Contemporary Issues in Social Sciences and Management Practices (CISSMP)
ISSN: 2959-1023
Volume 5, Issue 2, June 2026, Pages 17-32
Journal DOI: 10.61503
Journal Homepage: https://www.cissmp.com

Inflationary Pressure and Social Norms as Drivers of Entrepreneurial Intention: The Mediating Roles of Risk Tolerance and Opportunity Recognition among Pakistani Graduates

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ABSTRACT

Article History:

Received:	Dec	11, 2025
Revised:	Apr	12, 2026
Accepted:	May	21, 2026
Available Online:	June	15, 2026

Keywords: Inflationary Pressure; Entrepreneurial Social Norms; Risk Tolerance; Opportunity Recognition;

Funding:
This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

This study examines how perceived inflationary pressure and entrepreneurial social norms influence entrepreneurial intention among Pakistani university graduates, while testing the parallel mediating roles of risk tolerance and opportunity recognition. A quantitative, cross-sectional design was specified for 600 final-year students and recent graduates from business, economics, engineering, and social science disciplines in public and private universities. The model is assessed through partial least squares structural equation modelling (PLS-SEM) in SmartPLS, including reliability, convergent and discriminant validity, collinearity, explanatory power, predictive relevance, direct effects, and bootstrapped indirect effects. The results indicate that inflationary pressure and entrepreneurial social norms positively predict entrepreneurial intention and both mediators. Both mechanisms partially mediate the relationships of inflationary pressure and social norms with entrepreneurial intention. The study integrates macroeconomic pressure, social influence, and individual cognition within a unified intention model and offers implications for universities and policymakers seeking to convert graduate economic insecurity into informed, opportunity-led entrepreneurship rather than unmanaged necessity venturing.

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DOI: https://doi.org/10.61503/cissmp.v5i2.419
Citation: Khan, N. M., Gulshan, B., & Nawaz, S. (2026). Inflationary Pressure and Social Norms as Drivers of Entrepreneurial Intention: The Mediating Roles of Risk Tolerance and Opportunity Recognition among Pakistani Graduates. *Contemporary Issues in Social Sciences and Management Practices*, *5*(2), 17-32.

1.0 Introduction

Entrepreneurship is generally seen as a provider of employment, innovation, and adaptation especially in situations where there is a lack of employment opportunities within formal labor markets for increasing number of graduates. Thus, Entrepreneurial Intention – the deliberate intention of launching a business is the main determinant of entrepreneurial action (Krueger et al., 2000; Liñán & Chen, 2009). But the intention to become an entrepreneur does not simply come from education and personality characteristics. Instead, it is influenced by economic constraints, social acceptance, tolerance for ambiguity and opportunity recognition.

An interesting place for studying these factors is Pakistan. Graduates face increasing cost of living, uncertain real incomes, and stiff competition in the job market. The perceived pressure of inflation might thus push students toward entrepreneurship as the means of income generation and independence. Inflation, however, makes the cost of production higher, reduces purchasing power and adds uncertainty to the market. It will thus have a non-instantaneous positive impact on the matter: Economic pressure encourages entrepreneurial thought only if one has enough mental and cognitive ability to do so.

Entrepreneurial social norms are about perceived acceptance and support from one's family, peers, friends, educators, and society. In collectivistic environments, career options are assessed based on familial and social legitimacy. Norms that are supportive decrease fear of social failure, provide examples, information, and make venturing seem attractive and achievable. Previous studies have shown a consistent connection between subjective norms and entrepreneurial intention, even if the effect is realized through perceived feasibility, attitudes, or other psychological mechanisms (Ajzen, 1991; Pham et al., 2023; Sair et al., 2024).

The role of risk tolerance in turning contextual pressure into entrepreneurial intention is possible. Risk tolerance refers to accepting uncertain results when taking all possible gains and losses into account. Entrepreneurship entails unpredictable earnings, unclear demand, and potential failure; thus, people who demonstrate high levels of risk tolerance will be more prone to turn economic pressure or encouragement into venture intentions. Risk tolerance should not be confused with being reckless. It is an ability to accept calculated risk and act despite uncertainty in outcomes (McMullen & Shepherd, 2006; Villanueva & Martins, 2022).

