



The role of government in development of entrepreneurship in Gabon and South Africa; a comparative study

by

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ABSTRACT

Africa is estimated to have more than 66% of the world's natural resources, it is these natural resources that are converted into products that bring about the wealth the world has. Exploitation of these abundant resources has created numerous job opportunities worldwide, yet the continent continues to reel under extreme poverty. Millions of African children die each year due to undernourishment in a continent with virgin arable land which can produce enough food to feed the world. The African continent, the world's second largest continent in size, can be easily classified as the intensive care unit. The continent houses 1.033 billion people which is about one sixth of the world's population. An estimated 840 million people worldwide have no food to eat, and Africa houses 223 million of this foodless population. This means that, whilst Africa gives residence to one sixth (17%) of the world population, just over one quarter (26.4%) of the world's starving population is in the second largest continent which has two thirds (67%) of the world's wealth in mineral resources. One third of infant deaths in Sub-Saharan Africa are caused by hunger, with 23 million school children going to school hungry. Africa needs infrastructure and institutions to help the process of development and subsequent eradication of these high levels of poverty and illiteracy on the continent. Though Africa has more arable land that can be used, 45% of African households are affected by hunger. The IMF Chief Executive Officer recommended three critical areas that will influence the economic growth and development of Africa; "Build infrastructure, build institutions, and build people."

The continent must improve governance, transparency and create sound economic frameworks for growth. Today, only one in five people in Africa find work in the formal sector because of the underdevelopment and lack of industries in a continent estimated to have more than 66% of the world's natural resources. Entrepreneurship, the panacea for the African social and economic quagmire needs to take central stage in this rich continent inhabited by chronically poor people. African academics are challenged to come to the rescue since politicians have failed the continent. If it were possible, I would lock up the academics and politicians in one room and deny them food to eat and water to drink until they found an amicable solution to the misery bedeviling the world's richest continent.

Africa is characterized by high levels of political instability emanating largely from poverty and a highly illiterate populace, in a continent with a high growth rate - this is not positive news. The political unrest in Africa is largely due to chronic adjunct poverty caused by the absence of visionary leadership, and the post-colonial Africa is merely a change of hands with maintenance of status quo. At best the leadership is known for its geocentricism and self-preservation of the old boy scouts' mentality where they protect each other whilst the fires of poverty consume and destroy the vestiges of the little that is left of African dignity.

The birth rate on the continent is 38 per every 1000 and a death rate of 14 per every 1000. Even with such a relatively small population, the continent is not able to feed itself. The unemployment levels are disturbingly high in a continent with such high birth rates. Below standard education, and continued exploitation of natural resources by external investors are part of the norms the black race has to live with. If Asian countries without mineral wealth have turned the tide of poverty, why should Africa with all the resources continue in poverty? How long will Africa continue with leaders without direction? Is it not true that 'where there is no vision the people perish?'

The study was conducted making a comparison of two African countries (Gabon and South Africa) to try to establish the relevance of the entrepreneurship policies and programs. The research findings point out a series of policies which are not supported by other factors in relation to the ability of citizens to benefit. It concludes that there is a greater need for other programs like higher levels of education, skills training and accessibility to business funding to enable the African countries to end chronic poverty.

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TABLE OF CONTENTS

Title page	
Department of Business administration in Entrepreneurship	i
Declaration	ii
Acknowledgement	iii
Abstract	iv
Table of content	vi
List of tables	vii
List of figures	xv
List of abbreviations used	xvii

CHAPTER ONE: Introduction and Background to the study

1.	Introduction	1
1.1	Background to the study	2
1.2	Unemployment levels	5
1.3	Unemployment in Gabon	6
1.4	Unemployment in South Africa	7
1.5	Literacy levels of the two countries	9
1.6	Literacy rate in Gabon of the last five years	9
1.7	Literacy rate in South Africa of the last five years	11
1.8	Problem statement	13
1.9	Research objectives	13

1.10	Primary objectives	13
1.10.1	Secondary objectives	14
1.11	Research Questions	14
1.12	Research hypothesis and theoretical research	14
1.13	Delineation of the research	14
1.14	Significance of the research	15
1.15	Research design and research methodology	15
1.16	Target population	16
1.17	Sampling frames, sampling and sample size	16
1.18	Data collection method and research instruments	17
1.19	Data analysis	18
1.20	Study outline	18

CHAPTER TWO: An overview of global entrepreneurship: lessons from other countries

2	Introduction	20
2.1	Economic theories used in developed countries	21
2.2	The Asian tigers	22
2.3	The human development element, political stability, government policies, and relationship with other countries	23
2.4	The Universal environment	28
2.5	Job creation and industrial development.	29
2.6	The Asian tigers and entrepreneurial activities	31

2.7	Hong Kong	32
2.8	The Impact of government policies and other factors in promotion of entrepreneurship activities	32
2.9	Hong Kong institutions and agencies that support entrepreneurship	34
2.10	Unemployment reduction and entrepreneurship development	35
2.11	South Korea	38
2.12	The impact of government policies and other factors in the promotion of entrepreneurship in South Korea	39
2.13	Unemployment reduction and entrepreneurship development	40
2.14	Singapore	41
2.15	The impact of government policies and other factors in the promotion of entrepreneurship in Singapore	43
2.16	Unemployment reduction and entrepreneurship development	43
2.17	Taiwan	45
2.18	The impact of government policies and other factors in the promotion of entrepreneurship in Taiwan	
2.19	China and India entrepreneurship development	42
2.20	Entrepreneurship in China	48
2.21	The impact of government policies and other factors in the promotion of entrepreneurship in China.	49
2.22	Unemployment reduction and entrepreneurship development	51
2.23	Entrepreneurship in India	52
2.24	The impact of government policies and other factors in the promotion of entrepreneurship in India	53
2.25	Unemployment reduction and entrepreneurship development	54

2.26	United State of America and entrepreneurship development	55
2.27	The impact of government policies and other factors in the promotion of entrepreneurship in America	56
2.28	Unemployment reduction and entrepreneurship development	57
	Summary	58

CHAPTER THREE: South African socio-politic and economic structures, government policies on entrepreneurship

3	Introduction	59
3.1	Characteristics that influence people to become entrepreneurs	60
3.2.1	Influencing factors that promotes the sprout of entrepreneurs	
3.2.2	Necessity	61
3.2.3	Lifestyle	61
3.2.4	Social	62
3.3	Different types of entrepreneurs	62
3.3.1	Tenderpreneur	62
3.3.2	Build, Grow, Sell	62
3.3.3	Build, Grow, Grow, grow.	63
3.3.4	Serial entrepreneurs	63
3.4	Government socio-political attitude towards entrepreneurship	61
3.5	Government's role toward education of entrepreneurs	65
3.6	Government socio-cultural approach towards entrepreneurship	68
3.7	Government policies on entrepreneurial activities	70
3.8	Government National strategy for the development of entrepreneurial activities	71
3.9	Government Institutions support and financial aids	72
3.10	Khula enterprise financial	72
3.11	National youth development agency (NYDA)	73
3.12	National empowerment fund (NEF)	73
3.13	South Africa micro-finance apex fund (SAMFAF)	73
3.14	Umsobomvu youth fund (UYF)	73
3.15	Small enterprise fund (SEF)	74

3.16	Land bank	74
3.17	SETA	74
3.18	Company and industrial property registration office (CIPRO)	74
3.19	Small enterprise development agency (SEDA)	75
3.20	NTSIKA	75
3.21	Business partners limited	75
3.22	Small business registration procedure	76
3.23	Number of small medium and macro enterprise in South Africa	77
3.24	Credit policies & ease of availability of finance for poor entrepreneurs	78
3.25	National credit bill	78
3.26	Dedicated and co-operatives banks bill	79
3.27	Cooperatives banks bill	79
3.28	FICA and other support structures	80
	Summary	81

CHAPTER FOUR: Gabon, socio-politico-economic structures, government policies on entrepreneurship

4	Introduction	82
4.1	Government socio-political attitude towards entrepreneurship	83
4.2	Governments role in education and experience of entrepreneurship	85
4.3	Government socio-cultural approaches towards entrepreneurship	86
4.4	Government policies on entrepreneurial activities	87
4.5	Government National strategy for the development of entrepreneurial activities	89
4.6	Government Institutions support and financial aids	91
4.7	Private Investment promotion agency (APIP)	92
4.8	Gabonese SME/SMI promotion (PromoGabon)	92
4.9	Assistance and guarantee fund (FAGA)	92

4.10	Development and expansion fund (FODEX)	93
4.11	Process to register a small business in Gabon	95
4.12	Number of small medium and macro enterprise in Gabon	95
4.13	Credit policies and ease of availability of finance for poor entrepreneurs	97
4.14	Tax system and impact on entrepreneurship	99
4.15	Financial intelligent center Act and other support structures	100
	Summary	101

CHAPTER FIVE: Policies on Entrepreneurship: a comparative study of Gabon and South Africa.

5	Introduction	102
5.1	Why an SME policy is important in general	102
5.2	China and India's policy approach towards entrepreneurship	103
5.3	Concept of entrepreneurship and small business	105
5.4	Comparison on socio-economic policies between Gabon and South Africa	114
5.5	Comparison of socio-cultural factors and entrepreneurship in Gabon and South Africa	117
5.6	Culture and entrepreneurship activities in Gabon and South Africa	118
5.7	Education	119
5.8	ITC and entrepreneurship activity in Gabon and South Africa	123
5.9	Historical factors, approach of Gabon vs. South Africa	127
5.10	Economic policy	128
	Summary	132

CHAPTER SIX: CONCEPTUAL MODEL

6	Introduction	134
6.1	Historical perspectives of effective entrepreneurship	135
6.2	Historical approach of conceptual entrepreneurship model	143
6.3	Why some entrepreneurs fail	147
6.4	Purpose of constructing a new model	151
6.5	Theories to guide in new model construction	154
	Summary	158

CHAPTER SEVEN: Research Design and Methodology

7.	Introduction	159
7.1	Research design	159
7.2	Research methodology	162
7.3	Research process	164
7.4	Objectives of the research study	166
7.6	Secondary objectives	166
7.7	The research questions	167
7.8	Methods used for literature review	167
7.9	The survey	167
7.10	Characteristics of the population	168
7.11	Target Population	168
7.12	Sampling	169
7.13	Different methods of sampling	173
7.14	The sampling frame	173
7.15	Sample–research-fit for the study	173
7.16	Measuring Instrument	174

7.17	Pre-testing of the questionnaire	174
7.18	The reliability of instrument used	174
7.19	Instrument validity	175
7.20	The Research instrument design	175
7.21	Data collection	175
7.22	Ethical considerations	176
7.23	Data analysis and interpretation	177
7.24	Questionnaire	181
7.25	Advantages and disadvantages of a questionnaire	183
7.26	Pilot Study	184
7.27	Evaluation of technique and data collection method	185
7.28	Summary	185

CHAPTER EIGHT: Research Findings, Data analysis and Discussions

8.	Introduction	187
8.1.	Section A	188
8.1.1	Small Businesses: comparison between Gabon and South Africa	188
8.1.2	What is your business discipline?	189
8.1.3	How long have you been in Business?	191
8.1.4	What is your qualification level?	192
8.1.5	Gender Ratio of entrepreneurs between Males and Females in Gabon and South Africa	193
8.1.6.	What category does your business fall under?	195
8.2	Section B	197
8.2.1	Information on whether business registration is easily obtainable	198
8.2.2	Procedure and steps are not clear to follow in business registration	198
8.2.3	The time frame in registration a business is acceptable	199
8.2.5	Assistance during business registration is efficient	199
8.2.6	The cost for business registration is not affordable	200
8.2.7	Applicants are not well informed about source of government finance	201
8.2.8	Finance is accessible to all eligible entrepreneurs in the country	202
8.2.9	Financing processes take a long time before you can be financed	203

8.2.10	There is no criteria for determination of financing eligibility	204
8.2.11	The exact capital requested for is awarded if candidate qualifies	205
8.3	Section D	206
8.3.1	Policies in Gabon for Entrepreneurs	206
8.3.2	Policy in South Africa for entrepreneurship	206
8.3.3	Support resources from government and private sector	207
8.4	South Africa	209
8.5	Gabon	210
8.6	Summary	210

CHAPTER NINE: Findings and Recommendation

9.	Introduction	212
9.1	A brief exposition of findings in precedent chapters	212
9.2	Key finding of the study and their implications	216
9.3	South Africa	216
9.4	Gabon	217
9.5	Recommendation for Gabon and South Africa	217
9.6	Testing of the hypothesis	222
9.7	Conclusion and Remarks	224

List of tables

Table 1.1	Reasons why people startup businesses	3
Table 1.2	The trend of unemployment in Gabon in the past 5 years	7
Table 1.3	Unemployment rate of South Africa over the period 2006-2011	8
Table 1.4	Statistics literacy in Gabon	10
Table 1.5	Statistics literacy in South Africa	10
Table 2.1	Comparison between universities and the countries	
	Population	23
Table 2.4	SMEs and Number of employment from 2001-2006 in	
	South Korea	26
Table 2.5	The current States of SMEs in Taiwan	40
Table 2.7	The Role of SMEs in NICs (%)	41

Table 2.8	Number of SMEs at national level in China from 2004 to 2008	45
Table 2.9	Small business, jobs creation and economy development opportunities in the 12th District	51
Table 3.1	Enrolment in public higher education by the institution type and race	58
Table 3.2	Definitions for the various enterprise categories	67
Table 3.3	National trends on (TEA) in South Africa	68
Table 3.4	Financial year ending between 1 April and 31 March 2012	72
Table 4.1	Employed Population from 15 years old and plus 2005	74
Table 4.2	Unemployed Population per sex in Gabon 2010	75
Table 4.3	SMEs/SMLs in the past eleven years	86
Table 5.1	Gabon and South Africa's conception on entrepreneurs and SMME.	96
Table 5.2	The advantages and disadvantage of policies on small businesses and large business in Gabon and South Africa	97
Table 5.3	South Africa vs Gabon institutions that promote entrepreneurship Activities	99
Table 5.4	Government funding for SMEs in Gabon and South Africa	106
Table 5.5	Loan access for formal and Informal businesses in Gabon and South Africa	107
Table 5.6	Number of University and tertiary institutions in Gabon and South Africa	113
Table 5.7	Details breakdown of computer access and use per provinces, 2005	115
Table 5.8	Details breakdown of computer access and use per provinces, 2005 in Gabon	136
Table 6.3	Possible causes of business start-ups	137
Table 6.4	Factors impacting on entrepreneurship development	144
Table 7.1	Difference between research design and research methodology	149
Table 7.2	Comparison of qualitative and qualitative research methods	152
Table 8.1.3	Life time/span of SME/SML in Gabon and South Africa	182
Table 8.2	Business Registration process between Gabon and South Africa	186
Table 8.3	Registration procedure and steps in Gabon and South Africa	187
Table 8.4	Time frame acceptable in Gabon and South Africa	188
Table 8.5	Service efficiency in Gabon and South Africa.	188
Table 8.6	Cost to register business in Gabon and South Africa.	189
Table 8.7	Policies in Gabon	193
Table 8.8	Policies in South Africa	194

List of figures

Figure1.1	Education expenditure, public (% of GDP)	10
Figure1.2	Gender Parity indexes in Primary, Secondary and Tertiary level enrolment	10
Figure1.3	South Africa government expenditure on education (%)	11
Figure2.1	Official Unemployment rate % in Hong Kong reflecting the period 2006 to 2009	33
Figure 2.2	Entrepreneurial Activities Rate in Hong Kong 2002-2005.	34
Figure 2.3	Employment created by SMEs and Public sector 2001-2006.	41
Figure 2.4	Chinese's unemployment rate from 2004-2008	45
Figure 2.5	Number of Employment in SMEs Sector in India	48
Figure 4.1	Mission of the New Private Investment Promotion and Financing Structure	84
Figure 5.1	South Africa and Gabonese GDP/Capita rate from 2000-2010	101
Figure 5.2	Breakdown of GDP By sector. 2010 in Gabon	102
Figure 5.3	Breakdown of South Africa's GDP by sector (%).	103
Figure 5.4	Unemployment in Gabon and South Africa in percentage	104
Figure 5.5	Samples of Demand- and Supply-Side Factors Related to Entrepreneurship	112
Figure 6.1	Economic Model of Taiwan	128
Figure 6.2	Conceptual Indian economic model	129
Figure 6.3	European Union: economic model	130
Figure 6.4	Entrepreneurial model	131
Figure 6.5	Emerging Models of Corporate Entrepreneurship	132
Figure: 6.6	The traits model	140
Figure 6.7	Gabonese conceptual Approach Model	142
Figure: 6.8	South African conceptual entrepreneurship model	143
Figure 6.9	Model for entrepreneurship development	146
Figure 6.10	Summary of factors that influence entrepreneurship development	147
Figure 7.1	A typology of research design types	150
Figure 7.2	Research process	155
Figure 7.3	The six-step procedure for drawing a sample	162
Figure 8.1	Business discipline	180
Figure 8.2	South Africa entrepreneurs discipline.	181

Figure 8.3	Education levels of entrepreneurs in Gabon and South Africa	183
Figure 8.4	Gabon ratios of entrepreneurs between Male and Female	184
Figure 8.5	South Africa ratio of entrepreneurs between Male and Female	185
Figure 8.6	Business categorisation in Gabon and South Africa	186
Figure 8.7	Awareness of source of finance in Gabon and South Africa	190
Figure 8.8	Finance is accessible in Gabon and South Africa	190
Figure 8.9	Timeframe of receiving finance in Gabon and South Africa	191
Figure 8.10	Criteria to get finance in Gabon and South Africa	192
Figure 8.11	Capital requested is rewarded in Gabon and South Africa	192

List of acronyms

ABSA:	Amalgamated Bank of South Africa
APIP:	Agency to Promote Private Investment
B-BBEE:	Board Based Black Economic Empowerment
BGD:	Gabonese Bank of Development
BCIG:	International Bank of Trade and Industry of Gabon
BGFI	Gabonese and French International Bank
BEE:	Black Economic Empowerment
CIPRO:	Company Intellectual Property Registration Office
KEF:	Khula Enterprise Finance
FAGA	Assistance Fund and Guarantee
FNB:	First National Bank
FODEX:	Fund of Development and Expansion of SME and SMI
GEM:	Global Entrepreneurship Monitor
IDC:	Industrial Development Corporation
NEP:	National Empowerment Corporation
NEF:	National Empowerment Fund
PMI:	Petite et Moyenne Industry (Small Medium Industries)
SCGISA:	Sheffield Centre for Geographic Information and Spatial analysis

SEDA:	Small Enterprise Development Agency
SETA:	Service Education Training Authority
SAQA:	South African Qualification Authority
SMME's:	Small Macro and Medium Enterprises
SME:	Small Medium Enterprise
SMI:	Small Medium Industries
UYF:	Umsobomvu Youth Fund

References

CHAPTER ONE

INTRODUCTION AND BACKGROUND TO THE STUDY

1. INTRODUCTION

The word entrepreneurship, as evidenced in the introduction of this subject into the curriculum, including high school education has become the talk and hope of many South Africans. Drucker (2007:17) posits that entrepreneurship is a mechanism through which economic growth takes place; this mechanism promotes economic development leading to job creation. The same sentiments are echoed by Dusiki (2008:49-60) with emphasis on the need to promote entrepreneurship among the 'unbankable' and disadvantaged of society. Research records 56% employment creation as coming from entrepreneurial start-ups (Olawale and Garwe, 2010:729-738) and this appears to be the answer to high levels of unemployment on the continent, but specifically in South Africa and Gabon. The economists (Bowen and De Clercq, 2008:747-767) propose that the easiest route to economic prosperity has a direct relationship with the levels of entrepreneurial activities in a country.

Governments worldwide embrace entrepreneurial programs through privatization and commercialization of most parastatals (McEnrue, 2011:1-37), confirming that entrepreneurship is a new option for achieving sustainable economic growth. Entrepreneurship becomes the possible answer for the impoverished third world countries, with special reference to the African continent in general. The entrepreneurs in Africa are booming in a world of rapid technological advance and global competition (Aina and Salao, 2008:122-125) will simply exacerbate the challenges that Africa has failed to meet since its liberation from colonialism. A positive entrepreneurial environment is dependent on an effective balance of sound government economic systems (Li, Zhao, Tan and Liu, 2008: 113-133) which relate appropriately to the needs in the dynamic environment in which business takes place. Most of the African continent is in some form of political strife which negatively affects the environment conducive to entrepreneurial development. Burney, Naylor and Postel (2013: 12513-12517) note that, although the improved growth performance has helped to improve human development and reduce poverty, the literacy rates on the continent remain very low. (Cilliers, Hughes and Mayer, 2011:1-63) reinforce that Africa as whole fail to capitalize its GDP growth despite being the world's major

natural resources provider. There is a need for a deliberate move towards performing those activities and programmes that facilitate the environment ideal for entrepreneurship if Africa is to join the whole world. Mckenzi and Woodruff (2014:48-82) concurs that policies and programmes to support small businesses development should be an important part of government's strategy to improve entrepreneurial growth. When there is political stability and good governance of the political economy, it becomes a lot easier to focus on the issues that matter, entrepreneurship.

1.1 BACKGROUND TO THE STUDY

Research suggests that there are specific reasons why people get into entrepreneurship or start new businesses. It may be necessary to state here that entrepreneurship is defined as a complex concept, with many scholars in the fields of economy, sociology, psychology and sciences (Migliorini, 2006:1-156). Another definition used is that entrepreneurship is a mechanism through which economic growth takes place, this mechanism promotes economic development leading to job creation (Drucker 2007:17) and research records 56% employment creation as coming from entrepreneurial start-ups (Olawale and Garwe, 2010:729-738). In this study the entrepreneur is defined broadly as any person who starts a new business with the result that the new operation will support the economic growth of the community. The purpose of entrepreneurship in this context may be understood clearly by listing the reasons why people get into business. Table 1.1 below demonstrates the most common causative factors for new business start-ups in the society.

Table 1.1 Reasons why people startup businesses

Reason for Starting a Business		
Environment Variables	Personal Variables	Skills and Resources possessed
<ol style="list-style-type: none"> 1. They have identified an opportunity they want to exploit. 2. It may be easy to borrow money, say if the interest rate are low. 3. Black economic empowerment programs may encourage entrepreneurship. 4. Availability of business grants from donors may encourage people to start a business. 5. Retrenched people are given contracts to supply their former employers. 6. Inability to get a job from existing and established businesses. 	<ol style="list-style-type: none"> 1. Some people are risk takers who wish to better their standards of living. 2. Some people just want to be their own bosses, so they start their own business. 3. Source of income if retrenched. 4. To satisfy the ego, the desire to do that which one wants. 5. To avoid doing boring routine jobs under someone's leadership. 6. To manage others. 7. Experience in a particular trade makes people want to branch out on their own. 	<ol style="list-style-type: none"> 1. Initiation, vigor, energy persistence and self – esteem. 2. Personal value, risk taking, need for achievement. 3. Innovation, creativity and discovery. 4. Production planning, people organization capitalization and budget. 5. Motivating, directing and leading. 6. Alertness, maximizing decision.

Source: Cunningham and Lischeron, 1991:45-61

The reasons mentioned above make people start businesses. This leads to confirm the need for economic growth which is fuelled by entrepreneurship. There is a particular academic interest in how government supports entrepreneurship, policies, legislation and activities that support protect and encourage entrepreneurship (Mok, 2005:537-554). Besides policies, the government must create a political environment conducive to promoting economic growth through entrepreneurship. Many government programmes, in realization of the need for economic growth have been formulated and legislated, and many businesses are started in the economy (Fatoki, 2011:170-179).

Despite the importance of entrepreneurship activities to the world economy, most new business ventures still fail in their early stages (Zahra and Newey, 2013:137-158). Little effort appears to be put into halving the high start-up failure rate. Estimates indicate that 80% of all new start-ups close down within the first five years of operation. Access to finance and the management of the finance thereof is typically the major problem for emergent entrepreneurs. In the first instance the majority of entrepreneurs do not have their own finance and they do not have guarantees or financial backing for effective business start-ups (David, 2014:1-11). Those that manage to get their operations financed, are generally few (Mahadea, 2008:1-25) and have to comply with bureaucratic structures, complicated tax laws which entail burdens of administration, paperwork, time and human resources, all of which have financial implications. Olawale (2010:1790-1799) observed that small business start-ups have to sometimes supply their goods on credit, sometimes exceeding 60 days, up to 90 days with certain organizations (in South Africa, Pick 'n Pay, Shoprite, Macro, etc). Together with this the payment is generally done by cheque sometimes causing a delay of seven days to access. This is done largely in (South Africa) because of the new legislation (FICA) which was intended to check on terrorism and to control the way money flows in the society. This act was passed without consideration of the status quo in the South African economy given the political and social dynamics in the country. This has negative effects on the much needed cash flow putting pressure on SMMEs who operate on very low cash flow (Ray, 2010:1-106). As such, governments have in the past been criticized (Rogerson 2004-782) for not providing effective implementation and support of their policies and strategies towards entrepreneurship within the national context. There is a serious disjuncture between political rhetoric and the realities that the business operators experience in real life.

Entrepreneurship promotes and facilitates economic growth resulting in the development of economies and job creation; this helps uplift standards of living (Richards 2006:1-117). An economy that provides jobs tends to remove people from certain criminal activities (Swananepoel, Strydom and Nieuwenhuizen, 2010: 15-76) and this comes as a result of visionary leadership which makes deliberate programmes and plans to uplift its citizens. Zindiye and Mwangolela (2007:1-12) concur with the assertion above suggesting that entrepreneurship is a crucial indispensable must-have to strengthen the economy and improve social development in a country. Zoltan and Szerb(2007:109-122) state that entrepreneurship activities in

small business development has been a popular topic with government in addressing issues on employment and economic development. Research reports continue to show entrepreneurship as a necessary activity that will affect the GDP of the host country. Together with the above, the main contribution of entrepreneurship to economic growth consists of playing the role of knowledge filter (Acs, Audretsch, Braunerhjelm and Carlsson, 2004:1-40) that transforms invention into commercially viable products and processes. Entrepreneurs combine the factors of production (Mohr, 2010:9) to produce products and services for the market and the nation at large.

The political unrest in Africa is largely due to chronic adjunct poverty caused by the absence of visionary leadership, and the post-colonial Africa is merely a change of hands with the maintenance of the status quo (Sholtz, 2009:1-125). The unemployment levels are disturbingly high in a continent with high birth rates (Taylor, 2008:1-135), little relevant education, and continued exploitation of natural resources by external investors (Taylor 2008:1-125). This study is done in this background, but seeks to make a comparison of entrepreneurship policies of two African countries, Gabon and South Africa. What the two countries have in common is the chronic poverty amongst the indigenous people of these countries, and the seeming failure of the current political leadership to provide a solution to the poverty.

1.2 Unemployment levels

By definition unemployment is when a person who is actively searching for employment is unable to find work (Crane and Crane, 2007:13-25) Other researchers elaborate on the definitions and the types of unemployment such as whether the non-searching-unemployed state is distinct from the searching-unemployed state in a developing country therefore, unemployment has economic costs: it reduces economic well-being, lowers output, and erodes human capital (Kingdom and Knight, 2002:1-21). In view of these definitions, a brief discussion follows on the conditions and levels of unemployment. The two countries under study have high levels of unemployment amongst the indigenous population, with low literacy levels in South Africa (Green, Preston and Sabares, 2010:453-470) they are rich in natural mineral resources, and the natural resources are generally owned by foreign investors.

1.3 Unemployment in Gabon

Gabon, like other African countries has been confronted with a multidimensional crisis with several symptoms including, HIV/AIDS and various endemic diseases, and widespread poverty. Underlying all these is the phenomenon of unemployment which is estimated to be 21% (Okojie, 2006:1-27). Research has shown that the effect of external components can influence entrepreneurs' ability to create jobs and reduce unemployment; amongst them are government policies. (Raymond, 2010:3). Ndjimbi (2008:2) asserts that there is an explosion of entrepreneurship, leaving no doubt about governments measures in establishing institutional reforms based on Act no 15/98 of July 1998, which was established in the Investment Charter of the Republic of Gabon. Gabon has been independent for 53 years and the entrepreneurship policies talked of now, came only after 45 years of independence. The current level of unemployment in Gabon is attributed to a majority of unemployed youths which represents 30% of the total unemployment in Gabon (African Economic Outlook 2012) and there is no evidence of any significant change in the geopolitical structure.

Table: 1.2 below illustrates the trend of unemployment in Gabon past 5 years.

Year	Unemployment rate	Rank	Date of Information
2008	21%	96	2006 est.
2009	21%	n/a	2007est.
2010	21%	n/a	2007est.
2011	21%	n/a	2009 est.
2012	21%	n/a	2010 est.

Source: AFDB, OECD, UNDP and UNECA (2012:1-18)

It can be depicted from the table above that unemployment in Gabon has remained stagnant at a rate of 21% between years 2006 to 2010; The Gabonese government has not been able to diminish unemployment in the last five years despite their concerted efforts.

1.4 Unemployment in South Africa

South Africa became a democratic country in 1994 and has had to work to undo the effects of 300 years of colonial rule, and 50 years of apartheid. The apartheid structure legally excluded blacks from participating actively in the economy (Seo, 2010.127-154). There were specific jobs that the indigenous people were legally

excluded from (William, 2010:1-38). They were legally not allowed to take any management or supervisory positions until 1994 with the demise of apartheid. Apart from employment, blacks were not allowed to register and operate companies, or to open a business in town or suburban structures (Lemon and Battersby-lennard, 2010:517-538). It was equally illegal for them to be technicians and they had a special education (Bantu Education) designed to make them perpetual servants. Those who could not be allowed into the white South Africa were removed to Bantustans in the impoverished semi-arid homelands (Hall, Wisborg, Shirinda and Zamchiya, 2012:47-70)

Table 1.3 below gives an account of the unemployment records of South Africa without distinguishing gender or race.

Table 1.3 Unemployment rate of South Africa over the period 2006-2011

Year	Unemployment rate	Rank	Percent Change	Date of Information
2007	25.50 %	172	-4.14 %	2006 est.
2008	24.30 %	169	-4.71 %	2007 est.
2009	22.90 %	170	-5.76 %	2008 est.
2010	24.00 %	173	4.80 %	2009 est.
2011	23.30 %	170	-2.92 %	2010 est.

Source: Statistic SA (2012)

Unlike Gabon the table above illustrates slight changes in the unemployment rate between years 2007 to 2011. From the figures we note that there was a slight but steady decline in the unemployment rate from year 2007 to 2009 at +/- 3% but this steady decline shot up to 2% in the year 2010 and declined slightly by 0.70% in 2011. The South African government's effort to decrease unemployment is more effective than that of Gabon's.

The levels of employment or unemployment in South Africa are best explained along racial lines. Although apartheid ended officially in 1994, the structures of the apartheid machinery are still intact. There is a higher level of unemployment amongst blacks than there is amongst coloreds and whites. The statistics provided are not along the racial profiles, but are entered as universal figures. It is important to notice that there is no significant change, and that these statistics are contested as many people have stopped looking for jobs because of scarcity (Mahadea and Simson, 2011:1-21).

This figure contains the percentage of the labor force that is without jobs and is still in the job market, those that have stopped looking are not included in these figures. Substantial unemployment might be noted, it shows that there is a slight decrease from year 2007 to 2011, but the reality is the world was undergoing an economic meltdown with the industry shedding off a net of 750 000 jobs in 2011 (Glasser, 2009:1-49). The slight decrease in unemployment may simply be because of people who had stopped searching for jobs. Statistics on the new jobs created for the same period gave a contradictory result given that every year between 600 000 - 700 000 youth (matriculants) enter the job market (Yu, 2012:1-42). Unemployment amongst the black indigenous has been exacerbated by the increase of African and Asian immigrants into South Africa who now compete with the indigenous people for the low paying jobs (Eweje, 2009:207-223). This impacts negatively specifically on low level jobs together with the willingness of foreign migrant employees to be paid salaries way below the acceptable levels.

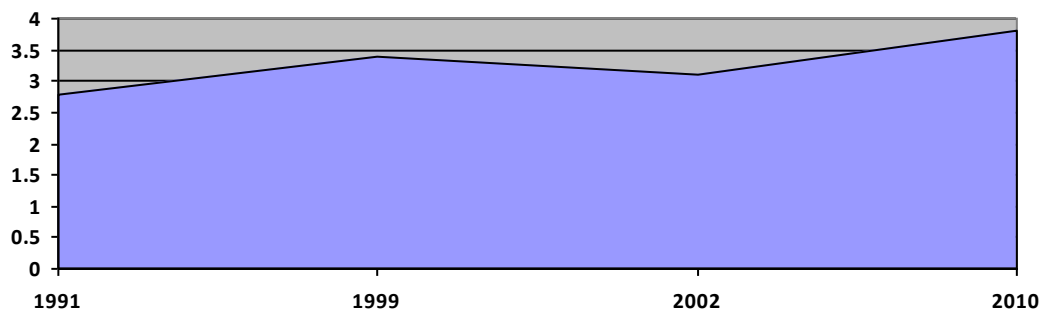
1.5 Literacy levels of these countries

Research has established that there is a relationship between the level of education in a country and the levels of entrepreneurship (Peter and Brijlal, 2011: 265-275). It is generally those who have skills through education, or developed skills through experience that tend to open up businesses that relate to their acquired and or earned experience and skills. The United Nations' Africa Millennium Goal stipulated that illiteracy, poverty alleviation had to be eradicated on the continent by 2020 (Abass, 2010:284). The purpose of this goal was to eradicate illiteracy because it hampers entrepreneurship and consequently retards economic growth. Below are figures on the two countries and their status over the last five years.

1.6 Literacy rate in Gabon over the last five years

The statistics on Gabon were not arranged in the same format as the South African government's statistics making it somewhat difficult for comparison. Gabon follows the pattern of the French education system and primary school education is universal. The education budget for four years based on the data collected from fact fish is tabulated overleaf.

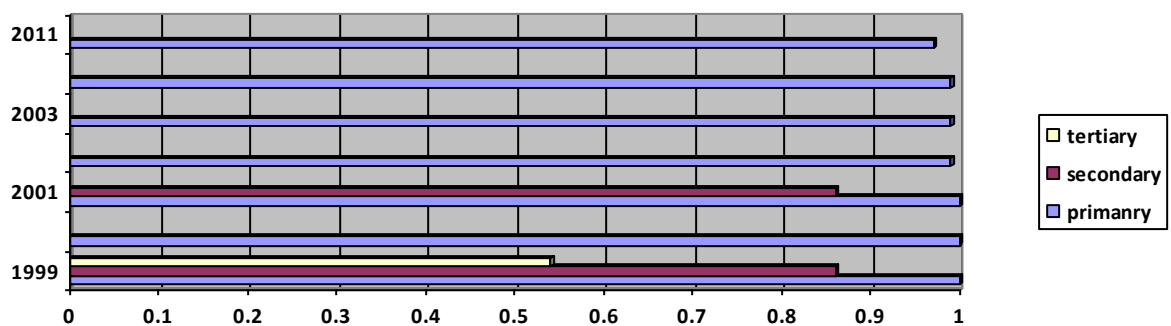
Figure 1.1 Education expenditure, public (% of GDP)



Source: Fact Fish (2010-2014)

The figure 1.1 above reveals that over the years the Gabonese government has increased the percentage of its investment in education. The table shows that in 1999, they invested 2.8% of the GDP and this number has increased to 3.8% in 2010. Despite the slight increase of government expenditure on education, the study investigates the gender parity indexes in primary, secondary as well as tertiary level enrolment in Gabon. Figure 1.2 presents the results.

Figure: 1.2 Gender Parity indexes in Primary, Secondary and Tertiary level enrolment (GER, NER)



Source: Fact Fish (2010-2014)

The figure 1.2 above shows that as we move from primary to tertiary level the number of students decreases. The reason research has found is that there are a considerable number of drops outs, which the government tends to address, over the past years through investment on training and infrastructure.

In spite of such high expenditures, there has not been any significant delivery and the country will most likely fail to meet the Africa Millennium Goal as per UN specifications. Furthermore, the population of Gabon is 1.5 million, and there are only 12 961 primary school teachers for a learner population of 250 693. There could be no data found for secondary school teachers for a learner population. This is a clear indication that education and skills training have not been taken seriously and may continue to hamper the prospects of high levels of economic growth (Ketseli, Lucas and Xenogiani, 2006:1-90) given that there is a relationship between the levels of literacy and education in a country and the levels and types of entrepreneurial activities in a country.

The detailed statistics above helps us understand that although Gabon is a small country, it has a fairly high urbanization rate with more than three quarters of the population supposedly staying in urban and peri-urban environments. This could be compared to the South African population as given below.

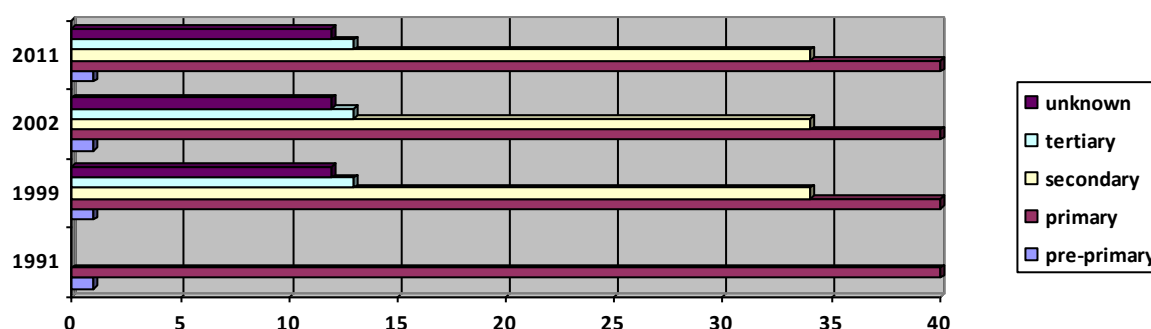
1.7 Literacy rate in South Africa for the last five years

South Africa on the other hand, follows the British education system and primary school education is universal, the education budget for the last five years is tabulated below. In spite of high expenditure, there has not been any significant delivery and the country will most likely fail to meet the Africa Millennium Goal as per UN specifications. Further to this, the population of South Africa is estimated at 50.6 million, and for this there are 238 900 primary school teachers for a learner population of 12.6 million (Taylor, Dlamini, Kagoro, Jinabhai and De Vries, 2010:97-100) and 6000 secondary school teachers for a learner population of 2 806 938 (Isaac, 2007:1-29). This gives a learner teacher ratio 0.21 for primary and for secondary education.

For a total population of 761 090 people there are 26 Universities giving us a ratio of 40%.

This is a clear indication that education and skills training have not been taken seriously and may continue to hamper the prospects of high levels of economic growth (Statistic SA, 2010). However, NPC, 2011 points its concern seeing that after all the means poured into enhancing education it is failing to deliver the desired results. Figure 1.3 shows South Africa's government expenditure over a four year period. The results are presented in the figure below.

Figure 1.3. South Africa government expenditure on education (%)



Source : (Woolard and Leibbrandt, 2009)

It appears as though the government has not put in the same level of investment when it comes to boosting the educational sector. They have prioritized primary level education which represents 40% of the total expenditure against 1% on pre-primary, 34% secondary, 13% and 12% for tertiary and unknown levels respectively, which does not make any difference on the South African education system.

The two countries, though they have different economic structures, and have largely different population sizes and colonial histories, are both in serious need of entrepreneurship to boost their economies. Both belong to the third world; both have serious levels of chronic poverty with Gabon at 35% (Addison, Harper, Powse and Shepherd, 2008:1-164) and South Africa at 47% (Woolard and Leibbrandt, 2009:1-49). The preceding information led to the decision to have a comparative study and, if possible, identify the weaknesses and strengths of these two countries as they move towards reaching the UN Millennium Goals.

1.8 PROBLEM STATEMENT

Gabon and South Africa have high rates of unemployment and both are third world former colonies rich in natural mineral resources. The two countries subscribe to the UN African continent Millennium Goals. It is evident that the leadership in each of these countries understands the importance of entrepreneurship for economic development. Both have put in place policies and programmes to initiate support and promote economic growth through entrepreneurial development. However, the level of unemployment continues to rise and poverty levels continue to increase.

The policies seem to not have yielded the intended impact, and poverty and unemployment seem to increase unabated: Does the problem reside in the policies, or could there be some other cause for the failure? This study, seeks to establish Gabon and South Africa's level of entrepreneurship and compare the impact of their policies on entrepreneurship development and the relevance and applicability of the policies in light of the realities on the ground; to establish if they have been successful, and if not, to try to establish reasons and possible causes for the failure of the policies.

1.9 RESEARCH OBJECTIVES

1.10. Primary objectives:

- To establish the impact (if any) of government policies on entrepreneurship in the two countries under study.

1.10.1 Secondary objectives

- To determine the disparity in entrepreneurial development between South Africa and Gabon.
- Identify what may be necessary to improve government policy and its implementation for the people in both countries.

1.11 RESEARCH QUESTIONS

The above statements led to the following research questions:

- What are the effects of government policies on entrepreneurship?
- What components of the policies promote entrepreneurship?
- What components work against entrepreneurship?
- Are the policies promulgated by these governments contextually valid?
- Why has entrepreneurship not benefited Gabon and South Africa?

1.12 RESEARCH HYPOTHESIS AND THEORETICAL RESEARCH

The hypotheses are a tentative assumption of a relationship between two or more examinable variables (Gravetter and Forzano,2009:64) Following from the literature above, the following hypotheses has been formulated with intentions to prove or disapprove the assumptions stemming from the literature review. There are different types of hypothesis (Lapan and Quartraroli, 2009:258) and this hypothesis will be discussed as two sets of hypotheses for the purposes of this study.

The following hypotheses have been formulated on the basis of the information discussed above as derived from the literature review:

H1: Despite entrepreneurship development policies, the level of entrepreneurship remains low in the two countries (Gabon and South Africa)

H2: There is a disjuncture between government policies, political rhetoric and the situation on the ground.

1.13 DELINEATION OF THE RESEARCH

The study focused on the role and effect of government policies, strategies and political structures, stability in development and sustenance of entrepreneurship. It is essential to understand the function of government as an instrument of the state that exercises executive authority (Hill , 2013:17-28) The government therefore designs, legislates and implements policies and programmes (Mohr and Fourie, 2004:52) with the intention to facilitate the process of sustainable economic growth. This research was limited to the activities of the government and the recipient entrepreneurs who are affected by governmental policies and regulations.

1.14 SIGNIFICANCE OF THE RESEARCH

An understanding of the entrepreneurial policies, regulations and programmes and how they impact on the recipients is critical for effective development. It is necessary that the respective governments, and indeed other African countries understand the needs of entrepreneurs and how they can develop them. Developing entrepreneurial activities will provide better leverage to the respective governments and uplift the level of activities of Small Medium and Micro-enterprises. Constructive government policies will assist in the starting of businesses, ensuring their nurturing with subsequent growth leading to employment of larger numbers of the population. If the policies are clearly defined this will bring about a welcome change in the living standards for entrepreneurs and the nation at large, and more public funding for infrastructure development through the increase of the tax base.

1.15 RESEARCH DESIGN AND RESEARCH METHODOLOGY

Jowah (2011:66) defines research design as a road map or plan to be followed as a guide during the research process detailing the collection and analysis of the data in the research. As a blueprint, the design seeks to answer the research questions and provide answers and solutions to the research study. Blumber (2008:195) calls it the blue-print of the research plan and structure designed for collection, measurement

and analysis of data used to answer the research questions. Research methodology is in a way the systematic solution to the research problem, studying how research is conducted scientifically. This involves a critical look at the steps taken by the researcher and the logic behind the steps taken in the process (Crowther and Lancaster, 2009:26). It is equally important for the researcher to understand the methods or techniques used and their relevance to the research. The assumptions underlying the techniques and the criteria by which conclusions are reached are themselves equally important. Procedures used in making systematic observations or otherwise obtaining data, evidence, or information as part of a research project of this study (Bryman and Bell' 2003:26). Research methodology has numerous dimensions and research methods is a part of the methodology, thus research methodology will consider the rationale behind the methods used including the definition of the research problem (Crowther and Lancaster, 2009:171). The nature of the problem seems to lead to the primary research objectives that seek to establish the role of the government in entrepreneurial development in the two countries. A combination of both qualitative and quantitative research will be used to compare the levels of entrepreneurial activities and the effectiveness of the policies applied in the different countries. Despite controversies around the positivistic and the phenomenological research pragmatics, this researcher believes that both research methodologies will complement each other (Alves, Azevedo and Goncalves, 2012:626-637) to find an answer to the research question. The research method will be undertaken in two stages, namely by means of an extensive literature review and an empirical study.

1.16 SIMPLE POPULATION

Population in this study refers to objects with specific characteristics which consist of a total collection of individuals from the ongoing study (Welman, Kruger and Michell, 2008:54). The population that was studied included entrepreneurs in the general context of referring to people who take the risk to start new businesses, create job opportunities for the community, help improve the standards of living in their community, and contribute to the national fiscus and to economic growth. The population was stratified (by country) which introduced complications of its own. Because they belonged to two different countries, the questionnaires were administered in two different languages to communities with very little in common with regards to linguistic and social structures, as well as national policies. The uniting factors were that both governments' policies were intended to promote and

sustain entrepreneurship to a majority of semi-illiterate populace whose home language was either English or French.

1.17 SAMPLING FRAMES, SAMPLING AND SAMPLE SIZE

A sample is a group of respondents or records which constitute part of a population under study carefully selected to represent the whole population to be studied (Blumberg, 2008:501). Government policies are directed towards a specific group of people who are expected to assist in the economic growth and job creation in a country. As such policies are promulgated with special intentions to initiate and sustain the entrepreneurial spirit that will help propel the economy towards sustainable growth. The sample involved those groups of the populations that are directly affected by government initiatives in promoting and implementing the development of entrepreneurial activities.

The population was stratified (naturally because of geographic location) and thus groups with similarities in terms of culture, social structures, political structures and nationality were interviewed as entities on their own. Within the national stratum, simple random sampling was used to get respondents to complete the questionnaires. Special attention was laid on trying to get to the respondents who had been involved with entrepreneurial activities for a period of five years and beyond.

According to Welman, Kruger and Mitchell (2008:173), the larger the sample size is, the greater the possibility of producing accurate results. By implication therefore, mathematically, accurate levels are directly proportional to the size of the sample. The sample size for the study was fixed at a minimum of 200 entrepreneurs and small business owners.

1.18 DATA COLLECTION METHOD AND RESEARCH INSTRUMENT

A structured questionnaire with both open-ended and closed questions was constructed and administered to the respondents. The instrument was pre-tested and reconstructed to meet the industry needs as suggested by the respondents. The use of a properly designed questionnaire was used as a tool to gather the required data from randomly selected organizations. Collis and Hussey (2003:173) posit that a questionnaire is a list of well-thought and carefully structured questions with the intention of soliciting reliable responses to research questions. The designing of

questionnaires seeks to assist in obtaining the proper information from the population concerned as accurately as possible in order to collect and analyses data.

1.19 Data analysis

The research process should go through various steps: planning, data collection, editing of data to eliminate obvious errors during the collection of the data. The coding of information collected and data analysis should be seen as a last step.

Descriptive statistics and statistical inference are the two main aspects of the data analysis. It is important to take note of the reality that information on any population will never be 100% correct. This introduces another concept to data analysis. Collis and Hussey (2003:17) postulate that the choice of the methods and technique used for data analysis depends on the type of data; quantitative or qualitative. Floyd and Fowler (2009:145) state that once data has been collected through a survey, no matter what the methods, the most invariable must be translated into a form appropriate for analysis. The data to be analyzed in this study is quantitative, the questionnaire will be assigned numerical values to measure the importance of given behavioral expectations by the respondents.

Three principals will be used for the actual statistical analysis, to be precise:

- The data will undergo exploratory factor analysis to assess discrimination validity of the measure mechanism
- Testing the measuring instrument's reliability by measuring internal consistency
- The instrument found both reliable and valid will be used in the model for regression analysis to assess the independent variables

1.20 STUDY OUTLINE

Chapter classification

Chapter 2: An overview of global entrepreneurship: lessons from other countries

Chapter 3: South African socio-politico-economic structures, government policies on entrepreneurship.

Chapter 4: Gabon: socio-politico-economic structures, government policies on entrepreneurship

Chapter 5: Policies on Entrepreneurship: a comparative study of Gabon and South Africa.

Chapter 6: Conceptual Model

Chapter 7: Findings and interpretations

Chapter 8: Limitations to findings, recommendations and conclusions

Chapter 9: Findings and recommendations

CHAPTER TWO

AN OVERVIEW OF GLOBAL ENTREPRENEURSHIP: LESSONS FROM OTHER COUNTRIES

2. INTRODUCTION

As discussed in the preceding chapter, Entrepreneurship is known to bring about economic growth, but then what is economic growth? Economists define economic development as a sustained increase in the standard of living of a country's population generally resultant from increase in its stocks of physical, human and technological capital (Hisrich, Peters and Shepherded, 2005:10). The increase in the standard of living of the population is directly linked to their earning capacity whether as individuals getting good jobs or as in a household with more people able to find jobs (Rae, 2007:60). Development primarily deals with human destitution, chronic poverty and the lack of basic welfare and social services to a community. But the uplifting of the standard of living relates directly to the benefits that accrue from earnings per household, and that too relates to the percentage of households living above the poverty line (Smith, Goebel and Blignault, 2013:352-362). Economic development is about concerted actions of the communities and the activities by the policy makers which result in the uplifting of the standards of living of the people concerned. By implication therefore the measure of economic development is through the evaluation of the human development in a country. Human development implies skills, education and possibly a political culture that facilitates the space for economic growth.

Consequently, the measure of economic development is seen quantitatively and qualitatively in the economy. The quantitative measure of human development can be seen in the literacy rates and ratios of a country, the improved infrastructure and increase in economic activity as a result of entrepreneurship (Nieman, Hough and Nieuwenhuizen, 2003:314). This is a result of deliberate government policies to increase and improve the economic, social, health, security and political welfare of the people. Economic development leads to economic growth, which is the general increase of goods and services in a country, which in itself is a result of an increase in entrepreneurial activities of a country (Arnold, 2011:147). By implication therefore, economic development takes place where the whole country is involved and has adequate opportunities for entrepreneurship, intrapreneurship and innovation.

2.1 Economic Theories that Develop a Country

Numerous economic theories have been postulated as indispensable vehicles that can propel a country into successful and sustainable economic growth. Some theories suggest individual country modernization, some have advocated for labor intensive production which reduces unemployment, and yet other believes in the downstream philosophy of development. What is evident in the successful countries however is the direct relationship between human development, economic growth and eventually economic development (Brux, 2011:231) To measure the level of economic development, economists use as indicators; reduction in poverty rates, increase literacy rates, declining infant morbidity and increasing life expectancy. Economic development leads to more opportunities in education, health, research, training, manufacturing and other human resource activities (Brux, 2011:147). Some theories propagate that effective economic development is achieved through internal explosion of the local economy through entrepreneurship. This entails the development of technological sectors of the economy with the help of government intervention. Some theories propagate the taking over of all means of production by the government and a centralized economy where everyone benefits (Arnold, 2011:152). Other theories suggest a strong relationship between rich and poor countries based on aid and investments from the rich countries. The neoclassical revivalists emphasized the use of private markets, with non-governmental intervention on all operations to do with the economy.

As alluded to above, there is a direct relationship between human development, economic growth and economic development. The following sections of this thesis will look closely at the strategies used by the most recent economic miracles as exemplified by the four Asian tigers, China and India. Reference will be made to the developed countries and eventually the two countries under study will be compared to the miracle countries.

2.2 The Asian Tigers

The 'Asian tigers' refers to a group of four or five countries in Asia that experienced 'miraculous economic growth' within 50 years of attainment of independence from their colonial masters (Manuel and Joachim, 2013:1-30). Studies coming up with controversial findings have been carried out to explain the 'miraculous growth' and the explanations are as many as the attempts to explain the 'miracle.' The

classification of these groupings has also had inconsistencies, and the use of the term Asian tigers may not always refer to the same countries. In this study a group review of Hong Kong, Singapore, South Korea, and Taiwan is made. Japan which is not one of the tigers and has never been referred to such experienced its own miraculous growth. This miraculous economic growth may have encouraged the other Asian countries and possibly served as a role model for the Asian tigers and indeed for the rest of the countries in the region.

The national accounts of the countries to be reviewed here were not known clearly after the second world war, it is however clear that the countries were at comparably the same level with African countries in and around 1955 (Brux, 2011:224). The differences of opinion to the actual cause of the miraculous growth and the strategies used to effectively grow these economies may best be explained or deduced by the use of the Fraser Institute's Economic Freedom Index (FIEFI). It is interesting to note that the European countries currently rated as first world and developed economies took more than a century to eradicate poverty, yet the Asian tigers accomplished the eradication of poverty within three decades (Gamble, 2011:125-158). Whilst there may be disagreement on the key factors and processes that brought about the quick change to the economies, there is consensus on a few issues; it took the west 100+ years to eradicate poverty, the tigers have no abundance of mineral resources like Africa with its large mineral and natural resources but has remained underdeveloped, and that the tigers made the difference in three decades only with annual growth rates of 8 - 10%.

