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SOCIAL INNOVATION AND ECONOMIC INCLUSION: PATHWAYS TO SUSTAINABLE DEVELOPMENT IN BALOCHISTAN

Dr. Zahoor Ahmed Lehri[*1], Mukhtar Bashir[2], Dr Waseem Sadiq[3]

[*1]*Lecturer, Department of Sociology University of Balochistan, Quetta*
[2]*Lecturer, Department of Education, University of Gwadar*
[3]*Lectuer / HOD Department of Management Sciences University of Balochistan Quetta Sub Campus Mastung*

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Corresponding Author: *
Dr. Zahoor Ahmed Lehri

Abstract
Balochistan, Pakistan's largest yet least developed province, faces enduring socio-economic challenges such as poverty, unemployment, weak governance, and social exclusion. Traditional development approaches have failed to produce equitable growth, leaving significant portions of the population economically marginalized. The problem addressed in this study is the lack of effective mechanisms that integrate social innovation with economic inclusion to promote sustainable development in Balochistan. The purpose of the study is to explore how innovative social and economic practices—such as community entrepreneurship, cooperative ventures, and inclusive policy interventions—can stimulate local economies, empower marginalized groups, and foster long-term social well-being. The study adopts a qualitative research methodology, relying on case studies, key informant interviews, and document analysis from selected districts including Quetta, Turbat, Lorali and Gwadar. Data are drawn from local NGOs, government reports, and development organizations to assess the role of social innovation in promoting economic inclusion. The findings reveal that locally driven initiatives—such as women-led enterprises, youth start-ups, and community-based cooperatives—have contributed to poverty reduction, job creation, and social empowerment. The results also highlight that the absence of institutional support, limited access to finance, and inadequate skill development remain key barriers to scaling these innovative practices. The study concludes that sustainable development in Balochistan requires policies that link social innovation with inclusive economic strategies. Strengthening public-private partnerships, investing in human capital, and supporting grassroots innovations can transform local communities from dependency to productivity. By embedding social innovation within economic planning, Balochistan can move toward a more equitable, resilient, and sustainable development trajectory that ensures prosperity for all segments of society.

INTRODUCTION

Balochistan is the largest Pakistani province in terms of area, a contradiction and a hope in the larger story on national development. It is the most socio-economically marginalized and least developed part of the country, despite being blessed with a lot of natural resources, such as minerals, energy resources and a strategic coastline. The province is a source of a lot of natural wealth to Pakistan yet it still remains in chronic poverty, poor infrastructure, little industrialization and social exclusion. This gap in development shows an institutional imbalance in the federal development system of Pakistan and explains why the traditional development-oriented policy fails to produce even-handed and inclusive results. The social fabric of Balochistan has over the years been influenced by intricate interactions of geography, rulemaking, and socio-political neglect making much of the population economically disempowered and socially marginalized.

Balochistan is a socio-economic environment that is defined by both immense opportunities and severe poverty. Since its population is spread over arid and semi-arid land, access to basic services in the society including education, healthcare, and employment is grossly limited. The government and development reports indicate that the poverty rates in Balochistan are always higher than the national rate, almost two-thirds of the population of the state lives below the poverty line (Government of Pakistan, 2021). The province is also least developed among others in terms of Human Development Index (HDI) that represents very serious lack of education, health and living standard. There is a lack of water, lack of irrigation systems, and agricultural production is very meager and limited through industrial development that is based more on resource extraction than value addition. The economic shocks, climatic changes and political instability are mostly susceptible to rural areas where most people live. The structural inadequacies continue the poverty-migration-unemployment cycles, and the socio-economic inequality.

Another major issue that has posed a challenge on the development of Balochistan is unemployment especially among youth and women. The labor market in the province is mainly informal and there is not much decent and sustainable job opportunity. Unemployment levels among the youth are still shocking because of their ineffective access to high-quality education and vocational training that prevents them from strengthening human capital and adopting the practice of modern economics (UNDP, 2022). Since social norms, institutional support and discrimination against women do not favour economic participation, the women who are almost half the population are frequently left out. Such exclusion does not only reduce potential income of households, but also undermines the social and economic resilience of the communities in general. Although the province has a young demographic profile that may act as a growth driver, it is unable to access its youthful population into productive economic ventures. This lack of fit between human potential and institutional capacity manifest a larger failure of governance which weakens the process of sustainable development.

The issue of governance is also a further cause of economic and social stagnation in the province. The effectiveness of the interventions by the public sector has been impaired by weak institutional structures, political instability and insufficient implementation of policies. The lack of participatory governing structures has established a gap between the state policies and the local community demands. A development program is usually not owned locally and does not reflect ground realities, which means that the effect and sustainability are minimal (Balochistan Planning and Development Department, 2020). The inability to trust in the government structures has also been undermined by corruption, bureaucracy and absence of transparency in the distribution of the resources. Besides, lack of centralization of fiscal powers and unequal distribution of resources in the federal system of Pakistan have traditionally left the Balochistan region at the periphery of power, denying it the opportunity to formulate and pursue resource-specific development policies. As a result, the province has been reliant on federal transfers and outside aid which has been strengthening a dependency culture instead of developing self-reliance and innovation.