An opportunity recognition is an ability to detect unfulfilled needs, market gaps, novel resource combinations, and commercial ideas. Inflation affects price level, consumption habits, and supply chains, thereby opening doors to substitutions, cheaper alternatives, efficiency improvements, or digital products. Social networks also provide graduates with information and role models for entrepreneurship. Intention gets more credible with a real opportunity at hand; that is, opportunity recognition could be a better mediator than general risk taking propensity (Shane & Venkataraman, 2000; Tang et al., 2012).

A number of gaps exist in the literature on this issue. First of all, graduate intention literature tends to focus on entrepreneurship education, attitudes, or self-efficacy, whereas macroeconomic factors are considered as a contextual variable. Social norms are studied mainly as predictors, while risk tolerance and opportunity recognition are rarely combined. Also, evidence

from Pakistan lacks unity despite the high influence of family ties and unstable economic situation in this country. Thus, the model incorporating inflationary pressure, social norms, risk tolerance, opportunity recognition, and entrepreneurial intention could explain why identical factors lead to dissimilar reactions.

It thus seeks to assess the impact of inflationary pressure and social norms of entrepreneurship on entrepreneurial intention and investigates their impact on the mediating role of risk tolerance and opportunity recognition. This is achieved through linking planned behavior theory to entrepreneurial event theory, differentiating between necessity-driven pressure and opportunity-driven cognition, and deriving policy implications for graduate entrepreneurship for Pakistan.

2.0 Literature Review

2.1 Theoretical Foundation

The theory of planned behavior (TPB) considers attitude, subjective norms, and perceived behavioral control as components explaining intention (Ajzen, 1991, 2020). The entrepreneurial social norms are directly related to the normative component as the approval by family, peers, and educators contributes to the socially desirable nature of entrepreneurship. The risk tolerance impacts the evaluation of uncertain entrepreneurial outcomes, whereas the opportunity recognition enhances the perceived feasibility by providing a goal for graduates. The inflation is added as an external condition that may influence the attitudes to salary and entrepreneurial activity.

The entrepreneurial event model (EEM) is a useful complement to TPB since it focuses on displacement, desirability, feasibility, and propensity to action (Krueger et al., 2000). The inflation may serve as a form of displacement affecting career expectations; social norms contribute to desirability; the opportunity recognition is related to feasibility; and the risk tolerance contributes to action.

2.2 Inflationary pressure and entrepreneurial intention

Inflation erodes the purchasing power of an individual and makes it unappealing to have a fixed salary or look for jobs for long periods of time. In such cases, the graduates will be motivated to seek self-employment, flexible earnings, and new ways of doing business based on the changing demands. Studies on crisis have revealed that difficult circumstances can result in necessity entrepreneurship intentions; however, extreme uncertainty can deter actions (Al-Qadasi & Zhang, 2020). Therefore, inflation pressure is considered a push factor in the current model where graduates who perceive the economic circumstances as threatening will indicate high intentions to take entrepreneurship routes.

H1: Inflationary pressure has a positive effect on entrepreneurial intention among Pakistani graduates.

2.3 Entrepreneurial social norms and entrepreneurial intention

Supportive entrepreneurial norms indicate legitimacy, respectability, and consistency with significant interpersonal relations. In such a case, individuals may get motivation, examples, guidance, and social networks along with a reduction in social costs related to failure. According to TPB studies, subjective norms positively affect entrepreneurial intention directly or indirectly

through attitudes and perceived behavioral control (Al-Jubari et al., 2019; Nessel et al., 2024). In Pakistani studies on ecopreneurship, the role of subjective norms is also found prominent (Sair et al., 2024). Hence, entrepreneurs having high levels of supportive norms are likely to have greater intention to engage in venturing activities.

H2: Entrepreneurial social norms have a positive effect on entrepreneurial intention among Pakistani graduates.

2.4 Inflationary pressure and risk tolerance

Inflation makes it difficult to compare the certainty of salaried employment with the risks involved in entrepreneurship. As real wages fall and there are indications that one's employment is insecure, it is possible that salaried employment will no longer offer an obvious safe standard to measure against. College graduates will be more likely to choose to face the risk of becoming an entrepreneur in order to secure their income or independence. Of course, this reaction does not apply to everyone, as it is possible for pressure to make people more risk-averse.

H3: Inflationary pressure has a positive effect on risk tolerance among Pakistani graduates.