2.3 The human development element, political stability, government policies, and relationships with other countries.

Economic growth and development in any country is actually done by people for the people, meaning therefore human beings are central to any study or prospects of development. It is therefore important in this study to try and identify certain aspects of human capital that may have an effect on the economic growth of the country. The easiest way to quantify this is by comparing the levels of education and or skills training facilities in a country against the total population. Table 2.1 illustrates the research findings.

Table 2.1 Comparison between number of universities and the countries' populations

Country	Population	No of universities	Ratio in millions
China	1,354,040,000.	2236	1:605 564
Gabon	1,564,000	2	1:782 000
Hong Kong	7,136,300	20	1:356 815
India	1,210, 193, 422	1520	1:796 180
Japan	127,520,000	983	1:129 725
Malaysia	29,580,000	82	1:360 731
Singapore	5,312,400	64	1:83 006
South Africa	59,770,560	21	1:2 846 217
South Korea	48,860,500	277	1:176 392
Taiwan	23,305,021	155	1:150 355
Thailand	65,926,261	81	1:813 904

Source: own construction

The table above was constructed from data found on the internet in relation to the institutions of higher learning in these countries, primarily those that offer degree programmes. It is evident from the table above that African governments do not pay much attention to human development. South Africa has a university population ratio of 1:2.87 million contrasted to the United Kingdom at 1:400 000. As stated and alluded to above, human development (acquired skills) is a critical element of the economic theories on the causes of economic growth. The rest of the Asian countries in the table have a much lower ratio than both the African countries under survey. All these countries are more economically developed and have other institutions of higher learning which are not taken into account like teachers' training colleges, agricultural colleges, nursing colleges and apprenticeships. A conclusion can be drawn here that there is seemingly a direct relationship between levels of education and skills training in a country and the level of economic development. By derivation, when people are developed in their skills and education, the levels of entrepreneurial activities are equally increased. It is implied in the table above that domestically developed human capital development and economic growth policies are necessary for sustainable development and economic growth. Agenor and Neanidis (2011: 899-931) agrees with the thought that economic growth has a direct derivation of the presence of skills in the community which in turn leads to higher productivity at the work place. Such skilled people have a tendency to want to develop and start their own enterprises, which leads to heightened entrepreneurial activities.

Entrepreneurial activities in a country can be measured by making a comparison of the GDP of a country, and the human development index (HDI). When these

entrepreneurial activities are thus measured, the economic development can thereby be contrasted to the country's gross national product (GNP) per capita against the HDI. The human development index measures social factors as impacted by entrepreneurial activities and thus scores highly, countries with higher proportions of equitable distributions of wealth (Rhodes, Schoer and Thompson, 2008:469). Whatever the Asian tigers did, to date they still record the fastest economic and development growth rates in the world. Though they did not use identical models, but the common factors conducive for entrepreneurial activities have been alluded to above.

Lin, Piseth and Yen (2010) noted that some of the common factors amongst the Asian tigers were, amongst other things; national savings, public investment into infrastructure and support structures, promotion of exporting of produces, competition in the labor market, and intervention by the government to enable the conditions to remain conducive to the focus on entrepreneurial activities. These factors have a profound impact on the economic development with savings playing a critical element in the process of growth and development. As a process, economic development demands high productivity amongst the indigenous and domestic productive elements to realize economic value (EVA) and provide constant and sustainable development and growth (Chiang and Yan, 2012:513-530). The scope of development inevitably comprises of improvement of economic, political, and social well-being as an imperative since development is meant for the people and is done by the people (Ziai, 2011:27-43). Needless to say the economic policies adopted have to be contextualized and relevant to the prevailing circumstances under which the entrepreneurial activities leading to development and economic growth take place (Asheim, Bugge, Coenen and Herstad, 2013:1-30). These have to focus on and emphasis both micro (internal) and macro (external) factors. To bring about appropriate new ways of doing things, policies must be thought out to enable progressive and time relevant economic growth, human development should be central to all the planning for economic growth.

Several other views have been proposed suggesting that many poor countries experience economic growth without development (Potter and Kramer, 2011:1-13). South Africa experienced this recently under the presidency of Thabo Mbeki, this was referred to as "jobless economic growth." Malaysia, South Korea and Thailand between the years 1965 - 1980 had centrally managed and highly protectionist policies which discouraged the purchases of local companies by foreign owners and

prohibited non-citizens from buying land. They admittedly had successful and impressive economic growth. South Korea which had an agrarian economy and was poorer than Ghana at their independence (South Korea and Ghana got independence within weeks of each other both from Britain) "experienced economic growth and social transformation over four decades changing it from one of the poorest countries in the world to development levels comparable to Portugal." The main exports of the country in 1976 were tungsten ore, fish and wigs made with human hair. Today it is a high-tech powerhouse exporting large volumes of technology based products like; mobile phones, flat screen TVs and the Hyundai and Kia cars.

The role of the governments was the most significant feature of East Asian economic policies which arguably contributed to the unprecedented miraculous economic growth experienced by these countries (Eric, 2014: 1-65). It is perceived that the miraculous growth was a result of the protection of the emerging industry in the country from established external businesses; the drive to export which forced the internal systems to be more competitive; and the emphasis on universal education which was relevant to the social and economic structures of the country. This enabled uninterrupted economic growth and development. Unlike the centralized system in the socialist and communist countries (Russia and China as examples) at that point (1981 - 2005), South Korea resorted to state-directed capitalism. This was characterized by the combination of "the dynamic aspects of a market-oriented economy with the advantages of centralized planning and direction". This was the tool used in the South Korean and Taiwanese models (Chang, 2011:467-469).

There was a realization of context-based economic policies and strategies which yielded substantial increases in private capital inflows into the economy (Eric, 2014: 1-65). The inflows subsequently supported progressive investment which was made available through the existing banking system of the countries concerned. When the financial meltdown caused by the unpredicted outflows shook the tigers, "the crisis underlined the advantages of public bureaucracies skilled at managing the economy and responding to shocks" (Stiglitz & Yusuf, 2001:8). It is important therefore to acknowledge the critical role government policy can play in creating the right environment for effective entrepreneurship.

Two different examples to the Asian Tigers' model are China and India, neighbors who had radically different views on economic growth and development. India was a

socio-capitalist state with certain institutions owned by government as parastatals and quasi-government, with the rest given to the market forces. On the other hand China was a radical communist state where all means of production were owned by the state and everyone worked for the state. They did well between 1950 - 1960, following national planning to transform "predominantly agrarian societies with masses of population chronically poor, to industrialized societies with higher standards of living and per capita income (Alessandro, Silvia, Sandro and Bianca, 2014: 94-139). The road to economic growth and development for the two "not so friendly neighbors" was a result of centralized planning, supported by import-substitution through local production and industrialization, this was complemented by the promotion of heavy industries (Athuralo, 2013:221-245).The autarkic (self-sufficient) trade policies comparatively easier to apply because of the critical mass (large populations which could sustain any domestic production levels even if exports were not forth coming) resulted in cutting off any link between domestic and international markets. Import substitution developed into protracted export drive since the capital costs were low for both countries and competitive pricing allowed easy penetration into the global market whilst domestic entrepreneurs were protected by the economic policies pursued by these countries.

According to Stiglitz and Yusuf (2001:76) there are six critical requirements for effective economic growth and development strategy to work, these are:

- A stable business environment with relatively low inflation which will encourage investment and entrepreneurial activities, with the protection of infant industries.
- Centralized planning with context relevant bureaucratic regulation taking cognizance of sustainable fiscal policies. This will guarantee the equal distribution of rewards from higher growth.
- Exchange rate policies which will promote and allow for export competitiveness with intentions to have sustainable export programs.
- Appropriate financial development with a progressive liberalization of the sector to maximize domestic savings and promote efficient allocation and integration with the global financial system.
- Price distortions should be removed in the pricing policies and provide clear easy to understand pricing policies for the market at home and abroad.
- The key to development strategy for a nation is education and appropriate skilling of its populace and subsequent eradication of illiteracy.

The Asian countries recognized much earlier that education is the key to the development of a country. Sadly this has not been identified as such on the African continent as evidenced by poor planning for education, with South Africa and Gabon in pathetic conditions. A close examination of the East Asian countries indicates that the miracle stems partly from the university population ratio reflecting the importance of education to development. "Actions to support the spread of primary and secondary schooling as well as the creation of a hierarchy of skills to buttress an outward looking development push" (Stiglitz & Yusuf, 2001:6).

According to Chang (2011:467-469) education is one of the cornerstones of economic growth and development. Add to that, investing in innovation and technology and promoting a strong, research-oriented university system becomes crucial for long term and sustainable economic development. In concurrence with the assertions above, Eric (2014:1-65) identifies four critical ingredients to successful economic growth and development of the Asian tigers as, namely:

- Export oriented development strategies to transform these economies into export powerhouses.
- Maintaining high rates of savings and investment.
- The promotion of universal education and investing in human capital to assist in the absorption and development of technology through an adequately trained human capital base.
- Deliberate structures to industrialize the economy.

To summarize the miraculous growth of the Asian tigers, it may be stated that there are key ingredients to their success story, namely;

- The role that the government needs to play in a developmental state together with recognition of the inelasticity of the market.
- Development of human capital through the use of mass and universal education especially at primary and secondary school as feeders to the tertiary institutions.
- Export driven policies based on industrialization of the economy and use of technology in the development of the economy.

2.4 The Universal Environment

The global landscape together with the state of economic and technological systems are indisputably in a state of flux, as a consequence, recent years have witnessed an overwhelming increase in activities towards entrepreneurship (Njkamp, 2009:1-26). As alluded to in the previous chapter, entrepreneurship is accepted as an important driver for job-creating economic growth. Entrepreneurship is indispensable as a vehicle necessary for economic growth through job creation, raising the standard of living for the people and of course bringing about political stability in a country (Olufunso, 2010:87-97). Research on entrepreneurship to understand the relationships between entrepreneurship and national economic development carried out by the Global Entrepreneurship Monitor (GEM), makes a comparison of data across a wide variety of countries (Bosma, 2012:1-85). The findings from this report confirm the importance and the indispensable nature of entrepreneurship as an impeccable driver of the much desired economic growth. The importance of entrepreneurship is also based on the definition thereof which states that entrepreneurs create new businesses and hence new jobs in the community.

Entrepreneurial activities have many trickle down effects too numerous to list, but chief amongst them is their ability to serve as; job creators, incubators of technological innovation and advancement, they promote competitiveness of the host firms amongst each other, and inevitably boost the living standards in a country (Lavrow and Sample, 2000). In complementary lines Thurik (2003:264-290) sustains that an indication of the absence of a trade-off between high wages and employment causes a large variance in unemployment rates across Organization for Economic Co-operation and Development (OECD) countries, although corporate downsizing has been ubiquitous. SMMEs firms and new ventures in particular, serve as the engine not only of employment creation, but also of productivity. Herrington, Kew and Kew (2009:1-71) in the GME South African Report noted that given the failure of the formal and public sector to absorb the growing number of job seekers in South Africa, increasing attention has been focused on entrepreneurship.

2.5 Job creation and industrial development.

Entrepreneurship is recognized to be making or responsible for the significant economic contributions as it relates to the creation of employment, the creation of wealth amongst the community, creation of political stability, and consequently the uplifting of the standards of living (Bell, Callaghan, Demick & Scharf, and 2004:1). To be able to stimulate the desire for entrepreneurial activity in any economy, there

should be the establishment of an ideal environment for a vibrant SMME sector to be developed (Rwigema & Venter 2004:315). According to Bento (2010:1 - 58) the generation of and application of innovative ideas is inherently built into the nature of entrepreneurship. This means therefore that communities with strong entrepreneurial activities are bound to find themselves with increasing competition, increasing productivity and firm diversity. In the process jobs are created, poverty is reduced and the standards of living improve. Up to 70% of the jobs created in an economy come from start-ups, hence the wealth creation in an economy is a by-product of entrepreneurship, and the small businesses are specifically credited with this growth and development (Olufunso, 2010:87-98).

As competition amongst domestic enterprises increases, the quest for competitive advantage always leads to absorption and adoption of foreign technologies which may help leverage foreign direct investment (FDI) (Spencer and Gomez, 2002:1098-1107). Ironically the increase in the vibrancy of domestic entrepreneurship is always followed by an increase in FDI as foreign companies seek for greener pastures and hence help consolidate economic growth and development. It can therefore be hypothesized that there is no simple way to create employment, increase the GDP and raise the standard of living people, except by supporting entrepreneurship and encouraging individuals who dare to start their own business. Henderson (2002:1-25) asserted that due to the high entrepreneurial activities in the United States, 17 million new jobs from start-ups were created between 1980 and 1987. During the same period, the public sector created only 1.3 million jobs for the economy. Reports on the Kenyan landscape indicate that entrepreneurial activities are responsible for up to 75% of the new jobs in that country. Entrepreneurs are role models for the people to follow, and this makes entrepreneurship an economy booster for the country.

It can be argued that the mushrooming of entrepreneurial enthusiasm has the same impact today as was experienced in the 19th century with the invention of machinery which revolutionized how production and product volumes would change the way of life of millions on earth. Clarke, Hewson and Hewson (2009: 1-61) posit that the Asian tigers have continued to resurge and show impressive unprecedented economic growth and development as a result of entrepreneurship.

2.6 The Asian tigers and entrepreneurial activities

Davis and Gonzalvaz (2002:1-28) postulate that the "Asian Tigers" arrival into the world economy has been extraordinary. Hong Kong, Singapore, South Korea, and

Taiwan have experienced dramatic unprecedented changes over the past two decades on the global scene. The economies of these countries have been fundamentally and sustainably changed from traditionally agrarian economies to heavily industrialized and mechanized modern economies. The high growth rates were consequently rewarded with irreversibly structural changes that have set them on a path of perpetual development and growth. Nelson and Pack (1999:416-436) asserts in complementary lines, that the recent financial crises have somewhat tarnished the 'Asian Miracle', the economic growth achievements of the Asian tigers are still remarkable over the past 35 years. They have transformed themselves from agrarian technologically backward economies bedeviled with poverty to heavily mechanized and technologically affluent economies easily more developed than some of the European countries. Fernandez and Choi (2013:12-167) states that all Asian governments from the most developed economies like Japan and Singapore, to the least developed economies like Laos and Vietnam, the governments are seeking to foster entrepreneurship to strengthen their economies. It can also be hypothesized that the presence of progressive neighboring economies has a spillover effect which prompts other countries to seek to develop. Asian countries and the Tigers governments have been dynamically promoting new economies for entrepreneurs and enterprises. Their many efforts to stimulate the development of a "new economy" across the Asian Tigers are good examples of government policy to promote entrepreneurial activity.

2.7 Hong Kong

In recent years, there have been positive signs to show the incubation of entrepreneurship in Hong Kong, it has been difficult though to sustain the Work Integration Social Enterprise (WISEs) since the financial crisis of 2008 (Ho, 2010: 1-16). Two economic downturns have shaken business confidence in Hong Kong, the relaxation on risk management by the banks and the over borrowing / over lending lead to the escalation of asset prices (Brandt, Ma and Rawaki, 2014:341-369) To enable entrepreneurship to thrive unhindered and allow for facilitation of innovation and adaption, entrepreneurship needs a state that has clear rules, policies, regulations and guidelines with well-developed institutions. It is equally imperative to have legally enforceable laws to discourage bad conduct (Mackie, 2012:1-17). As an important element in the organizing of the economy, entrepreneurship has been pivotal to the progress of many nations (Thurik, 2009: 1-20) and this has not occurred

simultaneously in all developed countries. Only in recent years, Ho (2010: 1-16), there have been positive signs to show the incubation of entrepreneurship in Hong Kong, through the sustainability of (WISEs). According to Hau (2001:348) much of the entrepreneurial spirit in Hong Kong comes from Hong Kong's strong belief of the following "four free", namely; free flow of information, free movement of people, free and efficient flow of funds and free port with free flow of goods. Wielemaker and Gedajlovic (2010:157-185) states that Hong Kong government emphasized a 'facilitative' role. It strove to create an environment for the development of entrepreneurship activities, therefore the developmental state and the "directive" entrepreneurial states define the growth, productivity and competitiveness of their economies.

2.8 The Impact of Government policies and other factors in promotion of entrepreneurship.

Wai (2010:1-11) states that the Hong Kong government played a critical role in the promotion of entrepreneurship and innovation by providing and sustaining an environment suitable and encouraging towards entrepreneurship, specifically at the start up level. Mok (2005:573-554) observed that the government attributed its success mainly to well organized and managed automatic corrective mechanisms, a favorable business environment, and the ability of different firms and new start-ups to initiate the process of entrepreneurial activities for economic development. The government pursued largely a laissez faire economic approach credited with the establishment of climates conducive for entrepreneurship and the ensuing business mindedness culture amongst the people of Hong Kong (Lee, Wong, and Foo, 2007:1-38).

Whilst governments get involved in the industrial policies of their countries (Akkemik 2007:2), there are vast differences in the approach from government to government. The types of policies, the context (political, social, religious or historical) and the types of leadership all impact on both the formulation and implementation of the policies. Wai (2010:1-11) notes that tremendous business opportunities were available from mainland China, the rapid economic growth and development in Hong Kong can be attributed to the policies of the Hong Kong government towards economic growth and development. Hong Kong is where it is today because of those policies which were radically different from those enunciated by the communist regime in mainland China. Furthermore government has created various initiatives to

facilitate the growth and development of entrepreneurial activities: Policies for entrepreneurship have been systematically designed to augment the pool of entrepreneurs in the country. Lee, Yamakawa, Peng, and Barney (2010:505-520) suggest that the strong support for entrepreneurialism by the government is clearly reflected in the many diverse pro-entrepreneurial government assistance programs and policies for emerging entrepreneurs. This provided fertile ground which stimulated the mushrooming of business enthusiasts throughout the country. A multi-pronged morale-boosting approach which involved amongst other things; tax incentives, educational reforms, easy funding, social and business networking and mentoring programs was used. The government left no known opportunity that would stimulate entrepreneurship unturned, and the implementation of a whole range of these initiatives accommodated many more people who could have been left out, and stimulated the growth of new ventures in Hong Kong.

As Ho (2010:1-16) explained, a Social Enterprise Consultation Committee (SECC) was established to play an oversight role in the government's continued support for local social enterprise by funding various start-up businesses. Since the 2009-2010 Policy address of the Chief Executive advising the government on the development of social enterprises in Hong Kong, numerous platform organizations have emerged to promote entrepreneurship since.

2.9 Hong Kong institutions and agencies that support entrepreneurship activities

Admittedly, not all people want to become entrepreneurs as alluded to in the preceding literature review. Some people just want to develop a skill and work for someone, while others opt to be entrepreneurs within an existing organization, but entrepreneurs are what are critically needed to stimulate the economy. Tang, fung, Au, Lee, and Ko (2008:1-4) note that societal small business persons contribution to the development of the society is viewed as equally important and their discipline aids in boosting the economy, though they might not essentially need the finances, by setting up business they contribute in employment factors, therefore their existence is seen as benefiting and welcomed in society.

Ho (2010:1-16) posits the road to the development of Hong Kong was never a one man show, various structures, organizations and establishments have played a

considerable role to enable Hong Kong to reach where it is now in relation to entrepreneurial activities. This accounts for the presence of the communal amenities of the country (HKCSS) - HSBC Social Enterprise Centre, created in 2006 aimed at uplifting the moral of societal small business persons in creating platforms for the enhancement of talents of entrepreneurs. Well established companies stepped in with their expertise to impart small business persons. Similar ventures that participated in steering the course of poverty alleviation are Social Venture Hong Kong and Hong Kong Social Enterprise Incubation Ltd. the Hong Kong Social Entrepreneurship Forum (SEF) and Hong Kong General Chamber of Social Enterprises (GCSE) focused on encouraging the community through dispersion of information and creating awareness in the community in upholding a civil movement of entrepreneurial activities, employment opportunities and empowerment of disadvantaged or under-represented groups, particularly in rural areas.

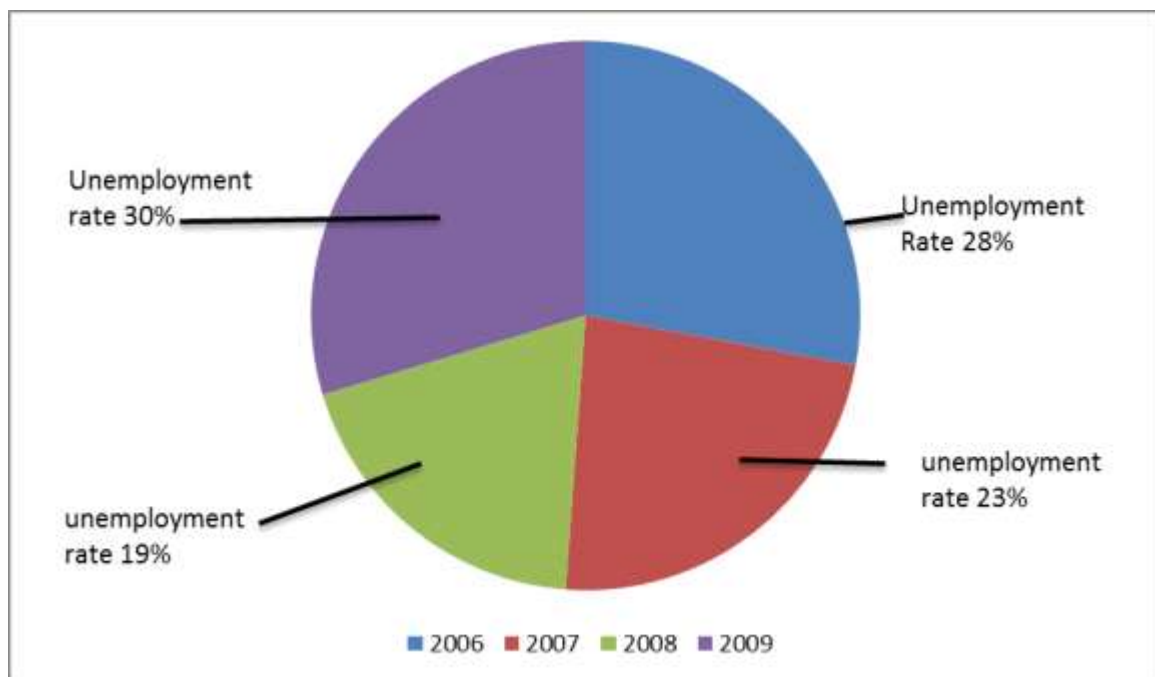
2.10 Unemployment reduction and entrepreneurship development

In today's world new start-ups such as small businesses have become the most reliable vehicle for entrepreneurship, they contribute to numerous other things apart from creating employment, such as; public and governmental solidity as well as positivity towards innovative plus competitive ideas that have changed the competition landscape (Moussa. 2010:73-78). This evidence is confirmed by studies conducted by other researchers, Acs, Audretsch and Lehman (2012:757-774) noted that the small business sector has become increasingly indispensable to our modern day economies as these small start-ups generate economic growth and employment. Other policies resorted to have been short term plans to create temporary jobs. Lee and Cheng (2011:18-41) stated that the Hong Kong government's approach to invest money with the intentions of creating temporary jobs to reduce the unemployment rate was not successful. Cheung does not give specific reasons for the failure of this governments initiative, the author supposes that the very presence of temporary jobs brings about its own complications, some of which are; disinterest by the population in the promise of permanent jobs, and possibly the increase in entrepreneurial activities might have encouraged more start-up-entrants which promised more job security and future prospects.

In another study (Rami, Patel, Yekini and Fadipe, 2014: 294-304) identified numerous policy practices with the implementation of the improvement for

development in nurturing and in the fostering of entrepreneurship. This would help to increase the rate of diffusion of business and entrepreneurship knowledge, increase the diffusion of information and technology by developing the communities and economies resultant in sustainable empowerment of the determinants of self-employment. It is commonly known that (WISEs) assisted in providing jobs and was largely responsible, directly or indirectly, for assisting people who were previously deprived from participating in the business markets. This facilitated the much needed integration of the communities and societies thereby bringing about social development and social well-being (Ho and Chan, 2010:33-45). Dubihlela (2013:55-65) states that in 2005 approximately 270 000 SMEs in Hong Kong accounted for over 50% of employment of job creation. This provided livelihood to 1.2 million people in the form of personal economical development through acquisition of jobs. In a different set-up in Asia, Mok (2012:317-335) asserts that unlike Hong Kong, South Korea's SMMEs played a pivotal role in the development of the economy. The South Korean structure was characterized by the presence of large corporations which were supported and in a sense protected by the state. Figure 2.1 below shows the unemployment trend in Hong Kong for the period 2006-2009.

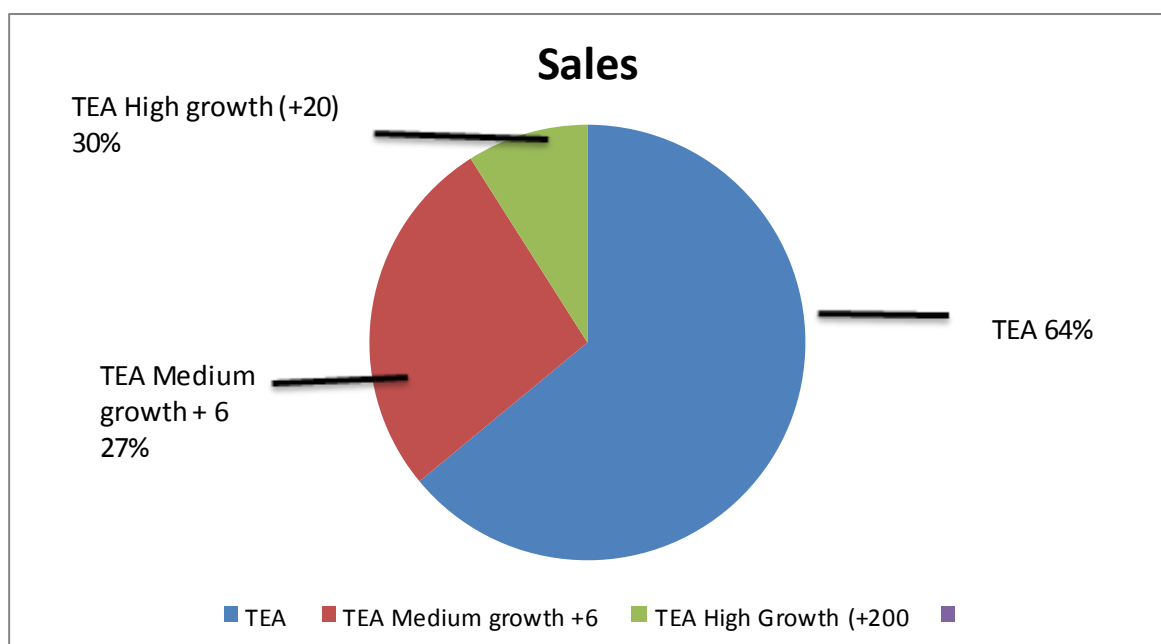
Figure2.1: Official Unemployment rate % in Hong Kong reflecting the period 2006 to 2009.



Source: Asian Development Bank 2009

Hong Kong experienced a 28% unemployment rate in 2006 which statistically is quite high, but it should be understood that this is low by standards in most African countries. There was a 5% decrease in unemployment by the end of the year 2007, a dip that is a remarkable achievement in the fight against unemployment. A further decrease by 4% in unemployment for the following year (2008) indicated that Hong Kong had done something right and was on the right track for deflating its unemployment levels. Ironically in 2009 something went wrong and the previous two year gains in unemployment decreases were reversed to an increase in unemployment of 11% from the new lows of 19% to a level higher than the original starting point of 28% in 2006. The unemployment rate shot up to an unsustainable level of 30% in the space of one year. One of the most striking statistical facts is that globally employment in the manufacturing sectors of these economies has decreased. As the world experienced recession, overall unemployment decreased whereas jobs in all other sectors increased. By implication, the manufacturing sector must have taken a serious knock resulting in the loss of millions of jobs. By some unexplainable phenomenon, in a majority of countries, job losses in manufacturing are much greater than those in the Hong Kong manufacturing sectors. The world is experiencing a form of recession and the general economic activities decline globally; the effects of this recession have been spread to other factors that were not previously affected. Workers in the service industry have started to experience the pinch, and Hong Kong job losses have increased tremendously in the external trade sector (Asia Development bank, 2009:1-86).

Figure 2.2: Entrepreneurial Activities Rate in Hong Kong 2002-2005



Source adapted: Stam, Suddle, Hessel and Van Stel (2007)

Figure 2, Illustrates the data at hand, provides the Total Entrepreneurship Activities rate and the TEA medium and high growth rates in 2002 to 2005 for Hong Kong. This economy had shown unprecedented impressive growth patterns which have been predicted to be sustainable over decades.

2.11 South Korea

Another success story in Asia is South Korea previously compared to Ghana because they got independence from Britain within two weeks of each other. Apart from that, Ghana was rich in natural and mineral resources, which placed it at an advantage to develop faster. The South Korean economy experienced severe financial crisis in 1997 and the government requested the International Monetary Fund (IMF) to provide emergency funding to rescue the economy. Yoon (1999:1-22) observed that the South Korean entrepreneurs were heavily limited by the inadequacy in infrastructure and had to bear the great burden of initial set-up costs. Entrepreneurs had to incur large fixed set-up costs for them to be able to establish their operations; the economy was characterized by the absence of a conducive entrepreneurial system. According to an analysis of the 2008 World Bank Group Entrepreneurship Survey, the country is doing *some things* right putting itself on the correct path for the building of a strong entrepreneurial ecosystem. For more than ten uninterrupted years now, South Korea has experienced strong economic growth and development. International Entrepreneurship (2003-2010) noted that the South Korean success today is due to entrepreneurial activities in the country, possibly propped up by developments within other Asian countries. More entrepreneurship could have been realized if the barriers to starting businesses were lifted. Setting up a business in South Korea is expensive and cumbersome; it would cost in excess of US\$1000 in administration fees to setup an enterprise in South Korea.

Other observations by Holcombe (2013:3-13) state that South Korea had cheap labor which could have been used to the advantage of the entrepreneurs, unfortunately there appears to have been no utilization of this low cost of labor. It was given only to the successful companies who involved themselves in exports, the industrial policy and climate supported such firms. Lee and Gordon (2005:1-6) postulates that many

successful South Korean companies and entrepreneurs possess the ability and take advantage of the industrial policies to strengthen their entrepreneurship.

2.12 The impact of government policies and other factors in the promotion of entrepreneurship in South Korea

Gupta, Guo, Yim, Sraw, and Liu (2012:367-384) postulates that for the country to overcome the economic crisis that threatened economic growth and development, the South Korean government addressed the rigidity in the labor market under these tenets:

- (1) Emphasis cooperation between labor, management, and government in promoting government legislation,
- (2) Increase the fluidity of the labor market by introducing regulatory policies that encourage a termination system,
- (3) Respond to the increase in unemployment due to the economic crisis by bolstering the social safety net, and
- (4) Devise employment policies to maintain workers in their workplaces or absorb unemployed workers.

Shelton (2009:1-59) says the South Korean government took upon itself the role of an entrepreneur to create a climate ideal for the encouragement of investment in strategically selected economic sectors. Simultaneously the government provided financial support to the start-ups to guarantee profits until the start-ups were viable, stable and profitable, able to *stand-alone*. The government had to intervene directly to allow for the rapid industrialization of the country as that enabled them to realize the current economic and social growth and development the country experiences. From the start the government economic policy had a bias towards large capital-intensive corporations with large economies of scale (Jung, 2002:1-16). To redress the effects of the policy on small businesses, the government has introduced various measures to promote SMMEs. Ortman (2010:1) observed that the government had implemented charges aimed at structuring the market into a highly competitive and innovative industrial hub for Northeast Asia. In complementary lines, Havav, Hemmet, and Kim(2011:1-21) points out that the South Korean government has identified and will focus on the identified areas with aggression, these are; telecom, sparking tremendous competition and opportunities for newcomers, eager to ease the economy's dependence on property, banking, and the China trade.

2.13 Unemployment reduction and entrepreneurship development

Economic growth and development empowers countries to increase the availability, accessibility and distribution of basic life requirements, namely; food, shelter, health, and protection. This growth and development is also a precursor of the creation of more jobs, better education, better social cohesion, political stability and the expansion of the full range of economic and social choices available to individuals (United Nations Economic Commission for Africa and African Union Commission, 2010:1-18). Entrepreneurship and employment in a country's internal labor markets are more desirable destinations than self-employment and employment in external labor markets. Research has shown convincing evidence which supports the claim that for South Korean employees, working at home, in their own country is more desirable than self-employment (Sunghoon, 2004:93-122). This may not be an enviable position of research findings; the government needs to move more towards creating an environment and a society that is prone to developing new businesses in the economy. The Entrepreneurship Theory is concerned with identification and subsequent understanding of innovative processes leading to the promulgation of ideal and relevant policies that foster the creation of rapidly growing firms (Baumol, 2002:893-921). A random examination of Korea's statistics shows that entrepreneurial activities have played an important role in employment and production from the very beginning in the dynamic expansion of the economy (Bakiewicz, 2008:47-70). The table below shows how SMMEs have come to impact the levels of employment in South Korea:

Table: 2.4 SMMEs and Number of employment from 2001-2006 in South Korea

		2001	2002	2003	2004	2005	2006
Number of SMEs	Total W/F	2871946	2953224	3004105	3004105	3006053	3022053
	SMMEs	2862433	2953224	2,999297	2,999,297	3001893	3017787
	SMMEs%	99.7	99.8	99.8	99.8	99.9	(99.9)
Number of employment	Total W/F	11460654	11975247	12041387	12041387	1222211	12445088
	SMMEs	9733703	10384594	10384595	10474630	1077163	10884650
	SMMEs %	84.9	86.7	86.7	87.0	88.1	87.5

Source: StatisticSA 2008

An analysis of the table above is made, and it can be observed, as illustrated, that from 2001 to 2006 there were more than 3 million SMMEs in South Korea. Together

with this were 153,000 SMMEs employing 10 to 50 employees, and 2.85 million were micro enterprises (with fewer than 10 employees). SMMEs represented 99.9 percent of all companies and employed 11 million people, 90 percent of the economically active and employment seeking population.

2.14 Singapore

Officially the Republic of Singapore is recognized as the only island-city-state and is one of the world leading commercial hubs and has the world's fourth biggest financial centre and one of the top five busiest ports in the world. It has a globalized and diverse economy with 26% manufacturing. Trade is the main stay of the economy and the island-city-state is a shopping centre for the world. Singapore has the third highest per capita income in the world and has high world rankings in its education, health, governance transparency, and global competitiveness. The population is five million, most of who are not indigenous.

Ghosh (2011:497 - 514) observed that Singapore has a big population of trade people such as shopkeepers, hawkers, merchants and petty traders. The island-city-state has a strong entrepreneurial success history which helped the economy to make consistent high economic growth and development since independence. Maysami and Ziemnowicz (2007:1-25) state that the view of entrepreneurship as 'an engine for economic growth', was a government initiative and they have used various alternatives to stimulate creative thinking among students at an early stage in their education. Entrepreneurship has been used because of its vibrant high technology expertise to contribute immensely to the Singaporean economic growth and development. Tan (2003:1-18) states the city-island-state turned to entrepreneurship when they experienced their first ever recession in 1985.

2.15 The impact of government policies and other factors in the promotion of entrepreneurship in Singapore.

Entrepreneurship is considered the solution to economic progress of a country as evidenced by the country's emphasis on entrepreneurship during the recession. The government is involved in myriads of assistance programmes aimed at promoting and protecting start-ups and the local businesses. This has provided a platform and encouragement for people interested in starting businesses in the country. Kim, Kim and Yang (2012:154-166) stated the government recommendations as "ways to strengthen the spirit of entrepreneurship and innovation as well as foster the growth

and internationalization of Singapore-base companies". The administration realizes that government agencies need to generate programmes to promote awareness of their existence and functions (Kiam, 2013:5-34), and that any entrepreneurship infrastructure needs strong promotion and utilization for it to add value and bring about economic development and growth (Tau, Tan and Young, 2000).

To foster a sustainable entrepreneurial culture in a community, there is need for the "removal" of all barriers, particularly those created by government or those within its power to change, that block or discourage people's entrepreneurship (Gibb, Haskins, Hannom and Robertson, 2012:1-54). As long as the culture and attitude towards entrepreneurship is not positive, this creates a people who are not prepared to start their own enterprises, but are ready to be perpetual servants. Tan (2003:1-18) noted that the Singaporean entrepreneurial community has serious complaints about government policies and regulations which are considered to be or give the impression of over-regulation. The former colonial power (Britain) set a standard which has become a commercial legacy for the Singaporean government policies and regulations for entrepreneurship (Tony, 2006:1-34).

As far back as 1965, the Singaporean government embarked on a highly ambitious programme structured to aggressively bring about industrialization to attract and retain more foreign investors. This move was intended to somewhat encourage local entrepreneurs to adapt to reliance on foreigner capital injected into their economy. To encourage continued investment, various forms of incentives were introduced, namely; *.Tax exemption for start-ups*. A special tax incentive was introduced for start-ups in Singapore where they were not required to pay tax on the first \$100,000 of chargeable income, for any of the first three years of tax assessment falling within the year of assessment 2005 to 2009. *Government tax incentive schemes* - such schemes include the Double Tax Reduction (DTR) for Market Development, a tax incentive offered to Singapore companies (Gibb, Haskins, Hannom and Robertson, 2012:1-54). To attract foreign direct investment (FDI) and remain competitive the government embarked on an unprecedented export mission to beat the rivals in the region, like Taiwan (Tony, 2006:1-34).

2.16 Unemployment reduction and entrepreneurship development

Entrepreneurship depends on the entrepreneur's ideas on how many people can be employed to maximize profits in the firm and in the national economy as a whole (Awogbenle and Iwamadi, 2010:831-835). It is important to consider the role of

entrepreneurship at all the entry levels into the economy, because, there are a variety of reasons why people start businesses. Chief among these reasons are; desire for self-fulfillment and sources of satisfaction for individuals that goes beyond monetary return (Tony, 2006:1-34) if the culture is right, then more people may want to change their status quo and look for opportunities and occupations that suit their desired lifestyles well. Amidst all these changes in attitudes and culture, the changing times have enabled Singapore to lower its unemployment rate to an all-time low of 1.7 percent as recorded in September of 2010. Consequently in the full year in 2006, 176,000 jobs created by the economy, and yet in the first three quarters of 2007, almost the same number of jobs were created as was in the preceding year, the number stood at 171,500. Evidently the year 2007 exceeded the previous year's job creation and promised better job opportunities going forward (Shiunn, 2007).

2.17 Taiwan

Wu and Huang (2001:1-17) posit that during the last four decades, the successful development of Taiwanese SMMEs has become the most important part of Taiwan's economic legend. It is already established that there are more job opportunities from SMME start-ups that come from the government or existing enterprises. As such the spirit of entrepreneurship amongst skilled employees has led to the establishment of millions of SMMEs (International Entrepreneurship, 2010:201). Taiwan's economic development since World War 2 has been fuelled by over one million small and medium sized enterprises, which resulted in Taiwan's inclusion as one of the four East Asian Tiger economies. Yu, Yan and Chen (2007:118) noted that the significance of entrepreneurship in Taiwan's economic dynamics has attracted much attention from scholars in the fields of management and social sciences more than from the mainstream neoclassical economists. There was a strong marketing-drive approach from the Taiwanese entrepreneurs and the pull-effect was a result of proper applications of market-concepts as opposed to sales drive. Taiwanese entrepreneurial firms constantly tested the market response and identified the demand-growth stage in which they prepared to take over the market with cost and flexibility advantages. Hu (2010: 1-6) observed that Taiwan has become widely accepted as a newly industrialized economy, within which the prevalence of SMMEs provided an enormous growth impetus that brought about an indispensable contribution to economic development. The government established statutory bodies, structures and programs with the sole purpose of assisting SMMEs in improving their

operational environment, access to finance and entrepreneurs' skills development facilities.

2.18 The impact of government policies and other factors in the promotion of entrepreneurship in Taiwan.

Wu and Hung (2001:1-17) argue that the number of start-up companies is a good indicator of entrepreneurship and responses to government initiatives towards SMMEs. The state has become more proactive in helping entrepreneurs to upgrade and meet the challenges of the next century in fostering entrepreneurship development. Chen and Chang (2007:1) posit that creation of environments conducive to the development of entrepreneurship activities startup will create an incubation platform that will increase the abilities of entrepreneurs on SMMEs level. In addition to strengthening existing financial support systems and mechanisms, the government plans to;

1. Integrate information technology into the countries business network,
2. Set up country-wide, more one-stop-complete financial systems, and
3. Expand the SMME Credit Guarantee Fund of Taiwan.

Furthermore, it will promote the proper use of international funds and establish recycling guidance mechanisms. Lianto (2010:1-6) states that in 1997, the government promoted the establishment of incubator centers to cultivate start-ups and contribute to the development of new products and new technologies. Incubator centers provide SMMEs with space and facilities as well as technical, manpower, commercial information, administrative support, funding, and managerial services.

Table 2.5 the current States of SMMEs in Taiwan

	All enterprises	SMEs	% of SMEs
Number of enterprise	1 272 508	1 244 099	97.77
Total employment (thousand persons)	10111	7751	76.66
Number of employees (thousand persons)	7542	5186	68.76

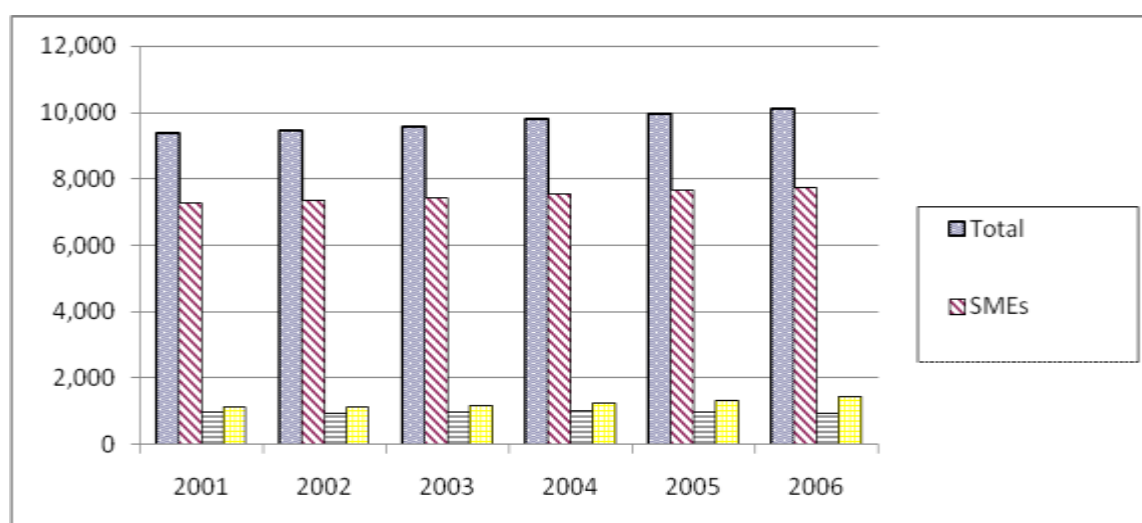
Source: White Paper on SMEs 2007

The table above illustrates that Taiwanese SMMEs have three distinctive main characteristics. These are;

1. Generally many or large in number
2. They exhibit remarkably fast growth
3. Continuously innovative and changing

SMMEs accounted for 97.77% of the 1,244,099 enterprises in Taiwan and they are the most significant contributors to Taiwan's domestic economic growth (Pan, 2009:1-10). In 2006, the number of employed persons working in SMMEs in Taiwan stood at 7,751,000, representing an increase of 103,000 compared to 2005 (table 2.5). However, as a percentage of all workforce, the number of people working in SMMEs fell to 76.66%, because the number of people working in large enterprises rose by 6.98%, while the number of people working in SMMEs increased by only 1.35%. Taiwan's total available workforce amounted to 10,520,000 people. Manufacturing sector attracts more employees, reaching 27.15% of all employed persons working in SMEs. As presented in the figure 2.3.

Figure 2.3: Employment created by SMMEs and Public sector 2001-2006



Source: White Paper on Small and Medium Enterprise in Taiwan (2007)

The diagram portrays a visible dominance of SMMEs in employment and employment creation country wide. The years 2005 and 2006, as illustrated above attained new records of 7,648,000 and 7,751,000 employees respectively. The abysmal difference of employment offers in other sectors in 2005 and 2006 is noted by putting forward the following; large enterprises and SMMEs are 1,333,000 and 1,426,000 respectively. There is the single largest employer and the figures are shown as 961,000 and 934,000 employees respectively. Wu et al (2001:1-17) state that, compared to other newly industrializing countries (NICs), including South Korea, Singapore and Hong Kong, Taiwan's SMMEs excelled the most in providing employment opportunities as illustrated in table 2.7 below.

Table 2.7 the Role of SMEs in NICs (%)

Countries	SMEs	Employment in SMEs
Hong Kong	98.2	60.7
South Korea	99.0	69.0
Singapore	91.5	51.7
Taiwan	97.7	78.5

Source:Wu et al,(2001)

The table 2.7 shows that there is indeed a correlation between the presence of small businesses and the rate of employment creation. In South Korea 99% of the SMMEs created 69% of the employment, Hong Kong with 98.2% of small businesses created 60.7% of employment.

2.19 China and India entrepreneurship development

Naude (2008:1-47) states that "economic development is the process of structural transformation of an economy towards a modern, technologically advanced economy based on services and manufacturing." In the last 15 years or so, India and China have taken two distinctly different approaches to growth. India has relied more on small businesses and entrepreneurial ventures for its growth whilst China, though it has welcomed private capital, has relied more on large-scale enterprises. India's growth is consumer-driven, while China's is resource-driven. According to Kalaynaram (2008:1-14) India has adopted policies that stimulate consumer demand and foster entrepreneurship whilst China has adopted policies that have encouraged resource-mobilization. Regardless of whatever policy and route has been utilized by

the two countries, what is evident is the importance of new start-ups to employment creation. Goel, Vohra, Zhang and Arora (2006:1-36) emphasize that entrepreneurship has been identified as the fourth factor of production that helps discover new frontiers leading to all round economic growth. Entrepreneurship therefore, by implication, fosters innovation in all forms, be it technical, operational or introduction of new products or concepts into the economy.

The Commission of European Communities (2005) reported that entrepreneurship is vital for further social development through increased job opportunities and consequent economic prosperity. Several developing countries have identified promotion of entrepreneurship as a focus area for governments in creating employment opportunities. It is highlighted well in the Indian Information Technology sector and similarly in China where entrepreneurial activity is clearly the driving force behind the growth in India and China, both countries have an excess of a young employable population (Goel et al, 2006:1-36). Global Entrepreneurship Monitor Hong Kong and Shenzheng Report (2003:1-67) have conducted studies to measure levels of entrepreneurial activities and governments approach to fostering entrepreneurship activities in both countries. It has been established beyond any reasonable doubt that whatever methods can be adopted for economic growth and development, only methods that involve the establishment of new start-ups bring about sustainable job-creation.

2.20 Entrepreneurship in China

The centrally planned and controlled policies of China have witnessed an economic history very similar to that of India in a broader sense, though it has advanced much further than India (World Development Indicators, 2002). Zhang and Duyesters (2010:1-40) concur that China's successful transition is based on the performance of its entrepreneurs. This further confirms the indispensable nature of entrepreneurs and entrepreneurship as a reliable source of job-creation leading to both economic development and economic growth. The development of entrepreneurship in current emerging economies has been encouraged by such findings relating to the effectiveness of entrepreneurship in eradicating poverty in the growth economies. Meyer and Bytchkov (2006:1-86) noted that China's attempt to establish an entrepreneurial economy was accompanied by an institutional transaction effort since

decades ago when China transferred from a central planning system to a market-oriented economy.

Goel et al, (2006:1-36) points out that China's entrepreneurship development can be divided into three phases, namely;

1. The first generation of Chinese entrepreneurs emerged in the time of the Four Modernizations reform program by Deng Xiaoping to encourage entrepreneurial activities in the early 1980s.
2. The second phase was characterized by the organizational model of township and village enterprises, meant to supply and provide for people at the level where poverty was rampant.
3. The third phase of Chinese entrepreneurial activities was stimulated by the entry of foreign investment in the late 1980, which introduced large scale manufacturing and eventual global competitiveness.

Whilst the original plan of communism was for equitable distribution of wealth and reduction of rich-to-poor gaps, much more was needed to inject the zeal to move the country forward. Since the realization of the importance of individual-directed progress and achievements, with subsequent reduction in central control, things have been different. Entrepreneurs have played a strong role beyond what reformers may have initially anticipated, in building the market economy, from breaking state monopolies to supplying new jobs (McMillan & Woodruff, 2002:153-170). After working in the urban environment, migrants have transformed themselves into agents, diffusing skills, ideas, information and entrepreneurship to rural areas. Mani (2009:1-37) states that the Chinese experience differs from the Indian story of phenomenal growth of entrepreneurship.

2.21 The impact of government policies and other factors in the promotion of entrepreneurship in China.

China has a large population which became the first advantage as production could be made for that critical mass. Government policies primarily involved and revolved around five main aspects of the economy, namely;

- a. The taxation system - had to make provision for the much needed funds for infrastructure development and yet encourage entrepreneurship
- b. Government regulations - had to be ideal and conducive to the establishment and sustenance of entrepreneurial activities in the economy

- c. Access to capital - has a primary requirement for all start-ups to be able to get into the business and compete with existing enterprises
- d. Legal system/property rights - as this would encourage entrepreneurs if the rights policies favored the entrepreneurs
- e. Business culture - this would comprise of the attitude towards business start-ups and the running of these enterprises

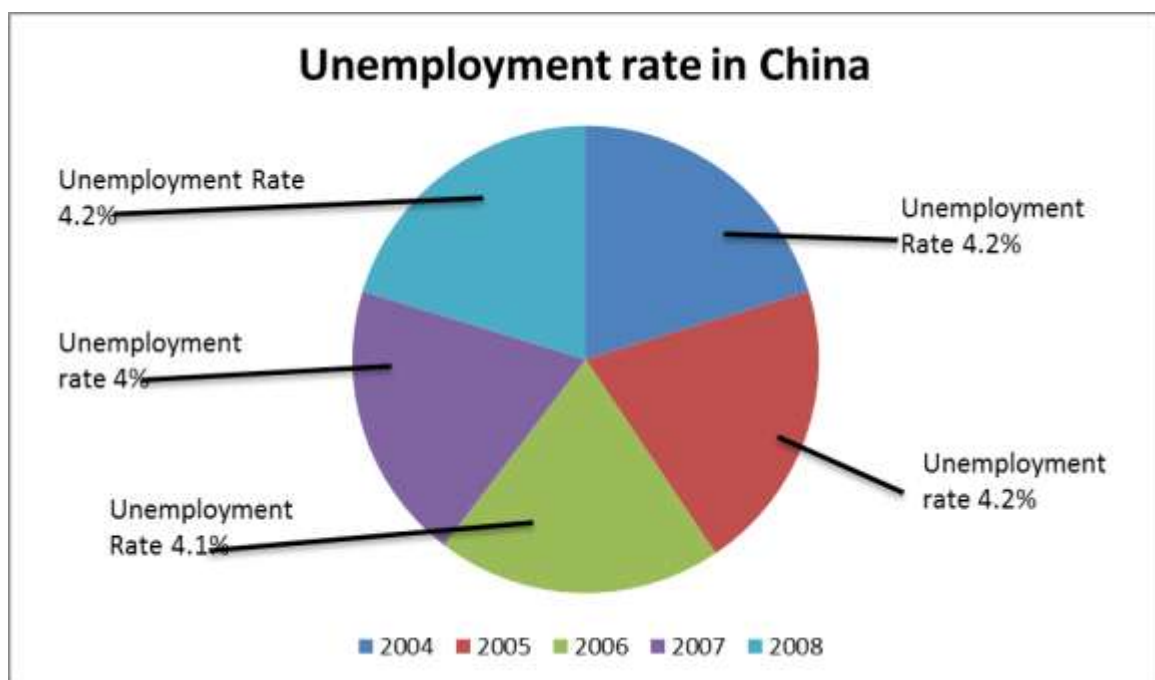
The primary factor is fostering economic development, since it is the fundamental guarantee for other influencing factors. Without policy change in a country that has the Marxist history, entrepreneurship cannot be successfully augmented and improved in such tedious bureaucratic systems (Hui, 2009:1-45). The current Chinese government's philosophy of the state is from being the sole care-taker of its people (at the peak of communism) to becoming a partner and resource provider to businesses by investing in the education of its youth and giving aid in starting enterprises (Goel et al, 2006:1-36). This drastic change was facilitated for by infrastructure that had been built in the earlier years of the state owning everything. Litao (2009:1-13) posits that government, through the Chinese Communist Party has decided to assist returnee entrepreneurs and integrate "townization" with the construction of a new socialist countryside, thereby creating favorable conditions for returned migrants to entrepreneurship. Government intervention is important for favorable, positive economic outcomes these consist of the formal and informal rules that are used to govern the entrepreneurship terrain in the country (Boettke and Coyne, 2009:1-128). Properly designed context relevant government policy programmes and regulations are beneficial to the starting and growth of small start-ups and existing small businesses. Using these regulations and programmes, the government can provide the much needed information and consultation service system necessary to help aspiring entrepreneurs work in the correct atmosphere (Hui, 2009:1-49). The regulations, policies etc. must take cognizance of the need to assist the small start-ups by providing simple, easy to follow and non-cumbersome policies.

