instead, sustainability of organizations was based on the ability of startups to adjust to the ecosystem.

Thus, the comparative results indicate that the sustainable entrepreneurship in emerging markets needs to be a combination of innovation, operational discipline, strategic flexibility and contextual adaptation.

### Theoretical Contributions

This study has several important implications for the literature on entrepreneurship.

Firstly, it takes the study of startup failure to an emerging economy where the institutional environment plays an important role in shaping the outcome of startups.

Secondly, the study adopts a failure perspective and a sustainability perspective, and does not view startup failure as an organizational phenomenon in isolation.

Third, the study is a theoretical contribution as it brings together Resource-Based View, Dynamic Capabilities Theory and Effectuation Theory in a single framework to explain the adaptation process of entrepreneurs in a volatile ecosystem.

Fourth, it finds that the results contradict growth-centric startup stories because hypergrowth can speed up organizational demise if it's not backed by operational sustainability.

Lastly, the study makes a contextual contribution to the still limited body of entrepreneurship research in the context of the start-up ecosystem in Pakistan.

## Practical Implications

### Implications for Entrepreneurs

#### Entrepreneurs should prioritize:

- Operational discipline,
- Sustainable scaling,
- Financial efficiency,
- Localization,
- And adaptive capability. Quick growth and lack of organization can make the situation worse.

### Implications for Investors

Investors should consider startups based on growth measures, valuation potential, and other factors, including:

- Operational sustainability,
- Governance quality,
- Strategic realism,
- And long-term viability.

## 8.3 Implications for Policymakers

### Policymakers should strengthen:

- Regulatory consistency,
- Startup financing infrastructure,
- Entrepreneurial education,
- Digital infrastructure,
- And ecosystem coordination.

Enabling entrepreneurs to operate in a more stable environment can increase sustainability and innovation capacity of startups.

## 8.4 implications for incubators and accelerators

### Institutions supporting start-ups should put a focus on:

- Operational management,
- Financial planning,
- Sustainability strategy,

Not only growth measures, but also and adaptive entrepreneurial capability.

## Visual Conceptual Framework and Infographic Design

**INFOGRAPHIC 3:** Integrated Startup Sustainability Framework

## Internal Organizational Factors

- Leadership Capability
- Operational Discipline
- Financial Management
- Human Capital
- Strategic Flexibility
- Governance Quality