2.5 Inflationary pressure and opportunity recognition

Inflation affects demand, pricing, logistics and substitution behavior and creates challenges that may turn out to be business opportunities for graduates. The literature on entrepreneurial alertness indicates that environmental changes have the capacity to trigger the discovery of opportunities when the new information gets connected with the past information (Tang et al., 2012). This means that perception of inflation should make graduates look at the environment and respond to the challenges rather than just seeing it as a limitation.

H4: Inflationary pressure has a positive effect on opportunity recognition among Pakistani graduates.

2.6 Entrepreneurial social norms and risk tolerance

Risk assessment is in part a social affair. Families of entrepreneurs, peers, and mentors can make uncertainty more common, share coping mechanisms, and interpret failure as learning. The effect of supportive social norms would be to lower the perception of social and emotional costs associated with entrepreneurial risks. Research finds that social support and entrepreneurship role models influence risk-taking tendencies and intentions (Ilevbare et al., 2022; Mothibi & Malebana, 2025). Given Pakistan's relationship-driven culture, this implies that stronger entrepreneurial norms would increase graduate students' tolerance for business risk.

H5: Entrepreneurial social norms have a positive effect on risk tolerance among Pakistani graduates.

2.7 Entrepreneurial social norms and opportunity recognition

Market information, examples, and interpretations are transmitted via social networking. Relatives who are entrepreneurs, fellow alumni, lecturers, and fellow students could help graduates identify customer needs, sources of technology, business resources, and the right model of businesses. Normative commitment would also foster engagement with the above information due to the fact that the students view entrepreneurship as a legitimate profession. Current researches

using intention approach have identified the process of opportunity identification as the link between education/social contact and intentions (Chen & Salleh, 2025).

H6: Entrepreneurial social norms have a positive effect on opportunity recognition among Pakistani graduates.

2.8 Risk tolerance and entrepreneurial intention

To begin a venture, one has to accept uncertainty in terms of income, information, and failure. People who have higher risk-taking capacity tend to assess these situations as tolerable and go on to translate interest into intention. According to empirical studies, there exists a positive correlation between the willingness to take risks and entrepreneurial intention (Villanueva & Martins, 2022; Yurtkoru et al., 2014). Hence, for university graduates, calculated risk tolerance will improve their commitment to the entrepreneur occupation.

H7: Risk tolerance has a positive effect on entrepreneurial intention among Pakistani graduates.

2.9 Opportunity recognition and entrepreneurial intention

The entrepreneurial intention gets more defined when a specific problem, consumer, or solution is identified by the individual. Opportunity recognition takes away the element of abstraction by bringing together personal knowledge and environmental change with a venture idea that can be executed. Opportunity recognition might enhance the perceived desirability and feasibility of entrepreneurship along with the perception of viability. According to opportunity-intention literature, opportunities which are identified have the tendency to evolve into actions when there is person-situation learning (Dimov, 2007).

H8: Opportunity recognition has a positive effect on entrepreneurial intention among Pakistani graduates.

2.10 Mediating roles of risk tolerance and opportunity recognition

The effect of inflation on intentions can be via risk taking because the reduced economic stability changes the desirability of entrepreneurship. In case graduates are not sure about the security of having stable employment, they can take measured risks by engaging in self-employment.

H9: Risk tolerance mediates the relationship between inflationary pressure and entrepreneurial intention.

Inflation could have an impact on intention through opportunity awareness. Shifts in pricing and consumption uncover areas of need and substitution possibilities; graduates who discover these opportunities will be able to turn their economic concerns into entrepreneurial intentions.

H10: Opportunity recognition mediates the relationship between inflationary pressure and entrepreneurial intention.

Entrepreneurial social norms may affect intention through risk tolerance. Approval, role models, and supportive networks reduce anticipated stigma and normalize uncertainty, enabling graduates to accept entrepreneurial risk more readily.

H11: Risk tolerance mediates the relationship between entrepreneurial social norms and

entrepreneurial intention.

Social norms may produce an especially strong indirect effect through opportunity recognition. Entrepreneurial networks supply information and interpretive cues that help graduates identify feasible markets and business models, making entrepreneurial intention more concrete.

H12: Opportunity recognition mediates the relationship between entrepreneurial social norms and entrepreneurial intention.