2.22 Unemployment reduction and entrepreneurship development

Different researchers have highlighted different causes of unemployment, and there is little agreement on what exactly is the most critical cause of unemployment. Admittedly, different countries have different conditions, resources, cultures,

histories, etc. all of which inform the way things are or should be done. Consequently, the relation between unemployment and entrepreneurship is a controversial issue in research discussions. The definition of unemployment also differs from place to place. The unemployment concept in China is in reference to unemployed people who have been registered in the government structure, without including new graduates and people who live in the countryside (Hui, 2009:14). Figure 2.4 describes the Chinese unemployment rate from 2004-2008.

Figure 2.4. Chinese unemployment rate from 2004-2008



Source:Li and Matlay (2006:248-262)

The figure above shows that the level of employment has impressively been constant over 5 years in China. It has been between 4% and 4.2% from 2004-2008. In 2008, the official unemployment rate issued by the Human Resource and Social Security Department was approximately 4.2%, while the unemployment rate issued by China Academy of Social Science was 9.4%. Li and Matlay (2006:248-262) postulate that China's recent path to growth and development has proved to be distinctive and SMMEs appear to have been a major driving force in this country's "economic miracle as shown in the table 2.5 below.

Table 2.5 Number of SMEs at national level in China from 2004 to 2008

Year	Whole number	Number of SMEs	Number of SMEs%
2005	271835	1238320	45.55
2006	301961	149736	45.58
2007	336768	177080	52.58
2008	426113	245850	57.69

Source: National Bureau of statistics in China 2005-2008

To show the general relationship between entrepreneurial activities, economic development, economic growth and unemployment reduction, the data on self-employed (small family businesses) registered in each year and GDP per capita (2005- 2008) is displayed in the table above.

2.23 Entrepreneurship in India

The opportunities created by today's global knowledge economy coupled with "the unshackling of indigenous enterprises, have contributed to making India a fertile ground' for Entrepreneurship (Swetha and Roa, 2013:1-13). Warmi, Garg and Sharma (2004:71-88) postulate that entrepreneurship is accepted to be a necessary sustainable condition for any meaningful long-term economic development and growth. Vema (2014: 104-119) posits that the emergence of entrepreneurs and their contribution to the national economy is quite visible in India. The presence of the "cottage industries" in India and their success story is testimony to the importance of SMMEs as job creating agents which help reduce poverty in an economy. In addition, India with its billion people plus can generate economic growth and maintain the present level by fostering entrepreneurial activities within the country.

Nijkamp and Van Hemret (2007:1-31) assert that on a national level, SMMEs are acknowledged to play an important role in the economy, serving as an agent of change. The entrepreneurial activities have been identified and acknowledged as sources of most of the innovation that has helped to stimulate industrial revolution and thereby creating not-easy-substitute employment-creating vehicles. Donnelle and Middleton (2012: 1-59) postulate that regardless of the specifications in entrepreneurial education, extensive courses on entrepreneurship focused on providing knowledge for job creation are offered country wide by the state. Dorada and Ventresca (2012:69-82) acknowledged that well-structured entrepreneurial activities can in the immediate term provide alternative answers to current unemployment. These medium term solutions can provide the much needed jobs which will subsequently assist with the country's need to alleviate chronic poverty and

reduce the poor-rich gap. Most micro enterprises are non-employing, but they create jobs (even if it is only part time) for the entrepreneur.

2.24 The impact of government policies and other factors in promotion of entrepreneurship in India.

Dwivedi and Tiwari (2012:108-127) observed that entrepreneurship in India has always been part of the culture and system, initially through government policies and programmes. These policies provided protection to small businesses and were encapsulated in the "be Indian buy Indian" philosophies of the 1980s. Given the history of India and its massive chronically poor people, the subsequent governments have had no alternative but to promote the concept of start-ups, no matter how small. Mitra, Aboubakar, and Sagagi (2011:462-479) believe that over time, India created a large number of government institutions to meet the objectives of growth and equity by supporting ongoing entrepreneurial projects and encouraging new and innovative entrepreneurial proposals. Kumar and Ali (2010:455-474) concur that a number of government, development and financial institutions, entered this industry along with a host of private sector firms, to help the investments made at seed, start-up, early growth and later stages to sustain the growth of entrepreneurship activities in the country.

Shahim (2011:1-300) postulates that in more recent years various means and methods of developing entrepreneurs and entrepreneurship have been used to sustain entrepreneurial activities as a solution to eradication of chronic poverty. Jahanshahi, Nawaser, Khaskhar, and Kamalian (2009:1-11) summarize the development of the government's policy framework on creating, supporting and protecting the entrepreneurial activities as belonging to three periods;

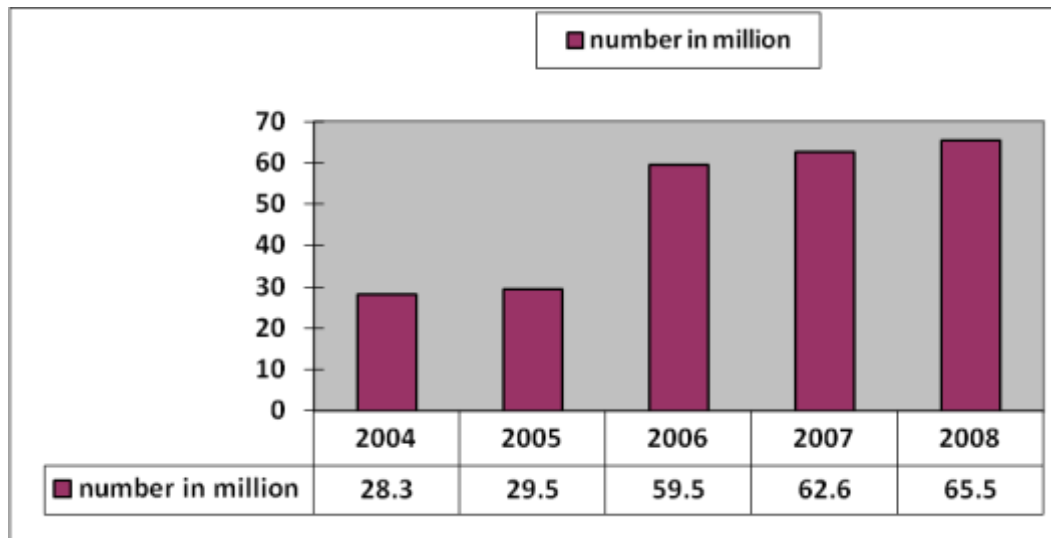
- 1948-1991 - recognition of SMMEs as employment-creators
- 1991-1999 - supporting and protecting SMMEs from external competitors
- 1999 - special focus on SMMEs as indispensable development tools

The government admits that the support system may not be sufficiently robust to give the leverage needed to get them to the next level. Furthermore, the state government recognizes the need for development on factors such as land development, specificity industry focus, cold storage infrastructure, good roads network, proper management of water as a resource, and industry clusters relating to similar concerns and expertise to be set up (Klynveld, Peat, Marwick and Goerdeler, 2012:1-48)

2.25 Unemployment reduction and entrepreneurship development

India is facing an unemployment problem with its youths due to the recent rise in the population and inefficient labor markets. Labor laws may not be affecting overall growth but are influencing, where jobs are created and amplifying the substitution of labor with capital (Jyoti, 2008:1-28).

Figure.2.6 Number of Employment in SMEs Sector in India



Source: Jahanshahi, Nawaser, Khaskhar, and Kamalian (2009)

Figure 2.6 above demonstrates clearly the growth of micro, small and medium enterprises in India, which has a direct effect on growth in employment. Enterprises in India contribute to employment generation by creating jobs for skilled and unskilled workers. The Department of Rural and Ministry of Rural Development(2008:1-41) recognizes the significance of Self Help Group (SHG) and Micro-Enterprise(ME) approach, the Swarnjayanti Gram Swarojgar Yojana (SGSY) a prime self employment scheme was sprung in April 1999 after the incorporation and the Integrated Rural Development Program (IRDP). The SGSY has a facility of special projects to certify an interval assured programme for bringing precise numbers of BPL above the poverty line through pioneering approaches to provide long term maintainable, self employment prospects. Either in terms of organization of the rural poor, provision of support infrastructure, technology, marketing, training & skills development etc. or a combination of these.

2.26 United State of America and Entrepreneurship development

Americans have long revered small businesses for not only building the economy but also bolstering democracy. For more than a century, the United States has implemented laws aimed at preventing big business from competing unfairly with small businesses (Katz, 2003:283-300). Defourny and Nyssens (2010:32-53) posit that in a healthy economy like the United State of America (USA), entrepreneurship is critical for the much needed sustained economic growth, in other words entrepreneurs and small Businesses are treated synonymously. Academics have paid a lot of interest in the policies that supposedly influence entrepreneurial behavior. Observations indicate that entrepreneurial activities have increased dramatically in recent years attracting the attention of both academics and other community economic development practitioners (Aldrich, 2012: 1240-1248). Though the USA is known for large corporations, Bryan (2013:140-149) postulates that successful small businesses are critical to maintaining a robust U.S. economy. The numbers almost speak for themselves: 99 percent of all American businesses are small; small businesses provide approximately 75 percent of the net new jobs added to the U.S. economy every year; small businesses represent 99.7 percent of all employers; small businesses employ 50.1 percent of the private workforce; small businesses provide 40.9 percent of private sales in the country. It is truly the innovation, resilience, and determination of small-business owners that centers them at the heart of the American economy.

2.27 The impact of government policies and other factors in the promotion of entrepreneurship in America.

With most of the world's businesses being conducted by small entrepreneurs, it makes good economic sense for governments to implement policies that encourage small-business growth. The five ways in which governments can have the most positive effect in entrepreneurship, is by making capital more accessible, facilitating business education, and promoting entrepreneurship, reducing regulatory burdens, and protecting intellectual property (Kawz, Christian and Hameida, 2013:281-288). Kropp and Zolin (2008:1-11) state that government programs in many countries sponsor entrepreneurship and innovation, e.g. the Small Business and Innovation program in the USA. Policymakers across the United State have initiated three types of entrepreneurship development policies, these are;

- a. Strategies that aim to improve the skills of individual entrepreneurs and help them to succeed.
- b. Strategies that seek to strengthen community resources for entrepreneurs to enable them to succeed.
- c. Strategies of creating networks to help entrepreneurs with the resources they need.

Henderson (2002:1-26) and Storm and Freilich (2010: 1-29) complement each other on the thought that the USA government has engaged in a wide range of policy changes and interventions to support economic recovery and to limit the losses experienced during the recession. Moreover policies that are narrowly focused on entrepreneurship, such as tax incentives for small businesses and changes in Small Business Administration (SBA). Loan guarantees, may create more small businesses, including some that are high-growth. College and Adams (2010:1-8) propose that the vitality and the resultant robustness of the U.S. economy is largely dependent on the entrepreneurial behavior of the participants in the economy and how they respond to challenges and opportunities before them. Too often entrepreneurship and the policies thereof are considered the purview of small business focused agencies and legislative committees.

2.28 Unemployment reduction and entrepreneurship development

Haltiwanger, Jarmin, and Miranda (2013:347-361) states that an important contribution of small businesses to national economy is derived from the US economy: entrepreneurship activities are job creators and are what really drives the USA economy. Neumark , Wall, and Zhang (2011:16-29) note that in the creation of business incubators across the country, President Obama proposed the creation of a small business and microenterprise initiative for rural communities. In addition to federal programs that provide resources to emerging entrepreneurs, the federal government can provide additional sources of sorely needed capital for microenterprise and other community and economic development efforts of the country.

Table 2.9: A Small business, jobs creation and economy development opportunities in the 12th District.USA

States	Total enterprise	Percentage of Businesses that are Micro-enterprises W/Employee %
Alaska	62,462	89.89
Arizona	429,031	87.63
California	3,087,607	88.99
Hawaii	104,529	87.18
Idaho	131,244	87.78
Nevada	195,353	88.02
Oregon	306,966	86.57
Utah	212,082	88.93
Washington	486,504	86.51

Source: Neumark , Wall, and Zhang (2011:16-29)

The table above (table 2.9) shows the momentum of job creation by SMMEs in the 12th District of the USA. Henrekson and Johansson (2010: 227-244) assert that a number of other policy changes could enable entrepreneurs to build their own sources of capital, and to access it through the private market where possible. Regardless of the presence of large corporations in the USA, small businesses remain the backbone of the U.S. economy and the primary source of jobs for Americans at large. Furthermore United States trade Representative (2009) declares that government should launch a new trade policy initiative to enable SMMEs to grow their businesses and generate jobs through international trade. This is further evidence of the importance of SMMEs in an economy, whether developed or developing.

Summary

The receding literature on entrepreneurship, its basis and the benefits derived thereof, make it evident that entrepreneurship is a critical element of the economic growth and development of countries. The presence of high levels of entrepreneurship focuses the attention of the people towards self-development and independence, thereby removing possible political instability. Of particular interest is the fact that there was no one-size-fits-all approach to the economic development and growth of the countries, but entrepreneurship remained central to the achievement of economic growth and development. Amongst the various countries cited above, there have been various approaches from different governments towards an effective entrepreneurship development. From the Asian Tigers to the most established economies, we have seen that most governments have adopted an assortment of strategies and policies to support the growth of entrepreneurial

activities as well as infrastructure. The United States of America has shown its capacity and resilience to sustain its economy, mainly due to the good governance of their policies to assist and provide a conducive environment for entrepreneurship development.

Chapter Three

SOUTH AFRICA SOCIO-POLITICAL ECONOMIC STRUCTURE, GOVERNEMENT POLICIES ON ENTREPRENEURSHIP

3. INTRODUCTION

South Africa has its own unique history which puts it in an awkward position as relating to entrepreneurial activities. In a country where 80%+ of its population was legally excluded from active entrepreneurship compounded by an education system intended to make the masses perpetual servants, entrepreneurship is the exception rather than the norm amongst the indigenous people. Entrepreneurial activities around the world account for about 70% of the global GDP on average, however, in South Africa entrepreneurial activities account for hardly 40% of the country's GDP. With an unemployment rate of approximately 25% (using very consecutive estimates), accelerating entrepreneurial activity becomes crucial if the economy of the country is expected to grow and eradicate poverty (Witbooi, Cupido, and Ukpere, 2011: 1936-1941). Olawale and Garwe (2010: 729-738) postulate that entrepreneurship activities are seen as a significant component of the solution to South Africa's poverty eradication and development issues. The creation and sustainability of new small businesses is to be understood as a vital element of the process of bringing about economic prosperity for the country. Watson (2009:1-177) notes that The South African government, in an attempt to create jobs and growth has identified small business as vehicles for the country's economic development. Whilst this has been talked about extensively, this talk is not matched by entrepreneurial excitement and activity on the ground. Most small businesses in South Africa are start-ups by economic refugees from the continent and from parts of Asia. Gray and Lombert (2008:135-145) state that the adoption of a social development paradigm in South Africa has had a profound effect on the social work profession. Political processes that legitimized the profession as the chief provider of social welfare services was intimately tied to the development of government social welfare service provision.

Babarinde (2009:1-357) observed that in spite of many economic strategies and policies attempted by post-apartheid ANC-led government, the Republic of South Africa remains a profoundly racially divided society. The economic front and dualism market exhibits a marked contrast between modernity and tradition, an inevitable

legacy of the apartheid system which is difficult to remove. Knight (2006:1-22) adds that the task of the new government was to bring the golden goose to health by introducing new strategies and policies to attract foreign investors and adapting a microeconomic policy called the Growth, Employment and Redistribution (GEAR). Since then government has looked to entrepreneurship activities to play a key role in the area of job creation (Mbedzi, 2011:1-45). There have been many areas of concern for entrepreneurs regardless of the political rhetoric about empowerment of the indigenous people, these are; the time frame to register a business, the method to get financial help and mostly the different governmental approaches in uplifting entrepreneurship activities within the country.

3.1 Characteristics that influence people to become entrepreneurs

Timmons (1999:17) states that more than any other aspect of our society and the economy, entrepreneurship is the great equalizer and mobilizer of opportunity. When people get involved in entrepreneurship, they are literally involved in wealth creation for themselves, job creation for the others, and infrastructure development for the economy at large. The entrepreneur does not only conceive and organize ventures, but helps society shift mindsets with the introduction of innovations and technologies that will eventually become the norms of a society. There are various levels of entrepreneurial intensity and drive depending upon how much independence one exhibits, the level of leadership and innovation they demonstrate, how much responsibility they shoulder, and how creative they become in envisioning and executing their business plans. By their nature therefore, entrepreneurs are risk takers who focus their attention on introducing, developing and inventing products, systems, ways etc. by which life can be improved (Action COACH, 2008: 1-9). Whilst it has been posited by some that South Africa has made significant strides in improving the living standards of previously disadvantaged communities (Lightelm, 2010:131-153), it is evident that the bulk of the South African indigenous have not experienced any drastic changes of the apartheid norms.

3.2.1 Influencing factors that promote the sprout of entrepreneurs

According to Baldo. (2013:515-523) firstly the job search appears to be less effective for African job seekers compared to whites, which is likely due to the spatial separation between the business centers and the outlying areas where Africans reside. Secondly, while it may be expected that the informal sector will provide

employment, especially in these outlying areas, and absorb many who would otherwise be unemployed, it has not. Unlike other African countries, the informal sector has grown very little as participation and unemployment rates have risen. However, Small, Medium and Micro Enterprises (SMMEs) are an important source of employment and economic growth in most countries.

3.2.2 Necessity: when jobs are difficult to get, retrenched workers, job-seekers who have lost hope, and migrant workers (economic refugees from other countries) move to start businesses purely for the sake of surviving. The businesses are generally hand to mouth, and these jobs are abandoned once there is a job opportunity elsewhere. Examples of these are sellers of fruits, bags, shoes etc. on the street (Burke, 2006:130) these may not be the correct targets for government entrepreneurship programmes.

3.2.3 Lifestyle: this is mostly businesses established out of a passion more than anything else, and the realization that there is demand for what would otherwise have been a hobby. Such people may develop the hobby into a profitable business when everything required to help a business grow is considered and appropriately incorporated into the hobby-passion-business. A lifestyle entrepreneur places passion before profit when launching a business in order to combine personal interests and talent with the ability to earn a living. Burke (2006:44) states that many people use their entrepreneurial skills to start up a lifestyle company to provide an adequate income for a comfortable middle class way of life. Timmons (1999:16) adds that what counts is that opportunities are available to anyone who wants to prepare an entrepreneurial process, which can result in economic expansion and accompanying social mobility.

3.2.4 Social: where a social need has not been met or a gap exists where a social need (existing or created) can be met and fulfilled. Traditionally, entrepreneurship has been seen as occurring exclusively in the for-profit sector of the economy, however, in recent years there has been a growing awareness of the contribution of entrepreneurial activities towards the development of the community (Shaper and Volery, 2004:402). Desai (2006:437) stipulates that a social entrepreneur is one who recognizes the part of society which is stuck and provides new ways to get it unstuck. Furthermore a social entrepreneur often dedicates efforts towards child upliftment,

conservation, improved facilities for the blind, or initiates programmes to empower woman and the disadvantaged.

3.3 The different types of entrepreneurs

In order to understand the influence of Entrepreneurship we must first identify the different types of entrepreneurs and their categories (Burke, 2006:50). There are eight types of entrepreneurs generally spoken of in South Africa (Pavlo and Bruce Talk Radio 202 and 567 Cape Talk), namely; survivalist, necessity, lifestyle, tenderpreneur, social, build-grow-sell, build-grow-grow-grow.

3.3.1 Tenderpreneur: emerging entrepreneurs who would mostly fit into the BBBEE criteria. Their businesses are formed specifically to get business from government tenders. These do not add value to much except to themselves, and whilst they are eligible for government tenders, they do not bring about any innovation, creativity or new systems to the economy.

3.3.2 Build, Grow, Sell: these entrepreneurs seem to enjoy the idea of starting companies and selling them only to start more businesses and sell them too. They are innovative in their approach, but they do not create enough wealth for themselves using their innovations, as they always sell the business to someone else to become successful. So, they will always build, grow and sell.

3.3.3 Build, Grow, Grow, grow: these entrepreneurs normally focus on one business and always strive to become one of the biggest in their industry. They tend to be stable, and provide long term plans for their businesses. The government needs such entrepreneurs as they bring about permanent job creation to the communities.

3.3.4 Serial entrepreneurs: a serial entrepreneur is one who continuously comes up with new ideas and starts new businesses. The serial entrepreneur is represented as possessing a higher propensity for risk and innovation. Burke (2006: 52) notes that looking for opportunity to create wealth anywhere and everywhere, setting up one company after another in quick succession is being a serial entrepreneur.

3.4 Government socio-political attitude towards entrepreneurship

Fritsch and Wyrwich (2012:1-40) state that during apartheid entrepreneurship activities in the economy were largely neglected by policy makers or, in the case of black-owned enterprise, discouraged by repressive measures. In line with the political disinterest, Small Businesses were wiped off the research agenda of most business schools and universities of commerce. As a result, Duncan and Browman (2009:93-113) concur that apartheid has had a devastating effect on the economic and psychological well-being of blacks in particular. Moreover, this form of suppression and racism had been present even before the National Party formed government in 1948. By derivation therefore, the black populace has never been directly exposed to entrepreneurial activities, and it has always been known to be the reserve of the white bosses who always had money. According to Adams (1993), the effect of Vagrancy Act of 1809 on all Blacks not working on farms or mines, nor having permanent residence effectively meant that they were breaking the law. Blacks were required to carry a pass, which could be only obtained once they had a labor agreement with a white farmer. These practices over many years gave the impression that blacks were never able to run enterprises and were born destined to perpetual servitude to the colonial masters. Peters (2005:1-301) shows that the use of race to restrict and severely control access to wealth creation, imposed underdevelopment in the black communities and ensuring that they were the main suppliers of cheap labor. Education was not accessible except for that which would make them servants, thus they were legally and deliberately denied access to skills, jobs and self-employment. As alluded to in previous chapters, the levels of education in a country have a direct relationship with the entrepreneurial activities in that country. The high illiteracy rates and absence of skills amongst blacks means that fewer blacks will move into take the risk of entrepreneurship.

John and Comaroff (2009:191-209) note that this systematic disempowerment of the indigenous population did not only result in dispossession of their own land, but denied them the farming skills that were to be passed down to their progeny for self-employment, or partaking in anything but the most rudimentary entrepreneurial activities. Abasanjo (1991:1-140) states that South Africa has not realized an impressive post apartheid era in the empowerment of blacks, instead the country is moving slowly and somewhat unpredictably towards the point where apartheid can be declared dead.

Selsky (2005:849-873) concluded that if the government of the new South Africa is to achieve its economic and social goals, it must address three challenges, namely:

1. It must bring about and sustain a non-racial politically democratic system with deliberate programmes to fast-track the development and skilling of the indigenous people.
2. It must wage war against chronic poverty and social inequity to remove the racial disparities in the distribution of income and wealth.
3. It must maintain ethnic harmony in a country that is highly polarized because of the apartheid legacy.

Rospabe (2002:185-217) noted that the fight against racial discrimination is a key objective as evidenced by the government programmes, policies, regulations, and promulgations. And very high degrees of discriminatory labor practices and job reservations for whites in the private sector as recorded in the second half of 1990s. By mobilizing the resources of urban communities, government and private sector can make our cities centers of opportunity for all South Africans, and competitive within the world economy. The success of this depends on the initiative taken by urban residents to build their local authorities and promote local economic development (Nelson Mandela 1995). The political environment in South Africa is stable and notwithstanding the upcoming 2014 general election and the change of leadership in the ruling party and amid speculation that this change will bring about different policies, the country's third democratic elections were held in 2004 (BankSeta, 2009:1-147). The end of apartheid also saw the promulgation of the South African Constitution, which is considered to be one of the most progressive constitutions in the world. The United States Department Bureau of African Affairs (2010) mentions that the progress to equality and economic development is partly attributed to post-apartheid leaders such as Nelson Mandela, Thabo Mbeki, Kgalema Motlanthe and Jacob Zuma who have successfully created a favorable business environment in the country through policies and strategies.

Over and above the contemporary issues is the legacy of deprivation of business opportunities to the vast majority of the population during the apartheid era. This was primarily due to the biased education system that restricted opportunities for acquiring technical and professional skills, which would sensitize young learners to cultures of entrepreneurship (Solomon, 2004:1-143). After the end of the Apartheid regime, there has been a proliferation of research using the human capital theory as a framework to analyze education, earnings and labor market outcomes, highlighting

the persistent racial discrimination, barriers to mobility and job-related characteristics of the formal sector (Burnet, 2006:3-4).

3.5 Government's role toward education of entrepreneurs

The GEM 2001, 2002 and 2003 surveys have identified education and training as one of the major problems facing South African entrepreneurs. The levels of literacy and technical skills remain exceedingly very low amongst the indigenous people and this may go on for much longer than expected. The legacy of apartheid has left the vast majority of South Africans with serious lack of basic skills necessary for employability. For example, more than 50% of the population have not obtained a grade 12 qualification and only 6% of the population have some form of tertiary education (Driver, *et al*, GEM 2001:39). Peters (2005:1-301) found that the apartheid government passed three other acts to ensure segregation amongst people of color, namely the Colored Persons Education Act of 1993, the Indian Education Act and the National Education Policy Act of 1967. These acts divided and promoted education based on racial groupings, in other words, different schools for various racial groups provided different types of education along with beliefs and rules that one should follow.

Nicolaidis (2011:1-8) declares that as a result the focal point for government in the long term is to speediate the expansion of entrepreneurial activities, create awareness and empower individuals in entrepreneur development. Furthermore, in order for South Africa to benchmark themselves with the world's best in entrepreneurship development, their main objective needs to be on the elevation of the current education system and the transitioning of the labor force through tooling them to become more competitive by constantly driving for economic excellence. The government needs to adopt a large target approach of small businesses to support. Further to that, the government needs to see to it that everyone has the necessary skills and information, and the education system should go beyond skills training. The Department of Trade and Industry (2005:9). Kerimova (2007:1-13) suggests that the current education set up should be structured to bring out the entrepreneurial spirit in individuals.

(Nicalaidis, 2011:1043-1050) posits the historical background of South Africa has left its natives at a crippling disadvantage with regards to the education which was

imparted, resulting in the stemming of the natives entrepreneurial development. As such, government has seen the value and attributes that entrepreneurship can bring to the economic growth of the country. Higher Education institutes (HEI) seeks to bridge this gap by locally introducing small business development at all the different levels of education. General Entrepreneurship Monitor (2004) has encouraged government to update its current curriculum by incorporating entrepreneurship as a base subject. It's seeking for more and more schools to embrace teaching entrepreneurship. Research shows that the early introduction of entrepreneurship can result in better acceptance of individuals becoming an entrepreneur (Orford, Henrington and Wood, 2004:1-56).

Ingenuities such as these should be backed by government and education should be preached as foundation if there is any plan to bring about sustainable economic growth and development to the country at large (Nieuwenhuizen and Kroon, 2002:157-166). The education policy must seek to increase the ration of entrants to all levels, specifically at higher levels of education where South Africa as a country is don't doing well, and the region as a whole seems to lag behind. Until the indigenous people who are the majority have been appropriately and adequately skilled, there is no hope of seeing South African entrepreneurial activities at the proportions of the Asian Tigers. Entrepreneurship will consequently remain the reserve of the few, and the larger part of the population will remain job seekers and not job creators. The table below reveals the education received based on race in South Africa.

Table 3.1: Enrolment (headcount) in public higher education by the institution type and race

	African	Colored	Indian	White	Total
Universities of technology	107581	11004	5065	15188	138912
Comprehensive Universities	233214	18569	25169	73314	350624
Universities	135973	19496	22379	91961	271554

Source: Advance and Monitoring Directorate Council on High Education, (2009)

The racial profile of students at the three different institutional types is shown in the figure above. The Universities of technology come closest to the racial profile of the population with 77% African, 11% white, 8% colored and 4% Indian students. It should be understood that these types of institutions generally take in students who

are "not so bright" as to enter into the traditional and comprehensive universities. Comprehensive universities enroll more African students (233214) than universities of technology (107581), but they constitute a smaller proportion of the total student headcount (67%). The racial imbalance is most marked at the traditional universities where African students represented 50% and white students 34% of the student population in 2007. Across all institutional types, white and Indian students are overrepresented and Colored and African students are underrepresented (Advance and Monitoring Directorate Council on High Education, 2009:1-116).

(Jeffery, 2010) states that the working relationship between races has been tarnished due to governments handy work of handing out tenders to a small majority of black people mainly those who are supportive of their political campaigns. Unfortunately this has lead to the crippling of black entrepreneurship as the benefiting minority are unable to hold the bar as written by Moeletsi Mbeki. This has hampered the country in the developmental of its entrepreneurial economy. Nkamnebe and Nnabuife (2007) further argued that educational systems can be designed to introduce ideas on entrepreneurship, since these are important attributes for entrepreneurship success.

3.6 Government socio-cultural approach towards entrepreneurship

Social and cultural norms are crucial to promotion of entrepreneurship as is the role of information in propagating the advantages of entrepreneurship to all levels of society and different cultural groups as well as identifying and promoting more entrepreneurial role models (Maas & Herrington, 2006:74). Numerous studies comparing ethnic group level of entrepreneurship amongst countries indicated that entrepreneurship was not seen as a legitimate or desired career choice (Herrington, Kew and Kew, 2007: 1-171). Because a corporate or professional career represented the pinnacle of achievement, the fear of failure was high because society was hard on those legitimate societies that failed. South Africa's history has had a major impact on the entrepreneurial culture of many South African citizens, specifically the indigenous.

Apartheid laws negatively impacted the way the indigenous people think about or view entrepreneurship (Van Aardt 2000:4). A Government Gazette (1995:11) report confirmed the preceding as stated above, and another Government Gazette of 2006 report found that the South African environment in which children grow has a

negative influence on them towards entrepreneurship and they would prefer to look for a job than creating jobs as it is perceived to be risky. Olufunso (2010:87-97) concurs with the above and postulates that cultural attitude and social background discourages the young and many graduates from becoming entrepreneurs. This attitude informs and influences the consideration of entrepreneurship by young people from tertiary institutions, let alone those who have not been able to proceed with their studies. Van Chris, Nerys, Eileen and Bill (2011: 20-28) note that empirical studies conducted have illustrated that entrepreneurs use informal network contacts, like family, friends and business people more than formal network contacts. That creates a problem for the 80% indigenous population that doesn't have any such networks that will assist even if they opted to be entrepreneurs.

Though coloreds, Indians and blacks were all affected by the apartheid laws, they were most severe on the indigenous people since the other two groups were rated as second class citizens, they had access to other opportunities that blacks were forbidden. The Indians were further advantaged as they were paid out when they were freed from slavery; hence they had capital to start businesses. Consequently they have an established social and business network and a much higher per capita income, arguably the current Indian has a higher per capita than whites. The Indian entrepreneurs were able to utilize more resources provided by family and community than African entrepreneurs where very few networks were found, which ascribed to the low status of small business in the African community.

Waldinger (2006) posits that ethnic business owners aim to predominantly serve the needs of the socio-cultural or ethnic class they belong to, but gradually we see an expansion of their market area towards a much broader coverage of urban demand. Luiz and Mariotti (2008:1-17) concur that it is clear South Africa is not producing sufficient entrepreneurial prospects in the economy to assist in the process of economic growth and development to address and reverse the current status of chronic poverty. To overcome this situation government, within the broad context of entrepreneurship promotion, gives particular support to the formulation of the youth-enterprise-development strategy currently being drafted by the Umsobomvu Youth Fund and the National Youth Commission (Department of Trade and Industry, 2005:1-17). Consequently, a vital component of the government's ten year vision of

the Accelerated and Shared Growth Initiative of South Africa (ASGISA) is for the nation to become entrepreneurial in orientation (Nicalaides, 2011:1043-1050).

Government has sought to address the above imbalances by setting up bodies such as the Black Economic Empowerment organization, to accelerate shared growth initiative for South Africa. Sad to say that the government policies have not taken into consideration the high levels of illiteracy amongst the indigenous population, besides the government has no direct connection with the populace, hence the policies do not speak to the conditions of the target market. Instead the South African Department of Trade and Industry, has been actively involved in creating programs to promote race and gender equality, and they have argued that these inequalities can be curbed through ventures such as entrepreneurship (Kwesiega, 2008:471-473). It is argued here that no programme will be successful to bring about the desired economic growth and development.

3.7 Government policies on entrepreneurial activities

Recently, a number of new government policies with bearing on aspects of entrepreneurship and small business development have emerged. These policies, by their nature, affect the integrated entrepreneurship and small business development strategy (Department of Trade and Industry, 2005:1-52). From its essence in 1995 the White Paper and the merger of Institutions in 2003 created by the Small Enterprise Development Agency (SEDA), the scheme of policies have had limited impact on entrepreneurship development. (Tim, 2011:1-8). As evidenced from the successes of the Asian tigers, there is a need for massive education and skills development; there is a direct relationship between levels of education and levels of entrepreneurial activities in any country. South Africa lags behind seriously on this front, suggesting to us then that economic growth and development is a long way off for South Africa.

The innovation policies of the South African government are informed by the White Paper on Science and Technology published in 1996 (RSA 1996) and aims to establish answers enabling mechanisms to inform the strategic development of science and technology in post-apartheid South Africa. Yet the number of institutions of higher learning has remained the same since democracy in 1994. This implies therefore that the number of tertiary graduates in all disciplines remains the same and that there is no difference in output. Meaning therefore that there is no

meaningful change in the status quo relating to the education of the masses even though education is a critical component of the recipe to breed entrepreneurs.

The "Integrated Strategy for the Promotion of Entrepreneurship and Small Business" (The Department of Trade and Industry, 2005) aptly illustrates an array of small business support systems spanning government departments and the private sector but, regardless of the elaborate infrastructure above, and as argued above, these policies do not relate to each other as small businesses are not part of the innovation policies and vice versa. It is, therefore not surprising that the return on investment is very low. Hence, in 2003 the South African government introduced the National Small Business Amendment Act, Act 26 of 2003 (RSA 2003:12) to remedy the failure of interventions set up to support small business. Skinner (2000: 49-71) and Lund and Skinner (2004: 431-456) argued that while a lot of progress had been made creating an enabling environment for small business, some of the interventions did not meet with much success. The government has established several organizations to help with the support and development of entrepreneurs. Government is developing policies and regulatory conditions that will promote SMME by providing organizations with more latitude to assist entrepreneurship activities in accordance with government's objectives (Ntsika 2001:57-75).

3.8 Government National strategy for the development of entrepreneurial activities

The South African government has developed strategies through legislation in order to promote more effective entrepreneurship in the country. The following legislation procedures were taken into consideration:

- The White paper on the Development and promotion of Entrepreneurial activities
- The National Small Enterprise Act 103 of 1996;
- National Small Business Amendment Act 26 of 2003; and
- National Small Business Amendment Act 29 of 2004.

The objectives of the National Strategy on SMMEs are to regulate, stimulate and promote Small Business Activities in South Africa. The stimulation of SMMEs must be seen as part of an integrated strategy to take the South African economy onto a higher road, one where the economy is diversified (Urban-Econ: Development Economists, 2009:14).

The Public Financial Management Act 1 of 1999 (as amended by Act 29 of 1999) is one of the most important pieces of legislation passed by the first democratic government in South Africa. It promotes the objectives of good financial management in order to maximize service delivery through the effective and sufficient use of limited resources.

The Municipal Finance Management Act 56 of 2003 secures sound and sustainable management of fiscal and financials of municipalities and municipal entities by establishing norms and standards and other requirements, for instance, ensuring the transparency, accountability and appropriate lines of responsibility in fiscal and financial affairs of municipalities and municipal entities. Companies Act 71 of 2008 was to ensure that the regulatory framework for enterprises (all sizes and types) promoted growth, employment, innovation, stability, good governance and international competitiveness.

3.9 Government Institutions support and financial aids

The government saw underdeveloped and undeveloped SMMEs as a window of opportunity to address the challenges of job creation, economic growth and equity in South Africa. The starting point for the process of small business development was to create an enabling environment (Newell and Frynas, 2007: 669-681)

3.10 Khula Enterprise Financial

The key institution set up by the government to facilitate access to finance operates at wholesale, then retail level, providing loans to Micro-finance Institutes and guarantee banks for loans provided to SMMEs. Furthermore it is also the key player in black economic empowerment. As such, it has conducted various deals through its credit guarantee programmes (Ahwireng-Obeng and Associate, 2002:57). Henrrigton, Knew and Knew (2008:133) point out that Khula Enterprise is an agency of the Department of Trade and Industry (DTI) which has the ability to facilitate access to finance for SMMEs, hence entrepreneurs do not get assistance directly from Khula. In complementary lines, Mosheshe (2010) asserts that Khula's mandate is to assist in the growth, development and sustainability of the SMME sector through providing finance, mentorship services and small business premises, at the same time ensuring the financial viability of the organization. The organization is accountable to

its shareholders, the Economic Development Department, and to the SMEs that it supports.

3.11 National Youth Development Agency (NYDA)

Government Gazette (2009:1-9) states that the National Youth Development Agency was established to create and promote coordination of youth development matters. Mbedzi (2011:1-44) asserts that the National Youth Development Agency resulted from the merger of Umsobomvu Youth Fund and the National Youth Commission, which deals with performance areas in economic participation and aims to enhance the participation of young people by engaging them in formulated curriculum (UYF, 2008)

3.12 National Empowerment Fund (NEF)

This institution was launched in 2008 with the primary objectives of improving entrepreneurship and reducing youth and graduate unemployment in South Africa (Olufunso, 2010:87-96). Furthermore, its mission is to act as an overseer by ensuring that all the codes and regulation of the acts are adhered to. Its objectives are to redress the economic inequalities caused by apartheid. It creates opportunities to acquire shares and foster entrepreneurship for disadvantaged people (Herrington, et al 2008:134).

3.13 South Africa Micro-Finance Apex Fund (SAMFAF)

It was birthed as an entity to shape the financial services of handpicked corporative such as village, bank and micro-financial. SAMFAFs objectives is to mold and shape the pre-selective financial corporate by ensuring their able to function on their own without financial backing (DTI, 2008). Furthermore (DTI) command for SAMFAF is to act as a middle-man to alleviate poverty and unemployment by creating an empowering environment for financial corporative to reach and help the masses.

3.14 Umsobomvu Youth Fund (UYF)

(DTI, 2008) UYF was established to get young South Africans to actively participate in shifting the current state of the economy to be more competitive globally. Its mandate is to make processes simpler for the youth to gain proper employment and advanced training.

3.15 Small Enterprise Fund (SEF)

It was established in 1992 to provide small loans to the very poor and unemployed people of rural Limpopo, using group lending methodology. The methodology of group-lending closely follows that pioneered by the Grameen Bank of Bangladesh. The SEF uses two operational streams: the Micro Credit Programme and Tshumisano Credit Programme (DTI, 2008).

3.16 Land Bank

It is a statutory body with a mandate from the government to support the development of the agricultural sector. The Land Bank is one of the few agencies that has historically supported the agricultural co-operative sector, and provides a comprehensive range of retail and wholesale financial products and services designed to meet the needs of commercial and developing farmers and agriculture-related businesses (DTI, 2008).

3.17 Skill Education Training Authority (SETA)

SETA was established in March 2000 and is responsible for the disbursement of training levies payable by all employers in the country. SETA replaced and extends the work of the previous industry training boards and is accredited by the South African Qualifications Authority (Patterson, 2008:1-43).

3.18 Company and Industrial Property Registration Office (CIPRO)

Government entities that register private companies, close corporations or incorporated professionals, are relatively well defined, but they represent only a portion of South African small businesses. Many other businesses are not registered, either because they are informal (for example, not even VAT-registered) or because they operate as sole proprietors or partnerships with unlimited liability on the owners. The decision to establish CIPRO as a self-sufficient business agency was part of the department of Trade and Industry restructuring process. Aligned to the Department of Trade and Industry's vision, CIPEC has the strategic goal of positioning itself among the top five registration offices in the World.

3.19 Small Enterprise Development Agency (SEDA)

The mandate of SEDA is to design and implement a standardized delivery network that reaches all regions of the country and integrates government-funded small-

enterprise support across all tiers of government (Department of Trade and Industry, 2005:1-17). As a Government agency, SEDA development and Corporations organizes practical training for students involved in entrepreneurship education or who would like to be involved in entrepreneurial practices (Fatoki and Chindoga, 2011:161-169).

3.20 NTSIKA

This is a government agency whose mission is "to render an efficient and effective promotion and support service to SMMEs in order to contribute towards equitable economic growth in South Africa. Other initiatives include more SMME friendly regulatory environments, access to information and advice, access to marketing and procurement, access to finance, support for infrastructure and facilities such as supply of electricity, industrial relations and the labor environment, access to appropriate technology, encouragement of joint ventures, capacity building and institutional strengthening, differential taxation and other financial incentives and training in entrepreneurship and management (DTI, 1995:25-40).

3.21 Business Partners Limited

In 1998, the Small Business Development Corporation (SBDC) was transformed into Business Partners Limited. The organization shifted its focus onto small and medium enterprises, increasing its project involvement to a R150 000 minimum and a R15-million maximum. Business Partners set aside R277.7-million for investment in SMMEs 2012. The organization has invested R4.6-billion in emerging businesses in the past 20 years, directly influencing the creation of 500 000 jobs (South Africa Business Guidebook, 2002-2003). Nigrini and Schoombee (2002: 735) assert that the policies are a consequence of loss of jobs in the big business sectors, which forced the government to focus on small businesses in the formal and informal sectors for employment creation. Mahadea and Pilla (2008:448) affirm that the government has established various measures and strategies, such as the Small Enterprise Development Agency (SEDA), Khula, Ntiska, Umsobomvu, and National Empowerment fund (NEF) and the Shared Growth Initiative for South Africa (SCGISA) to fast-track the empowerment of formerly disadvantaged individuals into business entrepreneurship. Also according to (Mahadea and Richarson, 2010:391-406) the government is adopting a big push approach to promoting entrepreneurship,

with regard to building up small businesses to bridge the gap between formal and informal economies.

Orford, Henrington and Wood (2004:1-54) note that experts are more positive about the effectiveness of government policies to support new businesses. Mahadea *et al* (2010:391-406) argue that Government support programs that encourage almost anyone to start a business may not be appropriate as these entice more people with low skills to start new firms. DTI (2005) declares that The Reconstruction and Development Program (RDP) served as a guideline for transformation and clearly encapsulated the vision and the values of Black Economic Empowerment policies, which aim to make it easier for blacks to gain capital for business development. Ndedi (2004) posits that it will break social barriers as the income of black people increases, enhance communication between blacks and whites to ease the process of political change but due to the policies concordance, (The Black Economic Empowerment Commission, 2001:2) was no longer a moral imperative, the Broad-Based Black Economic Empowerment (BBBEE) which is readdressing the imbalance of the past by seeking to substantially and equitably transfer ownership, management and control of South African financial and economic resources to the majority of citizens. SMMEs represent an important vehicle to address the challenges of job-creation, economic growth and equity in South Africa.

3.22 Small business registration procedure

Abor and Quartey (2010:218-226) declare that in South Africa the definition is based on the National Small Business Act 102 of 1996, which defines five categories of businesses in South Africa. The definition uses the number of employees (the most common mode of definition) per enterprise size category combined with the annual turnover categories and the gross assets excluding fixed property. Every now and then it becomes necessary (although many will disagree with the necessity) for the Government to introduce new legislation that affects small businesses in South Africa.

Table 3.2 Definitions for the various enterprise categories

Enterprise size	Number of Employees	Annual Turnover (South African Rand)
Medium	Fewer than 100 to 200 employees depending on the industry	Less than R4 million to R50 million depending upon the industry
Small	Fewer than 50 employees	Less than R2 million to R25million, depending on industry
Very small	Fewer than 10 to 20 depending on industry	Less than R200 000 to R500000, depending on industry
Micro	Fewer than 5	Less than R150000

Source:Falkena, Abedian. Blottnitz, Coovadia, Davel,. Madungandaba, Masilela, and Rees, (2001)

From the above table, the definition of SMMEs in South Africa is based upon Act 102 of 1996 which attempts to redress the inequality and redistribution of the country's wealth by race. The bureaucracy and legalization process tend to handicap entrepreneurs who wish to open their businesses. Entrepreneurs must overcome multiple processes in order to incorporate and register a new firm (Doing Business in South Africa, 2010).

3.23 Number of Small Medium and Macro Enterprise in South Africa

(Wennekers & Thurik 1999; Herrington et al. 2008; Naude 2008) deduce that the examination of the role of entrepreneurship in small business survival requires some measurement of the entrepreneurial magnitude embedded in a business. Measurement is often conducted statistically at an aggregate level using the occupational definition that describes entrepreneurs as self-employed based on the notion that a person can be unemployed, self-employed or fall under wage employment. This approach allows an aggregate count of the number of self-employed (static measurement) or the rate of business start-ups (dynamic measurement) the new South African economy is gaining momentum, as illustrated in the increase in economic activity. (Watson, 2004:1-195) infers that this increase in economic activity is evidenced by the increased registration of new companies and closed corporations which highlights an increasing SMME sector coupled with improved entrepreneurial optimism.

Table 3.3 National trends on Total early-stage Entrepreneurship Activity (TEA) in South Africa

Region	TEA (%)	TEA: opportunity (%)	TEA: Necessity (%)
Gauteng	30	28	36
Kwazulu-Natal	17	18	15
Western Cape	15	17	9.6
Limpopo	10	10	7.5
Free State	9	10	5.7
North West	n/a	n/a	n/a
Northern Cape	9	9	7.5
Mpumalanga	6	4	13
Eastern Cape	4	4	5.7

Source: Mbedzi (2011)

Table 3.3 shows the status of early stage entrepreneurial activity by region. Gauteng takes the lead in the overall TEA (30%) and both the opportunity driven (28%) and the necessity driven entrepreneurial activities (36%). It is remarkable that three provinces, namely Gauteng, KwaZulu-Natal and Western Cape account for more than half (62%) of South Africa's early stage entrepreneurial activity (Mbedzi: 2011: 1-77). Since government looks upon small businesses to play a key role in the area of job creation (DTI,2005) there is therefore a critical need for a dramatic increase in the number and distribution of High Impact Entrepreneurs (HIEs) to lead the fight against unemployment and poverty.

3.24 Credit policies and ease of availability of finance for poor entrepreneurs

Three different sets of legislation most directly impact the structure and market response in the South African financial services arena, namely the National Credit Bill, the Dedicated Banks Bill, and the Cooperative Banks Bill. They are discussed individually below.

3.25 National Credit Bill

(Kathleen and McCoy, 2001:1-152) A recent review of credit laws found that interest rate caps contained in the current Usury Act and Credit Agreement Act have not been effective in protecting consumers. Credit allocation has been distorted to the detriment of low-income clients. Misleading disclosure, anti-competitive practices and very high costs of credit subsequently undermine the potential benefit for access to credit. The issue in the micro lending industry is also to a large extent a symptom of the failure of the banking sector to meet the needs of low-income earners. South Africa's Department of Trade and Industry (DTI) has in this context introduced the National Credit Act, as a strategy that would allow the credit market to function in a

robust and effective manner. The National Credit Act replaces the Usury Act (1968), the Exemption Notices thereof and the Credit Agreements Act (1980).

Historically consumers have been subject to the high cost of credit and exploitative practices by non-reputable credit providers. The National Credit Act aims to regulate the granting of consumer credit by all credit providers, including micro-lenders, banks and retailers. This new legislative framework would create formal bodies referred to as the National Credit Regulator and the National Consumer Tribunal, which will play a vital role in ensuring enforcement, promotion of, access to, redress and adjudication of contraventions of the Act.

3.26 Dedicated and Co-operatives Banks Bill

National Treasury has proposed a banking regulatory framework that seeks to create a tiered structure, thus making way for a new class of low-cost banking institutions whose focus will be to provide retail financial services to clients currently not serviced through products provided by the commercial banks. Apart from extensive legislation and some facilitation, the South African government has not provided financial services directly to those excluded from the financial system. The only government support flowing to those on the margins of the financial sector was indirectly, through government's parastatals organizations and its support of the Post Bank.

3.27 Cooperatives Banks Bill

This Bill seeks to formalize the Cooperative banking industry by affording it a legal standing in its operations. Secondly, it seeks to bring the industry into the regulatory framework to afford its depositors the same safety and stability as enjoyed by the formal commercial bank's depositors. Thirdly, the Bill provides for the creation of support organizations for the Cooperative banks in order to ensure a continuous and sustainable capacity programme for the industry (Kirsten, 2006:1-12).

South Africa has confirmed that regulation, particularly tax compliance, is an issue for SMMEs. Consequently, the National Treasury (NT) of South Africa and the South African Revenue Service (SARS) requested the Foreign Investment Advisory Service, which is a multi-donor facility of the World Bank Group, to measure the tax compliance burden for SMMEs (Coolidge, Ilic & Kusiko, 2009).

The management of cash flow is vitally important in an entrepreneurial venture as it entails the inflow and outflow of cash (De Van Maasdorp and Van Vuuren in Marx *et al*, 1998:714). Kuratko and Hodgetts (1998:255) believe that financial management

links all of the functional areas of the business including marketing, distribution, manufacturing and general management. In the Government Notice 1035, published in the Government Gazette No. 29299, (2006) the Minister of Finance has issued an exemption from the reporting obligations under section 29 of the Financial Intelligence Centre Act No 38 of 2001 (the "FIC Act"), in respect of the Small Business Tax Amnesty and Amendment of Taxation Laws Act, 2006 (Act No 9 of 2006) (the "Small Business Tax Amnesty Act"). The FICA financial policy is a government initiative to create a healthy business environment as far as financial credit and transactions are concerned. But these policies negatively affected start-up business and their daily business operation. According to Small Business Development (2009:1-8) procurement and payment in a metropolitan municipality reports that small business are at risk when they experience cash flow constraints, and late payment from clients can have serious a impact on their viability. Ray (2010:34) notes that the entrepreneurial activities sector is a complex spectrum of different types and form of financial support policies and agencies. Oxford, Herrington and Wood (2004:31) postulate that they were far more positive about the predictability of government policies including tax policy to support new businesses.

3.28 FICA and other support structures

The management of cash flow is vitally important in an entrepreneurial venture as it entails the inflow and outflow of cash (De V Maasdorp and Van Vuuren in Marx *et al*, 1998:714).according to Mahadea (2008: 1-26) the recently introduced national credit act (2007) may make it difficult for some firms or small businesses to raise loans. However, as Marshall puts it "ability" always finds the necessary capital. Firms, whose entrepreneurs are "dull", are by this, fact alone restricted in their growth and development. Ray (2010:34) notes that the entrepreneurial activities sector is a complex spectrum of different types and form of financiers support policies and agencies. Oxford, Herrington and Wood (2004:31) postulate that they were far more positive about the predictability of government policies including tax policy to support new businesses. Lawrence, Collins and Pavlovich and Arunachalam (2006:242-257) note that SMMEs have to comply with the new tax bracket that encourages them to grow. It is set as follow:

Table 3.4 Financial year ending between 1 April and 31 March 2012

Taxation income	Rate of tax
R0 - R 59750	0%
R59751 -300000	10% of the amount above R59750
R300000 +	R24300 + 28% of amount above R 300000

Source: Lawrence, Collins and Pavlovich and Arunachalam (2006:242-257)

Lower income tax rates and accelerated capital allowances apply to private companies and close corporate that fall within the definition of a Small Business Corporation

3.29 Summary

The South African government has seen the crucial role played by entrepreneurs, (Van Niekerk, 2005:1). In light of this, policies have been set up by the government in order to foster the growth and development of entrepreneurship as well as the country's economy. For more effectiveness and efficiency, various institutions and agencies that work for and with the government, are involved with the implementation of policies that contribute in encouraging entrepreneurial activities within the country. However, South Africa is still struggling with low levels of entrepreneurial activities, unemployment as well as poor, infrastructures which result in the formidable gap that stands between poor and rich.