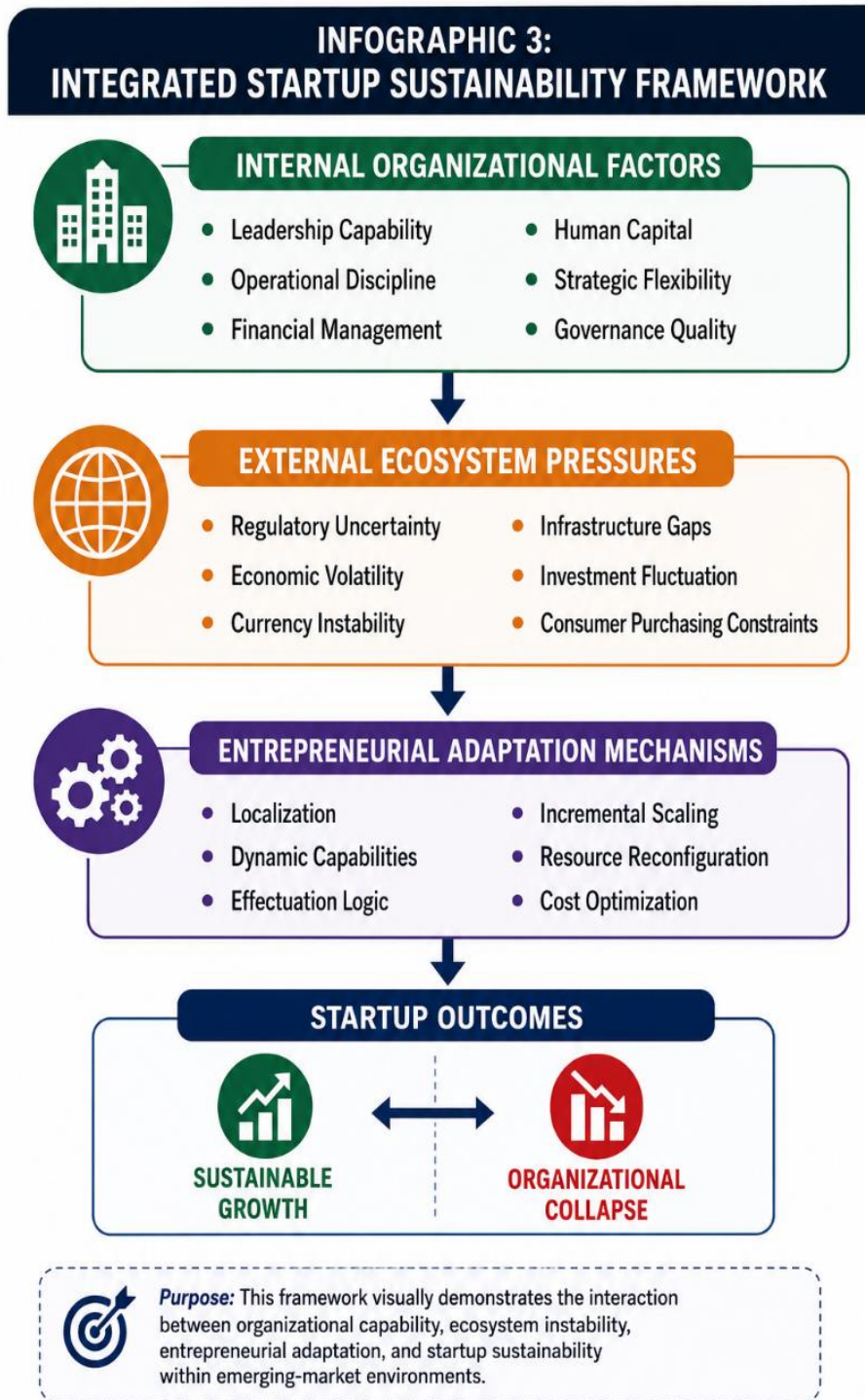
## External Ecosystem Pressures

- Regulatory Uncertainty
- Economic Volatility
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- Consumer Purchasing Constraints

## Entrepreneurial Adaptation Mechanisms

- Localization
- Dynamic Capabilities
- Effectuation Logic
- Incremental Scaling
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- Cost Optimization





**Startup Outcomes**  
Sustainable Growth Organizational Collapse







*Purpose:* This is a framework that visually illustrates the relationship between organizational

capability, ecosystem instability, start-up contexts of emerging markets. adaptation, and start-up sustainability in the

Infographic 4: Comparative Startup Sustainability Matrix

Dimension	Failed Startups	Sustainable Startups
Growth Strategy	Aggressive Hypergrowth	Controlled Scaling
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Leadership Orientation	Vision-Centered	Execution-Centered
Market Adaptation	Limited Localization	Strong Localization
Strategic Response	Reactive	Adaptive
Sustainability Outcome	Organizational Fragility	Long-Term Stability

**Purpose:** This infographic comparatively summarizes the core analytical differences between failed and sustainable startup trajectories.

INFOGRAPHIC 4: COMPARATIVE STARTUP SUSTAINABILITY MATRIX		
DIMENSION	FAILED STARTUPS	SUSTAINABLE STARTUPS
 Growth Strategy	Aggressive Hypergrowth	Controlled Scaling
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**Conceptual Framework**

Start-up Sustainability in Emerging Markets - Integrated Model

Internal Organizational Factors

- Leadership Capability
- Operational Discipline
- Financial Management
- Organizational Maturity
- Strategic Flexibility
- Human Capital

External Ecosystem Factors

- Regulatory Instability
- Economic Volatility
- Funding Uncertainty
- Infrastructure Limitations
- Consumer Market Constraints
- Institutional Fragmentation

Entrepreneurial Adaptation

- Localization
- Dynamic Capability
- Effectuation Logic

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- Iterative Learning
- Strategic Reconfiguration

Startup Outcomes

- Sustainable Growth OR
- Organizational Collapse

**Conclusion**

This study comparatively analyzed the issue of startups failure and sustainability in the context of the entrepreneurial ecosystem in Pakistan, by using the lens of entrepreneurial adaptation. The results show that startup failure in emerging markets is generally caused by more than merely one failing of the organization. Instead, failure becomes apparent when there are weaknesses within the organisation and when the environment fluctuates.

