

20 - 22 March 2026.

Lisbon , Portugal

# **Determinants of Entrepreneurial Subjective Financial Well-being: Are Social Innovations the Answer to Economic Shocks?**

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## **Abstract**

This study examines how the COVID-19 pandemic affected the subjective financial well-being (SFWB) of entrepreneurs in urban Pakistan and investigates whether opportunity-driven entrepreneurship and social innovations helped mitigate the negative effects of the crisis.

Using pooled survey data from 600 entrepreneurs operating micro, small, and medium-sized local fast-food businesses in 2019 and 2020, the study applies ordered probit regression models. Interaction terms are used to assess the role of opportunity-based motivation, income, education, and social innovations during the pandemic. The results show that SFWB declined significantly during COVID-19. Opportunity-motivated entrepreneurs, higher income, education, good health, and marital status are positively associated with SFWB, while necessity entrepreneurship and the pandemic period reduce SFWB. Social innovations, particularly online business services and age- and gender-based menu adaptations, significantly improve SFWB, especially during the pandemic. The study is limited to urban Pakistan and the fast-food sector and focuses only on the early phase of the pandemic, which restricts generalizability. Promoting digitalization and customer-oriented innovations can strengthen entrepreneurs' financial resilience during economic shocks. Encouraging opportunity-driven entrepreneurship and innovation can enhance financial well-being and social stability during crises. This is among the first studies to link social innovations with entrepreneurial financial well-being during COVID-19 in a developing-country context.

**Keywords:** COVID-19 Pandemic; Entrepreneurship Motivations; Local Fast-Food Industry; Social Innovations; Subjective Financial Well-Being; Urban Pakistan