These socio-economic and governance issues remain undelivered and therefore, there is a pressing need to have a paradigm shift in the way development is thought and practiced. Traditional development models in Balochistan have mostly been centered on top-down infrastructure and resource extraction schemes which in most cases do not result in inclusive development. These models are biased and do not focus on the human aspect of development as they emphasize more on economic outputs rather than social outcomes. Consequently, even as the extraction of the resources has made some members of the society very wealthy, a larger population remains jobless, poor, and marginalized. The shortcomings of the growth-focused model have compelled researchers and practitioners to seek alternative models that merge social innovation and economic inclusion as a source of sustainable development (Moulaert et al., 2013).

Social innovation here is anything new in terms of ideas, practices and institutional set ups that seek to address the social needs in a better way compared to the current solutions. It focuses on community participation, empowerment, and collaboration as the primary aspects of sustainable change. Social innovation is unlike the conventional economic interventions as it is aimed at creating shared value through simultaneous economic and social problems. The Balochistan region, where social capital and community ties are extremely important in every day survival, developing social innovation can offer a route to localized, bottom-up development. Local mobilization of resources, the generation of jobs and resilience among the marginalized communities can be achieved through community entrepreneurship, cooperative efforts, and grassroot innovations. These strategies acknowledge that local people are agencies to themselves and can contribute to their development and not to be recipients of aid.

Economic inclusion is the complement of social innovation as it is needed to make the gains of growth and innovation available to every section of the society especially the poor and marginalized. It entails the provision of fair chances of involvement in economic engagements by enhancing easier access to finance, education, skills, and markets. Economic inclusion is not only an economic goal in Balochistan but it is also a social need to have peace, stability, and cohesion. Social harmony and less inequality can be achieved through inclusive economic policies which involve women, young people and poor people in productive sectors. Economic inclusion assists in achieving a more balanced and participative development process through promotion of inclusive finance, vocational training and local entrepreneurship. This strategy is consistent with the United Nations Sustainable Development Goals (SDGs), especially the ones that relate to poverty eradication, gender equity, decent work, and fewer disparities (UNDP, 2021).

Social innovation and economic inclusion can provide a revolution in addressing the development predicaments of Balochistan. The social innovation offers the process through which creative solutions to problems and the collective empowerment of people can be achieved, but economic inclusion makes sure that the results of such innovations are distributed equally in society. They combine to form a comprehensive approach to sustainable development, which is not based on economic development alone but social justice, equity, and resilience. This combined model can assist in the cycle of addiction and marginalization that has been the dominant pattern of the Baluchistan development trend. It underlines the importance of local actors - community leaders, social entrepreneurs, civil society groups and small businesses - in the process of effecting change through cooperation and creativity.

Finally, to attain sustainable development in Balochistan, the current development paradigms need to be revised and social innovation concerns should be integrated into the economic planning and governance systems in the province. Included in this are the changes that policy makers need to make that move away with top-down approaches of intervention to the more inclusive and participatory approaches that embrace local knowledge and creativity. Institutional capacity building, increasing transparency, and establishing public-private relationships are some of the major steps that can lead to this transformation. In addition, the potential of the human capital in the province can be unlocked by investing in education, skills building and digital infrastructure, and support innovation-based growth. Balochistan can proceed to a more equitable and resilient future by putting social innovation and economic inclusion in its development policy. The shift will not merely cause economic prosperity, but also social cohesion and empowerment and also long-term well-being of all the society classes.

1. Problem Statement

However, with a lot of natural wealth and strategic value, Balochistan is the least developed region in Pakistan, and the province continues to experience socio-economic problems including poverty, unemployment, and social exclusion in the country. The conventional top-down models of development, as well as resource-based growth plans, are not able to bring equal and sustainable development to the local communities. Due to poor institutional capacity, ineffective access to finance, poor skill development, and inefficiency of the administration, large groups of the population, especially women, youth, and rural people, continue to be marginalized in the economic activity. Although single instances of community entrepreneurship, cooperative enterprises and grassroots innovation have proved to be promising in bringing positive change, these programs are usually not institutionalized and scalable. The fundamental issue that this paper will solve is that there is no effective framework that can combine social innovation and economic inclusion to form sustainable development channels in Balochistan. In the absence of this kind of integration, the development initiatives can only continue to increase dependency and inequality instead of empowering the local communities and enabling them to emerge in a long-term sustainable manner. This study thus aims at studying the ways through which socially innovative endeavors may be effectively interconnected with the framework of inclusive economics in a bid to foster equitable development and sustainable growth in Balochistan.