The research shows that hypergrowth start-up models often exacerbated organizational fragility, in the absence of operational maturity, financial discipline and adaptive ability. Those companies that relied on a steady stream of funding and market-leading growth strategies were more vulnerable to a growth slowdown and economic uncertainty.

In contrast, more sustainable startups were more likely to be able to localize, be strategic, have a disciplined operation, and adapt to the ecosystem. These organizations focused more on sustainability than on speedy increases in valuation and were more adept at dealing with environmental uncertainty.

The findings thus question the traditional startup stories which associate the success of startups mainly with growth and funding. The ability to be resilient, adapt, understand the context and operate sustainably are the most critical factors in sustainable entrepreneurship in emerging economies like Pakistan.

Overall, the study calls for more research into identifying sustainable, adaptive and resilient start-up models in emerging markets that would not only withstand institutional volatility but also withstand long-term market uncertainty.

**Expanded Academic Discussion**

**Emerging-Market Startup Fragility**

A key insight of this study is that the dynamics of startup fragility are different in the emerging markets compared to those in the developed entrepreneurial ecosystem. In mature economies, the failure rates of startups are often blamed on competition, inefficiency in innovation, founder clashes, and/or technology disruption. Such factors are still relevant in the context of developing countries, however, based on the insights of this study, it can be concluded that in Pakistan, institutional instability and ecosystem fragmentation exacerbates the collapse of entrepreneurship.

The business environment of Pakistan is plagued with the fluctuations of inflation, lack of economic planning, fluctuating currency valuation, infrastructural constraints, lack of confidence among investors and regulatory inconsistencies. These conditions introduce uncertainty to the operation of businesses trying to quickly grow in the digitally changing industries.

The study therefore reinforces arguments made by emerging-market entrepreneurship scholars who are calling for a reconsideration of the way that entrepreneurial activity can be assessed in the context of developing economies, and a rejection of the western model of startups. In addition to innovation and access to investment, the ability to navigate institutions, adapt to the context, and be organizationally resilient are also crucial to entrepreneurial sustainability in emerging markets.

The results, in particular, emphasize the point that startups that are part of an environment with low institutionalization have to possess greater adaptability than startups that are part of an ecosystem with high institutionalization.

**Entrepreneurial Success without Growth - The Myth**

A further key finding that comes out of the study relates to the mythologization of hypergrowth in the startup culture.

Aggressive growth, 'unicorn' valuations, funding visibility and rapid customer acquisition are all

hallmarks of entrepreneurial success that are often celebrated in today's entrepreneurial ecosystems. The VC model is often intrinsically designed to promote this story line: growth and valuation. But, as seen from the comparative results, growth does not necessarily mean sustainability.

Among several startups analyzed in the study, some were able to gain significant visibility in funding and also quick recognition from the ecosystem before facing instability in the operations and collapse of the organization. This can indicate that sometimes it's easy to see that startups are growing outside the organization, but not necessarily that they are strong within it.

The results also show that after using aggressive scaling, the actual underlying structural issues can be hidden, which include:

- **Weak governance,**
- **Operational inefficiency,**
- **Poor financial sustainability,**
- **Organizational overextension,**
- **And over reliance of investors.**

The study thus adds to the body of literature raising doubts about the unintended consequences of VC-driven startup culture which may be to promote unsustainable entrepreneurial behavior.

#### **Entrepreneurship as a survival mechanism.**

The study also identifies adaptation as an important aspect of entrepreneurship in uncertain environments when it comes to sustainability of startups.

There were higher capacity levels among adaptive startups in:

Modifying operational strategies,

- **Revising business models,**
- **Controlling financial expenditure,**
- **Meeting the needs of the consumers,**
- **And reprioritising organisations.**

This adaptive orientation is very similar to Dynamic Capabilities Theory which states that the organization's ability to sense the changes in

the environment, seize the opportunities and transform the resources within the organization under uncertainty is very high.

The results also support Effectuation Theory by providing examples of how entrepreneurial survival often came from a process of trying things out and being opportunistic with strategies, which were revised based on previous experiences.

