

ENTREPRENEURIAL INTENTIONS IN CONFLICT-AFFECTED ECONOMIES: THE IMPACT OF ECONOMIC BLOCKADES AND SOCIO-POLITICAL INSTABILITY IN MANIPUR

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ABSTRACT:

Entrepreneurial intention is considered the psychological foundation that drives the formation of new ventures and supports regional economic progress. It reflects a person's conscious desire to seek business possibilities and participate in entrepreneurial endeavors. However, persistent sociopolitical instability can severely reduce this drive in areas with prolonged conflict by raising perceived risk and uncertainty. Manipur, located in northeast India, represents a vulnerable regional economy marked by recurring economic blockades, ethnic tensions, insurgency, and persistent infrastructure shortcomings. These frequent disruptions have shaped the overall business environment of the state by often impacting supply chains, transportation systems, and market stability. The economic effects of instability in Manipur have been studied in the past, but how such instability affects entrepreneurial thinking and decision-making has received comparatively little attention. Guided by Ajzen's Theory of Planned Behavior, this study explores how supply chain interruptions, blockades, displacement, and institutional weaknesses affect attitudes toward entrepreneurship, perceived behavioral control, and societal expectations. Based on secondary data and previous academic studies, the results show that extended instability diminishes the views of business viability, investment certainty, and market confidence. This study emphasizes that fostering entrepreneurship in Manipur requires institutional stability, improved infrastructure, and sustained conflict resolution efforts, alongside financial and educational support.

Keywords: Entrepreneurial intention; economic blockades; conflict-affected economies; perceived behavioral control; Theory of Planned Behavior; Manipur

INTRODUCTION

Entrepreneurship is widely recognized as a key driver of economic transformation, employment creation and structural diversification. According to Naudé (2008), entrepreneurial activity boosts income production, fosters local innovation, and fortifies economic resilience in developing areas. However, entrepreneurship does not develop independently. It is part of the institutional, political, and economic contexts that influence how opportunities are recognized, how easily resources are accessed, and how people view risk. Manipur represents a distinctive example of a conflict-affected regional economy. It has experienced prolonged insurgency, recurring ethnic tensions, frequent bandhs, and extended economic blockades. As a landlocked state in the northeastern states of India, Manipur is connected to the rest of the country primarily through two major national highways, NH-2 and NH-37. Almost the entirety of commercial activity and the movement of essential commodities occur through these two transport lifelines. This structural dependence makes

the state economy highly vulnerable to external shocks. Any disruption along these highways results in significant impairment of trade, supply chains, and daily economic transactions. In addition to socio-political disturbances and natural factors such as landslides, which are frequent due to high seasonal rainfall, further interrupt connectivity and exacerbate supply constraints. Given this limited and fragile connectivity, interruptions in transport corridors directly affect the availability of fuel, food supplies, and other essential goods (Yaipharemba, 2018). Economic blockades have repeatedly resulted in fuel shortages, price escalation, disrupted trade flows, and broader market instability (Partakson, 2017). Economic fragility was aggravated in 2023 by an increase in ethnic violence. The displacement of almost 50,000 people disrupted local trade networks, small-scale businesses, and agricultural productivity (Das et al., 2024). Few academics have focused on how these structural disturbances affect entrepreneurial intentions, despite previous studies examining the macroeconomic effects of such instability. This study seeks to address this gap by applying Ajzen's (1991) Theory of Planned Behavior to examine how socio-political instability, infrastructural vulnerability, and recurring economic blockades influence entrepreneurial cognition in Manipur.

LITERATURE REVIEW

Entrepreneurial intention has been extensively examined as a cognitive precursor to venture creation. According to Ajzen's (1991) Theory of Planned Behavior (TPB), perceived behavioral control, subjective standards, and attitude toward entrepreneurship all influence entrepreneurial intention. Across all socio-economic circumstances, empirical research consistently demonstrates that the most reliable determinants of entrepreneurial intention are attitude and perceived behavioral control (Liñán et al., 2011; Duong, 2022). Perceived behavioral control, which is closely linked to entrepreneurial self-efficacy, refers to a person's confidence in their ability to gather resources and successfully launch a business (Liñán et al., 2011). Although the TPB has been extensively verified in stable institutional settings, the influence of institutional and environmental factors on entrepreneurial cognition has received considerable attention. Research in development economics and entrepreneurship highlights that weak institutions, political instability, and regulatory uncertainty significantly influence opportunity perception and risk evaluation (Naudé, 2010; Williams & Vorley, 2015). In fragile and conflict-affected economies, instability reduces predictability, increases transaction costs, and constrains access to finance, thereby discouraging productive entrepreneurial activities (Brück et al., 2011). Studies from post-conflict and violence-prone regions show that insecurity changes the way entrepreneurs behave, causing them to focus on survival tasks rather than opportunities (Williams & Vorley, 2015). According to Brück et al. (2011), violent conflict undermines market institutions, ruins infrastructure, erodes trust, and disrupts supply chains, all of which are vital to entrepreneurial ecosystems. Such interruptions erode confidence in long-term investment decisions and cast skepticism on the perceived feasibility. According to studies on regional instability in India, market volatility, weak institutional enforcement, and infrastructure limitations lower entrepreneurial involvement (Basu & Choudhury, 2019). Recurrent economic blockades have been shown to cause supply chain disruptions, price inflation, and consumer behavior distortions, particularly in Manipur (Partakson et al., 2017). Reliance on a small number of national highways for transportation makes a country more vulnerable to blockades, which raises operational risks and business uncertainty (Yaipharemba, 2018). Ethnic conflict and insurgency further intensify this