Chapter Four

GABON: SOCIO-POLITICAL ECONOMIC STRUCTURE AND GOVERNMENT POLICIES IN ENTREPRENEURSHIP

4. INTRODUCTION

Canada's former Prime Minister and ex Minister of Finance, believes that every single country that has succeeded in economy upliftment has done so because of the success of its own small medium and micro-enterprise (Inc, 2003:18). Bygrave and Quill (2007:1-30) echoes this view, arguing that leaders in private, public and civil-society organizations need to embrace entrepreneurship and innovation as antidotes to poverty. He continues that wealth-substitution through aid must give way to wealth-creation through entrepreneurship. Sriram and Mersha(2006:136-151) conclude that economic growth and the creation of entrepreneurial job opportunities are also necessary to reduce the social tension and frustration that we've seen as one of the root causes of the rioting by African and Arab immigrants in France in late 2005. Assey (2011:105-125) notes that entrepreneurship activities play an important role in Gabonese economic development. Amongst the benefits of small business activities, entrepreneurship assists in the stabilization of the economy and the creation of employment. Assey Mbang (2011:1-20) states that the Fund for the development and expansion of SMEs in Gabon (FODEX, 2009) indicates that until 2008, there were 6000 private sector Small businesses representing 78% of all Gabonese enterprise. In terms of employment, SMEs employ 35.5% of Gabonese Labor. This demonstrates the vitality of the Gabonese economy is also dependant on entrepreneurial activities. Hisrish, Peters and Shepherd, (2005:8) state that the concept entrepreneurship has been uplifted. It includes taking initiative, organizing and reorganizing of social and economic mechanisms to turn resources and situation to practical account with acceptance of risks and failure. Sriram and Mersha(2006:136-151) note that there are various favorable conditions that support entrepreneurship which are support mechanisms, good infrastructure and supportive institutions that ensure property rights and enforce contractual agreements. There is no doubt about the Gabonese government's ability to establish measures and institutional reforms to boost entrepreneurship activities amongst Gabonese youth. This chapter seeks to demonstrate the different roles played by the Gabonese government in the development of entrepreneurship by focusing on policies, mechanisms that foster entrepreneurship development, the procurement of finance,

the availability of finance to poor entrepreneurs, the tax system and its impact on entrepreneurship, FICA and other support structures.

4.1 Government socio-political attitudes towards entrepreneurship (Population)

(United Nation Trust Fund for Human Security, 2010:1-44) concurs that Gabon is seen to be one of Africa's economical strong country, boosting a population of just around 1.5 million citizens and has an added advantage of a slow growth population. Statistics illustrate that Gabon has higher earnings per capita than most African countries, unfortunately this is not enjoyed evenly by its citizens as there is a very wide gap between the haves and the have nots. Due to the wide gap created the government of Gabon has been unable to provide a proper ration of poverty line. These reforms require government to have a change of habits and economic actions especially the ability to create an entrepreneurial spirit with a population that was asleep by the oil windfall (Nang, 2001). Sriram and Mersha (2006:136-151) reinforce the fact that different individuals are moved to set up business by various behavioral factors. Government has very little control in impacting the decision made by individuals to establish small businesses as the decision rests solely on the individual.

Yeldan and Ercan (2011:1-59) state that without specific survey data on employment and unemployment, Gabon has not been able to update their data, the result based on the 2005 survey on the evolution and monitoring of poverty. However, the result of National survey on employment and unemployment (ENEC) in preparation by the Ministry of Labor, employment and social welfare will update the data on employment and unemployment in Gabon.

Table 4.1 Employed Population from 15 years old and plus 2005

	Male	Female	total	Urban	Rural
Libreville	105677	79510	185187	185187	0
Port-gentil	16161	14640	30801	30801	0
North- Gab.	25497	23007	48504	25002	23502
South-Gab.	23526	19011	42537	27131	15225
East-Gab.	32094	26855	58949	43451	15974
West-Gab.	36297	30207	66507	36271	30232
Total	239252	166043	432489	340663	84933

Source: Tiwinot, Monbamba, Pendi, Meto'o and Ovono(2010:1-149)

The table above shows that in the political and economic capitals (Libreville and Port-gentil) the more active population, is the male with 104677 against 79510 for female which means the most active population in Gabon are male this is also reflected in the various provinces.

Table 4. 2: Unemployed Population per sex in Gabon 2010

	Male	Female	Urban Together	Rural
Libreville	13696	18532	32228	0
Por-gentil	1689	2844	4533	0
North-Gab.	2971	4246	3822	3395
South-Gab.	3739	4667	5290	3115
East-Gab.	3100	5923	6369	2654
West-Gab.	4717	7010	6483	5290

Source: Tiwinot, Monbamba, Pendi, Meto'o and Ovono(2010:1-149)

Based on the statistics from the table above, it seems like the female are more unemployed than males when we are looking at the figures of the table starting from the capital with 13696 males against 18532 female, with the same scenario in the provinces but when you make the comparison between rural and urban areas we find more unemployed people in urban. Area that phenomenon is understandable because all the people would like to try the life in the big cities.

In 1985, the Ministry of Small medium enterprise organized with the assistance of the International Labor office (ILO), a census, and the first of its kind in the country. 10555 companies operating within Gabonese territory were counted, 8677 unstructured and 1868 structured. Ten years later, in 1995, 15000 enterprises were surveyed approved 400 SMEs, an increase of 4.21% per year (Tansi, 2012: 1-15). The situation on the ground, especially in Ngounié and Nyanga provinces, is characterized by a lack of basic infrastructure, difficult road conditions, and poor extension services, not to mention the high cost of entrepreneurship activities inputs. The survey conducted in 2001 on employment in GABON, confirms this trend: 35% of Gabonese's labor work in Small Enterprises employing fewer than 60 employees and the remaining 65% work in medium-sized enterprises and in the public institution (United Nations, 20011:25-133). The oil sector, the main engine of the Gabonese economy comes at a critical stage of its evolution, the uranium deposits and manganese are dwindling and the country is in crisis, (Assey Mbeng,2011:1-20)

Gabonese authorities like those of most developing countries have thought that the success of economic recovery efforts depends on private investment both domestic and abroad. Economie-gabon (2011) notes that while the lack of leadership has often been presented as an obstacle to private sector development in Gabon, a country whose government has been and remains the largest employer. Entrepreneurs living in Gabon will have to create a structure to be independent or entrepreneurial spirit, because business creation is most often a response to an opportunity or an idea. Report of the African Commission (2009:1-96) states that existing entrepreneurs are often successful in spite of the myriad constraints they face, such as ineffective regulatory frameworks, lack of business skills, training and mentoring, limited access to finance not to mention poor education.

4.2. Governments role in education and experience of entrepreneurship

Three global trends drive the current interest in entrepreneurship and reinforce the need for an assessment of entrepreneurship education: firstly, global competition among countries and among firms is intensifying in almost all aspects of trade, Secondly, entrepreneurship is one driver of innovations that propels and sustains economic growth and finally, cultural values, behaviors, and political expectations are affected as the world moves toward more entrepreneurship-based economies (Pana, Transue, Reggieri, Shipp and Van atto,2011-122).Gabonese Services pillar, one of the government strategies focuses on developing Gabon's human resources. In order to improve the living conditions for the country's people in relation to health and education (Ndjimbi, 2008). The state is committed to making high quality training available to the young people of Gabon, training that will enable them to improve their quality of life and that will underpin the country's strengths (Forestry Stewardship Council, 2011:1-7). Ndjimbi (2008) notes that so far there is no structure of support for young entrepreneurs but government has adopted measures to establish partnership with private institution that will work in conjunction with them to promote investment for small business development. Atenga (2003:1-12) points out that the state encourages alternative solutions by increasing incentives to create PME/PMI, but lack of information, ill-conceived project and red tape are all the reasons that delayed the take off, not to mention that thousands of young people continue to dream of positions in the administration. Nang (2001) states that training entrepreneurs to which the state should be committed in the heart, dies in the business schools of Port-Gentil, in large schools, institutes and Universities. This is to

give students a taste for risk, the taste of teamwork, the ability to network in short, the quality of an entrepreneur. Garba (2010:1-11) concludes that it is believe that refocusing the educational system will contributes significantly to developing the spirit and culture of entrepreneurship in country.

4.3 Government socio-cultural approaches towards entrepreneurship

This approach views entrepreneurship as an aspect of cultural change comprising the transformation of human agents and the socioeconomic setting in which they operate. It examines present and past political, social and economic institutions, their relationships with current values, motivations and incentives, and their conditioning effect on current role structures (Luiz and Marriotti, 2011:49-65). Long (2011:1-55) states that culture is an important facilitator of government systems that is able to effectively perform its duties and achieves development goals. Gabonese authorities have launched a national competition to boost and create a desired amongst youth to create their own businesses. A contest was initiated by the Ministry of Small and Medium Enterprises and Industry (SMI/SME) to encourage youth in entrepreneurship activities (Economie-gabon, 2011).

Infoplusgabon (2006) has reported that recently, more and more small businesses were started in Gabon. It is a kind of revolution that cannot be ignored as this sector has remained for decades as the exclusive monopoly of the central west of Africa in other words Gabonese people did not have a culture of small businesses but now, it is no longer unusual to see in Libreville, Gabonese of alleges including a good proportion of young people of all gender, bustling roadside ready to fish, grill or skewer with commercial purposes. Union journal (2010) concurs that the involvement of different parties behind the effort of the government to reduce unemployment through training and integration of young people, the high authorities of the country are constantly issuing urgent appeals to traders, private sector, and local authority to join the training center and professional development program. Assey mbang(2011: 1-30)notes that it is at school that may be born a true enterprise culture as outlined by francis Grignon , starting primary or secondary school in regular contact with working life in the form of company visits and forums , which already should be systematized and extended mainly by compulsory education projects on topics related to economy.

4.4 Government policies on entrepreneurial activities

In order to restore a climate more favorable to the promotion of private initiative and international investment, the Gabonese government in recent years, initiated reforms aiming at improving and strengthening the legal framework in Gabon. From this perspective, a certain number of enactments were adopted (laws and internal regulations, community-based laws) such as those relating to the Organization for the Harmonization of Business Law in Africa (OHADA) or the community regulations of the CEMAC (Rasantanga-Rignault,2007:1-26). Sriram and Mersha (2006:136-151) state that it was also shown that for entrepreneurship to flourish there should be in place a system of incentives and support mechanisms, good infrastructure and supportive institution that ensure property right and enforce contractual agreements .Ndjimbi (2008) declares that to inspired the development and adaptation of a national policy of promoting small and medium enterprise. Gabon will be set up on the excessive dependence of the national economy on oil, the excessive presence of foreigners in the economic activities, the dominance of the large companies' subsidiaries of foreign firm. The very low contribution of SME/SMI and the large weakness of equity of these companies and enthusiasm barely perceptible appropriate financing structure and finally the predominant share of government consumption in final consumption.

Droit-Afrique (2005) specifies in the Gabonese charter Act no.035/2005 that as part of policy develop-economic development, the State and local government have the mission to promote and facilitate the development of Small and Medium Industry. Act 1/81 of June 8, 1981 makes it possible to address some of the concerns that were mentioned above. It has been amended successively by ordinance No.26/83 of July 16, 1984 and law No.11/84 of July 12, 1984. Its purposes is to establish the administrative and financial measure to promote small and medium enterprise in Gabon. Its implementing rules are set by the decree of July 25, 1984 01029/PR (Nang, 2001)

From the same perspective, the United Nations (1997:1-10) states that Gabonese government has adopted, for the economic growth, fuelled by the private sector and UNDP will support its policy to promote the private sector and entries development, by first establishing the creation of a favorable climate for enterprise, analyses the business climate, heighten the awareness of all state institutions concerning with the

sector and mobilize available resources. Secondly create and promote initiative and the establishment of enterprises. Its task will be to select promoter and assist in preparing business plan, as well as to supporting new entrepreneurs during the business creation process and in adopting management tools. Lastly, incorporation with the enterprise programme for Africa, sub-regional support capacity will be developed to enable established entrepreneurs to improve their management and link up with international network, promote their exports and information and guide them with respect to technology options. Assey (2011:1-20) concurs that the country's Growth and Poverty Reduction Strategy Paper (GPRSP) found that private sector as the engine and the way of diversify economic growth, especially by promoting the development of SME/SMI. Panapress (2008) publishes on its survey that 58% of Gabonese Small enterprises leaders have indicated that freelance work is the most rewarding career.

Gabon is divided into provinces, departments, districts, cantons, communes, villages. This division gives a bit of power related to each institution. Local communities and municipalities must now be development actors as well as the state Local authorities should play a significant role in processessing the creation of entrepreneurial activities (Nang, 2001). Economie-gabon (2011) mentioned that government has decided to absorb the Agency for Private Investment Promotion (APIP) to be part of the chamber of commerce so that an effective streamline procedures and improve the business climate in Gabon. Ona (2009) point that out the Gabonese Charter, it has its principal Law No.1/81 of 8 june1981 concerning administrative and Financial measures to promote SME/SMI and its implementing regulation. Its purpose is to establish the administrative and financial measure to promote Gabonese Small and medium enterprise. It is implementing rules are set by the decree of July 25, 1985 01029/PR. It defines as the Gabonese, a company where the company whose capital is at least 51% owned by the Gabonese and whose effective management is provided by an individual.it provides for a special approval granted by new or existing SME who benefit from several advantages and must meet certain obligations.

4.5. The Government National strategy for development of entrepreneurial activities

The African Development Bank and the African development Fund (2008:1-50) states that the emergence of saving entrepreneurs in Gabon is the condition for viable sustainable strengthening and diversification of the economy, and also the emerging

growth is based on a critical mass of entrepreneurs. Innovation, ingenuity, creation, initiation and audacity are the primary sources of wealth creation so the policies and institutions conducive to such a transformation should promote the liberation of entrepreneurial activities. Bongo (2010:1-15) posits on his realization project that we can successfully diversify our economy base if the private sector including the Nation take their places as the engine of development including infrastructure development. For this the government should accelerate sector reforms, strengthen policies to support entrepreneurs and facilitate administrative formulation and procedure. Nargo (2010:n) postulates that nationally, the Gabonese government has strengthened the structure of the Gabonese Development Bank. The aim is to encourage and support entrepreneurship in Gabon, job creation, the fight against poverty and mostly to diversify the economy. Some reforms that the Gabonese government has undertaken:

- The state is organize and ensures that SME/SMI Gabonese market allowing to exit, failing to thrive
- The State is favorable in focusing on SME/SMI support programmes from the private sector development (PSDP)
- As part of its public policy to promote SME/SMI The State is annually making available to the SME/SMI sector a budget investment of Aid Fund and Security Agreement (faga)

Tax Code and Law No. 16/2005 of 20 (2007) guarantees the following access measures to SME/SMI funding agencies;

- priority access to the government procurement market;
- exemption from profits tax and customs taxes on inputs for five years;
- preferential prices for petroleum products and preferential rates for the transport of materials, equipment and certain products;
- preferential rates for assistance from any authorized State body;
- State subsidization of interest rates

The eligibility conditions by the regime for the promotion of SMEs and SMIs are a permanent workforce of at least 50 per cent of Gabonese among the company's employees. Conditions of employment in Gabon are set out in the Labor Code.

As in various developing countries, the business environment is far from being sound for potential business partners. The Government, being aware of the situation took some measures:

- Adopting the law regulating the scheme of competition in Gabon (law 15/98 of July 23rd 1998).
- Establishing a head office for competition.
- Adopting new forestry and mining codes.
- Creating an Agency for the Promotion of Private Investments (APIP)
- Adopting a public procurement contract code.
- Creating a National Agency for Financial Investigations to prevent and punish capital laundering.
- On the financial plan, in principle, Gabon guarantees a clean and safe banking system, with a monetary market at the sub-regional level along with the regional Stock Exchange. Institutions allowing small and medium-sized businesses to have access to preference funding were Created (FODEX)
- Finally, to promote foreign trade, Gabon subscribed to the African Export and Import Bank (AFREXIM), a pan African institution created for the financing of credit operations for import and export transactions (Rossatanga-Rignault, 2007:1-26)

4.6 Government Institutions support and financial aids

Small Enterprises predominate in the Gabonese economic sector. These units provide employment for a significant portion of the population, but their contribution to the economy remains weak (BA, 2009). Political systems can influence all forms of economic activity by establishing the rules and regulations for transactions to take place and for interactions to be governed. These political and legal systems will have implications for both formal and informal entrepreneurship. Governmental systems and laws can create new markets or deter entrepreneurs from entering markets (Hayes and Robison, 2010:1-15). A Communiqué of council of Ministry (2010) states that In Gabon, public authorities should improve the institutional framework, better coordinate the action of the ministries concerned and ensure the functioning of public bodies that support the private sector which until now have not properly performed

their mission. These are the Private Investment Promotion Agency (APIP), the Gabonese SME and SMI Promotion Agency (PromoGabon), the Gabon Assistance and Guarantee Fund (FAGA) and the Development and Expansion Fund (FODEX). These structures have been established by the government to support the development of SME/SMI (Gaboneco,

4.7 Private Investment Promotion Agency (APIP)

APIP was set up in 2000 within the framework of implementing the investment charter (1998). It is an administrative public establishment initially placed under the supervision of the Ministry of Trade and Industrial Development (Gaboneco, 2009). Its establishment instrument, its main mission includes: looking for investors and technical and financial partners throughout the world; organizing meetings on the investment and business environment in Gabon; collecting and disseminating economic information to operators; directing and assisting investors; facilitating the development of businesses and modification of their activities; contributing to the conduct of sector work and identification of business opportunities; and evaluating projects that would enjoy specific advantages (Republic of Gabon,2010:1-23)

4.8 Gabonese SME/SMI Promotion (PromoGabon)

PromoGabon is a public establishment placed under the supervision of the Ministry of Small- and Medium-size Enterprises. It was set up in 1972 to support and provide advice to investment promoters. Its mission is to assist them in project development, the conduct of feasibility studies as well as the development of financing and business plans. Furthermore PromoGabon can assist promoters in compiling files to be submitted to the Investment Approval Commission in the Ministry of SMEs/SMIs and the Credit Committee for SME/SMI Assistance and Guarantee Fund (FAGA) resources or guarantees (Republic of Gabon, 2010:1-23)

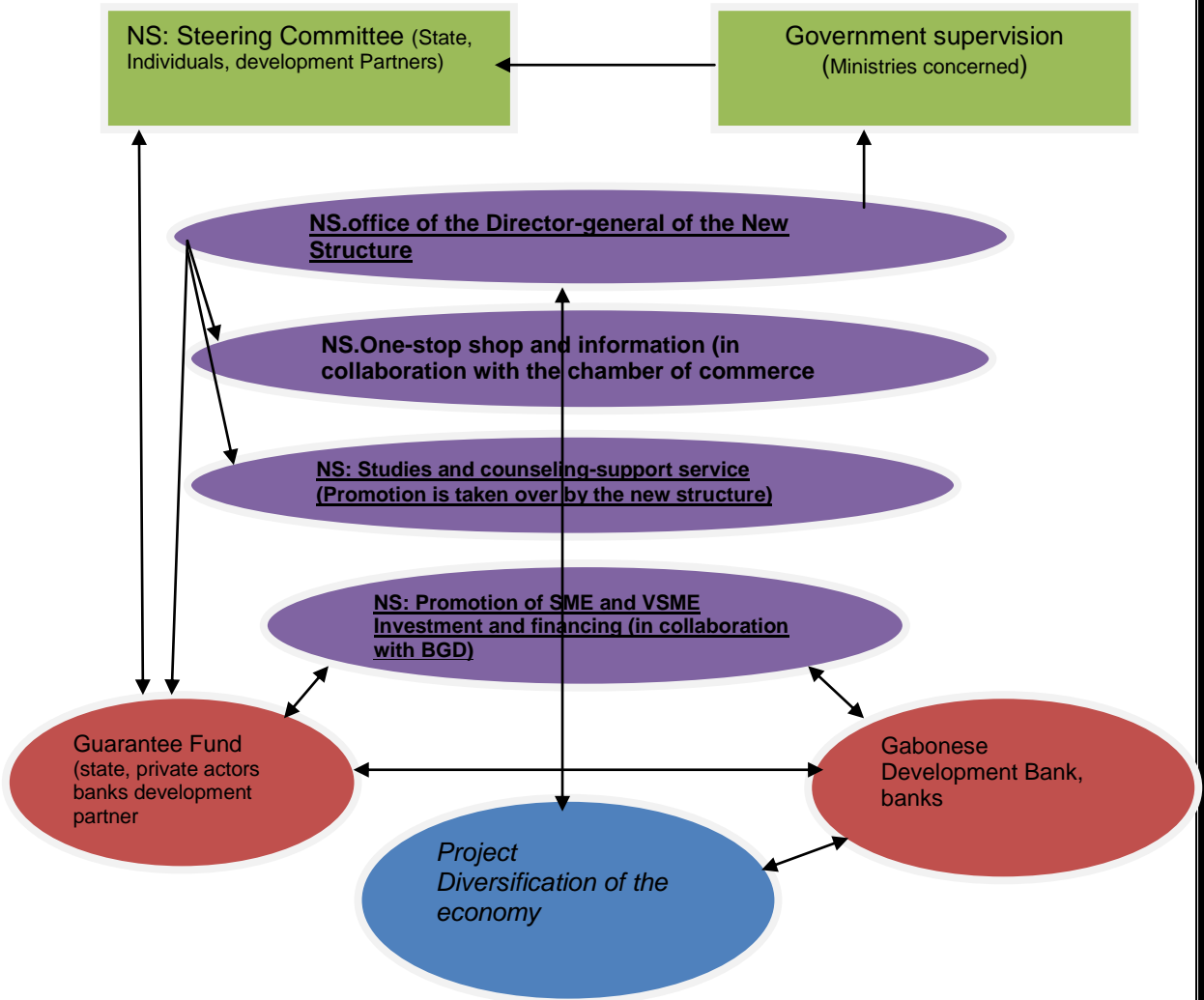
4.9 Assistance and Guarantee Fund (FAGA)

The mission of FAGA, which was set up in 1981, was to provide loans or bank guarantees to SME/SMI promoters. It virtually stopped functioning between 2003 and 2008 and its rehabilitation in 2008 led to the approval of only six loans by the Credit Committee. Due to inadequate replenishment of FAGA and its malfunctioning, promoters of duly approved projects could find themselves in a financing gridlock (Republic of Gabon, 2010:1-23).

4.10 Development and Expansion Fund (FODEX)

FODEX was set up in 1993 and financed mainly with resources from an ADB loan of about CFAF 20 billion. The Fund was expected to finance project feasibility studies, equity loans for project initiation; 50% of bank loan guarantees and refinancing of primary commercial banks. In reality, FODEX was poorly managed and strayed from its initial objectives (Republic of Gabon, 2010:1-23). Institutions allowing small and medium-sized businesses to have access to preference funding (Rossantaga-Rignault, 2007:1-26). To address this situation, the Government decided, after the Council of Ministers held on 4 March 2010, to strengthen the structure of the Gabonese Development Bank by refocusing its action on its traditional trades and to transfer the missions, activities and resources of the Development and Expansion Fund (FODEX) and the SME/SMI Assistance and Guarantee Fund (FAGA) to the Gabonese Development Bank (Gabonese gazette, 2010:1-23). Moreover, the creation of a new mechanism by the government aimed at supporting, consulting and training activities of private entrepreneurs through the promotion and provision of financing investment policies.

Figure 4.1: Mission of the New Private Investment Promotion and Financing structure



Source: Gabonese gazette (2010)

The diagram highlights the main mission of the new structure and its relations with the public supervisory authority, the steering committee as well as banks and the new guarantee fund mentioned above (Republic of Gabon, 2010:1-23)

4.11 Process to register a small business in Gabon

Doing Business (2011:1-74) spells out the following procedure for opening a business in Gabon:

1. Deposit the legally required capital in a bank and obtain the deposit evidence which takes 2 days
2. Verify and reserve the company name which takes 1 day and cost FCFA 25000
3. Obtain extract of criminal record of the company manager which takes 7 days and costs FCFA 3000.
4. Deposit and Register the company articles of association with the public notary which takes 7 days and cost FCFA 375000.
5. Deposit documents with the investment Agency which takes 30 days and costs (FCFA 95 000 APIP fee + FCFA 60000 Registration fee+ FCFA 80000 for stamps)
6. Pay fee and obtain receipt , it takes 1 day
7. Publish the notice of the company formation in a legal journal (hebdo-information). It takes 2 days and costs FCFA 20 000 to 45000
8. Notify the Ministry of Labor the commerce operation which takes 1day
9. Register the employees with the social security authorities which take 1 day.

4.12 The Number of Small Medium and Macro Enterprise in Gabon

Republic of Gabon (2010:1-32) states that " the Gabonese National Confederation of Employers' Associations (CNPG), the number of small- and medium-size enterprises and small- and medium-size industries (SME-SMI) would be less than 1 000. Out of this number, only one hundred would be medium-size. Very small and micro enterprises (VSME) are the most common and are said to be about 10 000 units. Most of them or a significant part of their business falls within the realms of informality"

Ekorezok (2002:1:19) states that the availability of data on new business in Gabon is facing some difficulty because of the following:

- Prevalence of informal activities on those identifiable lawful

- Decay and low quality of relevant information available in the organs production and public-or-collection of economic information
- Dispersal of information source that do not promote their necessary comparative management and complementarily.

Despite these obstacles and the nonexistence of recent data, the study has find the progress of SMI/SME from 1989 to 1999

Table 4.3 SMEs/SMIs in the past eleven years.

Years	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
SMEs	132	239	412	895	1102	1436	1836	2354	2909	3423	3576
% on progress		81	72.4	117.2	23.1	30.3	27.8	28.2	23.6	17.6	4.5

Source: Ekorekok (2002)

Table 4.3 gives us a review of the annual growth rate since 1995. We observed a continuous decline. This finding seems all more worrying as it coincides with the beginning of the program execution supposed to strengthen public financial support policies for the promotion of SMEs and these encourages creative , consolidation and expansion of business, but between 1994 and December 2000, The Fund Development and Expansion granted 21.302.536.874 FCA loan to SMEs while the Gabonese Development Bank consent 15.66 billion FCFA between 1994 to 1999 but the mesh economy expected did not appear (Ponson, 1990)

Economie-gabon (2011) put out that the statistic report of SME/SMI in Gabon is eloquent; 10 000 businesses created every two years, 80% individual company and only 20% of the company said the Minister of SME/SMI. Furthermore, 85% of entrepreneurs are employees, mostly civil servants and only 15% are unemployed with a mortality of 80%. To address that issue, the organization of Gabonese Employers have invited leaders of SME/SMI already suffering for lack of fund, intends to identify and support programme to strengthen exiting SMEs (economie-gabon, 2011). The International Monetary Fund (2011:1-51) affirms that the authorities intend to subscribe to the capital of the African Guarantee and Economic Cooperation Fund, which guarantees bank loans to SMEs. Work is ongoing to finalize the microfinance development strategy to expand access to credit, while limiting

operational and security risks. Finally, reforms are under way to streamline financing instruments through the restructuring of several public agencies currently involved in SME and housing financing as specified in the diagram above. Rigouzzo (2009:1-25) concurs that policy-makers all over the world show a keen interest in the subject of SME financing. This can be explained by both the contribution that SMEs make to the private sector and the common perception that SMEs are credit constrained.

4.13 Credit policies and ease of availability of finance for poor entrepreneurs

According to Abor and Quartey (2010:218) SMEs are of great socio-economic significance, although, their long-term growth and competitiveness has been compromised by the chronic and often acute constraints on their access to formal-sector finance, among other systemic and institutional problems in developing countries. The United Nation Economic Commission for Africa (2009:1-29) posits that access to credit and capital is vital, especially for SMEs, because financial institutions tend to give preference to larger enterprises over smaller ones that carry greater risks. Moreover, SMEs do not always have sufficient information regarding procedures for securing loans from formal-sector financial institutions. Ndjambou and Julien (2010:1-18) highlight that to understand the dynamic of national or regional in entrepreneurship it is necessary to mention the fundamental role of information. Access to good information is a factor for success in business. Nargo (2010) declares that the Bank favored the financing of the above assessment, including the granting of investment credits and renewal of equipment with the establishment of the Center for Business enterprises, an innovation was introduced in our policy credit, that now the bank will also finance the balance down. Ndala and Moussono (2011:1-25) demonstrate that the Gabonese government has reformed and restructured the board of trade of Libreville which is a new start and new hope given to the SMEs/SMIs. The financial market is expanding with the new Gabonese banks; nationally the Gabonese government has strengthened the structure by transferring all the functions of the stated agencies to the Gabonese development Bank which has create internal reform. The establishment of the center of Business enterprise, and innovation was introduced in the credit policy which allows the bank to finance businesses (Nargo, 2010).

The Public institution created by Law 1 / 81 of 8/6/1981 and under the technical supervision of the Minister of Small Industry and Handicrafts, its mission is focused on supporting the startup and operation of enterprises approved scheme for SMEs.

The Fund for Aid and guaranty is under the direct support or under warranty or both titles together. It is used to cover the loan requested by the company with a commercial bank. The guaranty is given a maximum of 80% of the loan principal and interest. This guarantee may take the form of a bond for the benefit of state agencies that award of public contracts to SMEs Gabon:

- advance when a start was made to the sponsor;
- When equipment or machinery has been entrusted.

Direct assistance is a loan that the assistance funds and guarantee may give its own resources, and for a definite time, to a company registered in the SME scheme. Access to funds is subject to certain conditions including: prior approval scheme for SMEs sufficient profitability of the project to ensure the debt service and growth of the company, good character of the promoter (la maison de l'entreprise, 2011). Gabonese authorities recognize the important role that an efficient credit system can play in the development of the economy. In this respect, they are undertaking reforms to strengthen the credit infrastructure. These reforms include improved mechanisms and procedures to settle loan contract disputes, streamlined procedures for the realization of guarantees to obtain loans, and creation of a corporate balance sheet centralization system at the central bank that provides commercial banks access to companies' balances. Also, they have streamlined the number of state-owned and sponsored financial institutions involved in SMEs and housing financing through, notably, mergers and restructuring, and appointed new top management teams. Work is also ongoing to finalize the microfinance development strategy and expand access to credit, while limiting operational and security risks. Going forward, Gabon intends to subscribe to the capital of the African Guarantee and Economic Cooperation Fund, which guarantees bank loans to SMEs (International Monetary Fund, 2011: 1-51)

4.14 Tax system and impact on entrepreneurship

During the past several decades, there has been an enormous amount of work in public finance documenting myriad ways in which taxes distort the allocation decisions of firms and individuals. Many government policies can affect the rate of entrepreneurial activity. To isolate the effects of taxes per se, we will want control for relevant policies (Lee and Gordon, 2005:1027-1043). The taxation of SMEs has come to attract increasing attention in recent years, in developed and developing countries alike; Privatization and deregulation have spurred the development of the SME sector, most spectacularly in countries transitioning towards market economies, therefore, the task of constructing tax regimes for SMEs is an inherently difficult one, mixing policy and administration considerations more intimately than perhaps any other aspect of tax design (International Tax Dialogue, 2007:1-25)

The Republic of Gabon (2010:1-32) state Gabon does not possess a well-established formalized tax system which supports its economy compare to other leading African countries. Aiming to make a friendly environment and to be globally competitive the tax system for citizen who wishes to establish small business has been relaxed by the Gabonese government to encourage more people to start up entrepreneurial activities. A recent policy of five years exemption on income tax levies and duties has been passed by government to attract and encourage SME/SMI in import business. (African Economy Outlook, 2011) proclaims that the policy of curbing government spending and increasing revenue, begun in 2009, continued in 2010 with modernization of public-finance management by centralizing all goods and services supply bids under current purchases, meaning that the government cannot buy items from a supplier not registered as government suppliers To match the defined objectives and comply with the measure taken, the provision of the customer tax code and Registration code, base on the exemption from tax on businesses profit for ten years granted by the government. The VAT on exported product, the tax on income and the tax on dividends is 20% of customers duty on import of equipment, the tax benefit is 9.5%, the contribution on the land and undeveloped property and 50% reduction in electricity consumption. This is the manifestation of a strong desire to promote private investment in Gabon in different sector of economy. (Ndala and Moussono, 2011:1-25)

4.15 Financial Intelligent Center Act and other support structures

The aim of the Financial Intelligent Center Act is to monitor and eliminate fraudulent financial transactions in the country and to stop people from banking their illegal possessed money in reputable banks. The introduction of this law has gone a long way in reducing money laundering. This law has brought South Africa into line with international standards in the fight against crime (First National Bank, 2005:1-48). Gabon is a member of the Central African Economic and Monetary Community (CEMAC). The common currency, the CFA franc, is pegged at the fixed rate of 655.957 CFA francs per euro. Gabon's tax on wire transfers constitutes a restriction on the making of payments and transfers for current international transactions subject to approval under Article VIII, Section. Furthermore government believes that all these actions will contribute to lower financing costs and increase access to financial services by SMEs and household (International Monetary Fund, 2011: 1-52). Enterprises and banks can also enjoy external financing in the form of official development assistance from partners such as African Development Bank, French Development Agency and European Investment Bank which operate through lines of credit, guarantee mechanisms and loans (Republic of Gabon, 2010:1-32). The initiative was successful, and the Bank on March 14, 2006, approved a US\$25 million loan to increase the access of people living in low-income settlements to basic services; and sustain the access of local SMEs to civil works and public construction contracts. The project is likely to increase the access of the poor to infrastructure and services, build up SMEs, and improve the quality of public works through increased transparency and efficient procurement and contract management (International Monetary Fund, 2011: 1-51). Also Gabon is lagging behind in this domain compared to other countries in Central Africa five Micro-Finance network structures: The Financier African of Micro-projects, LOXIA and GAMIFI which will play an important role in poverty reduction and Very Small Medium Enterprise financing.

4.16 Summary

The historical data shows that Gabon is a country that used to base its economy on three natural resources (Oil, Timber and Manganese). With the recent financial crises that affected the occidental, which did not affect the African continent directly but now, most of African countries seem to feel the crises; therefore various strategies for diversification of the economy remain the most important. Gabon, like other developed countries, sees small medium enterprises as the way forward to diversify

its economy. Its government has put in a lot of effort and resources as well as introducing policies that promote the development of entrepreneurship activities in the country. The desolutions of various state agencies due to the mismanagement and the creation of two entities will manage and promote the development of SME/SMI in Gabon. The different incentives in tax exemption as well as the reduction of the different administration barriers are the various initiatives that Gabonese government has put in place. But more still needs to be done to accompany these strategies such as developing infrastructure which leads to a complete development.

Chapter Five

POLICIES ON ENTREPRENEURSHIP: A COMPARITIVE STUDY OF GABON AND SOUTH AFRICA

5. INTRODUCTION

(Agupusi, 2007:1-18) posits that the concept of entrepreneurship is broad and has different distinction and comprehension globally, there is no uniform definition that is generally accepted, and this makes it difficult to make direct comparisons. Politicians and academics acknowledge the importance of healthy entrepreneurial activities for economic growth; it is considered as a channel through which new knowledge enters the country to develop it. Sanders (2007: 339-354) concludes that many governments have decided to promote entrepreneurship activities with focus on small businesses.

Edmunds, Sinn and Phelps, (2011:93) state that the boost in entrepreneurship to transform European Union economy come from the reform of the Green Paper which focused on the union level of entrepreneurship, adapting the most appropriate approach for producing more entrepreneurs and for getting more firms to grow. The National Commission on Entrepreneurship (2002) reported that embracing entrepreneurship among key Asian nations, they took new policies to encourage entrepreneurs and support SMEs. Entrepreneurship activities have become the main concern for various governments' policies for rebooting the economy or generating new incentive strategies to uplift that sector. Gabonese and South African government have also joined the campaign of introducing new policies and strategies in order to reduce unemployment and to diversify the economy's potential, by empowering the population to be part of economic development (Ndjimbi, 2008:2).

5.1 Why SME policy and Entrepreneurship is important in general.

(Mintrom and Norman, 2009:649-667) deduce given its diversification, the SMMEs of South Africa, SME and SMI in Gabon require effective entrepreneurship policies that can tackle the selection of development concern attend involved Good Small Business policies should act as a guiding document for development. Thomas (2000:76) concurs that, the policy should have the following main objectives: the police will act as a map and navigate every action of all parties involved in entrepreneurial activities development including new start up business owners who are directly engage in the entire process . The rules and regulation should be

properly established to revamp entrepreneurship activities within the scope of government strategy to promote and strengthen public organization by effectively utilizing its resources. The development can enhance inter-sector linkage and leads to countrywide institutional structure. When setting up policy concerning SMEs, there should be a collective input from all relevant stakeholder whose venture will be affected by the policy, thus their contribution should serve as a platform for policy makers

5.2 China and India's policy approach to entrepreneurship development.

Nir and Nikhelesh (2011:1-23) argues that every country has its set rules and regulation umbrellaring its businesses economic welfare. Entrepreneurs customarily write about the economic destination, they tread unbeaten paths and create wealth out of their creativity. Awashti (2011: 107-124) states also it is bringing about radical socio-economic transformation that is why entrepreneurship is considered as the engine of the economy of India and China. Furthermore, The Indian government has strived to promote this sector through various promotional policies consisting of various incentives such as provision of concessional finance, infrastructural facilities, creation of support institutions and technical and managerial guidance and protective measures such as reserving 675 products exclusively for SMEs. Zoltan and Naude (2011:1-20) states that, China has seen its economy transform since the late 1970s, and shows a measure of consideration towards entrepreneurship development. (Awadhi, 2011: 107-124) posit that two general features of China's reform have been gradual, local and sectorial experimentation along with partial reforms or what has been referred to as a dual-track approach. Nirk and Nikhilesh (2011:110-132) affirms that well established powerful entrepreneurial businesses have been found manipulating and bending the rules and regulation that governs good codes of business conduct that thus gratifying their own needs. to prevent such behavior, the Chinese government has put in place authorities that monitor and regulate SME/SMI

Stewart, May and Kalia (2008:83-106) deduce that the same can be say for India. India is noted to be "shifting away from a legacy of state-dominated commerce toward a market-oriented system". Furthermore, the Indian government has made it a goal to be at the fore- front of business that are economically friendly .There are variation in the interaction between Chinese and Indian entrepreneurs with regards to their government. Joe and Carole (2011:1-113) resume that due to the active

support and participation of the government of India their entrepreneurship exceed that of China. "While China created obstacles for its entrepreneurs, India made entrepreneurship more accessible for their entrepreneurs". As such, Richard (2006:16) announces that South Africa acknowledges four types of Small business as clearly differentiated by the White Paper called Small Medium and Micro-Enterprise. Contrary to South Africa, the Gabonese government classifies and identifies a pair of small business called Small Medium Enterprise and Small Medium Industry (Ndjimbi, 2008:2).

5.3 Concept of Entrepreneurship and Small Business

South Africa's approach to entrepreneurial activities is different from that of the Gabonese approach to entrepreneurship activities at SMMEs level. Rwigema and Venter (2004:314) compile that the South African government has looked at parameter like industries, size of businesses, the number of employees and mostly the turnover made by small business. In order to define an SME from a South African perspective three sources have been utilized Small, Medium and Micro enterprise; South African revenue services (since certain concessions are given to the different SMME's based on their definition), next is Act 102 of 1996: National small business act and finally SAITIS. This organization assisted the department of trade and industry with the definition of SME's. According to (South African Revenue Services, 2007), the Organization for Economic Co-operation and Development, (1997) states that they do not have one single definition for Small business, instead they have several which are as follows:

- For Amnesty purposes, a small business is any business with a turnover of up to R10m;
- For Income Tax purposes (Section 12E), a Small Business Corporation (SBC) is defined as a business having a turnover of less than R14m, over and above other qualifying criteria; and
- For Capital Gains Tax, a Small and medium Enterprise (SME) is described as a business having total net assets of under R5m.

Table: 5.1 Gabon and South Africa's concept on entrepreneurs and SMME.

Gabon	South Africa
Entrepreneurs / Small Business owner	Entrepreneurs/ Small business
<p>Entrepreneurs: Defined by Gabonese Is perceived as someone who deeply believes in the complementarity of social and profit goals and who demonstrates these values in all of his daily choices and behaviors Entrepreneurship is defined as the process of achieving projects, perception and opportunities to respond, do , in other words, it is the transformation of a problem into opportunities</p> <p>Small Business owner: Earnings/turnover Gabonese's definition of small business owner is someone making a turnover in the following categories Itty: turnover R48001 Micro: turnover R48020-R16006 Small: turnover I R1600609-R8003048 Medium: turnover R8m-R15m</p>	<p>Entrepreneurs: Defined by South Africans A person who organizes, manages, and assumes the risks of a business enterprise "let's call it Magic, simply combined the power of her mind and her body ("labor") with some raw materials ("resources") and added a dash of inspiration (and perspiration) to create something new with value.A South African trader felt that an entrepreneur was someone who would like to uplift him/herself in the development of his community.</p> <p>Small Business owner: Earnings/turnover Definition of SMEs in South Africa is someone or group of people making a turnover in the following categories Itty: employees 5/ turnover: R200000 Micro: employees 10+/turnover:R500000 to R5m across industries Small: employees +50/ turnover+R3m-R32 across all industries , Medium: employees +50 fewer than 200/ turnover R13m-R64m across all industries (Act No.102 of 1996. National Business Act. 1996)</p>

Source: own construction

OECD (2004) states that due to the inefficiency of the existing system in Gabon, and the Minister for SME/SMI bringing about a major restructuring, by considering the clarification made in the Bill(law n°15/98 of July 23rd1998) on the status of SME in early 2005 however, (the African Development Bank and French Development Agency, 2010:1-32) articulate that the number of enterprises and corresponding jobs in the Gabonese private sector is not well known; according to the Gabonese

National Confederation of Employers' Associations (CNPG), the number of small- and medium-size enterprises and small- and medium-size industries (SME-SMI) would be less than 1000. Out of this number, only one hundred would be medium-size. Very small and micro enterprises (VSME) are the most common and are said to be about 10 000 units. In 2007 the Finnish Minister of trade and industry commissioned a study to identify the high-growth SME initiatives that have a direct impact on entrepreneurial growth (Autio, Kronlund & Kovalainen, 2007). Governments are developing policies and regulatory conditions that will promote SMEs/SMIs by providing organizations with more latitude to assist entrepreneurship activities in accordance with government's objectives as shown in the table below (Ntsika 2001:57-75). The table overleaf, by comparison establishes how the two countries perceive the concept of entrepreneurship and small businesses

Table 5.1 Gabon and South Africa's conception on entrepreneurs and SMME

The table 5.1 shows that the two countries have their own criteria. For defining small business and entrepreneurship. Gabonese put the accent on the turnover per annum rather than the people involved within the business. On the other hand South Africa is looking at both annual turnover and employees and this changes from sector to sector. The policies established by both governments tend to have a positive impact on small business and entrepreneurship development; however there are rising challenges that have to be taken into consideration such as the advantages and disadvantages of these policies. Table 5.2 elaborates more on its advantages and disadvantages policies for SMEs

Table: 5.2 Advantages and disadvantage of policies on small businesses and large business in Gabon and South Africa

South Africa		Gabon	
Small Business	Large Business	Small Business	Large Business
Advantages both		Advantages both	
High growth in financing Management capability Regulation burdens Job creation Access to information Opportunity for disadvantage people Indirect labour cost Potential to grow Access to foreign Market Low tax ,		Job creation GDP contribution Diversification of the economy More young people are getting into business Development of Human capital More informal business Formally registered companies have access to services and institutions, from courts to banks as well as to new markets	
<u>Disadvantages</u>		<u>Disadvantages</u>	
Lack of infrastructure Large business tax compliance cost Development of human capital Various administration to comply with		Lack of support infrastructure Water/electricity very costly Small room to grow Regulation burdens Loan at very high rates Cannot sustain itself for long period, need government intervention (small business) Large business control the market Due to corruption, company finances is not made available to the public Access to reliable and affordable electricity is vital for businesses. To counter weak electricity supply, many firms in developing economies have to rely on self-supply (generators)	

Source: own construction

South African SME's policies having such a huge impact on its economy, it is critical that SME's policies are successful in order to grow the South African economy. Additionally South Africa has an unemployment rate of 25.3 percent for 2010 (Statistics South Africa, 2010). With this in mind and the fact that SME's contribute 66.4 percent of employment within South Africa it is fundamental that South African

SME's are successful (Monk, 2010:1-139). The policy environment faced by SMMEs determines their capacity to contribute to the process of development. It is important, therefore, to identify possible policies that are disadvantage the growth of this sector, such as import licenses that small firms find difficult to obtain, for example in Gabon (Doing Business 2010). Market imperfections may constrain small firms' access to resources by failing in the area of financial intermediation, for instance (Steel, 1993: 39). To develop a conducive framework for SMMEs to thrive in, the government may have to correct such distortions and 'level the playing field (Louiz, 2002:54-68). The establishment of proper institutions which can make a difference on service delivery will defiantly improve entrepreneurship development. Table 5.3 below shows the Gabonese and South Africa government effort to create institution that can support the policies.

Table 5.3 South Africa vs. Gabon institutions that promote entrepreneurship

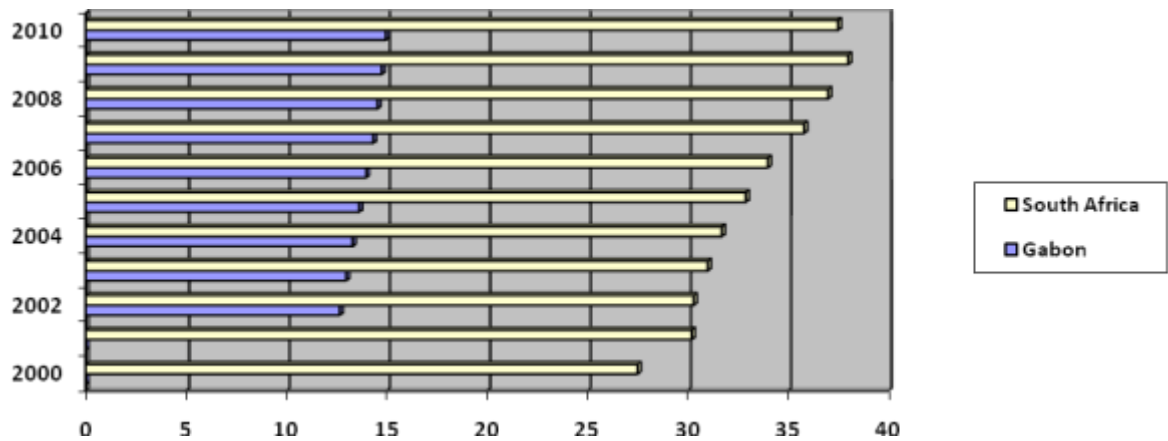
South Africa		Gabon	
Institutions	Activities	Institutions	Activities
<p>Industrial Development Corporation Provide financial to entrepreneur engaged in competitive industries.</p> <p>SEDA Focuses on business development and support services such as advice, business planning ,entrepreneurship promotion ,training, franchise awareness, access to local and international markets, access to finance and access to technology</p> <p>Khula Enterprise Finance Bridging the gap in SME financing by leveraging private sector and other development funds</p>		<p>The Private Investment Promotion Agency (APIP) Its main mission includes: looking for investors and technical and financial partners throughout the world; organizing meetings on investment and business environment in Gabon; collecting and disseminating economic information to operators; directing and assisting investors; facilitating the development of businesses and modification of their activities.</p>	
<p>National development agency Facilitates the code of Good Practice of BBBEE act to support the pillars of Black enterprises.</p> <p>Gauteng Enterprise Propel Provide financial and non-financial support and coordinate stakeholders for the benefit of SME Gauteng</p> <p>National Empowerment Fund Offers entrepreneurship education and training business development services and opportunity to market as well as loan.</p> <p>Imbewu Fund Cultivate a culture of entrepreneurship by offering quasi-equity and equity finance.</p> <p>Business Partners Provide risk finance, mentorship, consulting and technical assistance as well as real estate accommodation and management services.</p>		<p>The Gabonese SME and SMI Promotion Agency (PromoGabon) Its mission is to assist in project development, the conduct of feasibility studies as well as the development of financing and business plans</p> <p>The Gabon Assistance and Guarantee Fund (FAGA) The mission of FAGA, which was set up in 1981, was to provide loans or bank Guarantees to SME/SMI promoters. It virtually stopped functioning between 2003 and 2008 and its rehabilitation in 2008 led to the approval of only six loans by the Credit Committee. Due to inadequate replenishment of FAGA and its malfunctioning, promoters of duly approved projects could find themselves in a financing gridlock.</p> <p>The Development and Expansion Fund (FODEX) FODEX was set up in 1993 and financed mainly with resources from an ADB loan of about CFAF 20 billion. The Fund was expected to finance project feasibility studies, equity loans for project initiation; 50% of bank loan guarantees and refinancing of primary commercial banks</p>	

Source: own construction

In 2003 the South African government introduced the National Small Business Amendment Act, Act 26 of 2003 (RSA 2003:12) to remedy the failure of interventions set up to support small business. The government has established several organizations to help with the support and development of entrepreneurs, policies and regulatory conditions that will promote SMME by providing organizations with more latitude to assist entrepreneurship activities in accordance with government's objectives (Ntsika 2001:57-75). African Development Bank and French Development Agency, (2010:1-32) note that there is a need to better identify the required reforms of the private sector support institutional mechanism and examine the possibilities of reconstructing institutional landscape, Gabon's public authorities should improve their institutional framework, better coordination of ministries 's actions concerned and ensure the functioning of public bodies that support the private sector, which until now have not properly performed their mission. The table above illustrates the efforts made by the two countries via the respective institution put in place to uplift entrepreneurial activities.

Ayyagari, Beck and Demiguc-kunt, (2007:415-434) stipulate that small business activities, informal or formal, establish the core element of economic growth, employment and poverty alleviation which has a huge impact in the domestic gross product. The GDP per capita of Gabon and South Africa are very different from one another, South Africa's GDP is higher than the Gabonese GDP, and both countries GDP has increased significantly between the periods 2000 to 2010 the Reason being that the Gabonese economy recorded an average growth of 3% between 2006 and 2008, largely sustained by the performance of the oil sector, which is barely integrated into other sectors of the economy. From the above information, Statistics SA estimated that SMME's accounted for 66.4 percent of total employment within South Africa, as shown in the figure 5.1 below.

Figure 5.1 South Africa and Gabonese GDP PER Capita rate (%) from 2000-2010

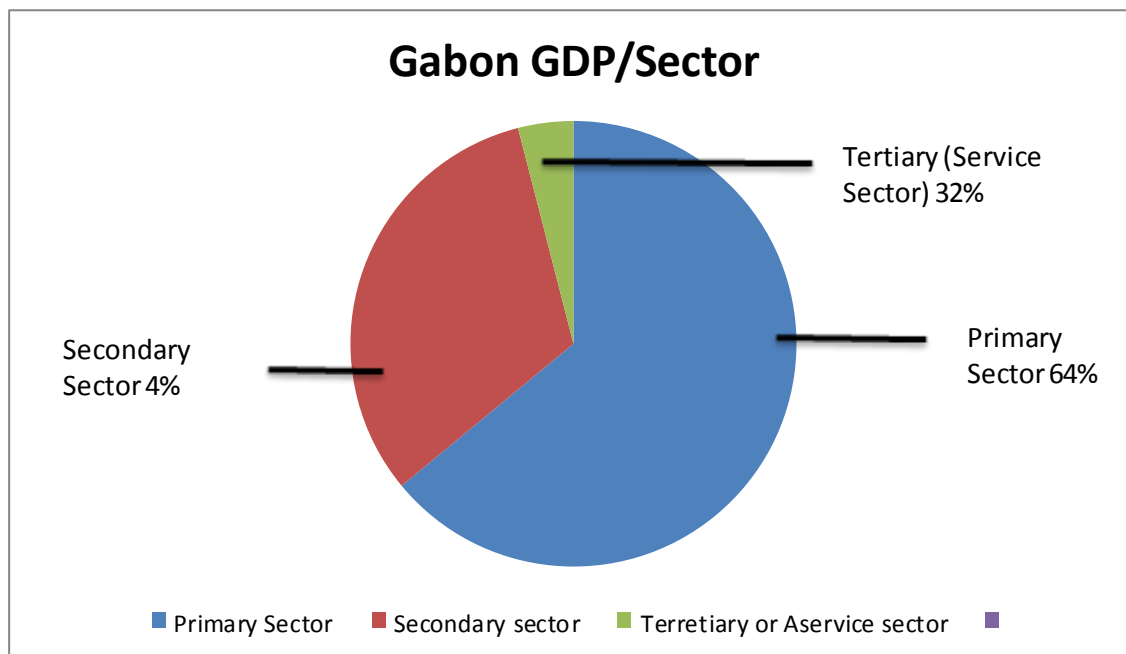


Source: own construction

The Figure 5.1 reveals the gross domestic product rate from 2000-2010. It reveals that the South African GDP is bigger than that of the Gabonese. This is the differentiation. The similarity is that both countries present a slight increase since 2000- 2010.