In less stable ecosystems, start-ups with flexible long-term growth paths exhibited a higher chance of becoming sustainable than did inflexible start-ups that were aiming for rapid growth.

The logic of valuing versus sustainability is discussed.

Another finding from the study relates to the difference between growth and entrepreneurship that is driven by valuation and that which is driven by sustainability.

The results indicate that there were some startups that became more strategic with respect to the visibility of the investors, than to a sustainable operation. Often priorities of the organisation were stressed:

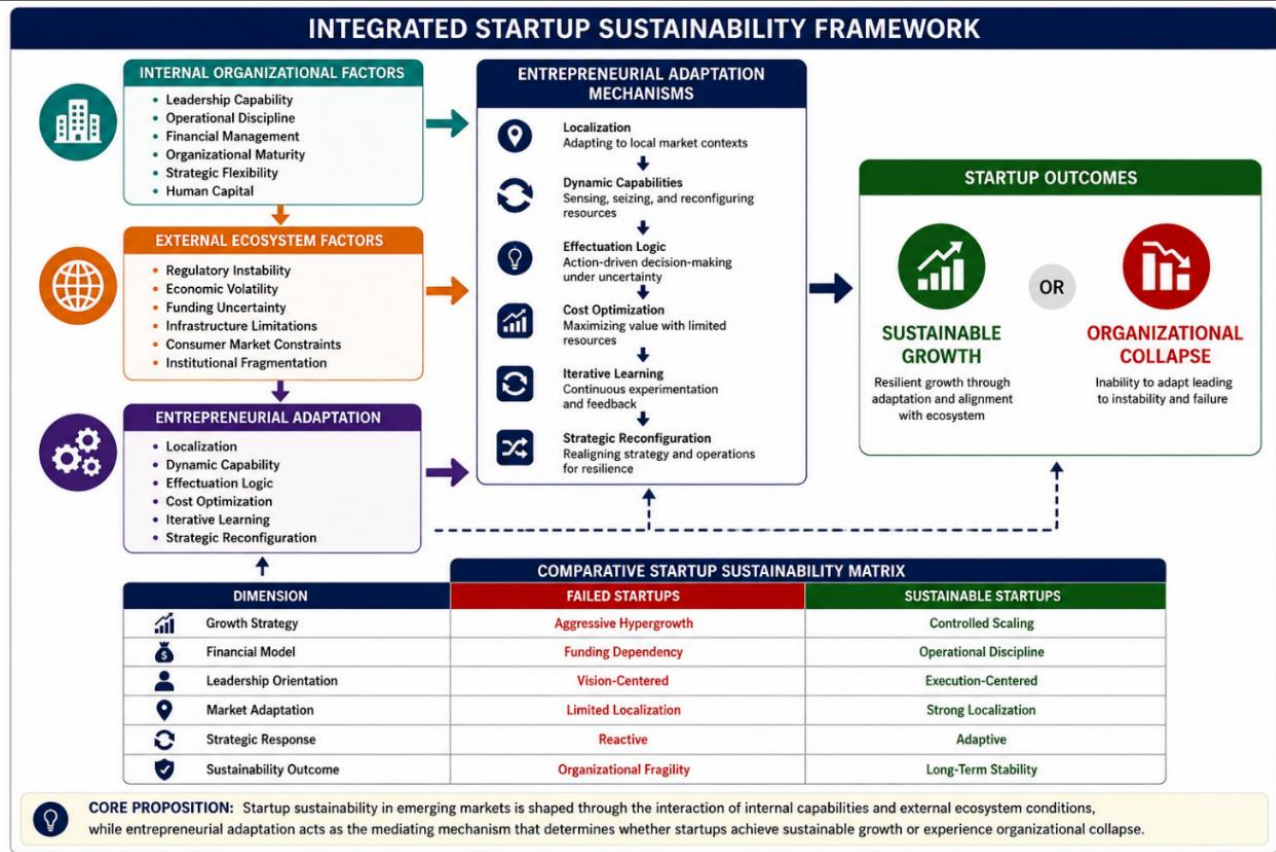
- **Market signaling,**
- **Growth projections,**
- **Ecosystem visibility,**
- **And valuation expansion.**

Such measures helped to attract investment, but also drove the organisations to be more and more reliant on constant outside financing.