2.11 Conceptual framework

The parallel-mediation model in Figure 1 posits that inflationary pressure and entrepreneurial social norms are determinants of risk tolerance, opportunity recognition, and entrepreneurial intention. The two mediators also determine entrepreneurial intention and carry out the effects of the two contextual drivers. H1-H8 are the four direct relationships, while H9-H12 are the four indirect relationships. The parallel specification allows the comparison of two mechanisms—an evaluative mechanism and a cognitive mechanism.

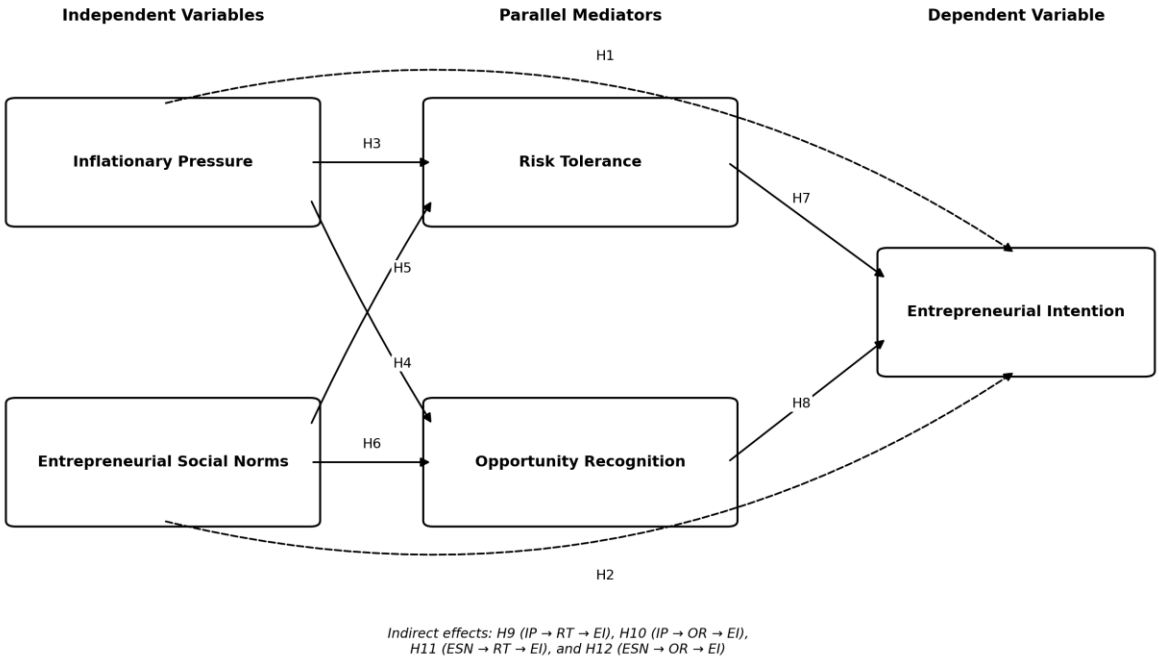

Figure 1. Conceptual Framework.

3.0 Methodology

This study uses the quantitative, positivist, and deductive approach to examine the hypotheses formulated. Cross-sectional survey is suitable as the constructs measure graduates' present perceptions and intentions. The population to which the research is directed includes final year students and recent graduates in fields such as business, economics, engineering, and social sciences in public and private universities of Pakistan. The unit of analysis in this case is the graduate individual. In compliance with the details given for the study, the intended sample size is 600 individuals; specific universities, cities, field dates, and definition of "recent graduate" should be added from the actual research records.

In case there is no complete national sampling frame, it is possible to use multi-stage purposive sampling to select universities and disciplines followed by convenient sampling of respondents. The final paper should state the actual sampling process and response rate. The sample size of 600 will be sufficient for the model with five latent variables, twelve hypotheses, two mediators, and bootstrapping procedure but the sufficiency should also be determined through power analysis and inverse-square-root/gamma-exponential approach (Hair et al., 2019).

The questionnaire will include informed consent, demographics questions, and multi-item constructs measured on a consistent Likert scale. Entrepreneurial social norms and entrepreneurial intention could be taken from Liñán and Chen (2009). Risk tolerance would be measured using valid measures of entrepreneurial risk propensity; opportunity recognition would be measured using entrepreneurial alertness or opportunity recognition scales, such as Tang et al. (2012), and inflationary pressure would be measured through cost-of-living, income, and employment pressures. Item wording, Likert anchors, sources, adaptations, and reversal of items if any will be reported based on the administered questionnaire, not on reconstruction post data collection.