2. Research Objectives

a. To explore how social innovation fosters economic inclusion

b. To identify community-led models contributing to sustainable development

c. To assess institutional and structural barriers in Balochistan

3. Conceptual and Theoretical Framework

4.1. Defining Key Concepts

The term social innovation defines new ideas, practices, processes or organizational forms that seek to address the needs of society, more efficiently than the current solution to the same issue and consequently generate new social relations or partnerships (Moulaert et al., 2013). Social innovation unlike pure technological innovation provides a premonition of social value and common good: it concerns how people interact with each other, how services are managed, and how resources are mobilized to solve common issues. Social innovations in entrenched deprivation tend to arise on the grassroots level of community groups, NGOs and social entrepreneurs who test and produce more contextually relevant solutions that formal institutions have failed or refused to provide. A sense of community-based genesis provides social innovation with a unique normative focus on inclusion, participation, and empowerment (Moulaert et al., 2013).

Social innovation is plural in nature: it may be in the form of new service delivery model, alternative finance schemes (microcredit, community savings), cooperative business, hybrid organization, or new forms of governance that enlarge citizen involvement. Notably, social innovations are also not merely judged by novelty but by effectiveness, sustainability and scalability; a practice that has shown to be effective locally becomes a social innovation in the stronger sense when it is possible to adapt or institutionalize the practice without the loss of its underlying social meaning (Mulgan, 2006). The emancipatory power of social innovation is its ability to transform the relations of power, that is, to empower the marginalized groups to obtain resources, have a voice in decisions and be able to enjoy the fruits of the development processes in which they used to be marginalized or taken advantage of by the elites or foreign forces.

Social innovation also has a methodological aspect: in most instances, it is iterative and experimental, and learning-driven. Projects are normally developed based on piloting, beneficiary feedback and redesign; evaluation therefore focuses on process and results. This experimental reasoning is in opposition to the traditional top-down program design and proposes the reason that social innovations often perform better than normal interventions in frail or heterogeneous situations: they are flexible, thus able to accommodate to local preferences, social norms, and political constraints. As a result, social innovation continues to gain popularity among researchers and policy-makers as a framework to analyze the interventions aimed at the development of interventions that are locally acceptable and socially inclusive (Moulaert et al., 2013; Mulgan, 2006).

Lastly, social innovation should be perceived as dependent on institutional settings. The enabling conditions such as regulatory openness, financial access, favorable institutions of the state, and partnerships with the private actors determine the success and scale of social innovations. With weak or predatory institutions, social innovators might need to act informally or be small-scale, whereas with enabling institutions, innovations can be institutionalized into governmental programs or market paradigms. Therefore, a definition of social innovation with the focus on it as novelty or empathy is prone to leaving out the political economy that affects the survival and diffusion of innovations (Moulaert et al., 2013).

Economic inclusion refers to the policies, practices and structures that permit individuals, especially the underprivileged ones, to engage fruitfully in economic action and have an adequate fraction of the profits. Its simplest definition is that economic inclusion encompasses access to productive resources (land, credit, inputs), labour market opportunities (decent work, fair wages), markets (buyers, fair prices), social protection and the institutional capacity to appropriate rights (legal identity, enforceable contract). Inclusion does not just entail access but agency: the capacity of people and groups to make substantive economic decisions and interact with the rules of economic participation (World Bank, 2013). Economic inclusion in the development praxis is viewed as an outcome (less poverty, more incomes) and a process (policy reform, capacity building, strengthening of institutions).

Economic inclusion is also multidimensional--it is financial inclusion, labour inclusion, gender-inclusive policies and market integration. An example is financial inclusion, which focuses on access to banking, credit, insurance and payment systems; labour inclusion, which focuses on skills, decent working conditions and employment opportunities; and market inclusion, which focuses on value-chain involvement and access to regional and global markets. Good inclusion practices thus are across sectoral and involve coordinated actions- education, microfinance, market networks, and legislative change- specific to local social frames. This is the reason why inclusion is frequently lagging: it is systemic change to be made and not individual program corrections (World Bank, 2013).

More importantly, the concept of economic inclusion takes care of equity, not only the efficiency. It is believed that due to risk dispersion, aggregate demand creation, and social bonding inclusive economies are resilient and socially stable. In empirical studies of the relationship between growth and redistributive and inclusion policies, it is observed that more sustainable poverty reduction is more likely to be detected in countries that implement growth and strong redistributive and inclusion policies. Included Inclusion takes political context in marginalized areas: including the excluded groups in the economic life can diminish grievance, create the legitimacy of the state, and open up the latent human capital that can facilitate sustainable development (World Bank, 2013).

Sustainable development is a comprehensive notion whereby economic development, social justice, and environmental management are interconnected to ensure the current needs are fulfilled without undermining the capacity of the future generation to satisfy their needs (United Nations, 2015). Sustainable development has, since it was articulated in the Brundtland Report and codified in the UN Sustainable Development Goals (SDGs), compelled policymakers to explore multidimensional measures of progress - beyond GDP - that include health, education, inequality and ecological thresholds. The sustainability imperative is especially timely in resource endowed but low-capacity areas where extractive practices may produce short term incomes but long term social and ecological impacts unless managed in an inclusive and sustainable way.

Sustainable development dictates inter-sectoral policy coherence: the economic policies should be consistent with social protection and environmental protection. This needs institutional strategies which internalize externalities (e.g. pollution cost), safeguard commons (water, fisheries, grazing lands), and equitable allocation of resource rents. Sustainability in weak institutions also means governance that avoids the capture of elites, promotes transparency in the use of resources, and participative decision making. The absence of such governance protections can elevate inequality and environmental harm instead of supporting a common good (UN, 2015).