economic fragility. Prolonged violence disrupts educational systems, fragments inter-community trade networks, and reduces investor confidence (Singha, 2013; Das et al., 2024). These structural disruptions weaken economic stability and reshape individuals' perceptions of entrepreneurial feasibility and desirability. Despite extensive documentation of conflict-related economic disruptions, few studies have systematically integrated these structural realities into established entrepreneurial intention frameworks such as the TPB. Existing studies primarily focus on macroeconomic losses or consumer behavior during blockades (Partakson et al., 2017; Yaipharemba, 2018), without explicitly examining how instability influences attitudes, subjective norms, and perceived behavioral control. By situating entrepreneurial intention within a conflict-conditioned economic environment, this study extends existing literature and argues that economic blockades and socio-political instability systematically reshape entrepreneurial cognition in fragile regions such as Manipur.

THEORETICAL FRAMEWORK

The Theory of Planned Behavior provides a structured explanation of how intentions translate into behavior (Ajzen, 1991). In entrepreneurship research, intention reflects a conscious plan to initiate a new venture (Liñán et al., 2011). The first determinant, attitude toward entrepreneurship, refers to whether an individual evaluates business creation as being desirable or beneficial. The second determinant, subjective norms, captures the perceived social expectations regarding entrepreneurial engagement. The third determinant, perceived behavioral control, reflects an individual's assessment of their capability, access to resources, and control over potential obstacles. In stable institutional environments, supportive policies, reliable infrastructure, and predictable markets strengthen these factors. However, in conflict-affected regions such as Manipur, structural instability may simultaneously weaken positive attitudes, reduce social endorsement of entrepreneurial risk-taking, and diminish confidence in the feasibility of businesses. This study conceptualizes Manipur as a conflict-conditioned entrepreneurial ecosystem where socio-political instability reshapes entrepreneurial cognition.

STRUCTURAL INSTABILITY IN MANIPUR

The economy of Manipur is largely dependent on road connectivity. Essential goods become scarcer, and prices become more volatile when transportation is disrupted by blockades (Yaipharemba, 2018). The risks that transporters often experience, such as assault and extortion, significantly deter supply chain mobility. Consequently, company planning becomes unclear, and transaction expenses increase. Partakson (2017) details how extended blockades profoundly changed rural consumers' buying habits. Scarcity-induced inflation lowers purchasing power and makes demand forecasting more unpredictable. Such volatility raises the perceived risk for aspiring business owners and makes investment decisions more difficult. Manipur has experienced recurring ethnic tensions that have disrupted its social and economic cohesion (Singha, 2013). Large-scale displacement and infrastructure damage resulted from the violence in 2023 (Das et al., 2024). Trade links are broken, productive capacity is decreased, and labor participation is weakened by displacement. These elements raise local market uncertainty and erode investors' trust. Entrepreneurship in Northeast India is constrained by inadequate infrastructure and limited access to formal financial systems (Basu & Choudhury, 2019). Recurrent instability erodes institutional confidence, even as

government policies prioritize economic development (Government of Manipur, 2018; BJP Manipur Pradesh, 2017). Regulatory unpredictability increases the perceived risk offinancial institutions and entrepreneurs. Using the Theory of Planned Behavior as an analytical lens, the structural conditions prevailing in Manipur influence entrepreneurial intention through several interconnected mechanisms.