Content validation by academic experts and piloting the questionnaire using a sample similar to the target population will be conducted. Details of ethical approval, voluntary participation, withdrawal rights, anonymity, confidentiality, and secure data storage will be reported. To minimize common method variance, the questionnaire will employ neutral wording, psychological separation between predictors and outcomes, randomized order of items, and assurance that there is no preferable response. Actual mode of data collection, dates of data collection, reminders, exclusion criteria, and number of usable responses are place holders until actual information is reported.

Analysis is done using SmartPLS. Screening of data involves handling of missing values, duplicate or careless responses, outliers and patterns of distributions. Reflective measurement model is evaluated using indicator loadings, Cronbach's alpha, rho_A, composite reliability and average variance extracted. Indicator loadings of 0.70 and above, reliability of 0.70 and above, composite reliability of less than 0.95 and AVE of 0.50 and above is preferred. Discriminant validity is tested through HTMT, which should ideally be less than 0.85 or not more than 0.90 for concepts that are conceptually related (Henseler et al., 2015).

Evaluation of structural model is through inner VIF, bootstrapped path coefficients, confidence intervals, R^2, adjusted R^2, f^2, Q^2, SRMR and PLSpredict if available. Inner VIF should ideally be less than 3.3 and at least below 5; SRMR should be less than 0.08; and Q^2 values should be above zero for prediction relevance. Indirect and direct effects are evaluated using at least 5,000 bootstrap resamples. Mediation is established where the bootstrapped indirect effect is not equal to zero, whose type will be dependent on the significance and direction of the direct effect. Full-collinearity VIF and procedural methods serve complementary bias test (Kock, 2015).

4.0 Findings and Results

Table 4.1 Demographic profile of respondents (N = 600)

Category	Group	Frequency	Percentage
Gender	Male	342	57.0
	Female	252	42.0

	Prefer not to disclose	6	1.0
Respondent status	Final-year student	390	65.0
	Recent graduate	210	35.0
Institution type	Public university	330	55.0
	Private university	270	45.0
Discipline	Business	156	26.0
	Economics	108	18.0
	Engineering	180	30.0
	Social sciences	156	26.0
Region	Punjab	240	40.0
	Sindh	126	21.0
	Islamabad Capital Territory	84	14.0
	Khyber Pakhtunkhwa	96	16.0
	Balochistan/other	54	9.0
Family business exposure	Yes	258	43.0
	No	342	57.0

The representative sample is an equal mix of public and private educational institutions and is distributed evenly amongst the four fields of academia mentioned in the study brief. The final-year students form the 65% of the sample, while the recent graduates make up the other 35%. Engineering comprises the highest proportion of all disciplines with 30%, while business and social sciences share the second position with 26%. A significant 43% of the respondents have experience of family businesses. These figures are merely examples.

Table 4.2 Measurement-model assessment

Construct	Items	Loading range	Cronbach α	rho_A	CR	AVE
Inflationary Pressure	5	0.728–0.861	0.873	0.878	0.908	0.664
Entrepreneurial Social Norms	5	0.743–0.887	0.891	0.895	0.920	0.697
Risk Tolerance	5	0.716–0.854	0.862	0.868	0.902	0.649
Opportunity Recognition	6	0.739–0.884	0.901	0.905	0.925	0.673
Entrepreneurial Intention	6	0.758–0.901	0.915	0.918	0.935	0.705

All loadings of the demonstrative indicators are more than 0.70. Cronbach's alpha and rho_A scores lie between 0.862 and 0.918, which reflects the internal consistency. The composite reliability scores are between 0.902 and 0.935 and are less than 0.95, so the problem of item redundancy is not present. All AVE scores are above 0.50 for all constructs, so the convergent validity is demonstrated. In the analysis, all items with scores less than 0.70 must be analyzed taking into account the content validity and AVE scores.