In comparison, the relatively sustainable startups had more focus on:

- **Customer trust,**
- **Long-term operational viability,**
- **Regulatory integration,**
- **Financial discipline,**
- **And incremental scaling.**

The study thus suggests that entrepreneurship with a sustainability orientation might be a more sustainable approach in the context of emerging economies that are volatile in terms of their economy and institutions.



The limitations of the study are presented. The study has a number of drawbacks. To begin with, the research is largely based on secondary qualitative data and not on primary data that can be garnered through direct interviews with founders, investors and ecosystem stakeholders. While there was a lot of public documentation analysed, it may be beneficial to have the direct perspective of the participants to obtain deeper insight into the processes of entrepreneurial decision making. Secondly, this study is specifically on the Startup Ecosystem of Pakistan. The results are relevant for entrepreneurship in emerging markets in general, but are not necessarily the same in different developing markets. Third, start-up trajectories are continually dynamic. There are some startups that are considered sustainable, but who might face difficulties in the future and vulnerable companies who might adapt successfully. Fourth, the study focuses on digitally-driven start-up companies and does not necessarily reflect

sustainability aspects in the traditional start-up sectors.

However, the comparative qualitative design offers significant analytical depth in terms of adaptation and sustainability in the entrepreneurial dynamic in turbulent emerging-market environments.

This study suggests the following recommendations for future research:

Future research needs to be extended to comparative entrepreneurship analysis between countries of emerging economies to assess the various influences of institutional environments on sustainability of start-ups.

Further longitudinal studies on the development of startups over time would enhance the knowledge of entrepreneurs' resilience and adaptation of the organizations.

In the future, it is recommended to include:

- **Founder interviews,**
- **Investor perspectives,**
- **Policymaker insights,**
- **Incorporation of and analysis on**

**incubator to gain more comprehensive understanding at an ecosystem level.**

Further quantitative research on the relationship between funding dependency, operational maturity and the survival of startups, would also be valuable empirical research.

The study should be continued to determine how entrepreneurial models that are oriented towards sustainability differ from traditional hypergrowth startups in developing economies.

**Recommendations for Future Research.**

Further studies on comparative entrepreneurship are suggested to be extended in the future, which will allow the sustainability of startups in different institutional environments to be assessed.

Further longitudinal studies could be conducted to add to the knowledge about start-up development over a period of time, as well as the study of entrepreneurial resilience and organizational adaptation.

Future studies should also involve:

- Founder interviews,
- Investor perspectives,
- Policymaker insights,
- To gain more holistic understanding of the ecosystem, an and incubator analysis was performed.

Quantitative analyses of the funding dependency, operational maturity and start-up survival would also provide empirical understanding.

The differences between sustainability driven entrepreneurial models and the traditional hypergrowth start-up models in developing economies should also be explored.

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- Additional ecosystem reports, startup documentation, and entrepreneurship sources from the thesis literature base should be integrated during final formatting according to journal citation requirements.

### Discussion

The results of this study contradict the mainstream success story of startups which emphasizes faster growth, more fund raising and faster market growth as the key success parameters.

The study illustrates how hyper-growth often exacerbated fragility in an organization, especially when it was not backed by operational maturity and adaptive capacity, in the context of the entrepreneurial ecosystem in Pakistan. This discovery comes in the wake of new criticism of the venture-capitalist model of startups that focuses on rising valuations rather than sustainable business.

The study also contributes to the Resource-Based View theory by illustrating that sustainability of startups in emerging markets is not only related to the resources that they own, but also the quality and organisation of their internal capabilities. There are a number of failed startups with significant capital but without systems that were able to support a quick growth.

Likewise, the Dynamic Capabilities Theory is substantiated by the findings that show that startups which are more adaptive in nature managed

environmental volatility in a better way. Three key factors that proved to be important for sustainability were strategic flexibility, localization and iterative learning.

The results also support Effectuation Theory by showing that the ability to survive in uncertain ecosystems is more important for entrepreneurs than is predictive planning, and that experimentation, cheap (affordable) risk management, and adaptive decision-making are key to this.