Lastly, Sustainable development includes resiliency thinking- an understanding that societies must be resilient to shocks (climate, economic, security) at the same time undertaking long-term paths of inclusive development. The core principles of resilience-oriented development are livelihood diversification, locally managed community-based resources and social safety nets that cushion households against shocks. Social innovation and economic inclusion could be regarded as viable tools to operationalize sustainability: by enhancing the community-based diversification and providing access to the resources, such as through inclusive education, they minimize susceptibility to change and make the development gains more sustainable (Moulaert et al., 2013; UN, 2015).

4.2. Theoretical Foundations

According to Social Innovation Theory (as defined by Mulgan and others), social innovation is seen as a process, which bridges any creative idea with social value by means of organizational and institutional change (Mulgan, 2006). The theory identifies the process of problem identification and idea generation as the first stage and the process of prototyping, scaling, and institutionalization as the last stages. The core of this thinking is the understanding of the relationality and historicity of social problems implying solutions must be jointly created with the affected populations and not forced externally on them. The theory focuses on innovation ecosystems, which are networks of actors (civil society, government, private sector, donors) involved with one another and each other to shape what ideas are maintained and expanded.

The main heuristic in the social innovation theory is the difference between a product innovation (new services or goods) and a systemic innovation (alteration to regulations, norms, or governmental structures). Such systemic social innovations as new forms of cooperation as legal, participatory budgeting, and community land trusts transform the enabling environment and can produce wider structural effects than single projects. Another important point made by the theory is the role of social entrepreneurship and intermediary organizations who mediate resources, mobilize attention and model local experiments into policy-relevant forms. In this way, the theory can be applied to the micro-level of innovations and the macro-level of institutional changes to scale.

More importantly, social innovation theory takes normative questions such as who determines the value and whose interests innovations are destined to. The fear is that market logics will steal innovations adapted by scholars, who caution that these innovations will forget their social goals- they can transform social value into a commodity instead of institutionalise inclusion. Thus, the theory promotes reflexive assessment and protection, or, participation, transparency, and democratic control, to maintain the social purpose as the innovations grow or form alliances with the state and market actors (Mulgan, 2006; Moulaert et al., 2013).

Lastly, the theory places the context of social innovation within the realms of political economies: innovations do not exist in a vacuum but exist within the environments characterized by the existence of power disparities, resource scarcity, and institutional incentives. The ability to effectively diffuse is usually hinged on the ability to align innovation with political interests and find champions in government, and coalitions that can bypass the vested interests. In the case of practitioners, it means thinking creatively, that is, bottom-up experimentation, which is accompanied by top-down enabling reforms.

The conceptualization of the Inclusive Growth Framework views development as rapid and inclusive and broadly distributed, which connects the macroeconomic performance with social policies that facilitates participation and distributional fairness (World Bank, 2013). In contrast to the narrow pro-growth approaches, inclusive growth focuses on the mechanisms, such as education, access to finance, labour market policies, social protection, that can allow the disadvantaged groups to participate in and enjoy growth. The framework points out that inclusion leads to a higher quality of growth in terms of productive capacity, demand, and social stability; on the other hand, unequal growth is usually destabilizing and unsustainable politically.

In principle, the literature of inclusive growth suggests policy mixes, which eliminate any impediments to participation: investments in human capital, market friction-reducing reforms, progressive taxation, and transfers, and planned action to incorporate marginalized regions into national value chains. The framework relies on empirical study that reveals that countries where targeted inclusion policy is used realize quicker reduction of poverty with an equivalent growth rate. It also gives emphasis on the geographic aspect: the regions should be incorporated developmentally in the areas where development is clustered, whereas those areas remain peripheral (World Bank, 2013).

One such powerful thread of inclusive growth thought focuses on the importance of institutions and governance: inclusion does not only need markets, but responsible states capable of providing public goods, imposing rights, and redressing market failures. Central barriers to inclusive outcomes are weak institutions - and elitism, so institutional reform and decentralization is frequently suggested to bring governance nearer to the people and make it more responsive. Gender-sensitive and youth-oriented policies are also necessary to achieve inclusiveness because demographic dividends should be exploited instead of becoming a source of exclusion.

Last but not least, the inclusive growth framework can be associated with sustainable development objectives on the fact that the distributive issues are linked to long-term economic sustainability. The framework approach to policy design acknowledges trade-offs (e.g., between short-term growth and environmental protection) and pursues synergies- green jobs, social enterprises, and public investments which increase both productivity and equity (World Bank, 2013).

The Capability Approach is an assessment methodology formulated by Amartya Sen that changes the evaluation of resources or utilities to actual liberties of people to live lives that they appreciate (Sen, 1999). Capabilities refer to substantive opportunities, what persons are able to actually do and be, as opposed to access to commodities. This method redefines development as growth of human freedoms (education, health, political participation), and emphasizes agency, diversity and contextual transformation of resources into functionings. To marginalized populations, expansion of capabilities means not only an increase in income but also voice, mobility and social identity.