This contribution is relatively high, this being directly related to the fact that 26.1 percent of these employees are employed by Micro or Survivalist businesses. This indicates the majority of the 26.1 percent will in fact be self employed. Once this segment is removed, the SME's account for 54.5 percent of total employment within the economy. It can be concluded that as the success rate of SME's increase within South Africa so will the Gross Domestic Product increase and unemployment decrease (Monk, 2010:1-139). The Pie chart 5.1 below shows the impact of the Gabonese policies on the GDP per sectors

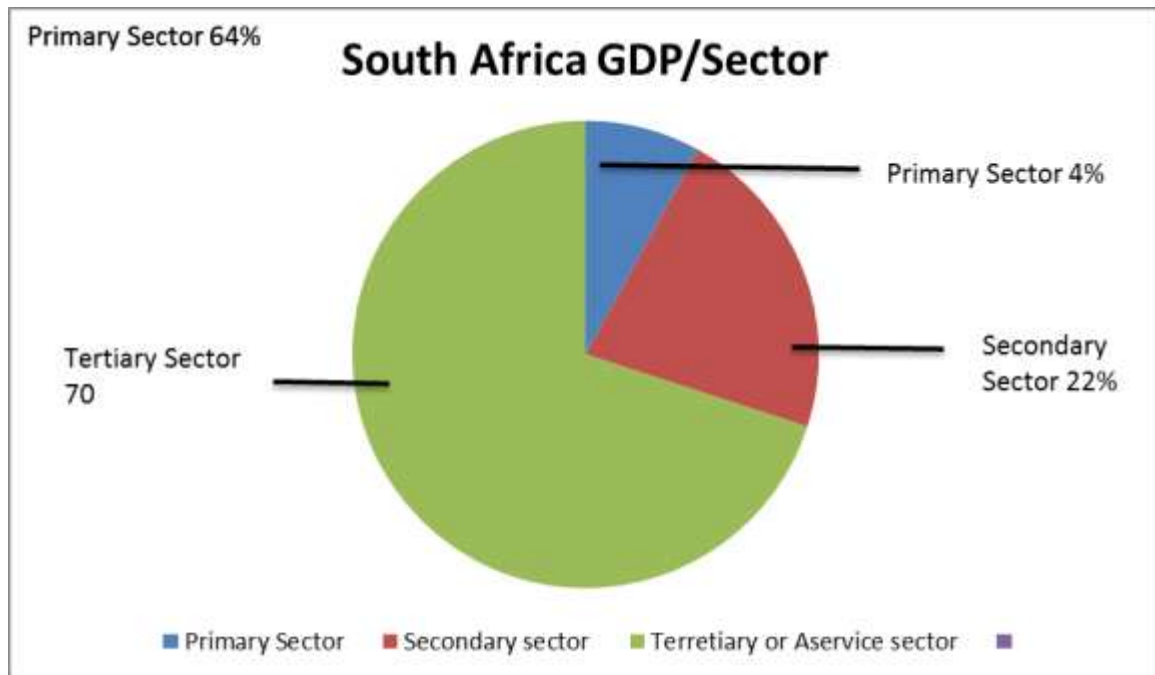
Figure 5.2 Breakdown of GDP by sector. 2010 in Gabon



Source: AFDB Statistic Department (2010)

Nang (2001) The Gabonese economy is undiversified and largely dependent on the world demand for oil, wood and manganese which is the engine of the country's economic growth. The primary sector, agriculture, has decreased dependence due to the dynamics of oil. As results nearly 85% of food consumed is imported. The secondary sector or core industrial sector where oil is the engine of the national economy, accounts for about 50% of GDP of tax revenue and 80% of goods exported. AFDB (2011:1-39) declares that the economy recorded an average growth of 3% between 2006 and 2008, largely sustained by the performance of the oil sector, which is barely integrated into other sectors of the economy. South Africa on the other hand shows a different approach as far as the GDP is concerned. The figure overleaf presents South Africa GDP as follow:

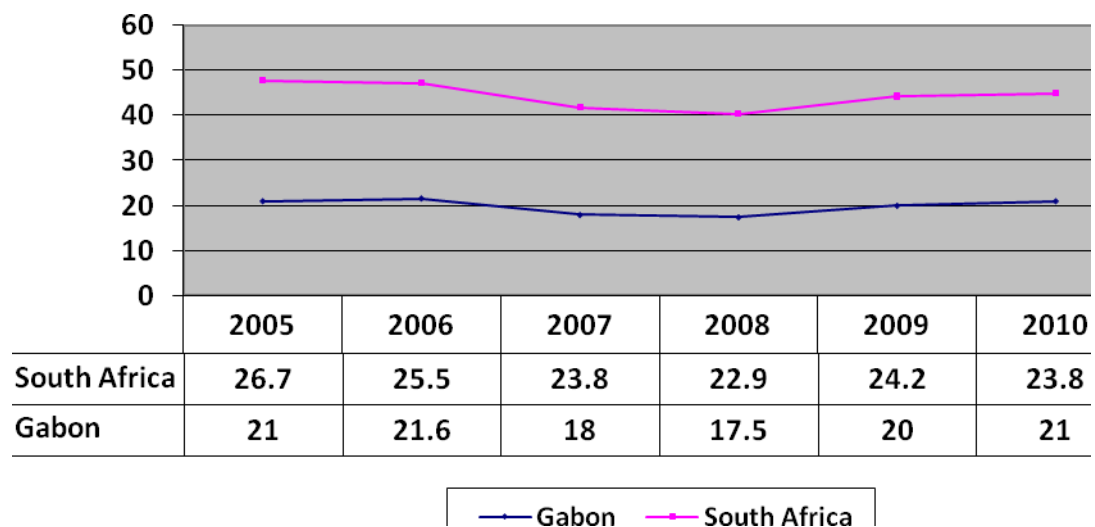
Figure: 5.3 Breakdown of South Africa's GDP by sector (%).



Source: adapted Lings (2011)

South Africa has extraordinary development in its tertiary sector compared to the Gabonese 70% against 32%. The secondary sector and the primary sector are low contributors, the primary sectors low contribution of 8% of GDP needs to be readdressed. Toomey (1998:1-256) posits that the industrializing division of Small business in South Africa is still playing catch up and has a wide gap when associated with well established business in other prominent economies. Kingdom and Knight (2004:391-408) points out that the industrialization of small businesses only contribute a small percentage of 1.4 in employment South Africa. Kingdom and Knight (2004:391-408) point out that unemployment has become a slow consuming poison, eating away at the potential benefit of the economy, making an alarming gap between rich and poor, aiding in the rise of unlawful activities which affect the moral and discouraging outside investor. Due to the high level of rising crime and unemployment, South African economy is feared to have a gloomy future ahead, and in Gabon it is its governance.

Figure 5.4 Unemployment in Gabon and South Africa in percentage



Source: adapted CIA. world Fact book (2010) and Trading Economic (2011)

Gabon and South Africa have high levels of unemployment; with a slight decrease in 2010. South Africa's small business policies have done little to create effective support to encourage the creation of jobs, and have failed to bring down the unemployment rate to under 10%. Lehohla, (2001:54), as cited in Burger, (2002:37) estimated that the unemployment rate among the youth in South Africa measured 40.9% in October 1996. African youth had the highest unemployment figure namely 50.2% of all population groups. The high unemployment rate could be attributed to the widening gap between the available workforce and available jobs, as a result of the increase in the population growth and the shedding of jobs in the government as well as corporate sectors (Vosloo, 1994:6).

This is contrary to Gabon where the slight decrease is resulting from government expenditure which is the biggest employer. Gabonese small business is still not potentially utilized. Scholars and government policymakers have touted entrepreneurship as a way to revitalize stagnant economies and facilitate economic growth in many developing countries (Spence and Gomez, 2004: 1098- 1107). The current state of Gabon's and South Africa's economy is a cause for concern for most young adults (Co and Mitchell, 2006:348-359) as they are confronted with problems of crime, corruption, mismanagement and unemployment. Furthermore, it is estimated that more than 8 million people will be unemployed in South Africa by 2013.

Research findings confirm that more people are employed at the start of an SMME than when a large business expands (Monks, 2010:1-139). Besides, SMMEs are mostly likely to be owned by indigenous people thereby transferring the wealth and circulating it within the national economic grid (Hellriegel, Jackson, Slocum, Staude, Amos, Amos, Klopper, Louw and Oosthuizen, 2007:13). The policies introduced by both Gabonese and South African governments seek to empower the indigenous nationals by transferring both skills and wealth to the lowest possible levels of the economy. As mentioned to earlier, SMMEs are considered to be the life blood of any developing economy (Monks, 2010:1-139) with high levels of poverty and an inability to attract large Foreign Direct Investments (FBIs). Despite the growing consensus that High-growth Firms contribute excessively to economic growth and prosperity, relatively few OECD countries have policies which specifically promote such firms (OECD, 2010).

5.4 Comparison on socio-economic policies between Gabon and South Africa: Public funds policies towards entrepreneurs.

Entrepreneurs who start up new businesses are always lacking required financial resources. Entrepreneurs must always rely on outsider finance to start a business. Grebe (2006:1-57) notes that Gabon's lack of funding for entrepreneurship activities has partly been caused by micro-credit institutions that fails to provide flexible loans to small business. As it was done in emerging economies, (AFDB, 2010:1-58) states that Gabonese government requires public structures, putting in to place a legal framework and institutions that promote such transformation and the release of entrepreneurial energy. Albert (2004:1-138) concurs that this is so the case in most countries, based on the recognition that the small business sector is a dynamo of economic growth, which in turn provides job creation. Two types of assistance are normally offered: direct and indirect assistance. Direct assistance entails some type of financial payment that is made directly to the firm, compared with indirect support policies that are designed to improve the efficiency of the firm (Storey 1994:277). In complementary lines, Herrington, Knew and Knew (2008:1-171) note that there are a variety of different government- funded organization which are mandated to promote SMME activities in South Africa.

Contrary to Gabon, the assistance which the South African government gave to SMME's in the past has now been withdrawn and they no longer have any advantage

in the framework of the investment code (De Bruyn 2007:1-148). Furthermore, access to finance remains a major problem for SMEs /SMIs. Most commercial banks, however well funded, are not disposed to taking the risk of financing SMEs/SMIs and do not have staff trained in analyzing the financing needs of these companies. Gerber (2006:1-57) notes that countries like Gabon's lack of management of Public funding for SMEs has partly been observed in micro-credit institutions whose growth is due to the flexible loans that they offer small businesses.

Coorey and Ghura (2011:1-51) argued that to improve mechanisms and procedures and settle loan contract disputes, Gabon needs to streamline procedures for the realization of guarantees to obtain loans, and creation of a corporate balance sheet centralization system at the central bank that provides commercial banks access to companies' balance sheets like South Africa does.

Table 5.4 Government funding for SMEs in Gabon and South Africa

Gabon		South Africa	
Size of loan and Institution Responsible		Size of loan and Institution Responsible	
Micro: N/A N/A	FAGA FODEX	Micro: R800-R10000 R350-R3500 R300-R10000 R500-R10000 R1000-R10000	Small Enterprise foundation Kula Micro-credit outlets Women's Development business SA Micro-finance Apex Fund Red Door , Western Cape
Small/Medium N/A	N/A	Small/Medium: R10000-2.5million R1000-5million Up to 5million Max R20millio R5million- R200million	Business partner start up National Youth development fund Gauteng Enterprise Propeller NEF Umbewu fund IDC

Source: own construction

The Government has provided financial assistance to small business, in South Africa. The contribution is based on the recognition that the small business sector is a dynamo of economic growth, which in turn generates job creation. Two types of assistance are normally offered: direct and indirect assistance. Direct assistance entails some type of financial payment that is made directly to the firm, compared

with indirect support policies that are designed to improve the efficiency of SMMEs hence the government institutions named above (Stoney 1994:277).contrary, Gabonese institutions have a budget allocated to support entrepreneurs but it is not broken down as in South Africa. Table 5.6 below shows the access of the loan for SMEs measure in percentage.

Table: 5.5 Loan access for formal and Informal businesses in Gabon and South Africa

Country	Fee business loan(% of min. loan. Amount)	Minimum amount SME loan(% of GDPPC)	Fees SME loan(% of min. loan amount)	Days to process business loan applications	General Finance Obstacle
Gabon	100.35	0.00	100.35	15.08	2.45
South Africa	0.65	15.98	0.65	2.73	N/a

Source: FSAP (2002:10)

The financial Sector Assessment programme (2003:1-7) states that the number of financial intermediaries in Gabon is relatively low compared to other developing countries. 1999, credit to private sector represented 10.7% of GDP, compared to 69.3% South Africa according to (International Monetary Fund, 2002:10).

5.5 Comparison of Socio-cultural Factors and entrepreneurship in Gabon and South Africa

Ekorezoke (2002:1-19) states that the international socio-economic environment is marked by the appearance and amplification of many difficulties such as, slow economic growth, unemployment, unfair trading systems. In Gabon, the employment situation has deteriorated considerably. (Zomo, 1993; Magnagna 2005; UNDP Gabon. 2005) posits that the entrepreneurial spirit remains weak A third of the population lives below the poverty line according to the 2005 EGEP poverty survey, which identified individual people, groups and places affected by poverty. The low level of oil production has forced Gabon to deal with structural adjustment programmes (SAP), with recommendations to reduce the economic imbalances, improve the standard of living of the state and the consolidation of public finances.

Urban (2008:346-364) points out that there is a great demand and need for social entrepreneurship in South Africa regardless of this fact government is unable to

effectively sustain the running cost of state organization promoting social interest at present the government is look at ways of cutting down . Herrington, Knew and Knew (2008:1-174) found that people did not consider entrepreneurship as their preferred discipline, instead they discovered that people had a mindset of getting a good education and finding a job in the public or private sector believing that the responsibility fell on government to provide jobs. (Dhliwayo, 2008:324-340) states that it did not dawn that they could create a business and provide employment alleviating unemployment. (North, 2002:24) states the Government has tried to combat unemployment by putting in place leaderships actives however; their central focus is not on entrepreneurship. The youth in South Africa are facing difficult challenges; lack of employment leaves them vulnerable to unlawful activities and a sense of ideal hopelessness. Furthermore, the wide gap between the have and they have not has created a social barrier which is witnessed in education, healthcare and employment equity (Rwigema and Venter, 2004).

5.6 Culture and entrepreneurship activities in Gabon and South Africa

Rural Africa consistence of companies with small-scale economic structures, where most families lived on what they produced themselves: we speak of economic subsistence, which does not mean poverty. Cuonzo (2001:1-6) adds that in the city, the adoption of development policies subservient to economic laws such as, the competition and innovation technological, causes the destruction of contexts: Traditional work and the erosion of traditional relationships with the natural environment. The Gabonese refused to exercise such trades. In the past, almost all young people, whether qualified or not, incorporated the public sector.

There is a common perception in South Africa that the path to business success is through a successful corporate career. This culture demonstrates an innate need for safety through formal employment. This desire is especially true for those who have been previously disadvantaged and have only recently been allowed access to reputable institutions of formal education in order to acquire professional qualifications (Herrington, Knew and Knew, 2008:1-137). These new professionals are afforded many work options at corporate firms and are typically enticed by large salary packages, incentives and the prestige of professional careers. For many such potential entrepreneurs, starting up a business is a much less attractive option. As such, South Africa finds itself in a situation where attraction to corporate and

professional careers indirectly stifles the entrepreneurial spirit and discourages skilled youth from starting their own businesses. However, South Africa does have communities in which entrepreneurial ambition is stimulated, for example in Indian and Jewish communities. These communities have great local entrepreneurial heroes who have made starting a business a real possibility for young entrepreneurs, as opposed to following the corporate track. Family support also provides these potential entrepreneurs with many benefits such as support structures, social approval and financial safety nets

5.7 Education

Education is one of the most powerful instruments for reducing poverty and inequality and lays a foundation for sustained economic growth (World Bank, 2012). Most of the traditional education system has been described as stultifying entrepreneurship where conformists are favored with anti-entrepreneurial behavior (Duplessi, 2004:1-134). Education is seen as one of the most significant barrier to success of entrepreneurial activities. Viewing the entrepreneur as the primary resource of a new firm it can be easy to expect that higher education may lead to high success rates in obtaining loan finance and that in turn contribute to overall business success. African Development Bank and African Development Fund (2012:1-5) announced to Develop a training policy for young people specifically in the management, technical and scientific fields in Gabon with the needs of the economy, at national and regional level.

Magnot (2002:1-19) proclaims obtaining an education in Gabon is a pre-requisite lay down by government for its entire citizen, up to the age of 16. This result in larger registration numbers, but still a considerable number of citizen 22% did not receive formal education. The number register half do not make it pass elementary school even lower percent do not make it pass secondary school and about a 10th complete secondary school . Government has ensured that the Bachelor, Master and Doctorate in French has filtrated to all tertiaries. The result enabling individual to obtain well accredited qualification resulting in the faster feed into employment sector. This was made possible by frosted relations endorse by the "National Education Conference of 2010 ", From the beginning of 2012 there was an increase in scholarships given to students .

It can be seen that 83% of women and 88% of men have received at least primary education. Moreover, the survey reveals that the overall level of education is considerably increased over the past 60 years: in the older generations (65+ years), 92% of women are uneducated, but in the age group 35-39 years, the rate drops to 9% and in the 10-14 year group, it is only 2%. Meanwhile, access to education is pretty wide open, especially for men, but these very positive results should not conceal the fact that the whole system of education (from primary to tertiary) suffers from a great evil: a failure rate humanly and socially unacceptable.

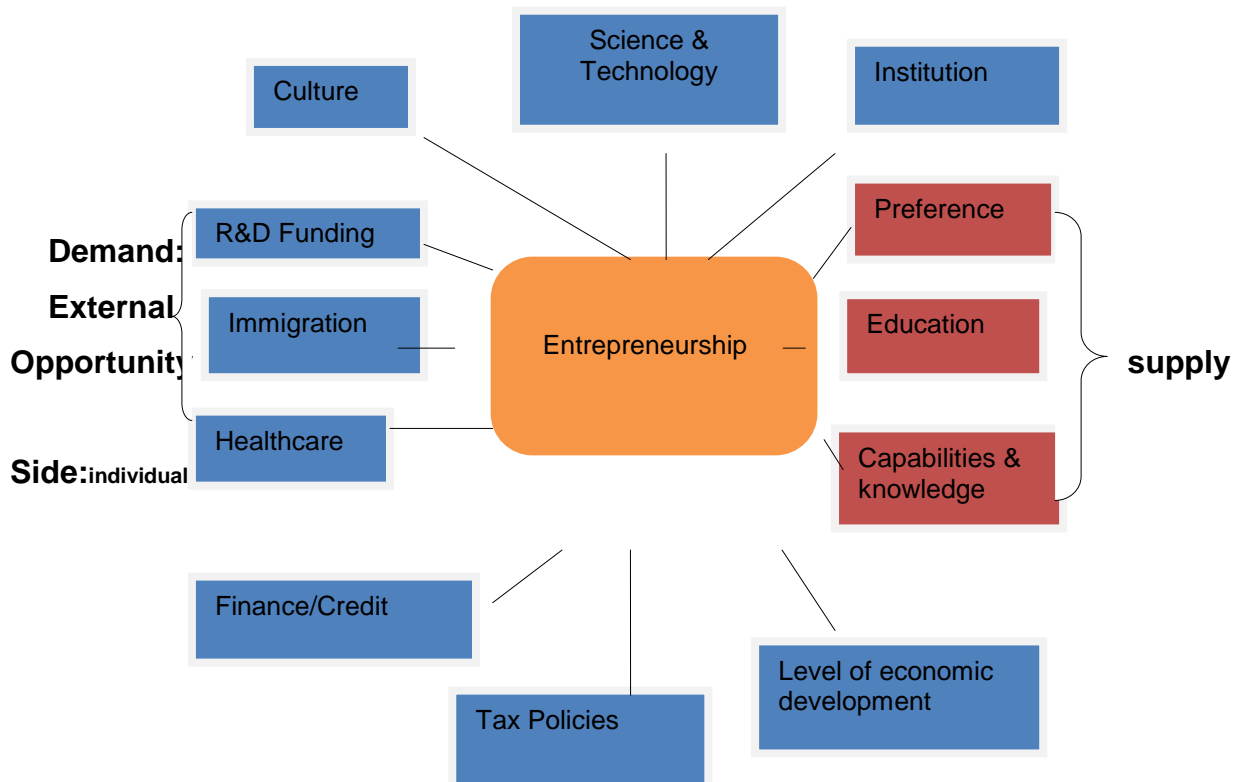
Post-baccalaureate education is provided in Gabon by two types of institutions: the vocational training institutions related to technical education intended to train students for careers in administration (Ecole Nationale d'Administration, etc.) or Primary Education (Schools training colleges). The institutions under the Ministry of Higher Education, Research and Innovation Technology and whose main missions, in addition to research, training for careers secondary education and to organize training awarded diplomas attesting- skills as a disciplinary field, the second category of institutions holds about 9,000 students (Mignot, 2002:1-19).

Isaacs (2007:1-29) states since the incorporation of the ANC government into power in South African, there has been a huge turn around in the education system all sectors were impacted, a new curriculum was formulated , there was reorganization of management, training courses were set up to transform teachers into professional. The old education policies were demolished and the new National Qualification Framework was birth together with outcome education (OBE). Statistic South Africa (2010:1-156) agrees that education is the key to a successful future as it lays down the foundation and gives an opportunity to employment. With the new government come the Bill of Rights that declares all citizens allegeable to basic education. Jesselyn Co and Mitchell (2006:348-359) post that the most South Africans were not expose to entrepreneurship growing up and as such do not have a mind to become entrepreneurs. It can clearly be evidence that entrepreneurship is not considered as career choice, an empowerment tool for most black people, there is an alarming low percentage (four percent) of black entrepreneurs in South Africa. Herrington, Knew and Knew (2008:1-171) argue that to have an increase in social entrepreneurs there need to be an educational awareness created by the government across board for all South African.

Development Bank of Southern Africa (2010:1-78) notes that education is prioritized in government's budgeting and receives extensive funding, to see the benefits of the funding particular attention must be paid to upgrading curriculums to be more relevant and up to international standard rendering it globally competitive.

In a complementary line, (Sogwagwa, 2010:1-116) states that the legislation that guides and promotes youth development in South Africa is divided into two sections, namely, the National Legislation which provides an overall guide to youth development in South Africa, and the legislation which is specifically meant to regulate youth development at local level. Muofhe and Du toi (2011:1-15) argues that South Africa's higher education system is not suitable to enhance entrepreneurial skills. It has a legacy of being too theory-based and non-responsive to the skills in demand in the business world. Some believe that the problem starts as early as primary and secondary school

Figure 5.5 Samples of Demand- and Supply-Side Factors Related to Entrepreneurship



Source: Modified from determinants in Wennekers, Uhlaner, and Thurik, 2002; Shane, 2003; Audretsch, Thurik, Verheul, and Wennekers, 2002; and Audretsch, Grillo, and Thurik, 2007; Pana, Transue, Riggieri, Shipp and Van atta, 2010.

Figure 5.7 shows that many factors influence, and may be employed to stimulate entrepreneurship. Because this thesis emphasizes entrepreneurship education, it focuses on a subset of the factors depicted. We now turn to understanding how the two concepts of education and entrepreneurship meld together. That understanding provides a critical context through which to view the current landscape of entrepreneurship education (Pana, Transue, Riggieri, Shipp and Van atta, 2010:1-33).

Table 5.6 Number of University and tertiary institutions in Gabon and South Africa

Gabon		South Africa	
traditional Universities	College and institutes	Traditional University	College and institutes
Omar Bongo University (UOB)	College of high Technical Teaching	Cape Peninsula University of Technology	Boston College
Scientific and technological University of Masuku (USTM)	National superior college of Secretary	Nelson Mandela University	Midrand
Science and Health University (USS)	High Institute of Management Science	North West University	
	High Institute of Technology	Rhodes University	
	Superior Institute or Agronomy and Biology	Tshwane University of Technology	
		University of free State	
		University of Johannesburg	
		University Kwazulu-Natal	
		University of Pretoria	
		University of Stellenbosch	
		University of South Africa	
		University of Western Cape	

Source: Own construction

Table 5.6 above shows the number of University and tertiary institution recognized by the respective government. South Africa has a lot of Universities and tertiary institutions of higher education which lead to a high population literacy of 88% compared to Gabon which has a level of 86% of literacy according to the United Nation Development programme report (2009).

5.8 ITC and entrepreneurship activity in Gabon and South Africa

Babacar (2007:1-8) states the educational system in Gabon is structured like many other African countries and it is as follow: Grade R, Primary school, High school and the successful pass of high school , you get integrated into Tertiary institution. There are formal institutions that cater to the needs of everyone and offer skills training and literacy curriculum .In 2005 Gabon has one of the leading literacy levels in Sub-Saharan Africa and the large number of its citizens had a level of primary. The Government of Gabon together with the Economic Community of Central African has undertaken to promote education system. Mboya (2009:1-40) notes that the purpose of the undertaken is to promote the education system by spreading knowledge of the use of communication technology and getting all students actively involved in the exchange of information being shared in globally and this in turn leads to broadening their mind.

Ngossanga (2012) notes that the access of all Gabonese enterprises to the digital economy is obviously a key issue. Unfortunately, most entrepreneurs barely mastered the office, ignore basic safety rules and critical of the use of computer networks, make a very moderate use of the Internet for lack of appropriate skills, do not have funds to equip and train the necessary digital technologies, hardly use emails to communicate, ignore any viral marketing, e-business and management databases, and more generally develop an aversion. These are tools that frighten them by their apparent complexity.

Babacar(2007:1-8) concludes that with the government intention to improve the standard of communication technology, they failed to set up policies to this effect. there was no proper backing to reinforce their strategy to infiltrate computer to all schools. Their strategy lacked proper planning as there was no infrastructure to aid the acquisition of personal computer and access to internet. However there is an area where the ICT had breaking ground success, the cell phone industry. The use of cell phone has boomed and is currently one of the leading tools in breaking the communication technology gap and brings Africa in par with the rest of the world. Herrington *et al* (2008:1-171) admit that the various ICT in terms of devices utilised in business whether or not the business has internet access, education has a significant impact on both.

Table: 5.7 Details breakdown of computer access and use per provinces, 2005

South Africa Provinces	Total number of schools	% of schools with computers	% of schools with computers for teaching and learning
Eastern Cape	6,239	23.0	7.8
Free State	1,842	77.3	25.9
Gauteng	1,897	94.5	78.8
Kwazulu-Natal	5,653	43.6	12.0
Mpumalanga	1,863	52.9	16.3
Northern Cape	422	91.0	60.4
Limpopo	4,187	41.8	8.7
Northern west	2,025	67.6	29.7
Western Cape	1,454	97.0	76.6
National	25,582	50.9	22.6

Source: Isaacs (2007:1-29)

Table 5.8 reflects the total number of schools with computer access in percentage. It appears that Gauteng and Western Cape have the most schools with computer access which represent 78% and 76% respectively. The third province is Mpumalanga with 60.4%. The other province seat with 20 and plus percent. Eastern Cape with 7.8% and Limpopo 8.7% remain at the bottom this result shows once again that South Africa has a lot of areas to improve in, other than to support the policies launched for entrepreneurship development.

Table 5.8 Details breakdown of computer access and use per provinces, 2005 in Gabon

Gabonese Provinces	Total of number of schools	% of schools with computers	% school with computer for teaching and learning
Port-Gentil	250	n/a	n/a
Oyem	102	n/a	n/a
Lambarene	73	n/a	n/a
Ogooue lolo	15	n/a	n/a
Franceville	120	n/a	n/a
Tchinbanga	10	n/a	n/a
Makokou	8	n/a	n/a
Mouila	20	n/a	n/a
Libreville	635	n/a	n/a
National	1233	n/a	n/a

Source: EUI and World Bank (2003)

Table 5.9 shows the number of school in Gabonese territory but due to a lack of data, it is unable to provide the number of schools with computer access. As it seems to be, Gabon needs to provide tremendous effort to support entrepreneurship development. Basic infrastructure as well as introducing technology in the educational system will provide a boost to entrepreneurship development.

South African level of ICT involvement in education is higher than that of the Gabonese with no statistics being made available to compare the level of ICT in different provinces as in South Africa. There is currently no plan linking the administrative and the educational domains as far as ICT are concerned in Gabon. Beside the 2001 plan to equip high schools with ICT, no other initiative to promote ICT in education was recorded. A computer plan of the National Ministry of Education has been in preparation since 2006. Most schools still struggle to access the 50% discount on Internet services, five years after it was first proposed. Schools still don't get ADSL services at discounted rates, and the Telkom division that sells wholesale bandwidth has not yet come to an agreement with ISPs to discount upstream bandwidth to government so that they in turn can give discount to schools in Gabon.

5.9 Historical factors, approach of Gabon vs. South Africa

The political situation in Gabon is marked by relative stability in the country's institutions. Gabon has achieved its independence in 1960 and has three presidents: Leon Mba, Omar Bongo and the third one Ali Bongo Ondimba who took over after

the death of his father. As a result a climate of uncertainty was caused and has compromised the Gabonese economy for some time now. The presidency of the Republic of Gabon (2010:3) asserts that Ali Bongo, the current president, launched an ambitious reform program to transform Gabon into an emerging economy. Ondinba (2009:18) mentions that the policy of emergence aims to diversify the Gabonese economy by promoting the three different pillars: Green Gabon, Industrial Gabon and Gabon Services. The political economy program is based on nine strategy axes: consolidating the rules and laws, making decentralization a reality, guaranteeing the moralization and good governance of public affairs, preserving territorial integrity and consolidating relations with neighboring country and friends, diversifying the resources of economic growth and sustainable development, establishing infrastructure to support economic development, transparent management of public resource, promoting strong sense of responsibility and entrepreneurship as well as fighting against poverty and exclusion.

South Africa, on the other hand, through the white paper on national strategy for development and promotion of small businesses in country cited by DTI (2010:3) stipulates that since 1994 the South African government has recognized its important role in fostering and enabling environment for the creation and growth of small enterprises. Daniel, Soutehall and Lutchma (2005:58) assert that during the early independence of South Africa the country presented a microcosm of capitalism world. The South Africa state has committed itself to the establishment of a democratic, representative and accountable government form of governance throughout the country. The USA Department of External Affairs (2010) mention that the progress to equality and economic development in South Africa is partly attributed to the following post apartheid leaders; Nelson Mandela, Tabo Mbeki, K Motlanthe and Jacob Zuma. The promotion of entrepreneurship and small businesses remains an important priority of government of South Africa. Government owned institution and programmes have involved the following spheres: job creation, equity access to markets, with the aim of providing comprehensive support to increase the level of entrepreneurial activities and small business in order to create a dynamic economy.

5.10 Economic policy

Hayes and Robison (2010,7) state that although the African nation is now approaching half a century of independence, it is arguable that many of the vestiges

of colonial power remain in place and are highly influential. Laurance, Alonso, Lee and Campbell (2005:470) mention that the Gabonese government is eager to consider alternative strategies to augment economic development. AfDB, OECD, UNDP, UNECA (2012:1-14) posits that with the coming of the 2012 African Cup of Nation there has been an uprising infrastructures development, this in turn has led to the boosting of the economy in Gabon. Export prices are on the rise for the trade of raw materials. The oil companies are remodeling to make more use of the old oil fields; the Nkok SEZ, the free trade zone created by the Gabonese government has opened up fields for big investor such as BHP Billiton dealing in Manganese and Chinese investors CICMHZ (Company industrial and commercial of mines de Huazhou) to start their operations. The overall atmosphere of the African cup has had a positive influence in the upliftment of employment. The government still has a wide gap to bridge in unemployment and has initiated several campaigns to combat unemployment; it has further lent its support to institutions such as the National Employment Office (ONE) and an "e-employment" initiative, backed up by the Economic Commission of Africa (ECA) and the Economic Community of Central African States (ECCAS). (AFDB, OECD, UNDP, UNECA, 2012:1-14)

In 1995, the United Nations together with the World Bank engaged the government of South Africa in two crucial programmes namely, a collective look at poverty assessment and human development initiatives. (May, 1998:1-11). In collectively utilizing the resources of the citizens of the country, the corporate division and government, South Africa can create fields of opportunity within whilst bridging the competitive gap. To achieve this goal the citizens of the country will have to rise up, take control in backing local government initiatives in the promotion of the economy. (Nel, 2000:1003-1024). Furthermore, the turn of the apartheid regime in South Africa greatly encouraged and influenced investors from abroad to invest in South Africa. Breaking the cycle of poverty has been a severe challenge for the present government as poverty has severe implications for health, education safety and political stability in the country. In light of SMMEs pivotal role in process of achieving economic growth and development, numerous countries have placed policies in place to stimulate the growth and development of SMMEs. Ntsika (2001:38) states that it is vital to adjust policies so that the growth of the SMMEs sector, the survivalist businesses can become micro and medium enterprises, creating jobs, raising living standards for hundreds and thousands of South Africans in rural and urban areas.

Table 5.9 Regulation and Policy for SMEs in Gabon and South Africa

GABON	
Policies	<p>Advantages</p> <p>Act 9, It is open to SMEs approved accordance with the provisions Act.7. The assessment of the application approval of the special arrangements SMEs must pay particular attention to various criteria.</p> <p>Act.9. It is open to SMEs approved in accordance with the provisions of this Act the following benefits: access to public funding of SMEs.</p> <p>Act.14 .The company admitted to the special scheme for SMEs has a period of one year from the date of signing of the order to carry out the investment program under section 5.</p> <p>Art.16. Without prejudice to the prosecution, any violation of any of the obligations, the developer failed and be sanctioned.</p> <p>Adopting the law regulating the scheme of competition in Gabon (law n°15/98 of July 23rd1998).</p> <p>Disadvantages</p> <p>Polices do exist but no one has implemented them, but still more reforms need to be done</p> <p>Government institution is well equipped in all reforms to play in other to get a positive outcome from all those reforms.</p>
Regulations	<p>Advantages</p> <p>This Act applied to SME in Gabonese law in the national territory. The objective is to create production of goods, processing distributing or delivery, and the owners are Gabonese and companies in which they have at least 51% of the capital and ensuring effective management.</p> <p>The viability of the project elements resulting in commercial, technical and reliable financials established by a firm or a body approved by the Ministry for SMEs.</p> <p>Regulations determine as appropriate, the provisions of any kind necessary for the purposes of this Act.</p> <p>This Act, which repeals all previous provisions contrary, be registered, published according to the procedure of urgency and enforced as State law.</p> <p>The financial plan, in principle, Gabon guarantees a clean and safe banking system, with a monetary market at the sub-regional level along with the regional Stock Exchange.</p> <p>Institutions allowing small and medium-sized businesses to have access preference funding were created</p>

SOUTH AFRICA	
Policies	<p>Advantages</p> <p>Act 102 of 1996 states that to facilitate and coordinate research relating to support programmes by the agencies the National Skills Authority, National Skills Fund and the Sector Education and Training Authorities be established by the Skills Development Act of 1998.</p> <p>Act no. 89 of 1998 the Act, outlined in section 2, is to ensure that small and medium-sized enterprises are afforded "an equitable opportunity to participate in the economy</p> <p>The new Act, 89 of 1998 was designed to cure the deficiencies of its predecessor, the Maintenance and Promotion of Competition Act of 1979, regarded by many as a blunt instrument against the monopolies which it confronted.</p> <p>Public Financial Management Act 1 of 1999 (as amended by Act 29 Of 1999) is one of the most important pieces of legislation passed by the first democratic government in South Africa. The aim of developing the company Act was to ensure that the regulatory framework for enterprises (all size and types) promoted growth, employment, innovation, stability, good governance and international competitiveness (Companies Act 71 of 2008)</p> <p>RDP Fund Act, 1994 which is there to integrate growth, development, reconstruction redistribution and reconciliation into a unified program; Employment equity and Basic condition of employment Act, Commercial Equity Act, The Preferential Procurement Policy Act, Act 5 of 2000 (PPPFA), the Broad based Black Economic Empowerment Act, Act No. 53 of 2003 (BBBEE Act), and the National Small Business Act, Act 102 of 1996 (NSBA).</p> <p>National Education Policy Act (RSA, Act 27of 1996); South African Schools Act (RSA, Act 84 of 1996); the Further Education and Training Act (RSA, Act 98 of 1998); the Higher Education Act (RSA, Act 101 of1997); Employment of Educators Act (RSA, Act 76 of 1998); the Adult Basic Education and Training Act (RSA, Act 52 of 2000), and White Paper 6: Inclusive Education (RSA, 2001).</p>
Regulations	<p>The regulations of the Usury Act, Credit Agreements Act and Usury Act Exemption Notice create a in the allocation of credit, against allocation of credit for SME finance. The first set of objectives is pure competition policy objectives and the second are pure industrial policy objectives</p>

	<p>The Act is a response to the fact that the concentration and ownership structure of the South African economy is intrinsically linked to discriminatory policies and strategic state-sponsored monopoly under the Apartheid regime.</p> <p>The Act sets out an array of factors to consider determining whether competition in the market will be "prevented or substantially lessened" and therefore whether the merger should be prohibited, approved or approved with conditions.</p> <p>National Small Business Support Strategy" means the national policy in respect of small business support as published by the Minister in the Gazette, and includes the policy as stated in the White Paper on National Strategy for the Development and Promotion of Small Business in South Africa.</p> <p>The Fiscal Policy from the National Treasury also makes a contribution towards the development of SMME's</p> <p>The Department of labor has introduced new legislation in such a manner as to increase labor market rigidities. Facilitate de-racialization of business practices and ownership.</p> <p>Disadvantages legislation and regulations allow industries to operate efficiently, but are overly onerous (both with respect to time and costs) problematic as SMMEs They identify insufficient in-house resources to keep up-to-date with all the statutory and legal changes in South Africa, and the cost of outside consultants as prohibitive factors to entrepreneurial development. Policies such as Black Economic Empowerment has a positive influence on the business sector in South Africa but have serious limitations mainly on the financing of empowerment deals.</p>
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Source: own construction

Summary

The World Trade and Trade Policy Review (2008:1-15) published that to create an appropriate Small Business environment, the Gabonese authorities have set up a

charter of law which has as its main concern: the charter capital of Gabon, the provision of guarantee of investments, facilitation and promotion of investments, organization of the country's financial system, general principal of law and fundamental role of government in the economy and finance and last but not least the principles of taxation and investment in SME and SMI. It also announced the overall community and welfare plan which was initiated in the first calendar month 2006 highlight five areas of improvement. Merging Small and Medium enterprises structure, development through economic expansion and domestic filtration, elevation of poverty through training initiatives, protecting and harness the environment, strength regulations to enhance the effectiveness of administration in improving the community. This initiative is supported by small businesses and the International Monetary Fund since May 2007 .Unfortunately the implementation remains questionable.

In South Africa on the other hand and since 1995, the government, through its White paper, has created an enabling legal framework for small business environment and growth by facilitating easy access to information and improving SMMEs access to finance. In 2003 the South African government introduced the National Small Business Amendment Act, Act 26 of 2003 (RSA 2003:12) to remedy the failure of interventions set up to support small business. They have established several organizations to help with the support and development of entrepreneurs. The Cambridge Small Business Research (1992) concurs that policy can have a major impact on trading position of small business. A survey of propriety of small businesses highlighted that taxation and interest rate policies, were the government policies that either mostly helped or hindered small business in UK. The Government's Black Empowerment Policy perhaps fits into this category and, aimed at challenging business opportunities to previous advantages, but its implementation remains very questionable.

CHAPTER SIX

CONCEPTUAL MODEL FOR ENTREPRENEURSHIP DEVELOPMENT

6. Introduction

This chapter focuses on the conceptual framework of the thesis. The first part of the chapter will be a brief overview of historical perspectives of entrepreneurship with discussion on advantages and disadvantages of models on entrepreneurship development. The second part of the chapter focuses on the history of entrepreneurship as it relates to other countries with success stories to tell, the third and final part focuses on the theoretical aspects of the conceptual framework. These are followed by a detailed conceptual-theoretical perspective specifically evaluating the potential application of government policies in the unique terrain where they find their customers. Known entrepreneurship models are deliberately referred to with intentions of avoiding any gaps in existing knowledge recorded in literature or merely practiced.

Maxwell (1996:25) states that a conceptual framework is a system of concepts, assumptions, expectations, beliefs, and theories that support and inform the research. Carroll and Swatman (2000:235-242) call it a visual representation that graphically explains or narrates the critical issues in a study. The schematic graphical structure illustrates the variables (independent and dependent) that form part of the purpose of the study. The key factors are based on practitioners experience together with literature as found in the studies by other researchers. Entrepreneurship comprises of many factors like the type of business engaged in, the experience and skills of the entrepreneur, the community and their disposable income, the prevailing economic and political structures and the government policies that shape entrepreneurial activities in the country. Because of these complexities generalizations are advanced since these factors are interrelated and the magnitude of impact is not quantifiable.

The theoretical framework can be developed into a conceptual model through the development of concepts because it is the basis on which the study is conducted, but the conceptual framework is the researcher's position on the problem. According to Rudestan and Newton (1992:7) a conceptual framework is the presumed reality

which informs the research design leading to explanation of further research questions which implicate the need for additional research. An ideal conceptual model comprises what is found in literature and the unrecorded knowledge and information that resides with the practitioners and other sources associated to the subject under investigation. A focus on literature to the exclusion of other aspects of entrepreneurship will exclude indispensable realities experienced by practitioners. An integration of unrecorded theories and information from other diverse sources may produce a more relevant conceptual framework (Matten and Moon, 2008:404 - 424). Therefore personal experience, personal research publications, empirical research and existing literature are the main sources for this framework. This conceptual model will be used as a tentative theory connecting the various aspects of Entrepreneurship development in the Gabonese and South African context.

6.1 HISTORICAL PERSPECTIVES OF EFFECTIVE ENTREPRENEURSHIP

Entrepreneurship has come to be known as a distinct indispensable tool that brings about development in any country where it is practiced. But it is a known fact that entrepreneurship is not accidental but is developed purposely by governments and other relevant institutions. Theories postulate that entrepreneurship is economic development oriented (Brush and Cooper, 2012:1-6), and empirical results show the effectiveness of this method of job creation. According to (O'Connor, 2013:546-563) economic development is the sustainable concerted actions of the policy makers and communities to promote the standard of living and the economic health of a country. Economic development is the quantitative and qualitative changes in the economy involving development of human capital, critical infrastructure, regional competitiveness, environmental sustainability, social inclusion, health, safety and literacy (Kramer, 2012:1-86). There is a difference between economic development and economic growth in that economic development is a policy intervention endeavor with aims of economic and social well-being of people (Polacheck and Sevastianova, 2012:361-388). Economic growth is a phenomenon of market productivity and rise in Gross Domestic Product (GDP) (Allan, 2013:58-72). Economic growth is an element or part of economic development. Hall, Hirsh and Li (2012:611-614) argues that the improvement and stability of the trade and industry compasses, methods, sets laws and regulations which a country utilizes for the upliftment of its citizens. "Economic development' is a common phrase used internationally other phrases such as

Modernization, and specifically Westernization are well known phrases which are often used in debating economic improvement. This terminology has a direct correlation with the environment. Even though its origin remains anonymity, it is believed that it has a direct correlation with capitalism and abolition of Feudalism. Since world war two, economic development has been understood to involve economic growth as expressed in the form of the rise in per capita income and the upliftment of life style for the community and country at large. It is a fix norm that describes the nature of an economy at a given period, and these changes can only be influenced externally.

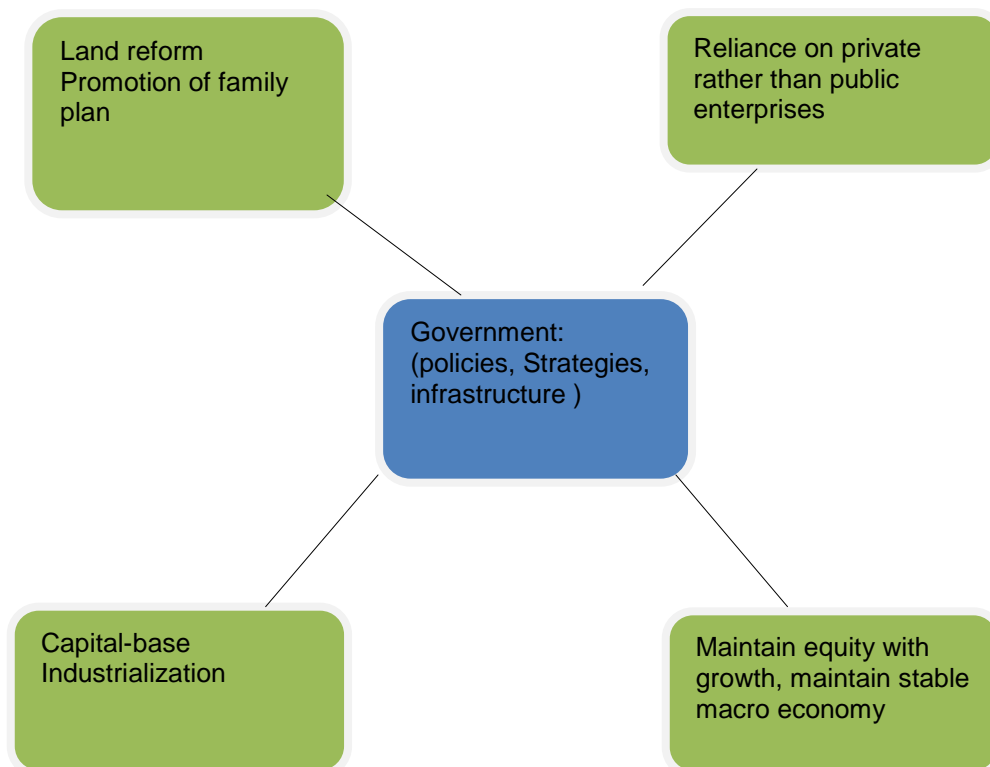
This is where government policies come into play, to create the environment required for effective entrepreneurship. There are different economic developments models proposed and used by different countries. The most well known of models are, namely the Chaebol model used in South Korea, the Zaibatsu model used in Japan, the Dutch disease used in the European Union (Acemoglu, Johnson and Robinson, 2005:385-472). These models have affected (positively and negatively) entrepreneurship development in particular and the economic growth as a whole and in general. The implementations of this economic model have created new forms of social phenomenon which has brought up some countries economies to be competitive at an international level but others are in a very stagnant position:

- The inequity between the deprivations suffered by small firm operators and other citizens, who want to pursue careers in entrepreneurship,
- The gains reaped by a few business conglomerates remains symptomatic of South Korea's deregister disease known as chaebol (Park, 2008:95-115). The dominant themes in the current economic discourses are privatization, marketization, deregulation and the rollback of the welfare state.
- Tang (2003:1-47) The Japanese economy, whose rapid development propelled the pre-modern agrarian nation to industrialized status unlike South Korea by using, the Zaibatsu model. The *zaibatsu* ostensibly possessed a number of advantages: size, which allowed them to adopt existing occidental technology and apply it on a large scale; their internal organization based on family ownership, which supposedly provided them with the flexibility to enter new sectors without shareholder interference
- Park (2008:95-115) concludes that in the government's effort to protect laborers through stringent laws and policies enforce upon employers, has

brought a great demise on the country, employers are fearful of hiring knowing they cannot lay off even if it is for the upkeep of their business. This has led to the government being burdened with the responsibility of the upkeep of a large portion of the population and they in turn put the responsibility on the working force through taxes. Unemployment remains a challenge in most European countries.

To remedy the situation governments have focused their effort on entrepreneurship development through strategies and policies implementation. The economics model allows the study to suggest the best entrepreneurship development models that suit the Gabonese and South African entrepreneurship development is suggesting a different type of model that essentially highlights the government's efforts but mostly the entrepreneurs' ability to create opportunities for themselves. Intervention by governments allows the upliftment of entrepreneurship as illustrated by the Taiwanese model on Figure 6.1 overleaf.

Figure 6.1: Economic Model of Taiwan



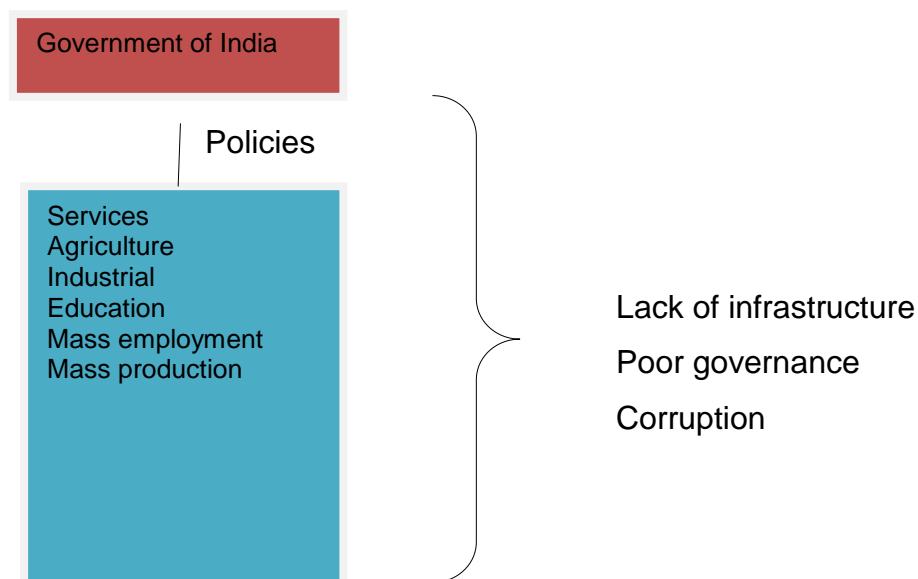
Source: own construction

The Taiwanese economic model changed from being closed to open. The government effectively utilized their policies to their advantage, allowing small

businesses to open for growth. Their strategy was to give more access to small businesses in a larger market in order to bring new technology in both production and management for better economic development and competitiveness.

This Study also analyses India's economic development model approaches as illustrated in Figure 7.2 below. The economic development in India was largely socialist oriented with state-ownership of large enterprises, known for their extensive regulation and bureaucratic red tape later referred to as "License Raj." The economy was isolated from the world economy to protect Indian industry with the famous "be Indian buy Indian" billboards. This allowed the growth of the cottage industries which helped in reducing extreme poverty in a country with a very large poor population. Services have driven the economy and have been growing faster than any other sectors of this economy. The pattern of Indian development has been a specific one which may allow the skipping of the intermediate industrialization-led phase, and it is characterized by the jobless nature of the economic growth. South Africa experienced the same under President Thabo Mbeki. Favorable macroeconomic policies led to some performance of the Indian economy but not significant enough to reduce poverty among the population thus poverty reduction has been slow while the most important priorities remain public sector reform, infrastructure, agriculture and rural development, the unemployment levels remain high. Figure 7.2 below illustrate the Indian development dilemma.

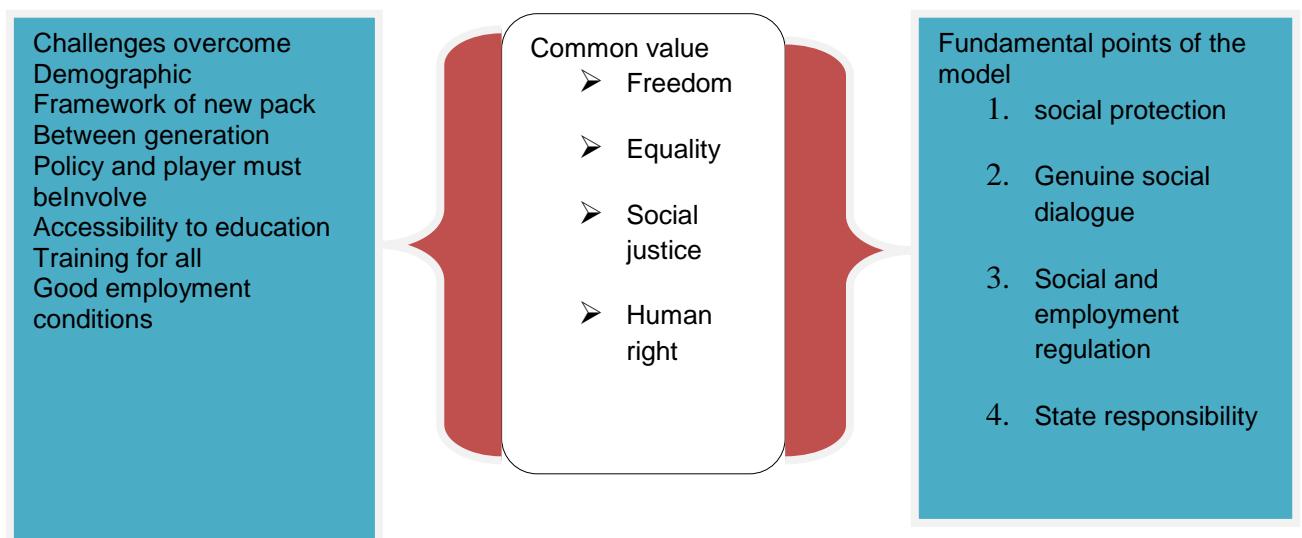
Figure 6.2 Conceptual Indian economic model



Source: own construction

The Indian economic model presented above shows the main focus of government is in service rendered, but lack in reforming the agricultural sector which is the powerhouse of the country. Favoring the expansion of mass employment reveals that education remains a big concern. As a result of the lack of infrastructure, the poor governance in key important sectors leave India lagging behind China to be the fifth biggest economy in the world. Milka (2013:37-45) declares that to obtain robust growth, with all the means for incomes across the entire population, the Indian government has to implement far-reaching reforms borrowed from the Chinese model. These would include agricultural reform, raising education levels, industrial development and massive investment to reduce bottlenecks and improve infrastructure. Unfortunately, India's structural shortcomings make such reforms difficult. Furthering in the investigation, the European Union demonstrates that they can create a better conceptual model for their economic development. The figure below highlights the most focus area within the economy in order to have a strong economic model.