Significantly, the study shows that the failure of startups in emerging markets is not just due to the internal organisational shortcomings. Ecosystems are very unstable and that has a strong influence on entrepreneurial paths. The fluctuations in the currency, inconsistencies in regulations, infrastructural constraints, and investment uncertainties all added to the fragility of startups.

But failure outcomes were not only due to external instability. Instead, sustainability of organizations was based on the ability of startups to adjust to the ecosystem.

Thus, the comparative results indicate that the sustainable entrepreneurship in emerging

markets needs to be a combination of innovation, operational discipline, strategic

flexibility and contextual adaptation.

### Theoretical Contributions

This study has several important implications for the literature on entrepreneurship.

Firstly, it takes the study of startup failure to an emerging economy where the institutional environment plays an important role in shaping the outcome of startups.

Secondly, the study adopts a failure perspective and a sustainability perspective, and does not view startup failure as an organizational phenomenon in isolation.

Third, the study is a theoretical contribution as it brings together Resource-Based View, Dynamic

### Practical Implications

#### Implications for Entrepreneurs

Entrepreneurs should prioritize:

- Operational discipline,
- Sustainable scaling,
- Financial efficiency,
- Localization,
- And adaptive capability.

Quick growth and lack of organization can make the situation worse.

#### Implications for Investors

Investors should consider startups based on growth measures, valuation potential, and other factors, including:

- Operational sustainability,
- Governance quality,
- Strategic realism,
- And long-term viability.

### 8.3 Implications for Policymakers

Policymakers should strengthen:

- Regulatory consistency,
- Startup financing infrastructure,
- Entrepreneurial education,
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Enabling entrepreneurs to operate in a more stable environment can increase sustainability and innovation capacity of startups.

### 8.4 implications for incubators and accelerators

Institutions supporting start-ups should put a focus on:

- Operational management,
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Capabilities Theory and Effectuation Theory in a single framework to explain the adaptation process of entrepreneurs in a volatile ecosystem.

Fourth, it finds that the results contradict growth-centric startup stories because hypergrowth can speed up organizational demise if it's not backed by operational sustainability.

Lastly, the study makes a contextual contribution to the still limited body of entrepreneurship research in the context of the start-up ecosystem in Pakistan.



- Sustainability strategy,  
Not only growth measures, but also and adaptive entrepreneurial capability.  
Visual Conceptual Framework and Infographic Design

## INFOGRAPHIC 3: Integrated Startup Sustainability Framework

### Internal Organizational Factors

- Leadership Capability
- Operational Discipline
- Financial Management
- Human Capital
- Strategic Flexibility
- Governance Quality