In a social innovation and economic inclusion context, the approach based on capability implies that development policy should be evaluated in terms of the expansion of practical freedoms of people: does a microenterprise program develop women capable of earning and making decisions, or does it only increase revenues and strengthen gender-based labor burdens? The framework by Sen therefore offers not only ethical but also evaluative judgments when coming up with inclusive innovations that respect the agency and tackle structural deprivations (Sen, 1999).

Heterogeneity is also anticipated by the capability approach: the various individuals will need various resources in order to reach similar capabilities due to disability, geography, or social discrimination. This subtlety is important to be applied in inclusion strategies in areas such as Balochistan where the aspects of remote locations, gender norms, and ethnic marginalization influence elements of conversion. The policies should thus be participatory and shaped, rather than uniform and general, to be able to broaden the capabilities of different groups of people. Last but not least, Sen focuses on the idea of the public reasoning and democratic deliberation which echoes the participatory ethos of social innovation. The growth of capabilities is not just a technical process but has to be the subject of discussion by the citizens on what a good life entails. The approach of capability thinking in both innovation and inclusion strategy focuses on the human dignity, equality, and participatory governance both as an end and a means (Sen, 1999).

4.3. Conceptual Linkages

Innovation, inclusion, and sustainability are interdependent relationships: social innovation has the potential to create inclusive economic opportunities, and inclusion can create the social legitimacy and human capital needed to sustain innovation. Stable results were more likely when innovations were built into the system with equity in the design since the beneficiaries will be interested in the long-term viability of the innovation. As an example, a cooperative that helps marginalized producers to belong to value chains does not only increase incomes but also creates social capital that could help to collectively manage the use of environmental resources, a factor that promotes sustainability.

Inclusion is important to innovation since different participation expands the range of knowledge and framing problems. Innovations that have been created in an inclusive manner are more likely to be both context-specific and culturally authentic; they are more effective in terms of adoption and scaling since they are made of local needs and capabilities. On the other hand, efficient elimination of the benefits to elites brings out exclusionary innovation, further enhancing inequality and breaking down social cohesion, which creates instability and jeopardizes long-term sustainability.

Sustainability on its part limits the type of innovations which are socially desired. Any form of innovation that maximizes short-run returns at the cost of environmental destruction or social displacement is unsustainable; inclusive innovation that incorporates the social and ecological cost, is, therefore, more aligned with SDG principles. Therefore, such conceptual connection demands innovation lens that clearly incorporates both distributive and ecological standards into the decision-making of design, evaluation, and scaling.

Lastly, sustainable development policy systems should strategically connect innovation systems with inclusion tools: finance (impact investments, community funds), capacity building (skills and entrepreneurship training), and governance (participatory planning, transparent benefit-sharing). This combination approach develops feedback loops where inclusive innovation strengthens sustainable results and sustainable policies develop favorable grounds on which more inclusive innovation can be built.

4.4. Model to link community empowerment and economic performance.

Community empowerment is connected to economic results within a practical framework that considers four mutually influencing pathways: asset expansion, capability enhancement, institutional access and market integration. The initial one, asset expansion (physical, financial, social) gives the endowments needed to be productive industrial work- land reforms, microcredit, increase in communal infrastructure increases the resources base accessible to communities. Second, asset classes are converted into useful economic agency through capability build up (education, vocational training, health) and without skills and health, assets alone cannot generate long-lasting growth in the economy (Sen, 1999).

Third, institutional access: legal identity, collective organizations and participatory governance can help communities to negotiate good terms, contracts and capture a greater portion of value chains. Examples of such institutional innovations that enhance the bargaining power and minimise transaction costs are community cooperatives or producer associations. Fourth, it is market integration, which is the connection to the buyers, upgrading of the value chain and providing market information that transforms the local capacities into remunerative incomes. These four channels are mutually supportive: when there is a gain in one area, this will bring gains in other areas.

To operationalize this framework, it is necessary to have layered interventions: diagnostics of local constraints at the community level, social innovation pilots that experiment with new institutional forms (i.e., cooperatives, social franchises), specific capability-building programs and market connections facilitated. The outcome indicators that should be used to monitor include expansion of capabilities (not just incomes) and social inclusion (participation rates, gender-disaggregated outcomes). This framework lays policy foundation on local realities and bridges the gap between community empowerment and quantifiable economic results and sustainability.

4. Socio-Economic Context of Balochistan

Balochistan is the largest province in the republic of Pakistan in land area but a land of contradictions since despite the abundance of natural resources, the province is characterized by a high level of poverty and underdevelopment. The province, which has an estimated 12 million population, covers almost 44 percent of the total landmass of the country yet less than 6 percent of the entire population, indicating a low population density and scattered distribution of settlement (Pakistan Bureau of Statistics [PBS], 2017). The population is very rural based and more than 70 percent of the population lives on agriculture and livestock though the province has a dry climate with scarcity of water. The economy of Balochistan is mainly resource-based with a capital base of their abundant natural gas, coal, copper and gold, and their strategic coastal region in Gwadar which links the Central Asia to the routes of international trade. However, the province already endowed with resources, adds less than 4 percent to the GDP of Pakistan, which is an indication of the poor correlation between resource wealth and human development (Government of Pakistan, 2021).