Figure 6.3 European Union: economic model

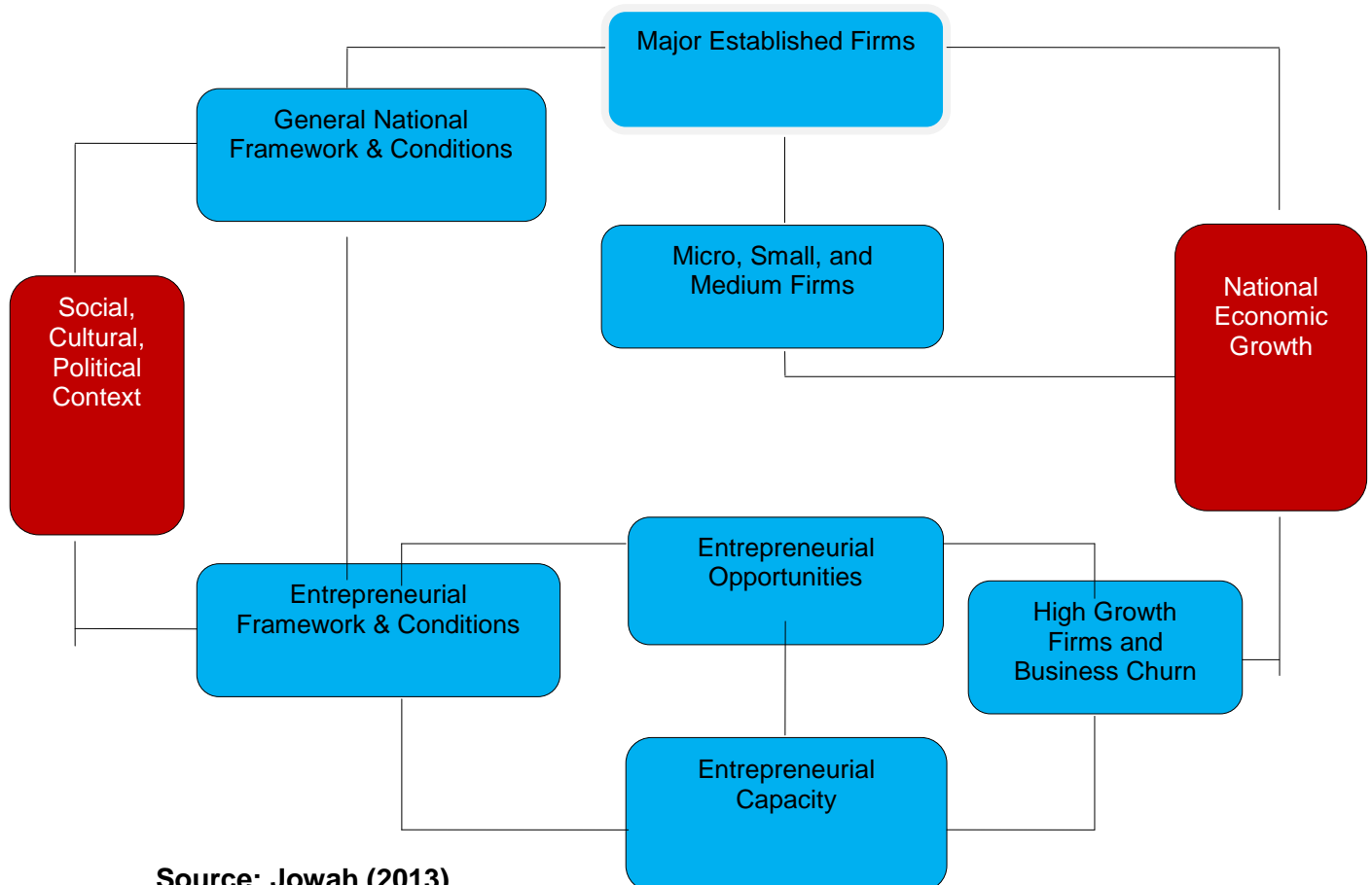


Source: own construction

The concept of the economic model of the EU shows the consideration of all the different socio-cultural factors that play an important role within economic development. Leaders have shown wisdom in the implementation of rules, regulation and policy in order to have a better economy. This study has found that a conceptual

model is not just implementable in a country. It has to look at variable factors in order to be successfully implemented. Gabon and South Africa have to look at their social and economic factors and learn from their peers, to obtain success of their economic models which will welcome the base of entrepreneurship development. This study has highlights a few conceptual models of entrepreneurship development below based on Gabonese and South African lack of improvement in their economy, as well as entrepreneurship activities. The population can be seen as a potential asset but also a big factor to improve entrepreneurship development. In the case of South Africa, government should improve infrastructure and the educational system as well as implement policies that welcome innovation and new technology. Government should also stimulate mass production for domestic as well as encourage small business to export more. On the other hand Gabon has a small population. Government should improve in policy that helps small business to establish new markets in sub-Saharan africa. Jowah, (2013:23) proposes the model below

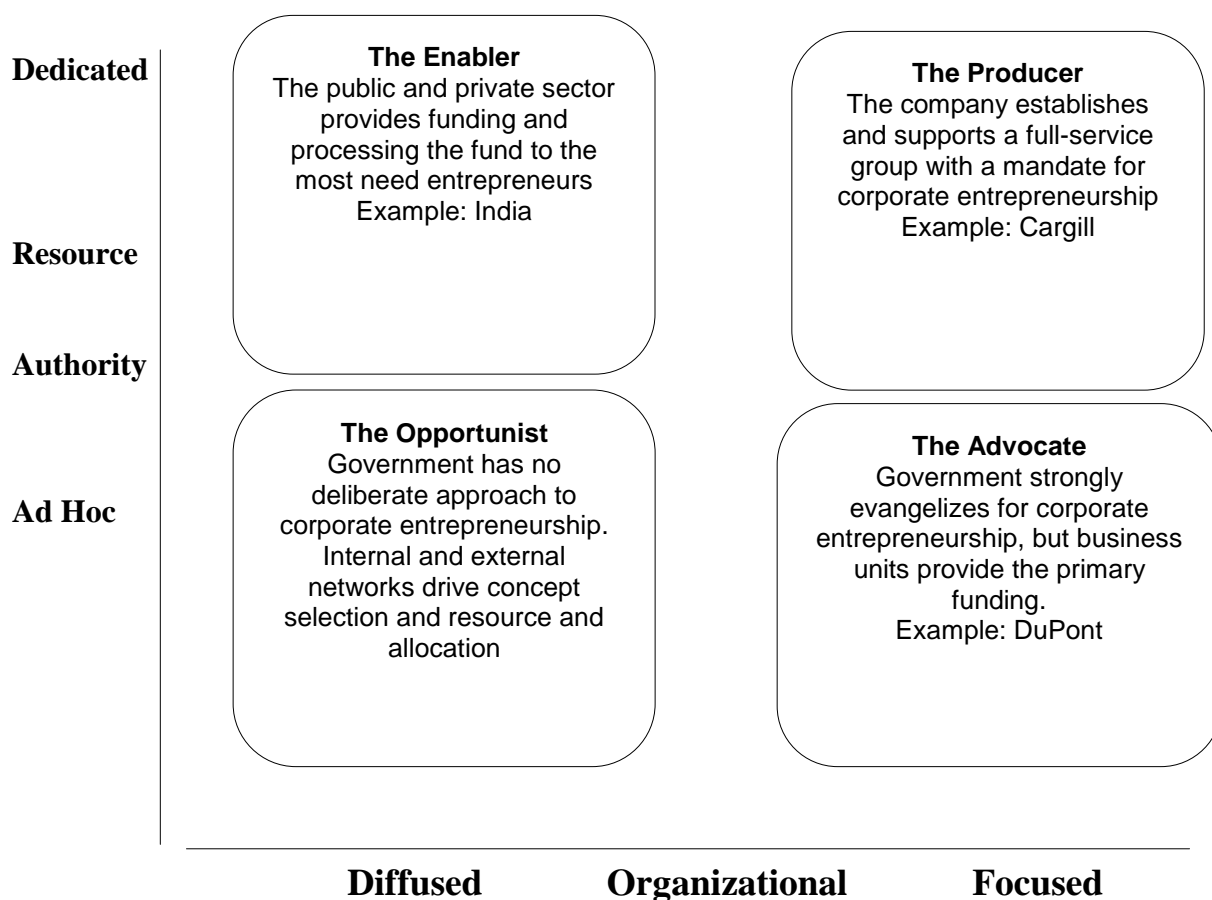
Figure 6.4 Entrepreneurial model



Source: Jowah (2013)

Figure 6.4 represents the interaction between main institutions and focuses on how well established businesses can support small businesses (blue cage). The model also presents the situation of the country from social, political as well as cultural point of view. It suggests that government as well as entrepreneurs (the provincial and national government) should work together through a proper framework that suit most of the needs for entrepreneurship development. The financial aids (National economic growth) should provide more effort to support the system as a whole.

Figure 6.5 Emerging Models of Corporate Entrepreneurship



Source: Own construction

The model above is based on the assumption that government and well established companies play a big role in the development of entrepreneurship. Based on the findings from the two countries under study, this model could easily be implemented in Gabon. Considering the factors of population and infrastructure between the two countries, Gabon could be successful in the long term than South Africa. Pointing at the population aspect 1.5 million for Gabon against 52 million in South Africa, which

means for a corporate model, South Africa can satisfy its own market as opposed to Gabon which has to seek new markets.

The model, below is a table drawn to contrast and compare the elements of economic models that have been advanced and used successfully in different countries. The level of development and the processes used are different, yet largely there is an apparent convergence of the end product, in that the different methods eventually led to the much desired economic development. Central to these models is the entrepreneur, whether in the form of state centralized or diffused entrepreneurship.

6.2 HISTORICAL APPROACH OF CONCEPTUAL ENTREPRENEURSHIP MODEL

Entrepreneurship is clearly understood to be the most appropriate vehicle known and available for economic development. In poverty stricken countries in Africa and specifically South Africa and Gabon which are under study, economic development is imperative to bring about the necessary change. The review above seems to imply that the answer to Africa's problem does not lie in the duplication of other countries' economic models, rather there should be economic models tailor made to meet the circumstances and conditions that are ideal to the Gabonese and South African circumstances. Other authors, as alluded to in the preceding literature review, have drawn up entrepreneurial models, the table below present the historical approach model.

Table 6.1: Summaries of entrepreneurship models

Literature source	Model's key features Examines	Key variables	Value Added	Potential weaknesses
Miller and Friesen (1982)	environmental, information processing, structural and decision making variables	Scanning Concentration of authority Planning horizons Resources Control	Developed equations for entrepreneurial activity in conservative and innovative firms	Little acknowledgement of behavioral variables
Covin and Slevin (1991)	Focuses on organizational behavior with consideration of the context as well as the individual	External variables: industry lifecycle, technological sophistication Strategic variables: mission strategy, business practices, competitive tactics Internal variables: culture, resources Firm Performance	Consideration of performance	Only takes a behavioral view of entrepreneurship. Uses high-level variables
Cunningham and Lischeron (1981)	Entrepreneurship is a reiterative process and focuses on personal values, opportunity identification, planning and acting and reassessing change	Recognizing opportunity	Recognizes the need for feedback and the evaluation of self	No output variables stated in the model
Hornsby et al. (1993)	A model of corporate entrepreneurship which focuses on organizational and		Emphasis on the multidimensional and interactive nature of intrapreneurship	No evaluation of entire entrepreneurial process

Morris et al. (1994)	individual characteristics, the precipitating event, the decision to act entrepreneurially, An integrative model of entrepreneurial inputs and outcomes	Reassessing need for change Business feasibility Ability to overcome barriers Decision to act Entrepreneurially Precipitating event	Process perspective and the variable nature of entrepreneurship with innovation as a possible output of the entrepreneurial process	Over-simplification of procedures because they view entrepreneurship and innovation as a single process
Baum et al: (2001)	Focuses on traits, competitive strategies and the environment	Firms performance: value creation, new products, service or processes, profit/benefits, revenue growth Individual traits Management competencies	Categories the entrepreneurial characteristics into distinct divisions seeking to highlight complexity in the process	No evaluation of relationships between variables

Source: own construction

Elements of the first model above worth noting is the examination of the environment, information processing, structural and decision making variables (Hornsby *et al.* 1993). It is important to acknowledge entrepreneurs behavioral variables, that should lead to motivation of people prone or positioned to start businesses, whether by choice or by compulsion. Another approach to the entrepreneurship models was advanced by Covin and Slevin (1991). Their model illustrates the important elements that comprise of an organizational behavior with consideration of the context as well as the individual conducive environment that will allow for effective entrepreneurship. This model as suggested by Covin and Slevin (1991) and supported by Hornsby et al (1993) speaks of organizational behavior with consideration of the context as well as the individual. The two entrepreneurial models above are contrasted and compared

in Table 6.1.above. The most common features in both models are essentially, environment as well as the entrepreneur's behavior.

Many reason have been advanced relating to the failure rate of business start-ups, and Frank, Huyghebaert and D'espallier (2010:1043-1069) posit that 80% of all new start-ups fail within the first five years of the business.

The main causes of business failure are known to be as illustrated in table 6.2 below.

Table 6.2 Known causes of business failure

Under Capitalism	Poor understanding of business	Poor strategic planning for business
Getting into the wrong type of business	Lack of necessary industry skills	Selling on credit terms
Using capital for non essential assets	Regular shortages	Stocking wrong stock for customer,
Cultural practices	Lack of hard work,	Unethical behavior,
Poor control system,	Unchecked activities by competitors,	Lack of focus in type of business,
Bad management of finance	No clear objectives	Poor Customer services,

Source; Jowah (2011:11)

The belief that success is luck, or someone needs to be killed for your business to succeed is all fallacy, the reality of the matter is that there are several things that need to be done right and your business will most likely succeed. The summary of the causes of business failure as listed above is discussed herewith briefly below.

These are known causes that are controllable and could be avoided otherwise namely,

- a. Financial support
- b. Infrastructure
- c. Education
- d. Economic system

- e. Social support

6.3 WHY SOME ENTREPRENEURS FAIL

Entrepreneurs have power and to leaders in their communities. A successful entrepreneur has to be willing to take risks. Many never succeed in their business endeavors, may never recover financially after failing, or may get others discouraged by their failure. Consequently whilst governments may put up policies and support systems, some people, for fear of failure, may never want to go into business. Table 6.5 below illustrates the many possible causes of business failures.

Table 6.3 Possible causes of business failures

Under capitalization	Stock shortages
Poor understanding	Unnecessarily tying down capital
Poor strategic planning	Wrong stock or wrong products
Wrong types of businesses	Wrong pricing structure
Lack of skills in that industry	Lack of business cultural practices
Poor location of the business	Lack of hard work
Lack of management skills	Unethical behavior
Credit sales create cash flow problems	Poor control systems
Lack of focus	Competition
Poor Customer Service	Lack of clarity on business objectives

Source: Jowah, (2011:40)

The list tabulated above is not exhaustive but it guides on the known causes of business start-ups failures. It is assumed that the 20/80 rule applied in business start-ups is a result of many of these and possibly what has not been observed. The items are discussed briefly below.

Under capitalization: little money is made available for the start of the business. This may affect advertisements, stock levels resulting in poor service and low sales. The cash flow becomes bad. Often the money used for start-up is little and there is no financial backing if things go wrong.

Poor understanding: the business venture is not well understood by the entrepreneur, wrong decisions are made from the beginning. Sometimes no research results and proper data is available to the entrepreneur, this information is necessary

for good decision making. Many think they will survive by luck, and luck is a dividend (result) of sweat, the more you sweat the luckier you get.

Poor strategic planning: most business start-ups are not properly planned and have no proper strategic plans. The program is in the entrepreneur's head and not laid down, with no clearly defined objectives and map with proper budgets to help in the evaluation of performance of the business. If you want to succeed, you should have a business plan clearly written and reviewed at constant intervals. You also need to regularly update the plan.

Wrong types of businesses: some ventures are just not viable and entrepreneurs go in without adequate knowledge on the feasibility. Most entrepreneurs copy businesses they have seen elsewhere without enough knowledge of the problems and successes of the business. Many businesses are not the appropriate businesses for the community in which they are put. A pre-dominantly Seventh Day Adventist community may not be the right place to sell cigarettes, beer and pork for instance, A predominantly Hindu area may not be the correct place for a beef butchery because they are vegetarians or will not eat beef meat., etc.

Lack of skills in that industry: often there is little knowledge and experience of the industry into which people get into. Poor service or products will cause failure of the business where no experienced and skilled people are utilized to help in the business. The Entrepreneur must know the trade or have someone with the skills.

Poor location of the business: many businesses are located in wrong places. One of the 5 elements of the marketing mix is the location of your business. Many businesses are started in wrong places for the type of product and target market. A business in a wrong place will not have the customers needed, or the customers may never know about the business or simply find it too far to travel unless the product is indispensable. There are few such products that have no substitute or where others do not supply nearer the customer.

Lack of management skills: many new operations come from retrenched or unemployed people who are looking for a way to create employment for themselves. These people have no business management skills. The entrepreneur should always try to get the required managerial skills or employ and understudy someone with those skills.

Credit sales create cash flow problems: many new businesses do not have access to finance, and are forced to sell on credit. This creates a serious cash flow problem when they have to pay rent, employees, electricity, water and telephone bills

etc. The entrepreneur should keep in mind that in any business; cash is king. Avoid giving goods on credit, as most people never pay in time or never pay at all. This causes serious cash problems for the business.

Tying down capital in not very necessary assets: a typical example; over purchase of stock that may last much longer than is necessary. The capital is tied down in stock that will last for 6 months. Only one sixth of that may be sold to customers or used for production every month. This money could have been used elsewhere profitably.

Stock shortages: customers' feel comfortable coming to a shop full of stock where they can choose at free will. They want to get their requirements each time they come to the shop, they want to deal with successful businesses only.

Wrong stock or wrong products: the correct stock for the customers should be kept. Customers do not want to visit the shop regularly and not find what they are looking for, no matter the reason. They will shift their allegiance easily.

Wrong pricing structure: the competition and the target market pricing make or destroy a business. Firms may price themselves out of the market by either over charging or under charging.

Cultural practices which are not business like: a typical black person waits to be greeted by the customer [he came to me] thereby creating a very unfriendly atmosphere for customer relations. Other races [Indians] always greet their customers and make them feel welcome.

Lack of hard work: a lot of planning, re-planning, long hours and sacrifice of other activities is needed to be successful in new business ventures. Often new business owners think of their business as an 8 am - 5 pm type of business. New businesses call for a lot of research, re-strategizing, benchmarking and many other desk and operational activities.

Unethical behavior: short cuts often cut you short' Most beginners try to cut the corners to get rich quickly. Customers are extremely wary about suppliers who use unethical means to do business.

Poor control systems: there are generally too many losses in the business due to poor controls. Businesses lose out through pilferage, breakage, misuse of assets and general carelessness with the way the business is run.

Competition: new businesses may never be able to do better than the existing businesses in which case they may fail to attract support from the customers.

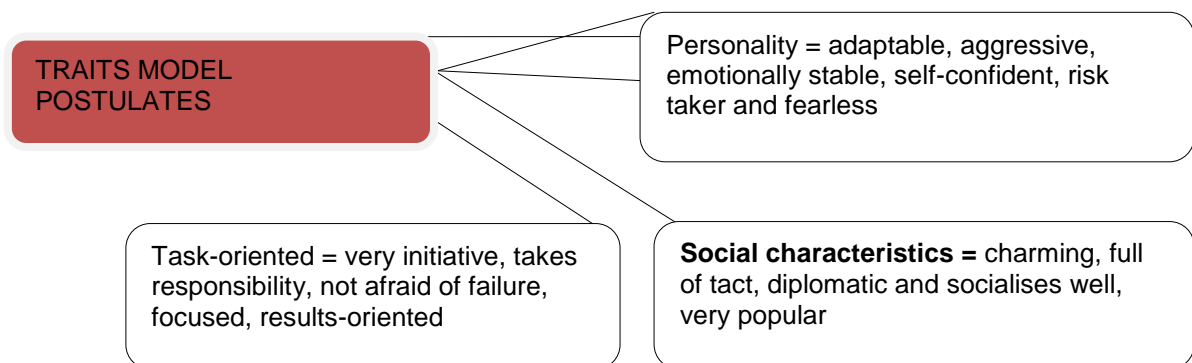
Lack of focus: many entrepreneurs have no focus, they will have so many start-ups or other activities that disturb their concentration on the business.

No clearly defined objectives or business direction: many new businesses have no set objectives and strategies intended to reach those objectives with specific achievement dates.

Poor Customer Service: generally the customer service quality in the country leaves a lot to be desired. There is the general practice amongst the business owners that they should be persuaded by the customers. This is dangerous for the new business. With no customers there is no business

There is a need to try to address these problems proactively, and whatever policies governments come up with, the policies need to be relevant to both the conditions under which the entrepreneurs find themselves as stated above.

Figure: 6.6 the traits model



Source; Own model

The figures 6.4 discuss the traits a true successful entrepreneur, should have in order to be successful. The figure has illustrated three important aspects of the trait makers; Personality, Task oriented and social characteristics

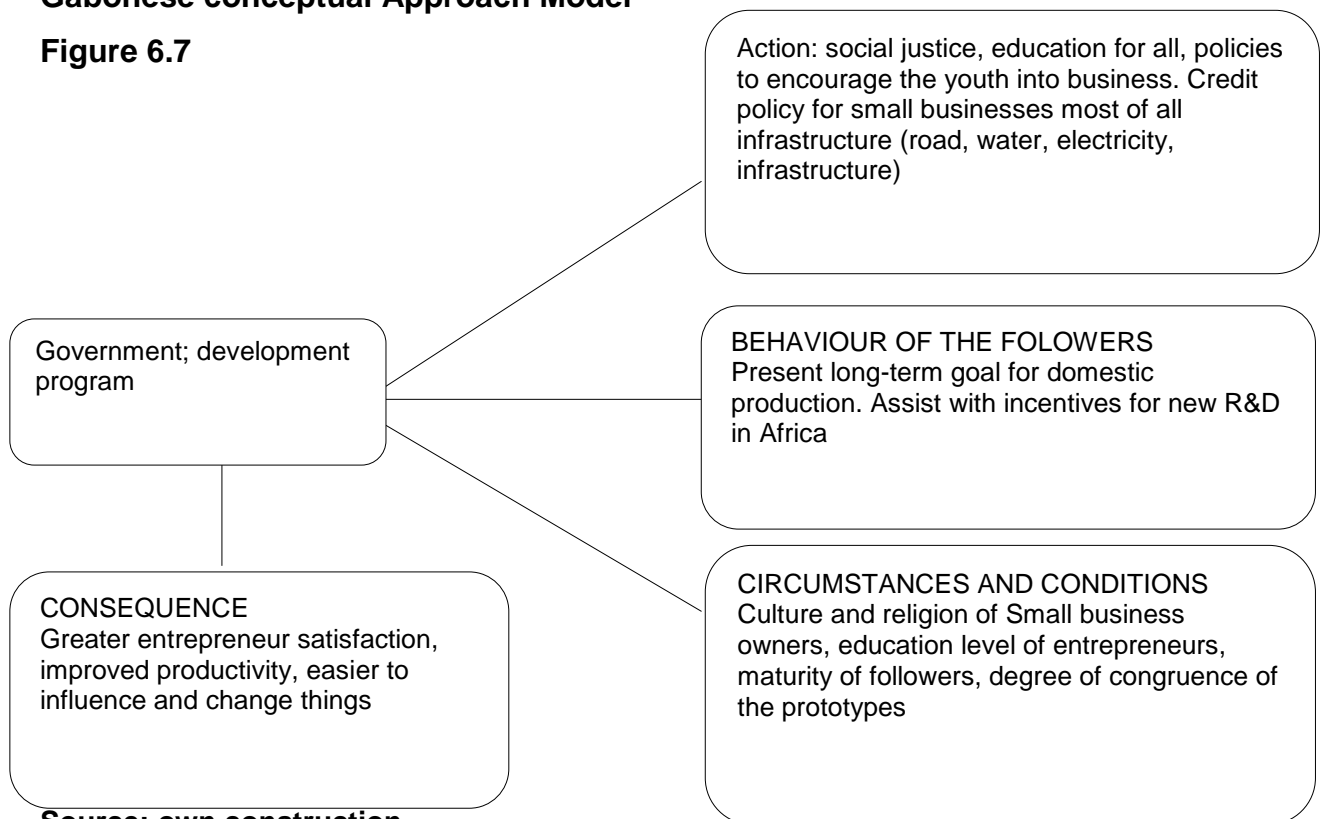
6.4 Purpose of constructing a new model

The central research question is "what critical core competencies are required for effective entrepreneurship development in Gabon and South Africa?" The theoretical point of departure, which deals with the uniqueness of entrepreneurship policy, as well as entrepreneurship educational system as informed by the respective government, absence of absolute power, and the demand on the entrepreneurs to be assisted in finance, infrastructure which play an important factor in the

entrepreneurship development. It is clear that the entrepreneurship phenomenon can be viewed from different angles; the eight groups above do not include all the theories. The grouped theories, as stated here, are comprehensive enough to give us an inclination as to what the other theories pronounce on. The growth of populations, change in the levels of information, the emergence of employee rights, increase in labour union activities, and increase in the type and levels of technology have all compounded the entrepreneurship environment. The new focus on followership to interpret effective policy and the implicit economic model and followership have changed the entrepreneurs and small business owner approach. The models in use to date have to be adjusted to be relevant to the current social dynamics. Drastic changes in the business environment, the current move towards economic development in countries have led to a need for a new definition of policy and strategy approach. This is evidenced by the current situation where there is no well accepted theory on good governance on the basis of which people may create stable business environment business models. The best approach would be presumably to take the best of the old theories and combine these with new philosophies with relevance to the diverse society we live in today. Cognizance should be taken of findings emanating from studies in psychology and sociology in relation to human behavior with special emphasis on putting together a proper infrastructure system as well as policy that can support entrepreneurship. The model under construction seeks to demonstrate that all the elements of economics are highly interdependent and inseparable. Specifically so for entrepreneurship activity, given the perplexity and nature of the discipline, the unprecedented demand necessitated by increase, and the empowerment of the population in place of traditional systems.

Gabonese conceptual Approach Model

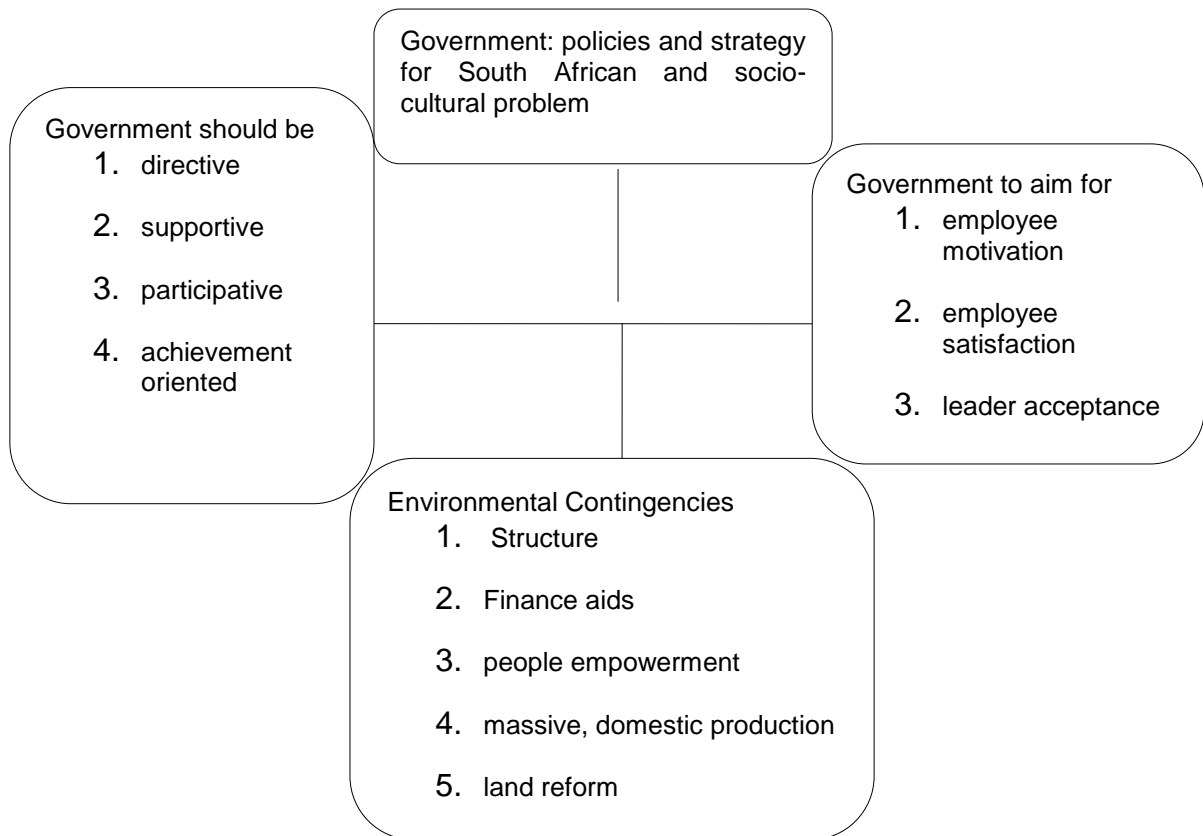
Figure 6.7



Source: own construction

Figure 6.4 presents the conceptual model which can be favorable for the Gabonese approach as far as the entrepreneurship development programme is concerned. study suggests that government should first look at the social aspect (social, justice, education, credit policy for SME/SMI without forgetting the most important aspect infrastructure, water and electricity). Furthermore, analyses the behavior of the follower by explaining their objectives in the short term and in the long term. This should be implemented based on the R&D in Gabon. Lastly but not least work on the circumstances that can be stumbling blocks in the process such as education, culture, religion and also setting the rules for good competitiveness amongst entrepreneurs. The result would be a great entrepreneur's satisfaction for a good business environment in Gabon. South Africa, on the other hand, has a different approach. Figure 6.6 illustrates.

Figure: 6.8: South African conceptual entrepreneurship model



Source: own construction

The South African conceptual approach of entrepreneurship model is more in coordination and work in correlation in order to have successful entrepreneurship development. Government should first direct, support, participate and properly explain their objectives so that all sector can be involve in the process. The policies and strategies should be implementing based on the previous approach and considering the country's socio-cultural problems. Last but not least, the environment contingencies have to be considered at some instances.

6.5 Theories to guide in new model construction

The unique nature of business-start-up/ foundational establishment brings untold levels of uncertainty and the entrepreneur needs to have high emotional intelligence as a primary requirement. The initial start up of the business needs an understanding of environmental factors to avoid conflict which is disastrous for any implementation process. The government and infrastructure are critical elements of effective entrepreneurship development thus a good working relationship needs to be nurtured between all the relevant parties to realize the importance of politics and political

alignment in grooming entrepreneurship. It is important therefore to highlight the factors that hinder the development of entrepreneurs and promote factors that fertilize and sprout entrepreneurship. The factors can be clustered into fifteen different groups. These are illustrated in table 6.4 below.

Table 6.4 Factors impacting on entrepreneurship development.

Factor	Impact
Resources (human)	Type of employees, the levels of maturity, the age, education, and prospects.
Resources (material)	A matrix structure causes an authority gap. Sourcing the materials through the departmental heads becomes a problem.
Diversity	Diversity at the workplace; different age groups, levels of education, races in the workforce in South Africa.
Technology in use	The use of technology and its effects on the number of employees, type of skills etc, and response from the unions.
Culture and practice	Internal culture, individual cultural differences, management of culture, ethno-centralism, self-hate amongst the disadvantaged, resentment and culture conflicts
Managerial competencies	Emotional intelligence, leadership styles, soft skills and planning abilities, knowledge areas, experience
Environment	Internal environment; support for entrepreneurs, preparedness for work, work ethics and remuneration
Information Gathering:	Source information from different support institution, coordinate the information and integrate the communication process.
Self Confidence	Belief in one's ability to manage is critical for effective leadership, it enable assertiveness and strengthens in the face of economic change
Conscience	Entrepreneurs needs to be able to identify pending problems, understand the feelings of the business environment, and communicate effectively.
Influence Skill.	Influence is the ability to make people support you, work gets done by people, and the people need to be influenced positively to be effective.
Political	Internal politics; control of resources, coalition, negotiation and compromises. External; legislation, consumerism, unionism, and laws governing operations.

Source, Own construction

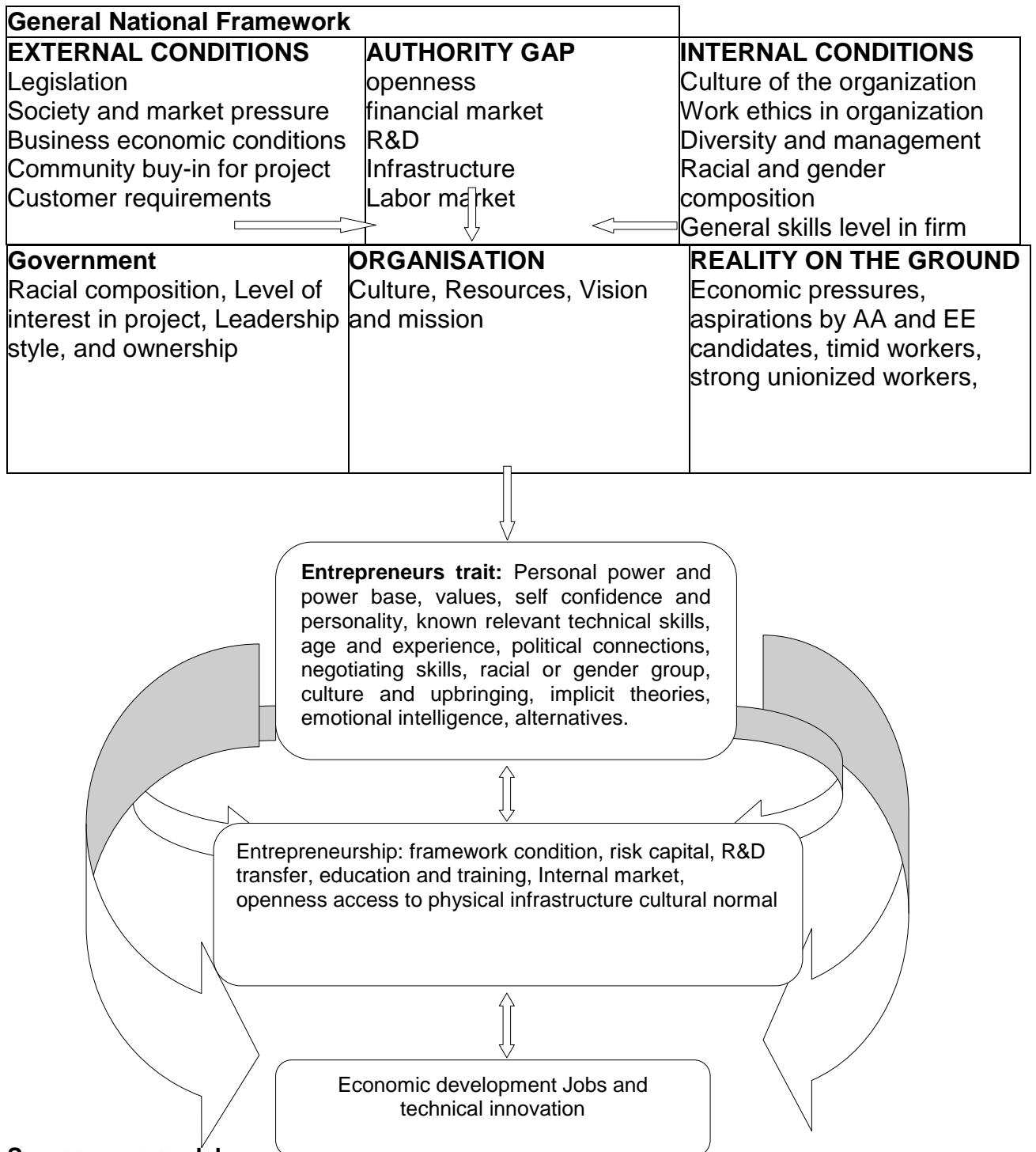
The new model is informed by the circumstances under which the entrepreneurs find themselves. The type of human resources in the business, their maturity levels, qualification, gender composition, congruency with the type of leadership and the nature of the product. There will be a relationship between the size of the business, the level of participation of the top management and the level of interest and involvement. The organizational structure and the location of the business in the

structure impacts on the type of power the business practitioner will have and, the type of power, given the competency of the entrepreneur will inform the leadership style within the business culture

The study has pushed its investigation further by proposing a conceptual model approach which can be useful for any country. The figure 6.7 overleaf demonstrates.

The new model proposed

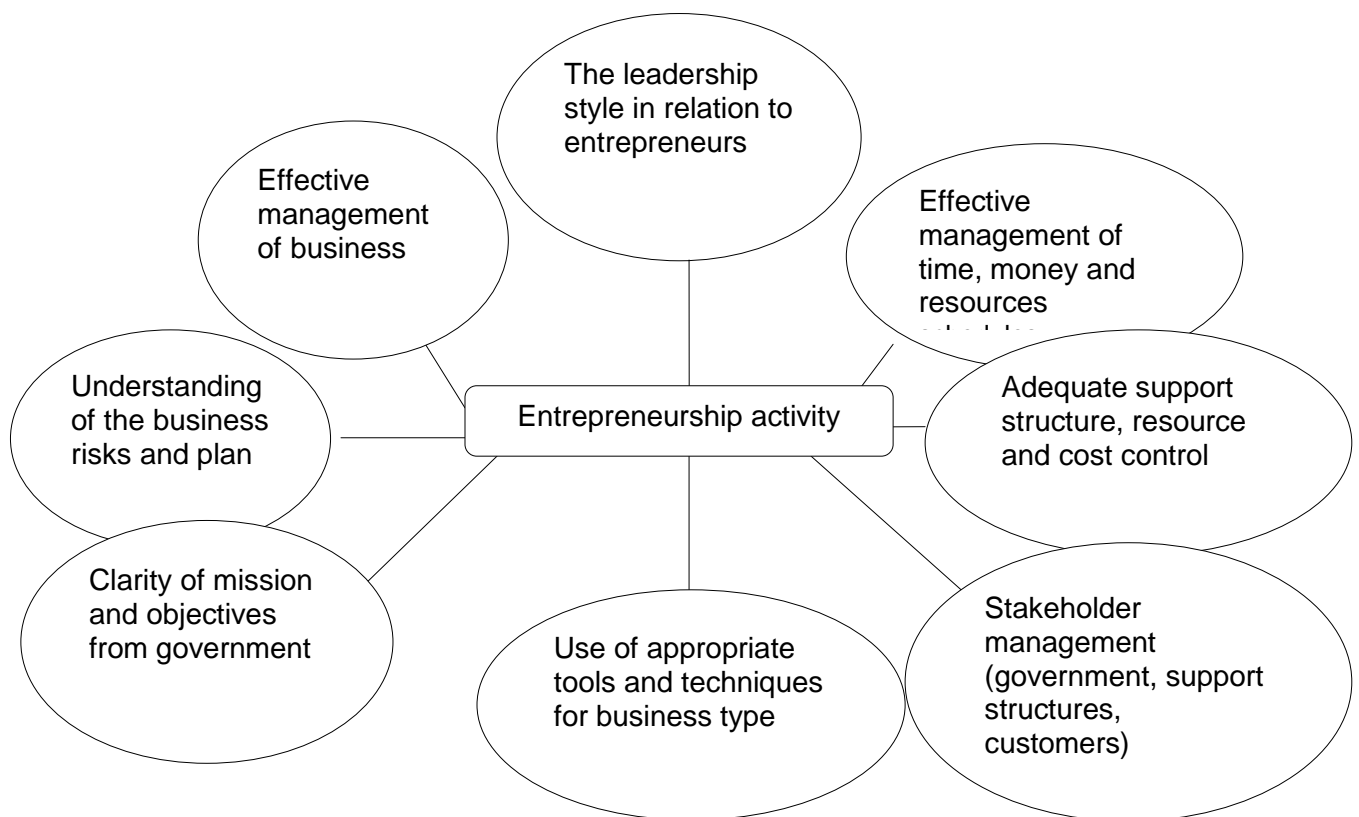
Figure 6.9 Model for entrepreneurship development



Source: own model

The conceptual model proposes as a template from other countries, is based on the developed, emerging and underdeveloped countries. The model is considering the internal and external condition joint to the authority gap all of that line up with government leader style, organization and the reality on the ground. Then converge to study entrepreneurs' trait in order to indentify personal power or power base on value, self confidence and personality. This will lead to good framework condition and economic development. The conceptual model cannot work alone, the study has complemented the model by pointing out some factor which influences entrepreneurship development. Figure 6.7 below illustrates.

FIGURE 6.10 Summary of factors that influence entrepreneurship development



Source: own construction

Entrepreneurship is the heart of the country economically; however there are many factors that have to be taken into consideration. Figure 6.8 present some of the factors which entrepreneurship cannot do without, starting from the leadership style. Then it clarifies of the mission and objectives of the government which has to create adequate support structures, resources and cost controls. An effective business management is essential as well as appropriate business tools and techniques for an effective entrepreneurship development.

Summary

It is of crucial importance that effective models be established as a guideline for entrepreneurs, but it is essential that the models be adapted to suit the needs of the entrepreneurs in their different vicinities. The following consideration should be given when following a particular model; the new model is informed/ structured by the circumstances under which the entrepreneurs find themselves. The type of human resources in the business, their maturity levels, qualification, gender composition, consideration of all the different social cultural factors play an important role within economic development.

The government of Gabon and South Africa should show wisdom in the implementation of rules, regulation and policy in order to have a better economy. The study has found that the conceptual model is not just implementable to a country, it has to look at variable factors in order to be successfully implemented. Gabon and South Africa have to look at its social and economic factors and learn from their peers, to obtain success with their economic model which will welcome the base of entrepreneurship development. The study has highlighted few conceptual models of entrepreneurship development based on Gabonese and South African lack of improvement in their economy, as well as entrepreneurship activities. The population can be seen as a potential asset as well as a big factor to improve entrepreneurship development. In the case of South Africa, government should improve infrastructure and the educational system as well as policy that welcomes innovation and new technology, stimulate mass production for the domestic as well as export markets. On the other hand Gabon has a small population. Government should improve in policy that helps small business to establish new market in sub-Saharan of Africa.

CHAPTER SEVEN

RESEARCH DESIGN AND METHODOLOGY

7. INTRODUCTION

"Research is a well organized and objective information gathering process intended to provide specific information, knowledge or data about specific occurrences, causal factors or relationships between variables or phenomenon" (Jowah, 2011:6). This is more of a systematic enquiry executed to establish fact or disapprove a standing notion.

Too often research design and research method are confused with each other and too often they are interchangeably used. It should be understood that a research design is the plan on how you intend do the research, but a research methodology is the methods used for the research (Jowah, 2011:66). A comparison is made below for the differences between these two phrases that are always confused or interchangeably used. Table below explains the difference.

Table 7.1 Difference between research design and research methodology

Research design	Research methodology
Answer to question; what is it?	Answers to how does it?
It looks at the complete product	It discuss how to reach to the product
It paints the complete picture	It appears in parts summing to the whole
Is one unit inseparable	Shows the detailed steps to be followed

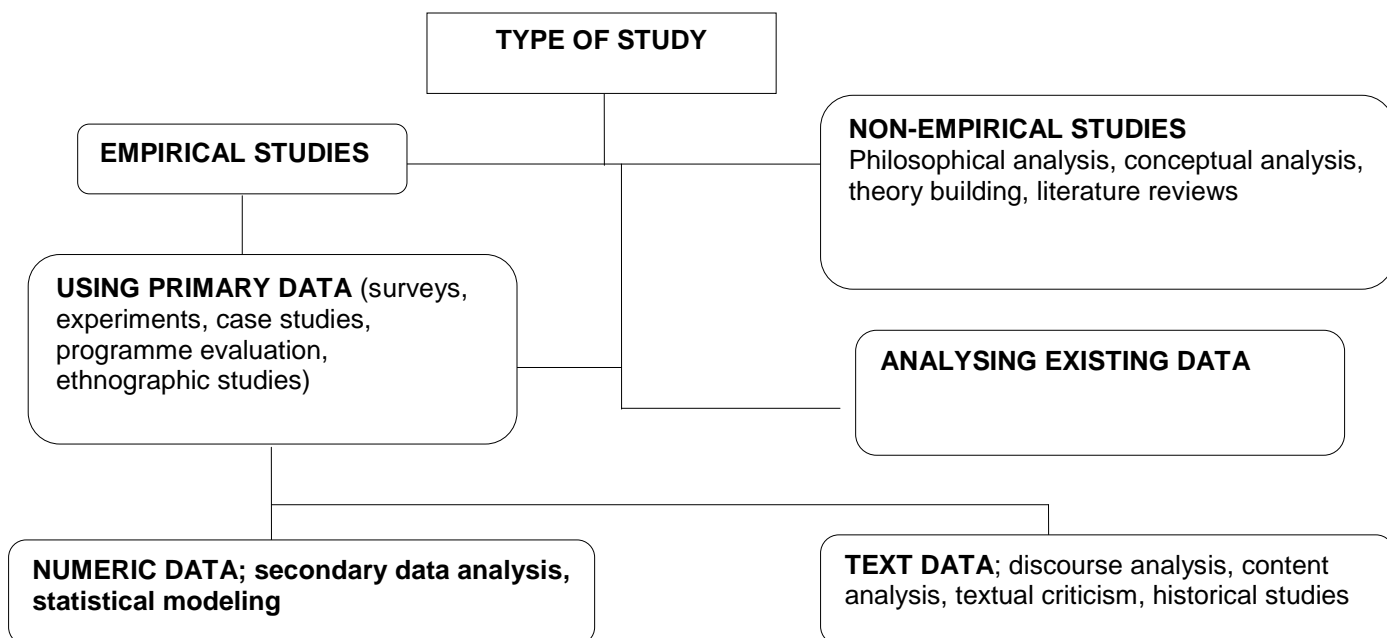
Source: Jowah (2011:66)

7.1 Research design

Research design is described as the framework or an action plan that gives direction on the steps and procedures that are required to see the study to its fruitful conclusion (Churchill, 2002:144). It is a plan by which the research participants are obtained and information collected from them (Welman, Kruger, Mitchell 2005:52). It describes what will be done with the participants in order to reach conclusions about the research problems (Welman *et al*, 2005:52). There are numerous definitions that have been advanced to explain the research design, and none of these encapsulates all the aspects of research design in one definition.

For the purposes of this study, "a research design is a plan or blueprint explaining how you intend to conduct the research" (Mouton,2008:55). The plan or design identifies the features or the visualized structure as envisaged by the researcher, just as the plan of the house will, it describes what is to be done in technical terms. The design provides information on the tasks, sample selection, sample size data collection method, instrumentation, procedures and ethical requirements (Blumberg, 2008:69).The research design helps in the planning and structuring of the research study in a way that may be financially viable, and still maximize the validity of the research results. It may be necessary to present the design types of research designs. Figure 2 below illustrates the different types of study.

Figure 7.1 A typology of research design types



Source: Mouton, 2008:57

A combination of the research design and the research method influences the outcomes of the research undertaking, meaning, there needs to be congruence between the design and the method to come up with valid findings. Since the research was largely descriptive, and partly exploratory, a combination of methods was used, which also influenced the choice of the design.

There are two major research designs from which a decision is made, these are; qualitative research and quantitative research. The decision was made to use a

combined approach given the nature of the questions that were asked, the kind of information that was required, and the research methods selected.

Qualitative research: commonly used to study the behavior of human beings and the reasons around the behavior. The research asked open ended (broad) questions that were used to synthesis the word-type data collected to help describe a population without quantifying the variables or establishing relationships. This research has made use of the method by designing the questionnaire sheet to tap into the core of this paper. It does not test fully the hypotheses and it's limited due to the sampling size that is often small and the subject matter restricted. This is ideal for exploratory research leading to future quantitative research.

Quantitative research: focuses on the quantitative properties of an empirical research to try and explain relationships of phenomenon. This method uses statistical methods, and can be correlational, experimental, or descriptive (survey). The method used was the descriptive survey method since there was a need to establish the existence of causal relationships between the variables under study, in other words the government role and policies in entrepreneurship development. Furthermore qualitative research mode is used in the study of groups, communities and organizations in this case the study refers survivor entrepreneurs, entrepreneurs and very small business owner. It is ideal for small groups where human behavior is to be understood and interpreted. Because of their nature, qualitative studies may be used mostly for case studies which do not fit into theories and hypothesis testing. Traditional qualitative research types will be historical research, a phenomenological approach, and qualitative methods. Historical researchers locate existing sources, in some of which authenticity is difficult to prove (newspapers, law reports)

Table 7.2 Comparison of quantitative and qualitative research methods

Quantitative [positivist approach]	Qualitative [anti-positivist]
1. Focus on observable behavior 2. Focus on universal relationship laws 3. Focus on causes of phenomenon 4. Uses the natural science model 5. Is aided by firm checks and balances 6. Emphasis measurement and analysis 7. have natural science built structures 8. Emphasizes causal relationships and the variables	1. Focus on laws of relationships 2. Focus on human experience 3. Focus on experience of phenomena 4. Uses the experiential model 5. Does not have firm checks and balances 6. Emphasize investigating processes 7. Have socially built nature of reality 8. Focuses on relationship of object to
9. Ideal for objective data with numbers 10. Uses rigidly structured methods 11. Tries to understand from outside 12. Needs a static environment 13. Uses of particularistic approach 14. Uses large samples	researcher 9. Uses subjective data from opinions 10. Uses flexible exploratory methods 11. Tries to be involved with subjects 12. Work with non-static realities 13. Uses holistic [wide data] approach 14. Samples are small

Source: Jowah (2011:21)

7.2 Research methodology

A research method is a means by which a research is executed, or a way of collecting information required for the ongoing survey, the "how" part of the research project (Jowah, 2011:66). Its processes are established with the intentions of providing knowledge relating to a phenomenon. Three methods are commonly used and these are; exploratory research (helps in the identification or definition of the problem and question), constructive research (helps with the testing of theories and suggestion of solutions to problems), and empirical research (which tests the feasibility by use of empirical tests). The differences between these methods may be very difficult to state, but there are instances where one or two methods may be more appropriate than the others. Another method that could be used, which fits in correctly with the intentions of the study is the descriptive research method. This research is primarily concerned with describing the current situation in entrepreneurship development, albeit based on opinions of the entrepreneurs at different levels and in different capacities. This method will enable the writing of a

written report on observations and the description of the phenomenon as experienced by entrepreneurs.