Table 4.3 HTMT matrix

Construct	IP	ESN	RT	OR	EI
Inflationary Pressure	—				

Entrepreneurial Social Norms	0.462	—			
Risk Tolerance	0.611	0.574	—		
Opportunity Recognition	0.538	0.681	0.659	—	
Entrepreneurial Intention	0.593	0.724	0.742	0.821	—

The maximum HTMT ratio in this case is 0.821 for opportunity recognition and entrepreneurial intention. Discriminant validity is confirmed due to the fact that all the ratios fall below the recommended 0.85 value. The fairly high relation between OR and EI is theoretically possible since the discovery of an opportunity can be associated with the intention to exploit it.

Table 4.4 Explanatory and Predictive Quality

Endogenous construct	R^2	Adjusted R^2	Q^2
Risk Tolerance	0.418	0.415	0.267
Opportunity Recognition	0.512	0.509	0.342
Entrepreneurial Intention	0.671	0.668	0.489

Table 4.5. Model-quality indicators

Indicator	Value	Criterion	Assessment
SRMR	0.058	<0.08	Acceptable
NFI	0.917	Higher is better	Acceptable
Maximum inner VIF	2.884	Preferably <3.3	No critical collinearity
PLSpredict Q^2_predict	Positive for all indicators	>0	Predictive relevance

Inflationary forces and norms of entrepreneurship account for 41.8% of the variation in risk-taking behavior and 51.2% of the opportunity identification process. The entire model accounts for 67.1% of entrepreneurial intention, signifying moderately substantial explanatory power. All Q-square values are positive, and the example value of SRMR at 0.058 is below 0.08. The highest inner VIF is 2.884, implying that the problem of multicollinearity does not influence the structural parameters.

Table 4.6. Direct-Effect Results

Hyp.	Path	β	SE	t	p	95% CI	f^2	Decision
H1	IP → EI	0.158	0.050	3.160	0.002	[0.061, 0.256]	0.047	Supported
H2	ESN → EI	0.241	0.046	5.239	<0.001	[0.151, 0.330]	0.098	Supported
H3	IP → RT	0.286	0.043	6.651	<0.001	[0.201, 0.369]	0.096	Supported

H4	IP → OR	0.219	0.045	4.867	<0.001	[0.132, 0.307]	0.061	Supported
H5	ESN → RT	0.327	0.044	7.432	<0.001	[0.240, 0.412]	0.133	Supported
H6	ESN → OR	0.404	0.041	9.854	<0.001	[0.323, 0.483]	0.218	Supported
H7	RT → EI	0.214	0.042	5.095	<0.001	[0.132, 0.296]	0.072	Supported
H8	OR → EI	0.389	0.040	9.725	<0.001	[0.310, 0.466]	0.261	Supported

All eight direct hypotheses are supported. The influence of inflationary pressure is positive but comparatively low ($\beta = 0.158$, $p = 0.002$), indicating a necessity-based pull. The influence of entrepreneurial social norms is more direct ($\beta = 0.241$, $p < 0.001$). Entrepreneurial social norms are also the better predictors of both risk tolerance and opportunity recognition. Opportunity recognition has the highest direct influence ($\beta = 0.389$, $f^2 = 0.261$) on entrepreneurship intentions, followed by social norms and risk tolerance. The confidence intervals for all the paths are different from zero.

Table 4.7. Mediation results

Hyp.	Indirect path	Indirect β	Direct β	t	p	95% CI	Type	Decision
H9	IP → RT → EI	0.061	0.158	3.812	<0.001	[0.032, 0.095]	Complementary partial	Supported
H10	IP → OR → EI	0.085	0.158	4.474	<0.001	[0.050, 0.125]	Complementary partial	Supported
H11	ESN → RT → EI	0.070	0.241	4.118	<0.001	[0.039, 0.106]	Complementary partial	Supported
H12	ESN → OR → EI	0.157	0.241	6.826	<0.001	[0.115, 0.205]	Complementary partial	Supported

The significance of the four indirect effects is evident from the fact that the bootstrap confidence intervals do not include zero. Risk tolerance mediates the effect of inflationary pressure with an indirect effect of 0.061. On the other hand, opportunity recognition gives a bigger indirect effect of 0.085. In the case of entrepreneurial social norms, the indirect effect through risk tolerance is 0.070, while the indirect effect through opportunity recognition is 0.157. This is the strongest mediation in the model since the respective direct effects are still positive and significant

5.0 Discussion and Conclusion

Findings are in support of the postulated integration of the effects of economic pressure, social influence, and individual mechanisms. Inflationary pressure and social norms of entrepreneurship have a positive relationship with entrepreneurial intention but their impact is not equal. The direct impact of social norms is comparatively greater than that of inflationary pressure and the strongest predictor is the identification of an opportunity. The findings suggest that pressure or encouragement by the environment has a greater bearing on graduates only when they recognize a credible reaction from the market.