This is cast by the economic indicators of the province which depicts a bleak picture of persistent deprivation and systemic inequality. The level of poverty in

Balochistan is more than 40 percent relative to the national one of approximately 24 percent, and unemployment, in particular, among young people, is frighteningly high (World Bank, 2020). The outcomes of education and health are far below other provinces with the literacy rates standing at approximately 40 percent and maternal and infant mortality levels being among the highest in Pakistan. Poor infrastructure, lacking transport, power supply and poor digital accessibility further limit the growth of the industrial and service sectors. Although agriculture is the source of livelihood of most people, the production is low because of short supply of water, soil erosion and low level of technology use. The industrialization is biased towards the extractive industries featuring little downstream processing or value addition, which exposes the local economy to price volatility and foreign reliance (Asian Development Bank [ADB], 2022).

In addition to economic stagnation, institutional weaknesses and governance have been important in the continuation of the development deficit of Balochistan. The province has been perpetrally afflicted by administrational inefficiencies, poor coordination of policies, and inadequate financial autonomy. In spite of the provincial self-government arrangements under the 18 th Amendment, the control of resources and revenue distribution between the provinces is highly centralized, making provincial governments reliant on federal grants (Siddiqi, 2019). The planning of development usually mirrors the priorities of the top, rather than the needs that have been identified locally, leading to projects that are either insensitive to the realities of the grassroots or create inclusionary benefits. There have been bureaucratic inertia, corruption and absence of transparency in distribution of development funds that have compromised the credibility of institutions of governance. Consequently, the state organizations are unable to provide simple services like education, health services, and infrastructure and this has caused mass displeasure and political frustrations among the populace.

Long-term development strategies cannot also be implemented because of institutional fragmentation. Redundancy of mandates between various government departments coupled with high rates of political turnover and poor inter-agencies coordination lead to policy discontinuity and inefficiency. It is challenging to make evidence-based decisions due to the absence of sound data and monitoring systems, and the inability of local administrations to design and introduce new programs is facilitated by the lack of the human resource capacity (Balochistan Planning and Development Department, 2020). These challenges are also aggravated by the lack of well established local government structures, with community voices being physical outsiders to the decision making processes. This gap in governance has easily resulted in unequal distribution of resources, elite capture and poor accountability all which have contributed to the slow pace of transformation of the province to sustainable and inclusive development.

Another characteristic trait of the Balochistan socio-economic environment is social exclusion and inequality. There are ingrained inequalities in terms of gender, ethnic and regional boundaries which result into a very stratified social structure. Women especially are subjected to multifaceted forms of exclusion: exclusion through education, exclusion through the work force and exclusion through social participation. The literacy levels of women are less than 25 percent, half the national average, and the participation in the labor force is one of the lowest in Pakistan in relation to the culture, restrictions in mobility, and the lack of supportive organizational structures (UNDP, 2022). The social conventions of patriarchy and pathetic implementation of policies further isolate women to access resources (land, credit and training opportunities) to perpetuate the dependency and poverty cycles. This is the reason why gender inequality is one of the key issues to be addressed towards inclusive development in the province.

Regional and ethnic inequalities are also strong. The ethnic groups of Balochistan include Baloch, Pashtun and Hazara people, each one having its peculiar cultural and linguistic identity. These groups however are unevenly distributed in terms of development resources and political representation which in most cases are historical imbalances of power. South and western regions, including Awaran, Kech, and Panjgur, experience severe deprivation and underdevelopment, and the relatively urbanized, like Quetta and Hub have an advantage in reaching services and job opportunities (Akhtar, 2018). This physical distance adds to the socio-political instability and contributes to the beliefs about being neglected by the central government. These regional imbalances are serious issues that need to be addressed not only in order to have economic balance, but also to ensure social cohesion and peace in the province.

Inequality is also enhanced through social exclusion of the marginalized groups such as the minorities and displaced groups. The vulnerability has been formed by sectarian violence, tribal fights and displacement caused by development projects which restrict access to education, healthcare and livelihoods. The security condition of the province has also inhibited movement and investment that suffers local business and foreign growth efforts (Human Rights Commission of Pakistan [HRCP], 2021). Where this is the case, the local communities tend to rely on informal networks and traditional institutions to survive in that environment, which although strong cannot replace the formal state-directed development. These structural inequalities bring a pressing requirement of inclusive governance systems that incorporate marginalized voices in the process of decision-making and fostering social cohesion by involving marginalized voices in the participatory development strategies.