Research can be broadly classified into qualitative and quantitative, or pure and applied research. Some researchers posit that qualitative research is subjective and explorative, more as an insider's view of human behavior under study. It is believed to have no controls as the population is dynamic, changing with circumstances, conditions or locations. Small samples provide for a holistic understanding of phenomenon, but may not be easy to repeat with the same results. Qualitative research, though previously discounted because of its subjectivity, has become more regular and is accepted across the social sciences. Qualitative techniques lend themselves on to exploratory investigations which involve:

- in depth interviewing ,
- participants are observed first hand by the researcher,
- films, photographs and video tapes may be used,
- case studies can be used for in-depth contextual analysis, and
- document analysis to evaluate historical public records,

Together with the methods listed above, these methods may take the form of exploratory research, ex-post-facto research, correlation research, descriptive research, testing research, case studies, sociometric research, instrumental-nomological research or interpretative-theoretical research. Whilst this research is an academic exercise, it may be considered equally as qualifying as action research, such as this call for solutions to practical problems encountered by entrepreneurs. Many other modes are used for qualitative research methods, and the methods need to be relevant to both the type of study and type of information required. The findings can be implemented by way of training entrepreneurs in using the competencies necessary for effective development of entrepreneurship. This is essentially a problem-aimed research focusing on the effectiveness of government policies and support institutions established to aid entrepreneurs and small business owners. The outcome of the research may be implemented immediately by the respective governments and existing support institutions for the benefit of entrepreneurs and small business owners. In some sense, this research may require aspects of historical research to investigate previous findings on entrepreneurship development to enable the establishment of generalizations on what the possible cause of high

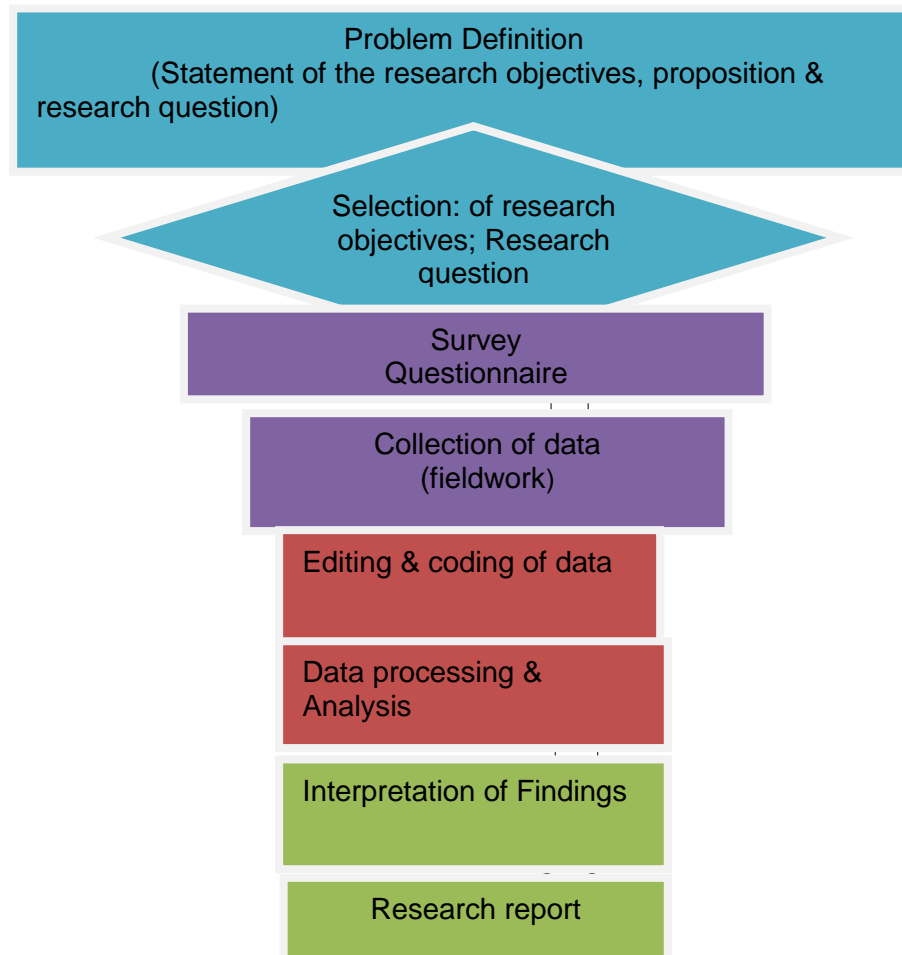
entrepreneurship failure may be. This aspect is deliberately included as the solution to the problem may be found in understanding the expectations to be adhered to without dwelling much on the past, which is not standard as it varies between entrepreneurs in Gabon and South Africa in this study.

7.3 Research process

The research process that was strategized around this study is shown in the figure below. A summary of all stages and process include:

- 1) Definition of the problem, statement of the research question.
- 2) Planning of the research design.
 - ✓ Planning the two group samples and specify the sample sizes.
 - ✓ Designing the survey questionnaire to be used.
 - ✓ Piloting the questionnaire to identifying the key spectrum that may differentiate the two countries policies approach.
 - ✓ Review the pilot results and adjust the questionnaire to ensure that the variables are adequately addressed. The questionnaire is easily understandable. Checking that the coding delivered the requirements of data collection.
- 3) Revision of the obtained results and editing of the questionnaire to ensure that the variables are not coupled but were adequately address to ensure cleaning, editing, recoding, analyzing and interpretation of data; and
- 4) Formulating of the findings and conclusion. Reporting of the findings See figure below

Figure 7.2 Research process



Source: Brown (2010:1:377)

Contemporary practice in many surveys is to use both quantitative and qualitative research simultaneously to complement each other. Quantitative research focuses on quantifiable objective data based on a hypothesis to be proved. The population under study may be controllable and set standards that can be used to measure the correctness of the findings. With quantitative research, a lot of emphasis is put on the reliability and validity of the results. Using the other classification method, pure research does not have practical application beyond adding on to existing knowledge. In contrast, applied research is problem-focused and is used to solve known and existing problems by trying to identify causal factors, the relationships, or solutions to existing phenomenon.

7.4 Objectives of the research study

The primary objectives of this study derive from the purpose for which this subject was conducted: to understand the role of government in the development of entrepreneurship in Gabon and South Africa; To find out the different approaches used by both governments; Their successes and failures, and the new effective approaches being used; Further more to determine if the policies and institutions set up by the respective governments are achieving the goals and objectives they were established to accomplish.

7.5 Primary objective

The primary objective of this research is to examine the effectiveness of existing government policies and institutions set up to boost entrepreneurship development, to determine if the role being played by the respective governments are successful or lacking. To achieve this primary objective the following secondary objectives will constitute part of the study.

7.6 Secondary objectives

- To establish, through research, the generic roles, action needed by government for effective development of entrepreneurship.
- To establish through the survey indispensable, critical core policies needed by the respective governments for the increase of entrepreneurs.
- To formulate strategies for implementation by entrepreneurs.

7.7 The research questions

The following research questions are derived from the preceding literature and problem statement.

- What role does the government play in entrepreneurship development?
- Are existing policies aimed at boosting entrepreneurship achieving its primary objective?
- Are the support structures established to aid entrepreneurs and small business owners achieving expected goals and objectives?

- Are entrepreneurs and small business owners aware and making use of the incentives put in place by government for their aid?

7.8 The research hypothesis

A hypothesis is a tentative assumption of a relationship or relationships between two or more examinable variables. This assumption is to be put into a format that lends itself to statistical testing by measuring the relationship between the variables. The following hypotheses are based on information from the preceding literature review. There are three (3) sets of directional hypotheses discussed below.

7.9 First set of hypotheses:

H1. Despite entrepreneurship development policies, the level of entrepreneurship remains low in the two countries (Gabon and South Africa)

H1.2. There is a disjuncture between government policies and political rhetoric and the situation on the ground.

H1.2 there are policies set up by the respective governments to develop entrepreneurs.

H1.3 The respective government's place immense importance on the value of entrepreneurs in the increase of economic growth.

H1.4 There is policy and institution established by the respective governments to harness and boost entrepreneurship.

H1.5 There is professionalism, efficiency and competency in the institutions set up by the respective governments to support entrepreneurs

H1.6 There are sufficient funds set up by the respective governments to support entrepreneurship development

H1.7 Funds set up for entrepreneurship development is utilized to the maximum.

7.10 Second set of hypotheses:

H2.1 Government policies and support institutions that aid entrepreneurs and prospective entrepreneurs are proficient.

H2.2 There is effective filtration of information on policies.

7.11 Third set of hypotheses:

H3.1 all entrepreneurs and prospective entrepreneurs have easy access to gain

Information on government policies concerning entrepreneurship.

H3.2 Support structures and established institutions for entrepreneurship development is easy to access.

A focus group was used in the preliminary stages to assist with opinions, attitudes which help in the construction of the research instrument, the questionnaire. The decision on the research methods to be used led to the choice of the research design.

7.12 Methods used for literature review

Accredited scholars who have published their works in journals, textbooks, conferences papers and doctoral thesis comprised the source for the literature review. From these publications ideas, information, data, and valuable inputs were sourced which helped in the formulation of the research questions and in the writing of the literature review section of the thesis (Blumberg, 2008:86). Admittedly, some publications contradicted each other and created more research questions and opportunities for further studies. The review of the literature helped largely in establishing the context of the problem and topic, understanding the structure of the problem, clarifying the variables, understanding different theories applied to the problem, and informed on which research designs were best suited to provide a valid understanding of the strategic issues around effective project leadership.

7.13 The survey

Kypri, Gallagher and Cashell-Smith (2004:45 - 53) recommend the use of surveys as the most effective way to collect data and information in social sciences. The study was conducted using the survey method, using an instrument (questionnaire) and the data was collected from randomly selected entrepreneurs and business men and women. The use of the survey method was based on the theory that samples from the population, if correctly chosen, will provide the same information as can be provided by a census. The survey method was considered ideal for various reasons, namely.

- Engage directly the entrepreneurs who experience the effects of government policies.
- Understand directly from entrepreneurs what their limitations in establishing their business are.

- Understand the challenges that entrepreneurs and small business owners face in the establishment of their business.
- Ensure the completion of the information gathering instrument
- Increase on the response rates by use of confidentiality clause in the questionnaire.
- Survey method allows many variables and hypothesis to be tested

7.14 Characteristics of the population

Population consists of all the elements that have the chance of being sampled to take part in the study, (Churchill, 2002:630). The population under survey was that of entrepreneurs or Small business owners that are directly affected by the said policies. The population was limited to the geographical borders of South Africa and Gabon as the study aimed to draw a comparative study between the two countries. On a global scale, the study has pointed out many factors that influence entrepreneurship such as, education, cultural, political as well as economic differences, and has addressed how policies can affect the development of entrepreneurship.

7.15 Target Population

Babbie and Mouton (2001:232) propose two reasons in favours of the survey research method. The first is survey research, which they claim is the best method available to social scientists interested in collecting original data to describe a population that is measure attitudes and orientation in the large population or sample composition. The second is that the survey method helps to obtain a better representation of the population; a good number within the sample is required to allow for less sampling errors (Roberts, 2004:135). Determination and description of the population to be studied is the first step in the implementation of the research design. Population is defined differently in the research literature and in Statistics in general. Mason and Lind (1996:8) define the population as a collection of all possible individuals, objects, or measurements of interest. This is the aggregate of all the elements with the same characteristics which together comprise the universe for which relationships are to be drawn. It is common in the majority of the research not to include the entire population in the study, particularly where the population is large. As such, a sample will need to be used (Maree, 2008:172). In this study the South

African sample was accessed from Cape Town and Johannesburg and the Gabonese sample from Libreville and Port-gentil. In order to obtain the largest possible sample, social network and hand-over questionnaire was the strategy used for the study. As such the use of the sampling technique leads to the possibility of clear definition of the sampling frame. The area and extent of the spread of the population was deliberately allowed; a wide spread to provide reliable information on the development of entrepreneurship and the role the government and support structures were playing. The population in the respective countries was understood in terms of the different types of entrepreneurs, business men and women, their diverse nature (race, gender and level of education). The researcher considered the population under study to be appropriate for the purposes of this research considering the research design that was chosen.

7.16 Sampling

A sample is a small representative portion of the whole population which is studied to make inferences on the whole population. Unlike the census, sampling takes and studies a small portion of the population and make conclusions or generalisations based on observations from the sample. Furthermore, to the conclusion or findings, beyond that of the sample, need to be made cautiously as findings might not have been found to the extent beyond the specific sample: To establish what role the government plays, and what policies and support structures they have established in assisting entrepreneurial activities in South Africa and Gabon, in the following areas: obtaining financial aids, assistance in getting information, policies and regulation in place to guide entrepreneurship start-up the 300 questionnaires were handed to entrepreneurs in South Africa and Gabon, 150 each respectively. The geographical areas were in South Africa: Cape Town Metropolitan, Cape Flats, Khayelitsha, Johannesburg and Libreville and Port-Gentil the political and economic capital of Gabon.

Curtis and Drennan (2013: 131). The study sample comprise of three hundred (300) participants from different sectors. Entrepreneurs were engaged to participate in the survey within the geographical areas Cape Town, Johannesburg, Libreville and Port Gentil. Probability and non probability sampling tools are used in the research study. The probability sampling tool ensure every number of the sample has the same chances of being chosen contrary to non probability sampling where there is a higher percentage of a portion of the sampling population being chosen even though it is

unknown, more than others (Galloway,1997:1). Generally, five significant types of sampling tools are at hand. This are listed as

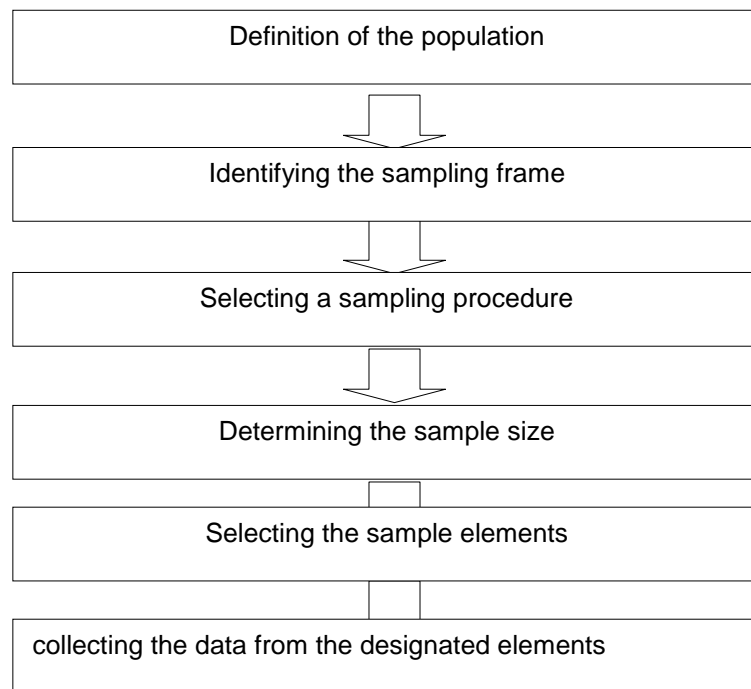
1. Multistage cluster sampling
2. Stratified sampling
3. Random route sampling
4. Systematic sampling
5. Random sampling

Each of the above can be chosen in the research base on the route you map your study. The researcher chose utilized random probability tool to conduct the study. The researcher categorized the sample based on their experience knowledge and background in business. The research identified its sampling frame (Cape Town, Johannesburg, Libreville and Port-Gentil) and opted for simple sampling as it proved to be a convenient tool for the research study.

The chosen districts were commercial centers where there are higher concentration of entrepreneurs and small businesses.

A sampling method was used to select entrepreneurs that are most affect by government policies. This was done to give the most disadvantaged survivalist entrepreneurs an opportunity to express the affect of entrepreneurship policies on their growth. We sample for many reasons, some of which are: to limit the destructive nature of certain tests. It may be physically impossible to study every item in the population as the cost may be prohibitive. It may take too much time before the results are known (Mason and Lind, 1996:296). However, a correctly chosen representative sample will adequately provide the necessary information for the purposes of decision making. Churchill Jr (1995:575) proposed that sampling passes through six steps: definition of the population, identifying the sampling frame, selecting a sampling procedure, determining the sample size, selecting the sample elements, and collecting the data from the designated elements. The steps are illustrated below:

Figure 7.3 the six-step procedure for drawing a sample



(Source: Adapted from Churchill & Lacobucci 2002:449)

Step 1: define the population - the population was defined as all entrepreneurs and small businesses in Gabon and South Africa, who are affected directly by respective government policies and the existing institutions put in place to support them. Entrepreneurs should be able to understand the roles the institutions play for the success of government objectives, and what is required for effective entrepreneurship development in both countries.

Step 2: identify the sampling frame - the sample frame is the list of all elements from which the actual sample will be drawn. In this study the sample frame comprised the list of individuals who qualify for the sampling. These are Survivalist entrepreneurs, micro entrepreneurs, business owners, government worker as well as private sector workers.

Step 3: select a sampling procedure - the sampling procedure used was a mixture of convenience and probability random sampling. The questionnaire was given to randomly select entrepreneurs, micro entrepreneurs, small business owners and government workers who either worked in the support institutions or aided government with the development of entrepreneurship.

Step 4: determine the sample size - Burns and Bush (2000:423) suggest five possible approaches that can be used to determine the ideal size for a research sample. These are; the arbitrary approach, conventional approach, the cost basis

approach, statistical analysis approach, and confidence approach. The population variance of the entrepreneurs, small business owners as well as workers in the support structures were not known, and none of the above approaches was used exclusively. The approach used had more to do with convenience and judgment, but it met the requirements of the rest of the suggested approaches. The size of the sample was arbitrary, based on the availability of small business owners as well as workers in the support structures. The sample comprises of three hundred (300) participants from different sectors, there was no mathematical formula used to decide on the size of the sample. Advantage was taken of the availability of interviewers who offered to assist by collecting data from their work places.

Step 5: select the sample elements - these are essentially the properties of the sample, which in this case were identified as entrepreneurs, small business owners as well as workers in the support structures. Such people were able to tell the impact of the policies and support structures established to aid entrepreneurship development.

Step 6: collect the data from the designated elements - the data was collected from the elements by use of structured questionnaires with sections of open ended questions to be answered by the respondents.

7.17 Different methods of sampling

The data was obtained via a three sectioned questionnaire compiled to ascertain the role played by government, through policies and regulations of Gabon and South Africa, experienced by survivalist entrepreneurs, micro entrepreneurs, business owners, government worker as well as private sector workers

7.18 The sampling frame

The sampling frame were entrepreneurs involved in various range of services from selling chicken on the street, making and selling tracksuits , making clothes , selling house-hold product, repairing audio equipment, producing woven goods, selling furniture, providing transport, removing rubble etc. All entrepreneurs approached showed a willingness to assist the research underhand, for the potential and ability to grow their business with assistance from the government policies needed. The research focused on the effectiveness of these policies on entrepreneurial activities in Gabon and South Africa.

7.19 Sample-research-fit for the study

The interviewees for this research had to be people who fit in correctly with the definition of entrepreneurs and small business owners and workers of support structures who experience the effects of government policies on entrepreneurship on a daily basis. The use of the biography in the questionnaire was intended to help in the screening out of any such respondents who may not fit correctly into categories listed above. The research instrument was designed specifically to select and analyse data exclusively from entrepreneurs and small business owners.

7.20 Measuring Instrument

The instrument used for the process was the questionnaire. This instrument passed through certain stages during its construction. Initially (before the construction started) the researcher listed reviews of alternative questions based on the literature review conducted. The research problem has identified earlier and the purpose of the study. Using the guide by Burns and Bush (2003:347), the researcher identified and determined the objectives for the study, decided on the data collection methods, started the development and evaluation of the questions, had a pre-test with a few prospective interviewees, adjusted the questions as was deemed necessary, asked for the opinion of a statistician, and started gathering the data required. For the sake of uniformity in the questions, two languages (English and French) was used, as two languages are the official business languages in the respective countries.

7.21 Pre-testing of the questionnaire

To improve on ease of administration, improve reliability and validity, the questionnaire was pretested at in Cape Town and Libreville. This pre-testing was also done with the understanding that a well constructed and relevant questionnaire will improve the response rate for the survey. Zikmund (2003:215) posited that proper attention to structure, design and format of both the questions and the questionnaire itself improved the response rate. Comments received from the practitioners from the pre-testing sample were incorporated into the questionnaire. These suggestions from the entrepreneurs and small business owners together with assistance from the statistician and the supervisors were built into the final questionnaires sent out. The revised instrument therefore improved the acceptability, reliability, and validity of the proposal.

7.22 The reliability of instrument used

Reliability is the ability of the instrument to solicit the same answer from the same person if asked differently. It has to do with the clarity of the questions asked and their relevance to the study objectives. If the instrument is not reliable, it may be because the questions are understood differently by people with the same feelings or opinions, meaning therefore that the information gathered by the use of this instrument cannot be reliable. Simply put, any measuring procedure must yield the same results when the trials are repeated. To improve on the reliability of the instrument, the Likert scale was used with a scoring procedure on 5 whole numbers starting from the least to the most agreeable.

7.23 Instrument validity

Validity is the accuracy of the instrument. An instrument can be reliable but not valid for the purpose. Validity is about the exactness or truthfulness of the response to the question. In the same measure, a valid instrument should be relevant to the study objectives, and should also be in such a way as to extract the truth. The validity of an instrument then is measured by whether or not the measure accomplishes its claims (Blumberg, 2008:313). There are two types of validity (internal and external validity) and each type of validity has its own threats that must be guarded against. Special effort was put to pre-empt any possible validity problems resultant from the way the questionnaire was constructed. The questions were short to the point and relevant to the purpose of the study. All leading questions, ambiguous questions, and any forms of bias were removed from the questionnaires before they were administered. This assisted in improving the validity of the instrument, and thence the data collected is believed to be valid.

7.24 The Research Instrument Design

In a quantitative study the first step should be to identify and define research questions which are testable theoretically and empirically (Garratt and Li, 2005:200). These questions were designed in a way that made it easy for both the researcher and the respondents to understand each other (Saunders *et al.* 2007:356). All double-meaning or ambiguous questions were corrected to bring the necessary clarity for easy communication and systematic classification for analytical purposes. Colton and Covert (2007:30) propose that the questionnaire should request for

information that will be amenable to organizing in a logical, consistent and replicable manner to improve reliability and validity. The questionnaire in this study measures the effectiveness of the existing government policies on entrepreneurship and of the competencies/helpfulness of the support structures set up to aid entrepreneurs and small business owners.

7.25 Data Collection

Steyn, Smit, Du Toit and Strashem (2007:3) posit that data collection is not a big problem if the plan is properly drawn. The main instrument for collection of data was a questionnaire that was specifically designed by the researcher for purposes of collecting data for the current study. The study sample comprised of three hundred (300) participants from different sectors. Entrepreneurs were engaged to participate in the survey. Questionnaire design is an integral part of the research process since it is the instrument by which the data is generated (Maree 2007:158). The decision to conduct a questionnaire survey should: Ensure clarity of concepts, variables involved and the relationships being investigated, (Welman, et al 2005:174). It is the culmination of a careful process of thought and discussion involving consideration of all possible techniques

7.26 Ethical Considerations

Ethical behavior is important in any research particularly when it involves human subjects. The principles underlying research ethics are universal and concern such issues as honesty and respect for rights of individuals (Welman, et al 2005:181). The questionnaire clearly stated, and it was emphasized during the training that responding to the questions was a voluntary exercise, and no one was under any obligation. Further to that, no names, or names of companies, or any form of identifications were allowed to be put on the questionnaires. In the initial stages of the preparation of the questionnaire, the Ethics Committee of the university had evaluated the questionnaire of this study for ethical purposes of the survey were clearly stated.

The general principle usually involved in codes of research ethics are:

- Firstly, that no harm should befall the research subjects.
- Secondly, those subjects should take part freely, based on informed consent.

Welman (2005:181) revealed that ethical considerations come into play at three stages of a research project, namely,

- When participants are recruited,
- During the intervention and/or the measurement procedure to which they are subjected,
- In the release of the results obtained

The researcher followed Welman, (2005:181) advice on being ethical in carrying out the researcher study and in the process ensured that:

- The respondents permission to participate in the study was obtained and an explanation of why the study was being conducted clearly indicated on the top of each questionnaire administered
- The information provided by the respondent was not divulged to anybody else but was used only for this research. The respondents were not requested to include their names in the questionnaire.
- The findings from the study were for academic purposes and would not be made public.

The questioners developed exist out of an open ended question list and three closed question lists. The open ended question list was developed as a lead in the conversation with the entrepreneur. Some questions were specifically geared towards South African respondents, as policies differ in the respective countries. It was noted that South Africa had more detailed policies on entrepreneurship and as such had more questions posed to their respondents on its effectiveness

7.27 Data analysis and interpretation

Data analysis refers to a process of filtering information from one's primary and secondary sources of information, as conceived by Brynard and Hanekom (2005). The process of filtering the information includes discarding all irrelevant information and leaving only the facts, then finally converting the facts into research data through explaining how these facts relate to the research, and what they mean to the research problem with regards to how they aid in solving it. Once data has been

collected, something has to be done with it so as to turn it into useful information, (Hofstee, 2006:116).

Data analysis investigates variables as well as their effect, relationships and patterns of involvement with the Gabonese and South Africa environment (Welman, et al 2005:211). Data should therefore be analyzed in a manner to ensure that the research questions and hypothesis are addressed to ensure the research objectives are achieved, (Anderson, Sweeney and Williams 2001:97). An interpretive approach of analyzing qualitative data, as perceived by Naris (2009:14) will be employed. The data that will be collected through a quantitative research will be represented by number and analyzed statistically by using the statistical package for social sciences (SPSS) programme. The purpose of coding is to analyze and make sense of the collected data (Welman, et al 2005:211). The researcher further derived the meaning from the data through the use of descriptive statistics such as "means", percentages and multiple regression analysis in determining the relationship between dependent and independent variables.

Data preparation procedures: when the data was collected, it was immediately prepared in order to correct any possible inaccuracies on the questionnaires, to identify illegible, incomplete or ambiguous responses, and provide data that the computer can read. The preparation involved three stages. These were, editing, coding and classification of the data. This was done to ensure that the questionnaires complied with the criteria for the collection of research-worthy data. Coding is a technical process in which the responses from the respondents are given symbols to represent the response. A coding manual was created and codes were given to the responses / questionnaires, post-coding. Classification; the data was classified to show the basic information with the key research questions according to the characteristics.

The following nine steps were followed during data processing, validation, editing, coding, data entry, data cleaning, data description, inferential statistics, and the writing of the report. Below is the detail of what was done during the nine steps in data preparation.

Validation: the process of determining if a research survey were conducted correctly, with professionalism and courtesy without any unethical methods or

fraudulent behavior. Here you try to determine that everyone given a question has the liberty to answer with no interference:

- Did the respondent qualify to be surveyed?
- Did the questionnaire cover the whole survey?
- Was the entrepreneur/small business owner courteous?
- Was the entrepreneur/ small business owner actually given the questionnaire ?

Editing: The process of checking on the raw data for writing mistakes, for incomplete questionnaires, etc. These problems may be caused by the interviewer or the respondent. The editing process involved manual checking for numerous other possible problems like;

- ◆ check if the interviewer did not ask or record certain questions
- ◆ check closed to see if skip questions were observed
- ◆ check on the responses to open-ended questions

The editing process is divisible into two types, i.e. Field Editing and Central Editing. Field editing checked on the work and the questionnaires. These questions were asked;

1. does it comply with screening requirements?
2. did they comply with skip instructions?
3. compliance with individual question instructions?
4. is the questionnaire completely filled in?
5. are the answers eligible enough for the reader?
6. is there any constancy in the answering of the questions?
7. use of unfamiliar language or words or symbols?

Coding: The process of assigning a code or symbol to a question on the questionnaire to change the respondents' answers to symbols or numbers that can be read and analyzed by the statistical tool.

Data entry: The direct putting of coded data into a software package which will allow the analyst or statistician to transform the raw data into useful information. The SPSS package was used for the purpose. All the questionnaires were paper based and had to be transferred into electronic format readable by a statistical software package (SPSS). This involved direct entry of validated, edited and coded data into an ideal software package.

Data cleaning: After data was entered into the computer before analysis, another checking mechanism was employed to check if data was not wrongly entered. The data cleaning concept helps you remove any errors before you start the analysis stage. The following items were checked for:

- ❖ number of respondents to match the number of the questionnaires received and data captured
- ❖ checked for compliance on the eligibility of the respondents
- ❖ marking clearly the intended answer without marking more than one item from the Likert scale used

7.28 Data verification methods

Paul Hague (2002:37) refers to verification as "concerned with establishing whether a research plan is fully translated into practice and may require the working practices to build in various types of checking" What Exactly Did Verification Do? Verification helped with checking:

- a) the research design against the objectives
- b) the questionnaire against the information coverage
- c) interviews carried out as the design intended

Data verification can be done in four different ways; by re-entering the data, by use of a database structure, or a data entry form design, or use of the output analysis. Two methods were used in the data verification process, the data re-entry and the output analysis method.

Re-entry of data - the intelligent data entry system is programmed to take only the codes that have been recorded in the software package. Thus when wrong codes are entered the computer rejects them because it does not recognize them. To correct this, data will be re-entered.

Output analysis - after the analysis of the research information was done, the researcher checked for compliance of results to establish effectiveness of government policies and their support structures.

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7.29 Questionnaire

In this survey, questionnaires were used for data collection. Questionnaires are the most commonly used instruments consisting of printed lists of questions or statements which respondents are requested to respond to. The effectiveness of the questionnaire lies in planning and ensuring that data can be analyzed objectively (Melville and Goddard, 1996:43). Boynton (2004:1312-1315) explains that information about people's knowledge, beliefs, attitudes and behavior can easily be obtained by using a questionnaire. It can be used as a sole research instrument such as in a cross section survey. Questionnaires make it possible and easy to handle and interpret a large scale of data in standardized format (Brace, 2004:2). A self-administered questionnaire was used to collect data for this research. In complementary line, (Badenhorst, 2008:127) observes that questions stimulate thoughts, define tasks, convey problems and identify issues, they help give direction to thinking, therefore the better the quality of the questions, the better the quality of thinking. The author concludes with the suggestion that ultimately, research is about asking questions.

Welman, *et al.* (2005:174) went on to explain that when designing a questionnaire, the researcher should look out for previous research on the topic or related topics and make questionnaires from the previous part of the input into the current questionnaire design process. Self-administered questionnaires were distributed to respondents to complete and return as means to obtain their opinion on the focused area. Closed-ended questions were used because it takes less time for the interviewer, the participants and the researcher. By using the questionnaires it is possible to cut down on the volume of irrelevant information gathered and the replication potential of survey increases (Campell and Russo, 2001:166). It is less expensive and has a high response rate. The questionnaire is sectioned in the following order, first section, and biography of respondents. The second section address entrepreneurship policies and the approach used by the respective governments, and the third is based on the different steps involved in obtaining finance, information and training as well as the institutions where entrepreneurs can obtain help.

The questionnaire used to capture the information provided by the entrepreneurs was a carefully constructed questionnaire used to obtain data which could be analyzed at a later stage. Flick (2011:11) notes that the questions presented to every participant

of a study is in an identical way either written or orally. The participants are asked to respond to these questions mostly by giving them a limited number of alternatives.

The same questions were posed to each of the entrepreneurs in the same sequence so as to ensure uniformity. The most enquiries included in the section of the questionnaire were about government assistance and availability of resources for all types of entrepreneurs in Gabon and South Africa. Respondents tend to respond more readily when the process of completing a questionnaire is user friendly, quick and simple to complete, ensuring their anonymity. Survey design is an art. Common sense prevailed in the questionnaire design in that caution was taken; it excludes poorly phrased questions as well as questions where the answers to which would have added little value to the research.

The questionnaires were distributed randomly. Due to the nature of our target population their education and background as well as occupation, it was not possible to collect all the questionnaire handed out as some respondents decided to either keep the questionnaire or complete it at all, due to this a higher volume of questionnaires had to be handed out to make the target of 300 than was originally planned.

Leedy and Ormrod (2005: 185) published that the response rate was initially very poor and it proved difficult to get the required 300 respondents to complete questionnaires for both countries. This process was very time consuming with limited resources. The task was very challenging in both countries. In some cases the respondents asked to be remunerated for the time they took to complete the questionnaire. This trait was mostly picked up with survivalist entrepreneurs.

The research adopted the Likert scale approach to evaluate the impact of policies in entrepreneurial development. Likert scaling varying from Strongly Agree, Agree, Neutral, Disagree and Strongly Disagree was utilized and 150 questionnaire were issued to entrepreneurs in Gabon (Libreville and Port-gentil) and South Africa (Cape Town and Johannesburg) respectively.

The researcher secured permission from the embassy of Gabon (head of economic and culture) and South Africa (Western Cape government). Prior, permission letter

were given to entrepreneurs before the questionnaire was handed over for clarification purposes. To optimize the chances of getting back well answered questionnaires the researcher ensured that an adequate period was given for it to be.

Despite careful planning, the following needed to be borne in mind when utilizing the first questionnaire method: firstly, people might be reluctant to respond to a survey and do not usually give it one chance. In other words, the first run, especially when the survey fails or stops midway, the chance of that respondent returning to complete the survey is highly unlikely (Albright, Winston, & Zappe, 2009).

7.30 Advantages and disadvantages of a questionnaire.

Brace (2004:36) posits that the benefit of using the questionnaire is that the respondents were free to relay their view and opinion on the open-end section of the questionnaire. The other positive aspect of using the questionnaires is that it is discrete and gives the respondents the assurance of confidentiality which induces them to be truthful. It can be completed at their own leisure, eliminating any pressure that might have otherwise been felt.

Johnson and Harris (2002:102) argue that there are several disadvantages namely not getting the questionnaires back on time, the respondents losing the questionnaires, the correspondents not fully comprehending the questions asked. The questionnaires might be incomplete.

7.31 Pilot Study

It is useful to test a new measurement instrument before administering it the actual sample by means of pilot study. A pilot study is described as a "dress rehearsal" for the actual research investigated by Welman et al. (2005:148). It is a small scale version of the proposed study with a limited number of the same population, in order to establish the reliability and validity of the designed data collection instrument (Welman *et al.*, 2005:148).

The purpose of the pilot study can be summarized as follows:

- To detect possible flaws in the measurement procedures such as ambiguous instructions

- To identify unclear or ambiguously formulated items.
- An opportunity for researchers and assistants to observe non - verbal behavior.

The reliability of the instrument is determined by producing same results if the same instrument is used at different times or used to different subjects from the same population, (Maree 2007:215), while the validity of an instrument refers to the extent to which it measures, what is supposed to measure, (Maree 2007:215).

To ensure that the questionnaire were both reliable and valid, a pilot study was conducted where 200 entrepreneurs and small business owners who were randomly picked from South Africa; Cape Town Metropolitan, Cape Flats, Khayelitsha, Johannesburg and Libreville and Port-Gentil. The responses were analyzed and the questionnaire was modified to ensure that it captured what it was meant to. Once this process was complete, then the researcher proceeded with collection of final data.

7.32 Technical evaluation and information gathering method

Singh (2007:77) states that “precision signifies perfection in an instrument and assesses how finely an estimate is specified”. The superiority of the research were gain through the researcher embarking on firstly, survivalist entrepreneurs, then entrepreneurs and finally small business owners. This give them an opportunity to respond to the question by drawing from their own experiences and business knowledge .Willis (2007:165) concurs that a researcher wants to ensure the truthfulness of the research, therefore he maintains that each respondents received a replicate of the questionnaire

7.33 Summary

Research methodology necessitates a reflection on the planning, structuring and execution of the research in order to comply with the demand of that particular study. The truth, objective as well as the validity of the content of this study can easily readdress the problem of policy as far as the development of entrepreneurial activities is concerned in Gabon and South Africa. Ukandu (2011:1-106) posits the two tools utilized in the study was a mixture of qualitative and quantitative tools, the qualitative tool ensures the corrective gathering of information and on the other hand quantitative tool ensures that the researcher gains an increase ratio of consistency with regards to the examination of information.

Furthermore, the use of questionnaire methods was for data collection, from entrepreneurs and small businesses owners. In addition, probability sampling methods were utilized for the research. Moreover, there are three research paradigms in qualitative research method, namely positivism, critical theory and interpretive approach, however, only one of them permits for good understanding of the study at hand, and also encourages use of the different sources and methods of analysis, which attempt for validity. Finally, the quality of the result obtained was paramount to the researcher.

The research process was meticulously executed following closely the tried and proved traditional methods. The instrument used for gathering the data had to be tested first against the two sets of hypothesis, and then given to a statistician to assist with the instrument. Precautionary measures were put in place to draw congruence between the research design and the research methodology with a special focus on the purpose of the study, the type of population, and the need for valid and reliable instruments and results. The sampling process followed the six steps as indicated in preceding sections of this chapter. Ethical issue was considered in the process of information gathering. Data that was collected through questionnaire are analyzed in the following chapter.

CHAPTER EIGHT

RESEARCH FINDINGS, DATA ANALYSIS AND DISCUSSIONS

8. INTRODUCTION

The chapter provides insights on government policies of small and entrepreneurship development in Gabon and South Africa. The two countries differ drastically in their socio-cultural structures, the history of their colonization, and the racial composition and diversities of their populations. They do not have similarities in climatic a condition which affects the agrarian enterprises and the nature of the natural resources. Besides this, there is a vast difference in population size between the two countries, Gabon sitting at 1.5 million against South Africa at 50 million people. Gabon has oil and manganese as major foreign currency earner whereas South Africa has gold, iron, and platinum as their major mineral exports. There is also a vast difference in the infrastructure of the two countries both in terms of technological advances and levels of development in many industrial aspects. Whilst there are many differences in the two countries, there are many similarities within them as well; both are on the African continent, they are both third world countries, they both need to reach the United Nations Millennium goals and affiliate with NEPAD. Over and above this, they both suffer from high levels of unemployment and illiteracy amongst their indigenous population.

The chapter starts with a descriptive profile of respondents in terms of entrepreneur's previous experience, type of business, age, the time they have been in business, their education level, gender and ethnical group. Section C outlines rules and regulation set up by the government for small business owners and entrepreneurs to find the help needed to uplift their sector. The section, through government policy, addresses the necessary assistance made available to Entrepreneurs and Small business owners. Section D is divided into two sections, the first highlights the approach used by the South African government to re-establish the equilibrium of socio- economic issues of black people who were condemned to live in the apartheid regime through its policies. 9This section emphasizes the different strategies established to stimulate black people to partake in their countries economic growth. The second section focuses on Gabonese government's approach to stimulate their population to produce more entrepreneurs and also diversify the economy. The

section then proceeds to a cross comparative study between Gabon and South Africa. Section E investigates entrepreneur's awareness of government support structures in Gabon and South Africa. It provides a comparison of the knowledge ability of entrepreneurs and their education on availability of the resources as provided by the governments.

8.1. Section A

8.1.1 Small Businesses: Comparison between Gabon and South Africa

As alluded to in earlier chapters, the definitions of small businesses differ between the countries. Gabon defines a small business or a small business owner as someone making a turnover in the following categories: very small turnover R48001, Micro: turnover R48020-R16006; Small: turnover R1600609-R8003048; Medium: turnover R8m-R15m. Whereas South Africa defines small business, as someone or group of people making a turnover in the following categories

Very small: employees 5/ turnover: R200000; Micro: employees 10+/turnover: R500000 to R5m across industries; Small: employees +50/ turnover+R3m-R32 across all industries,

Medium: employees +50 few then 200/ turnover R13m-R64m across all industries (Act No.102 of 1996. National Business Act. 1996)

The questions that were asked to the interviewees are listed below in chronological order with the respective answers under each subheading.

300 questionnaires were distributed with 150 respondents from Gabon and 150 respondents from South Africa it is broken down as follows; Gabon shows the following respondents sole trade owner 70%, close corporate only has obtain 50, partnership 18% which is very low compared to South Africa which boasts 80% sole trade ,65% partnerships and 5% close corporate. This low participation from both countries population could be attributed to many reasons. The study was targeted on entrepreneurs and Small business owners operating in rural areas and in the informal sector, where most of the population are not aware of the resources provided by the respective governments, to operate and be fully part of the development of the economy.

The factors of education in South Africa, specifically language is highlighted with regards to street entrepreneurs (English not being the mother tongue posed as a

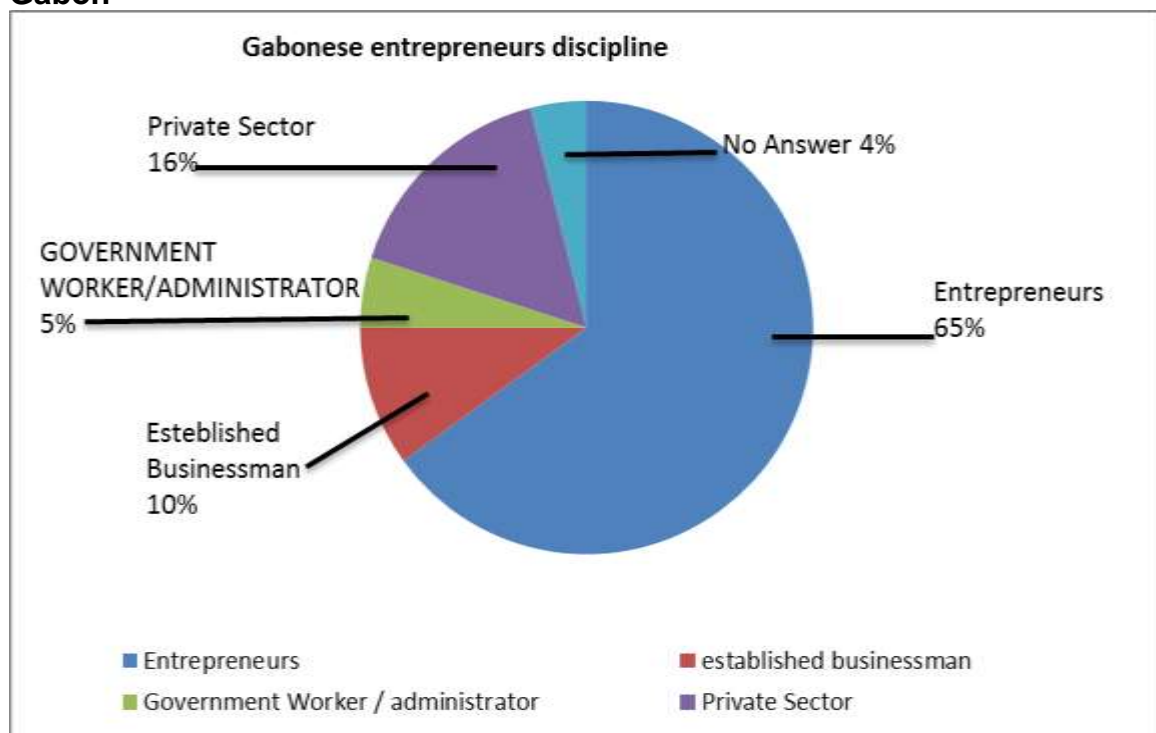
barrier in the answering of the questionnaire as some questions were misunderstood or completely neglected).

In Gabon, the study reveals factors like infrastructure and method of advertisement from government does not infiltrate to the neediest entrepreneurs. This leads the study to identify the different disciplines practice by the respondents.

Question: 8.1.2 what is your business discipline?

Figure 8.1.business discipline

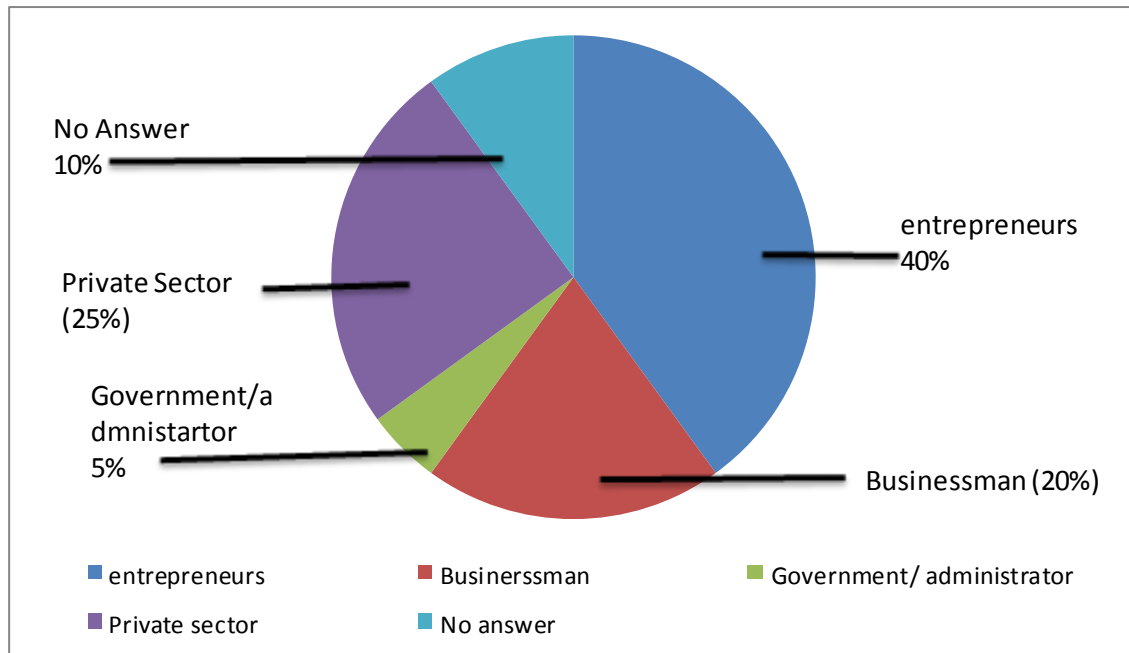
Gabon



Source own construction

The figure 8.1 reveals the percentage of entrepreneur background discipline. It appears most entrepreneurs in Gabon start their businesses without having been exposed to business 65%. Those who have worked in the government and private sector represent 5% and 18%. The phenomenon where the interviewees could not answer the question was experienced, this is represented by 10% of respondents. Which can be explained by two factors lack of concentration or lack of understanding of the questions?

Figure 8.2 South Africa entrepreneurs discipline.



Source: own construction

Contrary to Gabon, South Africa's Pie Chart show that 40% of respondents represented entrepreneurs who have received, been exposed or entered into a training program initiated by the governments' private partners. We have also identified that amongst entrepreneurs 5% of the public sector workers (government/administrator) are owners of small business. 20% Businessmen operate in similar fashion as Public workers but what differs from them is that the "true" businessman has ample time to be looking after his business whilst the public worker has no significant time to concentrate on his business. We have accounted 10% of people who did not want to respond at all. The reason provided lack of knowledge on the questions asked and language barrier.

The pie charts show the number of activities/background, of respondents of SMMEs for South Africa and SME/SMI for Gabon. The figures display the activities that business owners as well as entrepreneurs exercise. Gabon and South Africa show various differentiations which we have to point out. The first observation in the investigation reveals that there are fewer entrepreneurs in South Africa: 40% against 65% for Gabon, but on the contrary there are a considerable number of business owners in South Africa than in Gabon. The study can only speculate on this phenomenon by pointing out that most entrepreneurs or business owners operate

mostly in the informally sector. This differs to Gabon where business owners are government workers as well as private sector workers.

The study illustrates less response to the questionnaire in Gabon than there were in South Africa. Reasons being that in South Africa entrepreneurs are willing and enthusiastic to discuss their business whereas in Gabon it was picked up that some of the respondents wanted to be paid to complete the questionnaire as they argued it impacted on their time (a true survivalist mentality). Table 7.4 below discussed the business life span of SME/SMI in South Africa and Gabon

Question: 8.1.3 how long have you been in Business?

Table 8.1.3 Life time/span of SME/SMI in Gabon and South Africa

Years	Gabon age structure %	South Africa age structure %
0-5	57.87	65.85
6-10	18.87	16.41
11-15	12.39	3.84
16+	8.38	11.41
No answer	0.59	0.76
N/A	1.9	1.73

Source: author own Construction

The table above demonstrates the differences between Gabon and South Africa's SME/SMI life span. In its early stage, the study illustrates South African small businesses stand firmer than Gabonese small business, but as the study progresses, the South African respondents tend to lose their resilience were as the Gabonese pick up. This phenomenon could be explain but, the respondents of the small business owners refused to discuss their strategy of staying in business with such resilience, this specifically so with the Gabonese respondents. In developed countries governments have put mechanism in place to help entrepreneurs to register their small businesses. These mechanisms can be seen in advertising materials such as posters, internet, radio etc, they have created this to ensure entrepreneurs are aware of the facilities and policies made available to them. This has heightened entrepreneurs' awareness of the process to registering a business. However, as much as government campaign to enlighten entrepreneurs about policies and infrastructure, few of them perceive it, most entrepreneurs in both countries have not received proper education, the figure overleaf shows the level of entrepreneurs' education.

Question: 8.1.4 what is your qualification level?

Table: 8.3 Education levels of entrepreneurs in Gabon and South Africa

Education level	Gabonese entrepreneurs%	South African entrepreneur%
Before-matric	17.87%	38.9%
Matric	43.20%	20.4%
Diploma	21%	9.5%
Honors	11.25%	7.5%
Master/doctorate	3%	15.10%
If other specify	3.68	8.6%

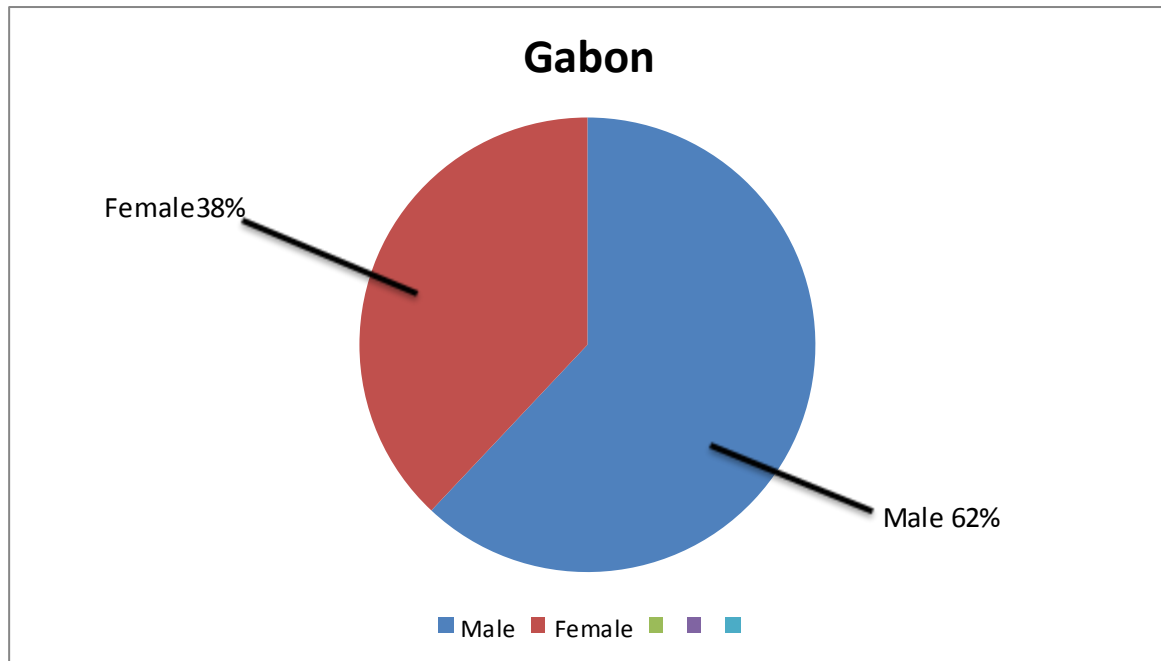
Source: own construction

Table 8.1.4 above shows the level of entrepreneur's education and background. The investigation reveals that 38.9% of respondent entrepreneur in South Africa are below and before matric level. Compared to the Gabonese 'entrepreneurs, 17.87% who are below matric. Research found that South African school leaders and their parents remain deeply skeptical of further education and training in technical work and still consider university study as the top option. The Mail & Guardian (2010) wrote that the government has been trying for years, and spending billions, to persuade school leavers to seek further education and training as the institution of choice rather than the second-best. The difference continues increasing for entrepreneurs that have obtained Matric 43.20% in Gabon and 20.4% South Africa. South Africa further promotes education by offering grants at Master/Doctorate level but both countries demonstrate a decline in post graduate studies past Masters, Gabon 3.9% vs 15.10% of South Africa. Both countries present an important need in entrepreneurship education. Despite the fact that Gabon has a higher number of entrepreneurs with matric, less than 8% of students received technical education leading to a severe shortage in technical workers in the labor market. The facts shows that there are not many policies for skills development in these countries. The study pushes its investigation to ratio between female and male entrepreneurs in Gabon and South Africa.

Question: 8.1.5 Gender Ratio of entrepreneurs between Males and Females in Gabon and South Africa

Figure 8.4 Gabon ratio of entrepreneurs between Male and Female

As part of the national action plan of Education for All (EFA), the Gabonese government is considering widening the education informal sector by increasing the literacy level to over 50%, particularly for women.