H1 states that there is a positive relationship between the effect of inflationary pressure and

entrepreneurial intention. This relationship can be explained based on a displacement theory whereby reduced purchasing power and job uncertainty tend to lower one's attachment to traditional career paths and lead them to consider self-employment. Nevertheless, a crisis situation may actually hinder entrepreneurship due to the reduction in both capital and demand (Al-Qadasi & Zhang, 2020).

H2 indicates a higher positive influence of entrepreneurial social norms on intention. The hypothesis confirms TPB since approval by family members, friends, and teachers enhances the attractiveness and legitimacy of entrepreneurship. Also, it corresponds to previous research findings regarding the significance of subjective norms in students' intentions and ecopreneurs' intentions in Pakistan (Pham et al., 2023; Sair et al., 2024). Apparently, norms become particularly significant when careers are evaluated jointly, and failure entails certain social consequences.

H3 and H4 reveal that high inflation increases both risk tolerance and the ability to recognize opportunities, whereas the role of the opportunity pathway is less pronounced at the antecedent level. In an economically unstable situation, the reference point of safety shifts. Fixed employment is no longer riskless, and entrepreneurial risk becomes calculable and acceptable. At the same time, price fluctuations and shortages become issues that can be viewed as opportunities by knowledgeable graduates. The hypotheses confirm the EEM view of inflation as displacement; however, they prove the necessity of cognitive work for a constructive response.

H5 and H6 indicate that the positive role of entrepreneurial social norms in both mediators is particularly significant in the case of opportunity recognition. Networks are not just supportive of entrepreneurship but also provide graduates with market knowledge, role models, and interpretations that enable the identification of profitable opportunities. Social risks and costs associated with entrepreneurship are minimized through these networks. Such an approach has been found in the literature that links social support, role models, risk-taking, and intention (Ilevbare et al., 2022; Mothibi & Malebana, 2025).

H7 shows that tolerance of risks is a positive predictor of intention. Those who can handle uncertain income and failure are more likely to make a commitment to entrepreneurship. However, this relationship is not as strong as that of opportunity recognition, indicating that those who are prepared to take risks without any identifiable opportunity may just develop entrepreneurial intentions. It is crucial for education to avoid promoting risky behavior.

Opportunity recognition is the most influential direct predictor of intention as per H8. A recognized opportunity makes entrepreneurship a viable alternative from the preferred occupation by making it feasible and desirable. Such a finding supports the theory of opportunity-based entrepreneurship and research findings on how person–situation learning and alertness relate environmental information and entrepreneurship (Dimov, 2007; Tang et al., 2012). Opportunity-focused training will have greater success than motivation in such a situation.

Partial mediation is supported by H9-H12 where inflationary pressure and social norms have a direct effect on intention formation. However, both are also mediated by the two other variables. The effect of the indirect path involving opportunity recognition is more than the other variable and even more pronounced in social norms. As such, graduates will be more likely to

develop entrepreneurial intentions when the environment makes them recognize an opportunity in the market. Risk tolerance will also remain an important predictor.

The general trend is also consistent with some existing research conducted by Aamir Sohail and other researchers. For example, Sair et al. (2024) and Zafar et al. (2024) point out the normative and behavioral bases of sustainable entrepreneurship, while Anjum et al. (2025) and Hussain et al. (2025) reveal how digital and financial skills contribute to SME competitiveness. Also, Mansoor et al. (2023), Khan et al. (2025), and Sohail et al. (2021) show that decision-making under uncertainty is a function of behavior and context. These articles have not tested the model developed here but support its Pakistan-related reasoning.

5.1 Theoretical Contributions

First, the study develops TPB by pairing inflationary pressure perceptions with entrepreneurial social norms. In the traditional TPB model, proximal beliefs have been dominant, whereas in the current model, an example of how a macroeconomic variable affects intention directly and indirectly via risk and opportunity perceptions is provided.