To begin with, repeated exposure to economic disruption tends to foster cautious or risk-averse attitudes toward entrepreneurship. Venture creation increasingly becomes associated with financial uncertainty rather than opportunity. The state's comparatively moderate economic growth and per capita income levels, which remain below the national average, indicate limited market depth and constrained purchasing power (NITI Aayog, 2025). The sectoral composition further shapes the opportunity structures. For the financial year 2021 to 2022, the services sector accounted for 64.8 percent of Manipur's Gross State Value Added (GSVA), substantially higher than the national average, while the industry sector contributed only 8.5 percent, placing the state at the bottom among Indian states in terms of industrial share (NITI Aayog, 2025). The dominance of services and the relatively weak manufacturing base imply a limited local production capacity. As a result, raw materials and finished goods are largely sourced from other states of the country, making interstate supply chains integral to business formation and survival in the state. When productive sectors remain underdeveloped and markets are periodically interrupted by blockades and conflict, individuals are more likely to perceive entrepreneurship as being unstable and dependent on external supply networks. Persistent inflationary pressures during blockade periods, arising from shortages and transport disruptions, further intensify price volatility. Elevated local prices reduce consumer purchasing power and heighten business risks, reinforcing cautious attitudes toward venture creation.

Second, subjective norms may gradually shift in favor of stable public employment rather than entrepreneurial risk-taking, particularly in uncertain economic environments. Manipur's unemployment rate has remained higher than the national average in recent years, and the formal sector's absorption capacity remains limited (NITI Aayog, 2025). With the service sector dominating economic output and industrial diversification remaining low, employment opportunities are concentrated in government and service-related activities rather than production-oriented enterprises. Under these conditions, households often prioritize income stability and predictable earnings. Recurring economic shocks reinforce a preference for secure employment pathways over business experimentation, thereby weakening social support for entrepreneurial engagement. However, inflation and recurring price disparities between local markets and national online platforms may simultaneously create limited opportunity perceptions. Entrepreneurs frequently evaluate the relative advantages and disadvantages of purchasing goods from physical stores versus sourcing products in bulk through online suppliers. When local prices rise due to supply constraints, some individuals may recognize opportunities to procure goods externally and resell them at relatively lower prices within the state. Such arbitrage possibilities can stimulate opportunity recognition, although they remain contingent on stable logistics and reliable connectivity. Third, perceived behavioral control declines when individuals face structural constraints, such as transport dependency, infrastructural fragility, market volatility, and limited access to credit. The state's reliance on two primary national highways for almost all commercial

movement exposes enterprises to severe supply chain disruptions during blockades or natural interruptions. Simultaneously, financial depth remains comparatively limited, as reflected in credit penetration indicators such as the credit deposit ratio and credit to GSDP ratio, which fall below national benchmarks (NITI Aayog, 2025). Restricted access to formal financing reduces the perceived feasibility of initiating or expanding ventures. Even when potential entrepreneurs identify pricing inefficiencies between online and local markets, their ability to operationalize such strategies depends on working capital, transport reliability, and consistent access to digital platforms. When external constraints are perceived to outweigh personal capabilities, entrepreneurial self-efficacy diminishes (Liñán et al., 2011).

Although Manipur demonstrates certain human development strengths, including relatively favorable literacy and educational indicators (NITI Aayog, 2025), these advantages cannot fully offset the structural vulnerability arising from limited industrial depth and supply chain dependence. Consequently, instability does not merely affect the aggregate economic output. It systematically influences how individuals evaluate the desirability, social acceptability, and feasibility of entrepreneurial actions. Within the framework of the Theory of Planned Behavior, socio-political instability reshapes attitudes, alters subjective norms, and weakens perceived behavioral control, thereby constraining entrepreneurial intention in a conflict-affected regional economy, even when inflation-driven market gaps occasionally create narrow opportunity windows for entrepreneurship.

DISCUSSION

This study extends the application of the Theory of Planned Behavior to a conflict-affected regional economy. Rather than attributing entrepreneurial intention solely to education or personality traits, the findings highlight the role of structural instability in shaping the cognitive determinants. In Manipur, economic blockades distort market reliability, ethnic conflict fragments economic networks, displacement reduces productive engagement, and institutional fragility increases uncertainty. These interconnected factors create an environment in which entrepreneurial intentions are structurally constrained. While entrepreneurship education can strengthen intentions in stable contexts (Duong, 2022), cognitive readiness alone is insufficient in conflict-affected settings. Institutional stability and infrastructural resilience are necessary conditions for entrepreneurial ecosystems to function effectively.

CONCLUSION

In Manipur, entrepreneurial intention is shaped by the interaction between individual cognition and structural instability. Economic blockades, ethnic unrest, infrastructural limitations, and institutional fragility collectively influence attitudes, subjective norms, and perceived behavioral control (PBC). By applying the Theory of Planned Behavior within a conflict-conditioned environment, this study demonstrates that sustainable entrepreneurial growth requires systemic stabilization alongside educational and financial support mechanisms. Without improvements in institutional credibility and political stability, entrepreneurial intentions may remain constrained despite individual motivation.

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