Overall, a mix of structural poverty, lack of governance, and in-depth social inequalities takes the form of the socio-economic context of Balochistan. The province is still stuck in a state of underdevelopment, exclusion, and dependence despite its huge potential of natural resources and strategic geographical location. Sustainable development in Balochistan hence involves radical solutions that go beyond the traditional economic planning in response to the institutional reform, inclusive governance and social empowerment. Promoting social innovation, community involvement and equitable allocation of resources can help the policymakers to build avenues leading to a more inclusive and resilient provincial economy that can help in the sustainable development agenda of Pakistan as a whole.

5. Methodology

The present research paper is based on a qualitative research design aimed at investigating the connection between social innovation and economic inclusion and sustainable development in Balochistan. The qualitative method is selected due to its ability to describe the multifaceted social realities, contextual undertones, and domestic views that the quantitative approach tends to ignore. It enables one to gain an in-depth insight into the perception of inclusive development efforts and how they are perceived and handled by various actors, including local communities, government institutions, and non-governmental organizations. To formulate a holistic picture of socio-economic dynamics in play, the research using several qualitative approaches (such as case studies, key informant interviews, and document analysis) is performed. The case study approach can be specifically applicable to the investigation of localized innovation processes and its outcomes in the context of the real-life environment. Policymaker, development practitioner, and community leader interviews in the form of key informants offer first hand learning on governance issues, processes of innovation and institutional reaction. The field data is further complemented by document analysis of policy papers, project reports and development plans which provide additional information on the institutional and historical perspectives of the Balochistan development path.

The sampling was done on a purposive basis with four districts, Quetta, Turbat, Loralai, and Gwadar being used, which are the representation of the varying socio economic and geographical contexts in Balochistan. The provincial capital (Quetta) is an administrative and policy center; Turbat is a reminder of a community-based innovation environment with resource scarcity; Loralai is a reminder of the rural heart (with minimal institutional access); and Gwadar is a reminder of the emerging development area of the province within the China-Pakistan Economic Corridor (CPEC). The data were collected using different sources such as local non-governmental organizations, government departments and international development organizations working in these districts. In order to achieve reliability and depth, the data analysis was conducted in a thematic manner, determining the common patterns, relationships, and deviations of case analysis. Data triangulation was employed to cross validate data in interviews, documents and case studies, thus, enhancing validity of findings. The combination of various sources and approaches enabled the study to produce an in depth context-based knowledge of the way in which the social innovation mechanisms can further promote the inclusive and sustainable development in Balochistan.

6. Findings and Discussion

This research study has shown that social innovations that are community-based have become central economic inclusion factors and localized development in Balochistan. Businesses, headed by women have demonstrated great potential to revolutionize both the household and community economies through providing livelihood, increasing the level of decision-making, and breaking the socio-cultural barriers. Women cooperatives working at handicraft, embroidery and small scale food processing in some the districts like Turbat and Loralai have not only earned money but also helped in instilling self-reliance and confidence among women who were earlier on not a part of formal economies. These businesses have been important in changing the gender norms proving that social innovation is capable of responding to gender inequality and ensuring inclusive growth. On the same note, the rise of youth-led start-ups and innovations centers, especially in Quetta and Gwadar, is also an indication of the rising hopes of young entrepreneurs who are becoming active in utilizing technology, online platforms, and creative sectors to solve the problems in their localities. These young-driven organizations, backed by NGOs and local universities have come up with new forms of social entrepreneurship with a focus on social impact in addition to profitability, and this has reinforced community-level participation in the economic activities.

Local entrepreneurship and cooperative ventures have also been found to be effective in mobilizing communities to problem solving together. Community based cooperatives which practice agriculture, livestock and fisheries in the rural areas have a better access to markets, increased productivity and a decreased reliance on the middlemen. These projects do not only earn revenue but they also facilitate participatory governance and social cohesion in societies. The model of cooperation has enabled the marginalized groups to share resources, distribute risks, and bargain as a unit, and this has shown how local innovation can provide sustainable outcomes even within limited resource environments. But the research also concludes that the effectiveness of these programs is majorly dependent on the level of institutional backing, capacity-building exercises and availability of credit. Community-based entrepreneurship has thrived where local government and NGOs have been successful in their collaboration, whereas in places without good institutional support, such projects have remained stagnant or have not grown.

These social innovation initiatives have been yielding positive results in economic inclusion in several areas. To begin with, community enterprises and start-ups have played a key role in increasing jobs opportunities, particularly in informal and semi-formal markets, in as far as poverty alleviation and creation of employment are concerned. Through encouraging value addition, and the use of local resources, these efforts have provided sources of income which directly goes to the marginalized households. According to field-level evidence, cooperative agriculture and women led enterprises have decreased the dependency ratios in households and enhanced food security in the targeted communities. Second, the focus on the improvement of skills and empowerment has also contributed to economic inclusion. Local initiatives have also provided the skills required to engage in changing market structures through vocational training programs, mentorship and entrepreneurial development programs. Youth and especially women have benefited through skill building programs facilitated by the NGOs and local learning institutions which have helped them to act out of subsistence lifestyles into more sustainable sources of income.