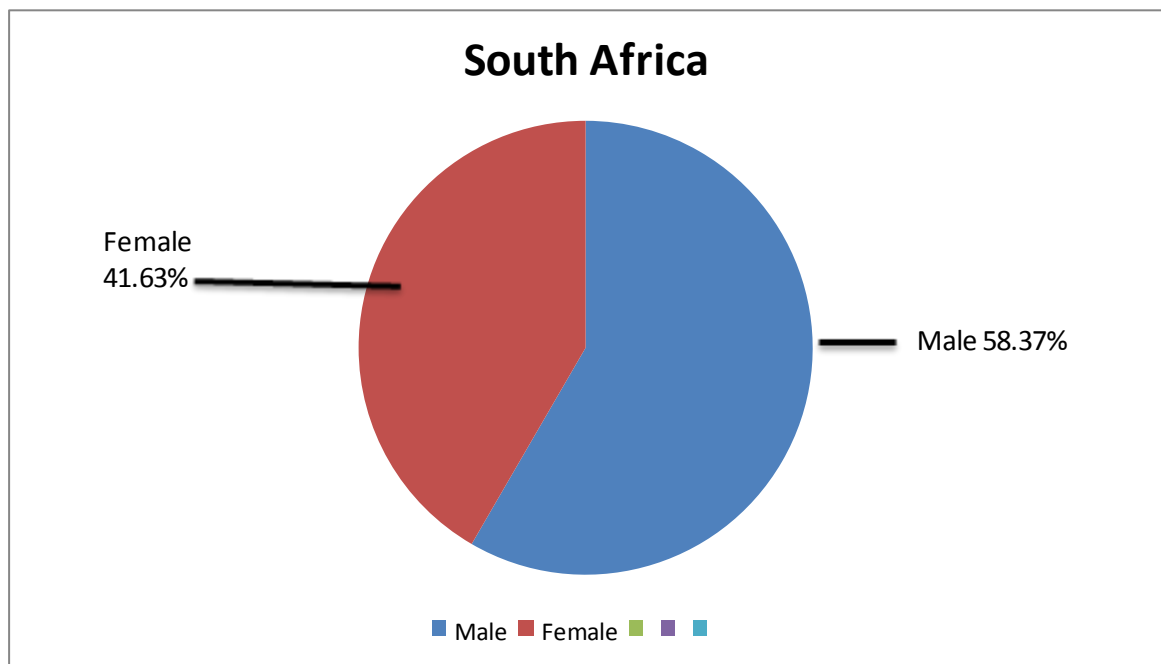


Source: Author's construction

The pie chart 8.5 presents the ratio between female and male entrepreneur. It appears we have more male 62% entrepreneurs than female entrepreneurs 38%. Gabon has demonstrated its ambition to promote women into entrepreneurship activities. The Gabonese first lady has created Micro-credit to help and sustain women in micro-activities, which aims to help Gabon achieve the objectives of Millennium goals set to reduce extreme poverty elevation. Unfortunately the mini loan is set at a very high return rate of 40% which makes it difficult for startup female entrepreneur to payback. To rectify this government authorizes have brought down the rate to 4% for \$1000 borrowed. The emergence of a growing community of women entrepreneurs has been described by Professor Brush, Chair of Entrepreneurship at Babson College, as one of the most significant economic and social developments in the world stated by the (SBP, 2013). South African economic policy places a high value on entrepreneurship. Government looks to entrepreneurship as a critical driver of growth and job creation. As result, the

numbers of women entrepreneurs have risen rapidly in recent years in South Africa. The table below illustrates.

Figure 8.1.5 South Africa ratio of entrepreneurs between Male and Female

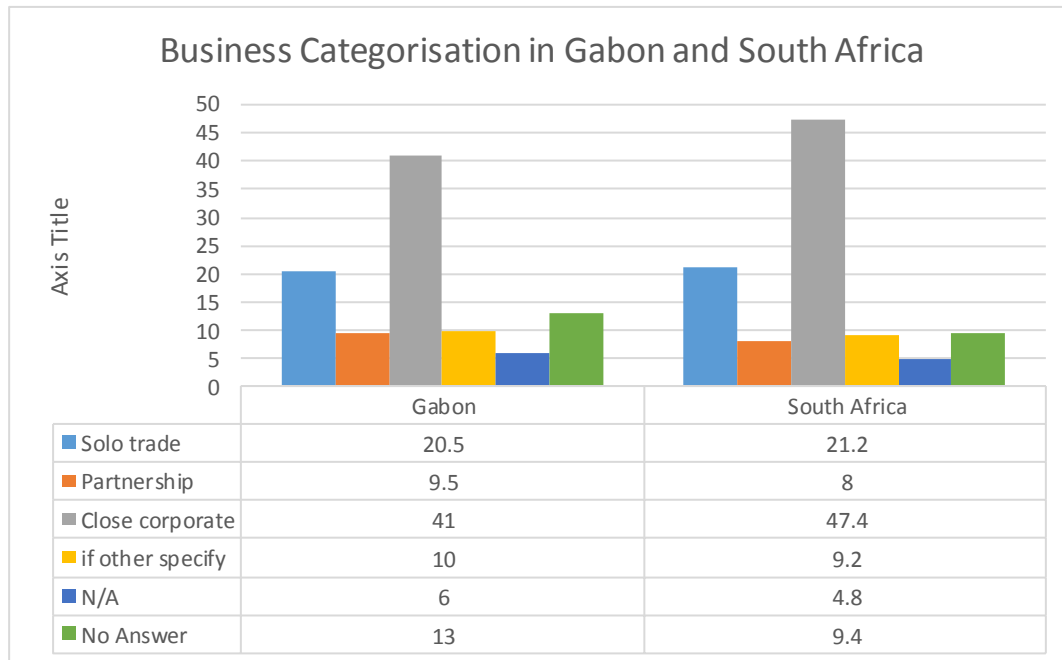


Source: Author's construction

Figure 8.1.7 presents South Africa percentage of female and male in entrepreneurship activities. Research reveals an increased number of females being entrepreneurs or owners of very small business 41.63%. However Males still dominate in this sector with 58.37%. The difference could be explained by the barriers that female entrepreneurs face in their endeavor. Research goes further by finding that government through its initiative in policies and partnership with its private partners has positively addressed the issue through training and development programmes. The study looks to question 8.1.8, seeking to demonstrate the categories in which the business owners fall under.

Question 8.1.6. What category does your business fall under?

Figure 8.6 Business categorization in Gabon and South Africa



Source: own construction

Figure 8.1.8 shows that Gabon and South Africa have a high level of close corporate companies with 36% for Gabon and 46% for South Africa. This result leads the study to investigate the process of registering a business in Gabon and South Africa. 20.5% represents sole trade, 41% represents close corporate businesses, and a multitude of entrepreneurs that operate in the informal sector. Gabon’s Small business sector is still dominated by big multinationals and does not offer many openings to small- and medium-sized enterprises (SMEs). This situation does not favor the emergence of small businesses drawing on local resources. The Study through its investigation finds that dialogue between the state and the private sector can be difficult. However modernizing the framework of public-private dialogue, promoting and marketing the country, the government understands the crucial importance of facilitating business creation procedures, pressing SME development through support, advice, financing, competitiveness and integration through its policies and programmes. The aim is to rank the country among the top 10. Furthermore, the increased transparency of the order to the public is a fundamental requirement for winning the confidence of investors and entrepreneurs in Gabon. As

such the tender documents will be revised by putting the phase on par with international standards. South Africa on the other hands represent 21.2% sole property and 47.4% of close corporate which are slightly above that of Gabonese respondents. The South African government has demonstrated strong willingness of promoting small businesses and entrepreneurs. From the literature review to the findings, the South African governments provision for small, medium and micro enterprises (SMMEs) is widely acknowledged, and the country's effort towards economic restructuring and poverty alleviation. This acknowledgement results from governments' political and legislative commitment, through policy and strategy, to ensure that SMME development is viable. However, irrespective of the effort made by both countries, entrepreneurs and Small business owner fail to reach maturity stage. To understand and suggest a solution to this problem, the study would like to establish the link between registration process and growth in SMMEs.

8.2 Section B: Business Registration process

Question 8.2.1 Information on whether business registration is easily obtainable

Table 8.2.1 Business Registration process between Gabon and South Africa

	Gabon	South Africa
Strongly disagreed	7.18%	9.13%
Disagree	5.98%	42.02%
Neutral	36.54%	7.65%
Agree	43.72%	32.28%
Strongly agree	4.19%	5.32%
N/A	2.39%	3.60%

Source: own construction

As far as information on business registration is concerned, the study revealed the respondents agreed it is easy to obtain information on business registration with 43.72% in Gabon and 32.28% in South Africa agreeing. Considering the information of previous chapters and the investigation conducted, it is observed that Gabon, although, lacking in proper infrastructure and adequate government systems and proper advertising media facilities, the majority of respondents admitted to knowing about the small business registration process. However 36.54% did remind neutral. South Africa, on the other hand presents a high percentage (42.02%) of

entrepreneur's respondents who disagreed with the above statement. The situation in South Africa differs from Gabon.

The majority of people living in South Africa are blacks and most have not received proper education due to the apartheid regime. Government has made extensive efforts to filter information on business registration but seemingly does not reach the target market. An observation made was that information is displayed in English to a target market whose first language is not English; also there is no proper infrastructure in the rural area where a majority of the target respondents live.

The table below shows the response obtained on the perception of procedure and steps followed in business registration.

Question 8.2.3 Procedure and steps are not clear to follow in business registration

Table 8.2.3 registration procedure and steps in Gabon and South Africa

	Gabon	South Africa
Strongly disagreed	3.59%	4.57%
Disagree	45.73%	43.71%
Neutral	32.13%	28.14%
Agree	12.57%	15.98%
Strongly agree	4.19%	5.32%
N/A	1.79%	2.28%

Source: own construction

Table 8.2.3 reveals the percentage of entrepreneurs who agreed or disagreed on the clarity of procedures to follow in business registration. The investigation shows that 45.73% respondents disagreed in Gabon and South Africa 43.71%, the two countries present a high percentage of respondents who disagree. It is concluded that the steps and procedures are not easy to follow in both countries, as illustrated in the literature review, Gabon has presented a high level of entrepreneurs that operate informally and the procedure to register a business is not familiar to them. The government has stepped in and invited entrepreneurs to be part of economic diversification in poverty reduction by introducing new reforms such as; reducing the 10 steps in registering a business into 3 steps. In South Africa, the procedure is more complex and strategically set, it is accented to align itself with the country's economic mechanism. As complementary, the study is lining up its findings with the literature

review which addresses the lack of education and also government support structure in the rural areas where it is most needed. However, government through its Private-Public Partnership has delegated small units to reach out to more people and establish training programmes. The research, then pursues its investigation to find out if Government has looked at administrative time management in terms of time frame for business registration.

Question 8.2.4 The time frame in registration a business is acceptable

Table 8.2.4 Time frame acceptable in Gabon and South Africa

	Gabon	South Africa
Strongly disagreed	48.08%	57.52%
Disagree	8.38%	10.65%
Neutral	13.16%	6.73%
Agree	26.19%	19.78%
Strongly agree	1.20%	1.52%
N/A	2.99%	3.80%

Source: own construction

Table 8.2.4 shows the results on the question, "is the time frame to open a business is acceptable?" The results show that a high percentage of respondents strongly disagree and are unhappy with the time frame it took to open a business: 48.08% in Gabon and 57.52% in South Africa. This concludes the time frame for opening a business is considered too long in both countries. The reasons being too much bureaucracy and steps to follow and delayed processes which frustrate entrepreneurs. The South African government has responded positively to this issue by incorporating new technology to assist and remedy the situation. Implementation of online registration reduces time wastage and minimizes processing time to 3-5 working days. Gabon, on the other hand has cut down the 10 steps process to 3 steps which has resulted in a cut in the initial 36 days to 15 working days.

Question 8.2.5 Assistance during business registration is efficient

Table 8.2.5 Service efficiency in Gabon and South Africa

	Gabon	South Africa
Strongly disagreed	16.16%	25.66%
Disagree	46.76%	21.30%
Neutral	22.13%	28.14%
Agree	10.77%	15.69%
Strongly agree	2.39%	3.04%
N/A	1.79%	3.17%

Source: own construction

Table 8.2.5 reflects the results of the effectiveness of help entrepreneurs received during the registration process. Entrepreneurs in South Africa strongly disagree with 25.66% against 16.16% for Gabon. 15.69% respondents agreed that the service is helpful in Gabon compared to 13.69% in South Africa who agreed that the assistance is efficient. Therefore we can conclude that government still needs to put more effort in to help entrepreneurs during the registration process. Sadly 22.13% Gabonese respondents were neutral compared to 28.14% in South Africa.

Question 8.2.6 the cost for business registration is not affordable

Table 8.2.6 Cost to register business in Gabon and South Africa

	Gabon	South Africa
Strongly disagreed	7.18%	9.13%
Disagree	14.96%	19.02%
Neutral	19.75%	25.11%
Agree	51.53%	38.38%
Strongly agree	4.19%	5.32%
N/A	2.39%	3.04%

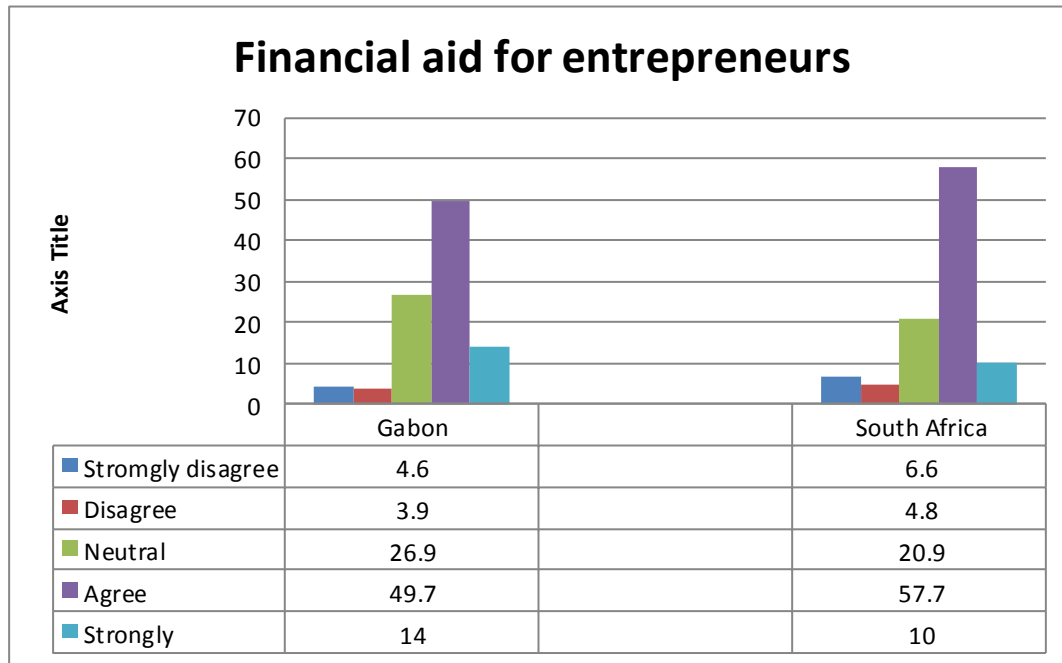
Source: own construction

Table 8.2.6 shows the percentage of entrepreneurs who agreed that the cost for business registration was not affordable for all, in South Africa and Gabon. The study reveals that 51.53% of entrepreneurs in Gabon agreed against 38.38% in South Africa that the cost is high and not affordable for startup entrepreneurs. It was observed that most start up entrepreneurs needed all their money to sustain their business in its initial start up stages. Source of finance has been the most significant aspect that slows down the development of small business. Although there are existing financial policies to assist new start-up business, it appears that it does not make any substantial difference. As such, the study investigates the awareness of

government financial institutions to the needs of entrepreneurs. The Table above reveals the result.

Question 8.2.7 Applicants are not well informed about the source of government finance

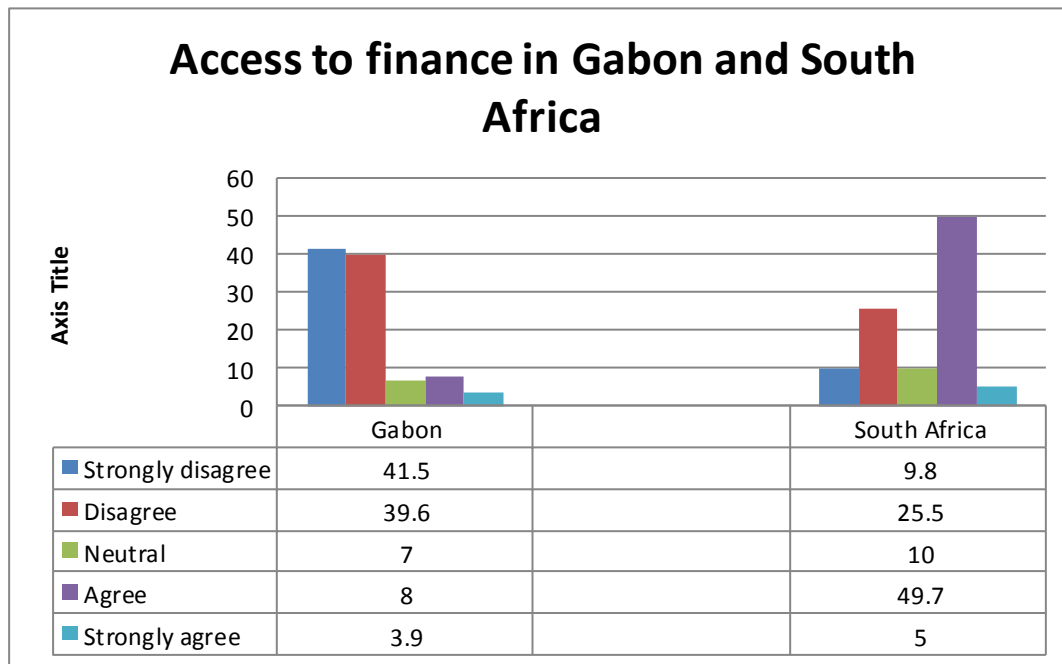
Figure 8.2.7 Awareness of source of finance in Gabon and South Africa



Source: own construction

The study reveals that despite the contrast of economic factors, most entrepreneurs agreed that they are not informed about government’s funding put in place for their endeavor. The cause of the problem is easily identified in the previous chapters which presented the capacity the government has in informing its target market (infrastructure, communication for Gabon and education and technology in the rural area for South Africa). The investigation reveals that 49.7% of Gabonese entrepreneurs agreed that they are not aware of the availability of funds compared to 57.7% of South Africa.

Question 8.2.8 Finance is accessible to all eligible entrepreneurs in the country
Figure 8.8 finance is accessible in Gabon and South Africa

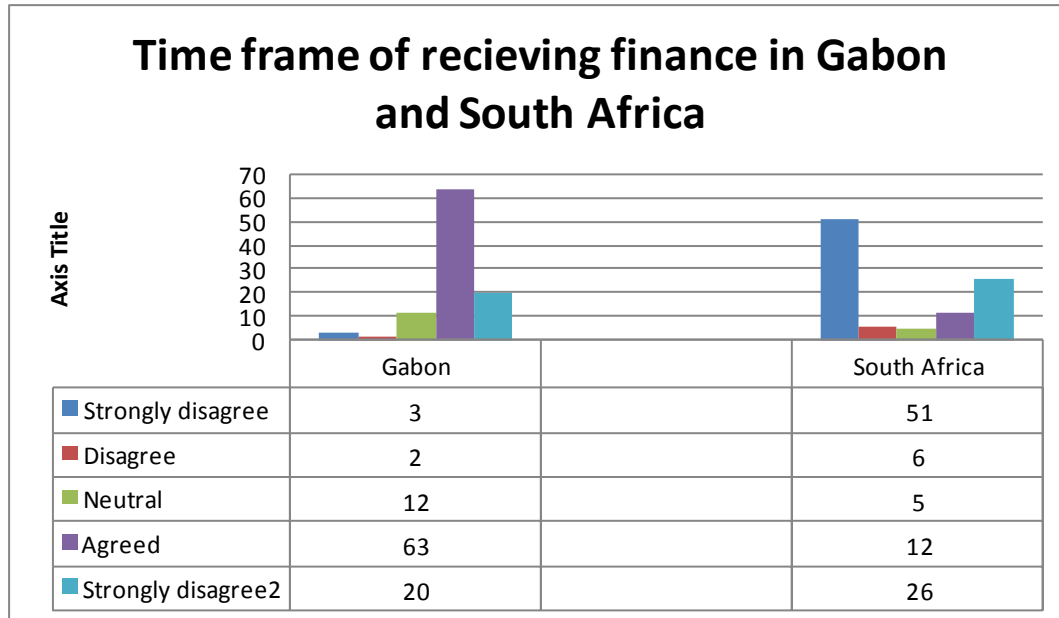


Source: own construction

The Figure above shows that Gabon has 41.5% entrepreneur respondents who strongly disagree that finances are easily accessible to entrepreneurs, South Africa respondents 9.8%, also disagree. The Percentage of South African respondent is high 49.7% compared to 8% of Gabon who agreed to easy access of government funds. In South Africa, selection is not based on the most needy entrepreneur but mostly on the most credible to pay back. Gabon on the other hand doesn't have a proper system of small business loan programs therefore the rate of the loan is high and not affordable to entrepreneurs.

Question 8.2.9 financing processes take a long time before you can be financed

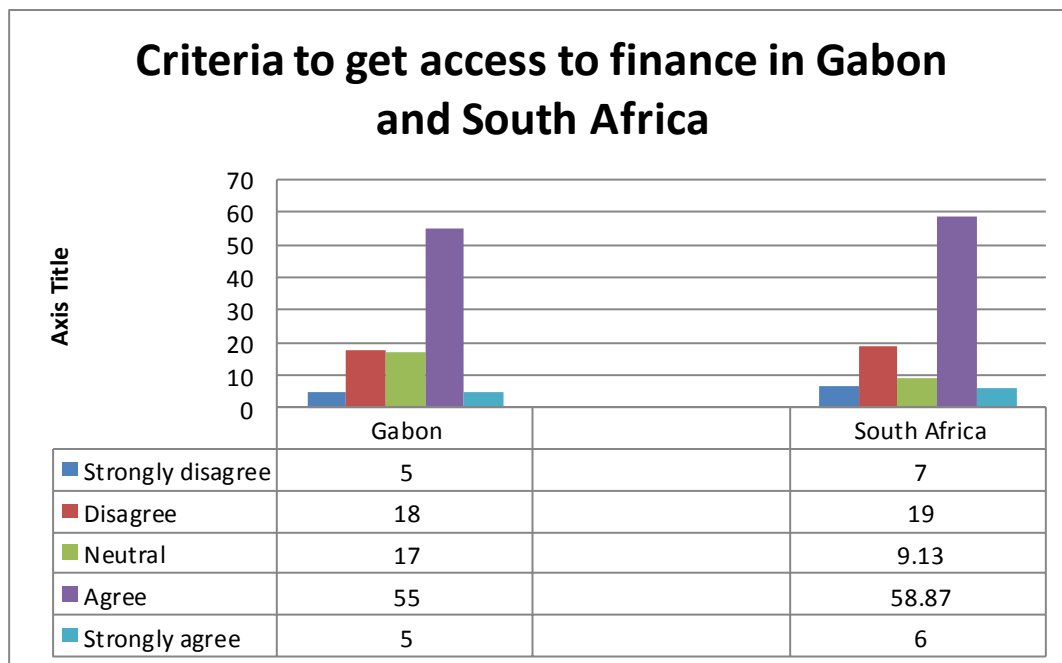
Figure 8.2.9 Time frame of receiving finance in Gabon and South Africa



Source: own construction

The bar chart displays respondent perception of the time frame of capital allocation to applicants in Gabon and South Africa. 51% strongly disagree in South Africa, which the release of requested funds takes long compared to Gabon's 3%. However 63% of Gabonese respondents agreed that it takes longer compared to 12% of South Africa. The study looks into the criteria in the figure overleaf.

Question 8.2.10 there is no criteria for determination of financing eligibility
Figure 8.10 Criteria to get finance in Gabon and South Africa

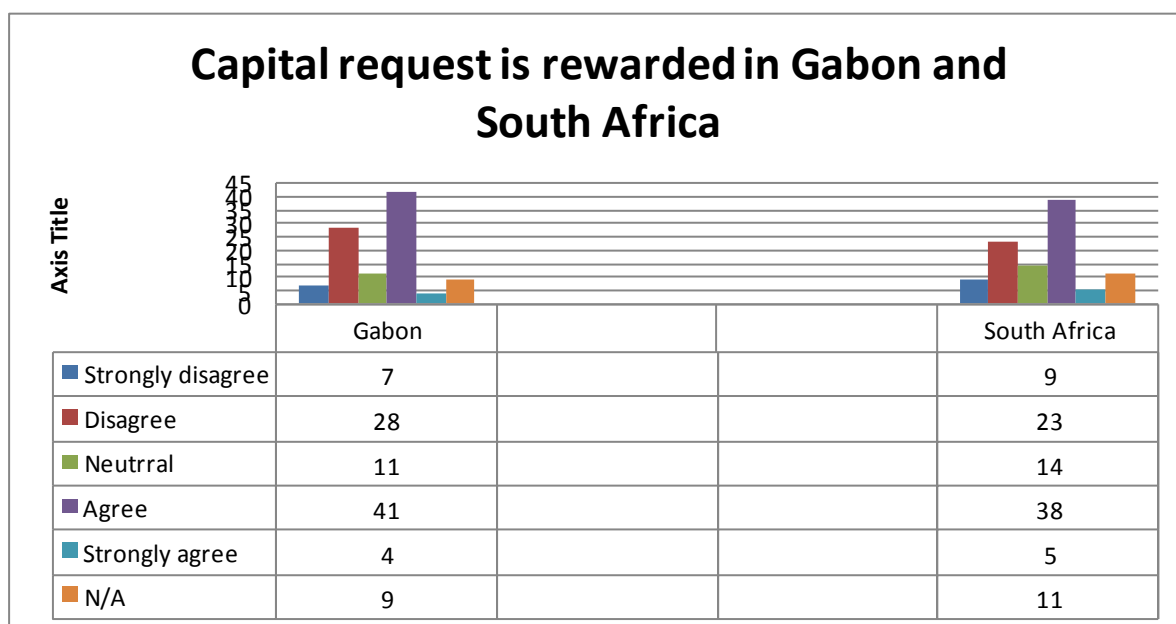


Source: author's Own construction

Figure 8.2.9 above shows the level of respondents on the criteria of selection to get financial help from the government in South Africa and Gabon. The study reveals that both countries agree from their respondents, that there is a selective criteria to qualify for funds with Gabon 55% and South Africa 58.87% slightly higher. Few respondents have disagreed that there are no criteria of selection for determination of financing eligibility with 18% in Gabon against 19% in South Africa. It was observed that access to resources is easily obtainable for entrepreneurs in South Africa than Gabon, in often cases corruption and mismanagement of public funds sometimes force entrepreneurs to look elsewhere for sources of capital.

Question 8.2.11 the exact capital requested for is awarded if candidate qualifies

Figure 8.11 Capital requested is rewarded in Gabon and South Africa



Source: author's own construction

The chart above shows the number of respondents in Gabon and South Africa to the question of whether exact capital requested is awarded. The study reveals that 38% of South African respondents agreed compared to 41% of Gabon. Both countries however have a considerable number of respondents that disagree Gabon 28% and South Africa 23%

8.3 Section D

Question 8.3.1 Policies in Gabon for Entrepreneurs

Table 8.7 Policies in Gabon

Questions	Agree%	Disagree %	N/A%
there are effective policies that encourage entrepreneurs	81.45	7.18	11.37
Labor relation policies do not aid entrepreneurs to create jobs	80.25	12.57	7.18
Implementation of government policies encourage entrepreneurship	82.65	5.98	11.37
Enough support system are available to encourage entrepreneurs	78.55	13.76	7.69
Policies are not favorable for entrepreneurial development	70.82	5.98	23.2

Source: Own construction

The table above shows that there are policies in Gabon for entrepreneurs. The study reveals that 81.45% of entrepreneurs interviewed have agreed that there are effective policies that encourage entrepreneurs. The on the other hand, some policies go against entrepreneurship development especially the cost of company registration as well as the rates charged for funds available for entrepreneurship development, leading to the informality of many small businesses. As pointed out in chapter four on Gabon, the department of labor only focuses on established businesses and set rules that small business cannot afford. There is lack of infrastructure as well as proper systems and organisms that can contribute to entrepreneurship development. Government needs to track their policy implementation strategy in order to have proper control.

The Study investigated and reveals its findings on South Africa's policies and its awareness.

Question 8.3.2 Policy in South Africa for entrepreneurship

Table 8.8 Policies in South Africa

Question	Agree%	Disagree %	N/A%
BEE policies do not support entrepreneurial development	22.41	37.27	40.32
Labor relation encourage entrepreneurship	28.50	27.38	44.12
FICA policy encourage entrepreneurship	22.51	9.98	67.51
Government policy do not help entrepreneurs in the rural areas	39.14	44.88	15.98
The policies and support structure encourage entrepreneurship	61.61	5.32	56.29

Source: own construction

Table above shows a high percentage of (No Answer) entrepreneurs respondents 40.32%, to those who agreed 22.41% or disagreed 37.27% about the questions asked. The Government of South Africa is putting effort to help entrepreneurs with statutory regulations such as black economic empowerment act, employment equity act; the same applies to the labor relation policy 28,50% agreed , 27.38% disagree and 44,12% did not answer the question. Government's effort to help entrepreneurs in the rural areas has revealed the following result 39.14% agree, 15.98% (N/A) and 44.88% disagree. On the other hand policies and structures that support

entrepreneurship is well known by entrepreneurs in South Africa 61.61% of them agreed on this.

Question 8.3.3 Support resources from government and private sector

From the previous sections, questions were specifically geared towards the role of government in entrepreneurial development in Gabon and South Africa. This section open end question is based on the knowledge, and the needs, focus areas entrepreneurs wish to see government implement and improve.

The study reveals there are five strongly emphasized areas entrepreneurs would like improved and have at their disposal; infrastructure, funds, punctuality in public offices, efficient and ethics in Gabon and South Africa.

Differentiation remains in the location of infrastructure, close to or near public transport, in the rural areas, to be accessible to the neediest entrepreneurs.

In Gabon the study shows infrastructure is mostly based in the capital city which does not help entrepreneurs based in other provinces. There are government institutions and private institutions that work hand in hand to provide services needed for entrepreneurs but it is not enough in South Africa. In Gabon it is quasi- existent. From the study there are distinct areas that entrepreneurs dislike most in South Africa and Gabon with regards to support structures,

In South Africa it appears that:

- Policies such as BEE seem to benefit selected people.
- Financing policies are not flexible in a sense of candidate selection criteria
- Too much documentation is needed to be able to get financial help from government institutions.
- There is corruption in the distribution of finances allocated to entrepreneurial development.
- Inefficiency of government services, specifically with delays in applications for financial assistance. Many respondents highlighted this, leading them to assume there is difficulty in gaining access to government finance. The impression comes from the great delays experienced by respondents.
- Lastly government services do not know who and where to refer respondents to for further help in cases where they are unable to help.

- Furthermore respondents felt government policies are poor for BEEs, interest rate are high, entrepreneurs have to go through a lot before getting aid, and high cost in starting business

Gabon also faced similar difficulties such as:

- Availability of funds, difficult to obtain
- Too much information and paper work to provide.
- Lack of proper infrastructure.
- Application forms take long to be process due to incompetency of the government agents
- Lack of proper information, time taken to assist an applicant is very discouraging,
- Poor marketing of government product in rural areas.
- Lack of institutions that offer proper entrepreneurs support.
- The few teams provided by government are not well trained,
- Corruption and the reliability of information.
- Lastly the length of the business registration process is too long. Fees involved in registration process are too high, little involvement from the banks.

The most noticeable difference between Gabon and South Africa is based on the fact that Gabon still needs basic infrastructure to reach people living outside the capital city and Gabon needs more marketing campaigns.

Starting up a business in South Africa and Gabon presents a lot of differences and also similarities. The similarities revealed by the study in Gabon and South Africa are as follow:

8.4 South Africa

- Service delivery with government agencies slow responses and process
- Slow process because of backlogs
- Tender, finance and office application, submission of business plan and business registration application.

- The awareness of information provided is not effective, most of the time, only some people benefit.
- Too much technicality in the application process. The amount of funding requested is not what one gets.
- The desk for registration calls don't go through or they do not answer
- Transport vesture, lot of taxes to pay, landline and electricity, corruption, mis-information
- Unfavorable resources and infrastructure, policies are not motivating enough entrepreneurs
- Access to the information is not easily accessible to general public. Red tape in issuing funding. Information is not easily accessible on the internet. The site is complicated to navigate.
- Communication from fund administrators, fund Administrator's Criteria, Feedback from administrators, finance not Spent
- Funding, expensive, time frame too long, money making structures CIPRO now CIPAC

8.5 Gabon

- Information does not have sources
- The government fails to encourage entrepreneurs
- The time frame before getting help is to long
- The infrastructure or institution are only located in the principal capital cities
- There is a big need of SME/SMI proper support institution
- Lack of qualified trainers or workers hinders the level of support required from companies
- Some policies are not applicable to Small business or entrepreneurs start-up

8.6. Summary

This chapter has presented the result of the study; it appears that both countries indeed present a lot of similarity as well as differences. Policies are well established in South Africa but still present areas of concerns, their implementation, and the lack of information and infrastructure in the rural areas need urgent attention. The study illustrates that there were a lot of neutral answers from the questionnaires distributed. Education and entrepreneurship culture need to be integrated in young

South Africans. Gabon on the other hand presented more concerns. The essential infrastructure or mechanism such as roads, water, electricity that encourages entrepreneurs to pursue their business is in very bad conditions or not existing. Corruption, mismanagement of public funds and none involvement of private sectors such as banks do not encourage entrepreneurial spirit to grow and contribute to Gabonese economy, The Gabonese government should learn from South Africa to build the essential mechanism that support entrepreneurship development as well as formulate policies and implement/improve on the existent process. Integrate entrepreneurship programs education program to encourage young people to become entrepreneur.

CHAPTER Nine

FINDINGS AND RECOMMENDATION

9. INTRODUCTION

The study endeavors to determine the role of government in entrepreneurial development in Gabon and South Africa, and focuses on implementation of policies. The literature review as depicted in chapter four and five on entrepreneurial development in Gabon and South Africa, demonstrates the volume of policies set up by each country, towards the development of entrepreneurs. This study zooms in on the roles of the respective governments in fostering and encouraging entrepreneurship, an ongoing challenge in both countries, their pursuit to improve their economy and the life of their citizens. Furthermore the study explores the impact, prosperity and short falls of government policies and draws on success and failures in the quest to improve entrepreneurial development. A comparative approach is drawn up in order to enhance and promote roles played by the respective governments in Gabon and South African.

9.1 A brief exposition of findings in precedent chapters

For more correlation and to have a logical understanding about the study, it is very important to highlight once again the main findings of previous chapters, focusing on summaries.

Chapter one findings: Gabon and South Africa are both developing countries that have high rates of unemployment. Both countries understand the importance of growth and the possibilities that emanate from growing economies. Growth, through entrepreneurship, has a positive impact on high levels of unemployment and other social tensions in the country. Government has encouraged the development of entrepreneurial activities in both countries, but seemingly there exists a wide divide between initiation of these strategies and policies, and their promotion and implementation. The role played by the respective governments is important and shows positive results when policies and strategies are well formulated and implemented with the purpose of developing entrepreneurial activities. Yet, there are areas of concern. Agupusi (2007:1-18) posits that policies tend to favor entrepreneurial ventures that are well established, with high income generation. Also, entrepreneurs are not fully aware of existing infrastructures. Proper mentoring and

management of policies are poorly implemented. In order to dismantle the crippling effect that this is having on the economy, the South African and Gabon governments should employ more effort in order to solve this situation.

Chapter two findings: Entrepreneurship has played an important key ingredient in socio-economy stability. Amongst the various countries cited above, there have been various approaches from different governments towards an effective entrepreneurship development. From the Asian Tigers to the most established economy, we have seen that most governments have adopted an assortment of strategies and policies to support the growth of entrepreneurial activities as well as infrastructure. The United State of America has shown its capacity and resilience to sustain its economy, mainly due to the good governance of their policies to assist and provide a conducive environment for entrepreneurship development. An overview of entrepreneurship on a global basis with emphasis on the Asian Tigers, China, India, the growth of the USA and their levels of entrepreneurship.

Chapter Three findings: The South African government has grasped the crucial role played by entrepreneurs, (Van Niekerk (2005:1). In light of this, policies have been set up by the government to foster the growth and development of entrepreneurship as well as the country's economy. For more effectiveness and efficiency, various institutions and agencies that work for and with the government are involved with the implementation of policies that contribute in encouraging entrepreneurial activities within the country. However, South Africa is still struggling with low levels of entrepreneurial activities, unemployment as well as infrastructure which result in the incromidable gap that stand between the poor and rich.

Chapter four findings: Historical data shows that Gabon is a country that used to base the success of its economy on three natural resources (Oil, Timber and Manganese). With the recent financial crises that affected the occidental, (though it did not affect the African continent directly) most African countries are seemingly feeling the effects of the crises. Gabon, like other developing countries, has seen the dire effects small medium enterprise has in diversifying its economy. The Gabonese government has put effort and resources in promoting its economy, by introducing policies that promote the development of entrepreneurship activities in the country, also, the government has reduced the states agencies into two entities to manage

and promote the development of SME/SMI in Gabon to avoid the repetition of past failure due to mismanagement of funds. Different incentives in tax exemption and the reduction of the different administration barriers are some of the various initiatives implemented. But more still need to be done to accompany these strategies.

Chapter five findings: Gabonese authorities have set up a charter of law which has as its main concern: the charter capital of Gabon, the provision of guarantee of investments, facilitation and promotion of investments, organization of the country's financial system, general principal of law and fundamental role of government in the economy. Lastly, but not least the principles of taxation and investment in SME and SMI. These objectives are backed by a programme of macroeconomic stabilization and structural reform, supported by the International Monetary Fund since May 2007. Unfortunately the implementation remains questionable.

The South African government through its White paper has created an enabling legal framework for small business environment and growth by facilitating easy access to information and improving SMMEs access to finance. In 2003 the South African government introduced the National Small Business Amendment Act, Act 26 of 2003 (RSA 2003:12) to remedy the failure of interventions set up to support small business. They have established several organizations to help with the support and development of entrepreneurs. The Government's Black Empowerment Policy perhaps fits into this category and is aimed at channeling business opportunities to the previously disadvantaged, but its implementation remain very questionable.

Chapter six findings: Research methodology necessitates a reflection on the planning, structuring and execution of the research in order to comply with the demand of that particular study. The objective truth and the validity of the content of this study can easily address the problem of policy as far as the development of entrepreneurial activities is concern in Gabon and South Africa. The method used for this research was a quantitative method. Houser and Osman (2010, 199) define a quantitative approach as a formal , objective, systematic process to describe , test relationship and examine cause and effect interactions among variables. (Ukandu, 2011:1-106). Furthermore, the use of questionnaire methods was for data collection, from entrepreneurs and small businesses owners. In addition, probability sampling methods were utilized for the research.

Moreover, the researcher conducted a survey by using standardized questionnaires in an attempt to collect data from a sample of participants drawn from a large population. The questionnaire were carefully constructed and developed to ensure their ability to assist in gathering the desired.

Finally, (Dewitt and Hernandez, 2003:136) state that surveys are quantitative in nature and aim to paint an accurate picture of the phenomenon under investigation. This is because the results of the surveys are representative of the population with a certain degree of error.

Chapter seven findings and recommendations: This chapter has presented the results of the study; it appears that both countries indeed present a lot of similarity as well as differences. Policies are well established in South Africa but still present areas of concern; their implementation, and the lack of information and infrastructure in the rural areas need urgent attention. The study illustrates that there were a lot of neutral answers from the questionnaires distributed. Education and entrepreneurship culture needs to be integrated in young South Africans. Gabon on the other hand presented more concerns. The essential infrastructure or mechanism such as roads, water and electricity, that encourages entrepreneurs to pursue their business are in bad conditions or not existing. Corruption, mismanagement of public funds and non-involvement of private sectors such as banks do not encourage the growth of entrepreneurial spirit and their contribute to the Gabonese economy. The Gabonese government should learn from South Africa to build the essential mechanism that supports entrepreneurship development, formulate policies, improve on existent processes and integrate entrepreneurship programs within the education curriculum to encourage young people to become entrepreneurs.

9.2 Key finding of the study and their implications

The study seeks to establish, through a comparison between Gabon and South Africa, the role of government in entrepreneurial development. The study revealed various similarities as well as differentiation. A key answer has been illustrated in the literature review study investigation. This research was to explore the degree of government involvement in entrepreneurship development through the study of policies and it reveals the following findings.

9.3 South Africa

South Africa boasts more entrepreneurs than Gabon. Many reasons can be cited; population of South Africa is estimated to be 52 million (Statistics SA, 2012) against 1.5 million in Gabon. The study reveals 57.85% entrepreneurs in South Africa and 45.5% in Gabon. The early start up for small business in South Africa is 60.85% and 47.87% in Gabon. Entrepreneurs in South Africa are more open to share the difficulties that they encounter than in Gabon. Education for entrepreneurs remains a major problem for both countries. Gabon, in 2012, decided to comply with the LMD system. The Gabonese education program is too broad and there is no orientation for students that would like to pursue their career in business, in comparison to South Africa where the previous apartheid system left the majority of the population (black) without a basic education system. Hence, there is lack of knowledge on the principal tools needed to manage a business. The study reveals that South Africa has ample policies that help entrepreneurs and remarkable infrastructure that deals with SMMES, also there is support and strong contribution from private sectors such as banks, and other financial institutions, yet government is still failing to reduce unemployment. The gap between rich and poor still stands. The conditions of people living in rural areas are highly unacceptable.

9.4 Gabon

Gabon presents a chart for SME/SMI which has some policies, but these policies are mostly for well established businesses and do not present room for entrepreneurs that are in critical need of finance and infrastructure. There is too much bureaucracy and fees are stated to be uncommonly high, resulting in entrepreneurs mostly operating informally. Infrastructure like roads, water and electricity does not support this effort. The common point between South Africa and Gabon remains that the respective governments do invest time and effort in promoting their entrepreneurs; their efforts are however not sufficient enough to solve all the issues entrepreneurs encounter.

9.5 Recommendations for Gabon and South Africa.

The following are the recommendations for further research:

Are policies on small business effective enough?

Question 9.1 Policy in South Africa for entrepreneurship

Table 9.1 Policies in South Africa

Question	Agree%	Disagree %	N/A%
BEE policies does not support entrepreneurial development	22.41	37.27	40.32
Labor relation encourage entrepreneurship	28.50	27.38	44.12
FICA policy encourage entrepreneurship	22.51	9.98	67.51
Government policy do not help entrepreneurs in the rural areas	39.14	15.98	44.88
The policies and support structure encourage entrepreneurship	61.61	5.32	28.07

Source: own construction

South Africa has good policies that promote entrepreneurship, but not all entrepreneurs have access or the education to access and make most of the policies set up for their benefit.

The study recommends that policy be advertised to entrepreneurs in the 11 national languages and also utilize the different forms of media which will cover a wider spectrum and thus reach more entrepreneurs. Furthermore, research recommends more incentives on policy to achieve a bigger impact on entrepreneurs and to encourage small business owners to formalize their business and become contributors to the South African economy, it is further recommended that government send task teams to the rural areas to do workshops on entrepreneurial education in the home language of the community. The policies in Gabon on the other hands show that entrepreneurs are aware.

Question 9.2 Policies in Gabon for Entrepreneurs

Table 9.2 policies in Gabon

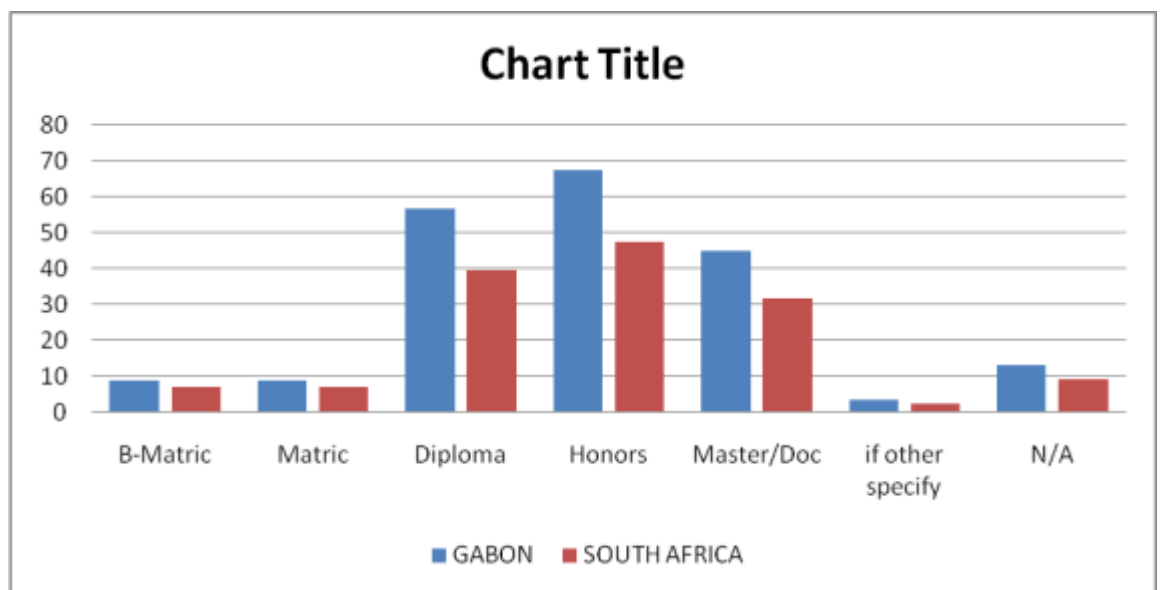
Question	Agree%	Disagree %	N/A%
There are effective policies that encourage entrepreneurs	81.45	7.18	11.37
Labor relation policies do not aid entrepreneurs to create jobs	80.25	12.57	7.18
Implementation of government policies encourage entrepreneurship	82.65	5.98	11.37
Enough support system are available to encourage entrepreneurs	78.55	13.76	7.69
Policies are not favorable for entrepreneurial development	70.82	5.98	23.2

Source: Own construction

Findings on Gabon present a strong awareness of entrepreneurship policies, however entrepreneurs don't make use of government services. The Gabonese government will have to change their approach and rectify the perception of Gabonese small business owners. Government should introduce more campaigns and workshops to explain the benefits of these policies. There should be a reduction in the percentage of administrative charges and interest rates charged in the formalization of small businesses. Moreover government should look into incentives to encourage small business to be formalized to promote the Gabonese economy and make it more competitive.

- How well/informed is entrepreneurs' education on existing policies?

Figure: 9.1 Education levels of entrepreneurs in Gabon and South Africa



Source: own construction

The study recommends that both countries should deplore more resource into education, government should introduce more programmes to empower youth and adults. Despite the fact that there are existing programmes in South Africa more still needs to be done especially for the previously disadvantaged who never had the opportunity to embrace education. South Africa is in a developing stage as far as education and training is concerned, as such government should present and establish policies and support systems which respond positively to skills shortage that the country is currently facing as a whole.

Gabon on the other hand should create a good business environment (access to road, water and electricity) so that skilled entrepreneurs can establish themselves in formal settings. The Gabonese government needs to set up several skill development training workshops to bring exposure to youth in the promotion and formalization of their business. Government should encourage support institutions and form partnerships to be more helpful to entrepreneurs. Financing and proper communication of policies to entrepreneurs should be immediate goals of government.

- Do labor relation policies benefit start up businesses?

Entrepreneurship is critical to job creation and economic growth. The South African formal sector is unable to respond positively to the large demand for employment even though the government has responded with many initiatives to deal with unemployment and fair treatment for the labor force. The study reveals that small businesses struggle to comply with the labor law policy. It is recommended that government address the labor law policy and make it more favorable for small businesses, so they can employ more workers.

The Gabonese government is not too strict on labor law. However there is a standard fee required for the formalization of business. The fee remains fixed for both small and large businesses, as a result many small business run away from being formalized to keep their wages. The study recommends that government encourage entrepreneurs by introducing policies that help small businesses sustain job creation.

➤ How do entrepreneurs benefit from the skills and development act policy?

The South African government has established policies to promote programmes on skills development, and has aligned itself with well established companies to aid in this function. However, most entrepreneurs do not have work experience but possess the ability to do exceptional activities which leads them to open businesses, and those with working experience are not exposed to promotional programmes. The study recommends that government create support structures to help and accommodate entrepreneurs in the skills development programme. Government should also look into making the fees to attend these workshops affordable or free for all.

➤ Are Gabonese policies effective?

Gabonese policies based its economy on the Friedman's model, the current Gabonese policy is suited to well-established businesses. It is difficult for local entrepreneurs to open and run a small medium size business when complying with the current relevant regulations. Gabonese government policies affects several areas (permits, getting electricity, registering property, getting credit, protecting investors, paying taxes, trade across borders). Therefore research suggests that policies should be well established based on the different sizes of businesses that exist in Gabon. Policies should encourage local

entrepreneurs to be part of economic growth by softening the policy to accommodate local entrepreneurs.

- Are there enough policies to address the different needs of entrepreneurs in Gabon as it is at present in South Africa?

The respective governments have placed policies and incentives in place to promote entrepreneurship, however there are wide gaps and areas of concern which still needs to be addressed. Gabon in comparison to South Africa is trailing behind in their promotion and incentives offered in their policies, there are far more support structures in South Africa to aid entrepreneurs than there are in Gabon.

Research recommends that both governments address policies that can tackle the challenges of the local, small businesses and well established entrepreneurs, there should be a differentiation of the different levels and stages of entrepreneurship of the above mentioned entrepreneurs. Government should make accesses to basics support structure and information on formalization of businesses readily and easily accessible for entrepreneurs who desire to open businesses. Education as well as skills and development programmes should spread and reach every corner of the country as a whole so that every local entrepreneur can be business minded and able to take advantage of the policies set out to aid them.

9.5 Concluding and Remarks

In depth measurement of the impact of the policies is for another study. It is safe to say that current policies and programmes supporting entrepreneurship development in the respective countries is still not sufficient enough for South Africa and Gabon. The literature review and the research findings reveal that policies implemented do not cater to the needs of the neediest entrepreneurs. Research presents the following interpretation:

1. Type of policy aimed for different types of recipients.
2. Circumstances versus policies.
3. Policy does not reach out to the most in need.
4. Polices are misunderstood by entrepreneurs.

5. Policies and development programmes are way too advanced for local entrepreneurs.

Apart from the named general remarks of both countries, the study went further to conclude the following per country:

In the new Gabonese political approach to effectively address the development of entrepreneurial activities, the government has created an economic free zone to enhance young and foreign investors to enter into a Private Public Partnership, so that entrepreneurship activities can be seen as a career of growth in economic development. In addition to this reform policies on incentives and taxation have also been implemented but have not been able to address the following:

1. Youth unemployment.
2. Continual operation of informal entrepreneurship activities.
3. High registration fees of SME/SMI which still remain unaffordable for most entrepreneurs.
4. High rates charged for loans provided to start-up a business.
5. The study reveals, even though some of the policies of the new government approaches are making a noticeable impact, lack of support of infrastructures remain the key factor of the non-improvement of entrepreneurship activities in Gabon.
6. Last but not least, the general education system that Gabon is adhering to, does not encourage youth to enter into entrepreneurship activities, according to UNESCO, 2013 report, only 8% of Gabonese youth receive technical skills.

South Africa on the other hand has got well established structures that work hand in hand with the national government. Policies are well set up to effectively address strategies which encourage entrepreneurial activities to achieve the desired potential and become the heart of the economy development. However, the study reveals compelling facts which remains the key slowing down reasons that entrepreneurship does not reach its full potential within the country. These factors are as follows:

1. Education, the core of policies should be implemented according to the need of the population instead of external factors.

2. The support government institutions should be accessible to the most in needy.
3. Technical Skill as well as training programmes should be introduced at a young age.
4. Policy should be introduced at traditional and cultural level in the country.

The research study can deduce that Gabon and South Africa have both realized the importance of entrepreneurship activities in economic development. However, policy remains too weak to address entrepreneurship activities as the heart of the economy in both countries. Highlighting its significant role in most of the developed countries in the study's literature review, it appears that government policies are indeed necessary to address the development of entrepreneurship. Apart from the differentiation in the research on Gabon and South Africa, the study highlights the lack of basic infrastructure (road, electricity and water) and policies that directly address the need for entrepreneurship development in each country.

The research has outlined the importance of the role played by government through its policies and support programmes for entrepreneurship development. The researcher encourages government to first create a good environment and put systems in place that will help improve and increase entrepreneurship activities. Policies should tackle in depth the reality that entrepreneurs are facing on daily basis in their respective countries. The researcher's recommendation is that the Government of Gabon and South Africa should be considered true ignition keys to unlock the poor performance of entrepreneurial activities.

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