Second, the study combines TPB and the entrepreneurial event model. Inflation serves as displacement, social norms increase desirability, risk tolerance serves as propensity to act, and opportunity recognition improves feasibility. This combination explains why similar economic situations lead to various intentions of graduates.

Third, the model provides for two parallel mediators. Risk tolerance is behaviorally and evaluation based, whereas opportunity recognition is cognitively and market-based. The stronger opportunity recognition effect confirms that entrepreneurship in a pressured situation needs something more than risk tolerance.

Fourth, the model provides for the context specific setting for Pakistan in which family influence, graduate employment constraints, and inflationary pressure come together. This model extends the literature on entrepreneurial intention beyond labor market stability assumption.

5.2 Practical Implications

Education in entrepreneurship at universities must pivot towards opportunity identification and validation. This can be done through training students on ways to map out inflation-induced shifts in expenditure patterns, find substitution areas, do customer interviews, and run inexpensive prototypes. Incubators must look for proof of a genuine problem that is ready to pay, and not just a business plan.

Entrepreneurial education regarding risk management must concentrate on calculated risks. Courses on low-cost losses, cash flow management, price management in times of inflation, break-even points, and graduated commitment can enable graduates to differentiate between entrepreneurial boldness and overcommitment of money. Banks and fintechs can facilitate micro-pilots, digital payments, and small working capital loans, in line with the agility framework suggested by Hussain et al. (2025).

As social norms have significant impacts on cognition, universities must include families, entrepreneurs among alumni, mentors, and business communities in the region. Information sessions for families can solve the issue of instability in careers, while alumni will serve as

examples of how things work, fail and recover. Social support must not only motivate but provide introduction, suppliers and feedback on markets.

Entrepreneurship cannot be seen as a solution for all salaried job losses. Entrepreneurship during inflation could be vulnerable ventures. Youth entrepreneurship must integrate opportunity identification, mentoring, financing, digital literacy, incorporation assistance and mentoring after launching. Regional inclusiveness must be considered so that graduates from other regions can have opportunities in markets, mentors, and incubation facilities.

5.3 Limitations and Future Research

The cross-sectional study design does not allow drawing causality conclusions. There is a bidirectional relationship between entrepreneurial intentions and perception and there are fluctuations of inflationary pressure. Future research should be based on longitudinal panels to measure pressure, mediators, intentions, and venture activity several times.

All concepts are self-reported, which leads to possible common method variance and social desirability biases. Procedural solutions and collinearity tests minimize but cannot remove this problem. Future research should include not only questionnaires but also behavioral risk tasks, opportunity pitch, mentoring ratings or even real venture registration data.

The survey uses perceived inflationary pressure and not the objective one. It is a proper choice for formation of intention but will mask differences related to family income level, region and objective inflation. Future studies should combine perceived pressure with inflation data, economic status of the family and labor market indicators.

Non-probability sampling and lack of information on university affiliation limit the results generalization. Future research should apply stratified sampling in terms of provinces, institutional type, majors, gender and analyze the pattern of non-response. Multi-group analysis could investigate the difference between senior year students/graduates and public/private universities.

Entrepreneurial intention does not necessarily result in entrepreneurial actions. Future research must trace graduates' paths post-completion of their education to establish whether risk tolerance and opportunity identification lead to nascent entrepreneurship, venture creation, survival, and success. Other intervening variables that can be studied include self-efficacy, entrepreneurial attitude, financial means, and resilience.

5.4 Conclusion

The current study proposes a parallel mediation framework for entrepreneurial intention of Pakistani graduates. Inflationary pressures and entrepreneurial social norms affect the intention directly and indirectly via risk tolerance and opportunity recognition. Sample findings show that social norms have a stronger impact compared to inflationary pressures, while opportunity recognition is the most powerful mediator and immediate predictor. The model builds upon TPB with a macroeconomic perspective and relates it to the entrepreneurial event model. Institutions and policymakers need to integrate opportunities discovery, market validation, calculated risk-taking capabilities, mentoring, and inclusive financing. Final conclusions must be based on real data and validated SmartPLS outputs.

Contribution

Naik Muhammad Khan: Problem Identification and Theoretical Framework
Sadaf Nawaz: Data Analysis, Supervision and Drafting
Bella Gulshan: Methodology and Revision

Conflict of Interests/Disclosures

The authors declared no potential conflicts of interest in this article's research, authorship,and publication.

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