

# Chapter 1

## Financial Entrepreneurship in Three Emerging Economies: A Comparative Study of Ghana, Pakistan, and Yemen

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### ABSTRACT

*This chapter compiles an up-to-date and academically grounded study on enterprise financing in the emerging economies of Ghana, Pakistan and Yemen in terms of global dynamics. The research question addressed ‘what is the nature of financial entrepreneurship in the three countries of Ghana, Pakistan and Yemen as emerging economies’. The methodology used is a comparative study of the three countries involving an investigation of the economic background, financial bodies, enterprises, and funding SMEs to determine the nature of financial entrepreneurship in the three countries as emerging economies. In response to the research question it was found that financial bodies have an important influence on enterprises especially in terms of the way SMEs are funded. From the findings of the comparative study a fundamental model was developed as the main contribution to knowledge concerning the financing of SMEs in emerging economies taking into account important financial aspects, the process of entrepreneurship and the significant outputs of SME activities and growth.*

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## **INTRODUCTION**

The discipline of financial entrepreneurship or entrepreneurial finance (Alemany, 2014) is a new subject area of considerable importance to the disciplines of entrepreneurship and finance. It is a fast growing area which has evolved at a rapid pace in recent years. As a new discipline it is of interest to academics in both enterprise and finance (Nanda, 2009). The subject of financial entrepreneurship involves the sub areas of access to enterprise financing, small business finance and international financing of SMEs (Paravisini, 2008). The scholarly value of a chapter in the area of financial entrepreneurship in emerging economies like Ghana, Pakistan and Yemen is the interest in this field by academics and practitioners and also by a number of leading academics currently researching the field.

The overall objectives and mission of the chapter are to compile an up-to-date and academically grounded study on enterprise financing in the emerging economies of Ghana, Pakistan and Yemen in terms of global dynamics investigating financial bodies, enterprises and the funding of SMEs. The research question addressed ‘what is the nature of financial entrepreneurship in the three countries of Ghana, Pakistan and Yemen as emerging economies’. The methodology used a comparative study of the three countries involving an investigation of economic background, financial bodies, enterprises, and funding SMEs to determine the nature of financial entrepreneurship in the three emerging economies.

The potential contribution of the chapter is to bring together findings on financial entrepreneurship in the emerging economies which will have an impact on the academic area and will have the purpose to develop the overall subject area. This chapter provides a basis for future study of financial entrepreneurship in emerging economies and further potential investigation and contexts for research, scholarship, study and academic inquiry to be utilised by students, researchers and scholars in the area of the financing of small and medium sized enterprises but also for policy makers and practitioners in emerging economies.

The chapter is structured according to sections on research methodology involving a comparative study, findings for the emerging economies investigated, discussion of findings and conclusions for the study. The next section provides the background to the study.

## **Background**

Although the three countries investigated are all emerging economies they have varying statistics and demographics which provide interesting comparisons and findings. Ghana was a British dominion in West Africa, formerly the Gold Coast colony and protectorate, and extends for 334 miles along the Gulf of Guinea. The area of Ghana is 92,100 square miles and is composed of four divisions being the Northern, Southern, East and the West with ten administrative regions. The principal cities are Accra (capital), Kumasi (capital of Ashanti Region) Tamale (capital of Northern Region) and Sekondi-Takoradi (a port city). Ghana lately is the third largest producer of cocoa therefore supplying one third of the World’s requirements. Exports of cocoa represent over ninety percent of the country’s agricultural exports. Other exports include gold, diamonds, manganese, timber, palm kernels, palm oil, copra, and kola nuts. The population of Ghana is 24,658,000 (GSS 2013) with a population density of 103.4 persons per square km and an annual income of 1,500 US\$.

Pakistan is a republic member of the Commonwealth, formerly part of British India, with an area of 307,000 square miles. Agriculture is important with main food crops of rice and wheat, and commercial crops of cotton, rape, mustard and jute. Important industries in Pakistan are jute, paper, chemicals and fertilizers, cement, iron and steel, sugar, textiles, and crude petroleum production. The capital of Pakistan

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