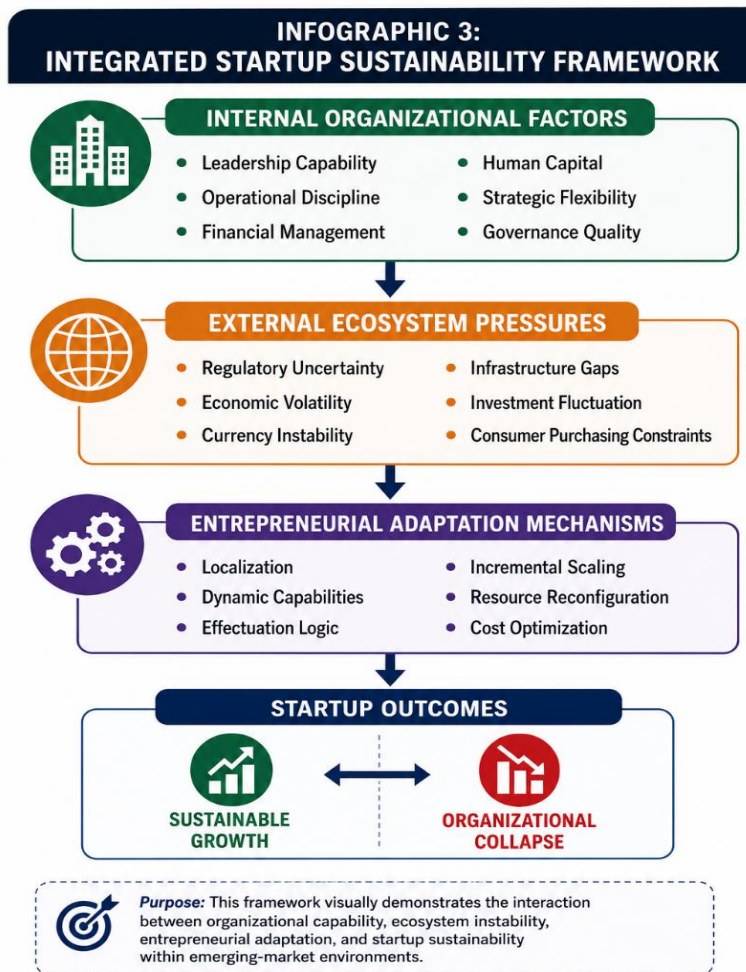
### External Ecosystem Pressures

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- Economic Volatility
- Currency Instability
- Infrastructure Gaps
- Investment Fluctuation
- Consumer Purchasing Constraints

### Entrepreneurial Adaptation Mechanisms

- Localization
- Dynamic Capabilities
- Effectuation Logic
- Incremental Scaling
- Resource Reconfiguration
- Cost Optimization





**Startup Outcomes**







Sustainable Growth Organizational Collapse

Purpose: This is a framework that visually illustrates the relationship between organizational capability, ecosystem instability, start-up adaptation, and start-up sustainability in the contexts of emerging markets.

Infographic 4: Comparative Startup Sustainability Matrix

Dimension	Failed Startups	Sustainable Startups
Growth Strategy	Aggressive Hypergrowth	Controlled Scaling
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Conceptual Framework

Start-up Sustainability in Emerging Markets - Integrated Model

Internal Organizational Factors

- Leadership Capability
- Operational Discipline
- Financial Management
- Organizational Maturity
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- Human Capital



External Ecosystem Factors

- Regulatory Instability
- Economic Volatility
- Funding Uncertainty
- Infrastructure Limitations
- Consumer Market Constraints
- Institutional Fragmentation

Entrepreneurial Adaptation

- Localization
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- Effectuation Logic
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Startup Outcomes

- Sustainable Growth OR
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This study comparatively analyzed the issue of startups failure and sustainability in the context of the entrepreneurial ecosystem in Pakistan, by using the lens of entrepreneurial adaptation. The results show that startup failure in emerging markets is generally caused by more than merely one failing of the organization. Instead, failure becomes apparent when there are weaknesses within the organisation and when the environment fluctuates.

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In contrast, more sustainable startups were more

**Expanded Academic Discussion**

**Emerging-Market Startup Fragility**

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The business environment of Pakistan is plagued with the fluctuations of inflation, lack of economic planning, fluctuating currency valuation, infrastructural constraints, lack of confidence among investors and regulatory

**Entrepreneurial Success without Growth - The Myth**

A further key finding that comes out of the study relates to the mythologization of hypergrowth in the startup culture. Aggressive growth, 'unicorn' valuations, funding visibility and rapid customer acquisition are all hallmarks of entrepreneurial success that are often celebrated in today's