The other important discovery concerns the social capital, community resilience development based on such practices of social innovation. The community-based organizations and cooperatives have also emerged as crucial venues of trust building, networking and collective action. This kind of networks has helped communities to gain more in reaction to economic shocks, natural disasters, and breaches in governance. Community engagement in decision making has also increased due to the development of the social capital thus leading to accountability and inclusiveness. This sense of ownership and shared responsibility, which is key to sustainable development, has been enabled by the fact that there are values in common ground and there is trust among one another. The result concurs with other studies across the world that social cohesion and empowerment are the core of attainable equitable and resilient development.

Along with these positive achievements, the study finds a number of barriers and limitations to the potential of full implementation of social innovation in Balochistan. Constrained by institutional and policy-level factors are the biggest obstacles, because bureaucratic wastefulness, divided governance systems and coordination disconnect among the players in development tend to slow down or water down the effect of community-based activities. The lack of policy frameworks that can promote social entrepreneurship has exposed most of the local innovators to work alone without any technical or financial assistance. On the same note, political instability that is common and little decentralization has hampered the efforts of local governments to develop innovation ecosystems. The absence of monitoring and evaluation tools also limits the duplication and application of effective models.

Other obstacles that have a disproportionate impact on women and youth-led initiatives are financial exclusion and lack of access to capital. Majority of the rural entrepreneurs do not have collaterals to get formal credit and they have to borrow informally at high rate. The availability of microfinance institutions is still underdeveloped in most regions of Balochistan and prevailing financial programmes tend not to be able to access marginalized populations which are remote. Such a financial disparity denies many good potential business opportunities to grow their business or invest in a better technology and access to the market. Besides, these problems are worsened by insufficient education and skill development systems. Low quality of education infrastructure, obsolete curriculum and lack of access to vocational training leave large numbers of people lacking skills to participate in the innovative economic activities. Such structural inadequacies trigger a vicious cycle of exclusion, as insufficiency in education and funds contributes to underdevelopment and prevents one to contribute to full growth.

There are other parts of the world that would teach valuable lessons on how to address these challenges and maximize the effects of social innovation in Balochistan. As an example, effective examples of the region like Kerala in India and the Grameen Bank in Bangladesh have shown the possibility of transformation of community-based enterprises provided there are substantial institutional systems and inclusive financial systems. These cases underscore the need to incorporate microfinance, education and cooperative models in the general development policies. Likewise, examples of African social innovation experience, like the Kenya based M-Pesa digital finance system, where technology-based solutions counteract geographic and infrastructural barriers and allow financially marginalized people to be financially included. To implement such practices in the Balochistan setting, it is important to customize the policy interventions in such a manner that it acknowledges the culture of the land, the governance on the ground, and resource endowments.

Finally, the results highlight the fact that social innovation in Balochistan is very promising as the way to create economic inclusion and sustainable development but it needs institutional reforms to achieve the intended objective. The experience of successful women-owned businesses, young enterprise, and collective businesses forms a powerful basis on which everyone and resilient societies may be established. But these innovative attempts will be disjointed and short-lived without solving the problem of financial exclusion, ineffective governance, and lack of skills. Through comparison and learning, Balochistan will be able to change the developmental trajectory towards being dependency reliant to one of empowerment and self-reliance.

7. Recommendations

- Integrate social innovation into provincial and national development planning to embed inclusive and sustainable growth strategies.
- Strengthen institutional frameworks and governance mechanisms to ensure effective coordination, accountability, and long-term policy support.
- Foster public–private partnerships (PPPs) to leverage resources, technology, and expertise for inclusive economic transformation.

- Invest in human capital and skill development through targeted education, vocational training, and entrepreneurship initiatives.
- Scale up local and grassroots innovations by expanding financial access, technical support, and knowledge-sharing networks.
- Promote community-based enterprises and cooperatives to enhance local ownership, productivity, and social cohesion.
- Encourage research and innovation ecosystems that connect universities, NGOs, and government agencies in addressing regional challenges.
- Develop inclusive financial mechanisms and digital platforms to improve access to credit and markets for marginalized groups.

8. Conclusion

This study concludes that social innovation is an essential channel through which economic inclusion and sustainable development in Balochistan would be realized. The results indicate that community-based projects, which comprise women run businesses, youth owned start-up and cooperative projects, have been showing considerable capacity to tackle the historical socio-economic issues, which include poverty, unemployment, and social exclusion. These community based innovations have enabled the poor and marginalized communities, created jobs and enhanced resilience of communities demonstrating that locally based solutions can be more effective and sustainable as compared to the top-down development approaches. Nevertheless, the analysis also shows that the potential of these undertakings is limited by poor institutional backing, inaccessibility to finance and insufficient skills training.

In order to change the course of development in Balochistan, there is a necessity to incorporate the social innovation into the formal policy patterns and economic planning activities. Inclusive growth can be facilitated by strengthening the governance mechanisms, promoting public- private partnership and investing in human capital. Also, local innovations can be expanded by finances and technical support to make their influence on a provincial level. Balochistan can transform itself out of a dependency state and become a state of productivity and resilience by connecting innovation and inclusion, community empowerment and sustainable policy frameworks. After all, the long-term development of the province will be based on the understanding that the province is not a resource but its people who are the power behind the sustainable development.

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