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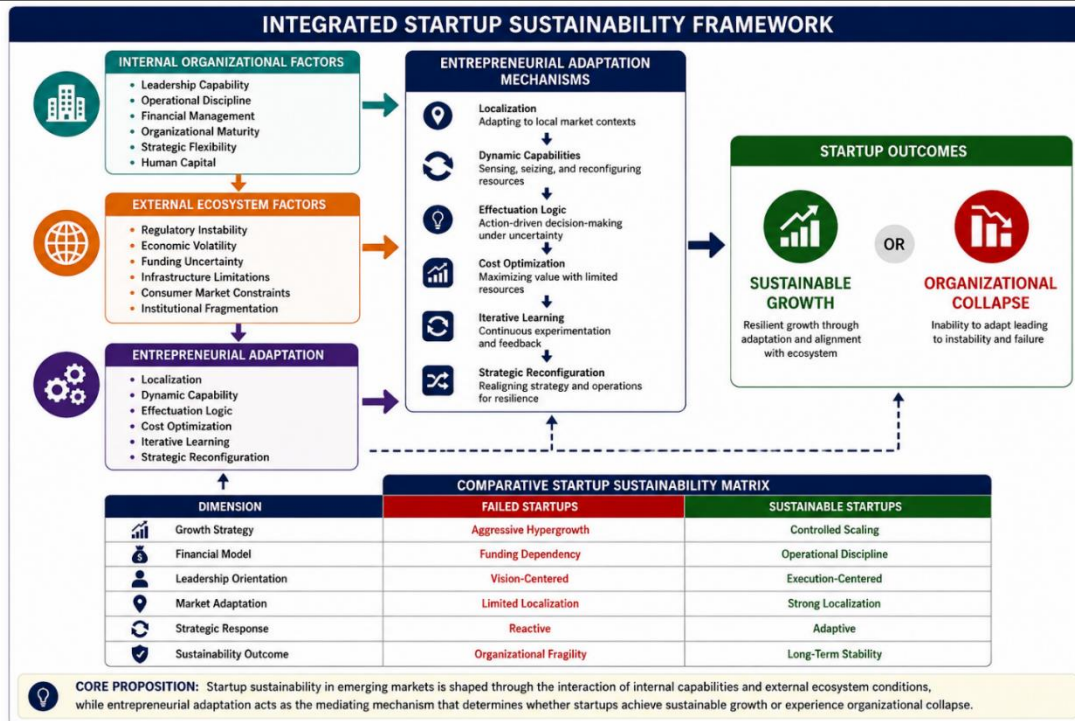
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In comparison, the relatively sustainable startups had more focus on:

- **Customer trust,**
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The study thus suggests that entrepreneurship with a sustainability orientation might be a more sustainable approach in the context of emerging economies that are volatile in terms of their economy and institutions.



The limitations of the study are presented. The study has a number of drawbacks. To begin with, the research is largely based on secondary qualitative data and not on primary data that can be garnered through direct interviews with founders, investors and ecosystem stakeholders. While there was a lot of public documentation analysed, it may be beneficial to have the direct perspective of the participants to obtain deeper insight into the processes of entrepreneurial decision making. Secondly, this study is specifically on the Startup Ecosystem of Pakistan. The results are relevant for entrepreneurship in emerging markets in general, but are not necessarily the same in different developing markets. Third, start-up trajectories are continually dynamic. There are some startups that are considered sustainable, but who might face difficulties in the future and vulnerable companies who might adapt successfully. Fourth, the study focuses on digitally-driven start-up companies and does not necessarily reflect sustainability aspects in the traditional start-up sectors. However, the comparative qualitative design

offers significant analytical depth in terms of adaptation and sustainability in the entrepreneurial dynamic in turbulent emerging-market environments.

This study suggests the following recommendations for future research:

Future research needs to be extended to comparative entrepreneurship analysis between countries of emerging economies to assess the various influences of institutional environments on sustainability of start-ups. Further longitudinal studies on the development of startups over time would enhance the knowledge of entrepreneurs' resilience and adaptation of the organizations.

In the future, it is recommended to include:

- **Founder interviews,**
- **Investor perspectives,**
- **Policymaker insights,**
- **Incorporation of and analysis on incubator to gain more comprehensive understanding at an ecosystem level.**

Further quantitative research on the relationship between funding dependency, operational maturity and the survival of startups, would also be valuable empirical research.

The study should be continued to determine how entrepreneurial models that are oriented towards sustainability differ from traditional hypergrowth startups in developing economies.

#### Recommendations for Future Research.

Further studies on comparative entrepreneurship are suggested to be extended in the future, which will allow the sustainability of startups in different institutional environments to be assessed.

Further longitudinal studies could be conducted to add to the knowledge about start-up development over a period of time, as well as the study of entrepreneurial resilience and organizational adaptation.

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#### Future studies should also involve:

- Founder interviews,
- Investor perspectives,
- Policymaker insights,
- To gain more holistic understanding of the ecosystem, an and incubator analysis was performed.

Quantitative analyses of the funding dependency, operational maturity and start-up survival would also provide empirical understanding.

The differences between sustainability driven entrepreneurial models and the traditional hypergrowth start-up models in developing economies should also be explored.

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- Additional ecosystem reports, startup documentation, and entrepreneurship sources from the thesis literature base should be integrated during final formatting according to journal citation requirements.

